

Merchant Agreement

This Merchant Agreement, together with the Merchant Application and the Merchant Guide which are hereby incorporated by reference (collectively the "Agreement"), is effective as of the Effective Date and is between Payline Data Services, LLC ("Payline") with offices at 225 W. Wacker Dr., Suite 550, Chicago, IL 60606, Chesapeake Bank ("Bank") with office at 97 N. Main Street, Kilmarnock, VA 22482, and the person or entity identified on the Merchant Application ("Merchant") with offices at the address set forth in the Merchant Application. Payline and Bank (collectively, "Service Providers") offer payment processing services for certain Cards issued by approved Card Brands, including debit and credit card processing services ("Services"). Merchant desires to use the Services in connection its sale of those goods and services identified on the Merchant Application and Payline and Bank are willing to provide the Services to Merchant for such purposes pursuant to the terms and conditions set forth in this Agreement. Therefore, the parties agree as follows:

1. Definitions. In addition to terms defined elsewhere in this Agreement, when used in this Agreement the following terms will have the meanings set forth below.
 - 1.1 Account means Merchant's depository account designated on the Merchant Application, or such other account submitted by Merchant and approved by Service Providers.
 - 1.2 Authorization means a request submitted by Merchant in accordance with Service Providers guidelines and the Rules to the financial institution issuing a Card to verify that the Card has been issued, is in good standing, and has an available balance or credit limit sufficient for the authorized amount.
 - 1.3 Card means a valid card bearing the symbol of a Card Brand or an account number, token, or other credential validly issued by an issuing bank for the purposes of allowing a Cardholder to purchase goods or services over a Card Brand's network.
 - 1.4 Card Brands means Visa, Inc., MasterCard Incorporated, Discover Financial Services, American Express Company, Diners Club International, Ltd., JCB International Co., Ltd., each Debit Network, any other card-sponsoring organization or association that contracts with Service Providers to settle merchant sales transactions, and the subsidiaries, successors, and assigns of the foregoing.
 - 1.5 Cardholder means the authorized holder of a Card.
 - 1.6 Confidential Information means all information regarding a Card, Cardholder, Service Provider, or the Services, including: Card numbers, expiration dates, verification codes, or other security codes; Cardholder names or identification numbers; Service Providers' operations, application programming interfaces, systems, methodologies, marketing strategies, customer lists, vendor lists, and guidelines; any usernames, passwords, or other credentials issued or used in connection with this Agreement or the Services; the terminal build file information; the merchant identification number issued to Merchant; all reports, statements, and other documentation provided to Merchant by a Service Provider or otherwise made available to Merchant pursuant to this Agreement; the Merchant Guide; the fees, expenses, and other pricing information established for Merchant pursuant to this Agreement; all personally identifiable information; statements, invoices, and reports provided or available to Merchant from Service Providers or their vendors or representatives; Records; and all information accessible or available to Merchant from Service Providers, including through any online merchant portal made available to Merchant.
 - 1.7 Debit Network means each debit network through which transactions may be routed by Payline, Bank, and/or Debit Sponsor.
 - 1.8 Debit Sponsor means Bay Bank FSB, a Maryland banking corporation, or such other financial institution selected by Payline in Payline's sole discretion.
 - 1.9 Effective Date means the earlier of: (a) Service Provider's approval of Merchant for use of the Services; or (b) Service Provider's processing of a transaction submitted by Merchant.
 - 1.10 Include or Including, whether or not capitalized, mean including but not limited to.
 - 1.11 Law means all foreign, federal, state, and local laws, rules, and requirements, including the requirements of any governmental agency or regulatory body and all judgments and orders issued by a court.
 - 1.12 Merchant Application means that merchant application form submitted by or on behalf of Merchant, whether written or electronic, and all information or documentation received by Service Providers in connection with such application.

- 1.13 Merchant Guide means the then-current Merchant Guide published by Payline, as available from Payline through Payline's website or upon written request. A copy of the Merchant Guide current as of the Effective Date has been made available to Merchant in connection with this Agreement.
- 1.14 PCI Requirements means the then-current standards, requirements, guidelines, and practices promulgated by the PCI Security Standards Council, LLC, including the Payment Card Industry Data Security Standards and the Payment Application Data Security Standards.
- 1.15 Reserve Account means a depository account established at Bank by Service Provider, or by Merchant at Service Provider's request, held by Bank as security for Merchant's obligations and liabilities under this Agreement.
- 1.16 Rules means the then-current rules, requirements, standards, procedures, guidelines, and procedures of each Card Brand and the PCI Requirements.

