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# PAYMENT PROCESSING MANUAL

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**Merchant Name:** \_\_\_\_\_

**Merchant Number:** \_\_\_\_\_

## **UNITED BANK CARD**

Customer Service:	800-201-0461 (option 2)
24-Hour Technical Support:	800-632-1888
Supplies, Paper, Ribbon:	800-201-0461 (option 2)

## **VOICE AUTHORIZATION CENTERS**

Visa®/MasterCard® Voice Authorization:	800-291-4840
American Express® Voice Authorization:	800-528-2121
Discover® Voice Authorization:	800-347-1111

*This Manual serves to supplement the United Bank Card, Inc. (herein after referred to as United Bank Card or UBC) Merchant Agreement. To process transactions with United Bank Card, your business must be in compliance with the Merchant Agreement, in addition to the terms outlined in this Manual. Please contact your sales representative or United Bank Card's Customer Service Department with any questions regarding the Merchant Agreement or this Manual.*

United Bank Card reserves the right to add, change or omit any and all provisions described in this Manual without notice.

The information, procedures, policies and terms detailed in this Manual are confidential and proprietary to United Bank Card. Distribution is restricted to merchants who have entered an agreement with United Bank Card for the purpose of payment and transaction processing.

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Congratulations on the approval of your business to accept credit, debit, EBT, checks and/or gift cards for payment with United Bank Card.

Accepting Visa and MasterCard as a form of payment is a wise business decision. Almost 80% of all households in the United States make regular purchases with a credit card. Statistics show that consumers spend more on average when using credit and debit cards than when paying with cash. Customers have a greater amount of purchasing power given the ability to use credit cards. Over the last five years, issuers have offered more "reward" and "airline mile" incentives to cardholders, resulting in a growing market for credit-based payments.

This Manual serves as an operating guide for processing credit card transactions through United Bank Card and supplements the Merchant Agreement. Your business must be in compliance with the Merchant Agreement for UBC to accept and process payment transactions. Please keep this Manual, a copy of the Merchant Agreement, important telephone numbers and the contents of the welcome package in close proximity to the POS terminal. It will be necessary to reference the Merchant ID number when contacting United Bank Card.

This Manual contains basic procedures, frequently asked questions and general information for credit card acceptance and payment processing with United Bank Card.

UBC provides exceptional service and customer satisfaction. If assistance is needed at any time with the operation of the POS terminal, understanding a monthly statement or any other question about processing credit card transactions, please reference this Manual or contact the 24-Hour Help Desk.

UBC appreciates your business and looks forward to a long-lasting partnership as your payment and transaction processor.

Thank you for choosing United Bank Card as the transaction payment processor for your business.

United Bank Card services more than 50,000 merchant locations, processing in excess of 4.5 billion dollars annually. UBC has the ability to authorize, capture and settle all major credit, debit, EBT, private label and gift card transactions. Our selection of front-end network connections enables communication with virtually any POS terminal or software on the market.

In addition to payment processing services, United Bank Card inventories and deploys a wide selection of credit card machines. For information on the availability of advanced POS terminals and software, please contact your sales representative.

United Bank Card can provide the payment options and support to help your business expand and prosper.

UBC is determined to be the number one payment and transaction processor. Our staff is committed to maintaining the highest standard of service, payment options, terminal selections, competitive pricing and, most importantly, customer support. UBC's Technical and Customer Service Help Desk provides prompt and knowledgeable answers 24 hours a day, 365 days a year.

United Bank Card services merchants across the nation in retail, restaurant, hotel and lodging, health care, mail order/telephone order, e-Commerce, business to business, wholesale, direct marketing, supermarket, franchise locations, pay-at-pump and other industries.

Turnkey payment processing services include:

- Bankcard authorization and processing for Visa® and MasterCard®
- Non-bankcard authorization and processing for American Express®, Discover®, Diners Club® and JCB®
- Paper check guarantee, conversion and verification
- Gift card (electronic gift certificate) design, issuing and processing
- Debit, ATM card authorization, processing and encryption
- EBT (Electronic Benefits Transfer) processing
- Virtual terminal and secure online gateway
- Customer Service and Technical Help Desk
- Risk management and account underwriting
- Chargeback resolution and retrieval reporting
- Settlement and statement reconciliation
- Terminal supplies (paper, ribbon and ink)
- Web-based batch and transaction reporting
- Settlement services
- Batch processing
- IP-based processing (transactions over the Internet)
- POS terminal sales, deployment and management
- Private label authorizations and processing
- Customized payment processing solutions

**4****MERCHANT'S RESPONSIBILITIES**

As a United Bank Card merchant, it is critical to:

- read and comply with the terms of the Merchant Agreement.
- read and comply with the procedures and information contained in this Manual.
- follow best practices for accepting credit cards.
- ensure that all employees take necessary precautions to prevent fraud.
- inform United Bank Card of any changes in the deposit checking account numbers, address, contact information and significant financial status.
- contact Customer Service if you wish to cancel your merchant account.
- reconcile merchant statements and deposits regularly for accuracy. Errors must be reported to United Bank Card within 45 days.

**5****UNDERSTANDING THE TRANSACTION PROCESS****Authorizations**

The first step in the transaction process is obtaining an authorization for the credit card transaction. An authorization should be obtained by swiping the magnetic stripe of a credit card through the POS terminal for the lowest risk exposure and cost. Mail order/telephone order and e-Commerce merchants can obtain an authorization by manually keying the card number into the POS terminal, PC software or secure gateway/virtual terminal. The terminal or software then communicates with United Bank Card's network system, which advances through the Visa® and MasterCard® interchange system to the cardholder's bank for approval of the transaction. Upon approval, an authorization number is issued and prints on the receipt. An authorization is not a guarantee of payment or an indication of the funds being transferred to your bank account.

Note: Detailed instructions on the operation of the POS terminal or software can be found in the Quick Reference Guide included in the welcome package. Authorizations will expire from the customer's credit card if not settled.

**Settlement**

At the end of every day, authorizations are processed and transactions must be batched or settled. This process can be achieved by pressing a button or sequence of buttons on the POS terminal or software. Once the settlement process has been initiated, the POS terminal or software will dial-out and settle all of the authorizations and submit them to United Bank Card for funding. Successful settlement of the terminal does not guarantee funding into a checking account in a specific time frame.

Note: Some terminals, software and secure gateways are configured to automatically settle or "batch" every 24 hours. Detailed instructions on the operation of the POS terminal or software can be found in the Quick Reference Guide included in the welcome package.

**Funding**

After United Bank Card receives settled transactions, they are sent through a computer system for analysis. If the transactions processed fall within the parameters indicated on the Merchant Agreement, an ACH (Automated Clearing House) file is generated and sent to our member bank for funding. The funding of transactions is sent via ACH to the designated bank account of your choice (specified on the Merchant Agreement). Typically, funding time from settlement to deposit into the merchant's bank account is between 48 to 72 hours. Higher risk merchants may be approved with delayed funding up to 120 hours.

Note: Discover®, American Express®, Diners Club® and JCB® are entirely independent settlement banks. Deposits and month-end statements are received separately for the above card types.

