

SOUTH ANDERSON WATER DISTRICT
142 SOUTH MAIN STREET
LAWRENCEBURG, KY 40342

Telephone
502-839-6919

Fax
502-859-0424

October 10, 2008

Public Service Commission
Mr. Ryan Gatewood, Director
Division of Filings
211 Sower Blvd., P.O. 615
Frankfort, Ky 40602

RECEIVED

OCT 14 2008

PUBLIC SERVICE
COMMISSION

Re: Case No 2008-00432

Dear Mr. Gatewood:

The District is re-submitting this tariff amendment with the deficiencies corrected as requested. The effective date has also been adjusted to reflect thirty (30) days from the date of the correspondence.

If you need further information, please do not hesitate to contact me.

Best Regards,
South Anderson Water District



Brenda Robinson
Manager of Office Services

Enc.

NOTICE

The South Anderson Water District proposes to revise its rate schedule to permit a customer to pay his or her bill for water service by credit/debit card or Ach/bank drafts. Any person who uses his or her credit/debit card or Ach/bank draft to pay for service shall be assessed a non-recurring charge equal to the cost incurred to the utility to process the transaction. The proposed effective date for these revisions is December 1, 2008.

The fees contained in this notice are the fees proposed by the South Anderson Water District. However, the Public Service Commission may order fees to be charged that differ from these proposed fees. Such action may result in fees for consumers other than the fees in this notice.

Any corporation, association, body politic, or person may, by motion within thirty (30) days after publication of this fee, request leave to intervene; and the motion shall be submitted to the Public Service Commission, Post Office Box 615, Frankfort, Ky 40602, and shall set forth the grounds for the request including the status and interest of the party.

Intervenors may obtain copies of the application and related filings by contacting the water district.

South Anderson Water District has available for inspection at its office the proposed changes to its Rules and Regulations. The office is located at 142 South Main Street, Lawrenceburg, Ky 40342.

This notice is published pursuant to 807 KAR 5:11-Tariffs

South Anderson Water District

LNB
P O BOX 80
LAWRENCEBURG, KENTUCKY 40342

005 00001 01
ACCOUNT:
DOCUMENTS:

PAGE: 2
09/30/2008
72

TELEPHONE: 502-839-2600

Each depositor insured to \$100,000
MEMBER FDIC
FEDERAL DEPOSIT INSURANCE CORP.

SOUTH ANDERSON WATER DISTRICT
REVENUE FUND

INTEREST CHKING ACCOUNT

DESCRIPTION	DEBITS	CREDITS	DATE	BALANCE
DEPOSIT		176.25	09/11/08	225,382.95
DEPOSIT		285.19	09/11/08	225,668.14
CC16/CERTEGY MERCH SETL XXXXX5720		116.00	09/11/08	225,784.14
DEPOSIT		1,078.54	09/12/08	226,862.68
CC16/CERTEGY MERCH SETL XXXXX5720		88.92	09/12/08	226,951.60
DEPOSIT		91.00	09/15/08	227,042.60
DEPOSIT		361.22	09/15/08	227,403.82
DEPOSIT		1,394.54	09/15/08	228,798.36
DEPOSIT		2,046.01	09/15/08	230,844.37
DEPOSIT		2,223.94	09/15/08	233,068.31
DEPOSIT		2,561.95	09/15/08	235,630.26
DEPOSIT		2,653.36	09/15/08	238,283.62
CC16/CERTEGY MERCH SETL XXXXX5720		79.57	09/15/08	238,363.19
DEPOSIT		71.13	09/16/08	238,434.32
DEPOSIT		118.21	09/16/08	238,552.53
DEPOSIT		1,735.98	09/16/08	240,288.51
DEPOSIT		2,499.60	09/16/08	242,788.11
DEPOSIT		3,478.93	09/16/08	246,267.04
DEPOSIT		2,336.24	09/17/08	248,603.28
DEPOSIT		2,424.43	09/17/08	251,027.71
DEPOSIT		66.00	09/18/08	251,093.71
DEPOSIT		91.00	09/18/08	251,184.71
DEPOSIT		91.00	09/18/08	251,275.71
DEPOSIT		2,181.39	09/18/08	253,457.10
DEPOSIT		2,747.12	09/18/08	256,204.22
BANKERS FEES FOR AUGUST			09/18/08	256,074.72
DEPOSIT		248.00	09/19/08	256,322.72
DEPOSIT		3,655.54	09/19/08	259,978.26
CC16/CERTEGY MERCH SETL XXXXX5720		79.03	09/19/08	260,057.29
DEPOSIT		194.13	09/22/08	260,251.42
DEPOSIT		1,157.00	09/22/08	261,408.42
DEPOSIT		1,552.34	09/22/08	262,960.76
DEPOSIT		1,949.41	09/22/08	264,910.17
DEPOSIT		2,255.56	09/22/08	267,165.73
DEPOSIT		2,448.14	09/22/08	269,613.87
DEPOSIT		2,933.69	09/22/08	272,547.56
CHECK	95,019.74		09/22/08	177,527.82
DEPOSIT		25.00	09/23/08	177,552.82
DEPOSIT		91.00	09/23/08	177,643.82
DEPOSIT		1,848.33	09/23/08	179,492.15

* * * C O N T I N U E D * * *

Account	Type	Cycle Name	Bank Account	Bank	Routing #	PreNote	Service	Charges	Total Draft	Total ACH	
0006-03025-002	R	1	Hilbert, Jennifer	LNB		No	WATER	36.09	36.09		
				Lawrenceburg National							
				128 S Main St							
				Lawrenceburg, KY 40342							
0006-03045-001	R	1	Ulery, Daril	TPB		No	WATER	16.63	16.63		
				The Peoples Bank							
				P.O.Box 369							
				Taylorsville, KY 40071							
0006-03055-001	R	1	McClain, Arvil/Betty	TPB		No	WATER	16.63	16.63		
				The Peoples Bank							
				P.O.Box 369							
				Taylorsville, KY 40071							
0006-03135-001	R	1	Pleasant Grove Baptist Church	ANB		No	WATER	16.15	16.15		
				Integra							
				100 Main St							
				Lawrenceburg, KY 40342							
0006-03215-002	R	1	McCain, Katie	CBL		No	WATER	22.34	22.34		
				Century Bank							
				Lawrenceburg, KY 40342							
0006-03285-001	R	1	Burkhead, Silas	LNB		No	WATER	16.63	16.63		
				Lawrenceburg National							
				128 S Main St							
				Lawrenceburg, KY 40342							
0006-03295-001	R	1	Robinson, Harry L.	LNB		No	WATER	30.44	30.44		
				Lawrenceburg National							
				128 S Main St							
				Lawrenceburg, KY 40342							
									Total Bank Draft	\$36.09	\$36.09
									Total Bank Draft	\$16.63	\$16.63
									Total Bank Draft	\$16.63	\$16.63
									Total Bank Draft	\$16.63	\$16.63
									Total Bank Draft	\$16.15	\$16.15
									Total Bank Draft	\$22.34	\$22.34
									Total Bank Draft	\$22.34	\$22.34
									Total Bank Draft	\$16.63	\$16.63
									Total Bank Draft	\$30.44	\$30.44
									Total Bank Draft	\$30.44	\$30.44
									30 Drafts for Route 6	\$1,061.85	\$1,061.85
									Credit Amount included in Total Draft Amount:	\$0.00	
									450 Drafts on Report	\$18,533.76	\$18,533.76
									Credit Amount included in Total Draft Amount:	\$0.00	



Lawrenceburg - Harrodsburg - Danville
 PO Box 80, Lawrenceburg, KY 40342
 502-839-2600 Ext. 149

MERCHANT PROCESSING APPLICATION

New Account Promotion Code: _____
 Additional Location for Existing Account

Sales Office Name _____ Sales Office # _____
 Sales Rep Name _____ Sales Rep # _____