2. Card Acceptance.

- 2.1 Acceptance. Merchant will accept all valid and properly presented Cards from authorized Cardholders for payment for those goods or services offered by Merchant and set forth on the Merchant Application. Merchant is responsible for verifying that each Card is valid and the person presenting the Card is the authorized Cardholder for such Card prior to submitting a transaction.
- 2.2 Limited Acceptance. Merchant may elect to be a limited acceptance merchant, meaning Merchant may elect to accept only certain card types by designating those Card types it desires to accept on the Merchant Application. Merchant is solely responsible for ensuring it only accepts those Card types designated on the Merchant Application. If Merchant submits a transaction for a Card type not selected, Service Providers may process the transaction and Merchant will be responsible for paying all applicable fees associated with such transaction. Merchant may change its limited acceptance options by providing at least thirty (30) days prior written notice to Service Providers.
- 2.3 Exclusivity. This Agreement shall be exclusive as to Merchant, meaning that Merchant will exclusively use Service Providers' Services and Merchant will not, directly or indirectly, submit transactions for payment processing to any other person or entity. This Agreement is non-exclusive as to Service Providers, meaning Service Providers may provide payment processing services to any third party.
- 2.4 Authorizations. Merchant will obtain an Authorization for the total amount of each transaction prior to the submission of such transaction to Service Providers for processing. Merchant will adhere to the Authorization requirements set forth in the Merchant Guide. A positive Authorization response does not: (a) relieve Merchant of its obligation to verify the validity and authorization of the Card and Cardholder; or (b) constitute a representation, warranty, or guaranty that: (i) the Card is valid or unexpired; (ii) the person presenting the Card is an authorized Cardholder; (iii) the transaction will be accepted; (iv) the transaction is not fraudulent; or (v) that the transaction will not be charged back.
- 2.5 Locations. Merchant will only accept Cards and submit transactions to Service Providers from those Merchant locations: (a) set forth on the Merchant Application or on Service Provider's then-current additional location form; and (b) approved by Service Providers in writing. Merchant will only submit transactions originating at its locations in the United States unless Service Providers have approved Merchant, in writing, for transaction acceptance at other locations.
- 2.6 Restrictions. Merchant shall only accept Cards for payment in those methods and channels designated on the Merchant Application (for example, card present transactions, mail order transactions, or telephone order transactions) and for which Merchant has been approved by Service Providers. Merchant will not submit any transactions to Service Providers which do not arise from bona fide sales of goods or services by Merchant to a Cardholder, such prohibited transactions including any transactions originated by any third party and those transactions Merchant knows or should know to be illegal, fraudulent, or unauthorized. Merchant will not request or use a Card or its account number or information for any purpose other than accepting such Card as payment for Merchant's goods or services. Merchant shall not accept a Card to collect or refinance an existing debt, including amounts deemed uncollectible, pre-existing indebtedness by a Cardholder, or collection of a dishonored check. Merchant must not accept payments from a Cardholder for previous Card charges.
- 2.7 Signage. Merchant will display signs indicating Card acceptance in accordance with the Rules, including posting the Card Brand logos, using adhesives provided by Service Provider, at entrance and at the point of sale. The Card Brands may terminate Merchant's right to use or display their names, logos, or other marks at any time in their sole

discretion. Merchant will not display any Card Brand names, logos, or marks in a manner which: (a) states, implies, or suggests that such Card Brand is endorsing Merchant or any of Merchant's goods or services; or (b) violates any Rule. Merchant will adhere to each Card Brand's then-current requirements regarding use of its name, logo, and marks.

3. Transactions.

- 3.1 Submission. Merchant will promptly, and in all cases within the timeframes set forth in the Rules, the Merchant Guide, or Service Provider's policies and procedures, submit all transactions for processing.
- 3.2 Form. Merchant will submit all transactions to Service Providers in accordance with the Merchant Guide and the Rules. Merchant shall not submit any transactions in any form, manner, or method which has not been approved by Service Providers in writing.
- 3.3 Requirements. Merchant will prominently and clearly disclose to each Cardholder at all points of interaction: Merchant's name (such that Merchant is readily distinguishable from all other third parties) and location, including Merchant's physical address.
- 3.4 Recordkeeping. Merchant will, except to the extent prohibited by applicable Rules or Laws, keep detailed records of each transaction, including copies of the transaction documentation, vouchers, sales drafts, receipts, logs, and the Cardholder's authorization ("Records") for at least eighteen months after submission of the transaction for processing, or such longer period of time as required by the Rules or Laws. Merchant will provide copies of all such information and documentation to Service Providers promptly upon request, and in all instances within twenty-four (24) hours of Service Provider's request.
- 3.5 Chargebacks. Any transaction may be charged back by the issuing bank, Bank, a Card Brand, a Cardholder, or certain other third parties in accordance with the Rules. Merchant agrees to the dispute resolution process for chargebacks as set forth in the Rules and, after requesting any supporting information from Merchant that Service Providers deem appropriate, Merchant authorizes Service Providers to attempt to resolve any chargeback as they deem appropriate under the circumstances. Service Providers' attempts to resolve any chargeback will not relieve Merchant of any liability related to or arising out of such chargeback. Merchant is solely and fully liable for all transactions, including chargebacks, credits, and disputed transactions. Merchant agrees to accept any chargeback, including those resulting from illegible or unsigned transaction receipts, transaction receipts not timely submitted to Service Providers, fraudulent transactions, unauthorized use of a Card, transactions without a proper Authorization, duplicate transactions, transactions violating the Rules or Laws, Cardholder disputes, violations of this Agreement or the Merchant Guide, or any negligence, fraud, or dishonesty by Merchant. Merchant shall not submit an Authorization request or transaction in an attempt to recover the amount of any chargeback from the Cardholder. Merchant agrees to pay the required fee set forth on the Merchant Application for each retrieval request and/or chargeback received.
- 3.6 Dispute Resolution. Merchant will attempt, in good faith, to settle or resolve any dispute with a Cardholder. Merchant shall maintain a reasonable return, refund, and/or exchange program and will clearly disclose such program as set forth in the Merchant Guide. Merchant is solely responsible for all disputes with a Cardholder and Service Providers will have no obligation or liability related thereto, even if Service Providers participate in the dispute resolution process.
- 3.7 Debit Transactions. Merchant's sponsorship into and access to the Debit Networks shall be provided by Debit Sponsor. Merchant will comply with all rules and requirements of Debit Sponsor and will promptly complete and return all documents and forms requested by Payline or Debit Sponsor in connection with the sponsorship of Merchant into any Debit Network. The Debit Networks available to Merchant may be modified by Payline or Debit Sponsor at any time in their sole discretion and without notice to Merchant.

