Organizational Functional Area:	Underwriting
Last Board Approval Date:	June 18, 2025
WAS Board Approval Date:	May 20, 2026
Last Date Reviewed/Revised:	May 20, 2026
Department/Individual Responsible for Maintaining/Updating Policy:	WAS Underwriting Management

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Woodforest Acceptance Solutions
Credit and Underwriting Policy

INTRODUCTION AND SCOPE

Woodforest National Bank has partnered with Woodforest Acceptance Solutions to develop the credit and underwriting policy for mitigating risk involved with merchant processing accounts. Though some losses are inevitable, our objective is to minimize the losses while maintaining and increasing approval counts. Notwithstanding internal WAS governance approvals, any provision of this Policy that affects merchant underwriting standards, prohibited or restricted business categories, exception authority, reserve practices, or monitoring thresholds shall not be implemented without written concurrence from WNB. Any changes and/or updates to the policy, whether in text or practice, must obtain WNB board and WAS board approval.

Credit Policy Requirements

I. <u>Documentation</u>

- Completed & Signed Merchant Application
  - Payment Network Disclosure
  - IRS Reporting - Backup Withholding Certification
  - Owner/Officer Certification
  - Merchant Acceptance
  - Personal Guaranty*
- Owner is a U.S. Citizen, holds a Green Card, E-1 or E-2 Visa, or meets requirements to board without a valid SSN.**
- Verified Credit Bureau Report or other acceptable non-documentary verification for Know Your Customer purposes.
- Business verification (See business verification process under Boarding Requirements section).

*Approval for merchants with monthly volume greater than $100,000 or if the merchant operates in a card not present environment requires 1 Merchant Credit Committee signature. For all other merchants not specified above, including corporate, partnership or LLC merchants, a personal guaranty is recommended but not required from owner(s) of the business.

**For low volume (<=$50K) accounts (card not present or card present) without a valid SSN, consideration for approval may be given if the merchant can provide their Individual Taxpayer ID (ITIN), proof of U.S. residency (e.g., utility bill, lease agreement), and one of the following forms of ID: *Valid U.S. State-Issued Driver's License or Identification Card; Valid Driver's License from a U.S. Territory (Guam, American Samoa, Puerto Rico, or Northern Mariana Islands); Valid U.S. Military ID Card; Valid U.S. Passport; Valid Foreign Passport; Valid Mexican Matricula Consular ID Card. No exception will be allowed for U.S. residency requirement. Exceptions to volume and average ticket size thresholds may be given with approval by 2 Merchant Credit Committee Members and the account will be set up with the following parameters:*

- Monthly Volume not to exceed $50,000
- Average Ticket not to exceed $250
- High Ticket not to exceed $750
- No Deposits or Advanced Sales
- For existing businesses, 3 months of current and consecutive rollover processing statements available upon request with acceptable chargeback-to-sales ratios as defined in this Policy.

Merchant Conditions and Requirements

- Determine card present vs card not present
- Determine Tier by volume/ticket/percent keyed
- Apply documentation requirements
- Determine approval authority table for signature requirements
- Startup Business is defined as a business operating for 6 months or less

Card Present (Low to Moderate Risk- >=70% card present transactions)

"Keyed transactions" means manually entered transactions

Tier 1
Conditions:
• **Monthly volume:**
  o Under $400,001 per Month for Startup Businesses
  o Under $750,001 per Month for Existing Businesses
• **Keyed transaction limit:**
  o Keyed transactions not to exceed 30% by sales volume
• **Average ticket:**
  o Average Ticket not to exceed $7,501
Requirements:
• **Credit score:**
  o 620 Minimum Credit Score (No Auto-approval on insufficient scores)
• **Business Longevity:**
  o Includes startup businesses
• **Other:**
  o At Credit Analyst's discretion, additional documentation may be required, including but not limited to: Financials; 3-6 Months Current & Consecutive Processing Statements for Existing Businesses
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  o

Tier 2
Conditions:
• **Monthly volume:**
  o $750,001 per Month and Higher
• **Keyed transaction limit:**
  o Keyed transactions not to exceed 30% by sales volume
• **Average ticket:**
  o No restrictions on average ticket
Requirements:
• **Credit score:**
  o 620 minimum credit score
• **Business Longevity:**
  o Minimum 4 months business longevity

- **Other:**
  - 4 Months Current & Consecutive Processing Statements ***OR*** Last Year Business/Personal Financials or Tax Returns
  - At Credit Analyst's discretion, additional documentation may be required

Card Not Present (>30% in Keyed Transactions)

Tier 1 (Includes Auto-Approval for Low Risk MCC's)

Conditions:

- **Monthly volume:**
  - Under $250,001 per Month for Startup Businesses (Open 6 months or less)
  - Under $500,001 per Month for Existing Businesses
- **Keyed transaction limit:**
  - Keyed transactions exceed 30% by sales volume
- **Average ticket:**
  - Average ticket is not to exceed $5,001

Requirements:

- **Credit score:**
  - 620 minimum credit score
- **Business longevity:**
  - Startup businesses included
- **Other:**
  - At Credit Analyst's discretion, additional documentation may be required by, but not limited to: Financials; 1-3 Months Current & Consecutive Processing Statements for Existing Businesses

Tier 2

Conditions:

- **Monthly volume:**
  - $500,001 per Month and Higher
- **Keyed transaction limit:**
  - Keyed transactions exceed 30% by sales volume
- **Average ticket:**
  - No restrictions on average ticket

Requirements:

- 620 Minimum Credit Score
- Minimum 4 Months Business Longevity
- Documented review conducted of deposit & refund policy
- 3-6 Months Current & Consecutive Processing Statements ***AND/OR*** Last YR Business/Personal Financials or Tax Returns along with a financial summary of such documents
- At Credit Analyst's discretion, additional documentation may be required

Limited Business Types

Conditions:

- **Monthly volume:**
  - As set forth in the table in Section VII. Limited Business Types
- **Keyed transaction limit:**
  - As set forth in the table in Section VII. Limited Business Types
- **Average ticket:**
  - As set forth in the table in Section VII. Limited Business Types

Requirements:

- **Enhanced due diligence required as set forth in Section VII, Limited Business Types**
- **Credit score:**
  - 620 Minimum Credit Score
- **Business Longevity:**
  - As set forth in the table in Section VII. Limited Business Types
- **Other:**
  - As set forth in the table in Section VII. Limited Business Types
  - At Credit Analyst's discretion, additional documentation may be required.

Controlled Business Type*

Conditions:

- **Monthly volume:**
  - As set forth in the Credit and Underwriting Policy Addendum – Controlled Business Types ("Controlled Business Types Addendum")
- **Keyed transaction limit:**
  - As set forth in Controlled Business Types Addendum
- **Average ticket:**
  - As set forth in Controlled Business Types Addendum

Requirements:

- **Enhanced due diligence required as set forth in the Credit and Underwriting Policy Addendum - Controlled Business Types**
- **Credit score:**
  - 620 minimum credit score
- **Business longevity:**
  - As set forth in the table in the Controlled Business Types Addendum
- **Other:**
  - As set forth in the Controlled Business Types Addendum
  - At Credit Analyst's discretion, additional documentation may be required.