**What Not To Do**

In order to decrease the probability of chargebacks and promote cardholder security, best practices must be followed when processing credit card transactions. Merchants must comply with the following Visa® and MasterCard® regulations:

**Do Not...**

- require a minimum or maximum purchase amount for using a credit card.
- surcharge or penalize a customer for using a credit card.
- discriminate against any specific card brand.
- run a transaction to provide a cash advance to yourself or a cardholder. Cash advances are strictly prohibited and can result in account termination. Only approved financial institutions (banks) are permitted to process this type of transaction.
- use a credit card to secure a paper check.
- record a cardholder's personal information on a sales slip.
- process transactions for goods or services that were not indicated on the Merchant Agreement. (Example: an auto repair shop selling a used car is prohibited.)
- submit a declined or expired credit card for settlement.

**When Not to Accept a Credit Card**

- The signatures on the back of the credit card do not match the signed sales draft. If unsure of the signature comparison, void the sale or call for a Code 10 voice authorization. If the back of a credit card is not signed, use a driver's license for signature comparison.
- The card appears to be tampered with.
- The sale amount was declined an authorization.
- The customer does not have the actual credit card present at the time of purchase.

**Transaction Authorization**

To begin the card acceptance process, the customer's credit card must be authorized. For the best rate available and lowest risk, swipe the magnetic stripe through the POS (point-of-sale) terminal. The terminal will dial-out and communicate through the network to the cardholder's issuing bank for an approval or decline. Typically, authorization time is less than a few seconds. More than 95% of all transactions are approved. However, in some circumstances the issuing bank may decline the transaction or request further action from the merchant. The entire approval or decline process is facilitated by United Bank Card, but issued by the cardholder's bank.



### Tips for Swiping the Card

1. Hold the card firmly as you slide it through the magnetic reader.
2. Slide the card only once unless directed otherwise.
3. If there is a card read error, press the clear button before sliding the card again.
4. If the card cannot be swiped, manually key the account number into the POS terminal or software.  
**An imprint of the card must be obtained in compliance with Visa® and MasterCard® regulations pertaining to non-swiped retail transactions.**

### Response Codes

When submitting transactions for authorization, one of the following responses will appear in the LCD display:

**Approved:** The cardholder's bank (issuer) has authorized the transaction. If a printer is attached or built into the POS terminal, a receipt will print with an approval number. If a printer is not available, the approval number will appear in the LCD display and must be clearly written on an imprint slip.

**Call Center:** The cardholder's bank (issuer) requests a voice authorization. Call the voice authorization number listed on the front of this Manual (also found on the sticker sent in the welcome package). The Voice Authorization Center will ask for additional information, and may issue an approval number or decline. If an authorization is approved by the Voice Authorization Center, run the transaction as a "Force" or "Off-Line" sale and imprint the credit card for chargeback protection (American Express and Discover only).

**Declined:** The cardholder's bank did not approve the transaction. Inform the customer that the credit card has been declined and ask for another form of payment.

**Try Again LC:** A technical difficulty can rarely occur when attempting to authorize or settle a transaction. The terminal will respond with a "Try Again LC", which stands for Lost Connection. In the unlikely event of such a response, check the phone line connected to the terminal. Static on the line, call waiting or a shared fax trying to communicate or someone picking up the phone line in the middle of a transaction can all result in "Try Again LC" responses. If the problem persists, please contact United Bank Card's 24-hour Help Desk.

### Confirming Account Numbers

After a transaction has been authorized, an approval number will display on the terminal screen and/or print on a sales slip. The account number printed on the receipt should be compared to the account number embossed on the credit card. If the numbers match, the card is probably not counterfeit. If they do not match, call the Voice Authorization Center and request "Code 10" verification or refuse the purchase.

### Signed Sales Draft and Signature Verification

After the transaction has been authorized and a receipt is printed, the customer must sign the receipt. Obtaining the customer's signature is critical, because it is proof of his or her consent to pay for the transaction. In the event of a dispute, United Bank Card's Risk Management Department will request copies of the signed sales draft. If the POS terminal does not have a printer, adding one to your system is highly recommended. Having a printer will assist your business with reporting, reconciliation and customer disputes. A retail business that is unable to print receipts must take an imprint of each credit card and obtain the cardholder's signature on the imprinted sales draft. The signature on a sales draft or receipt must be compared to the back of the cardholder's credit card. If the cardholder has not signed the signature panel on the credit card, request to see his or her driver's license to validate his or her signature and identity.

## **Voice Authorizations/Code 10**

If the POS terminal issues an authorization response of "Call Center" or you request "Code 10" verification, please complete the following steps:

1. Call the Voice Authorization phone number listed on the front of this Manual and the sticker included in the welcome package (1-800-291-4840).
2. Be prepared to provide the Merchant ID number, Bank ID number, cardholder's credit card number, expiration date and purchase amount.
3. If the transaction is authorized, record the approval code on the sales draft.
4. Complete the sales draft.
5. Imprint the customer's credit card on the sales draft.
6. The transaction must now be "Forced" or "Off-Line Processed" (American Express and Discover only). For detailed instructions on how to process this type of sale, please reference the Quick Reference Guide or contact United Bank Card's 24 Hour Help Desk at 1-800-632-1888.

## **Manual Imprint**

Every retail merchant should have a manual imprinter and plate. United Bank Card provides free imprinter plates to every new merchant location. Visa® and MasterCard® regulations require merchants to obtain an imprint for all retail transactions that cannot be electronically authorized. The imprint indicates that the cardholder was present at the time of the transaction. Imprints should be obtained in the following circumstances:

1. Imprint every sale or refund if the POS terminal does not have a printer.
2. The magnetic stripe is unreadable on your customer's credit card. Manually key the transaction and imprint the card.
3. The customer ordered the product over the phone and it is being delivered. Imprint the card at the time of delivery and obtain a signature.
4. The terminal issues a response for a voice authorization. Reference the above section on voice authorizations.
5. The cashier performs a Code 10 voice authorization.
6. Any time you feel that the likelihood of a customer disputing the transaction is high, an imprint will help the chargeback reversal process.

Note: If a manual imprinter is needed, please contact United Bank Card at 1-800-201-0461 (option 2) to order one. Imprinters are available in a standard and/or portable model configuration. The next merchant statement will reflect a \$30 debit for the imprinter which includes shipping. The package will arrive with a supply of imprinter sales slips. Additional slips can be ordered. Please reference the "Supplies for Your Credit Card Terminal" section of this Manual.

Merchants processing key-entered transactions are exposed to significantly higher amounts of chargebacks than transactions magnetically swiped at the point-of-sale. Merchants who process manually keyed transactions are categorized as one of the following:

- Mail order (MO)
- Telephone order (TO)  
(collectively referred to as MO/TO)
- e-Commerce/Internet (INT)

Only merchants that specified on the Merchant Agreement and were subsequently approved for submitting MO/TO or e-Commerce transactions for settlement will be permitted to do so.

United Bank Card has outlined the procedures and security measures required for accepting MO/TO and e-Commerce payments. Failure to follow these procedures can result in an increased occurrence of chargebacks or suspension/termination of your merchant account.

### **Mail and Telephone Order Guidelines and Risk**

United Bank Card has detailed the best practice steps to processing a mail order/telephone order transaction below. Do not begin the process unless the product is available for shipment. It is against the Merchant Agreement to settle a credit card transaction before the product is stocked in inventory and ready to be delivered.