4. Processing and Proceeds.

- 4.1 Processing. Service Providers will process those transactions submitted by Merchant, provided, however, that Service Providers will not be obligated to process any transaction that actually or a Service Provider suspects: (a) violates or would result in the violation of any Rule or Law; (b) is in violation of this Agreement or the Merchant Guide; (c) is not a valid transaction; (d) is not submitted in accordance with the protocols, specifications, and guidelines of Service Providers; (e) is likely to result in a chargeback, loss, penalty, fee, or fine; (f) does not fall within the parameters set forth on the Merchant Application and for which Merchant has been approved by Service Providers; (g) would cause Merchant to exceed the transaction count, gross volume amount, or transaction volume amount limits established by Service Providers for Merchant; or (h) would exceed any other limitations or

restrictions established by Service Providers for Merchant. Service Provider's processing of a transaction does not constitute a representation, warranty, or guaranty that a transaction is valid or that such transaction will not be charged back.

- 4.2 **Funding.** Service Providers shall, after the expiration of any applicable hold time, provisionally credit the value of the received transactions, less any chargebacks, returns, refunds, fees, fines, penalties, credits, and other amounts due from Merchant, to the Account. Service Providers may establish, and may adjust, at any time and without prior notice to Merchant, hold times prior to the settlement of any transaction proceeds. Notwithstanding anything to the contrary, Service Providers may withhold settlement of the proceeds of any transaction from Merchant until all risk of the transaction being charged back, contested, or reversed has expired. Upon a chargeback or the revocation of any transaction, Service Providers may, in Service Provider's sole discretion, immediately withdraw the gross transaction amount from Merchant's Account, offset the transaction amount against any transaction proceeds payable to Merchant, deduct the amount from any Reserve Account, or require Merchant to (and Merchant shall) pay such amount to Service Providers in immediately available funds.
- 4.3 **Fees.** Merchant will pay Service Providers all fees due in connection with this Agreement or the Services, including all discount fees, transaction fees, and other charges and fees set forth on the Merchant Application. Merchant shall be responsible for all amounts charged or assessed by any Card Brand or third party service provider used by Merchant, including those amounts charged in connection with Merchant's actions, omissions, or use of the Services. Service Providers may deduct all such fees from the settlement amounts due to Merchant or, if such settlement amounts are insufficient, Service Providers may withdraw by ACH transaction such remaining fees due from the Account. If Service Providers are unable to withdraw any amount by ACH transaction, Merchant shall pay the full amount due to Service Providers immediately upon demand by wire transfer or such other payment method selected by Service Providers. If Merchant uses any Service for which the fees and/or rates are not set forth in this Agreement or the Merchant Application, such Services will be billed at Service Providers' then-current rate for such Service. In addition to any other fees, rights, and remedies available to Service Providers, Merchant will be assessed a fee ("Resource Fee") if: (a) Merchant suffers a data breach or there is unauthorized access or use of Merchant's system or any other system using Merchant's credentials; (b) fraud, excessive chargebacks, excessive credits, or other "high risk" factors are associated with Merchant; (c) Merchant violates any Rule or Law; (d) Merchant requests, or Merchant's business or processing activity requires, excessive use of Service Provider resources; or (e) Service Providers must perform reconciliation, accounting, or administrative functions associated with Merchant in excess of those performed for its other merchants. Such Resource Fee shall equal the number of hours expended by Service Provider personnel in connection with the foregoing multiplied by the then-current hourly rate for such personnel, Merchant shall be responsible for all fees plus all legal, accounting, and consultant fees and costs incurred by Service Providers related to Merchant.
- 4.4 **ACH Authorization.** Merchant irrevocably authorizes Service Providers and their designated representatives to debit and/or credit the Account and/or any other depository account in Merchant's name for all amounts due to or from Merchant pursuant to this Agreement or any related agreement, including any transaction proceeds, fees, chargebacks, assessments, penalties, and Card Brand assessments. This authorization shall survive termination of this Agreement and shall continue until the later of: (a) eighteen (18) months after termination of this Agreement; or (b) all amounts due to or from Merchant in connection with this Agreement or any related agreement have been paid or collected in full. Merchant will not, and will ensure its financial institution does not, block, chargeback, decline, prevent, or otherwise reverse any ACH transaction initiated by a Service Provider or its designated agent. Service Providers may withdraw from the Account by ACH any amount paid to Merchant in error or which is the result of an adjustment to the transaction proceeds received by Service Providers, even if such adjustment occurs or the error is identified after the proceeds of a transaction have been settled. For each ACH transaction which is initiated by a Service Provider or its designated agent and is rejected, returned, or declined for any reason, including insufficient funds, Merchant will pay the required fee set forth on the Merchant Application to Service Providers. If Service Providers are unable to obtain any amount due from Merchant through an ACH transaction to the Account, Merchant shall immediately remit, by wire transfer or such other method acceptable to Service Providers, all amounts for which Merchant is liable.
- 4.5 **Errors.** Merchant will promptly review all settlements, statements, and reports. In all cases, Merchant shall review proceeds deposited to Merchant's account within twenty-four (24) hours of such deposit and all statements and reports within ten (10) days of their issuance. Merchant will promptly notify Service Providers of any error identified in the settlement proceeds or in any statement or report, and in all cases shall report such errors to Service Providers within twenty (20) days of the corresponding settlement and/or statement on which such error is listed or which such amount was omitted from. Merchant waives its right to contest any amount or bring any claim against Service Providers relating to any asserted error or claim if Merchant fails to provide written notice of such error or claim to Service Providers within twenty (20) days of the earlier of the associated transaction settlement or the issuance of a statement or report on which such error is listed or which such amount was omitted from. Upon receipt

of written notice from Merchant identifying and error or claim, Service Providers shall evaluate the relevant transaction history and, upon the conclusion of its investigation, issue a response to Merchant.

