

MERCHANT SERVICES

FREQUENTLY ASKED QUESTIONS ABOUT YOUR 1NP MERCHANT ACCOUNT

1st National Processing strives to achieve and maintain a positive relationship with our customers by providing several methods of reporting and easy access to information and our knowledgeable/helpful staff. The following information is provided to you in an effort to answer some of the most frequently asked questions regarding maintaining your 1NP merchant account. Additional 1NP publications address chargebacks and retrieval requests, proper processing of transactions, discount rate qualifications, your monthly processing statement, and navigating through the online Merchant Accounting Detail (MAD) report.

All requests for changes to your merchant account must be made in writing and signed for by the account principal that signed the original merchant application and agreement. All requests must also include the business name and the 1NP merchant account number. Please feel free to contact our Merchant Service Department at (877) 964-1622 with any additional questions you may have regarding your 1NP merchant account.

HOW DO I CHANGE MY ADDRESS AND/OR TELEPHONE NUMBER?

Complete the **Address/Phone/Fax Change Request Form**. You may obtain this form through the 1NP website at www.1nbc card.com under Forms & Guidelines. Fax the completed form to the New Accounts Department at (516) 921-9445. The change will be completed upon receipt within three (3) business days.

HOW DO I CHANGE THE CHECKING ACCOUNT INFORMATION THAT IS LINKED TO MY 1NP MERCHANT ACCOUNT?

It is extremely important to notify 1NP immediately upon any change in the checking account that is your 1NP merchant account. Failure to notify 1NP may result in the delayed deposit of funds to your checking account. Complete the **Bank Account Number For ACH Debits/Credits Change Request Form** with all required information. You may obtain this form through the 1NP website at www.1nbc card.com under Forms & Guidelines. A voided check from the new account must be provided with the change request. Fax the completed form and voided check to the New Accounts Department at (516) 921-9488. The change will be completed upon receipt within three (3) business days. The original checking account should be left open with funds available during the transition to the new account.

HOW DO I START ACCEPTING AMERICAN EXPRESS, DISCOVER, DINERS CLUB, OR JCB CARDS?

An account number must first be obtained prior to accepting the above card types. 1NP has the ability to establish an American Express account on your behalf. Please contact your Sales Representative or 1NP Merchant Services for assistance. For other card types, you may contact your Sales Representatives or contact the associations directly at the phone numbers listed below:

Discover (800) 347-6673
Diners Club (800) 525-7376
Japanese Credit Bureau (JCB) (800) 366-4522

Complete the **Card Type Addition Request Form** with all required information. You may obtain this form through the 1NP website at www.1nbc.com/user_instructions.htm Fax the completed form to the New Accounts Department at (516) 921-9445. The change will be completed upon receipt within three (3) business days.

You must also ensure that your processing equipment is set up to accept the additional card type(s). Most terminals will not require additional programming to be completed, as they are already capable of processing all card types. Some software programs may require you to activate the additional card type(s) under the Set-Up option. If you process through an Internet vendor, you must contact the vendor directly to notify them of the addition of the new card type(s).

HOW DO I CHANGE MY BUSINESS NAME AND/OR THE DESCRIPTION OF MY BUSINESS APPEARING ON MY CUSTOMERS' BILLING STATEMENTS?

If there is a change in the business name and/or the DBA, either the Fictitious Name filing statement or the Articles of Incorporation must be provided to 1NP. To make this change to your merchant account, please complete, and fax as indicated, the **Business Name Change Form** found on the 1NP website at www.1nbc.com/user_instructions.htm

All non-face-to-face merchants automatically have the Customer Service telephone number appearing on the cardholder's statement. This is done to prompt the customers to contact the merchant directly when questioning a transaction to avoid a chargeback. To add a Customer Service telephone number to a retail merchant account, the request must be submitted in writing with the telephone number to be added.

HOW DO I INCREASE MY PROCESSING LIMITS?

This request must be submitted in writing with the new requested average ticket amount and average monthly volume amount. To make this change to your merchant account, please complete, and fax as indicated, the **Processing Limit Change Form** found on the 1NP website at www.1nbc.com/user_instructions.htm. The reason for the increase in processing must also be included in the request and sent to the attention of the New Accounts/Risk Department. The 1NP Risk Department will review the request and the merchant account for approval. Additional documentation may be required.

HOW DO I CHANGE THE OWNERSHIP INFORMATION IF I'VE RECENTLY ACQUIRED OR SOLD THE BUSINESS?

The new owner must complete a new application and agreement. Contact your Sales Representative for assistance. Toll Free: 877-964-1622

HOW DO I KNOW WHAT HAS BEEN DEPOSITED INTO AND/OR DEDUCTED FROM MY CHECKING ACCOUNT BY 1NP?

This information is available in several formats. A monthly processing statement is mailed the first week of each month for the preceding month's activity. 1NP also offers deposit, transaction processing,

chargeback, and retrieval request information directly through the Internet via our online MAD report or via faxed Merchant Ledgers and Chargeback Detail reports. Deposits will show as MTOT Bankcard Deposit or IPMT fees.