B
 Le South Anderson Water District
 Bl P.O. Box 17, 142 South Main St.
 Cl Lawrenceburg, Ky. 40342

DBA (Doing Business As) Name _____
 Location Address _____
 Zip _____ City _____ State _____ Zip _____

E-Mail Districts@BellSouth.net Website Address www. _____ Federal Tax ID Number _____
 Business Phone 502 839 6919 Fax Number 502 859 0424 Mobile / Cell Phone _____ Contact Name / Office Manager BRENDA ROBINSON

BUSINESS DESCRIPTION

Type of Ownership Sole Proprietorship Partnership LLC Corporation - Type Non-Profit Organization

Describe Type of Business
Utility

Describe Specific Goods/Services Sold
Water Distribution

Have you ever processed VISA/MasterCard Yes No
 If yes, Current Processor _____

Seasonal Merchant? Yes No J F M A M J J A S O N D
 If yes, indicate active months

Number of Business Locations 1 Years in Business 33 Year(s)

Are Good/Services Delivered at Time of Sale? Yes No
 Average Percentage of Sales Returned 0 %

If no, Number of Days until Delivered _____ Days
 Number of Days items may be Returned for Credit 0 Days

MERCHANT CATEGORY CODE & BUSINESS PROCESSING CATEGORY

Retail Restaurant MO/TO Internet Other _____ Is Business Travel Related? Yes No Visa MCC _____ Master Card MCC _____

SECURITY COMPLIANCE

Is your business currently compliant with the Payment Card Industry Data Security Standard ("PCIDSS")? Yes No

Are you required to validate compliance with the PCIDSS? Yes No . If Yes and not compliant, have you engaged a certified auditor? Yes No

If you have engaged a certified auditor, please identify them here: W. Dudley Shryock

Do you use any third party service providers that store, transmit, or otherwise have access to cardholder data? Yes No

If yes to the above please identify all such providers here:

TRANSACTION TYPE

Card Swipe	Manually Keyed	Phone/Mail Order	Internet	Total	Average Ticket	High Ticket	Average Monthly Volume	High Monthly Volume
100 %	%	%	%	= 100%	\$ 35.00	\$ 100.00	\$ 800.00	\$ 1000.00

OWNERS OR OFFICERS

Principal #1	Name	Title	Social Security Number	Date of Birth	Equity Ownership %
	<u>Brenda Robinson</u>	<u>Office Manager</u>		<u>9/9/1952</u>	<u>0</u>
Principal #2	Name	Title	Social Security Number	Date of Birth	Equity Ownership %
	<u>1027 Woodlake Dr</u>	<u>Lawrenceburg</u>	<u>KY</u>	<u>40342</u>	<u>502-839-5901</u>

REFERENCES

Trade Reference	Contact	Phone

SETTLEMENT INFORMATION - ATTACH VOIDED BUSINESS CHECK

Bank Name	Bank Address
<u>Lawrenceburg Bank & Trust Co.</u>	<u>PO Box 80, Lawrenceburg, KY 40342</u>
Bank Phone Number	Checking Account Number
<u>502-839-2600 Ext. 149</u>	
Routine/Transit Number	

SERVICES ORDERED

Merchant chooses to accept the following products.

- Acceptance of BOTH Visa and MasterCard consumer and business credit, debit and prepaid products
- Acceptance of ONLY Visa and MasterCard consumer and business credit products.
- Acceptance of ONLY Visa and MasterCard consumer and business debit and prepaid products.

Regardless of whether Merchant elects to accept only Visa and MasterCard credit products, or only Visa and MasterCard debit and prepaid products, the Bank may accept transactions for the product not selected by the Merchant if such transactions are submitted by the Merchant.

Monthly Processing Limit Requested	\$	Application Fee		Monthly Statement Fee	\$ 5.00	AVS	\$ each
Processing Reserve	%	Authorization Fee	\$	Transaction Fee	\$.35	Voice Auth	\$ each
Qualified* Discount Rate Requested	1.76%	Monthly Minimum	\$ 10.00	Setup Fee	\$ 25.00	ACH Return Item Fee	\$ each
Mid-Qualified Rate:	%	Annual Fee:	\$	T/E Trans Fee	\$	Retrieval Request	\$ each
Non-Qualified Rate:	%	Other Fee:			\$	Chargebacks	\$ each

*Qualified Discount rate applies to terminal swipe transactions only; all other transactions will be billed at Qualified Discount rate plus or minus any applicable incremental Association Interchange rates that apply to such transactions.

Over Limit Fee: \$25.00 Plus a 1% surcharge will be applied to all bankcard volume over approved processing limit.

OTHER ENTITLEMENTS

Discover	<input type="checkbox"/> New Application Attached	<input type="checkbox"/> Existing Account #							
American Express	<input type="checkbox"/> New Application Attached	<input type="checkbox"/> Existing Account #							
Diners Club	<input type="checkbox"/> New Application Attached	<input type="checkbox"/> Existing Account #							
PIN Debit:	<input type="checkbox"/> Yes <input type="checkbox"/> No	Transaction Fee	\$	Monthly Fee	\$				
EBT:	<input type="checkbox"/> Yes <input type="checkbox"/> No	FNS #:		Food Stamp Per Tran Rate	\$	Cash Benefits Per Tran Rate	\$		

TERMINAL HARDWARE/SOFTWARE

DEPLOYMENT:	<input type="checkbox"/> The Bancorp Bank Ship Equipment	<input checked="" type="checkbox"/> Agent Reprogram Customer Owned	BILLING:	<input checked="" type="checkbox"/> Purchase	<input type="checkbox"/> Rental	<input type="checkbox"/> Reprogram
PRODUCTS:	<input type="checkbox"/> Terminal	<input type="checkbox"/> Wireless	<input type="checkbox"/> Internet Gateway	<input type="checkbox"/> Software	Equipment Rental for 35 months	
Terminal Type:	HyperCOM T7 Plus		Software Type:	Monthly Equipment Rental	\$ 10.00	
Printer Type:			<input type="checkbox"/> Windows <input type="checkbox"/> Mac	Monthly KY State Sales Tax	\$.60	
Pin Pad Type:	HyperCOM S9		Web Address:	Per Item Fee	\$	
Internet Gateway Type:			Shopping Cart:	Wireless IP Address Fee	\$	

Terminal Hardware/Software Comments:

MERCHANT SITE SURVEY (Completed by Sales Representatives)

Merchant Location:	<input type="checkbox"/> Retail Location With Store Front	<input checked="" type="checkbox"/> Office Building	<input type="checkbox"/> Residence	<input type="checkbox"/> Other:
Area Zoned	<input type="checkbox"/> Industrial	<input checked="" type="checkbox"/> Commercial	<input type="checkbox"/> Residential	Square Footage <input type="checkbox"/> 0 - 250 <input type="checkbox"/> 251 - 500 <input checked="" type="checkbox"/> 501 - 2,000 <input type="checkbox"/> 2,001 +
Does the amount of inventory and merchandise on shelves and floor appear consistent with the type of business?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Does the merchant Own or Lease the business premises?	<input checked="" type="checkbox"/> Owns <input type="checkbox"/> Leases	Landlord Name & Phone#:

S/A Signature: Chris Thompson Date: 6-12-2008
 * By his/her signature, the S/A is certifying that he/she has visited the location and the information herein set forth is true and correct.

CERTIFICATION & AGREEMENT

By signing below, the Merchant named above: (1) certifies that all information and documents submitted in connection with this Application are correct to the best of your knowledge; (2) authorizes The Bancorp Bank and The Lawrenceburg Bank & Trust Company (LNB) ("Agent Bank") to receive credit reports as occasioned from time to time and any other information regarding undersigned or its principals, proprietors or partners from third parties, to verify any information provided on the application; (3) have read, agreed to, and acknowledges receipt of the document entitled "The Bancorp Bank Merchant Services Agreement," all of which is incorporated herein and deemed a part hereof by reference, and agrees to be bound by the terms and conditions thereof (such document, together with this Application, the "Agreement."); (4) agrees that Merchant and each transaction submitted to The Bancorp Bank and Agent Bank will be bound by the terms and conditions in the Agreement; and (5) agrees that Merchant will submit transactions to The Bancorp Bank and Agent Bank only in accordance with the information in this Application and will immediately notify The Bancorp Bank and Agent Bank in writing if any information in this Application changes. The Agreement will become effective only when signed by The Bancorp Bank, Agent Bank and Merchant.