5. Compliance.

- 5.1 General. Merchant will comply with all Rules, Laws, and those instructions and requirements of Service Providers. Merchant will not submit any transaction in violation of any Rules or Laws and will not, directly or indirectly, cause a Service Provider to violate any Rule or Law. Merchant will comply with all processes and requirements set forth in the Merchant Guide. Merchant will not sell any products or services in violation of any Law or Rule and will not submit any transactions prohibited by the Rules or which are fraudulent. Merchant authorizes Service Providers to check the MATCH list or any other applicable list overseen by the Card Brands or any other third party and, if appropriate or required, to list Merchant and its principals on the MATCH list or such other terminated merchant lists upon termination of this Agreement. Merchant waives all claims which Merchant may raise as a result of Service Providers placing Merchant on any such list.
- 5.2 Operations. Merchant shall provide Service Providers with at least thirty (30) days prior written notice if Merchant: (a) transfers, sells, or liquidates any substantial part of its assets or equity; (b) changes the nature of its business, including its sales methods, products, services, or Card acceptance process; (c) makes any change which would cause information previously supplied to Service Providers, including information on the Merchant Application, to be false, incomplete, or misleading; or (d) enters into a partnership, acquisition, sale, or other business arrangement where any third party directly or indirectly obtains any interest, economic or otherwise, in Merchant's business. Service Providers may terminate this Agreement and require Merchant to reapply and go through Service Provider's underwriting process upon any such change.
- 5.3 Confidential Information. Merchant will not use or transmit any Confidential Information except to Service Providers as necessary to use the Services or fulfill its obligations under this Agreement. Merchant will not sell, transfer, provide, exchange, or disclose any Confidential Information to any third party, or copy, distribute, release, or make public any Confidential Information, without Service Providers' prior written consent. Service Providers may disclose Merchant's information, and information regarding Merchant's principals and transactions, to any third party, including any regulatory authority, governmental body, Card Brand, or issuing bank. Merchant will ensure its privacy policy and customer facing materials disclose that all Card and Cardholder information may be disclosed to Service Providers and used and disclosed by Service Providers to process transactions or in accordance with Service Provider's then-current privacy policies.
- 5.4 Withholding. If requested or required by Bank, a Card Brand, or any governmental agency, regulatory body, or other authority, including the IRS or any court, Service Providers may withhold all or a portion of the transaction proceeds and remit such proceeds to the applicable third party, including any required backup withholding pursuant to Internal Revenue Code section 6050W. Merchant waives any and all claims against Service Providers for such withholding and remission of transaction proceeds and will resolve any dispute directly with such third party.
- 5.5 Data Security. Merchant is solely responsible for the protection and confidentiality of all Card information, Cardholder information, and other Confidential Information which Merchant or any third party service provider, software, or equipment used by Merchant processes, transmits, stores, or to which it otherwise has access. Merchant will, and will ensure each third party service provider used by Merchant will, implement and follow all steps, precautions, security measures, processes, and procedures necessary to prevent the unauthorized access or use of any Card information, Cardholder information, or other Confidential Information, including fully complying with all PCI Requirements and those security programs set forth in the Merchant Guide. All information which is not required to be retained by this Agreement, the Merchant Guide, the Rules, or Law shall be securely destroyed by Merchant using a method which renders such information unreadable and unrecoverable. Merchant will properly truncate all Card information and personally identifiable information stored by Merchant or otherwise displayed or available in connection with any transaction. Under no circumstances will Merchant save, store, or retain any Card security codes. Upon any data security breach or the unauthorized access or use of any Confidential Information, Merchant will: (a) immediately notify Service Providers of such event; (b) take all actions necessary to identify the source of such breach and prevent any further unauthorized access or use of such information, including hiring an independent security assessor acceptable to Service Providers to investigate such data breach; (c) take all remedial actions recommended by such independent security advisor, Service Providers, or any Card Brand; and (d) complete and send any notices required by Law and other obligations required by Law.

