

# 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 6**

“Networks”

### **Page 8**

“Optional Functionality”

### **Page 12**

“Identification Requirements”

### **Page 19**

“Transaction Processing”



Access Operating Procedures on  
[synchronybusiness.com](https://synchronybusiness.com) and [synchronywelcome.com](https://synchronywelcome.com).

**PRIVATE LABEL CREDIT CARD PROGRAM**

**OPERATING PROCEDURES**

**EFFECTIVE DATE**

**9/1/2020**

**Synchrony**

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## 1.0 Introduction

### 1.1 Key Contract Information

These Credit Program Operating Procedures (“**Operating Procedures**”) are provided by Synchrony Bank (“**Bank**” or “**SYB**”) and will serve as a reference guide to effectively administer the Client Credit Card Program (hereafter referred to “**Credit Program**”) which includes the following credit cards:

- *Synchrony Car Care™ credit card*
- *Synchrony HOME™ credit card*

Each card(s) will be referred to as the Client credit card(s) or Client Credit Program (hereafter referred to “**Credit Program**”). Retailer will be referred to as “Client”. These Operating Procedures supplement the Program Agreement between you (“Client”) and the Bank. The Program Agreement will control to the extent that there are discrepancies between these Operating Procedures and the Program Agreement.

### 1.2 Synchrony Bank Contact Information

SYB 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 - 12:00am EST Sunday from 11:00am - 9:00pm EST
Consumer Service	1-866-396-8254	Monday thru Sunday from 7:30am EST until 12:00am EST
Collections  Revolving Installment	1-877-868-7550 1-800-552-5239	Monday thru Friday from 8:00am - 12:00am EST Saturday from 8:00am - 6:30pm EST Sunday from 8:00am - 6:30pm EST

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
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<p>General Consumer Correspondence: Synchrony Bank PO Box 965033 Orlando, FL 32896-5033</p>	<p>Fair Credit Billing Inquiries (Questions about a bill): Synchrony Bank C/O Disputes PO Box 965035 Orlando, FL 32896-5035</p>
<p>Mailing address for processed new account applications (if BRE envelopes not used): Synchrony Bank PO Box 628406 Orlando, FL 32862</p>	

<p>Internet Consumer Service</p>	<p><a href="https://www.mysynchrony.com/account.html">https://www.mysynchrony.com/account.html</a></p>
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**2.0 PROGRAM MANAGEMENT - General**

The Credit Program must operate in adherence to applicable laws and regulatory requirements including those noted in these Operating Procedures. All bank and procedures, operations and employee training related to the 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 Client credit card. Misrepresentation or inadequate disclosures of material terms could mislead an Applicant or Customer and be determined to be a deceptive practice.

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

Clients may engage Third-Party Vendors to perform services that are subject to laws and regulations. Prior to engaging any Third-Party Vendor, Client will use commercially reasonable efforts to notify the 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.

Client will require that the employees of such Third-Party Vendor who will be responsible for fulfilling Client's obligations under the Credit Program have been trained sufficiently to be able to properly fulfill Client's responsibilities. SYB will periodically review Client engagement of Third-Party Vendors to ensure compliance with training obligations.

## **2.1 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 (“**PLCC**”) and as category specific world cards issued by the Bank and usable over the Discover network. While Synchrony HOME and Synchrony Car Care cards are usable over the Discover network, the Client will need to treat Synchrony HOME and 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 or Synchrony Car Care card is processed as a bankcard over the Discover network, the consumer may not receive the correct promotional offer and the Client (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, the Client needs to establish and maintain appropriate administrative, technical and physical safeguards to protect the security, confidentiality and integrity of account holder 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. The Client should make sure to treat account information securely. For Clients that use a Synchrony-hosted processing solution, such as business center, the Bank will take appropriate measures to protect account information once the account information has been transmitted to Bank. Client, 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.