***Controlled Merchants are only accepted from ISOs with prior approval from WNB**

II. Approval Authority

If multiple conditions apply, use the highest required approval level

Credit Approval Limits	Underwriter Signature	1 Merchant Credit Committee Member Signature	2 Merchant Credit Committee Member Signatures	3 Merchant Credit Committee Member Signatures
Tier 1	Required	n/a	n/a	n/a
Tier 2	Required	n/a	Required	n/a
Limited Business Type	n/a	n/a	Required	Required; WNB Required*
Controlled Business Type	n/a	n/a	n/a	Required; WNB Required*

For any merchant with expected volume exceeding $5,000,000 per month, in addition to all other requirements, CEO of Woodforest Acceptance Solutions must approve.

**For Limited Business Types:*

- WNB concurrence is required only if: documentation requirements are not met and monthly volume exceeds $300,000 OR return and chargeback-to-sales ratios are above thresholds as defined in Section VII.
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**For Controlled Business Types:*

  - WNB concurrence is required only if: documentation requirements are not met, including enhanced due diligence documentation requirements OR return and chargeback-to-sales ratios are above thresholds as defined in Controlled Business Types Addendum.

Conditional Approvals

For merchants requiring WNB concurrence, WNB may issue a Conditional Approval. A Conditional Approval permits the merchant to be onboarded subject to specified conditions, including the receipt of additional information or documentation, within a defined timeframe established by WNB.

All conditions must be satisfied in full within the prescribed timeframe. Failure to provide the required information or meet the stated conditions will result in prompt account closure upon expiration of such timeframe, which shall not exceed three (3) business days.

III. **Credit Policy Exceptions**

Exceptions:

Exceptions to this Credit Policy (excluding Card-Brand Prohibited Merchants, for which no exceptions are permitted), may be considered only within predefined parameters and escalation thresholds as set forth herein. Exception authority exercised by WAS management is expressly subject to WNB concurrence for any exception that:

- Exceeds mutually agreed processing volume or risk exposure (i.e. chargeback-to-sales ratios);
- Relates to a business category classified as Prohibited by WNB;
- Involves reserve waivers or reserve reductions; or
- Implicates activity subject to card-brand programs and compliance.

All exceptions to this Policy will be submitted to the WAS board at a frequency established by the WAS board.

No exception to the credit policy shall be approved or implemented absent required WNB concurrence or approval by the WAS board. The WAS CEO may exercise approval authority within established applicable policies and risk parameters. WAS CEO approval authority shall not supersede WNB's rights or obligations. Any approval exceeding established thresholds or otherwise requiring WNB involvement under card-brand rules or WNB approved policy, must first receive explicit written concurrence from WNB, as the acquiring sponsor, or WAS board prior to merchant activation.

Exception Time Frame:

Upon receipt of a complete exception request, WNB will review the request and issue an approval, which may include a Conditional Approval, or decline decision within three (3) business days of submission. With respect to exceptions requested for business types classified as Prohibited Business Types by WNB, WNB will issue an approval, Conditional Approval or decline within ten (10) business days of submission of receipt of a complete exception request.

Reporting:

WAS will report to the WAS and WNB boards the percentage of each of Limited Business Type, Controlled Business Types, and Prohibited Business Types by WNB merchants by total transaction count and total sales volume as a percentage of its entire portfolio.

To ensure proper diversification of the portfolio, less than 15% of the portfolio volume will be made up of High-Risk merchants, defined and listed in this policy as:

1. Prohibited Business Types by WNB
2. Limited Business Types (LBT)
3. Controlled Business Types

Merchant Credit Committee

- WAS CEO
- WAS SVP/Chief of Operations
- WAS SVP/Chief of Finance
- WAS Head of Compliance and Oversight
- WAS Underwriting Manager/Supervisor
- WAS Risk Manager
- WNB COO
- WNB SVP
- WNB VP Merchant Acquiring

- WNB Merchant Acquiring Sr Analyst

All approved exceptions shall be documented and reported monthly on a retrospective basis to the WAS and WNB board. Reporting does not substitute for required WNB concurrence. Exceptions requiring sponsor bank approval must be approved prior to merchant activation, not solely reported after approval.

IV. Shadow Third Party

WAS maintains a procedure to define the roles and responsibilities for monitoring a third party which WAS and WNB have approved for a shadow arrangement ("Shadow Third Party"). The Third Party Shadow Process is subject to this Policy.

Any ISO that is approved to operate as a Shadow Third Party will provide their own Merchant Credit Committee list which is in addition to the Merchant Credit Committee List in Section III above.

V. Boarding Process for New Merchants

a. Application Received:
   - Application is scanned for missing information, legibility (when applicable), and/or incomplete sections
   - Prospective merchant is queried against the MATCH (Member Alert to Control High-Risk Merchants)
     - Merchants shall not be approved if on MATCH. WAS will follow its MATCH review procedure to determine if any exceptions will be submitted to WNB for approval. Any exception to board a merchant listed on MATCH requires WNB approval prior to boarding.

b. Underwriting Considerations Include:
   - Product/Service Sold
   - Product Delivery Method
   - Business Model
   - Card Acceptance Method
   - WAS Credit Policy Requirements
   - Review & Exception Requirements
   - Supporting Documentation (i.e. Processing Statements, Financials, etc.)
   - Determine the appropriate Risk Level and Rating for onboarding. Higher Risk Levels and Ratings require enhanced and stringent monitoring.
     - Low Risk
       - Card present Tier 1 (A)
       - Card not Present Tier 1 (A)
       - VIP (V)
     - Medium Risk
       - Card present Tier 2 (B)
       - Card not present Tier 2 (B)
       - Following Merchant Category Codes (B):
         - 1700 – 1799 Contractors including 1520
         - Transportation 4111, 4121, 4214, 4789
         - Automotive Services 7531, 7534, 7535, 7538
         - Furniture 5712
     - High Risk
       - Watchlist/Monitored Merchants (W)
       - Limited Business Types (D)
         - Merchants that are classified as Limited Business Types cannot be moved to any other risk rating.
       - Controlled Merchants (D)

        - Merchants that are classified as Controlled cannot be moved to any other risk rating.
    - Credit Policy Exception Merchants (E) - such merchants are defined as merchants approved through WNB concurrence, WAS board approval, or Conditional Approval, such as Prohibited Business Types by WNB.
        - This designation excludes merchants classified as Controlled or Limited Business Types, which shall be categorized and risk-rated accordingly as Controlled or Limited Business Type, as applicable.

<u>BSA Required Considerations:</u>

The following are factors considered with respect to compliance with BSA.