6. Protective Interests.

- 6.1 Accommodation. This Agreement is a contract of financial accommodation within the meaning of US bankruptcy code (11 U.S.C. § 365), as amended. Merchant's obligations to Service Providers under this Agreement arise out of the same transaction as Service Providers' obligation to deposit funds to the Account.
- 6.2 Setoff. Merchant authorizes Service Providers to set off any amounts due to Merchant by a Service Provider (including the proceeds of any transactions or any amounts in a Reserve Account) against any amounts due to a Service Provider or other third party by Merchant. Service Providers may exercise their right of setoff at any time and without notice to Merchant.
- 6.3 Interest. Amounts payable by Merchant which are not received by Service Providers when due will accrue, and Merchant will pay, interest at a rate equal to the lesser of two percent (2%) per month or the maximum rate allowed under Law. All amounts shall be due upon the date specified in the associated invoice or statement issued by Service Providers, or if no such date is listed, upon the earlier of a Service Provider's first attempt to withdraw the amount from the Account by ACH transaction or demand of payment by a Service Provider.
- 6.4 Security Interest. To secure Merchant's obligations under this Agreement and any other agreement between the parties, Merchant grants to Service Providers a first priority security interest in, and lien upon, all: (a) transactions submitted to Service Providers for processing and the proceeds of such transactions; (b) amounts in the Account; (c) amounts in any Reserve Account; (d) equipment used by Merchant in connection with the Services; and (e) any amounts in a Service Provider's possession or due to Merchant from Service Providers. Merchant represents and warrants that no third party has any security interest in or lien on the foregoing and Merchant shall not grant a security interest in or lien on the foregoing to any third party without Service Provider's prior written consent, including in connection with any financing, loan, or cash advance. Merchant will execute all statements and documents necessary for Service Providers to perfect this security interest and grants to Service Providers' a limited power of attorney to execute such statements and documents on Merchant's behalf. Service Providers may exercise this security interest immediately, without notice or demand to Merchant, by withdrawing or freezing such assets. This is a contract of recoupment and Service Providers are not required to file a motion of relief from a bankruptcy automatic stay to realize its collateral (including any Reserve Account).
- 6.5 Reserve Accounts. Service Providers may, or at Service Providers' request Merchant will, establish and maintain a Reserve Accounts to secure Merchant's performance under this Agreement. Each Reserve Account may be funded, at Service Provider's sole discretion, by: (a) Service Provider's deposit of the proceeds of transactions submitted by Merchant, or any other amounts payable from Service Providers to Merchant, into the Reserve Account; (b) withdrawing such funds from the Account by ACH transaction and depositing such funds into the Reserve Account; or (c) such other payment method designated by Service Providers in their sole discretion. Merchant agrees Service Providers will ensure the Reserve Account remains funded at or above that minimum balance established by Service Providers. Such amount may be modified by Service Providers upon notice to Merchant to reflect Service Provider's estimates of Merchant's existing and future obligations under this Agreement. The establishment of a Reserve Account will not release Merchant from its obligations to pay all amounts for which it is liable to Service Providers, and if Service Providers withdraw any amount from the Reserve Account, Service Providers may immediately cause additional funds to be deposited to the Reserve Account using any funding method set forth above. Service Providers may use the funds in the Reserve Account to satisfy Merchant's obligations and liabilities under this Agreement. Merchant will not grant any third party an interest in or lien upon the funds in a Reserve Account without Service Provider's prior written consent. Those funds remaining in a Reserve Account after all deductions and withdrawals by Service Providers will be deposited to the Account upon the later of: (a) two hundred seventy (270) days after the termination of this Agreement; (b) the expiration of all chargeback risk and other risk of liabilities, damages, fines, assessments, or expenses associated with Merchant and the transactions submitted by Merchant; or (c) pursuant to such other schedule agreed to by Service Providers in writing.

7. Representations and Warranties.

- 7.1 Merchant. Merchant represents and warrants, as of the Effective Date and at the time each transaction is submitted to Service Providers by Merchant that: (a) Merchant is properly organized, registered, and in good standing in each state in which it conducts business; (b) Merchant has all licenses, permits, authority, and consents to conduct its business; (c) all information provided to Service Providers, including all information on the Merchant Application, is true, correct, complete, and not misleading; (d) Merchant and the individual signing this Agreement on behalf of Merchant have the power and authority to execute this Agreement and that it is legally binding upon Merchant; (e) Merchant's performance under this Agreement will not, immediately or with the passage of time, violate any Law, Rule, agreement, or restriction to which Merchant is bound or subject; (f) Merchant is only using the Services for those business and products and in those methods set forth on the Merchant Application; (g) there is no action, suit, or proceeding, actual or threatened, of which Service Providers are unaware or which could substantially impair Merchant's financial condition; (h) Merchant has performed all of its obligations with respect to the Cardholder in

connection with the transaction; (i) each transaction represents the bona fide sale of goods or services to the authorized holder of the Card used in the transaction; and (j) Merchant's operations and each transaction submitted fully complies with all Rules, Laws, this Agreement, and the Merchant Guide.

- 7.2 Service Providers. Service Providers disclaim all representations and warranties regarding the Services and any equipment or other products or services offered or provided to Merchant by Services Providers, including all implied warranties of merchantability, fitness for a particular purpose, security, error-free operation, and availability. All Services, equipment, products, and other services of Service Providers are offered solely on an "as is" and "as available" basis and Merchant's use of the foregoing is at Merchant's sole risk. Service Providers make no representation or warranty with regard to any transaction, including that any transaction is valid, not subject to dispute, or not subject to a chargeback.

