

Sales Guide

Merchant Underwriting Guidelines



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smarter/faster/easier/payments.

Teaming for Success!

Enrolling new merchants is a critical component of growth and success in our business. Sales has a vital role in supporting this success. It is essential to understand that opportunities for growth will inherently include exposure to risk as well. How we manage this risk directly affects the extent and sustainability of our success. In reality Sales and Underwriting are a team. As a team the better we are able to understand and address risk the more efficient we become. This contributes to a higher capability to support growth and reduce losses. The expected results are faster boarding, a better merchant experience and a reduction in post enrollment impacts to the enterprise.

This document provides a summary of information that will assist you in being more efficient and more successful in getting account approvals. It has been adapted from the full version of the Vantiv Merchant Account Underwriting Guidelines to provide a high level summary of the approval requirements. In the event of conflict the full version will govern.

Basic Underwriting Requirements

The following should be provided in support of each merchant processing application:

- Completed Bank Card Merchant Application
- A personal guaranty and supporting personal credit bureau report for all majority business owners to provide protection in the event of a default except in the following instances;
 - The merchant application is submitted in connection with a Vantiv pre-approved Franchise or Association program.
 - The merchant is a publicly traded company on the NY, American, or NASDAQ exchanges.
 - A Sponsored Merchant or Sub-Merchant location.
 - The merchant is a governmental entity, public university or other similar entity such as a not for profit or community based organization for which it would not be reasonable or customary for the officers to provide a guarantee
- Prior processing statements
- If sales are primarily conducted via the internet, the website should include: the merchant's permanent address (including country on one of the pages leading up to or on the checkout page), a complete description of the merchant's products and services, return & refund policy, customer service contact information, transaction currency, delivery policy, and the website checkout pages should be secure. Screen prints of web pages should be retained.
- Information or documentation that fully and adequately identifies the goods or services sold by the merchant and the terms by which a cardholder will pay the merchant for the goods or services. The goods or services provided by the merchant must not violate any applicable laws. Marketing methods will be evaluated to determine if higher risk methods such as negative option marketing, product claims or other similar methods are deployed resulting in the need for a more extensive evaluation of the propriety of these marketing methods.

Application Approval Guidelines

Category A and C (Card Present Retail) - Immediate consumption of goods or services, Card present retail, Postpaid business to business transactions, Professional services, Secondary and higher education.

Merchants Under \$100,000 Potential Exposure

Personal Guarantor with credit history deemed acceptable based on a combination of FICO score, payment history, and presence or absence of major derogatory items.

Merchants With \$100,000 Potential Exposure or Greater

In addition to a qualified Personal Guarantor as described in the preceding section, financial statements for the most recent two years for the contracted entity.

Category B and C (Card Not Present – MOTO, Internet) - Card not present retailers, MOTO or Internet.

Merchants Under \$100,000 Potential Exposure

Personal Guarantor with credit history deemed acceptable based on a combination of FICO score, payment history, and presence or absence of major derogatory items.

Merchants With \$100,000 Potential Exposure or Greater

In addition to a qualified Personal Guarantor as described in the preceding section, financial statements for the most recent two years for the contracted entity.