In WITNESS WHEREOF, the parties hereto executed this Agreement as of this day 6-12-2008
 Merchant: By Brenda Robinson Date 6-12-08 By _____ Date _____
 (Merchant Principal or Corporate Officer Signature) (Merchant Principal or Corporate Officer Signature)
Brenda Robinson (Print Name) _____ (Print Name)

Accepted by Agent Bank: by Brenda Robinson Date 6-12-08 Accepted by The Bancorp Bank: by _____ Date _____

PERSONAL GUARANTY

In consideration of The Bancorp Bank and Agent Bank's acceptance of this Agreement, the undersigned Guarantor (jointly and severally if more than one) unconditionally guarantees the performance of all obligations of Merchant to The Bancorp Bank and Agent Bank under the Agreement, and payment of all sums due thereunder, and in the event of default, hereby waives notice of default and agrees to indemnify The Bancorp Bank and Agent Bank for all funds due from Merchant pursuant to the terms of the Agreement. Guarantor waives any and all rights of subrogation, reimbursement or indemnity derived from Merchant, and further waives any and all rights or defenses arising by reason of any modification or change in the terms of the Agreement whatsoever, including, without limitation, the renewal, extension, acceleration, or other change in the time any payment or other performance thereunder is due, and / or any change in any interest or discount rate or fee thereunder. Guarantor confirms that Guarantor, collectively or individually, is a party to the Agreement, and unconditionally and specifically authorizes The Bancorp Bank, Agent Bank or their authorized agents, to debit any overdue fees, costs, chargebacks, fines, fees, penalties, expenses or obligations under the Agreement and / or any contractual relationship with The Bancorp Bank and Agent Bank from any personal checking account or other account owned or controlled by Guarantor, and further to report any default hereunder on Guarantor's personal Credit Bureau Report. Guarantor agrees to pay all costs and expenses of whatever nature, including attorneys' fees and other legal expenses, incurred by or on behalf of The Bancorp Bank and Agent Bank in connection with the enforcement of this Guaranty.

X Brenda Robinson Mgr. Officer Date 6-12-08 _____
 Signature, Principal or Corporate Officer Title Date
 Print Name: Brenda Robinson _____

MERCHANT SERVICES AGREEMENT

In consideration of the mutual promises and covenants contained in this Agreement, the parties agree as follows:

Parties: The parties to this Agreement are **The Bancorp Bank** whose address is 405 Silverside Road, Suite 105, Wilmington, Delaware (called "Sponsoring Member"), Lawrenceburg National Bank (called "Bank") and the applicant submitting the signed Merchant Processing Application incorporated herein and deemed part hereof by reference (called "Merchant").

1. **Alternative Payment Services Provided by Sponsoring Member:** Bank will make available to its Merchant customers through Sponsoring Member, the following services which enable Merchants to accept alternative methods of payment from their customers: authorization, processing, transaction data capture, and payment transmittals to Merchants resulting from customers making payment with Credit Cards, Debit Cards, and Travel and Entertainment Cards. Bank may also offer to participating Merchants SCAN Verification or guaranty of checks that are tendered as payment and, for an additional Transaction fee, address verification in PC applications.

For the purposes of this Agreement, the following definitions apply unless the context otherwise requires:

- (a) **Bank Card(s):** Credit Cards bearing the Visa Classic or Premier design, MasterCard, Discover Card or other Credit Cards, whether issued by Bank, Sponsoring Member or other authorized issuers. Bank Card shall also mean a Visa or MasterCard check card when Cardholder authorizes a credit Transaction utilizing this type of card.
- (b) **Debit Card(s):** Debit Cards bearing the Star, NYCE and/or other debit network logos, whether issued by Bank, Sponsoring Member or other authorized issuers. Debit Card shall also mean a Visa or MasterCard check card when Cardholder authorizes a debit Transaction with entry of a PIN.
- (c) **Travel and Entertainment Card(s):** Cards issued by Carte Blanche, American Express or other similar cards issued by authorized issuers.
- (d) **Approved Card(s):** Cards that Merchant has elected to accept and Sponsoring Member has agreed to process under the terms and conditions of this Agreement.
- (e) **Cardholder:** Holder of one or more Approved Cards.
- (f) **Transaction:** Acceptance of an Approved Card for payment for goods sold and/or leased or services provided to Cardholder by Merchant and receipt of payment from Bank in accordance with the terms of this Agreement.
- (g) **Sales Draft:** Written document evidencing the Transaction for which Merchant seeks payment through Bank's services in accordance with this Agreement. The form of sales draft used by Merchant shall be a form approved by Sponsoring Member.

2. **Participation by Merchant:** Merchant is in the business of selling and/or leasing goods and/or providing services to its retail customers. To better serve those customers, Merchant has requested and Bank and Sponsoring Member have agreed to permit Merchant's participation in the card processing programs and services. Without the prior written consent of Bank, Merchant is not authorized to process Transactions for payment for any other type of goods or services. Bank reserves the right to establish certain limits on volume of daily, weekly and monthly transactions and dollar limits per Transaction which Merchant may process. Failure to follow these limits, which may be amended from time to time, will be a default under this Agreement. Merchant shall only use a method of fulfillment for the sale/lease of goods or the providing of services disclosed to and approved by Bank, including using only approved methods of delivery. Without prior written permission from Bank, Merchant shall not have a Merchant processing relationship with any other provider during the term of this Agreement and any extension or renewals thereof.

3. **Merchant Operating Account:** Prior to accepting any Approved Cards, Merchant shall establish a demand deposit account at Bank or at a financial institution designated by Bank through which fees, charges, and credits due in accordance with this Agreement may be processed (called "Operating Account"). Merchant authorizes Bank to debit all fees and charges from the Operating Account, whether maintained at Bank or another financial institution, monthly or at times deemed appropriate by Bank through the ACH Banking

Network or by a manual debit of the account. Merchant shall maintain this Operating Account throughout the term of this Agreement and any extensions or renewals thereof. Merchant shall, at all times, maintain sufficient funds in this Operating Account to ensure that all fees, charges and costs provided for under this Agreement are paid, including any reserve requirements set by Bank in accordance with paragraph 4 below. Only the person(s) signing this Agreement on behalf of Merchant shall be authorized to make any changes to the Operating Account. Any changes shall be in writing and must be approved in writing by Bank. If required by Bank or any other financial institution where the Operating Account is maintained, Merchant agrees to sign any other additional documents to authorize ACH transactions. Merchant agrees to be bound by the operating rules of the National Automated Clearing House Association (NACHA). Merchant waives any claims for loss or damage arising out of any charges or debits to the Operating Account against any other designated financial institution where the account is maintained. Merchant hereby grants a security interest in the Operating Account and/or any substitute account now and in the future and all proceeds thereof to Bank to secure all fees, costs and charges due in accordance with this Agreement.

Bank shall provide Merchant with an itemized statement of all charges and credits to Merchant's Operating Account (called "Merchant Statement/Bill") in paper or electronic form. All information appearing on the Merchant Statement/Bill shall be deemed accurate and affirmed by Merchant, unless Merchant shall object in writing specifying the particular item(s) in dispute within thirty (30) days of the date of the Merchant Statement/Bill.