Clients should also comply with the account opening and transaction processing requirements of this Operating Procedure to minimize their chargeback exposure for fraudulent transactions. Client must document the applicant's identification information as required by this Operating Procedure. Client could also be liable for network cards originated outside of Retailer's location if Retailer does not comply with the transaction processing requirements, such as the collection of, and transmission to Bank, of CVV2 information.

## **3.0 Procedures**

### **3.1 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 acts, including, but not limited to, privacy in compliance with the Graham-Leach-Bliley Act, Unfair, Deceptive, or Abusive Acts and Practices (“**UDAAP**”), Patriot Act, Bank Secrecy Act, Reg Z/Truth-in-Lending Act (“**TILA**”), and Fair Lending as outlined in Reg B/Equal Credit Opportunity Act (“**ECOA**”).
- Retraining as needed based on changes above, consumer feedback and escalated complaints.

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

Client must take reasonable actions to validate the Credit Program training is being delivered to all Customer facing associates and be prepared to share with the Bank any reporting that is reasonably requested by the Bank regarding training.

### **3.2 Credit Advertising/Marketing**

Marketing of the 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. Client will ensure that credit-related advertising and other disclosures or processes applicable to the program created by Client comply with all applicable law.

Client will follow the Bank approved advertising, templates, and other disclosures or processes in the manner directed by the Bank in creating or distributing advertising the Credit Program. All materials referencing the Credit Program created by Client may be subject to review by the Bank. Client will also work with Synchrony to resolve any identified issues or concerns regarding Client’s advertising of the program.

Refer to SYB Advertising Guidelines or Marketing Templates for further guidance.

[www.SynchronyBusiness.com/AdvertisingCenter](http://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.

### **3.3 Application Processing**

#### **3.3.1 Offering Credit**

All consumers and/or business entities should be offered the opportunity 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 Credit Program, including the offering of credit applications, must be conducted in the same language as the account opening terms and conditions.

When a store associate is completing a credit 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 applicant provide that information.

All completed credit applications must be submitted to the Bank in adherence to the Applicant Eligibility section of these Operating Procedures for processing. System edits that can prevent an application from reaching the Bank are prohibited. Consumer applications are considered “completed” if the consumer has provided their name, residential street address, Taxpayer Identification Number (“**TIN**”) (e.g., Social Security Number (“**SSN**”) or equivalent), date of birth, and income. Business applications are considered “completed” if the applicant has provided their Full Legal Name of Entity (“**Business Name**”), physical street address of principal place of business, and TIN.

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

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

From time to time, Bank may make available to some or all retailers enhanced functionality. Such enhanced functionality could include a pre-qualification function for consumers and a Bank-facilitated waterfall process. Typically, applicable law will include certain requirements for enhanced functionality. So it is very important that participating retailers adhere to all guidance provided by Bank. Retailers will need to strictly comply with all guidance provided by Bank, including the provision of certain disclosures, and obtain Bank’s prior approval on prior to implementing any enhanced functionality made available by Bank. Retailer will be responsible for the actions of any third parties utilized by retailer in a waterfall process, such as secondary lenders and rent to own providers.

#### **3.3.2 Disclosures**

The TILA and Regulation Z governs the disclosure of certain credit term disclosures to applicants. Regulations require that applicants receive and review the most recent version of the Bank account opening disclosures, including the Bank’s privacy policy, in writing prior to submitting the application and the first transaction with their Bank credit card.

If an electronic process is being used to capture the application, the applicant should confirm they have received the account opening disclosures before the process will allow the applicant to go forward with completing the applications. The applicant’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 Bank for approval and the 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 the 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 the Bank. Confirmation of this swap out of account opening disclosures must be provided to the Bank. This process must be followed for all application channels controlled by the Client.

### **3.3.3 Application Retention Requirements**

Unless arrangements have been made to mail completed paper applications to the 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 the Client offers to destroy them instead.

