

Important Operating Procedure Updates

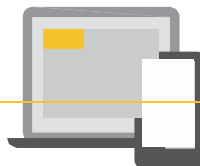
At Synchrony, we want to make it easy for you to use your financing program. Below we have outlined the upgrades to our operating procedures so you can quickly see and implement what's changed.

Please review the document in its entirety and share with your team, so everyone is knowledgeable and prepared to offer financing effectively and compliantly.

What's Been Updated:

PAGE 7

Program Management – Synchrony HOME™ and Synchrony Car Care™ Networks.



Access Operating Procedures on
synchronybusiness.com and synchronywelcome.com.

**PRIVATE LABEL CREDIT CARD PROGRAM
OPERATING PROCEDURES**

EFFECTIVE DATE

05/01/2019

Synchrony

TABLE OF CONTENTS

I.	Introduction	4
	a. Contact Information	5
	Program Management - General	6
	Program Management – Home™ and Car Care™	7
II.	Procedures	8
	a. Associate Credit Training	8
	b. Credit Advertising/Marketing	8
	c. Application Processing	9
	a. Offering Credit	9
	b. Disclosures	9
	c. Retention Requirements	10
	d. Applicant Eligibility	10
	e. Account Structure	11
	f. Consumer Identification	11
	g. Identification Requirements	12
	h. Reviewing & Recording Identification	12
	i. Acceptable Forms of Identification	13
	j. Reasons Identification Becomes Invalid	14
	k. Power of Attorney	14
	l. Application Information	14
	m. Application Channels	15
	n. In-Store	15
	o. Pin Pad Apply	15
	p. Kiosk	16
	q. Business Center/CCPro & Terminal	16
	r. Internet (mobile device or computer)	16
	s. Telephone Processing	16
	t. Phone Client (Direct to Synchrony Bank)	17
	u. Outside of Store Solicitation	17
	v. Quickscreen (Pre-screen of One)	18
	w. Application Decisions	19
	x. Credit Limit Increases	19
	y. Downtime Application Procedures	19
	z. Employee Incentive (SPIFF)	20
	aa. Fraudulent Application Policy	20

d. Transaction Processing	21
a. Requirements	21
b. Offering Special Financing	22
c. Special Financing Disclosures	22
d. Purchase Corrections	22
e. Electronic Advance Promotional Disclosures	23
f. Retention Requirements	23
g. Account Access	23
h. Pin Pad Transaction	23
i. Unauthorized Fees	24
j. First Purchase Discount	24
k. Temporary Shopping Pass	24
l. Voided Authorizations	24
m. Card Not Present/Keyed Transactions /In-Store Pickup	25
n. Card Not Present (Mail/Telephone)	25
o. Card Not Present (In-Store)	25
p. Consumer Not Present	25
q. Returns	26
r. Account Truncation	26
s. Customer Not Physically Present with Merchandise Delivery	26
IV. Consumer Service	27
a. In-store Cardholder Servicing	27
b. Escalations	27
c. Payments	27
d. Consumer Account Servicing	28
e. Lost or Stolen Cards	29
f. Employee Eligibility	29

I. Introduction

These Credit Program Operating Procedures are provided by Synchrony Bank and will serve as a reference guide to effectively administer the Synchrony Bank credit card program.

Throughout these Operating Procedures each card(s) will be referred to as the Retailer credit card(s). In this document, each card(s) will be referred to as the Retailers credit card(s). Retailer will be referred to “Client” and “Synchrony Bank” will be referred to as “Bank” throughout this document. The Operating Procedures supplement the Program Agreement between you (“Retailer”) and Synchrony Bank. The Program Agreement will control to the extent that there are discrepancies between these Operating Procedures and the Program Agreement.

Definitions

Consumer: a person who could use Bank financing products

Customer: a person or business that who has been approved to use Bank financing products

Third-party Vendor: A separate individual or organization that is providing services to the client that may be responsible for fulfilling Retailer’s obligations under that program.

Synchrony Bank Contact Information

Synchrony Bank Contact	Phone Number	Hours of Operation
Store Service Lines: Retail Outdoor Power Equipment Home Specialty	1-800-333-1082 1-877-856-8733 1-888-222-2176	Monday thru Saturday from 7:30am EST until 12:00am EST Sunday from 11:00am EST until 9:00pm EST
Consumer Service	1-866-396-8254	Monday thru Sunday from 7:30am EST until 12:00am EST

Key Mailing Addresses

Mailing Address for Cardholder Payments: Synchrony Bank PO Box 960061 Orlando, FL 32896-0061	Overnight Address for Cardholder Payments: Synchrony Bank 140 Wekiva Springs Road Longwood, FL 32779-3604
General Consumer Correspondence: Synchrony Bank PO Box 965033 Orlando, FL 32896-5033	Fair Credit Billing Inquiries (Questions about a bill): Synchrony Bank C/O Disputes PO Box 965035 Orlando, FL 32896-5035
Mailing address for processed new account applications (if BRE envelopes not used): Synchrony Bank PO Box 628406 Orlando, FL 32862	

Consumer Online

Internet Consumer Service	https://www.mysynchrony.com/account.html
---------------------------	---

PROGRAM MANAGEMENT - General

Synchrony Bank and its Credit programs must operate in adherence to applicable law and regulatory requirements including those noted in this Operating Procedures. All bank and retailer procedures, operations and employee training related to the Retailer credit program must comply and reinforce these requirements.