4. **Reserve Account:** Bank may establish a reserve account for all future indebtedness of Merchant to Bank which may arise out of this Agreement including, but not limited to, charge backs and fees on Transactions and penalties which may be imposed by any Card Issuer for failure to comply with Card Issuer's requirements in accordance with paragraph 17 below. Bank may fund the reserve account by deduction from payments due Merchant, a charge against Merchant's Operating Account, or against any of Merchant's accounts at Bank, Sponsoring Member or the financial institution at which Merchant maintains its Operating Account. The amount required to be maintained in the reserve account and the terms and conditions for maintaining the account shall be established by Bank, in its sole discretion as it deems appropriate. Upon termination of this Agreement, Bank may require an additional reserve to cover possible indebtedness to Bank for Transactions initiated prior to termination. This reserve account will be maintained for a minimum of six (6) months from the termination date or until such time as Bank determines that the release of the funds to Merchant is prudent, in the best interest of Bank, commercially reasonable and Merchant's account with Bank is fully resolved. Upon expiration of this period, any balance remaining in the reserve account will be paid to Merchant. Bank will inform Merchant in writing of any charges debited to the reserve account during this period. Merchant hereby grants a security interest in the Reserve Account and/or any substitute account now and in the future and all proceeds thereof to Bank to secure all fees, costs and charges due in accordance with this Agreement.

In addition to any regularly required reserve, Bank may, at its sole discretion, direct processing funds to the reserve account and withhold payment to Merchant at any time that Bank becomes concerned about any aspect of Merchant's business including, but not limited to concerns about the operation, management and/or financial performance of Merchant and/or concerns about the goods or services being offered for sale or lease by Merchant. Bank may, at its sole discretion at any time, require, as a condition of this Agreement or the continuance of this Agreement, that Merchant provide satisfactory security to Bank to secure all payments due to Bank under this Agreement, including, but not limited to, requiring a surety bond in a form and amount satisfactory to Bank.

5. **Bank Fees and Billing:** For each Approved Card sales draft accepted or check Transaction using Bank's services, Bank will charge Merchant as follows:

- (a) An amount equal to a specified percentage of the total cash price of each draft ("Merchant Discount Rate"); and
- (b) A specified amount per Transaction ("Transaction Fee").

Merchant shall also pay additional fees such as a monthly terminal fee, monthly statement fee, installation fees and any other fees identified on the Merchant



Processing Application, as applicable. Merchant further agrees to pay Bank a fee equal to the amount of any fees, charges, or penalties assessed against Bank or Sponsoring Member by Visa, MasterCard or any other Card Issuer for Merchant's violation of Card Issuer's by-laws, rules, regulations or threshold requirements. All fees or other monetary obligations due from Merchant to Bank from any other services that are provided to Merchant by Bank or sales draft adjustments, including, but not limited to charge backs, provided for in this Agreement or otherwise arising out of the Merchant-Bank relationship, shall be charged to Merchant by an adjustment to any credit due Merchant, a charge to Merchant's Operating Account and/or Reserve Account, or any other method appropriate under the terms of Merchant's deposit and payment arrangements with Bank. The Merchant Discount Rate, Transaction Fee and other fees and charges applicable to Merchant are set forth on The Merchant Processing Application. Bank may amend and modify all fees and charges from time to time.

6. **Point-of-Sale (POS) Equipment:** In processing Transactions, Merchant shall utilize only Point-of-Sale Equipment (terminals, printers, pin pads and scan readers) ("POS Equipment") or Point-of-Sale Software Program and related equipment ("POS Software") installed or approved by Bank subject to the following additional terms:

- (a) For equipment rented by Bank to Merchant, Bank may install all POS Equipment utilizing POS Equipment installers selected by Bank; or, at Bank's sole option, Bank may provide POS Software through a software vendor selected by Bank.
- (b) The POS Equipment and/or POS Software to be provided or installed shall conform to the types of services selected by Merchant and approved by Bank. Debit Card Transactions require an electronic terminal with a pin pad capable of processing the Cardholder's personal identification number (PIN) together with a printer (PIN pad terminal).
- (c) Merchant will provide, at Merchant's expense, suitable electric power and telephone services necessary to operate the POS Equipment and will bear the expense of alterations made to Merchant's premises required to locate the POS Equipment in a location suitable for proper operation. If Bank elects to provide POS Software, Merchant shall also provide suitable computer terminals, computer hardware, and its own Internet Service Provider, if required by Bank, necessary to operate the software. Bank will provide back up dial in capability if POS Software is utilized.
- (d) Merchant shall permit telephone equipment installers and POS Equipment installers to enter its premises for the purpose of installation, replacement, retrofitting, inspection, relocation, disconnection, removal, repair or maintenance of telephone lines and equipment, POS Equipment and POS Software.
- (e) Merchant shall provide the information required by the Merchant Input Form provided to Merchant and shall promptly notify Bank of any changes in this information.
- (f) Merchant acknowledges receipt of a copy of the Merchant Operating Guide. Merchant will use and operate the POS Equipment only in accordance with the Merchant Operating Guide. Bank may amend the Merchant Operating Guide from time to time. Merchant shall comply with all amendments.
- (g) Merchant shall not remove any POS Equipment or POS Software from its original place of installation (other than to a telephone company installed jack located within the Merchant's premises where the POS Equipment or POS Software was originally installed) or permit any modification, addition or repair to any POS Equipment or POS Software without prior written consent of Bank. Any authorized relocation of POS Equipment or POS Software following installation will be at Merchant's expense.
- (h) Merchant acknowledges that the installation of the POS Equipment is subject to (1) the availability of telephone lines and equipment terminals and related equipment; (2) the cooperation of Merchant, the electric and telephone companies; and (3) the availability of Bank's POS Equipment installer. Bank will have no liability to Merchant if any installation is delayed or cannot be completed for reasons not caused by the act or neglect of Bank; and in such cases Bank's liability shall be limited to a waiver of fees due under this Agreement during the period of delay.
- (i) All POS Software shall be installed and operated in accordance with the instructions provided by Bank or Bank's software vendor. Bank is not responsible for any interruption in service caused by the failure

of Merchant's computer terminals, hardware, and, if applicable, its Internet Service Provider.

7. **Documenting Approved Transactions:** Each Transaction shall be reflected on sales drafts supplied or approved by Bank and shall contain the following information:

- (a) Name of Merchant and Merchant number designated by Bank;
- (b) The Approved Card number, validation date and/or expiration date of the card, if one appears on the card;
- (c) A brief description of the goods and services involved in the Transaction;
- (d) The selling price, together with applicable taxes, other charges, gratuities and the total amount of the Transaction;
- (e) Signature of Cardholder or authorized user, date of the Transaction and Transaction approval number for the Transaction;
- (f) If the Transaction is conducted at a gasoline filling station, Merchant shall enter on each sales draft the number and state (or other jurisdiction) of issue of the motor vehicle license plate or, if no motor vehicle is present, the words "No Card"; and
- (g) Such additional information which may from time to time be required by Bank and/or the Approved Card Issuer.

Merchant agrees to deliver to its customer in each Transaction a true and completed copy of the sales draft. Merchant agrees not to transmit a sales draft to Bank (electronically or otherwise) until such time as Merchant has performed its obligations to the Cardholder in connection with each Transaction which obligations include, but are not limited to, delivery of the goods and/or services to the Cardholder. Merchant shall also examine each card presented or use one or more Approved Card security features, including personal identification numbers or signature, if applicable, before completing any Transaction.