- Geography of the merchant will be considered based on the trends identified in the risk committee quarterly portfolio review and analysis.
- While the following business types are generally considered high risk for financial institutions in accordance with the FFIEC Exam Manual, these do not pose the same level of AML risk in merchant acquiring. As such, Enhanced Due Diligence (EDD) is not warranted on some of the following business types based on the nature of business and given that the transactions these merchants process are from a product or service the merchant provides for the customer. However, Enhanced Due Diligence will be performed for any of merchants listed below with a Risk Level designated as High Risk. These business types must be acceptable based on this Policy and if they don't require EDD as outlined herein, they will be monitored by Risk throughout the merchant's lifecycle to identify any patterns of AML and other risk related exposure.
- Merchant monitoring shall be conducted in a manner that permits the acquiring sponsor to independently identify, investigate, restrict, suspend, or terminate merchants where sponsor risk, card-brand risk, or regulatory concerns are identified. WNB, as the acquiring sponsor, retains independent authority to impose restrictions, reserves, or termination actions, regardless of designated Risk Levels or internal classifications.
    - Politically Exposed Persons ("PEP") - Any international PEP will be declined. Domestic PEPs will be acceptable if the business type meets underwriting requirements. Additional information on Domestic PEPs will be collected such as the signer's office, their term, etc. and documented in the underwriting file. EDD will not be required on Domestic PEPs unless merchant is Risk Rated as High Risk.
    - Non-United States Citizens and/or Non-Resident Alien (NRA)- These business owners are approved on a limited basis. These related businesses with signers in this category are restricted and require a special form of ID to be approved. Please refer to the NRA section of the WAS Credit and Underwriting Policy for full underwriting requirements. EDD will not be required on NRAs unless merchant is Risk Rated as High Risk.
    - Precious Metals - This merchant type is covered under the business type 'Commodity Exchange' which is a Prohibited Business Type by WNB and will not be boarded due to the merchant risk related to this business type.
    - Pawn Brokers - This merchant type is covered under the business type 'Finance/Lending' which is a Prohibited Business Type by WNB.
    - Auctioneers- This merchant type is covered under the business type Penny Auction or any other non-face to face 'Auction/Bidding' type business as a Prohibited Business Type by WNB. Only allowable in a face-to-face environment which poses little risk as cash and carry (product/service delivered at time of sale). These merchant owners and business types do not pose the same

BSA/AML risk for merchant acquiring due to these businesses processing transactions for products or services the merchant provides to customers at the time of payment.
    - Travel Agents- This merchant type is covered under the ‘Limited Business Type with EDD, but the merchant account is only acceptable for accepting travel related fees only (e.g. not the purchase of actual travel).
    - Non-Governmental Organizations (Charities, Churches, Foundations, etc.)- This is an acceptable business type and will be monitored by Risk throughout the merchant’s lifecycle to identify any patterns of AML and other risk related exposure. These merchant owners and business types do not pose the same BSA/AML risk for merchant acquiring due to these businesses processing transactions for products or services the merchant provides to customers. An NGO operating at an international level, even if the entity is domestically filed, will be declined.
    - Local and Non-Local Government Agents- This is an acceptable business type and will be monitored by Risk throughout the merchant’s lifecycle to identify any patterns of AML and other risk related exposure. These merchant owners and business types do not pose the same BSA/AML risk for merchant acquiring due to these businesses processing transactions for products or services the merchant provides to customers.
    - Professional Service Providers acting as a financial intermediary (which may include lawyers, accountants, or any third parties that act as financial liaisons for their clients) - This is an acceptable business type and will be monitored by Risk throughout the merchant’s lifecycle to identify any patterns of AML and other risk related exposure. These merchant owners and business types do not pose the same BSA/AML risk for merchant acquiring due to these businesses processing transactions for products or services the merchant provides to customers.
- Verify and substantiate MCC designation accuracy (see MCC Designation section below).
- Data Entry Accuracy
- KYC/KYB Verification Process
    - Verification steps are taken for both the Merchant/Business, as well as the Principal/Owner. Both Non-Documentary and Documentary verification methods are acceptable in verifying either the Owner or Business.
    - Level II or Senior Underwriters can give approval for lower tier exceptions on business verification.
    - Non-Documentary Verification
        - LexisNexis Risk Management Solutions
        - Equifax, Experian, Transunion
        - Business Credit Report – PayNet, Experian
        - Secretary of State – direct look up or indirect via validated data providers including, but not limited to, OpenCorporates, KYC SiteScan, Middesk
    - Documentary Verification
        - Sole Proprietorships: Business License, Certificate of Assumed Name or Fictitious Name, Trade Name Registration
        - Corporations: Certificate of Good Standing, Certificate of Formation, Articles of Incorporation and Certificate of Filing
        - General Partnerships: Partnership Agreement (if applicable), Franchise Agreement
        - Limited Partnerships: Certificate of Limited Partnership or Certificate of Filing

            - Limited Liability Company (LLC): Articles of Organization, Certificate of Organization, Certificate of Filing and Certificate of Formation
            - Lease Agreement or Utility Bill
            - Completed Site Inspection
                - Management may request a site inspection as a part of the approval process. This request must be documented in the review & exception process.
        - Verification of Merchant/Business
            - Verify Business Name, Address, Phone Number and Email Address
            - EIN must be provided for all entities other than a sole proprietorship
            - If Sole Proprietorship, date of birth and SSN must be provided
            - Sole Member LLCs (Liability Company) not utilizing a FEIN; the SSN of sole member should be collected
        - Verification of Principal/Owner- Credit Bureau Report
            - TIN/SSN and DOB match Signer
            - Verify Signer Name, Address and Phone Number
            - Validate multiple SSN's do not belong to Signer (via LexisNexis Risk Management Solutions)
            - Verify any consumer report with signer for the merchant (Fraud Alert, Incorrect Deceased Status)
            - If Open Bankruptcy exists, verify status and amount assigned; exceptions allowed for low volume, Card Present merchant accounts only
            - 620 minimum credit score required for all tiers. If credit score value falls below scoring requirement, approval must be obtained by a Level II, Senior Underwriter, Supervisor or Management.
            - Review inquiries
                - Multiple recent inquiries
                - Inquiries from multiple acquirers
                - Inquiries from multiple cash advance companies
- Merchant Acceptance Signature section must be signed
- Payment Network Disclosure section must be signed
- Backup Withholding Certification section must be completed
- Signers and businesses are checked on the OFAC SDN list – Matches should not be approved.

Underwriting Risk Considerations

Know Your Customer (KYC):

- Identification Information –
    - Business Information
        - Business/Corporate Name (Exact Legal Name)
        - DBA
        - Location/Site Address
        - City, State, Zip
        - Federal Tax ID/SS#
        - Business Phone Number
        - Website Address
        - Email Address
        - Type (i.e.: Corp, Partnership, etc.)
        - MCC/Category
    - Principal/Owner –
        - Name
        - Residence Address