The credit program must be offered to consumers in a fair and consistent manner. Store management must ensure employees do not discourage anyone from submitting an application, either through oral statements, body language, delays or discourtesy and employees must be provided training informing them of this requirement. Employees must provide a consistent level of service in responding to questions from consumers about the availability of credit and/or assistance with completing the application.

Procedures, practices, and materials relating to the administration and execution of the credit program must be designed to provide consumers with consistent and clear information about the terms and conditions of the Synchrony Bank credit card. Misrepresentation or inadequate disclosures of material terms could mislead a consumer and be determined to be a deceptive practice.

As part of Synchrony Bank's on-going review of the program, process and system surveillance and/or mystery shopping may be conducted.

Retailers may engage third party vendors to perform services that are subject to laws and regulations. Prior to engaging any Third Party Vendor, Retailer will use commercially reasonable efforts to notify Synchrony Bank of its intention to engage such Third Party Vendor (other than individual independent sales contractors) and require that such Third Party Vendor has sufficient controls in place to comply with program requirements.

Retailer will require that the employees of such Third Party Vendor who will be responsible for fulfilling Retailer's obligations under the program have been trained sufficiently so as to be able to properly fulfill Retailer's responsibilities. Synchrony will periodically review Retailer engagement of third parties to ensure compliance with training obligations.

PROGRAM MANAGEMENT - HOME™ and Car Care™ Networks

Participation in Synchrony HOME™ and Synchrony Car Care™ Networks. Cards issued in conjunction with the Synchrony HOME and Synchrony Car Care networks can be used as private label cards and as category specific world cards issued by Bank and usable over the Discover network. While Synchrony HOME/Synchrony Car Care cards are usable over the Discover network, Retailers will need to treat Synchrony HOME/Synchrony Car Care cards as private label transactions (e.g., run the transactions through Bank's Business Center or other Bank-specific processing method). If a Synchrony HOME/Synchrony Car Care card is processed as a bankcard over the Discover network, the consumer may not receive the correct promotional offer and the retailer (1) will be subject to both an interchange fee charged by Discover Financial Services and a merchant/promotional fee charged by Bank, and (2) may also be responsible for consumer remediation costs.

As a reminder, Retailers need to establish and maintain appropriate administrative, technical and physical safeguards to protect the security, confidentiality and integrity of Accountholder Information. With respect to Synchrony HOME and Synchrony Car Care Accounts, this could require being in compliance with the latest version of PCI Data Security Standards issued by the PCI Security Standards Council. Retailers should make sure to treat Account Information securely. For Retailers that use a Synchrony-hosted processing solution, such as business center, Bank will take appropriate measures to protect Account Information once the Account Information has been transmitted to Bank. Retailers, especially those using an integrated point of sale process, should make sure that they do not maintain unmasked or unencrypted Account Information after a transaction is completed.

II. PROCEDURES

Associate Credit Training:

All employees who are involved with the Credit program, including store associates, cashiers and management, must receive training about the credit program which includes:

- Operational instructions for processing applications and sales transactions, including disclosure requirements for all application channels offered in-store.
- Product knowledge of the Credit program including the credit benefits, special financing offers and rewards and/or loyalty programs.
- How to offer credit compliantly. This training must provide guidance on how to offer credit with respect to consumer protection and regulatory expectations, including, but not limited to, Privacy in compliance with the Fair Lending, Graham-Leach-Bliley Act, UDAAP (Unfair, Deceptive, or Abusive Acts and Practices), Patriot Act, Bank Secrecy Act, Truth-in-Lending Act, Regulation B/ECOA, and Regulation Z.
- But not limited to, Fair Lending, Graham-Leach-Bliley Act, UDAAP (Unfair, Deceptive, or Abusive Acts and Practices), Patriot Act, Card Act, Truth-in-Lending Act, Regulation B, Regulation C and Regulation Z.
- Retraining as needed based on changes above, consumer feedback and escalated complaints.

Training documentation should be reviewed and approved no less than every 18 months for accuracy by the Retailer and Synchrony Bank. Synchrony Bank will provide standard training materials to Retailer to assist in training development and delivery.

Retailer must take reasonable actions to validate that Credit program training is being delivered to all consumer-facing associates and be prepared to share with Synchrony Bank any reporting that is reasonably requested by Synchrony Bank regarding training.

Credit Advertising/Marketing:

Marketing of the Retailer Credit program, including program features and benefits, via any channel (such as print, radio, television, website, signage, emails, direct mail, social media and point of purchase, etc.) is subject to laws and regulations governing the advertising of consumer finance. Retailer will ensure that credit-related advertising and other disclosures or processes applicable to the program created by Retailer comply with all applicable law.

Retailer will follow Synchrony Bank approved advertising, templates, and other disclosures or processes in the manner directed by Synchrony Bank in creating or distributing advertising

about the credit program. All materials referencing the credit program created by Retailer may be subject to review by Synchrony Bank. Retailer will also work with Synchrony to resolve any identified issues or concerns regarding Retailer's advertising of the program.