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

### **3.3.4 Applicant Eligibility**

Applicants applying for credit under the Credit Program must be at least 18 years old and provide the following pieces of information prior to an account being opened and activated/approved for purchases:

- Name of applicant(s)
- A current US 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 the Bank to complete the application.
- A valid government identification matching the name of the Applicant
- Date of birth
- A U.S.-SSN, Individual Taxpayer Identification Number (“ITIN”) or Canadian Social Insurance Number (“SIN”).
- Telephone number - Customers that have disabilities and do not possess a phone number must be provided the ability to apply. Client to accommodate this Americans with Disabilities Act (“ADA”) requirement.

#### **3.3.4.1 Exception(s)**

*Include exception processes here if applicable. (IE: Expatriates/Non-U.S. Persons and Canadian consumers who apply at a US store location)*

#### **3.3.4.2 Commercial (if applicable)**

Businesses/Governmental Agencies applying for credit under the Credit Program must possess and provide all the following pieces of information prior to an account being opened and activated/approved for purchases:

- Business Name
- Current U.S., Puerto Rico, or other U.S. Territory address (physical street required) of the principal

- place of business
- TIN
- Telephone number
- Business applying with Personal Guarantor
  - Personal Guarantor Name
  - TIN (SSN/SIN/ITIN)
  - Current US address, including all territories and military APOs – physical street address required
  - Date of birth
  - Telephone number - Customers who are hearing impaired and do not possess a phone number must be provided the ability to apply. [Input Client/Provider/Dealer/Merchant/Industry Name] must use the Bank’s method to accommodate this ADA requirement.

**3.3.4.3 Additional Commercial Account Applicant Requirements**

The Financial Crimes Enforcement Network (“**FinCEN**”), a bureau of the US Treasury Department, issued additional Customer due diligence requirements for financial institutions. Effective May 11, 2018, financial institutions must identify and verify the identity of “beneficial owners” of non-consumer applicants, subject to certain exclusions and exemptions.

The Bank must obtain additional information in connection with applications for private label commercial accounts and co-brand (Visa or MasterCard) commercial accounts unless either (i) the applicant is on the entity type exception list below, or (ii) the application meets the requirements of the private label exemption below.

**3.3.4.4 Entity Type Exception**

The additional information does NOT need to be collected for the following applicant types:

- Sole proprietorship
- Unincorporated association (e.g., Home Owners Association, Girl Scout troop)
- Federally or state regulated bank or other federally-regulated financial institution
- Government department or agency (e.g., public school, public hospital, library, military)
- Publicly traded entity or entity majority-owned by a publicly traded entity
- Insurance company

**3.3.4.5 Private Label Exemption**

The additional information does NOT need to be collected if the application/account meets all of the following requirements:

- Application is made at a store location where the applicant can execute an apply-and-buy transaction.
- Product applied for can only be used to purchase retail goods/services at the merchant of application (e.g., no Dual Card (“**DC**”) or cash advance feature)
- Credit line assigned does not exceed \$50,000

If an applicant is not listed on the entity type exception list and does not meet the private label exemption, then information must be collected regarding the beneficial owners of the applicant. A “Beneficial Owner” is each of the following:

- **Ownership Prong:** Each individual, if any, who directly or indirectly owns 25% or more of the equity interests of the applicant
- **Control Prong:** A single individual with significant responsibility to manage the applicant (e.g., CEO, CFO, President, Vice President)

For each beneficial owner, the following information must be collected on the business application:

- Name and title of the person opening the account on behalf of the applicant (the “**Account Opener**”)
- Name and address of the commercial applicant
- Name, address, SSN and DOB of each Beneficial Owner (up to 5)
- Obtain a certification by the Account Opener regarding the accuracy of the information provided, including the Beneficial Owner information.

The Bank will verify each beneficial owner via a Customer Identification Program practice and also run watchlist/OFAC screening on the beneficial owners.

Any changes to the process or channels used for business applicants must be reviewed and approved by the Bank.

### **3.3.5 Account Structure**

Accounts are opened in a single and/or joint account-holder’s name. Joint accounts are available if both a primary and joint applicants desire to apply together; both are financially responsible as account owners. Prior to submission of the application to the Bank, if either primary or joint applicant decide to no longer be considered on that application, discard the application in a safe manner and obtain a new signed application with the primary only information. Client 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 the Bank.

