

Debit Card Merchant Processing Addendum

This Addendum is being entered between the undersigned Applicant/Merchant (hereinafter sometimes referred to as "Merchant"), Pueblo Bank and Trust Company ("Pueblo") and iPayment, Inc. ("iPayment") and hereby supplements the terms of the Merchant Processing Agreement (the "Merchant Agreement") between Merchant, JPMorgan Chase Bank (the "Bank") and iPayment. If Merchant requests approval and are approved for debit card merchant processing services ("Debit Card Services"), Merchant agrees to be bound by the Merchant Agreement and this Addendum. Any use by Merchant of the Debit Card Services will be additional evidence of Merchant's agreement to these terms.

- 1. Terms Used.** The capitalized terms in this Addendum have the same meanings as the capitalized terms used in the Merchant Agreement, unless otherwise defined herein. **The term "Card Association" includes, without limitation, Star, NYCE, Interlink, Maestro U.S.A., Inc., PULSE EFT Association, and every other point-of-sale debit card network into which iPayment sponsors Merchant, if any.** The term "Card" shall include debit and credit cards and/or card accounts for the Card Associations' networks. The term "Services" includes credit card services and the Debit Card Services.
- 2. Honoring Debit Cards.** Merchant will honor debit cards and process debit card Transactions in accordance with the terms of the Merchant Agreement. Merchant may accept debit cards and process point-of-sale Transactions only at the locations iPayment approves.
- 3. Card Association Rules.** Merchant agrees to comply with the debit card and point-of-sale rules and regulations of the Card Associations, as may be amended from time to time. Without limitation of the generality of the foregoing, the Merchant acknowledges that it has received and thoroughly examined, among other things, the Maestro U.S.A., Inc. Operating Rules, PULSE Rules and PULSE Graphics Standards Manual, that are currently applicable to the Merchant, and agrees to comply with and be bound by all of the provisions thereof, as amended from time to time. Merchant also agrees to notify iPayment or inquire as to any such Card Association rules and regulations about which Merchant has any questions or problems.

Merchant also agrees to comply with the Transaction procedures and operational requirements set forth in our Debit Card Services Guide ("Services Guide"). iPayment may amend our Services Guide from time to time. Merchant can find our Services Guide at www.ipaymentinc.com.