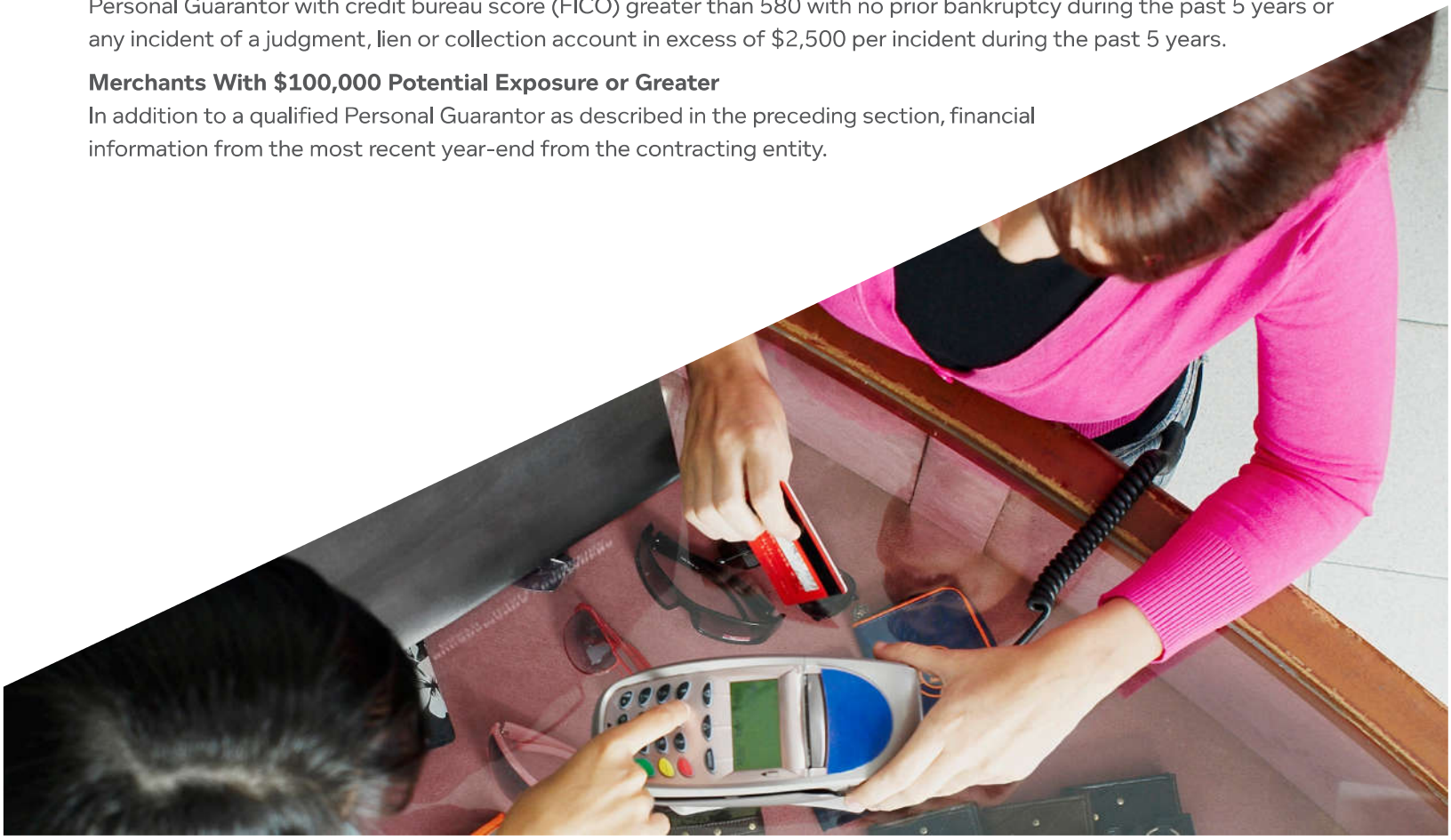
Category D, E, and G (Businesses typically accepting Prepayment or High-Risk Card Not Present)

Merchants Under \$100,000 Potential Exposure

Personal Guarantor with credit bureau score (FICO) greater than 580 with no prior bankruptcy during the past 5 years or any incident of a judgment, lien or collection account in excess of \$2,500 per incident during the past 5 years.

Merchants With \$100,000 Potential Exposure or Greater

In addition to a qualified Personal Guarantor as described in the preceding section, financial information from the most recent year-end from the contracting entity.



High Risk Business Types

The following products, services and business activities, if offered by a merchant and regardless of the exposure category assigned by MCC, may present substantial financial, regulatory and/or reputation risk necessitating additional scrutiny upon initial approval. As a result approval will generally be granted only after enhanced diligence and careful consideration of all relevant risk factors.