Authorized users, including minors, may be added to an account. All authorized user requests must be facilitated through the Bank.

Business accounts (if applicable) are available and may require personal guarantees.

### **3.3.6 Consumer Identification**

For applications processed in-store, the primary and joint applicant (if applicable) identification must be checked/recorded. Client associates should record the ID type/Issuer/Expiration date. The Bank does not require or advocate the photocopying of Customer’s identification presented during the application process nor the documentation of the actual document number. Client should be aware and comply with federal or state laws related to the use of government issued identification. For transactions where the Customer is not physically present at a Client location, the Client may not require or ask the Customer to submit a copy of the Customer identification.

### 3.3.7 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 (“**CNP**”) (account lookup) transaction.

When a Customer is completing a sale with their card present but the transaction is **key** entered (keyed) rather than **swiped**, instead of by using chip reader to obtain the CVV2 (or equivalent for chip inserted transactions), chargebacks may result, unless a valid CVV2 is captured (or CVV in the case of a swipe). The Bank **does not require or advocate** the photocopying of Customer’s identification presented during the transaction process. Client should be aware of and comply with all federal or state laws on this subject. For transactions where the Customer is not physically present at a Client location, the Client may not require or ask the Customer to submit a copy of the Customer identification.

- **New Accounts** - When a credit application is processed in store the Client must verify and record at least one primary identification (“**ID**”). New account transactions resulting in fraud where the Client cannot demonstrate at least one primary ID was checked by presenting documentation of the IDs on the credit application or other Bank approved form will be charged back.
- **CNP/ In-store Pickup** – When the Client accepts a CNP transaction, or for in-store pickup, one primary form of ID of the applicant or account holder must be documented on a receipt, sales slip or other Bank approved form. The issuer, type, and expiration date of each ID must be documented on a form that has been approved by the Bank. CNP transactions or in-store pickup resulting in fraud where the Client cannot demonstrate one primary form of ID was checked by presenting documentation of the ID on a receipt, sales slip or other Bank approved form will be charged back.

#### 3.3.7.1 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**)
- Where required for credit applications, record the type of identification reviewed, the issuing agency and the expiration date on the application (new accounts).
  - 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

### **3.3.7.2 Acceptable Forms of Identification**

#### **Primary ID (US or Foreign 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 (if applicable):**

- Any acceptable primary ID
- Visa, MasterCard, American Express, Discover Card
- Department Store or Oil Company Credit Card

#### **Invalid ID Documentation:**

- 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

### **3.3.8 Power of Attorney**

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

### **3.3.9 Application Information**

Client must ensure that the applicant is aware that the personal information they are providing is to apply for a SYB credit card.

If Client offers additional sources of credit and use one application form, the process must ensure that applicants are notified the personal information they are providing may be shared by the Client with one or more lenders or rent to own/lease provider companies. Applicant information that is collected that is not required by the Bank credit application must clearly be identified on the application. An applicant must be permitted to apply for a Bank credit card if they do not wish to apply for additional sources of credit.

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

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

### **3.3.10 Application Channels:**

All application channels must be reviewed and approved by SYB prior to being used.

Changes to Client 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.

Client needs to describe their method for ensuring compliance with Americans with Disabilities Act (“**ADA**”) requirement.

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

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

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

#### **3.3.10.1 In-Store**

#### **3.3.10.2 Pin Pad Apply**

Clients wishing to integrate Pin Pad technology into their application process must obtain prior written approval from SYB.

If approved, Pin Pad build requirements include:

- Delivery of Account Opening Disclosures in a manner approved of by SYB
- Applicant acceptance that terms and conditions were provided to them
- Applicant acknowledgement that they approve application submittal
- Adherence to SYB application flow. SYB will provide a pin pad flow and language that includes disclosures required by the TILA; Regulation Z; Telephone Consumer Protection Act (“**TCPA**”);



Patriot Act; ECOA; Fair Credit Reporting Act (“**FCRA**”); and applicable state law. Pin Pad flow and language may be reviewed and updated periodically by SYB to ensure compliance with Federal guidelines and applicable law.