        - Social Security Number
        - Identification Type/License #/State/Issuance Date/Expiration Date
        - Other form of ID # (e.g., Passport, Alien ID card)
        - Date of Birth
        - Phone Number (Cell, Office, or Home)
        - Email Address
- Application Information – information provided on the applications and other means such as our Credit and Underwriting Policy will help determine if the merchant qualifies.
- Consumer Report Information – information from a credit bureau.
- Other General Information – information from outside sources, such as data from public records, years in business, date social security card was issued, certified articles of incorporation, governments – issued business license or a partnership agreement and F/S.
- Reverse lookups are sometimes necessary on the social security number, phone numbers, etc.
- Validation of DDA must be obtained, and such validation may include but is not limited to, a voided check, Validifi (RIBBIT Inc), Giact, and Federal Reserve Site.
- Internet (eCommerce) Merchants require separate Internet Checklist to be completed
    - All links of website are up and running and obtain a master login (ID and password) with unrestricted access when content is restricted or allows member-only access
    - Complete description of products/goods/services
    - Merchant physical address and/or mailing address and contact number or email address to which consumers can send inquiries
    - Terms & Conditions present, which must clearly display price information, including currency, and the details of the timing of billing and fulfillment of transactions, multiple shipments and provide a function for Cardholders to confirm a purchase before completing the sale.
    - Merchant must display all required Card Brand Acceptance Marks
    - Consumer Data Privacy Policy present
    - Refund, Return, and Back-order Policy present
    - Delivery/Shipping Policy if applicable
    - Legal Restrictions (Required for Online Alcohol Sales and other age-verification products or services)
    - Secure Method of Transmission for Payment Data
    - Adverse Media- Review of unfavorable or negative information about an individual or organization that may indicate regulatory, financial, legal, or reputational risk.
    - Google search business phone number to ensure no prohibited/Limited Business Type merchants are connected
        - Screenshots of all Card Brand requirements must be included in the merchant file
- Phone interview/contract/deposit/refund policy review may be performed for contract/future service merchants
- Verify PCI compliance of merchant's Software/Gateway. Software/Gateway provider must also be registered with Card Brands.
- If rollover processing statements are provided, then conduct analysis
    - Name and Address match information on application
    - Monthly Volume and Average Tickets match requested parameters
    - Acceptable (under 3%) return ratio to sales count and volume
    - Acceptable Chargeback Ratio (under .75%) to sales count and volume. If ratio is over .75% on either sales count or volume, merchant is acceptable if the total chargeback count is less than 50.

- If financials or tax returns are provided, analysis to be conducted by Underwriting Analyst and/or Financial Analyst.
- Non-standard funding requests are subject to Underwriter, Supervisor or Management approval.

MCC Designation:
WNB establishes the following standards governing the characterization and classification of merchants, including merchants whose business activities, products, or services may reasonably fall within more than one Merchant Category Code (MCC). These standards are intended to ensure consistent, risk-based underwriting and ongoing risk management and to prevent mischaracterization, segmentation, or structuring designed to evade applicable underwriting, monitoring, or compliance requirements.

- Single business activity
    - Where a merchant engages in a single, clearly identifiable business activity (e.g., a restaurant), the merchant shall be classified, assigned an MCC, and underwritten based solely on that business activity, unless otherwise required by the applicable card brand rules.
- Multiple product/service or business activities
    - Where a merchant engages in multiple business activities or offers multiple products or services that could reasonably fall under more than one MCC, the merchant shall be classified, assigned an MCC, and underwritten based on the merchant's primary business activity and transaction model, as determined through risk-based analysis and consistent with applicable card brand rules.
- Prohibition on Structuring and Segmentation
    - WAS, ISOs, Third Parties, and Merchants are prohibited from segmenting, isolating, deferring, or otherwise structuring higher-risk products, services, or activities—whether across websites, domains, legal entities, transaction flows, or onboarding representations—for the purpose of:
        - qualifying for a lower-risk MCC,
        - reducing underwriting, monitoring, reserve, or compliance requirements, or
        - obtaining more favorable risk treatment.
    - Any such activity constitutes a material mischaracterization of the merchant's business and a violation of this policy.
- Ongoing Disclosure and Re-Underwriting
    - WAS, ISO, Third Parties and Merchants must promptly disclose any material changes to a Merchant's business model, products or services, sales or distribution channels, transaction types, or customer base.
    - Based on such changes, WNB may require, at any time, re-characterization, re-underwriting, additional risk controls, revised reserves, or risk re-tiering. Failure to timely disclose a material change constitutes a material violation of this policy.
- WAS and WNB Authority
    - WAS, ISO and Third Parties may recommend or designate a merchant's MCC in accordance with these standards; however, they may not characterize a merchant's business in a manner intended to reduce underwriting or risk requirements; override or "optimize" merchant descriptions to obtain less restrictive treatment; or proceed without WNB approval, where applicable.
    - WNB has final authority over merchant business characterization and MCC assignment. WNB may consider analysis or supporting information provided by WAS, ISO or Third Parties, but is not bound by such recommendation.
- Materiality and Enforcement

    - Intentional or negligent mischaracterization of a merchant's business activities for the purpose of avoiding or minimizing underwriting, monitoring, reserve, or compliance requirements shall be treated as a material policy violation. WNB may take corrective action, which may include, without limitation:
        - Re-underwriting;
        - Reserve or controls adjustments;
        - Merchant account suspension or termination; and
        - Escalation to senior management or the WAS and WNB board, as appropriate.
- Exceptions
    - Exceptions to MCC designation require WNB approval in accordance with WNB's exception governance process set forth herein and must include a risk-based rationale. Exception based solely on commercial urgency, speed-to-board considerations, or competitive pressures are prohibited.

Beneficial Ownership Requirement:
WNB is required to identify beneficial ownership by obtaining a certification from the individual opening the account on behalf of the legal entity customer during the application process. Beneficial ownership requires each individual to provide their full legal name, address, date of birth, social security number or ITIN (Non-US Persons), and government issued identification for the following individuals (i.e., the beneficial owners).

- A beneficial owner is defined as follows:
    - Each individual, if any, who directly or indirectly, owns 25% or more of the equity interest of a legal entity customer (i.e., ownership prong); **and**
    - A single individual with significant responsibility to control, manage, or direct the legal entity customer, including executive officer or senior manager; or any other individual who regularly performs similar functions (i.e., control prong).
    - If a trust owns directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, 25 percent or more of the equity interests of a legal entity customer, the beneficial owner is the trustee.
- Ownership is defined as follows:
    - Identify up to four with 25% or more is identified
    - Depending on the ownership of the legal entity, there may be zero and up to four individuals identified.
    - It is possible no beneficial owner with 25% or more is identified
    - If a trust owns 25% or more of the legal entity, the trustee must be named
    - If an exempt entity is an owner, not required to identify/verify natural persons behind entity
- Control is defined as:
    - Only required to identify one individual with significant responsibility to control, manage, or direct the legal entity customer.
        - Examples include Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, etc.

Know Your Business (KYB):
Fraud Risk:

- Steps taken to verify authenticity of Signer and Business
    - Any legal entity except for a sole proprietorship is required to provide a Federal Tax ID Number or proof of application for a Fed Tax ID (unless a sole member LLC)
    - Legal Name must be correctly stated on application
    - Sole Proprietorships must provide a Date of Birth and Social Security Number

    - SSN is verified through Credit Bureau Reports (Equifax, Transunion, or Experian). If additional verification is needed the Underwriting Analyst will verify the SSN in Lexis Nexis.
    - If SSN shows multiple matches on CBR, either a copy of the SSN card is required or SSN validation through Lexis Nexis required.
  - Signers and businesses are compared to the OFAC SDN list
  - Google Search is performed on business name
    - Review exact matches for consumer reviews, business profiles, complaints, etc.