The following business types require Regulatory Compliance review at inception of account:

- Card not present Pharmaceutical, except for established national scale business MCC 5122 & 5912
- Crowdfunding
- Cyberlockers MCC 4816 (data/video file storage, transfer, or sharing service with remote access or playback capability)
- B to B Debt repayment (previously deemed uncollectible)
- Consumer Financing
- Digital Wallet or Prepaid Card Companies MCC 6051
- Firearms consumer not present
- Foreign Exchange Trading MCC 6051/6540
- Gambling and Gaming, including Sports Forecasting & Odds Making MCC 7800, 7801, 7802, 7995, 9754
- Investment Firms including Brokers and Dealers
- Money/Wire Transfer, Money Orders, Transmitters, and Check Cashing including merchants required to be registered as Money Service Business MCC 6051
- Multi Level Marketing
- Negative option subscription enrollment/high risk business type
- Nutraceuticals sold card not present where there is not any consumer present retail option.
- Penny Auctions
- Sweepstakes
- Transacting Virtual Currency or credits that can be monetized, re-sold or converted to physical or digital goods or services or otherwise exit the virtual world MCC 6051
- Wealth Building/Business Opportunities

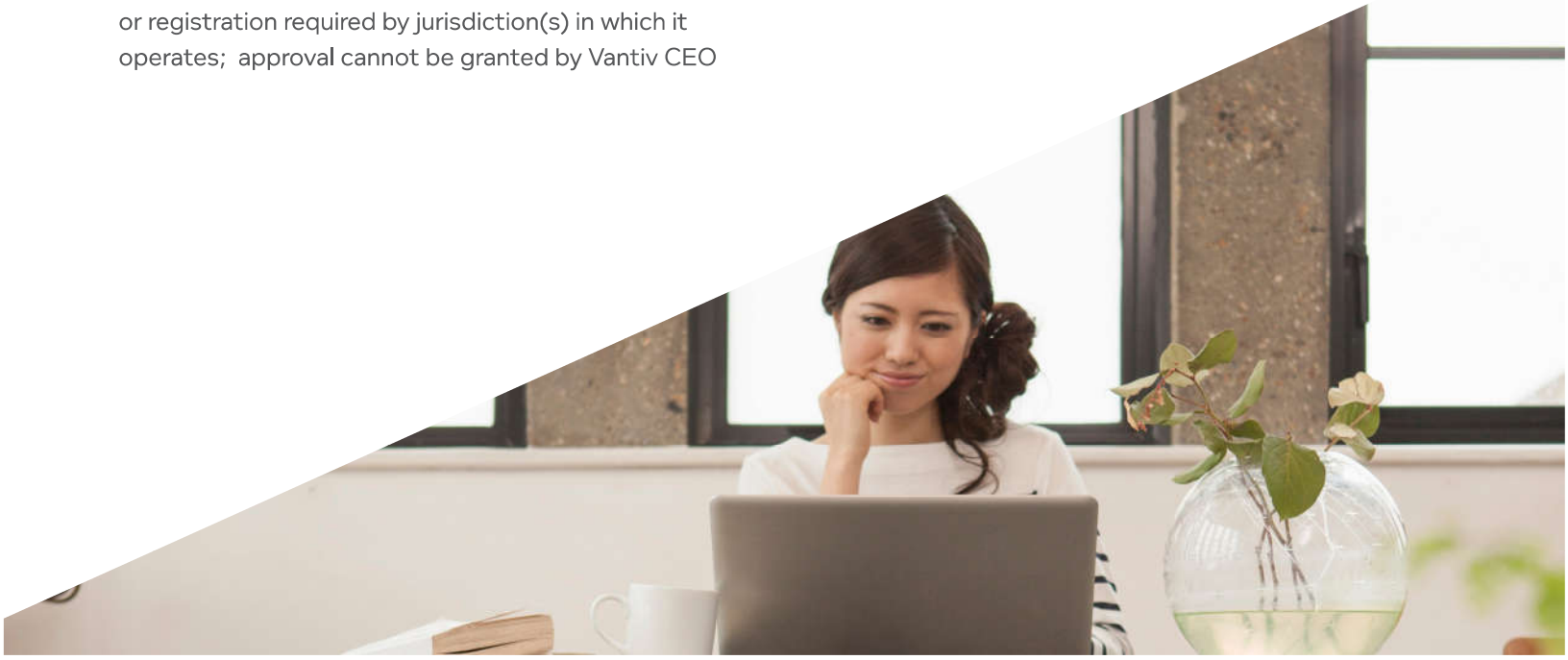
The following accounts are high risk, but do not require Regulatory-Compliance review:

- Adult Entertainment
- Airlines or Cruise Lines < \$12MM annual volume MCC 4411 & 4511
- Not For Profit Credit Repair/Counseling Services (MCC 7277)
- Dating services MCC 7273
- Direct Marketing MCC 5962, 5966, 5967, 5968
- Discount Buying Membership
- Tech/IT Support Providers (business involves download of free software to run scan resulting in purchase of remediation software supported by call center)
- Timeshares (new development) > \$5MM annually MCC 7012
- Warranty Companies

Prohibited Business Types

The following are business types not eligible for a merchant processing account.

- Illegal or Pornographic Online Content (except novelty stores to the extent not primarily selling pornographic video)
- Airline or Cruise Line > \$12MM annual volume MCC 411 & 4511
- Any product, service or activity that, from time to time, may be considered by Vantiv executive committee to be of the type that presents an unacceptable brand or reputational risk
- Any product, service or activity that is deceptive, unfair, or predatory; approval cannot be granted by Vantiv CEO
- Any merchant selling products that infringes on the intellectual property rights of others, including counterfeit goods or any product or service that infringes on the copyright, trademark or trade secrets of any third party; approval cannot be granted by Vantiv CEO
- Any merchant about whom Vantiv has knowledge that the business functions performed by the merchant are deemed illegal by, or are in direct conflict with U.S. federal, state or local laws related to money laundering, drug trafficking, tax evasion or terrorist financing; approval cannot be granted by Vantiv CEO
- Any merchant about whom Vantiv has knowledge that the merchant has not obtained the licensing or registration required by jurisdiction(s) in which it operates; approval cannot be granted by Vantiv CEO
- Debt Elimination or Reduction Services
- Distressed Property Sales and Marketing.
- For Profit Credit Repair/Counseling
- High Interest Rate non-bank consumer lending including, but not limited to, Payday Lending and Title Loans
- Loan payments transacted on a Visa branded Credit Card
- Timeshare resale's and related marketing.
- Any merchant selling goods or services that represent a violation of any law, statute or regulation; approval cannot be granted under CEO authority
- Any merchant location outside the United States, Puerto Rico, USVI or Guam (Subject to Sponsor Bank License)
- Marijuana Dispensaries and related products or services
- Merchant submitting sales for payment that resulted from another commercial entity providing goods or services to the cardholder, unless the Merchant is a Visa PSP or MC Payment Facilitator; approval cannot be granted by Vantiv CEO.
- A merchant may not accept a card at a scrip-dispensing terminal.
- Tobacco, vape, and e-cigarette sales card not present.



Most Pends Occur Because There is Missing, Conflicting or Incomplete information

Getting complete and accurate information may seem burdensome but investing the time to do it provides a complete business profile which passes these benefits on to you:

1. Increase to auto approvals
2. Risk is properly understood and managed reducing our risk exposure and losses.
3. Approval decisions can be made faster and with higher confidence.
4. Faster decisioning frees up bandwidth increasing efficiency and capacity.
5. Reduction of touchpoints for the merchant provides:
 - A better merchant experience
 - Representation of expertise and professionalism
 - Reduction of errors that can impact the merchant after enrollment
 - Savings of time and money

Below are some of the most common issues that cause accounts to pend and stall.

TIN mismatch – DBA and Legal name on app were entered as the same, or misspelled, state tax ID provided instead of federal tax ID number.

Discrepancy in application information – Underwriting is either not able to verify the information that is provided on the application or the information found is different than on the application. If you know in advance there will be a discrepancy, offer an explanation with the application. Another common mistake is that the mailing address is provided as the physical address. The physical address must be the address where business operations are taking place. It should NEVER be a PO or a mail drop box.

Marketing Material – Unable to verify business, type of good/service sold, terms and conditions for service providers. Also if there are advance payments, we need the full detail on how advance payments are handled and what the refund/cancellation policy is.