Refer to Synchrony Bank Advertising Guidelines or Marketing Templates for further guidance, which can be found at:

www.SynchronyBusiness.com/AdvertisingCenter

When developing marketing campaigns, avoid exclusions in marketing selection files for any credit offers. Marketing techniques that exclude any groups on a prohibited basis bring Fair Lending risk.

Application Processing:

Offering Credit:

All consumers/business entities should be offered to apply for credit without regard to any basis prohibited by law. In addition, credit related activities cannot be conducted in an unfair, deceptive, or abusive manner. Discussions about the Retailer Credit program, including the offering of credit card applications, must be conducted in the same language as the account opening terms and conditions.

When a store associate is completing a credit card application via an interview style, all fields must be requested, even those that are not required. However, if a field is marked optional, such as email address, the store associate must not require that the consumer provide that information.

All completed consumer credit card applications must be submitted to Synchrony Bank for processing. System edits that can prevent an application from reaching Synchrony Bank are prohibited. (Applications are considered "completed" if the consumer has provided their name, address, Social Security Number/Taxpayer Identification Number or equivalent, date of birth, and income).

If systemic messages are provided to associates during the application process to contact Synchrony Bank, associates are required to comply with these instructions.

Consumers must understand that the account they are applying for is a credit card.

Disclosures:

The Truth in Lending Act and Regulation Z govern the disclosure of certain credit term disclosures to consumers. Regulations require that consumers receive and review the most recent version of the Synchrony Bank account opening disclosures, including Synchrony Bank's

privacy policy, in writing prior to the first transaction with their Synchrony Bank credit card. Consumers must receive and be given the opportunity to review the account opening disclosures prior to submitting the credit card application.

If an electronic process is being used to capture the application, the consumer should confirm they have received the account opening disclosures before the process will allow the consumer to go forward with completing the applications. The consumer's consent to submit the application should be captured either via a signature on a paper application or via an electronic method, such as confirmations by pressing a "submit" button to electronic signature on a pin pad. Images of any pin pad or electronic screens used during the application process must be provided to Synchrony Bank for approval and Synchrony Bank must approve any changes to such screens.

Out of date versions of the application and account opening disclosures cannot be used. Photocopies of current application and account opening disclosures cannot be used unless previously approved in advance by Synchrony Bank. A reliable process must be in place to replace all outdated applications and/account opening disclosures at the prescribed date and time as directed by Synchrony Bank. Confirmation of this swap out of account opening disclosures must be provided to Synchrony Bank. This Process must be followed for all application channels controlled by the client.

Retention Requirements:

Unless arrangements have been made to mail completed paper applications to Synchrony Bank on a regular basis, credit applications must be retained for no less than 25 months in a secure location and thereafter continuously, unless after retaining the documents for the 25 month period Retailer offers to ship the documents to Bank or Bank authorizes Retailer to destroy them instead.

If Retailer collects application data or signatures in a paperless manner they must be able to reproduce screen shots of any application materials presented to the consumer electronically and the time frames for which they were used.

Applicant Eligibility:

Consumers applying for the Synchrony Bank credit card must be at least 18 years old and also have the following:

- Name of applicant(s)
- A current U.S. address, including all territories and military APOs. – physical street address required.

- If program allows for cross-border, a Canadian address is acceptable.
- Customers who only have a P.O. Box address can apply but further information will be requested by Synchrony Bank to complete the application.
- A valid government identification matching the name of the consumer
- A U.S. Social Security number (US-SSN), Canadian SIN (Social Insurance Number) or Individual Taxpayer Identification Number (ITIN).
- Telephone number - Customers who are hearing impaired and do not possess a phone number must be provided the ability to apply. Retailer must use Synchrony Bank's method to accommodate this ADA requirement.

Account Structure:

Accounts are opened in a single and/or joint account-holders name. Joint accounts are available if both a primary and joint applicants desire to apply together as both are financially responsible as account owners. If during the application process but prior to submission of the application to SYF, either primary or joint applicant decide to no longer be listed as owner on that application, discard the application in a safe manner and obtain a new signed application with the primary only applicant. Retailer should mark through the applicant who wishes to be removed from the application prior to submission and note why the name listed was not included on the application submitted to Synchrony Bank.

Authorized users, including minors, may be added to an account. Authorized user –requests must be facilitated by Synchrony Bank.

Commercial accounts (if applicable) are available and do require personal guarantees.

Consumer Identification:

For applications processed in-store, consumer (co-applicant consumer) identification must be checked/recorded. Retailer associates should record the ID type/Issuer/Expiration date. Synchrony Bank does not require or advocate the photocopying of consumer's identification presented during the application process nor the documentation of the actual document number. Retailer should be aware and comply with federal or state laws related to the use of government issued identification.

Identification Requirements:

Identification is required when a customer applies for a new account and for existing accounts when a customer is conducting a Card Not Present (account lookup) transaction or when a customer is completing a sale with their card present but the transaction is **key** entered (keyed) rather than **swiped** or for in-store pickup. Identification must be checked and documented to prevent fraudulent transactions and charge backs resulting from fraudulent transactions. Synchrony Bank does **not require or advocate** the photocopying of customer's identification presented during the transaction process. Retailer should be aware of and comply with all federal or state laws on this subject. For transactions where the consumer is not physically present at a Retailer location, Retailer may not require or ask the consumer to submit a copy of the consumer identification.