1. Always obtain the cardholder's name, billing address, billing zip code, account number, expiration date and CVV2 Card Verification Value. The billing address, zip code and CVV2 number will be used during the authorization process.
2. Generate an invoice or sales draft with a description of the products or services being sold.
3. If possible, obtain a signature via fax on the invoice or sales draft.
4. Electronically authorize the transaction through the POS terminal or software.
5. The POS terminal or software will use the Address Verification System (AVS) protocol to ensure the billing address and zip code entered are accurate. If the address and zip code do not match, contact the customer immediately. If AVS does not match, a merchant may want to consider refunding or voiding out the transaction. To help avoid mistakes with AVS, it is important to clarify with the customer the difference between his or her "Billing Address" and "Shipping Address". Successful verification of AVS information does not guarantee the transaction is not fraudulent.
6. Some POS terminals or software are equipped to process the Card Verification Value (CVV2). Obtaining and authorizing this number confirms that the credit card is present. It does not guarantee the transaction is not fraudulent, but provides another layer of defense.
7. Immediately after successfully authorizing payment from a customer, the product or the service must be delivered. Keep copies of the "proof-of-delivery" and shipment records with the authorization/sales draft receipts/invoice. Never charge a customer unless the product is in stock or the service to be performed can be promptly delivered.

## E-Commerce Information, Guidelines and Risk

With the rapid growth of Internet shopping over the last few years, e-Commerce has become a core part of United Bank Card's processing services. Offering products and services via the Internet presents unique opportunities for merchants to expand their businesses.

Visa® & MasterCard® regulations require all merchants approved for e-Commerce processing to submit transactions via a secure online gateway. As a result, UBC has developed a secure online gateway and virtual terminal to offer real-time transaction approvals through a website. In addition, the UBC Gateway can function as a credit card terminal, with transactions manually keyed-in to our Virtual Terminal. UBC offers full "shopping cart" compatibility and sample order templates. More information on our gateway can be found at [www.unitedbankcard.com/gateway](http://www.unitedbankcard.com/gateway). UBC's Internet processing technology was developed with cardholder security as the top priority. In addition to our own gateway, United Bank Card is compatible with all the popular third-party providers such as Authorize.Net and Checks by Net.

Before a business can be approved to process e-Commerce transactions, it must have a valid website with return and privacy policies posted. Should the products or services offered through an e-Commerce merchant account change, United Bank Card must be notified immediately. A merchant that currently has a retail or MO/TO account with United Bank Card, must submit an entirely separate application for e-Commerce. UBC issues e-Commerce merchants unique Merchant ID numbers upon underwriting approval, as does American Express® and Discover®.

The following e-Commerce policies and procedures have been established to comply with Visa®, MasterCard® and United Bank Card regulations:

1. E-Commerce merchants must submit transactions for authorization and settlement through a secure online gateway.
2. Maintain a valid website with complete descriptions of the products and services sold.
3. The website must contain a return, refund and privacy policy.
4. The security protocols used to protect a customer's information such as SSL, Thawte and Verisign must be disclosed.
5. Contact information for your business must be easily accessible to customers.
6. The shipping method, time frame and delivery procedures must be clearly stated.
7. A transaction receipt via electronic mail must be provided to the customer and must include your business name, web address, contact information and the terms and conditions of the sale.
8. AVS (the Address Verification System) must be used to validate the billing address of the cardholder.
9. Attempt the use of Card Verification Value (CVV2) to further validate the transaction.
10. After the payment has been accepted, the product must ship immediately. The customer can not be charged unless the product is in inventory and ready to ship.
11. Always keep the transaction receipt, shipping record (UPS, Airborne, FedEx or USPS) and proof of delivery on file. This information will need to be presented in the event of a chargeback.
12. It is highly advised to establish an internal fraud control system to review each order for validity. Any order that seems suspicious should be further investigated. Contact the cardholder for verification. Orders that failed AVS or CVV2 validation should be flagged for research. If an order is high risk or possibly fraudulent, void the transaction immediately. Shipping orders that do not pass the AVS or CVV2 system could result in chargebacks and loss of merchandise.
13. *All e-Commerce merchants should be extremely suspicious of international orders, especially in parts of Southeast Asia. Some geographic areas have a high frequency of fraud and black market stolen credit card information.*

The STAR Debit Network 2001 survey states that 75% of all credit card holders in the United States have an ATM or debit card, with more than 90% using them to make purchases at the point-of-sale. The Nilson Report concludes that debit cards are becoming the most popular form of non-cash payments. The increasing popularity of this card-base makes it advantageous for any business to consider acceptance of ATM and debit cards.

Note: All merchants processing with United Bank Card are automatically setup to accept debit cards that contain the Visa® or MasterCard® logo without the use of a pin-pad. Simply swipe the debit card through as a normal credit card transaction and obtain a signature on the sales draft.

### **Pin-Pads and Encryption**

In order for a business to accept PIN-based debit card transactions, they must have a POS terminal with a printer and pin-pad. A pin-pad is an external device that plugs into a POS terminal or is built into the keypad of certain POS terminals. For a pin-pad to function correctly, it must be encrypted by United Bank Card. To verify that the proper encryption has been injected into a pin-pad or POS terminal, flip the unit upside-down and look for a sticker confirming the successful encryption. Once a POS terminal and a properly encrypted pin-pad are installed, ATM and debit cards can be processed for payment.

For more information on debit/ATM card acceptance or to obtain a pin-pad, please contact your sales representative or United Bank Card at 1-800-201-0461 (option 1).

Note: Pin-pads encrypted by a previous credit card processor must be sent to United Bank Card for re-encryption. Without a UBC encrypted pin-pad, PIN-based ATM and debit card payments can not be processed.

### **PIN Number Security**

- Never ask your customer for their Personal Identification Number (PIN).
- Keep the pin-pad in close proximity to the register and allow the cardholder enough space to privately enter the PIN.
- The receipt for a PIN-based debit transaction must be printed from the POS terminal or a separate receipt printer. Imprint slips are not acceptable. The receipt must be maintained for two years for record purposes.
- PIN-based transactions do not require a signature from the cardholder.

### **Cash-Back and Surcharges**

Merchants set up to process PIN-based ATM and debit transactions may offer a "cash-back" option to customers. In addition, customers may be charged a fee (similar to how an ATM operates) for enjoying the convenience of "cash-back". The process works by running a normal debit/ATM transaction, entering the purchase amount and then the cash-back amount. The pin-pad will activate, displaying the total dollar amount and applicable surcharge amount. The customer accepts the transaction by entering the PIN number. The POS terminal will then dial-out for authorization of the total transaction amount. Upon authorization, the cash-back amount may be provided to the customer. The debit network will credit your checking account for the sale amount, cash-back amount and any applicable surcharge in the normal deposit time. The surcharge amount you wish to charge customers must be programmed into the POS terminal by United Bank Card's Technical Help Desk. If a cash-back surcharge is not specified on the Merchant Agreement, call the Technical Help Desk at 1-800-632-1888 to make the desired addition. Typical surcharge amounts for cash-back are in the \$1.00 to \$2.00 range.