Credit Risk:

- Determining Credit Worthiness
  - Credit Bureau Reports (CBR's) will be pulled on all applications unless otherwise indicated on the application and approved by WAS Underwriting. As an exception to CBR for an individual, WAS Underwriting retains the ability to leverage commercial credit products (e.g., Business Credit Report – PayNet, Experian, or Bureau van Dijk (A Moody's Credit Product)) to conduct KYB credit evaluations.
  - Merchant identity must be verified for protection by additional documentation/phone interview if any Fraud or Consumer Alerts appear on CBR
  - If a Corporation, Partnership or LLC merchant chooses not to sign the Personal Guaranty, a business credit report or business financials may be used in lieu of the PG. However, bankruptcies, tax liens, and federal judgments against the business may result in a decline by WNB.

Potential Exposure:

- WAS will review exposure by merchant and by third party on an ongoing basis to limit credit exposure. WAS may include the following factors in its analysis:
  - Due to volume, ticket size, credit scoring or processing method concerns, WAS management may request the following for approval consideration:
    - Current and Consecutive Processing Statements
    - Current personal or business financials (e.g., tax returns, balance sheet, and/or profit & loss statement)
    - Flat or Rolling Reserve, Escrow Agreement, Fixed Reserve, or Irrevocable Letter of Credit (ILOC) from an FDIC insured institution
  - WAS Management may require adjusted parameters upon onboarding, and will provide notification of such change to the merchant, as provided for in the merchant agreement:
    - Monthly Volume
    - Average Ticket
    - CNP to Card Present
    - Assumptions
    - Payment in Arrears
    - Additional conditions to approval as deemed necessary

VI. <u>Prohibited Business Types</u>

<u>Card Brand Prohibited Business Types *</u>

- Retail Merchants accepting Cash Advances (except EBT and DEBIT)
- Online Gaming/Internet Gambling (Regulation GG)
- Any illegal products or services

- Cyber Lockers/Online Digital Storage or any product or service that may be considered illegal including illegal downloads of movies, music, computer and video games or software
- Counterfeit pharmaceutical products
- Counterfeit tobacco products (e.g., cigarettes, cigars)
- Counterfeit designer goods (no replicas, copies, or fakes)
- Counterfeit Medical or Dental Devices
- Adult Content or any merchant type- Child pornography, bestiality, rape, or any other form of non-consensual sexual behavior, including but not limited to drugged, asleep, hypnotized, etc. and/or non-consensual mutilation of a person or body part
- Pornography depicting an individual being killed, i.e., “Snuff”, Child pornography or the illusion thereof
- Any content with Urination, Defecation, or Menstruation
  - Any merchant distributing or monetizing content that includes bodily functions or materials
- Collection Agencies (Accounts Receivable Merchants allowed- see Billing Merchant Addendum)
- “Bath Salts” Synthetic stimulants with psychoactive effects (Ivory Wave, Purple Wave, Vanilla Sky and Bliss)
- K2-psychoactive herbal and chemical product (referred to as “Spice” or “Kronic”)
- Modification Chips (mod chips are a small electronic device used to modify or disable built in restrictions and limitations on computers, specifically videogame consoles
- HD DVD and Blu-ray Decryption Devices (software developed to decrypt the Advanced Access Content System (AACS) on DVDs and Blu-ray discs).
- Salvia Divinorum-perennial herb in the mind family, ability to evoke hallucinogenic effects, common names are “Maria Pastora”, Sage of the Seers”, Diviner’s Sage”, “Salvia”, “sall-D”, and Magic Mint”
- Activities violating federal/state law or card-brand rules
- Unlicensed businesses where licensing is required
- Synthetic Designer Drug
  - Man-made chemical substance engineered to mimic the effects of an existing controlled drug
- Investment Opportunities or Stockbrokers – Unregulated Financial Institutions
  - Businesses that promote or facilitate investment programs, brokerage services, stock trading, asset management, or similar financial activities

***No Exceptions will be made for any merchant on the Card Brand Prohibited Business Types List**

<u>Visa VIRP (Visa Integrity Risk Program) and Mastercard Registration Program (MRP)</u>
ISO or Third Party must be pre-approved by WNB prior to boarding any merchant in any of the following VIRP or MRP verticals. The ISO and Third Party must present a clear business case demonstrating expertise in the applicable business vertical, evidence of robust due diligence at onboarding and throughout the full merchant lifecycle, in a manner acceptable to WNB and compliant with card brand requirements.

- VIRP or MRP Tier 1
  - 5122, 5912 - Pharmacies (card not Present)
  - 5967, 7841 – Adult Content and DVD/Video Stores (card not present)
  - 7273 – Dating and Escort Services (card not present)
  - 7994, 7995, 7800, 7801, 7802 – Gambling (card not present), including betting, lottery, casino, gaming chips, Off-Track Betting, Wagers at racetracks, games of skill and games of chance to win prizes of monetary value
- VIRP or MRP Tier 2

- 6012, 6051 – Crypto Merchants, including exchanges, wallet providers or on-ramp providers providing payment services
    - 4816 – Cyberlockers and similar remote digital file-sharing services
    - 5816 - Games of Skill
- VIRP or MRP Tier 3
    - 5968 – Subscription and Negative Option Billing (card not present)
    - 5993 - Tobacco Sales (card not present)
    - 5966 - Outbound Telemarketing
    - 6211 - Security Brokers, Dealers and high-risk securities

WAS and any ISO or Third Party that WNB approves to board merchants in any of the VIRP or MRP verticals are required to follow the card brand requirements as amended from time to time and the enhanced due diligence requirements as set forth in the applicable addendums. Failure to follow requirements may result in suspension of acceptance of these merchant types for WAS, ISO or Third Party, as determined by WNB.

Prohibited Business Types by WNB

Business types designated as prohibited by WNB may not be approved while WAS operates under WNB sponsorship without WNB's prior written approval, notwithstanding WAS internal approval authority. Nothing in this Policy shall be construed to permit WAS to unilaterally approve merchants that would expose the acquiring sponsor to card-brand violations, reputational risk, or regulatory liability. Any exception requests submitted for WNB approval should include enhanced due diligence in the underwriting review process.

- Any Cannabis or Marijuana Related Business
    - Any business involved in the sale, distribution, manufacturing, promotion, or ancillary support of cannabis, marijuana, THC, CBD above the legal threshold, or related paraphernalia. This includes direct and indirect involvement, regardless of varying state laws
- Penny Auction or any other non-face to face Auction/Bidding type business
    - Online platforms where customers purchase bidding credits to participate in auctions, often at a low entry price
- Potentially Psychoactive Herbal Products (i.e., Kava, Kratom, etc.)
    - Merchants selling plant-based substances known or suspected to have psychoactive or mood-altering effects, including Kava, Kratom, and similar herbal supplements
- Money Services Business or related (e.g., Check Cashing, Payday Loan Services, Money Transmitters, Money Orders, Wire Transfer)
    - Businesses offering financial services such as check cashing, payday loans, money transmission, money orders, currency exchange, or wire transfers.
- Merchants physically located outside of the U.S. (to include any U.S. territories)
    - Any merchant whose primary operations, fulfillment, business registration, or service delivery occurs outside the United States or its territories
- Credit Restoration (repair) or Counseling, Loan Modifications, Credit Card Protection, Foreclosure Protection
    - Merchants offering credit repair, credit counseling, debt negotiation, loan modification assistance, foreclosure prevention, or credit card protection services
- "Free Offer" Inducement Businesses
    - Merchants using "free trial," "free sample," or similar inducements tied to recurring billing or upsells
- Pay by the Minute or blocks
    - Merchants charging customers based on time increments rather than fixed pricing
- Factoring Organizations