If the account is set up with a one-day hold you can expect the transfer within 48-72 hours. Please take into account that batches should be closed before 3:00 PM Pacific Standard Time, in order for the batch to be processed that day.

HOW FREQUENTLY ARE FUNDS DEPOSITED INTO MY CHECKING ACCOUNT?

Activity on your MERCHANT ACCOUNT is processed on a daily basis and is reported according to the processing date. Your MERCHANT ACCOUNT has a designated time frame referred to as "HOLD DAYS" that must mature prior to funds being credited to your DDA/CHECKING ACCOUNT. The transfer of funds to or from your DDA/CHECKING ACCOUNT takes place through the AUTOMATED CLEARING HOUSE (ACH). Depending on your MERCHANT ACCOUNT type, the HOLD DAYS may vary from 1 to 5 business days. Processing activities take place on a Sunday through Friday. (Saturday activity is processed on Sunday, along with Sunday's activity.) Weekends and federal holidays are not considered as business days.

WHO IS FDR?

First Data is the world's largest processor of credit card transactions. They provide numerous types of services to merchant banks as well as card issuing banks. In relation to your merchant account, FDR acts as a clearinghouse that sorts all of your credit card transactions and then routes them to the appropriate banks for posting to the cardholder credit card accounts.

MOST OF MY SALES ARE FOR THE SAME AMOUNT. HOW CAN I TELL WHICH TRANSACTIONS ARE SHOWING UP IN MY BANKING ACCOUNT?

Refer to the Merchant Ledger or Merchant Accounting Detail (MAD) report. Remember the ledger sheet will show information about Settled Transactions. You will need to factor in the time lag between processing and settlement when reviewing the report.

I HAVE SALES THAT ARE NOT SHOWING UP IN MY BANK'S ACCOUNT STATEMENT?

Remember to factor in the lag time between processing, settlement and the number of days the processing bank will hold funds (per your agreement) before sending the sales to your checking account. Sales that are made during the final week of a month may not show up in the bank statement for that month.

WHY IS MY DEPOSIT LESS THAN WHAT I CHARGED?

The qualified discount rate is deducted from the batch amount prior to deposit.

CAN I LINK MY PERSONAL CHECKING ACCOUNT TO MY MERCHANT PROCESSING ACCOUNT?

Owners of Sole Proprietorships can use their PERSONAL CHECKING accounts as DDAs and link them to their MERCHANT ACCOUNTS. All other forms of business ownership, i.e. partnerships, LLP, LLC, and corporations, must use a BUSINESS CHECKING account as the DDA that is linked to their MERCHANT ACCOUNT.

WHAT ARE THE MONTHLY PROCESSING FEES? HOW DO I PAY FOR THESE?

Your "Monthly Processing" fees are calculated based on all the account fees assessed throughout the month with each date's activity. Monthly processing fees do not include your Daily Discount or Reserves (if required). The total of all Monthly Processing fees is directly debited from your checking account, also known as your DDA, through the Automated Clearing House (ACH) within the first 5 business days of the following month. Please ensure that sufficient funds are available to avoid a "Reject," the electronic equivalent of a "bounced check".

DAILY FEES

The "DISCOUNT" is the only "fee" that is collected daily. Commonly referred to as the "DAILY DISCOUNT," this fee is assessed on both sales and credits. The DAILY DISCOUNT fee will not be a direct debit to your checking account, also referred to as your DDA. Instead, the DAILY DISCOUNT is deducted from each day's NET DAILY ACTIVITY, meaning the total of sales minus the total of credits for that day. If your account does not require a reserve amount to be withheld, then your DDA will be credited for this amount, known as your GROSS DEPOSIT. In the event that any day's GROSS DEPOSIT, i.e. NETSALES minus the DAILY DISCOUNT, is a negative amount, then your DDA will be debited for that amount.

ROLLING RESERVES

To protect both the merchant and the cardholder against fraud and/or customer disputes, some merchant accounts are required to maintain a cash reserve for a specific period of time. A ROLLING RESERVE is not actually a fee since the money may be returned to the merchant at the end of the hold period, assuming no adverse transactions have occurred. If your merchant account is required to maintain a reserve, an amount will be withheld from each day's GROSS DEPOSIT. If you are required to maintain a ROLLING RESERVE, each day your DDA will be credited with a NET DEPOSIT, meaning daily NET DEPOSIT minus daily RESERVES withheld.

MONTH-END FEES

"Month-end" fees are assessed at the end of each month and apply to various transactions that occurred during that month only. Month-end fees may include, but are not limited to, the following:

- Authorizations,
- Address Verification Service (AVS),
- Retrieval Requests,
- Chargebacks,
- Minimum Discount, and
- Statement fees

WILL I GET DOWNGRADED TO A HIGHER DISCOUNT RATE IF THE ZIP CODES OR ADDRESSES DON'T MATCH ON THE ADDRESS VERIFICATION SERVICE (AVS)?

Absolutely not, a transaction will only DOWNGRADE if AVS is required, but is not attempted. The response code that you receive based on the address information provided is not a criterion for DOWNGRADING a transaction to a higher DISCOUNT RATE.

Please see the Glossary of Terms for more information regarding your merchant account.