Note: For further information on technical procedures for processing ATM and debit transactions through a POS terminal and pin-pad, please consult the Quick Reference Guide included in the welcome kit.

**IMPORTANT!** Cash-back is only permitted on PIN-based ATM and debit cards. Never run a cash-back or cash advance on a credit card, which would violate Visa® and MasterCard® regulations and can result in account termination.

### **Electronic Benefits Transfer (EBT) Information and Procedures**

Electronic Benefits Transfer presents a unique payment option to merchants and customers. An EBT card is used by the federal and state governments to deliver food stamps and cash benefits to qualified EBT recipients. An EBT card replaces paper food stamps, unemployment checks, cash benefits and other government funded programs. It was mandated by the federal government that all states have an EBT program to replace the paper system by October of 2002. As a result, merchants in the retail, grocery and convenience store marketplace have a growing demand to accept EBT as a form of payment.

To participate in the Electronic Benefits Transfer program, merchants must obtain an FCS or FCN number from their state's agriculture department. Please contact our Technical Help Desk to have EBT added to your merchant account if an FCS or FCN number has been issued. There must be an encrypted pin-pad from United Bank Card available to facilitate the process.

For more information on EBT card acceptance, please contact your sales representative or United Bank Card at 1-800-201-0461 (option 1).

## **9**

### **REFUNDS AND EXCHANGES**

Refunds or credit back to a customer's credit card can be processed for the return of products or services. It is imperative that a refund policy is clearly posted and accepted by the customer. It is strongly recommended that the terms-of-sale and refund policy is printed on the sales receipt. This can be programmed into the POS terminal by calling our Technical Help Desk at 1-800-632-1888.

Cash or check refunds are not permitted on a credit card purchase. This presents the potential for chargebacks.

The following steps ensure the proper refund or exchange of a credit card purchase:

1. Ask the customer for the credit card used for the original purchase.
2. Compare the account number on the credit card to the sales receipt for confirmation. The account numbers must be the same.
3. If the cardholder does not have the original card present, manually key the refund. Do not refund another card; the same account number must be credited.
4. If a printer is used with the POS terminal, follow the procedures in the Quick Reference Guide for processing a refund.
5. If the POS terminal does not have a printer, the manual imprinter must be used. Record all information on the sales slip indicating a refund. Imprint the card for your records.
6. If the customer is only returning a portion of the purchase, the entire amount must be refunded first. Then process the amount of the sale that remains as a new transaction.
7. If the sale was originally processed as a PIN-based ATM/debit transaction, there are two options: refund the same card or give cash.

Note: ONLY PIN-based ATM/debit refunds are allowed to be issued in the form of cash instead of refunding the card. If the transaction has not been batched out, please void the transaction rather than refund the transaction.

### **Reconciliation of the Statement and Deposits**

It is critical for merchants to reconcile batches and bank account deposits daily. Do not write checks from the designated checking account against batches that have not yet been deposited. It is critical to review monthly merchant statements for accuracy. Any errors must be reported to United Bank Card within 45 days for credit to be issued. United Bank Card deducts discount rates and fees in one of two manners. Some merchants are placed on "Daily Discount", with fees and discount rates deducted from each batch and the difference deposited. Other merchants are placed on "Monthly Discount", with the entire batch amount deposited and discount rates and fees to be deducted at month-end. UBC's Underwriting Department determines which merchant accounts are placed on "Daily Discount" and "Monthly Discount". To keep your merchant account in good standing, sufficient funds must be available in the designated checking account to cover processing fees and to sustain a potential amount of chargebacks.

If there are any questions regarding batches, settlements, deposits, processing fees or the merchant statement in general, please contact the Customer Service Department at 1-800-201-0461 (option 2). Online account reporting, a service that enables a merchant to view daily settlements, batches and deposits on the Internet can be set up for interested merchants. Please visit [www.unitedbankcard.com](http://www.unitedbankcard.com) or contact Customer Service.

### **Cardholder Privacy**

Visa® and MasterCard® regulations prohibit merchants from recording personal information on the sales receipt/draft. This information in conjunction with the account numbers listed on the sales draft could be used to commit fraud. Keep cardholder account and personal information separate and under tight security. Release of this information is only permitted to United Bank Card or authorized law enforcement officials. It is extremely critical that CVV2 card validation numbers are not written, recorded or stored electronically nor manually under any circumstances.

### **Risk Parameters**

Transactions and batches processed for merchant accounts are monitored at United Bank Card by several advanced security and fraud detection systems. Failure to observe the conditions of best practices, this Manual, and the parameters indicated in the Merchant Agreement, can result in delayed or suspended funding and possible account termination. Any business that commits fraud or other criminal activities relative to the merchant account with United Bank Card will be prosecuted to the fullest extent of the law.

Please keep the following information in mind when submitting transactions for settlement to United Bank Card. The Merchant Agreement was approved based on several factors including the average ticket, highest ticket, monthly volume, products/services sold, etc. Should any of these factors vary dramatically in any given batch(es) or transaction(s), United Bank Card may suspend funding pending a risk investigation. If any of the information in the Merchant Agreement changes (especially in the variables listed above), please contact United Bank Card to update your account.

### **Honoring Cards and Display of Signage**

Upon approval of the Merchant Agreement with United Bank Card, the merchant agrees to honor both Visa® and MasterCard® without discrimination. Visa® and MasterCard® require your business to clearly display signage at the point of sale. A supply of counter and window decals is included in the welcome kit. Additional signage and decals can be ordered by contacting United Bank Card at 1-800-201-0461 (option 2).

### Chargebacks

A chargeback is a transaction that is in dispute by the cardholder or issuing bank. The chargeback occurs when a customer disputes a charge or the bankcard procedures are not followed. There are several reason codes for a chargeback including merchant fraud, product/service not as described, never received product/service, transaction not authorized by cardholder, etc. If your business receives a chargeback, your checking account will be debited for the amount in dispute. In addition, a fee for handling the chargeback may be imposed and reflected on the merchant statement. If there are questions regarding a chargeback your business has received, please contact our Customer Service Department at 1-800-201-0461 (option 2).

### Retrieval Requests

In some circumstances a cardholder's issuing bank may request a copy of the sales slip containing the authorized signature. This is why it is essential to keep accurate records of all sales slips and/or sales drafts. Federal law requires merchants to maintain signed sales slips for a minimum of two years. The retrieval request will provide the cardholder's account number, a reference number, dollar amount and the date the transaction was processed. The retrieval request must be completed and submitted for handling immediately. Failure to comply with the retrieval in the specified number of days could result in a chargeback. A fee for the handling of retrieval requests may appear on the merchant statement. If a retrieval request is received and there are any related questions, please contact our Customer Service Department at 1-800-201-0461 (option 2).

#### Best Practices to Avoid Chargebacks

##### *Do Not...*

1. Charge a customer more than once for the same product.
2. Accept an expired credit card.
3. Accept transactions that are declined. Never attempt to reauthorize a declined transaction.
4. Accept a transaction without a cardholder's signature.
5. Split a transaction into smaller sales to avoid a decline.
6. Charge a cardholder before shipping the merchandise.
7. Settle a transaction for an amount not exactly the same as the authorized amount (restaurants excluded).
8. Participate in a suspicious or fraudulent transaction.
9. Process a refund as a sale.
10. Process a transaction when the account number embossed on the card does not match the number on the sales slip.