    - Businesses purchasing accounts receivable or future income streams at a discount
- Replica-Designer Name Products
    - Merchants selling imitation or look-alike products resembling branded goods
- Adult Content
    - Businesses distributing or monetizing content intended for adults only
- Fortune Telling, Psychic Services, Horoscopes (monthly membership only & no pay by min/blocks)
    - Merchants providing psychic readings or similar
- Smoke Shops card not present (e.g., Traditional Tobacco/Cigar, Vape, Head Shop)
    - Retailers whose primary business involves selling tobacco, cigars, vaping devices, e-liquids, glass pipes, or other smoking-related paraphernalia, including products typically sold in head shops.
- Companion/Escort Services
    - Businesses offering companionship-based arrangements
    - Services that connect users for relationships or social interaction
- Drug Paraphernalia
    - Merchants selling items commonly used to consume or prepare controlled substances
- Cryptocurrency (Digital/Virtual Currencies) – Sales/Exchanges
    - Businesses involved in buying, selling, exchanging, or facilitating transactions in digital currencies
- Merchants selling intangible products/goods-business opportunities, prize giveaways, etc.
    - Businesses that sell non-physical items such as business opportunities, prize entries, digital promises, or services with no deliverable product.
- Teeth Whitening products/kits (card not present Only)
    - Merchants selling at-home teeth whitening products or kits through non-face-to-face channels (e-commerce, phone orders, online funnels)
- Currency/Commodity Exchange
    - Businesses engaged in exchanging foreign or digital currency, precious metals, or commodities, either physically or electronically
- Business Opportunities or Coaching – How to make a Profit, How to Start a Business, How to get an Education, Get Rich Quick Schemes, Pyramid Schemes, etc.
    - Merchants selling programs or services that claim to teach customers how to earn profits, start a business, obtain education, create income, or otherwise achieve financial gain
- Merchants offering credit repair, credit counseling, debt negotiation, loan modification assistance, foreclosure prevention, or credit card protection services
- Extended Warranty
    - Businesses selling third-party warranty products or service plans for electronics, appliances, vehicles, or other consumer goods
- Timeshare Relief
    - Businesses offering services to exit, cancel, negotiate, or modify timeshare agreements
- Finance/Lending (excluding in-house auto)
    - Businesses that offer loans, advances, factoring, or financing products to consumers or other businesses—other than traditional inhouse auto dealership financing
- Debt Settlement Companies/Debt Consolidation
    - Businesses that negotiate, settle, or restructure consumer debt on behalf of customers, or those that consolidate multiple debts into a single payment arrangement
- Web Hosting, Web Page Storage or File Sharing
    - Companies that host websites, store digital content, or provide online file-sharing or cloud-storage services

- Aggregators or Merchant of Record Models
    - Third party service that enables businesses to accept card and digital payments without establishing a dedicated, individual merchant account with a bank.
- Internet Payment Service Provider (IPSP's)/Accumulators
    - Third party entity that enables e-commerce merchants to accept credit card payments without needing to establish a dedicated, direct merchant account with an acquiring bank.
- Third-Party Processors
    - Service provider that enables businesses to accept credit cards, debit cards, and other electronic payments without opening their own merchant account. TPPs act as intermediaries, conducting payment through their own merchant account.
- Lifetime Product or Service
    - Any business offering a "lifetime access," "lifetime warranty," or "lifetime membership" model
- Door-to-Door Sales
    - Merchants primarily selling goods or services through in-person solicitation at residences
- Prepaid Cards
    - Businesses selling or distributing stored-value cards not issued by regulated financial institutions
- Charities through a Telemarketer
    - Fundraising organizations using third-party telemarketing firms to solicit donations
- Scholarship Research Companies
    - Businesses selling access to scholarship databases or financial aid search tools
- Telephone Consultation Services
    - Merchants offering paid advice or information sessions conducted by phone
- Work from Home Programs
    - Businesses selling earning opportunities, home-based job systems, or income-generation tools
- Payment Facilitators
    - Third party service that simplifies payment processing for businesses by letting them accept electronic payments under a single master MID
- Calling Card Sales
    - Merchants selling long-distance calling cards or prepaid phone credits
- Live Content (due to monitoring issue – Exceptions must be documented and outlined)
    - Businesses streaming real-time content where the merchant cannot fully control or monitor user behavior
- Affiliate Marketing
    - Businesses whose primary revenue comes from commission for referring traffic or customers to third-party offers
- Third Party Sales (Product/Service not owned by merchant of record)
    - Merchants selling goods or services they do not own or control
- Card Not Present Tech Support
    - Remote technical support services provided via phone or online channels
- Infomercials
    - Merchants selling products primarily through long-form TV or online promotional segments
- Seminars
    - Businesses selling admission to educational or motivational seminars
- Nutritional Supplements/Nutraceuticals – Negative Option or Trial Offers (straight sale is permitted)

    - Merchants selling supplements, enhancements, peptides, or similar ingestible products online.
- ID Theft Protection
    - Merchants offering services to monitor, prevent, or resolve identity theft
- Outbound Telemarketing
    - Businesses using outbound calls to sell goods or services
- Airlines
    - Merchants selling commercial air travel
- Cruise Lines
    - Businesses selling ocean or river cruise travel
- Search Engine Optimization
    - Merchants selling online visibility or ranking services
- Sports Forecasting (Information only – how to- no bet placement)
    - Businesses selling predictions, analysis, or informational content about sporting events
- Discount Membership Organizations (only for acceptable products and services including travel discounts)
    - Subscription services offering discounts on approved products or services, including travel
- Lead Generation Services
    - Businesses collecting consumer information and selling or distributing leads to third parties
- Adult Video Rentals (card not present)
    - Merchants offering rental access to adult-restricted video content in a non-face-to-face environment
- Bounty Hunters
    - Businesses providing fugitive recovery or bail enforcement services
- International Vehicle/Vehicle Parts Sales (including Heavy Equipment)
    - Merchants selling vehicles or parts cross-border
- Foreign Embassies or Consulates
    - Governmental foreign offices conducting transactions
- Document Preparation Services (excluding paralegal, tax preparer services)
    - Businesses offering document drafting or completion services without professional licensure
- Nonbank Financial Institutions (NBFI")
    - Entities providing financial services outside the traditional banking system, such as lenders, finance companies, or payment providers
- Barter Type Merchants
    - Businesses conducting trade through non-cash exchanges of goods or services
- Artificial Intelligence (AI)- due to the learning behavior, output results and consumer dissatisfaction
    - Businesses whose product output is AI-generated content or decisions
- Pawnbrokers/Pawnshops
    - Businesses that lend money at interest in exchange for personal property pledged as collateral, with the right to sell the property if the borrower fails to repay the loan within the agreed-upon period
- Tax Relief/Penalty Reduction
    - Businesses that help individuals or businesses resolve issues with the IRS and reduce the amount they owe and reduce the amount they owe through legal, regulatory, or negotiated strategies.