- **New Accounts** - When a credit application is processed in store the Retailer must verify and record at least one primary ID and one secondary ID. In the alternative, Retailer may verify and record two primary IDs. New account transactions resulting in fraud where the retailer cannot demonstrate two IDs were checked by presenting documentation of the IDs on the credit application or other Synchrony approved form will be charged back.
- **Card Not Present/Keyed Transactions/In-store Pickup** – When the retailer accepts a card not present transaction, keyed transaction, or for in-store pickup, one primary form of ID of the applicant or accountholder must be documented on a receipt, sales slip or other Synchrony approved form. The issuer, type, and expiration date of each ID must be documented on a form that has been approved by Bank. Card not present transactions (or keyed transactions or in-store pickup) resulting in fraud where the retailer cannot demonstrate one primary form of ID was checked by presenting documentation of the ID on a receipt, sales slip or other Synchrony approved form will be charged back.

Reviewing & Recording Identification:

When reviewing identification:

- Confirm the information, picture if present, description and signature match the customer
- Ensure that the identification is **NOT EXPIRED**. **(Expired identification is not considered valid identification)**

- In the case of credit applications (new accounts), check two forms of identification (one primary and one secondary or two primary). For both forms of identification record the type of identification reviewed, the issuing agency and the expiration date on the application or other Synchrony approved forms.
 - Example #1 – California DL
 - CA DL, 12/22/2017
 - Example #2 – Military ID
 - Navy ID, 5/15/2018
 - Example #3 – Passport
 - US Passport, 7/12/2020
 - Example #4 – Secondary ID
 - Chase Visa, 12/1/2018

Acceptable Forms of Identification:

Primary ID (Government Issued ID):

- State Issued Driver’s License (Preferred)
- State Issued ID
- Passport
- Military ID
- Tribal ID
- Foreign Passport (include number and country of issuance)
- Government issued Alien identification card (Green Card) (include number and country of issuance)
- Government issued Visa travel documents if a picture is present on the Visa

Secondary ID:

- Any acceptable primary ID
- Visa, MasterCard, American Express, Discover Card
- Department Store or Oil Company Credit Card
- Foreign Passport (include number and country of issuance)
- Government issued Alien identification card (Green Card) (include number and country of issuance)
- Government issued Visa travel documents if a picture is present on the Visa

Reasons Identification Becomes Invalid:

- Expiration date not recorded on application or sales draft
- Expired ID listed on application or sales draft
- Any identification not listed as an acceptable identification

ID requirements cannot specify the requirement of a photo.

The most effective way to prevent fraud is to “know your consumer”. If proper government identification is not reviewed, Retailer may be subject to chargebacks if the account is later determined to be fraudulent.

Power of Attorney:

In cases where a Power of Attorney is processing an application on behalf of the person they have Power of Attorney for, the Power of Attorney form must be reviewed and approved by Synchrony Bank by calling Credit Services prior to submission of the application.

Application Information:

Retailer must ensure that a consumer is aware that the personal information they are providing is to apply for a Synchrony Bank credit card.

If Retailer offers additional sources of credit and use one application form, the process must ensure that consumers are notified the personal information they are providing may be shared by the retailer with one or more lenders or rent to own/lease provider companies. Consumer information that is collected that is not required by the Synchrony Bank credit card application must clearly be identified on the application. A consumer should not be prevented from applying for a Synchrony Bank credit card if they do not wish to apply for additional sources of credit.

Additionally, If Retailer offers rent-to-own/lease options, they should be aware of the following:

- Retailer should obtain consent from a consumer before forwarding the consumer’s personal information for consideration by a rent-to-own/lease provider
- Retailer should not pass a consumer’s income information from a Synchrony Bank credit card application to a rent-to-own/lease provider
- Retailer should consult their legal counsel for review of any application process involving multiple lenders and/or rent-to-own lease providers.

Application Channels:

All application channels must be reviewed and approved by Synchrony Bank prior to being put into place.

Changes to Retailer systems, including changes a third-party vendor may make, that could impact application processes must be fully tested to ensure critical disclosure and application submission processes have not been compromised.

Retailer must ensure that its application channels/processes are designed to meet the reasonable accommodations as required in the Americans with Disabilities Act.

Mobile device or Internet applications (if applicable) must be hosted by Synchrony Bank.

Retailer may not use third party vendors to host application websites, to take applications, or otherwise handle/use consumer information from credit applications without an approval from Synchrony Bank.

If Retailer wants to accept applications and transactions via any method other than in-store (e.g., telephone, Internet, Mobile application, etc.) they must obtain prior written approval from Synchrony Bank. These channels have unique regulatory requirements that must be met. See your Synchrony Bank representative for details.

If Retailer accepts credit application in English and Spanish, they must ensure that their systems provide the ability to send a language identifier to Synchrony Bank and provide application disclosures (written/electronic) required by law/regulation in the language that corresponds to the application.

In-Store:

Pin Pad Apply:

Retailers wishing to integrate Pin Pad technology into their application process must obtain prior written approval from Synchrony Bank.