##### *Always...*

1. Electronically authorize every transaction.
2. Prepare and submit a written retrieval or chargeback reversal request within the specified timeframe.
3. Charge the customer for the correct dollar amount.
4. Issue refunds promptly for returned products or cancelled services.
5. Settle all transactions within 24 hours.
6. Verify the signature on the sales slip with the back of the customer's card.
7. Obtain an imprint on transactions that can not be magnetically authorized or swiped through a POS terminal.



## Chargeback Reversals

In the event a chargeback is posted to your account, you have the right to submit a claim to reverse the chargeback. A reversal is a merchant's written defense of the validity of sale including the supporting documentation. Supplemental information that may be submitted with a reversal claim includes:

- Signed sales slip/draft
- Manual imprint of the card
- Signed invoice if applicable
- Proof of delivery and shipping records

Reversal claims must be submitted within the number of days indicated on the chargeback notification. Failure to submit and complete the paperwork within the allotted time frame will result in a non-reversible chargeback. For further information on chargeback reversals, please contact United Bank Card's Customer Service Department at 1-800-201-0461 (option 2).

## 12

## FRAUD IDENTIFICATION AND PREVENTION

### Prohibited Transactions

Certain types of transactions present a high degree of risk to United Bank Card. As a result, Visa® and MasterCard® regulations and/or the Merchant Agreement prohibit your business from processing the following transactions:

- Attempting to process a sale on a previously charged back purchase.
- Processing transactions for the purpose of collecting debt, bounced checks, etc.
- Attempting to settle or force transactions that were declined.
- Attempting to reauthorize a declined transaction.
- Processing a transaction on an expired card.
- Attempting to split a transaction amount to avoid a decline.
- Processing a transaction for the purpose of a cash advance.
- Attempting to process a sale for a cancelled service or returned product.
- Processing sales with more than one payment processor or bank offering credit card services similar to United Bank Card.
- Processing transactions for other businesses, merchants or products/services not explicitly listed in the Merchant Agreement. Such practice is called factoring.
- Attempting to process a transaction more than once.
- Processing your own credit card for the purpose of funding your checking account.
- Refunding sales when the funds are not in your checking account to cover the debit.
- Processing any annual memberships or future delivery products without the written approval of United Bank Card.

It is imperative to understand and educate your staff on prohibited transactions. Attempting to process any of the above transactions could result the suspension or termination of your merchant account.

## Counterfeit Credit Cards/Security Features

Stolen and counterfeit cards are a major problem for merchants and issuing banks alike. Readily available technology makes it easy for counterfeiters to reproduce nearly perfect copies of legitimate credit cards. All credit cards have the same basic security features with each brand containing some distinct qualities. Proper training of your staff on detection of counterfeit credit cards can reduce credit card fraud and loss of merchandise. Most card issuers will pay a small reward to the cashier who catches a stolen or counterfeit card.

The basic components of a credit card include the color, embossing, signature panel, CVV2 number and hologram.

**Color:** The color of the card should be even without any noticeable alterations.

**Embossing:** Another criteria to examine is the account number embossing. All characters should be raised without any variation. It is common for a counterfeiter to iron down the account numbers and re-emboss with new information. In such cases, the small font 4 digit number printed directly on the credit card will not match the first 4 digits of the embossed number. All Visa cards will start with a 4, MasterCard cards with a 5 and Discover cards with a 6.

**Signature Panel:** After examining the embossing and account numbers, check the signature panel on the back of the card. It should have the MasterCard® or Visa® logo background wash. The panel should contain the signature of the authorized cardholder. The Card Verification Value (CVV2) will be located on the signature panel.

**Hologram:** The hologram is the last security feature and the hardest to alter or counterfeit. The hologram consists of a three dimensional foil image. The foil material can consist of a gold or silver color and presents an image as you reflect light off the card. The Visa hologram appears to be a dove flying. MasterCard's hologram consists of rings, globes and spheres, with the word "MasterCard" surrounded by two alternating colors.



### **Suspicious Shopping Patterns**

Customers that are looking to commit credit card fraud or commit a crime will try to catch employees off guard. They will typically enter at a busy point or just before closing. The shopper may select many items for purchase without paying much attention to the price, size or quantity. If one observes this type of shopping pattern, call immediately for a Code 10 authorization.

### **Fraudulent Returns**

Merchants need to be especially aware of the transactions cashiers are running. It is very common for a cashier to issue refunds to his or her own credit or debit card. Fraudulent cashiers could steal substantial amounts of money without being caught if not monitored carefully. United Bank Card strongly suggests a password protecting the refund feature on the POS terminal. This will limit access to owners and management. To have a password feature added to a POS terminal, please contact United Bank Card Technical Support at 1-800-632-1888.

### **International Cards**

International cards are often attributed to credit card fraud in the retail, MO/TO and e-Commerce environments. Most retail merchants are not familiar with the design and security features in an international card. This confusion can lead to lost merchandise and chargebacks. If suspicious of an international credit card transaction, call the Voice Authorization Center for a Code 10. For MO/TO and e-Commerce merchants, United Bank Card cautions against accepting international transactions. The likelihood of fraud increases dramatically with orders from outside the United States. The geographic area of immediate concern is South-east Asia and the Middle East. These locations have a pattern of credit card fraud and black market account number trading.

### **Prevention Procedures**

Unfortunately, credit card fraud can not be stopped entirely. Following the procedures and policies in this Manual and the Merchant Agreement will provide a strong defense against credit-related crimes. Take all necessary precautions and security measures to decrease the probability of fraud affecting your business.

United Bank Card utilizes one of the most sophisticated fraud identification and prevention systems in the world. All of the transactions and batches processed for your merchant account are monitored in real-time. Our detection systems are running 24 hours a day, seven days a week to protect your business from fraudulent cardholders. United Bank Card is your partner in payment processing and is determined to provide the best possible protection for your business.

To order supplies, call 800-201-0461 (option 2)