8. **Authorization for Approved Transactions:** Merchant may obtain approval of Transactions as follows:

- (a) **Electronically Transmitted Transactions:** Merchant shall submit each Transaction for specific authorization from Bank's designated Authorization Center using the POS Equipment or POS Software installed in accordance with this Agreement. Debit Card Transactions shall only be processed with an approved PIN pad terminal; except, however, when processing these types of Transactions through the VISA or MasterCard system by means of a VISA or MasterCard check card. Bank's designated Authorization Center shall authorize or decline a Transaction transmitted for authorization and shall capture and process for Merchant the information relating to the Transaction. The information to be transmitted by Merchant through the terminal or POS Software shall include, but not be limited to the information required on a sales draft, excepting only the description of the goods and services provided, and the Cardholder's signature. Merchant agrees to include any additional information necessary for Bank's designated Authorization Center to comply with all legal requirements for billing Cardholder or as may, from time to time, be required by Bank's designated Authorization Center and/or the Approved Card Issuer. In the event that a terminal is inoperable at the time of an authorization request, Debit Card Transactions will be declined by Merchant. However, other Transactions for Approved Cards other than Debit Cards may be authorized by using the appropriate dial-up facility. In that case, the Transaction shall be entered into the terminal or software application later that day as a forced sale/ticket only Transaction, provided the approval number is also entered. If authorization is granted, Merchant will obtain a manual imprint of the card and an authorized signature and will enter the approval number on the sales draft.
- (b) **Phone Capture Transactions:** Bank will only accept phone capture Transactions utilizing Bank Cards. Merchant must call Bank's designated Authorization Center or, as otherwise directed by Bank, before completion of all phone capture Transactions. If authorization is granted, Merchant will indicate the approval number on the sales draft. Merchant shall not use two or more sales drafts or Bank Cards in a single Transaction to avoid required authorization calls, or make multiple authorization requests for a single Transaction to determine the maximum credit remaining available on a particular Bank Card.
- (c) **Mail-Order, Telephone, Internet and/or Pre-Authorized Order Transactions:** The following additional requirements apply to Merchant, if Merchant is selling or leasing goods or providing

services to its retail customers by mail-order, telephone, Internet or pre-authorized electronic recurring order Credit Card and/or Debit Card Transactions. Merchant agrees that all Credit Card or Debit Card Transactions involving a mail-order, telephone, Internet or pre-authorized electronic recurring order or payment are at Merchant's risk. For any Transaction of this type, Merchant warrants that the person whose name appears on the sales draft as Cardholder is the person making the purchase. The goods and services shall only be delivered to the Cardholder's address using a delivery method approved by Bank. A charge back to Merchant's Operating Account will be made without prior notice when a sales draft was issued pursuant to a mail order, telephone, Internet or pre-authorized electronic recurring order or payment in which the Cardholder neither participated in nor authorized, regardless of whether or not an authorization was obtained by Merchant.

Merchant further agrees to follow these additional procedures in processing these types of Transactions:

- (1) All card Transactions must be electronically authorized and, in addition to the information required in paragraph 7 above, shall also show an authorization code (when authorization is required); must show customer address and address verification; and in lieu of Cardholder's signature shall show mail order (MO), telephone order (TO), Internet (IO) or pre-authorized order (PO) on the signature line.
- (2) If Merchant accepts a pre-authorized recurring order, the Cardholder shall execute and deliver to Merchant monthly a written request for this pre-authorization. This written request shall be maintained by Merchant and made available upon request to Bank. Merchant shall not deliver goods or perform services covered by a pre-authorization order after receiving notification that the pre-authorization is cancelled or that the card covering the pre-authorization is not to be honored.
- (3) All electronic recurring Credit Card Transactions shall be processed after services have been rendered and/or goods delivered.
- (4) If Merchant is using a PC/Terminal based application, Merchant shall verify Cardholder's address from the network. If Merchant is doing telephone or mail order sales, Merchant shall transmit a ticket/invoice number and shall do an address verification to qualify for direct marketing interchange rate.

9. **Prohibited Transactions:** Merchant shall not do any of the following with respect to any Transaction submitted for approval to Bank:

- (a) Impose a surcharge on a Cardholder who elects to use an Approved Card in lieu of payment by cash, check or other mode of payment;
- (b) Charge or debit Cardholder more than the amount the Cardholder would pay if payment was made by cash or check;
- (c) Establish a minimum dollar Credit Card Transaction amount;
- (d) Require Cardholders to provide personal information such as phone number, address, or a driver's license for identification as a condition for honoring an Approved Card;
- (e) Extend credit for or defer the time of payment of the total cash price in any Transaction;
- (f) Honor an Approved Card except in a Transaction where a total cash price is due and payable;
- (g) Make any special charge to or extract any special agreement or security from any Cardholder in connection with any Transaction;
- (h) Transmit or accept for payment any sales draft for a Transaction which was not originated as a result of a direct Transaction between Merchant and a Cardholder for the sale or lease of goods or the performance of services.
- (i) Use Merchant's own Approved Card, or one to which Merchant has access, to process a Transaction for the purpose of obtaining credit for Merchant's own benefit;
- (j) Redeposit a previously charged back Transaction, regardless of whether Cardholder consents;
- (k) Process or return credit without sufficient balance in Merchant's Operating Account to fund the Transaction;
- (l) Use the POS Equipment or POS Software and any data received thereon for any other purpose except for determining whether or not

- (m) Merchant should accept checks or cards in connection with a current sale or lease of goods or services;
- (n) Use the POS Equipment or POS Software and data received thereon for credit inquiry purposes or any other purpose not authorized by this Agreement;
- (o) Draw or convey any inference concerning a person's creditworthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living when any card or check is processed as non-accepted;
- (p) Disclose any information obtained through the POS Equipment or POS Software to any person except for necessary disclosures to affected customers, Bank or Sponsoring Member and/or the authorized Card Issuer;
- (q) Attempt to process a Transaction which violates the dollar limits established by Bank as part of this Agreement, if any; or
- (r) Process a Transaction for the purpose of providing security or cash deposit for use in obtaining new or additional cards.

10. **Daily Reconciliation of Transactions:**

- (a) **Electronically Transmitted Transactions:** Merchant shall initiate and reconcile one or more summary Transactions for each Merchant terminal or POS Software application each day. If Merchant fails to settle or close its terminal or POS Software application within a 24-hour period, Merchant will be assessed a non-qualified rate in accordance with The Merchant Processing Application. Bank will credit to Merchant's Operating Account an amount equal to the reconciled summary Transaction total of all Merchants' totals since the previous credit including any adjustment, if necessary. If Merchant fails to initiate and reconcile a summary Transaction for any day, Bank will not grant a credit for that day unless the terminal is set up for an "auto settle" procedure. Merchant will also not qualify for its qualified CPS discount rate if a terminal or POS Software application is not settled each date. If Merchant does not maintain an Operating Account at Bank, Merchant will be credited in a manner deemed appropriate by Bank. Bank will provide Merchant with a credit for Visa and MasterCard Transactions. All Debit Card Transactions are settled with the debit networks, and all other card types are settled directly through the Card Issuer.
- (b) **Phone Capture Transactions:** For all Transactions processed using phone capture authorization, Bank will pay Merchant through a credit to Merchant's Operating Account.

11. **Adjustments and Returns:** Merchant will maintain a fair exchange and return policy and make adjustments with respect to goods and services sold and/or leased to its customers whenever appropriate. In the event that goods are returned, or any services are terminated or cancelled, or any price is adjusted on a Transaction, Merchant will prepare and transmit a credit or return Transaction, either electronically or by paper, for the amount of the adjustment as a deduction from the total amount of sales drafts transmitted that day. In the event the amount of credit or return Transactions exceed the amount of sales draft Transactions, Bank shall charge Merchant's Operating Account for the excess. Merchant shall make no cash refunds on Approved Card Transactions and shall handle all credit adjustments as provided in this paragraph. Sales drafts for any Transaction for which no refund or return will be given must be conspicuously marked as a "final sale" and "no returns" on the customer's copy of the sales draft at the time of the Transaction. If Merchant has a no-cash refund policy, in store credit only, that policy must appear on the Credit Card sales draft. All Merchants must follow Visa and MasterCard reservation/no-show policy. All Merchants must notify Cardholders in writing of this policy on all advance reservations. The Cardholder must be notified of the exact number of days required for reservation deposit refunds. A Merchant not following Visa and MasterCard reservation/no-show policy may receive a charge back to its Operating Account for lodging regulation violations.