8. Term and Termination.

- 8.1 Term and Termination. This Agreement is effective as of the Effective Date and, unless terminated earlier in accordance with its terms, shall continue for a period of three (3) years thereafter ("Initial Term"). The Agreement shall thereafter automatically renew for additional successive three (3) year terms (each a "Renewal Term") unless: (a) either party provides written notice of its election not to renew this Agreement at least ninety (90) days prior to the end of the then-current term; or (b) the Agreement is terminated earlier in accordance with its terms. A Service Provider may suspend provision of one or more of the Services and/or terminate this Agreement with or without notice to Merchant and with or without cause, at any time in such Service Provider's sole discretion. This Agreement shall automatically terminate upon: (x) Merchant's bankruptcy, insolvency, receivership, or other inability to pay its debts; (y) any Card Brand requiring termination of this Agreement; or (z) Merchant falling outside of Service Providers' then-current underwriting policy, including due to an amendment of the underwriting policy or a change in Merchant's operations.
- 8.2 Effect of Termination. Upon termination Merchant will immediately cease all use of the Services and all use of the names, logos, and other marks of Service Providers and all Card Brands. Any Authorization requested or obtained, or transaction processed will be subject to the terms of this Agreement, however it will not operate to reinstate this Agreement. If this Agreement is terminated other than as a result of its expiration due to non-renewal, Merchant will immediately pay Payline, as liquidated damages and not as a penalty, an amount equal to the greater of \$300 or the average monthly revenue received by Service Providers from Merchant over the past twelve months multiplied by the number of months remaining in the then-current term. The parties agree this is reasonable in light of the upfront costs incurred by Service Providers in configuring and establishing the Services for Merchant and the financial harm suffered by Service Providers as a result of such early termination. The foregoing liquidated damages are in addition to, and not in lieu of, any other rights and remedies Service Providers have under this Agreement, in Law, or in equity.
- 8.3 Survival. All rights and obligations of Merchant existing as of the date of termination or which arise after termination but relate to any transaction, action, inaction, or activity of Merchant prior to termination shall survive the termination of this Agreement, including Merchant's responsibility for any chargebacks, assessments, fines, or penalties which occur after the termination of this Agreement. In addition, any provisions of this Agreement which, by their nature, survive termination of this Agreement shall survive such termination in accordance with their terms.

9. Liability.

- 9.1 Transactions. Merchant is solely and fully liable for any fees, fines, costs, assessments, penalties, or other expenses associated with Merchant, Merchant's use of the Services, Merchant's actions, Merchant's omissions, or any transaction submitted by Merchant, including: any amounts arising out of the unauthorized access or use of Confidential Information; Card Brand assessments, fees, fines, penalties, and other charges; all transactions which are charged back; all credit transactions; and any penalties or expenses imposed by governmental authority or regulatory body.
- 9.2 Limitation. Service Providers and its affiliates, officers, directors, employees, and agents, will have no liability for any indirect, incidental, special, consequential, or punitive damages, including lost profits and business opportunities, regardless of whether such damages were foreseeable or if they were informed of the possibility of such damages. The cumulative aggregate liability of Service Providers and their affiliates, officers, directors, employees, and agents under this Agreement, to Merchant or to any third party, for any reason shall not exceed an amount equal to the profit generated by Payline from Merchant over the preceding four (4) month period, measured as of the date the liability accrues. Notwithstanding the foregoing, in no event will Service Providers or their affiliates, officers, directors, employees, or agents have any liability for: (a) lost profits, lost revenues, or lost business opportunities; (b) transactions which are fraudulent, charged back, or otherwise improper, even if an

approved Authorization response is provided for such transaction; (c) any delay in funding; (d) the redirection of any transaction proceeds or other amounts into a Reserve Account; (e) the withdrawal of funds from the Account or a Reserve Account in accordance with this Agreement; (f) the offset of any amounts due to Merchant against amounts owed by Merchant; (g) losses incurred by Merchant including non-sufficient fund fees due to delayed deposits, offsets, withholdings, or other rights exercised by Service Providers; (h) suspension of fund disbursements; or (i) the data security of any software or hardware used by Merchant.

- 9.3 **Indemnification.** Merchant shall indemnify, defend, and hold harmless Service Providers and their affiliates, officers, directors, employees, and against from and against all damages, fees, fines, assessments, claims, actions, and expenses, including attorney's fees and court costs, resulting from or arising out of: (a) the actions or inactions of Merchant or its employees, officers, directors, affiliates, or agents, including the breach of this Agreement, the Merchant Guide, a Rule, or a Law; (b) Merchant's use of the Services or any transaction submitted by Merchant; (c) any dispute between Merchant and a Cardholder; (d) any chargeback, return, refund, or other credit; (e) any withdrawal of funds from the Account or delay in funding; (f) the unauthorized access or use of any Card information, Cardholder information, or other Confidential Information; (g) an order, imposition, requirement, invoice, penalty, fee, fine, or assessment by a Card Brand or governmental authority; or (h) the violation of any third parties intellectual property rights or other proprietary rights.
10. **Personal Guaranty.** As a primary inducement for Service Providers to enter into this Agreement, each person identified as a guarantor on the Merchant Application ("Guarantor") jointly, severally, irrevocably, and unconditionally guaranties the full and faithful performance and payment by Merchant of each of its duties, obligations, and liabilities under this Agreement, as amended in accordance with its terms. Service Providers may proceed directly against Guarantor without first exhausting its remedies against Merchant or any other Guarantor or third party. This personal guaranty will not be discharged or affected by Guarantor's death and will remained binding up Guarantor's heirs, administrators, representatives, and assigns. This personal guaranty is for the benefit of Service Providers and their successors and assigns. Guarantor represents and warrants that Service Providers' entering into this Agreement is sufficient consideration for Guarantor to enter into this personal guaranty. Additional terms associated with this personal guaranty and which shall be binding upon Guarantor are set forth in the Merchant Guide.
11. **Miscellaneous.**
- 11.1 **Agreement.** This Agreement, including the Merchant Application, the Rules, and the Merchant Guide, set forth the entire understanding of the parties with respect to its subject matter and supersedes all prior agreements and representations between the parties, written or oral.
- 11.2 **Amendment.** This Agreement, including the Merchant Guide and the fees charged to Merchant, may be amended by Service Providers: (a) immediately to make any adjustment required by a change in Law or the Rules; or (b) upon thirty (30) days prior notice to Merchant. Except as set forth in this Section, this Agreement may only be amended in a writing executed by Service Providers and Merchant.
- 11.3 **Interpretation.** The headings in this Agreement are for convenience only. This Agreement will be deemed as being drafted by all parties, equally. In the event of any conflict between the Rules and this Agreement or the Merchant Guide, the Rules shall control. In the event of any conflict between this Agreement and the Merchant Guide, this Agreement shall control. In the event of any conflict between the Rules and this Agreement or the Merchant Guide, the Rules shall control.
- 11.4 **Severability.** If any provision of this Agreement is deemed illegal, the invalidity of such provision will not affect any other provision, and this Agreement will be construed as if the illegal provision is not contained in the Agreement.
- 11.5 **Relationship; Employees and Agents.** The parties are independent contractors and nothing in this Agreement shall make them joint ventures, partners, employees, agents, or representatives of any other party. Merchant will be responsible and liable for all of its employees', officers', directors', and agents' actions or omissions in connection with this Agreement, use of the Services, or any transaction.
- 11.6 **Waiver.** No failure or delay by any party in exercising any right under this Agreement will operate as a waiver of that right, nor will any single or partial exercise of a right preclude any further exercise of that right.
- 11.7 **Notices.** All notices provided to Service Providers under this Agreement must be in writing and will be delivered in person, by mail courier with postage prepaid and return receipt requested, or by a nationally recognized overnight carrier service with signature required, to the addresses set forth in the preamble of this Agreement and the attention of their legal department. All notices to Service Providers will be deemed delivered upon Service Providers' receipt.