- 4. Equipment.** Merchant is responsible for providing and maintaining any equipment that is necessary for the Debit Card Services, such as telephones, point-of-sale terminals ("*Terminals*"), modems, PIN pads, computers, forms and other necessary materials. Merchant agrees to use equipment that meets Card Association specifications and is compatible with our programs, systems and equipment, which iPayment may change from time to time. Merchant agrees to comply with the terms of any software license(s) provided to Merchant in connection with the Services. Merchant may not transfer, distribute, copy, reverse compile, modify or alter such software. Unless otherwise agreed by iPayment in writing, the computer programs, guides, security procedures, software and systems provided to Merchant in connection with the Services represent our proprietary property and must be returned to iPayment upon request. iPayment assumes no responsibility for the defects or incompatibility of any computers or software that Merchant uses in connection with the Debit Card Services, even if iPayment has previously approved their use. IPAYMENT MAKES NO WARRANTY, EXPRESS OR IMPLIED, IN LAW OR IN FACT, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR OF MERCHANTABILITY, WITH RESPECT TO THE DEBIT CARD SERVICES, OR ANY COMPUTER PROGRAMS, EQUIPMENT OR SOFTWARE MADE AVAILABLE TO MERCHANT. Merchant shall take all necessary steps to ensure that Terminal deficiencies are responded to promptly to facilitate maximum Terminal availability. Merchant agrees to notify iPayment promptly if any software or equipment iPayment provides to Merchant becomes defective. Our sole responsibility (if any) in such instances will be to repair or replace, to the extent reasonable, the defective software or equipment.
- 5. PINS.** Unless iPayment agrees otherwise in writing, Merchant will require all debit card customers who initiate Transactions at Merchant's Terminal to enter their personal identification number ("*PIN*") on a pad located at or in proximity to the Terminal. The PIN pad must be situated in such a way that the Cardholder may enter a PIN without revealing the PIN to Merchant's employees or others. If iPayment allows Merchant to conduct preauthorized debit card Transactions, Merchant does not have to obtain a PIN for each preauthorized Transaction after the initial request (or to complete a preauthorized Transaction) unless the Transaction would exceed the preauthorized amount. Merchant will instruct Merchant's employees not to ask Cardholders to disclose their PIN, and Merchant may not require or request the Cardholder's signature or any other means of verifying the Cardholder's identity. Merchant agrees not to disclose or maintain any record of Cardholder PINS.
- 6. Authorization/Security.** Merchant must submit debit card transactions immediately for online authorization, and must request online authorization of a point of sale Transaction even if the Card used to initiate the Transaction is past its expiration date. Transactions may not be stored and processed at a later time. Merchant agrees to encrypt Transaction data, including but not limited to PIN information, in a commercially reasonable manner and in accordance with applicable Card Association Rules and Regulations, between the PIN pad and the Terminal, and between the Terminal and any applicable Card Association switch or authorization center. The capture of cards at Terminals is prohibited, except as expressly provided in Card Association Rules and Regulations. Merchant agrees to: (a) comply with the security procedures (if any) and the guidelines set forth in the Services Guide; (b) employ commercially reasonable security measures; and (c) supervise Merchant's employees and agents in connection with their access to, and use of, Merchant's Terminals.
- 7. Terminal Receipts/Disclosures.** Merchant agrees to issue Terminal receipts to Cardholders for each Terminal Transaction. Terminal receipts must contain the information set forth in the Services Guide, as well as any additional information required by the Card Associations or applicable law. Terminal receipts are not required for preauthorized debit card Transactions. Merchant agrees to post (electronically or otherwise) any disclosures required by law on or at the Terminal.
- 8. Reversals/Voids.** Merchant may reverse or void a debit card Transaction electronically prior to 5:00 p.m. (CST) on the calendar day on which the Transaction is originated. Merchant may only initiate a reversal or void request at the Merchant location identified on the Transaction receipt. Credit requests (for returned goods originally purchased with the same Card) and adjustments may only be made in accordance with the Card Association rules and regulations and the Services Guide.
- 9. Restricted Transactions.** Merchant may not process any cash-only or scrip Transactions without our prior written consent. iPayment may establish a Monthly Transaction Limit for Merchant's debit card Transactions. Merchant may not exceed the cash-back limitation (not to exceed \$200 in any event) that iPayment establishes from time to time for debit card Transactions. If Merchant requests and receives our approval to allow cash-back Transactions, the details of all such Transactions must be transmitted in accordance with the Card Associations' rules and regulations and our Services Guide. Merchant shall not require any Cardholder to receive cash back as a condition of performing a Transaction.
- 10. Error Resolution.** Merchant will use Merchant's best efforts to help iPayment, Card Associations and other financial institutions research and resolve inquiries and claims of error by Cardholders, or others. Merchant agrees to maintain adequate records of Transactions and to provide Transaction records within five calendar days of Merchant's receipt of a request for such documentation.