If approved, Pin Pad build requirements include:

- Delivery of Account Opening Disclosures in a manner approved of by Synchrony Bank.
- Consumer acceptance that terms and conditions were provided to them.
- Consumer acknowledgement that they approve application submittal.
- Synchrony Bank application flow must be followed. Synchrony Bank will provide a pin pad flow and language that includes disclosures required by the Truth in Lending Act; Regulation Z; Telephone Consumer Protection Act; Patriot Act; Equal Credit Opportunity

Act; Fair Credit Reporting Act; and applicable state law. Pin Pad flow and language may be reviewed and updated periodically by Synchrony Bank to ensure compliance with Federal guidelines and applicable law.

Kiosk:

Kiosk application software must be hosted by Synchrony Bank or a vendor approved by Synchrony Bank.

If Retailer uses self-serve Kiosks for application processing, they must ensure that written account opening disclosures are made available to consumers prior to the submission of an application at a Kiosk.

Business Center/CCPro & Terminal:

Business Center/CCPro and terminals are application channels hosted by Synchrony Bank and are available to retailers upon request. Synchrony transactions should only be processed on devices provided and / or approved by Synchrony Bank. Contact your Synchrony Bank representative for more details.

Internet (mobile device or computer):

Consumers may apply from their own mobile device via Mobile or Internet applications that are hosted by Synchrony Bank.

Telephone Processing:

If Retailer wants to accept applications via telephone, they must obtain prior written approval from Synchrony Bank.

If approved, regulatory requirements include:

- Phone agents must provide the consumer the disclosure of the consumer's right to cancel their account and the transaction free of return costs, including shipping, during a 30 day cancellation period after the telephone purchase in which the consumer applied for an account and purchased the goods. If the consumer wants to cancel the credit card account within 30 days of account opening, the consumer may pay for the goods with another form of payment or return the goods within the 30 day period. If Retailer does not process the sale (nor deliver the goods) within 10 business days of the account opening, the requirement for the 30 day right to rescind and return does not apply.

- Consumers who are under the age of 21 cannot apply via telephone and must be provided accommodations to apply via another application channel that accommodates a written application.
- Synchrony Bank application/telephone script must be followed. Synchrony Bank will provide a telephone script that includes disclosures required by applicable law including the Truth in Lending Act, Regulation Z, Telephone Consumer Protection Act, Patriot Act, Equal Credit Opportunity Act, Fair Credit Report Act, and applicable state law. Scripting may be reviewed and updated periodically by Synchrony Bank to ensure compliance with Federal procedures and applicable law. Any updated application/telephone scripting must be incorporated within agreed upon timelines.
- For telephone processing, advance promotional disclosures must be provided orally before the purchase on the telephone and sent in writing to the consumer as soon as reasonably practicable after the transaction in a manner approved of by Synchrony Bank.
- Business Center and terminals are application channels hosted by Synchrony Bank and are available to retailers upon request. Contact your Synchrony Bank representative for more details.

Phone Client (Direct to Synchrony Bank):

Phone applications from Retailer are supported in the rare instance of POS downtime.

Retailers are responsible for: (i) verifying the consumer's ID, (ii) ensuring that the consumer completed an application, (iii) ensuring the consumer received account opening disclosures, and confirming the application was signed before processing a phone application.

Outside of Store Solicitation:

Retailer who wish to solicit applications outside of their brick and mortar location(s) must notify Synchrony Bank of their intent to do so 30 days prior to the event. Synchrony Bank equipment must be utilized to process applications or consumers may apply using their personal mobile device.

Retailer is prohibited from offering students of a center for higher education (i.e., college, university, technical school) within 1000 feet of such location, any tangible items/gifts when applying for a credit card in accordance with federal law (Reg Z).

In addition, under federal and state law, a consumer credit sale of goods or services sold at a residence or location that is not the seller's permanent place of business may allow a consumer a right to cancel the transaction. Retailer should be aware of and comply with these consumer responsibilities as they apply to them.

Quickscreen (Pre-screen of One):

If Retailer wants to implement Quickscreen™, they must work with Synchrony Bank to create and implement an approved process.

Quickscreen campaigns are credit card acquisition campaigns and can be facilitated in-store, online, or via mobile device. Unlike prescreens which involve large numbers of consumers being considered for preapproval of a credit offer, Quickscreen is a preapproval on an individual basis based on pre-defined selection criteria set by Synchrony Bank. To help ensure fair lending compliance, Quickscreen strategies must be utilized consistently.

Quickscreen processes only require the collection of a consumer's name and address which will be provided to a consumer reporting agency ("CRA"). The CRA will inform Synchrony Bank if the consumer passes the criteria set by Synchrony Bank. Consumers who pass the criteria must be made a firm offer of credit.

If a consumer is not made a Quickscreen offer and would like to apply for an account, they must complete a credit application. If the offer is not presented to the consumer or if there is a system issue preventing the offer from being presented, Synchrony Bank will mail the consumer required disclosures, as applicable by law, within 30 days. Retailer must systemically provide a list of these consumers to Synchrony Bank.

Specific disclosure requirements apply to pre-approved solicitations. Quickscreen solicitation offers of credit must clearly and conspicuously disclose the terms of the offer, in accordance with the specific format and placement requirements provided by Synchrony Bank. Retailer is responsible for ensuring that consumers are provided the appropriate pre-approved disclosures with the offer and that the consumer's acceptance of the approval is documented.