### **3.3.10.3 Kiosk**

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

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

### **3.3.10.4 Business Center/Terminal**

Business Center and terminals are application channels hosted by SYB and are available to Clients upon request. Contact your SYB representative for more details.

### **3.3.10.5 Internet (mobile device or computer)**

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

### **3.3.10.6 Mail**

### **3.3.10.7 Telephone (Direct to Client) Processing**

If Client wants to accept applications via telephone, they must obtain prior written approval from SYB.

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 Client 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.
- The Bank application script must be followed. The Bank will provide a telephone script that includes disclosures required by applicable law including the TILA, Regulation Z, TCPA, Patriot Act, ECOA, FCRA, and applicable state law. Scripting may be reviewed and updated periodically by SYB to ensure compliance with Federal procedures and applicable law. Any updated application/telephone scripting must be incorporated within agreed upon timelines.

- For telephone sales, advance promotional disclosures must be provided orally before the purchase on the telephone and sent in writing to the Customer as soon as reasonably practicable after the transaction in a manner approved of by SYB.
- Business Center and terminals are application channels hosted by SYB and are available to Client upon request. Contact your SYB representative for more details.

### **3.3.10.8 Phone Client (Direct to Synchrony Bank)**

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

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

### **3.3.10.9 Outside of Store Solicitation**

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

Client 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 customer 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 customer a right to cancel the transaction. Client should be aware of and comply with these customer responsibilities as they apply to them.

### **3.3.10.10 Quickscreen® (Pre-screen of One)**

If Client wants to implement Quickscreen®, they must work with the Bank to create and implement an approved process.

Quickscreen® campaigns are credit card acquisition campaigns of preapproved individual consumers based on pre-defined selection of criteria set by the Bank. Quickscreen® campaigns can be facilitated in-store, online, or via mobile device. To help ensure fair lending compliance, Quickscreen® strategies must be utilized consistently.

Quickscreen® processes only require the collection of a applicant's name and address which will be provided to a Consumer Reporting Agency ("CRA"). The CRA will inform the Bank if the applicant passes the criteria set by the Bank. Applicants 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, the Bank will mail the consumer required disclosures, as applicable by law, within 30 days. Client must systemically provide a list of these consumers to the 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 the Bank. Client 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 as outlined in the [Applicant Eligibility section of these Operating Procedures](#) to validate that the consumer still meets the requirements upon the approval was based. The application and account opening disclosures must be provided at the time of the offer.

### **3.3.11 Application Decisions**

#### **Approval:**

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

#### **Decline:**

If the applicant 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 the 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 the Bank.

#### **Pending/Referrals:**

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

### **3.3.12 Credit Limit Increases**

#### **Customer:**

Credit limit increases may only be requested by the primary or joint account holder. Updated income may be requested to process the request.

#### **Commercial (if applicable):**

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

### **3.3.13 Downtime Application Procedures**

If a Sales Associate is unable to process an application in-store because of a Client systems problem, call the Bank's credit center at 1-800-333-1082 and have the application processed over the phone. The application should be completely filled out by the Customer and valid ID has been verified before calling the Bank.

#### **3.3.13.1 For Payment Solutions**

If Client is unable to process applications through its Point of Sale ("POS") Terminals because of a systems problem, it should utilize Phone Express Processing ("PEP") by dialing 1-888-222-2176 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 the Bank system problem, contact the Bank at 1-888-222-2176 for further instructions.

### **3.3.4 Employee Incentive (SPIFF)**

The Bank must review and approve any employee incentive or contests that involve the Credit Program proposed by Client. Any Client employee incentive related to credit applications must be designed to pay based on the number of credit applications processed rather than approved.

The 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 the Bank.

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

This guidance applies regardless of whether the client or the Bank funds the program.

### **3.3.15 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 processing or submission to Bank's attention. Client and Bank will cooperate in investigating any situation brought to its attention by the Bank where the Bank's review suggests associate misconduct.