12. **Charge Backs:** Bank shall be authorized to charge back to Merchant any Transactions as specified throughout this Agreement and/or under any of the following circumstances:

- (a) No specific prior authorization of the Transaction was obtained from Bank's designated Authorization Center, or the approval number, given to indicate the authorization, does not appear on all paper Transaction sales drafts or in the electronic transmittal which is maintained by Sponsoring Member.



- (b) The Transaction was based on a pre-authorization form and the Approved Card on which the approved authorization was based has been cancelled and Merchant was so notified. Pre-authorization may not be used with Star, NYCE or any other Debit Cards.
- (c) The Transaction was conducted as a mail order, telephone order, Internet order, pre-authorized electronic recurring order or any similar order in which the Bank Card or Debit Card is not physically present at the merchant's premises.
- (d) The Approved Card giving rise to the Transaction has been cancelled and prior to, or at the time of, the Transaction, Merchant has received or receives notice of the cancellation through the electronic terminal, in writing or otherwise.
- (e) The Approved Card had expired prior to the date of the Transaction or the date of Transaction was prior to the validation date, if any, indicated on the Approved Card.
- (f) The sales draft does not contain the authorized signature that appears in the authorized signature panel of the Approved Card; the signature on the card signature panel is different than that on the sales draft; the signature is a different name; or no signature appears on the sales draft's signature line.
- (g) No sales draft was used to record the Transaction; a form of sales draft not approved by the Bank was used and/or the sales draft does not contain the required information required in paragraphs 7 and 8(c) above.
- (h) The electronic transmittal for a Debit Card Transaction does not include the personal identification (PIN) of the Cardholder;
- (i) The sales draft represents a Transaction on which Bank has received a complaint from or on behalf of a Cardholder stating that there is an unresolved dispute between Merchant and Cardholder;
- (j) The Cardholder makes a written complaint to Bank that the Cardholder did not make or authorize the Transaction;
- (k) A setoff or counterclaim of any kind exists in favor of any Cardholder against Merchant that may be asserted in defense of an action to enforce payment against the Cardholder in a Transaction;
- (l) The sales draft represents a Transaction that was made at or by a Merchant other than the Merchant named in this Agreement;
- (m) Merchant fails to make an impression of an Approved Card that was not electronically read by the terminal or the POS Software application;
- (n) The Transaction otherwise violates the terms of this Agreement or any other Visa, MasterCard or Approved Card Issuer rules and regulations; or
- (o) A charge back is processed by a Cardholder's issuing bank.

In any such case, Bank shall not be obligated to accept a Transaction for deposit to Merchant's Operating Account. If Bank has credited Merchant's Operating Account for a Transaction involving any of the circumstances indicated above, or any other circumstances indicated in this Agreement, Merchant agrees that Bank may charge back the amount of the Transaction without prior notification to Merchant. Merchant agrees to pay the amount due upon demand. In addition, Bank may debit Merchant's Operating Account and/or Reserve Account, adjust credits due to Merchant, or utilize any method appropriate under the terms of Merchant's deposit and payment arrangements with Bank to charge back the amount of any Transaction. Merchant hereby grants to Bank a security interest in all goods returned by a Cardholder to secure the amount of the charge back until paid in full by Merchant.

13. **Retention of Original Sales Drafts and Copies:** Merchant shall retain the original sales draft for a period of not less than three hundred and sixty (360) days from the date of the Transaction. Additionally, Merchant shall retain either the original sales draft or a legible microfilm copy for a total period of seven (7) years from the date of the Transaction. At Bank's request, Merchant shall provide the original sales draft to Bank, or if no longer available, a legible copy within five (5) business days of receipt of a request from Bank. If Merchant fails to provide the sales draft within five (5) business days, or if no sales draft was used to record the Transaction, Bank may, if it has not already elected to do so in accordance with paragraph 12, charge back to Merchant the amount of the Transaction. Any sales draft which does not contain the information required in accordance with this Agreement shall also be subject to charge back, if the Bank has not already elected to do so in accordance with paragraph 12, if the Cardholder continues to dispute the validity of the charge after Bank has presented the Merchant's evidence of validity of the charge to the Cardholder. All retrieval requests must also be provided to Bank within five (5) business

days of receipt of a request. Failure to meet required time frames will result in Merchant losing any charge back rebuttal claims for non-request of an item by a card issuing bank which may be available to Merchant in accordance with applicable card issuer's rules and regulations. Bank's right to charge back a Transaction to Merchant is not subject to and/or contingent upon any rights Merchant may have to rebut a chargeback under the card issuer's rules and regulations and Bank reserves the right to process a chargeback to Merchant at any time in accordance with this Agreement and regardless of any rebuttal and/or appeal process being utilized by Merchant. In the event that Merchant is successful in rebutting and/or appealing a chargeback and the chargeback is credited through the system, Bank will credit the chargeback to Merchant.

14. **Recovery of Cards:** Merchant will use its best efforts to reasonably and peaceably recover and retain any Approved Card for which Merchant receives notification of cancellation, restriction, theft or counterfeiting. This notice may be given electronically through the terminal, as instructed by Bank's Authorization Center by any means or by listing on any cancelled card list, or a restricted card list. Merchant shall also take reasonable steps to recover a card which it has reasonable grounds to believe is counterfeit, fraudulent or stolen.

15. **Customer Complaints:** Under applicable law or regulation, both Merchant and Bank may be subject to claims and defenses arising out of any Transaction. The amount of liability in connection with any claim or defense may be fixed by applicable law or regulation as of a specific point in time. Accordingly, Merchant agrees to maintain in writing with respect to each claim or defense asserted by an Approved Cardholder involving a Transaction for which Merchant has received notice the following information:

- (a) The Cardholder's name;
- (b) The Approved Card number;
- (c) The date and time the Cardholder asserted the claim or defense;
- (d) The nature of the claim or defense; and
- (e) The action which Merchant took in an attempt to resolve the dispute.

Merchant shall furnish Bank with this information upon request.

16. **Confidentiality:** Merchant shall treat all information received as a result of the services provided under this Agreement as confidential. Merchant shall prevent the disclosure of this information except for necessary disclosures to affected customers, to Sponsoring Member, to Bank and to Card Issuers.

17. **Card Issuers' Requirements:** Merchant shall comply with all bylaws, rules and regulations of Visa USA, MasterCard International, Inc., Discover, Carte Blanche, American Express, Star, NYCE and/or any other Bank Card, Debit Card or Travel and USA Entertainment Card Issuer whose cards are used to process Transactions in accordance with this Agreement. Merchant shall promptly pay penalties assessed by any Card Issuer for Merchant's failure to comply with Card Issuer's requirements. Bank reserves the right to require and/or increase any reserve requirement to cover any penalties whether already assessed or to be assessed in the future.

Merchant agrees not to store, distribute, copy or otherwise manipulate card account numbers or personal identification numbers that appear, are encoded or are otherwise associated with Bank Cards, Debit Cards, Travel & Entertainment Cards or any similar Cards. Merchant agrees to keep all cardholder and transaction information, whether in paper or electronic form, in a secure manner that will prevent unauthorized access or distribution of such information.

Merchant will prominently display at its place of business Approved Card emblems and other promotional material and literature provided by Bank. Subject to the prior written consent of Bank and upon such conditions as authorized by Bank, Merchant may use Approved Card service marks or design marks in its own advertisement and promotional materials. At Bank's request, Merchant shall provide to Bank copies of all marketing materials used in Merchant's business.

18. **Compliance with Applicable Law:** Merchant shall comply with all present and future federal and state laws and regulations pertaining to the services provided under this Agreement including, without limitation, the Federal Fair Credit Reporting Act, the Federal Truth-in-Lending Act, the Electronic Fund Transfers Act and the Federal Equal Credit Opportunity Act, as amended.