Associates should understand that pre-approved offers must be presented to the consumer, and if accepted, the consumer must provide additional required information to open a credit account including SSN or SIN, DOB, Income, etc. to validate that the consumer still meets the requirements the approval was based upon and to determine if the consumer meets the ability to pay requirements. The application and account opening disclosures must be provided at the time of the offer.

Application Decisions:

Approval:

Provide temporary shopping pass, if applicable, and advise the consumer they will receive their credit card in 7 to 10 days.

Decline:

If the consumer is not approved, advise the consumer that we were unable to approve their application at this time and that they will receive a letter from Synchrony Bank within 30 days concerning their application. If the applicant asks why they were not approved, your only response is to advise them that they will receive a credit response letter in the mail. This letter is sent by Synchrony Bank.

Pending/Referrals:

A call referral is generated due to the need for additional information regarding the consumer in order to process the application. When calling in a referral, please have the consumer nearby as they may be asked to verify their information.

Credit Limit Increases:

Consumer:

Credit limit increases may only be requested by the primary or joint account holder. Updated income may be requested from the cardholder

Commercial (if applicable):

Credit limit increases may only be requested by the account holder.

Downtime Application Procedures:

If Retailer is unable to process applications through its POS Terminals because of a systems problem, it should utilize and follow the automated prompts to process the application. Paper applications must be filled out completely by the applicant. Account Opening disclosures provided, ID verified, and the application signed before processing an application.

If Retailer is unable to process applications through its POS Terminals because of a systems problem, it should utilize Phone Express Processing (PEP) by dialing the store service line listed in the Contact Information on page 5 and follow the automated prompts to process the application. Paper applications must be filled out completely by the applicant, Account Opening disclosures provided, ID verified, and the application signed before processing an application using PEP.

If unable to process applications through the POS Terminals because of a Synchrony Bank system problem, contact Synchrony Bank store service line listed in the Contact Information on page 5 for further instructions.

Employee Incentive (SPIFF):

Synchrony Bank must be made aware of any employee incentive or contests that involve the Credit program proposed by Retailer. Any Retailer employee incentive related to credit card applications must be designed to pay on per credit card applications processed and not just those that are approved.

Synchrony Bank requires incentives to be modest and available to all employees (per level). Incentives may reward an individual, team, store, district, or region and may also include minimum qualifiers (e.g., minimum # of applications)

Any incentive or contest that involves chance or a selection of winner(s) could be deemed a sweepstakes and requires additional review and approval by Synchrony Bank.

Incentives for add on products or same day activation are prohibited.

This guidance applies regardless of which entity funds the program.

Fraudulent Application Policy:

Client is responsible for ensuring that its associates do not submit unauthorized or fictitious applications and will bring any material instances of associate misconduct involving application-taking or submission to Bank's attention. Client and Bank will cooperate in investigating any situation brought to its attention by Synchrony Bank where the Bank's review suggests associate misconduct.

Transaction Processing

Requirements:

All channels through which Synchrony Bank credit card transactions may be processed must be reviewed and approved by Synchrony Bank prior to being placed in production.

Unless otherwise allowed by the Program Agreement, Retailer may not post a sale to the consumer's Account until the product or service is shipped or provided.

All sales posted to a Synchrony Bank account require an authorization or may be subject to chargeback.

All financing transactions must be conducted in compliance with all applicable laws and regulations.

Retailer may not establish a minimum or maximum purchase amounts (unless otherwise specified for special financing options), add a surcharge for a credit card transaction to the purchase amount being financed, or pass along the Retailer discount fees to consumers.

Returns, if financed on the Synchrony Bank credit card, must be credited to the Synchrony Bank credit card. Credit for returns of merchandise not purchased with the Synchrony Bank credit card are not permitted to the card.

Retailer must have internal procedures that ensure sales & reward transactions are processed in a manner that mirrors marketing disclosures presented to the consumer during the advertising/purchasing process.

Consumers regardless of channel (e.g. in-store, online, by phone (see telephone)) must be provided a copy of the sales receipt.

Synchrony Bank may chargeback any transactions that were financed under the credit program if the transactions are found to be associated with illegal activities, including illegal gambling or non-compliant sweepstakes or contests.

Offering Special Financing:

Retailer may choose which special financing options they offer their consumers; however, all consumers must be provided these choices consistently and without bias.

Associates who offer special financing must be able to accurately describe special financing features in a clear and consistent manner and/or ensure consumers are provided disclosures that allow consumers to be fully informed of the special financing offer.

Special financing offers should be consistently offered to consumers on all application and purchase channels where ever possible. Variances should be based on business policy/practice.

Special Financing Disclosures:

Promotional disclosures for deferred interest or other expiring special financing promotions (advance promotional disclosures) must be in writing, be clear and conspicuous, and must be provided before a consumer obligates themselves (above the signature line).

The following information must be included in the advance promotional disclosure provided in writing to the consumer: Promotional type, Promotional Annual Percentage Rate (if applicable and including if a variable rate), Annual Percentage Rate applicable at the end of the Promotional Period (including if a variable), Promotional Duration, and Promotional Language Description. Retailer must use the approved advance promotional disclosure template provided by Synchrony Bank unless Synchrony Bank agrees in writing to an alternative design.