ITEM #	DESCRIPTION	SUPPLY COST	FREE SUPPLY PROGRAM*
<b>THERMAL PAPER (NURIT, OMNI, ICE, HYPERCOM T7PLUS, T7PT)</b>			
STP10	10 Pack	\$9.50	FREE + SHIPPING
STP20	20 Pack	\$18.25	FREE + SHIPPING
STP50	50 Pack	\$37.75	FREE + SHIPPING
<b>THERMAL PAPER – OPTIONAL LONG ROLL (HYPERCOM T77, T7PT, NURIT 2085)</b>			
OTP10	10 Pack	\$12.75	FREE + SHIPPING
OTP20	20 Pack	\$21.50	FREE + SHIPPING
OTP50	50 Pack	\$40.75	FREE + SHIPPING
<b>PAPER/INK PACKAGES FOR VERIFONE P250</b>			
V25P-10	10 Rolls and 2 Ribbons	\$16.50	FREE + SHIPPING
V25P-20	20 Rolls and 3 Ribbons	\$29.75	FREE + SHIPPING
V25P-50	50 Rolls and 6 Ribbons	\$55.75	FREE + SHIPPING
<b>PAPER/INK PACKAGES FOR VERIFONE P900</b>			
V90P-10	10 Rolls and 2 Ribbons	\$17.95	FREE + SHIPPING
V90P-20	20 Rolls and 3 Ribbons	\$33.50	FREE + SHIPPING
V90P-50	50 Rolls and 6 Ribbons	\$59.75	FREE + SHIPPING
<b>PAPER/INK PACKAGES FOR HYPERCOM T7P (NON-THERMAL)</b>			
HYP-10	10 Rolls and 2 Ribbons	\$16.50	FREE + SHIPPING
HYP-20	20 Rolls and 3 Ribbons	\$29.75	FREE + SHIPPING
HYP-50	50 Rolls and 6 Ribbons	\$55.75	FREE + SHIPPING
<b>INK CARTRIDGES (SPECIFY PRINTER TYPE)</b>			
INK-3	3 Pack	\$13.50	FREE + SHIPPING
INK-6	6 Pack	\$24.95	FREE + SHIPPING
INK-12	12 Pack	\$44.25	FREE + SHIPPING
<b>IMPRINTERS &amp; SUPPLIES</b>			
SIMP	Manual Imprinter	\$28.50	FREE + SHIPPING
MIMP	Portable Imprinter	\$33.75	FREE + SHIPPING
21MP-PK	2-Part Imprinter Slips Credit/Sales 100 Pack	\$16.25	FREE + SHIPPING
3IMP-PK	3-Part Imprinter Slips Credit/Sales 100 Pack	\$22.50	FREE + SHIPPING

\*Call 800-201-0461 for Free Supply Program details.

**Sample Merchant Statement**



UNITED BANK CARD  
 (800) 201-0461  
 PO BOX 4006  
 CLINTON, NJ 08806  
 6900 0030 EN GN 331 0000097 20040731 YNNNNN

ABC MERCHANT  
 123 WAVE STREET  
 ANYTOWN, CA 99999-9999



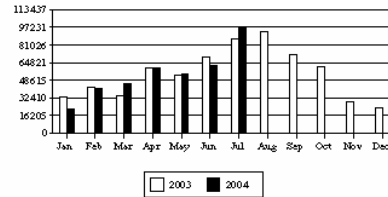
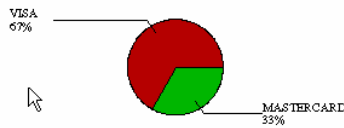
**MERCHANT STATEMENT**  
 PAGE 1 OF 4  
 BILLING STATEMENT FOR  
 JULY 31, 2004

CODE:  
 PRINCIPAL: 001  
 ASSOCIATE: 009  
 CHAIN: 999  
**MERCHANT NBR: 1234567**  
 DBA NAME: ABC MERCHANT

**ACTIVITY SUMMARY**

TYPE	SALES	SALES TRANS	CREDITS AMOUNT	CREDIT TRANS	NET AMOUNT	TOTAL TRANS
VISA	65,585.52	267	1,595.00	7	63,990.52	274
MASTERCARD	31,646.67	132	218.90	1	31,427.77	133
CHARGEBACK	0.00	0	97.90	1	-97.90	1

**GROSS SALES VOLUME**



**IMPORTANT ACCOUNT INFORMATION**

FOR CUSTOMER SERVICE & BILLING QUESTIONS PLEASE CALL 1-800-201-0461. FOR 24-HOUR TECHNICAL & TERMINAL SUPPORT PLEASE CALL 1-800-632-1888. WE ENCOURAGE REFERRALS! REFER A NEW MERCHANT TO US BY CALLING 1-800-201-0461 AND RECEIVE \$50.00!!!

**DEPOSIT DETAIL**

PROCESS DATE	NBR TRANS	BATCH AMOUNT	3 <sup>RD</sup> PARTY BATCH AMT	ADJUSTMENT	CHARGEBACK	NET AMOUNT
07/01	13	1,962.40	0.00	0.00	0.00	1,962.40
07/02	13	2,365.00	0.00	0.00	0.00	2,365.00
07/03	7	1,201.20	0.00	0.00	0.00	1,201.20
07/05	20	3,727.90	0.00	0.00	0.00	3,727.90
07/05	14	3,869.80	0.00	0.00	0.00	3,869.80
07/06	19	3,633.00	0.00	0.00	0.00	3,633.00
07/07	9	2,358.40	0.00	0.00	0.00	2,358.40
07/08	7	1,560.90	0.00	0.00	0.00	1,560.90
07/09	13	3,650.90	0.00	0.00	0.00	3,650.90
07/10	7	2,484.90	0.00	0.00	0.00	2,484.90
07/12	9	3,706.20	0.00	0.00	0.00	3,706.20
07/12	22	10,070.72	0.00	0.00	0.00	10,070.72

6900 0030 EN GN 331 0000097 20040731 YNNNNN  
 MERCHANT NBR:1234567

**MERCHANT STATEMENT**  
 PAGE 2 OF 4

The information contained herein is confidential and must not be released to third parties without permission.

**Activity Summary:** A summary of each card type processed and paid, switched or reported. Chargeback volumes are reported only for card types processed and paid. Graphs are based upon the Sales column.

**Deposit Detail:** A daily accounting of all batched received and/or processed. The process date is the date that the batch was processed by our system.

**3rd Party Batch Amount Detail:** Transactions sent to Third Parties for processing and payment.

**DEPOSIT DETAIL** (continued)

PROCESS DATE	NBR	BATCH AMOUNT	3 <sup>RD</sup> PARTY BATCH AMT	ADJUSTMENT	CHARGEBACK	NET AMOUNT
07/13	6	1,048.30	0.00	0.00	0.00	1,048.30
07/14	12	2,302.30	0.00	0.00	0.00	2,302.30
07/15	15	3,361.60	0.00	0.00	0.00	3,361.60
07/16	8	1,321.10	0.00	0.00	0.00	1,321.10
07/17	14	2,806.10	0.00	0.00	0.00	2,806.10
07/19	15	3,649.80	0.00	0.00	0.00	3,649.80
07/19	11	1,846.90	0.00	0.00	0.00	1,846.90
07/20	14	3,111.90	0.00	0.00	0.00	3,111.90
07/21	16	3,437.50	0.00	0.00	0.00	3,437.50
07/22	11	3,005.42	0.00	0.00	0.00	3,005.42
07/23	9	1,417.90	0.00	0.00	0.00	1,417.90
07/24	17	3,986.95	0.00	0.00	0.00	3,986.45
07/26	17	3,905.00	0.00	0.00	0.00	3,905.00
07/27	15	3,973.20	0.00	0.00	0.00	3,973.20
07/27	1	0.00	0.00	0.00	-97.90	-97.90
07/28	11	1,952.50	0.00	0.00	0.00	1,952.50
07/29	16	3,406.70	0.00	0.00	0.00	3,406.70
07/30	16	2,861.10	0.00	0.00	0.00	2,861.10
07/31	12	1,975.60	0.00	0.00	0.00	1,975.60
TOTAL	408	95,418.29	0.00	0.00	-97.90	95,320.39