VII. <u>Limited Business Types</u>

Limited Business Types require enhanced due diligence. WAS has the ability to alter/adjust revenue share based on business type category. Additional documentation will be required for any business requiring enhanced due diligence. Additional restrictions related to processing parameters and/or the method of payment acceptance may also apply.

- Future Delivery of Product or Services beyond 1 year or services with extended delivery up to 1 year
  - Merchants selling products or services that will not be delivered for more than one year after purchase
- Multi-Level Marketing (Established Business Brands with Strong Business History)
  - Businesses that use a tiered compensation model where participants earn income from both their own sales and the sales of individuals they recruit into the organization
  - Due to the inability to effectively monitor risk, multi-level marketing merchants that are not an Established Business Brand and do not have a Strong Business History will not be considered for approval with WNB. There is high customer dissatisfaction and a high probability of business failure. For purposes of this policy, (i) “Established Business Brand” means a nationally or internationally recognized MLM company with centralized corporate operations, standardized products and policies, and a demonstrated record of compliance with card-brand, regulatory, and consumer protection requirements, and (ii) “Strong Business History” means a minimum of one (1) year of continuous operations with verifiable processing history, stable volumes, acceptable chargebacks and return ratios, and financial statements that support ongoing business viability.
- Travel Agencies/Travel Clubs – (fees or purchasing access to discount travel clubs but not the purchase of the actual travel)
  - Businesses charging fees for travel planning, access to travel discounts, or membership-based travel benefits, but not the actual purchase of travel
- Insurance Sales and Premiums
  - Businesses selling or billing for insurance policies, insurance services, or premium payments
- In House finance for Auto Dealers Only
  - Auto dealerships that offer their own financing directly to customers
- Freight Forwarders including local and long distance moving companies (Must be U.S. based only – No International Shipping)
  - A freight forwarder is a third-party logistics agent that acts as an intermediary, organizing the international or domestic transportation of goods on behalf of shippers.
- Ticket Agencies (if owned by venue and the merchant of record)
  - Ticket sellers are allowed only when the merchant is the venue owner and the official merchant of record
- Brokerage of any kind (fee only)
  - Merchants charging fees to act as intermediaries between buyers and sellers in transactions such as real estate, vehicles, or services
- Gift Certificate (not allowed if for more than 5 years – Must be Merchant Branded Only)
  - Gift certificates or gift cards sold by merchants must expire within five years and be branded exclusively to the merchant
- Subscriptions/ Memberships (No startup businesses)
  - Merchants offering recurring monthly billing for memberships or subscriptions
  - *Allowable for merchants taking monthly payments with average tickets not to exceed $500*
- Foreign Card sales more than 15% of the total Visa/MasterCard/Discover sales volume
  - Merchants may accept foreign-issued cards only if they remain under 15% of total Visa/Mastercard/Discover monthly sales

    - Due to the inability to perform verifications on foreign cards, WNB restricts foreign card sales volume to 15% of the merchant's total sales. *Some exceptions are made for Canada, some European countries, and Japan when AVS is performed and the merchant only ships to an exact match*
- Proprietary or Downloadable Software
    - Merchants selling software that must be downloaded, installed, or accessed through proprietary licensing
- Employment Agencies
    - Businesses that recruit, place, or refer individuals for employment opportunities
- Consulting (Consulting activity for business must be not sit within a Prohibited or Limited business type. If activity licensed, proof is mandatory)
    - Merchants providing business or professional consulting
- Timeshare Advertisement (no relief, cannot be part of sales)
    - Merchants advertising timeshares only, without offering cancellation, relief, or exit services
- Leasing (Includes both properties owned by merchant, and properties owned by client of merchant)
    - Businesses leasing property, equipment, furniture or goods they do not own directly
- Firearm Sales (requires attestation for card not present) – must have a serial number for product and CNP must be shipped to an FFL Dealer. Must be legal with all local, state and federal laws and assigned the required MCC.
    - Merchants selling firearms or serialized firearm components

Additional Documentation & Requirements:

- All regular due diligence required as outlined in Policy
- 3 - 6 Months of current and consecutive processing statements with averaging requested volume
- Acceptable (under 3%) return ratio to sales count and volume
    - If the return rate exceeds 3% but remains below 5%, Underwriting may approve the account; however, it must evaluate and document the underlying factors of the returns, including whether they indicate issues with the product or service. This assessment must be clearly reflected in the approval rationale.
- Acceptable chargeback ratio (under 1%) to sales count and volume and total chargeback count is less than 50.

At Credit Analyst's discretion, additional statements and/or financials may be required.

Vertical	***Requirements & Restrictions***	***Additional Documentation Requirements***	***Limited Business Type***
Employment Agencies	No pre-pay by cardholder No volume min Min 1 year in business Reserve may be required	Financials required for volume >$50K 6 months of processing statements	Limited (EDD)
Proprietary/Downloadable Software	Min volume $25K Min 1 year in business Reserve may be required	Financials required 6 months of processing statements	Limited (EDD)
Brokerage (e.g., Mortgage, Real Estate Etc.)	Fees for services only No volume min Min 1 year in business Reserve may be required	6 months of processing statements Financials required for volume >$50K	Limited (EDD)

Future Delivery/Extended Services	Product/Services not to extend greater than 1 year No volume min Min 1 year in business Reserves may be required	6 months of processing statements Financials required for volume >$50K Copy of customer contract required	Limited (EDD)
CNP Gift Certificates	Merchant branded only No resale of gift certificates Not permitted for balances that extend > 5 years No volume min	6 months of processing statements Financials required for volume >$50K	Limited (EDD)
CNP Foreign card sales >15% of sales volume	Permittable for merchant operating with full AVS & ship to exact match Min volume $50K Min 1 year in business Reserves may be required	6 months of processing statements Financials may be required for volumes $50K-$100K & required for volumes >$100K.	Limited (EDD)
Multi-Level Marketing	Will only accept brand name MLM's (i.e. Avon, Mary Kay, Scentsy) Dietary Supplement Models not permitted Min volume $50K Min 1 year in business Reserves may be required	6 months of processing statements Financials required	Limited (EDD)
Subscription / Memberships *excludes average tickets <$500	Min 1 year in business Reserves may be required	6 months of processing statements Financials may be required for volumes $50K-$100K & required for volumes >$100K.	Limited (EDD)
Timeshare Advertisement	No volume min Min 1 year in business No timeshare relief / sales Reserve may be required	Financials required for volume >$100K Copy of customer contract required 3 months of current & consecutive processing statements Acceptable Chargeback & Return Ratios	Limited (EDD)
Ticket Agencies	Card not present only No volume min Min 1 year in business Reserve may be required	3 months of current & consecutive processing statements Acceptable Chargeback & Return Ratios Financials required for volume >$50K	Limited (EDD)
Finance	In-house finance for auto dealers only Min volume $25K Min 1 year in business Reserve may be required	3 months of current & consecutive processing statements Acceptable Chargeback & Return Ratios Financials required for volume >$100K Copy of sales contract with terms of repayment may be requested	Limited (EDD)
Consulting	Consulting activity must not sit within Prohibited business type If consulting activity is licensed, evidence of licensing must be provided No volume min Min 1 year in business Reserve may be required	3 months of current & consecutive processing statements Acceptable Chargeback & Return Ratios Consult license (if applicable) Financials required for volume >$50K	Limited (EDD)
Leasing	Includes both properties owned by merchant, and properties owned by client of merchant No volume min Min 1 year in business Reserve may be required	3 months of current & consecutive processing statements Acceptable Chargeback & Return Ratios Financials required for volume >$50K	Limited (EDD)
Travel Agencies & Travel Clubs	Travel Agency (fees only) Travel Clubs (purchase of access to discount club)	3 months of current & consecutive processing statements Acceptable Chargeback & Return Ratios	Limited (EDD)