An acceptable method for retaining and reproducing validation of what was presented to the cardholder and their acceptance of those promotional terms is required.

Retailer must ensure that consumers are receiving current copies of all disclosures, and have an established process to ensure that disclosures are updated when advised by Synchrony Bank.

Purchase Corrections:

Retailer must establish processes that ensure cardholders receive Advance Promotional disclosures for their purchase. If the purchase amount or the term of the promotion changes after the initial purchase has been processed due to a correction, consumers must receive updated disclosures prior to the re-processing of the special financing purchase.

Electronic Advance Promotional Disclosures:

Advanced Promo Disclosures delivered to the consumer using electronic methods must comply with the Electronic Signatures in Global and National Commerce Act (E-SIGN Act).

Retailer must obtain the prior written approval from Synchrony Bank before it provides Advance Promotional Disclosures using electronic methods.

Retention Requirements:

Documents/signatures collected during the transaction process must be retained for no less than 25 months in a secure location. Please see contract for retention requirements that may vary from this minimum standard.

If Retailer presents application fields, disclosures or collects signatures in a paperless manner, they must be able to reproduce screen shots of any materials presented to the consumer electronically and the time frames for which they were in production.

Account Access:

Retailer Consumer Credit Cards can only be used by the person whose name is embossed on the card. If a customer presents a valid Power of Attorney to access an account, client should contact Synchrony Financial for assistance. Each cardholder and any cardholders including authorized users will have their own card with their name embossed on the card.

Pin Pad Transaction:

Retailers wishing to integrate Pin Pad technology into their transaction process must obtain prior written approval from Synchrony Bank.

If approved, regulatory requirements include:

- Cardholder Advance Promotional Disclosure must be presented PRIOR to consumer acknowledgement.
- Consent from cardholder that they have received, read, and agree with promotional financing information.
- Synchrony Bank application flow must be followed. Synchrony Bank will provide a pin pad flow and language that includes disclosures required by applicable state law. Pin Pad flow and language may be reviewed and updated periodically by Synchrony Bank to ensure compliance with Federal guidelines and applicable law.
- Synchrony Bank will work with Retailer to validate all applicable requirements have been met.

Unauthorized Fees:

Retailers may not charge fee to consumers for applying for credit, NOR can processing charges be added to purchases for financing on a Synchrony Bank credit card.

First Purchase Discount:

If Retailer offers a first purchase discount, they must work with their Synchrony Bank representative to ensure that all regulatory requirements are being met, and all approved applicants are allowed to take advantage of the first purchase discount opportunity.

Points to mention: Amount/restrictions/on-line nuances/shopping pass requirements.

Temporary Shopping Pass (New & Existing Accounts)

Retailer's point of sale system may provide a temporary shopping pass. Retailer must follow the most current version of the Synchrony Bank temporary shopping pass template

For New Accounts the temporary shopping pass must include the APR for which the customer was approved (if more than one APR offered) and indicate whether the APR is variable, the initial or permanent credit limit, and the type of account the consumer was approved for (either PLCC or DC) and the specific account type if risk based pricing is offered on the credit program.)

If the APR is variable, the temporary shopping pass must also include the variable daily rate(s) that is current as of the date of the creation of the temporary shopping pass.

Authorization of Charge Send Transactions

Voided Authorizations:

If an authorization on a Synchrony Bank account needs to be voided, (i.e.: the consumer requests to void the authorization or an error was made during the authorization process), Retailer should contact Synchrony Bank store service line listed in the Contact Information on page 5 to request a post void authorization. Post authorization void is reserved for situations when the store made an error in requesting an authorization, or when the consumer has ordered merchandise either through mail order or on the internet and has now cancelled that order. Synchrony Bank relies on the store associates representations that it is appropriate to remove the authorization memo posting.

A credit to the Retailer credit card is to be given only when a consumer returns merchandise that was initially purchased on the Retailer credit card.

Card Not Present/Keyed Transactions/In-Store Pickup:

When the retailer accepts a card not present transaction, keyed transaction, or for in-store pickup, one primary form of ID must be documented on a receipt, sales slip or other Synchrony approved form. The issuer, type, and expiration date of each ID must be documented on a form that has been approved by Bank. Card not present transactions (or keyed transactions) resulting in fraud where the retailer cannot demonstrate one primary form of ID was checked by presenting documentation of the ID on a receipt, sales slip or other Synchrony approved form will be charged back.

Card Not Present (Mail/Telephone):

Mail order and telephone order transactions (including charge/send) should not be processed unless Synchrony Bank has expressly agreed to accept such transactions. Mail and telephone transactions, and transactions in which the card is not present, pose significant risk to Retailer as there is no way to verify that the person presenting the card number is actually the cardholder.

Transactions involving promotional terms must adhere to established telephone purchase requirements. Retailer must utilize approved telephone processing scripts.

Card Not Present (In-store):

In-store card not present transactions are permitted as long as Synchrony Bank account number lookup processes are followed.

Consumer Not Present:

Transactions conducted for a consumer who is not present at the point of sale (i.e.: consumer calls the store or items are fulfilled by another store location Charge/Send) must continue to comply with all disclosure requirements. Specifically, if a “consumer not present” involves special promotional terms, approved scripting must be utilized to ensure that the consumer is properly disclosed prior to the transaction being processed. (See Telephone section above for requirements).