Business financials – A credit report or financials is required for all non-face to face transactions. For any payments in advance, financials are required. If the assumptions do not make sense for the type of business, financials will be requested to confirm application info.

Incomplete information – Worth mentioning again, it's that important! If information is incomplete or incorrect, the approval process will likely be delayed in every case. Remember the merchant agreement has been specifically designed to capture essential elements. Please insure all fields of the application are completed so we can complete KYC and KYB requirements. In addition, when additional information is requested, please refrain from sending it back in pieces. Rather send everything that was requested at the same time to eliminate back and forth. This is especially crucial for High Risk Business Types requiring Regulatory Compliance review.

Keys to Minimizing Pends

There are common reasons why merchant accounts pend in review. This table will help you understand underwriting requirements that when addressed properly will help reduce touchpoints, increase approval times and improve approval rates.

Merchant Types (Risk Ratings)	Pull Credit and Personal Guarantee	Owner personal information required	3- 6 months Previous Processing Statements	Acceptable Financial Documentation	Acceptable Business Verification (1 or more)	Enhanced Due Diligence Questionnaire and/or High Risk Checklist
A Immediate consumption of goods or services, Card Present retail, Post-paid B to B transactions, Professional Services, Secondary and Higher Education	No Except when a sole prop then Yes	Yes	Yes	If ticket sizes do not make sense for type of business prior processing statements are needed to confirm average ticket and annual volume	<ol style="list-style-type: none"> 1. Business license that verifies product/ service sold 2. Utility bill 3. Business listing through an independent source 	Yes For High Risk Merchants Refer to UW Guidelines for List
A Card Present - Payment in advance of product delivery or service completion	Yes	Yes	Yes	<ol style="list-style-type: none"> 1. Prior year end audited/ reconciled balance sheet and matching profit and loss statement. 2. Bank reference from an existing banking relationship of at least 1 year 3. 3-6 Mos of most recent bank statements and proof of inventory 	Terms and conditions and one of the following: <ol style="list-style-type: none"> 1. Business license that verifies product/ service sold 2. Utility bill 3. Business listing through an independent source 	Yes For High Risk Merchants Refer to UW Guidelines for List
B or C Card Not Present Retailers – Mail Order Telephone Order (MOTO) or Internet	Yes	Yes	Yes	Audited Financials are required for annual volume of 5M or more	Active and compliant website for eComms	Yes For High Risk Merchants Refer to UW Guidelines for List
B or C Card Not Present - Short term advance payments (1 - 30 days)	Yes	Yes	Yes	<ol style="list-style-type: none"> 1. Prior year end audited/ reconciled balance sheet and matching profit and loss statement. 2. Bank reference from an existing banking relationship of at least 1 year 3. 3-6 Mos of most recent bank statements and proof of inventory 	<ol style="list-style-type: none"> 1. Website 2. Brochure 3. Facebook page with business license If LexisNexis is unable to verify business info, a business license may also be requested 	Yes For High Risk Merchants Refer to UW Guidelines for List

D Card Not Present - Medium term advance payments (30 - 90 days)	Yes	Yes	Yes	<ol style="list-style-type: none"> 1. Prior year end audited/reconciled balance sheet and matching profit and loss statement. 2. Bank reference from an existing banking relationship of at least 1 year 3. 3-6 Mos of most recent bank statements and proof of inventory 	Website or brochure that include full terms and conditions and refund/cancel policy. If LexisNexis is unable to verify business info, a business license will also be requested.	Yes For High Risk Merchants Refer to UW Guidelines for List
E, F, G Card Not Present - Long term advance payments (90 days +)	Yes	Yes	Yes	Last 2 years of audited financial statements	Website or brochure that include full terms and conditions and refund/cancel policy. If LexisNexis is unable to verify business info, a business license will also be requested.	Yes For High Risk Merchants Refer to UW Guidelines for List
All High Risk Business Types	Yes	Yes	Yes	Last 2 years of audited financial statements	Website or brochure that include full terms and conditions and refund/cancel policy. If LexisNexis is unable to verify business info, a business license will also be requested.	Yes For High Risk Merchants Refer to UW Guidelines for List

Rejected applications

If a decision to reject an application is made, Underwriter will contact sales rep by email and a reject letter will be sent to the merchant.