19. **Limitation on Liability:** The Bank and Sponsoring Member shall not be liable to Merchant or Merchant's customers or any other person for any of the following:

- (a) For any loss or liability resulting from the denial of credit to any person or Merchant's retention of any card or any attempt to do so;
- (b) Any downgraded Transaction based upon Card Issuer's rules and regulations for any defective or faulty POS Equipment or POS Software regardless if owned by Bank, Sponsoring Member or Merchant;
- (c) The unavailability of services caused by the termination of contracts with POS Equipment or POS Software vendors, processors or installers, whether terminated by Bank, Sponsoring Member or any other person for any reason;
- (d) Interruption or termination of any services caused by any reason except for Bank's or Sponsoring Member's failure to use due care in selecting POS Equipment Installers and Servicers; and in such cases, any liability shall be limited to a waiver of terminal fees due under this Agreement. Bank and Sponsoring Member will have no liability to Merchant if the POS Equipment is owned by Merchant, unless Merchant's equipment is covered by Sponsoring Member's maintenance contract. In that event, Sponsoring Member's liability will be limited in accordance with this paragraph.

THE BANK AND SPONSORING MEMBER SHALL NOT BE LIABLE FOR ANY INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES TO MERCHANT OR TO ANY THIRD PARTY IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE SERVICES TO BE PERFORMED BY BANK AND SPONSORING MEMBER PURSUANT TO THIS AGREEMENT. MERCHANT ACKNOWLEDGES THAT BANK AND SPONSORING MEMBER HAVE PROVIDED NO WARRANTIES, EITHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH RESPECT TO ANY POS EQUIPMENT OR POS SOFTWARE PROVIDED UNDER THIS AGREEMENT AND AGENT BANK'S AND SPONSORING MEMBER'S SOLE LIABILITY CONCERNING ANY POS EQUIPMENT OR POS SOFTWARE SHALL BE IN ACCORDANCE WITH THIS PARAGRAPH AND PARAGRAPH 6(h).

20. **Indemnification:** Merchant agrees to indemnify and hold Bank and Sponsoring Member harmless from any and all losses, claims, damages, liabilities and expenses, including attorney's fees and costs (whether or not an attorney is an employee of Bank, Bank's or Sponsoring Member's affiliates arising out of any of the following:

- (a) Merchant's failure to comply with any provision contained in this Agreement and/or any amendment thereto;
 - (b) Merchant's failure to comply with the Merchant Operating Guide and any amendments thereto;
 - (c) Merchant's failure to comply with the bylaws, rules and regulations of any Card Issuer;
 - (d) Merchant's failure to comply with any applicable law, rule or regulation;
 - (e) The criminal act, fraud or dishonesty of Merchant or Merchant's employees, licensees, successors, agents and/or assigns;
 - (f) The theft of or damage or destruction to any POS Equipment or POS Software; or
 - (g) Unauthorized and/or prohibited Transactions.
21. **Guarantors:** As a condition of this Agreement, Bank may require the unlimited personal guaranties of selected principals of Merchant. The personal guaranty(s) shall secure all obligations owed to Bank by Merchant under this Agreement. Bank reserves the right to require additional guaranties at any time in the future as a condition for processing or underwriting Transactions in accordance with this Agreement. Merchant shall not be authorized to process any Transactions until all personal guaranties are provided to the satisfaction of Bank.

22. **Credit Investigation and Sponsoring Member Auditing:** Merchant authorizes Bank or its agents to, from time to time, investigate the background and personal credit history of any of the principals and employees associated with Merchant's business and to obtain a business report on Merchant's business from Dunn & Bradstreet or any company providing a similar service.

Bank may terminate this Agreement if the information received in any investigation is unsatisfactory to Bank. Bank or Sponsoring Member may also audit from time to time, Merchant's compliance with the terms of this Agreement. Merchant shall provide all information requested by Bank or Sponsoring Member necessary to complete the audit. Upon Bank's request, Merchant shall provide financial statements for Merchant and personal financial statements for all guarantors. By signing below, Merchant certifies that all information provided to Bank by Merchant and/or any guarantor is true and correct.

23. **Term & Termination:** This Agreement shall become effective when signed by all parties and, unless sooner terminated, shall remain in effect for a term of one (1) years. This Agreement shall renew automatically for successive terms of one (1) years each, unless any party provides written notice of termination to the other parties at least 90 days prior to the end of the then-current term. All obligations of Merchant incurred or existing under this Agreement as of the date of termination shall survive such termination including, without limitation, all obligations, warranties and agreements with respect to sales and credit transactions presented to Bank or Sponsoring Member before termination.

In the event that this Agreement is terminated by Merchant without cause or as a result of account dormancy as determined by Bank, (i) prior to the first anniversary date of this Agreement, Merchant will be charged a \$ 0.00 termination fee or (ii) after the first anniversary of this Agreement but prior to the second anniversary of this Agreement, Merchant will be charged a \$ 0.00 termination fee. Merchant agrees that this termination fee is not a penalty and is a reasonable recovery of costs incurred by Bank as a result of early termination of this Agreement by Merchant.

Bank may voluntarily terminate this Agreement upon thirty (30) days' written notice to the Merchant at the addresses set forth above. In addition, Bank or Sponsoring Member may terminate this Agreement without notice to Merchant under the following circumstances:

- (a) Any information obtained by Bank or Sponsoring Member through a credit investigation is unsatisfactory to Bank or Sponsoring Member;
- (b) Any criminal act or act of fraud or dishonesty is committed by Merchant, its employees, licensees, successors, agents, and/or assigns;
- (c) Chargebacks in excess of Card Issuer's monitoring guidelines;
- (d) Breach of this Agreement by Merchant;
- (e) Bankruptcy, insolvency or receivership proceedings are started by or against Merchant or any guarantor;
- (f) Merchant fails to pay all amounts due to Bank in accordance with this Agreement within thirty (30) days;
- (g) Merchant fails to maintain sufficient funds in Merchant's Operating Account and/or Reserve Account to cover all amounts owed by Merchant under this Agreement;
- (h) Merchant's percentage of error Transactions or retrieval requests is excessive in the opinion of Bank or Sponsoring Member;
- (i) There is a material adverse change in the financial condition of Merchant in the determination of Bank;
- (j) Merchant exceeds the volume limitations established by Bank as part of this Agreement;
- (k) Merchant changes the types of goods or services provided to its customers without the prior consent of Bank;
- (l) There is a change in the volume, character or method of Merchant's transactions that is not satisfactory to Bank or Sponsoring Member;
- (m) There is a change in the volume, character or method of chargebacks that is unsatisfactory to Bank or Sponsoring Member; and/or
- (n) There is a change in structure or ownership of Merchant by any means or manner, including, but not limited to, a change in stock ownership, member interest, partnership interest, a change by merger or reorganization or a change of name.

Bank or Sponsoring Member may selectively terminate one or more of Merchant's approved locations without terminating the entire Merchant agreement. In lieu of immediately terminating Merchant, Bank or Sponsoring Member may suspend Merchant's authorization to process transactions or place Merchant's transaction into "real time", this will allow Merchant to continue to process transactions with its customers but the funds for payment to Merchant are held and not transmitted to Merchant. The suspension of processing or real



time processing shall remain in place, once instituted, until Bank or Sponsoring Member is satisfied that the issue or problem leading to such action has been satisfactorily resolved. In the event that the issue or problem is not satisfactorily resolved, Bank or Sponsoring Member may terminate this Agreement. In the event of termination, all obligations of Merchant incurred or existing under this Agreement shall survive the termination. In the event of termination, unless otherwise agreed by the parties, Merchant shall promptly return all POS Equipment and/or POS Software to Bank, as applicable. If Merchant fails to return the POS Equipment or POS Software to Bank as required, Bank shall have the right to charge Merchant for the replacement value of the equipment or software.