TOTAL BATCH DEPOSITS 31

**CHARGEBACK DETAIL**

DATE	CHARGEBACK	CARD	REASON	CASE NUMBER	AMOUNT
07/27	-97.90	MASTERCARD	SERVICES NOT RENDERED	2418810135	-97.90

**PROCESSING DETAIL**

CARD	TYPE	AMOUNT	DISCOUNT RATE	NUMBER TRANS	TRAN FEE	PROCESSING FEE
VISA	1225	-786.50	1.9500%	4	0.0000	-15.34
VISA	1665	-174.90	1.9500%	1	0.0000	-3.41
VISA	1525	-633.60	1.9500%	2	0.1400	-12.08
VISA	1220	327.80	2.9700%	1	0.0000	9.74
VISA	1221	37,040.52	2.9700%	135	0.0000	1,100.10
VISA	1222	1,800.70	2.9700%	11	0.0000	53.48
VISA	1521	20,034.80	2.9700%	85	0.1400	606.93
VISA	1522	949.30	2.9700%	5	0.1400	28.89
VISA	1301	3,020.10	3.9500%	19	0.0000	119.29
VISA	1601	2,412.30	3.9500%	11	0.0000	95.29
MASTERCARD	1231	7,535.22	1.9500%	43	0.0000	146.94
MASTERCARD	1232	1,329.90	1.9500%	7	0.0000	25.93
MASTERCARD	1400	-97.90	1.9500%	1	0.0000	-1.91
MASTERCARD	1531	1,234.20	1.9500%	5	0.1400	24.77
MASTERCARD	1210	218.90	2.9700%	1	0.0000	6.50
MASTERCARD	1211	3,290.10	2.9700%	18	0.0000	97.72
MASTERCARD	1602	239.80	2.9700%	2	0.0000	7.12
MASTERCARD	1511	327.80	2.9700%	2	0.1400	10.02
MASTERCARD	1201	15,679.40	3.9500%	43	0.0000	619.34
MASTERCARD	1202	436.70	3.9500%	3	0.0000	17.25
MASTERCARD	1301	-218.90	3.9500%	1	0.0000	-8.65
MASTERCARD	1641	1,354.65	3.9500%	8	0.0000	53.51
PROCESSING TOTAL						2,981.43

6900 0030 EN GN 331 0000097 20040731 YNNNNN  
MERCHANT NBR:1234567

MERCHANT STATEMENT  
PAGE 3 OF 4

The information contained herein is confidential and must not be released to third parties without permission.

**Processing Detail:** Processing fees listed according to the volume posted on each card type. For Charge Type definitions, please refer to your Charge Type Guide.

- 1200-1299 - Typical credit card transactions.
- 1300-1399 - Unique credit card transactions. An example is a Visa Signature card.
- 1400-1499 - Chargebacks on previous transactions.
- 1500-1599 - Check card and offline debit card transactions.
- 1600-1699 - Business and corporate card transactions.
- 1700-1799 - Purchasing card transactions.
- 1800-1899 - Online debit transactions.
- 1900-1999 - Other transactions including transactions for reporting purposes only, transactions sent to Third Party for processing and payment, transactions which failed processing edits and adjustments to payment.

**AUTHORIZATION DETAIL**

<u>VENDOR</u>	<u>CARD</u>	<u>DESCRIPTION</u>	<u>NUMBER</u>	<u>RATE</u>	<u>AUTHORIZATION</u>	<u>SEE</u>
GLOBAL EAST	VISA	ELECTRONIC	350	0.0000		0.00
GLOBAL EAST	MASTERCARD	ELECTRONIC	155	0.0000		0.00
GLOBAL EAST	DISCOVER	ELECTRONIC	26	0.0000		0.00
			531			0.00

**OTHER DETAIL**

<u>TYPE</u>	<u>DESCRIPTION</u>	<u>NUMBER</u>	<u>RATE</u>	<u>OTHER FEE</u>
MISC	STATEMENT/ACH FEE	1	5.0000	5.00
MISC	RSP GOLD PLAN - MONTHLY	0	0.0000	0.00
MISC	INCOMING CHARGEBACKS	1	0.0000	0.00
OTHER TOTAL				5.00

**SUMMARY**

<u>AMOUNT</u>
PROCESSING 2,981.43
AUTHORIZATION 0.00
OTHER 5.00
TOTAL PROCESSING SERVICE FEES OF 2,986.43

HAVE BEEN APPLIED FOR THE REPORTING PERIOD.

*Review this statement closely. Verify all deposits, adjustments, chargebacks and fees. It is the merchant's responsibility to report any error or discrepancies in writing within ninety (90) days following the reporting period. After this time, the statement information and fees are considered to be accepted by the merchant. Requests for analysis beyond this timeframe may result in additional research fees.*

**STATEMENT EXPLANATION**

**Activity Summary** - A summary of each card type processed and paid, switched, or reported. Chargeback volumes are reported only for card types processed and paid. Graphs are based upon the Sales column.

**Deposit Detail** - A daily accounting of all batches received and/or processed. The process date is the date that the batch was processed by our system.

**3rd Party Batch Amount Detail** - Transactions sent to Third Parties for processing and payment.

**Adjustment Detail** - Adjustments to payment, including payment corrections, as well as transactions that failed edits and were not processed or paid.

**Chargeback Detail** - Chargeback transactions, including the reason and corresponding documentation case reference number.

**Processing Detail** - Processing fees listed according to the volume posted to each charge type. For Charge Type definitions, please refer to your Charge Type Guide.

1200-1299 - Typical Credit card transactions.

1300-1399 - Unique Credit card transactions. An example is a Visa Signature card.

1400-1499 - Chargebacks on previous transactions.

1500-1599 - Check card and Offline Debit card transactions.

1600-1699 - Business and Corporate card transactions.

1700-1799 - Purchasing card transactions.

1800-1899 - Online Debit card transactions.

1900-1999 - Other transactions, including transactions for reporting purposes only, transactions sent to Third Party for processing and payment, transactions which failed processing edits, and adjustments to payment.

**Authorization Detail** - Total authorizations, including the type of card authorized and method of authorization.

**Other Detail** - Other services and billable items.

501L195A

**Authorization Detail:** Total authorizations including the type of card authorized and method of payment.

**Other Detail:** Other services and billable items.

## 15 IMPORTANT CONTACT INFORMATION

### United Bank Card

Sales and Customer Service	800-201-0461 (option 2)
Risk Management	800-201-0461 (ext. 126)
24-Hour Technical Support	800-632-1888
Refer a Merchant and Receive \$50	800-201-0461 (option 1)
Paper, Supplies, Ribbon	800-201-0461 (option 2)

### Voice Authorizations

Visa®/MasterCard® Voice Authorization	800-291-4840
American Express® Voice Authorization	800-528-2121
Discover® Voice Authorization	800-347-1111

### American Express®

Customer Service	800-528-5200
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### Discover®

Customer Service	800-347-2000
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## 16 SPONSORING BANK

United Bank Card, Inc. is a registered ISO/MSP of First National Bank of Omaha, 1620 Dodge St., Omaha, NE – Member FDIC

## 17 RISK ADDENDUM

Merchant acknowledges that Merchant is responsible for all chargebacks, ACH rejects, and damages to United Bank Card, Inc. ("UBC"), Processor and Bank. UBC, Processor and Bank are authorized to fully enforce the Merchant Agreement to control actual and potential losses arising out of the agreement, including but not limited to those related to chargebacks, merchant fraud, cardholder fraud and unpaid processing fees.