Service Providers may provide notice to Merchant under this Agreement: (a) in person; (b) by mail courier with postage prepaid and return receipt requested; (c) by a nationally recognized overnight carrier service with signature required to Merchant's address set forth in the Merchant Application; (d) by posting such notice electronically in a Service Providers website portal for which Merchant is provided access; (e) or by sending such notice to the e-mail address then on-file for Merchant. Merchant will check Service Provider's website portal at least daily to view, save, download, and/or print any such notices. Notices provided to Merchant in person, by mail, or by carrier service will be deemed given upon Merchant's receipt, while notices provided through posting in the website portal or by email will be deemed given upon posting or sending. Either party may update its address or e-mail address by providing notice to the other parties of such change in accordance with the foregoing.

- 11.8 Third Party Beneficiaries. Except as set forth in this Section, this Agreement will not be deemed to be for the benefit of any third party. Each Card Brand and Debit Sponsor shall be deemed a third party beneficiary of this Agreement, meaning they have no obligations under this Agreement but may, at their discretion, enforce the terms of this Agreement, including the Rules, against Merchant.
- 11.9 Law and Venue. This Agreement will be construed exclusively in accordance with the laws of the State of Illinois without regard to principles of conflicts of law. The parties irrevocably submit to the exclusive jurisdiction of the state and federal courts in Cook County, Illinois, in any action, suit or proceeding brought under this Agreement and waive, to the fullest extent it may do so, the defense of forum non conveniens. The parties waive the right to a jury trial in connection with any dispute arising between the parties for any reason. In the event of any action or proceeding arising out of or related to this Agreement, the parties hereby agree that Service Providers shall be entitled to recover from Merchant their reasonable attorneys' fees and expenses including, without limitation, court and expert witness fees. If Service Providers retain an attorney to collect any amounts owing from Merchant under this Agreement, Merchant will be responsible for such attorney's fees and costs.
- 11.10 Remedies. All rights and remedies of Service Providers in this Agreement, at law, or in equity, are cumulative, not exclusive, and a Service Providers exercise of any right or remedy will not prevent or preclude the exercise of any other right or remedy.
- 11.11 Taxes. Merchant will pay all taxes and other charges imposed by any governmental authority on the Services and other goods and services provided under this Agreement.
- 11.12 Force Majeure. Any delay in a Service Provider's performance, or any non-performance by a Service Provider, of its obligations shall be excused if such delay is due to a cause or event beyond such Service Provider's reasonable control.
- 11.13 Assignment. Merchant may not transfer, assign, or delegate this Agreement or any right or obligation under this Agreement, by operation of law or otherwise, to any third party without Service Providers' prior written consent. This Agreement shall be binding upon and inure to the benefit of the parties and their permitted successors and assigns.
- 11.14 Electronic Business. Merchant consents to do business electronically, which means that Merchant agrees that Service Providers' agreements, policies, procedures, and other documentation and deliverables, including amendments thereto and documents referenced therein, as well as any notices, instructions, or any other communications regarding transactions and Merchant's agreements with Service Providers may be presented, delivered, stored, retrieved, and transmitted electronically. Merchant must provide Service Providers notice of any change in its electronic mailing address. Merchant's electronic signature, including clicking "Agree", "Accept", or an action of similar meaning or significance, on this Agreement, the Merchant Agreement, the Merchant Guide, or any other document shall be the legal equivalent of Merchant's manual signature. The person signing on behalf of Merchant (including clicking "Agree", "Accept", or an action of similar meaning or significance) represents and warrants to Service Providers that his, her, or its actions are authorized by Merchant and that such person has all required power and authority to bind Merchant to this Agreement. Such individual or entity also agrees that the electronic signatures that he/she/it provides online will be binding upon him/her/it and Merchant, and will not be construed by a court of law to have any less effect than a standard ink or paper signature. Merchant acknowledges that: Merchant is able to print a complete and legible copy of this Agreement; Merchant was capable of opening, reading, printing, downloading and/or saving this Agreement prior to acceptance of this Agreement; and Merchant had reasonable opportunity to consult with appropriate professionals prior to signing (electronically or otherwise) this Agreement.
- 11.15 Counterparts. This Agreement may be executed and delivered in two or more counterparts, each of which when executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. The signatures to this Agreement may be evidenced by facsimile or electronic copies of such signatures,

and any such facsimile or electronic copy shall be sufficient to evidence the signature of such party as if it were an original signature.