If you need help...

General underwriting questions can be sent to group inbox – Underwriting@vantiv.com

Escalations:

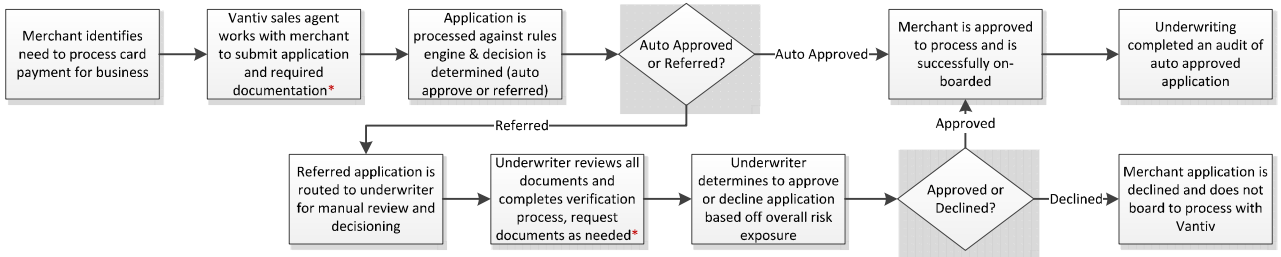
Sales partners please reach out to your Relationship Manager or iso_client_services@vantiv.com

Inside Sales please reach out to your manager who should escalate to appropriate Underwriting management.

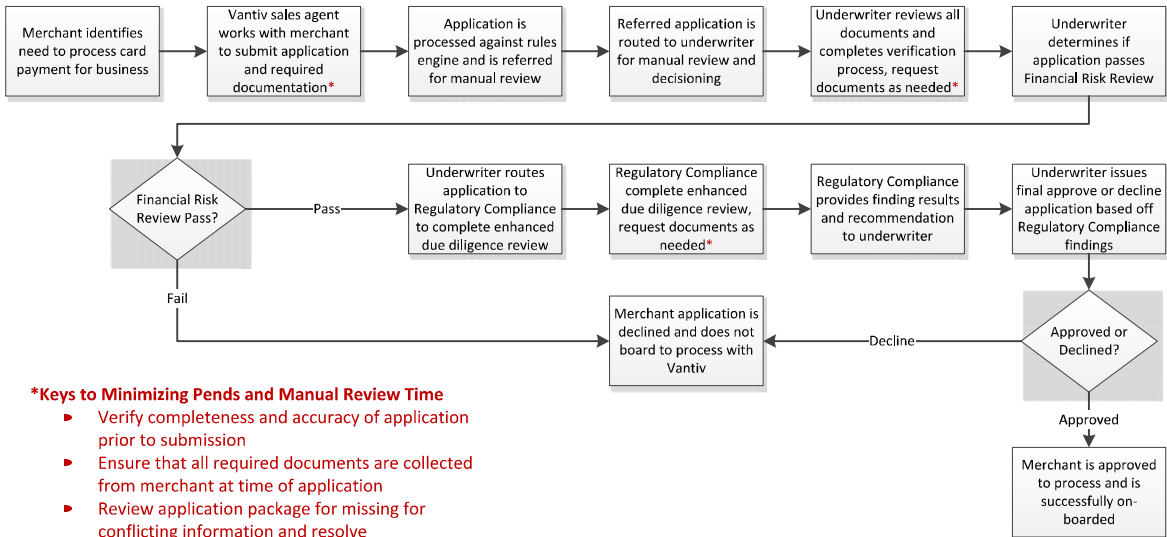
Vantiv Underwriting Overview

Phase

Typical Underwriting Flow



Underwriting Flow with Regulatory Compliance Review



***Keys to Minimizing Pends and Manual Review Time**

- ▶ Verify completeness and accuracy of application prior to submission
- ▶ Ensure that all required documents are collected from merchant at time of application
- ▶ Review application package for missing or conflicting information and resolve
- ▶ Refer to Sales Guide for guidance