**Address Verification Service (AVS):** Service that verifies the cardholder's billing address in order to help combat fraud.

**Association Chargeback Fees:** The card associations permit the cardholder's issuing bank to collect additional fees for items that result in a chargeback. Association chargeback fees may be imposed if a merchant does not follow card acceptance and authorization procedures and the card issuer has a valid chargeback.

**Authorization:** Verification of a bankcard transaction by an issuing bank or other institution, or by an approved independent service provider. Authorization is initiated by accessing (by voice or electronic terminal as appropriate) United Bank Card designated authorization center(s). Authorization is based on the cardholder's account status and available credit.

**Authorization Code:** The alphanumeric code designated by the issuer for a sales transaction as verification that the sale has been authorized. The authorization code is always included on the merchant sales draft.

**Bankcards or Cards:** Visa® and MasterCard® credit and/or debit cards issued by a financial institution.

**Bankcard Transaction or Transaction:** Transactions between a merchant and a cardholder for the sale or rental of goods, the provision of services evidenced by a sales draft or credit draft, or where permitted by agreement between United Bank Card and merchant, or by an electronic equivalent of a sales draft or credit draft, which is presented to United Bank Card by the merchant for processing through the Interchange System.

**CVV2 (and CVC2) Code Verification Value 2:** This is a three-digit code that appears in the signature panel on the back of most cards. It is a valuable fraud detection and prevention tool for card-not-present transactions.

**Cardholder:** The person or entity whose name is embossed on a card or whose name appears on a bankcard as an authorized user.

**Card Truncation:** The printer suppresses or masks the expiration date and all but 4 digits of the account number are on the cardholder receipt.

**Chargeback:** A chargeback is a previous transaction that is disputed by the cardholder or the issuing institution. A chargeback occurs when a cardholder disputes a charge or when proper bankcard acceptance and authorization procedures were not followed.

When used as a noun, a bankcard transaction which is debited to the deposit account by United Bank Card, set off against any other account maintained by the merchant with UBC or presented directly to the merchant by the bank for repayment when the deposit account does not contain sufficient funds. When used as a verb, the act of debiting the deposit account, setting off against another account or otherwise recovering, or seeking to recover, the value of the transaction.

**Chargeback Reason Code:** A numerical code which identifies the specific reason for the chargeback.

**Check-In Date:** The date the cardholder arrives at the lodging establishment.

**Check-Out Date:** The date the cardholder checks out of the hotel. Also considered to be the transaction date.

**Code 10:** A universal code that provides merchants with a way to alert the authorization center that a suspicious transaction is occurring without alerting the cardholder (or other person presenting the bankcard). The code 10 operator asks a series of questions that can be answered with yes or no responses. Follow the operator's instructions. NEVER ENDANGER YOURSELF.

**Commercial Card:** A business card, corporate card, fleet card or purchase card issued for commercial use, often with a higher discount expense than consumer cards. Non-T&E (Travel & Entertainment) merchants accepting a large volume of commercial cards should utilize a product that will support entry of sales tax and customer code.

**Consumer Card:** A card issued to a consumer. Visa® Infinite Card, Visa® Signature Card, and MasterCard® World Cards 117 issued to consumers have additional perks. T&E merchants incur additional discount expenses for these upscale cards.

**Credit Draft:** Records of returns or credit transactions presented to United Bank Card by the merchant for processing through the Interchange System for crediting to the cardholder's account and debiting to the deposit account.

**Debit Card:** A plastic card used to initiate a debit transaction. In general, these transactions are used primarily for goods and services and to obtain cash, for which the cardholder's checking account is debited by the card-issuing institution.

**Deposit Account:** A business checking account designated by the merchant through which all bankcard transactions and adjustments are processed by United Bank Card.

**Factoring or Draft Laundering:** A merchant's presentation to United Bank Card of what would otherwise be a sales draft but is not, because the underlying transaction is not between the merchant and the cardholder. This includes, but is not limited to, merchant's processing, debiting, negotiating or obtaining payment pursuant to the United Bank Card merchant agreement in connection with a purported transaction if the merchant did not furnish, or agree to furnish at some later time, the goods or services comprising the purported transaction.

**Floor Limit:** A dollar amount set by the acquirer in accordance with bankcard association rules and regulations. The merchant must obtain authorization for any transaction over the floor limit.

**Issuer:** The financial institution that holds contractual agreements with and issues cards to cardholders.

**Magnetic Stripe:** A stripe (on the bankcard) of magnetically encoded cardholder account information.

**VISA®/MasterCard® Interchange Systems or Interchange System:** Processing systems, which facilitate the interchange and payment of transactions between cardholders and persons, and entities (including merchant) that accept cards.

**Merchant:** A person or entity entering into merchant agreement with United Bank Card, as well as all personnel, agents and representatives of the merchant.

**Merchant Identification Card:** A plastic card issued to the merchant by United Bank Card that contains the merchant's identification number, name and location.

**Merchant Identification Number:** A 6 to 16-digit number each merchant is provided under the United Bank Card merchant agreement.

**Merchant Summary:** A form on which the merchant imprints the merchant's identification number and which provides a summary of the merchant's bankcard deposits.

**Negative Deposit:** What occurs when the dollar amount of a credit draft submitted for deposit to the deposit account exceeds the dollar amount of the sales drafts submitted for deposit.

**Off-Line Debit Card:** A bankcard used to purchase goods and services and to obtain cash, which debits the cardholder's personal deposit account. No PIN number is required to process off-line debit cards.

**On-Line Debit Card:** A bankcard that debits the cardholder's personal deposit account and is used to purchase goods and services and to obtain cash. A PIN number is required to process on-line debit cards.

**Operating Regulations or Regulations:** Unless specifically referred to as the operating regulations of either Visa® or MasterCard®, the current operating regulations of both Visa® and MasterCard®.

**PIN:** Personal Identification Number. The confidential individual number or code used by a cardholder to authenticate card ownership for ATM or POS terminal transactions.

**POS:** Point-of-Sale. The location of a merchant from whom the customer makes a purchase.

**Pre-authorized Order:** A cardholder's written authorization to make one or more charges to the cardholder's card account at a future date.

**Purchasing Card:** Designed to help companies maintain control of small purchases while reducing whatever administrative costs are associated with authorizing, tracking, paying and reconciling those purchases.

**Recurring Payments:** A series of transactions in which sales drafts will be processed by the merchant on an ongoing basis, unless and until canceled by the cardholder.

**Retrieval Request:** The request for either an original or legible copy of the transaction information document or substitute draft as identified in the electronic record.

**Sales Draft:** A paper or electronic record of a sale, rental or service transaction which the merchant presents to United Bank Card for processing through the Interchange System or otherwise, in order that the cardholder's card account can be debited and the deposit account may be credited.

**Split Sale:** Preparation of two or more sales drafts for a single transaction on one card account in order to avoid authorization procedures.

**T&E Travel and Entertainment:** Hospitality industry segment including lodging, car rental, cruise ships and restaurants.

**Voice Authorization:** Authorization obtained by telephoning a UBC voice operator.



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