“Consumer not Present” transactions, by their nature expose the client to additional Risk. Clients must obtain written approval from Synchrony Bank prior to developing processes to conduct consumer not present transactions.

Returns:

Cardholders who return merchandise are subject to the in-store return policy. A Retailer credit card cannot be credited without an original receipt or transaction lookup to verify whether or not a purchase was made with the Synchrony Bank credit card.

A Retailer credit card statement provides the consumer's account number, which, along with scanning an item purchased in the original transaction, can be used for the receipt lookup function on the register. A statement alone cannot be used as an original receipt.

Account Truncation:

The expiration date (or any part thereof, e.g. month or year) and no more than the last five digits of the credit card number can be displayed on any electronically printed receipt provided at the point of sale. (Note: Not applicable to Temporary shopping passes).

Customer Not Physically Present with Merchandise Delivery:

Any transaction where the applicant or accountholder is not physically present at the retailer's location at the time of transaction (e.g. internet) and the merchandise is delivered and the delivery address does not match the account billing address or inability to confirm that the merchandise was delivered to the billing address will be charged back if the transaction is later determined to be fraudulent.

III. CONSUMER SERVICE

In-Store Cardholder Servicing:

For consumer convenience, the following cardholder servicing activities can be conducted within the stores:

- Account Number Lookup: Synchrony Bank Consumer Service will request information such as consumer name, social security number/taxpayer identification number and zip code prior to providing consumer account number to store associate.
- Once account number look-up has been performed, store associate may provide the one-day temporary shopping pass when card is not present.
- Provide temporary shopping pass upon account approval for in-store applications.
- Temporary shopping passes cannot be used to purchase gift cards or for keyed transactions.

Except as outlined above, Synchrony Bank employees may not provide account information to Retailer employees without the direct consent of the cardholder.

For additional servicing, cardholders may be directed to Synchrony Bank via the phone number on the back of the credit card or directed to mobile and online servicing.

Escalations:

Any complaints received from a cardholder or regulatory agency should promptly be referred to Synchrony Bank.

Except as noted in this Operating Procedures or in the Program Agreement, all other consumer servicing functions will be performed by Synchrony Bank consumer service.

Payments:

Primary cardholders will receive an itemized billing statement monthly that includes a return address envelope for payments. The payment address can also be found by calling Cardholder Customer Service. Customer payments may be made by these methods, provided the payment is made in US dollars from a bank located in the US:

- Mailing a check or money order
- Over the phone through our automated system by calling Cardholder Customer Service (a service fee may apply if speaking with a CSR).
- Online through <http://eservice.<brand>.com>
- In-store where permitted

Rewards Certificates and Private label Gift Cards may not be applied as a credit to a cardholder's account.

Payments to account balances made in-store may only be accepted with prior approval of Synchrony Bank. Clients that wish to accept payments at their physical locations (e.g., stores) for Synchrony Bank credit card accounts are acting as agents of Synchrony Bank and must meet the following criteria:

- Client must be able to identify the tender type used for every payment transaction
 - In-Store Payments require a Tender Type Indicator:
 - 01 Check
 - 02 Money Order/Travelers Check
 - 03 Cash
 - 05 Debit
 - 06 EFT/ACH
 - 07 Wire Transfer
 - 08 Coupon/Gift Card
- Client must be able to meet data transmission requirements (specific coding and delivery to be communicated by IT and Compliance) and satisfy IT testing.
- Client must track receipt of cash and prepare currency transaction reports (CTRs/IRS 8300).
- Client must provide reasonable access to procedures/controls around currency transaction reporting.
- Client must not allow “Split Tender” (different payment methods) payment transactions.
- Client must not accept credit cards as a form of payment for Synchrony accounts.
- Acceptable types of payments are: Checks; Money Order/Traveler's Checks; Cash; Debit Card; Electronic Funds Transfer/ACH; Wire Transfer.
- Payments may be made for any amount greater than \$0.00

Consumer Account Servicing:

Primary cardholders will receive an itemized billing statement monthly that includes a return address envelope for payments. The payment address can also be found by calling Cardholder Consumer Service. Consumer payments may be made by:

- Mailing a check or money order
- Over the phone through our automated system by calling Cardholder Consumer Service (a service fee may apply if speaking with a CSR).

- Online through <https://www.mysynchrony.com/account.html>.
- In-store where permitted

Lost or Stolen Cards:

Cardholders may report lost or stolen Synchrony Bank credit card 24 hours a day, seven days a week to Cardholder Consumer Service.

- If a consumer reports a lost or stolen Synchrony Bank credit card in a store and does not have the account number, perform an account lookup.
- Ask the consumer for valid identification for verification prior to calling Store Services to assist the consumer in reporting the card lost or stolen.

Employee Eligibility (If applicable):

Retailers employees and their spouses/dependents may voluntarily apply for an Synchrony Bank credit card.

- Synchrony Bank is solely responsible for all credit decisions.
- Employee applications are the sole property of Synchrony Bank. Application results are confidential and may not be obtained by Retailer.
- Employees who are approved will be mailed a card via the standard process. Those who are not approved will be sent a letter explaining why from Synchrony Bank.