## **3.4 Transaction Processing**

### **3.4.1 Requirements**

All channels through which the Bank credit card transactions may be processed must be reviewed and approved by the Bank prior to being placed in production. Except for Card Not Present transactions that are in compliance with this Operating Procedure (i.e., account number lookup transactions in store where

the consumer identification information is documented in accordance with this Operating Procedure) and the first purchase made at the time of application for an account, Client must provide the CVV2 (or equivalent code) to Bank in an approved manner, such as through the use of a chip reader, a swipe that captures the CVV, or passing the CVV2 information onto Bank through Bank's Business Center portal. Client will be subject to chargeback for fraudulent transactions if the CVV2 information (or equivalent CVV in the case of swipe, or dynamic CVV information in the case of a chip inserted transaction) is not provided to Bank in an approved manner. Clients that are not set-up to transmit CVV2 (or equivalent code) information and expiration date to Bank should contact Bank promptly to discuss point of sale upgrade options. For sake of clarity, digital transactions and transactions by telephone are not considered Card Not Present transactions for purposes of this paragraph. CVV2 information must be transmitted to Bank for digital and telephone transactions. For any transaction where CVV2 information, or equivalent information, is not provided to Bank, Bank may process the transaction, but Client will bear the risk of fraud for those transactions.

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

All sales posted to a 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.

Client 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 Client discount fees to customers.

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

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

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

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

Obtaining a consumer's signature (electronic or physical) is required for all CareCredit in person provider transactions.

### **3.4.2 Offering Special Financing**

Client may choose which special financing options they offer their customers; however, all customers 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 customers are provided disclosures that allow customers to be fully informed of the special financing offer.

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

### **3.4.3 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 customer obligates themselves (above the signature line).

The following information must be included in the advance promotional disclosure provided in writing to the customer: 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. Client must use the approved advance promotional disclosure template provided by SYB unless the 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.

Client must ensure that customers are receiving current copies of all disclosures, and have an established process to ensure that disclosures are updated when advised by SYB.

### **3.4.4 Purchase Corrections**

Client 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, customers must receive updated disclosures prior to the re-processing of the special financing purchase.

### **3.4.5 Electronic Advance Promotional Disclosures**

Advanced Promo Disclosures delivered to the customer using electronic methods must comply with the Electronic Signatures in Global and National Commerce Act (“**E-SIGN Act**”). Client must obtain the prior written approval from SYB before it provides Advance Promotional Disclosures using electronic methods.

### **3.4.6 Retention Requirements**

Documents 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 Client presents disclosures in a paperless manner, they must be able to reproduce screen shots of any materials presented to the customer electronically and the time frames for which they were in production.

### **3.4.7 Account Access with Card**

Client customer Credit Cards can only be used by the person whose name is embossed on the card. Each cardholder and any cardholders including authorized users will have their own card with their name embossed on the card.

### **3.4.8 Pin Pad Transaction**

Client wishing to integrate Pin Pad technology into their transaction process must obtain prior written approval from SYB.

If approved, regulatory requirements include:

- Cardholder Advance Promotional Disclosure must be presented PRIOR to customer acknowledgement.
- Consent from customer that they have received, read, and agree with promotional financing information.
- The Bank application flow must be followed. The 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 SYB to ensure compliance with Federal guidelines and applicable law.
- The Bank will work with Client to validate all applicable requirements have been met.

### **3.4.9 Unauthorized Fees**

Client may not charge fee to customers for applying for credit, nor can processing charges be added to purchases for financing on a Bank credit card.

### **3.4.10 First Purchase Discount**

If Client offers a first purchase discount, they must work with their 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.*

### **3.4.11 Temporary Shopping Pass (New and Existing Accounts)**

Client's POS system may provide a temporary shopping pass. Client must follow the most current version of the SYB temporary shopping pass template.

The temporary shopping pass must include the Annual Percentage Rate ("**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 customer 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.