11. **Service Marks and Proprietary Materials.** Merchant will prominently display the proprietary names, signage, trademarks and service marks of the Card Associations in accordance with their rules and regulations (e.g., at the entrance of each Terminal location and on or near Terminals), and subject to the approval of the Card Associations. Merchant acknowledges that our systems, marks, manuals and marketing materials, as well as those of the Card Associations, are proprietary to and the exclusive property of their owners. As such Merchant will: (a) only use them in the manner and for the purpose expressly permitted by the owner and this Merchant Agreement; (b) not assign, copy, sublicense or distribute them to others, either voluntarily or by operation of law; (c) cease using them if the Services are terminated or suspended; and (d) promptly deliver to iPayment all material displaying logos, service marks, trademarks and similar symbols of iPayment and/or Card Association, upon termination of this Agreement for any reason. Merchant will also maintain the confidentiality of all manuals, operating manuals, trade secrets and other confidential materials provided to Merchant both during the term of this Agreement and following its expiration or termination.
12. **Cardholder Information.** Merchant will not sell, purchase, provide, exchange, or otherwise disclose a Cardholder's name or Card number, or Transaction receipt, mailing list, tapes, or other information or media that Merchant obtains as a result of a Transaction, or other information regarding any Card Association network to any third party other than iPayment, Merchant's agents (to assist Merchant in Merchant's business), a Card Association, or as required by law.
13. **Audit.** Merchant's Card activities and compliance with this Addendum may be audited periodically by federal banking regulators, the Card Associations, and iPayment. Merchant agrees to cooperate, at Merchant's own expense, in any testing by Card Associations of Merchant's compliance with their rules and regulations.
14. **Customer Service.** Merchant shall respond appropriately to requests from all Cardholders for customer assistance. For matters other than general information, convenience fees, rebates, and equipment malfunctions, Merchant shall direct the Cardholder to the institution which issued the Card.
15. **Indemnity.** In addition to the indemnity provided in the Merchant Agreement, Merchant agrees to indemnify, defend and hold iPayment, the Bank, the Card Associations, any operator of a Card Association switch or other financial institutions, and each of our respective directors, officers and agents, harmless from all claims, actions, losses, damages, liabilities, attorneys' fees and other costs of defense that relate to or arise out of or in connection with: (a) Merchant's failure to provide physical security at or near Terminals; (b) any claim for injury to persons or property arising, directly or indirectly, from any alleged tort, Terminal placement, servicing or operation, or breach of the peace at a location where Merchant maintains a Terminal; (c) any Transaction, or Merchant's failure or inability to process any Transaction requested by a Cardholder; (d) any dispute related to Merchant's sale of goods, services or scrip to a Cardholder; (e) any loss or expense incurred as a result of a Cardholder's dispute under the Electronic Funds Transfer Act, or similar State or Federal law; (f) unauthorized access to systems operated by iPayment or a Card Association from Merchant's Terminal; and (g) negligence or fraudulent conduct by Merchant, Merchant's employees or agents. The liability of any Card Association or processor to Merchant will not exceed the amount set forth in the Card Association rules and regulations, as amended from time to time. This provision will survive the termination of the Merchant Agreement.
16. **Merchant Reserves.** iPayment may establish or otherwise require a separate Merchant Cash Reserve Account in connection with Merchant's debit card and/or point-of-sale Transactions. In addition to the provisions regarding the Merchant Cash Reserve Account set forth in the Merchant Agreement, iPayment may also use the funds in such Account to cover Card Association assessments.
17. **Inconsistencies.** The terms of this Addendum will supersede any conflicting terms in the Merchant Agreement with respect to debit card, point-of-sale Transactions. With respect to all other matters, the terms of the Merchant Agreement will supersede and control over any conflicting terms of this Addendum. Some Card Associations may require Merchant to agree to separate debit card processing agreements. The terms of those agreements will supersede the terms of the Merchant Agreement and this Addendum to the extent that they are more protective of the Card Association or iPayment.
18. **Amendments.** iPayment may amend, add to, delete or change the terms of the Services, the Merchant Agreement and this Addendum by providing Merchant with a written or electronic notice (at Merchant's e-mail address or on our web site) of the amendment at least ten (10) calendar days before its effective date. The amendment will become effective on the date specified unless iPayment notifies Merchant otherwise.
19. **Suspension and Termination.** In addition to the parties' rights to terminate provided in the Merchant Agreement, iPayment may suspend or terminate the Debit Card Services without cause. iPayment may immediately suspend some or all of the Services for some or all Transactions if iPayment has reason to believe that unauthorized Transactions have or will take place, or that the security of Merchant's Terminals, the Services or any point of sale network has been compromised, or Merchant's combined chargebacks and credits exceed a ratio of one percent (1.0%) (calculated by dividing the total number of chargebacks and credits in any month by the number of sales during that month).

The parties have agreed this Addendum as of the date below.

Acknowledged & Accepted:

Merchant

By: _____

Print Name: _____

Title: _____

Date: _____

Pueblo Bank & Trust Company

By: _____

Print Name: _____

Date: _____

iPayment, Inc.

By: _____

Print Name: _____

Date: _____

Office Use Only	Merchant Number: _____
-----------------	------------------------