	Neither vertical should include actual purchase of ticketed travel Min volume $100K Min 1 year in business Reserve may be required	Financials required Travel Club – Requires contract outlining terms of service & refund policy	
Freight Forwarders (Local and Long Distance)	U.S. HQ operations only No volume min Min 1 year in business Reserve may be required No International Shipping	3 months of current & consecutive processing statements Acceptable Chargeback & Return Ratios Financials required for volume >$50K Copy of freight contract	Limited (EDD)
Firearms Sales (must have a serial number for product and CNP must be shipped to an FFL dealer. Must be legal with all local, state and federal laws and assigned the required MCC	No illegal alterations No volume min Min 1 year in business Dealer license required Attestation Form required for CNP Reserve may be required	3 months of current & consecutive processing statements Acceptable Chargeback & Return Ratios Financials may be required for volumes $50K-$100K & required for volumes >$100K.	Limited (EDD)
Insurance Sales and Premiums	Min 1 year in business Reserve may be required Min $100K monthly volume Max 1 year advance payments May not be on MATCH May require merchant on RDR and collaboration program	6 months of current & consecutive processing statements Acceptable Chargeback & Return Ratios Financials must support advance payments	Limited (EDD)

Along with normal boarding requirements, the following guidelines must be adhered to, where applicable:
Obtain scripts

- For merchants that engage in inbound or outbound sales or marketing via telephone, a review must be completed to evaluate the sales practices of merchants. Determine if scripts would be considered unfair or deceiving. Determine if scripts would be considered unfair or deceiving. Determine if cost, quantity, and any continuity plan is clear and concise. Obtain shipping, return, out of stock and cancellation procedures. All scripts and websites should be reviewed by legal to ensure compliance with all Telemarketing Regulations.

Obtain contracts merchant uses with its customers

- Determine what type of product or service is being provided and verify that it reflects the terms of the contract
- If the merchant uses a Fulfillment House, obtain a copy of the contract. Review procedures including shipping, return and out of stock procedures to ensure compliance with the Telemarketing Regulations.

Obtain credit reports on principals

- Evaluate to determine whether the principals have substantial debts, serious delinquencies or are considered high risk for fraud.

Review of consumer websites including but not limited to the BBB and Attorney General sites

- Review to determine whether any action is being taken by any Attorney General. This may lead to action by FTC.

Application for additional merchant accounts should include the following:

- A full due diligence review must be completed. The additional volume must be weighed according to the current underwriting policies and guidelines.
- Evaluate the purpose of an additional merchant account. The effect of “splitting volume” must be considered.

Credit and Underwriting Policy Addendum - Controlled Business Types

Controlled Business Types with Enhanced Due Diligence

These merchant categories identify significant inherent risk, including but not limited to increased elevated chargeback exposure, fraud risk, regulatory sensitivity, loss exposure, card-brand compliance risk and potential non-compliance assessments. These merchants require enhanced underwriting reviews, ongoing enhanced monitoring and reporting. These may be subject to restrictions, reserves, or additional approval requirements in accordance with this Policy. Onboarding of Controlled Business Types is permitted only for ISOs or Third Parties that are approved for such activity at WNB's discretion. Any ISO or Third Party approved by WNB to board merchants participating in VIRP, MRP, or any Controlled vertical, must comply with all applicable card-brand requirements and rules, as amended from time to time. Failure to adhere to these requirements, maintain compliance with Card Brand Rules, or comply with applicable local, state, or federal laws may result in suspension of these merchant types and may lead to assessments and/or termination.

- VIRP or MRP Tier 1
    - 5122, 5912 – Pharmacies (card not present)
    - 7273 – Dating (card not present)
        - A dating merchant provides services involving real individuals, facilitating authentic interactions with the intent of forming relationships that may extend offline. The service must not involve automated or operator-controlled interactions, fictional personas, models, or misrepresented participants. Additionally, prohibited activities include the use of bots, artificial profiles, scripted communications, block payment structures, adult or suggestive adult content or any association with escort services.

- VIRP or MRP Tier 3
    - 5968 – Subscription (card not present) – No negative option allowed
- Direct Marketing and Affiliate Marketing Merchant Types (Straight Sale only)
- 7994, 7995, 7800, 7801, 7802 – Gambling (card not present), including betting, lottery, casino, gaming chips, Off-Track Betting, Wagers at race tracks, games of skill and games of chance to win prizes of monetary value*
    - 5816 - Games of Skill*

    ***Pending approval from WAS and WNB Board**

Documentation and Requirements:

- All regular documentation and due diligence required as outlined in this Policy
- Advanced Payments - financials may be required and must support advance payments
- Acceptable (under 3%) Return Ratio to Sales Count and Volume
    - If the return rate exceeds 3% but remains below 5%, Underwriting may approve the account; however, it must evaluate and document the underlying drivers of the returns, including whether they indicate issues with the product or service. This assessment must be clearly reflected in the approval rationale.
- Acceptable Chargeback Ratio (under 1%) to Sales Count and Volume. If ratio is over 1% on either sales count or volume, the merchant is acceptable if there are fewer than 50 total chargebacks.
- High-Risk Addendum (VIRP and MRP card brand registration as amended from time to time)
- Rolling Reserve Agreement (may be required)

- CRM Agreement with merchants selected CRM (CRM must also be registered with Card Brands), if applicable
    - ISO must perform reference checks and due diligence at boarding and annually when periodic reviews are completed.
- Fulfillment House Agreement w/Merchant, if applicable
    - ISO must perform reference checks and due diligence at boarding and annually when periodic reviews are completed.
- Call Center Agreement w/Merchant, if applicable
    - ISO must perform reference checks and due diligence at boarding and annually when periodic reviews are completed.
- Content Review, if applicable
    - Content review must confirm that there is not any activity that is consistent with activity for another merchant type (causing merchant misclassification), Prohibited by Card Brands (which would require immediate closure), or Prohibited by WNB (which would require immediate closure).
- Pharmacies (card not present) must have Legit Scripts or National Association of Boards of Pharmacy (NABP) accredited certification. With either certification, Visa does not require VIRP registration. Mastercard requires registration. These merchants must be monitored and their compliance status reported monthly on the WAS board reporting.
    - <u>Additional Documentation and Requirements:</u>
    - Merchants must be established for at least two years
    - Most recent fiscal year financials
    - 6 months of the most recent processing statements
    - No trial
    - Verification that merchant controls ensure that no shipments are made outside of the United States.