24. **Enforcement of This Agreement:** Bank and Sponsoring Member shall have the right to take legal action against Merchant to enforce any provision in this Agreement whether the Agreement is terminated or not. In that event, Merchant shall also be responsible for payment of the cost and attorney's fees incurred by Bank or Sponsoring Member whether suit is commenced or not, including any costs and attorney's fees that may be incurred to enforce any award, order and/or judgment obtained.

25. **Setoff:** In addition to any other legal, equitable right or remedy available to it in accordance with this Agreement or by law, Bank may set off any amounts due to Bank under this Agreement against any property of Merchant in Bank's possession or control.

26. **Exclusivity:** Merchant shall submit all Transactions made during the term hereof solely to Bank for processing. If Merchant fails to comply with this provision, Merchant agrees to pay Bank, within 10 days of the date of non-compliance, a liquidated damages sum to be determined by computing the projected gross dollar volume of Transactions processed by Bank on behalf of the Merchant for the remainder of the term hereof and multiplying that number by 1%. Merchant and Bank agree that the damages suffered by Bank as a result of such non-compliance would be extremely difficult to calculate with precision. For that reason, the parties hereto agree that the liquidated damages should be computed as set forth above. Any exceptions to this exclusive arrangement must be approved by Bank in advance in writing.

27. **Amendments to This Agreement:** From time to time Bank and Sponsoring Member may amend this Agreement as follows:

- a) **Amendment to Approved Cards and/or Services:** Bank or Sponsoring Member may amend or delete Approved Cards or services approved for processing in accordance with this Agreement. Bank shall notify Merchant in writing of any additions or deletions of any Approved Cards or services. With respect to any cards or services added to this Agreement, all provisions of this Agreement shall apply to these additional cards and services. Bank shall notify Merchant of the fees to be charged for processing the additional cards and services. Acceptance by Merchant of an additional card as payment for a Transaction or use of a new service after Bank has sent Merchant appropriate notice shall constitute Merchant's agreement to accept additional cards and services under the terms of this Agreement and the fees or charges relating to these additions.
- b) **Amendment to Fees and Charges:** Bank may periodically review and adjust all rates, fees and charges set forth in The Merchant Processing Application. Bank will provide written notice of all new rate, fees and charges to be imposed under this Agreement; except, however, Bank may change the rates, fees and charges without prior written notice if the annual volume or average ticket sales do not meet the Merchant's annual projections. If notice is required, the written notice shall be part of the Merchant's Monthly Statement/Bill. Merchant may terminate this Agreement upon at least 30 days' prior written notice to the other parties if /Bank or Bank amends Merchant Processing Application pursuant to this section to increase the rates, fees or charges Merchant pays hereunder, except for fees or rates that result from a pass through from an Association. All new rates, fees and charges will become effective for the next month immediately following the month in which the notice appeared on Merchant's Monthly Statement/Bill unless Merchant has terminated this Agreement in accordance with this section.
- c) **Amendment to Other Terms and Conditions.** Bank or Sponsoring Member may also from time to time amend other provisions of this

Agreement. Unless otherwise specifically provided elsewhere in this Agreement, notice of changes in this Agreement will be in writing and may be made part of Merchant's Monthly Statement/Bill. If notice is given on the Monthly Statement/Bill, the changes to the Agreement will become effective for the next month immediately following the month in which notice appeared on the Merchant's Monthly Statement/Bill. If a separate notice is sent, the changes to the Agreement will go into effect thirty (30) days after notice is sent by regular mail to the address specified above for Merchant or a different address provided to Bank by Merchant.

28. **Assignment:** This Agreement may not be assigned by Merchant without the prior written consent of Bank. Bank and Sponsoring Member may assign this Agreement without limitation. Assignment of this Agreement by Bank or Sponsoring Member shall relieve Bank or Sponsoring Member of any further obligations under this Agreement.

29. **Representations:** Merchant makes the following representations which are true now and will be true at all times in the future to Bank and Sponsoring Member:

- a) The execution, delivery and performance of this Agreement has been duly authorized in accordance with Merchant's organizational documents, and will not violate or create a default under law, Merchant's organizational documents or any contract or other agreement binding on or affecting Merchant;
- b) Merchant is in compliance with all applicable federal, state and local laws and regulations pertaining to the Merchant's business, including all licensing requirements;
- c) Merchant is in good standing and shall maintain its business organization in good standing in accordance with all applicable laws and regulations;
- d) This Agreement constitutes a legal, valid and binding obligation of Merchant; and
- e) Merchant shall not engage in any unlawful activity or process transactions for any unlawful activity by its customers.

30. **Effective Date:** This Agreement shall become effective only when signed by both parties and shall remain in effect until or unless terminated in accordance with the terms of this Agreement.



By signing below, the parties agree to the terms of this Agreement.
If Merchant is a corporation, its proper corporate officers sign.
This Agreement may be signed in one or more counterparts and all
signed agreements shall be considered as one.

Agreed to and accepted on: 10-12-2008

SPONSORING MEMBER:

(On its own behalf and on behalf of Bank)

By: _____
Authorized Representative

Name & Title: _____

MERCHANT:

By: Brenda Robinson
Authorized Representative

Name and Title: Brenda Robinson
Mgr Office Services

By: _____
Authorized Representative

Name and Title: _____

LAWRENCEBURG BANK & TRUST CO. (LNB):

By: Chris Thompson
Authorized Representative

Name & Title: Chris Thompson, Assist. Vice President



Bank Disclosure Page

Member Bank Information

The Bancorp Bank
405 Silverside Road
Suite 105
Wilmington, DE 19809
302-385-5000

Important Bank Responsibilities


1. The Bancorp Bank is the **only entity** approved to extend acceptance of VISA products directly to a Merchant.
2. The Bancorp Bank must be a principal (signor) to the Merchant Agreement.
3. The Bancorp Bank is responsible for educating Merchants on pertinent VISA Operating Regulations with which Merchants must comply.
4. The Bancorp Bank is responsible for and must provide settlement funds to the Merchant.
5. The Bancorp Bank is responsible for all funds held in reserve that are derived from settlement.

Merchant Name: South Anderson Water District
Merchant Address: PO Box 17 / 142 S Main St.
Lawrenceburg, KY 40342
Merchant Phone: 502-839-6919

Important Merchant Responsibilities

1. Ensure compliance with cardholder data security and storage requirements.
2. Maintain fraud and chargebacks below thresholds.
3. Review and understand the terms of the Merchant Agreement.
4. Comply with VISA Operating Regulations.

The responsibilities listed above do not supersede terms of the Merchant Agreement and are provided to ensure the Merchant understands some important obligations of each party and that the VISA Member – The Bancorp Bank - is the ultimate authority should the Merchant have any problems.


Merchant's Signature
Brenda Robinson,
Merchant's Printed Name & Title

6-12-2008
Date

Merchant's Signature

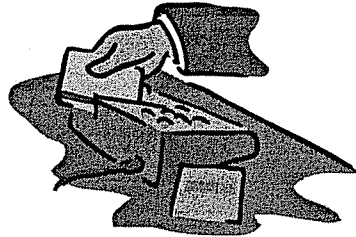
Date

Merchant's Printed Name & Title





Merchant Equipment Rental Agreement



Terminal Model: HyperCOM T7 Plus
Terminal Serial Number: 357-023-701

Printer Model: _____
Printer Serial Number: _____

Other Model: HyperCOM S9 PIN Pad
Other Serial Number: 100005977045

I understand that all credit card processing equipment is being provided to me on a monthly rental basis for the rate listed in the Merchant Processing Application. LNB retains ownership of the equipment and agrees to repair or replace it at no cost to me if a mechanical problem arises. Upon closure of my merchant account, I agree to return all equipment to the LNB.

Brenda Roberts
Merchant Name

South Anderson Water District 6-12-08

Signature of Authorized Representative Date

Chris Thompson 6-12-08

Bank Representative Date

Monthly Rental - \$10.00 per month for 35 months or until purchase price of \$350.00 is paid. Once paid, equipment becomes property of merchant.