### **3.4.12 Authorization of Charge Send Transactions**

### **3.4.13 Voided Authorizations**

If an authorization on a Client account needs to be voided, (i.e.: the customer requests to void the authorization or an error was made during the authorization process), Client should contact the Bank at 1-800-333-1082 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 customer has ordered merchandise either through mail order or on the internet and has now cancelled that order. The Bank relies on the store associates representations that it is appropriate to remove the authorization memo posting.

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

### **3.4.14 Card Not Present**

#### **3.4.14.1 Card Not Present/Keyed Transactions/In-Store Pickup**

When the client accepts a CNP transaction, keyed transaction, or for in-store pickup, one primary form of ID must be documented on a receipt, sales slip or other Bank approved form. The issuer, type, and expiration date of each ID must be documented on a form that has been approved by the Bank. CNP transactions (or keyed transactions) resulting in fraud where the client cannot demonstrate one primary form of ID was checked by presenting documentation of the ID on a receipt, sales slip or other Bank approved form will be charged back. See [Identification Requirement: Payment Solutions / CareCredit Specific](#)) section within these Procedures.

#### **3.4.14.2 Card Not Present (Mail/Telephone/Internet)**

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

Transactions involving promotional terms must adhere to established telephone and internet purchase requirements. Client must utilize approved phone transaction scripts.

#### **3.4.14.3 Card Not Present (In-store)**

In-store CNP transactions are permitted as long as the Bank account number lookup processes are followed.

### **3.4.15 Consumer Not Present**

Transactions conducted for a customer who is not present at POS (i.e.: customer calls the store or items are fulfilled by another store location Charge/Send) must continue to comply with all disclosure requirements. Specifically, if a “customer not present” involves special promotional terms, approved



scripting must be utilized to ensure that the customer is properly disclosed prior to the transaction being processed. (See Telephone section above for requirements).

“Customer not Present” transactions, by their nature expose the client to additional Risk. Clients must obtain written approval from SYB prior to developing processes to conduct customer not present transactions.

#### **3.4.16 Returns**

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

A Client credit card statement provides the customer’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.

#### **3.4.17 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 POS. (Note: Not applicable to Temporary shopping passes).

## **4.0 Customer Service**

### **4.1 In-Store Cardholder Servicing:**

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

- Account Number Lookup: The Bank Customer Service Department will request information such as customer name, TIN and zip code prior to providing customer account number to store associate.
- Once account number look-up has been performed, store associate may provide the one-day temporary shopping pass when CNP.
- Provide temporary shopping pass upon account approval for in-store applications, if applicable
- Temporary shopping passes cannot be used to purchase gift cards.

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

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

### **4.2 Escalations**

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

Except as noted in these Operating Procedures or in the Credit Program agreement, all other customer servicing functions will be performed by the Bank customer service.

### 4.3 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 Customer Service Representative).
- 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 SYB. Clients that wish to accept payments at their physical locations (e.g., stores) for SYB credit card accounts are acting as agents of SYB and must meet the following criteria:

- Client must be able to identify the tender type used for every payment transaction, and must not select a tender type that is not being presented
  - In-Store Payments require a Tender Type Indicator:
    - Check
    - Money Order/Travelers Check
    - Cash
    - Debit
    - EFT/ACH
    - Wire Transfer
    - 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 reports (CTRs/IRS 8300) when federal filing requirements are met.
- 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

#### **4.4 Lost or Stolen Cards**

Cardholders may report lost or stolen (“**LS**”) Client credit card 24 hours a day, 7 days a week to Cardholder Customer Service.

- If a customer reports a LS Client credit card in a store and does not have the account number, perform an account lookup.
- Ask the consumer for valid ID for verification prior to calling Store Services to assist the customer in reporting the card LS.

#### **4.5 Employee Eligibility (If applicable)**

Client employees and their spouses/dependents may voluntarily apply for a Client credit card.

- The Bank is solely responsible for all credit decisions.
- Employee applications are the sole property of SYB. Results are confidential and may not be obtained by Client.
- 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 SYB.