Disclosure Schedule

This disclosure schedule sets forth a summary of certain information in the Merchant Agreement (“Agreement”) for your reference and does not provide all information pertinent to the Agreement. Payline recommends thoroughly reviewing the Agreement and contacting us with any questions you may have. In the event of any conflict between the terms of the Agreement and the terms of this disclosure schedule, the terms of the Agreement shall control. Capitalized terms not otherwise defined in this disclosure schedule have the meanings set forth in the Agreement.

Date of the Contract: The Agreement is binding on Service Providers on the earlier of the earlier of: (a) Service Provider’s approval of Merchant for use of the Services; or (b) Service Provider’s processing of a transaction submitted by Merchant.

Bank: Unless otherwise specified in the Merchant Application or upon notice to Merchant, the Bank is:

Chesapeake Bank
97 N. Main Street
Kilmarnock, VA 22482

Payline: Payline Data Services, LLC
225 W. Wacker Drive, Suite 550
Chicago, IL 60606

Term and Termination: The Initial Term is three years and the Agreement automatically renews for Renewal Terms of three years until terminated. Either party may terminate the Agreement effective at the end of the current term by providing written notice to the other party at least ninety days prior to the expiration of the then current term. The Agreement will automatically terminate in the circumstances identified in Section 8.1 and Service Providers may terminate the Agreement at any time. Merchant will be subject to certain liquidated damages if the Agreement is terminated prior to the end of the then-current term as set forth in Section 8.2.

Payment for Transactions: Merchant will be provisionally paid for transactions after the expiration of any applicable hold period, less: the amount allocated to a reserve account or set off (if any) and credits associated with any transactions, fees, assessments, and other amounts due. This will usually be within two to three business days, but can be up to the full time period in which any transaction processed by Merchant is at risk of chargeback or dispute.

Fees/Rates: Fees and rates charged can be found in the Merchant Application, Agreement, Rules, and Merchant Guide. If you are unsure about the calculation or applicability of any fee, please contact us and we will explain it to you in greater detail. The way the most common fees are calculated is as follows:

“Discount Rate” is a percentage of the gross amount of each transaction. A portion of the Discount Rate is the Interchange Rate. The Discount Rate may be set by category (e.g., qualified, mid-qualified, and non-qualified) or set based on the Interchange Rate (e.g., the Interchange Rate plus a certain percentage). The category into which a transaction will fall depends on a number of factors, including but not limited to the card type, transaction type, payment method, authorization, and timeliness of submitting the transaction/batch.

“Interchange Rate” is a percentage of the gross amount of each transaction set by the applicable Card Brand. The Interchange Rate varies based on the type of transaction, method of transaction, and transaction classification.

Transaction fees, depending on the specific fee, may be charged on all transactions or only specific types of transactions. For example, a PIN-Debit Fee is only charged on debit transactions requiring a PIN. Other fees will be charged as set forth for each fee, which may be upon the occurrence of an event (e.g., a chargeback fee will be charged for each chargeback) or based on the passage of time (e.g., a monthly fee will be charged each month or portion thereof without proration).

Each Card Brand may surcharge one or more transactions based on the type of transaction, method of transaction, transaction classification, and other metrics set forth in the Rules. Merchant is responsible for reviewing the applicable Rules (available on each Card Brand

website or upon request from Payline) regarding applicable surcharges. Service Providers may charge additional fees if Merchant's account or transaction activity requires excessive use of, or assistance from, Service Provider Personnel or Service Provider's vendors, as specified in Section 4.3 of the Agreement.

Software and Equipment: Software and equipment may be sold, leased, or provided to Merchant. The payment due for the purchase or lease of equipment, and the calculation of such payment, will vary based on the type of equipment, the applicable license(s) necessary to use the equipment, the length of any financing term, and the creditworthiness of Merchant. The payment amount(s), and the calculation for such amounts, will be set forth in a separate purchase or lease agreement.

Modification: The Agreement, including but not limited to the fees charged, may be modified upon notice to Merchant to pass through any changes to Rules or Laws, or may otherwise be modified upon thirty (30) days prior notice to Merchant.

Complaint Handling: Merchant is responsible for handling any complaint with regard to a customer. If Merchant has a complaint with regard to Payline, Merchant will immediately notify Payline of such complaint. Payline will handle the receipt of complaints in accordance with its current policies and procedures. If Payline is unable to resolve an issue to Merchant's satisfaction, the complaint resolution procedures in the Agreement will control the process, including but not limited to Section 11.9 of the Agreement.

Statements: Merchant statements will be provided to Merchant by mail or e-mail, or will otherwise be made available to Merchant on Payline's web portal, after login. Merchant is responsible for accessing and downloading, saving, or printing its statements.