



CREDIT PROCEDURES MANUAL

Telephone Directory

The following numbers are **not** for customer use.

Credit Authorization 800.762.9000

- ▶ Open to buy or automated sale approval
24 hours a day, 7 days a week
 - ▶ Sales referred from your POS, application processing, add on sale approval, or any other operator assistance
-

Application investigation 800.527.3536

Status of pended applications

M-F 7am to 11pm, Sat 7am to 10:30pm and Sun 8am to 8:30pm ET

Merchant Support 800.527.6770

Credit card processing support and merchant accounting reports

M-F 8am to 4:30pm ET

MerchantSupport@CFNA.com

- ▶ **Supplies**
Applications, terms tear pads, and point-of-purchase (P.O.P.) materials
24 hours a day, 7 days a week
CreditCardSupplies@CFNA.com
 - ▶ **Marketing**
Mailer program, promotions, and advertising review and approval
M-F 8am to 4:30pm ET
Marketing@CFNA.com
-

Cardholder support

Customer Service 800.321.3950

M-F 8am to 9pm, Sat 9am to 5pm ET

Automated system available 24 hours a day, 7 days a week

Pay bill, view statements www.CFNA.com

Let's work together to **BUILD LOYALTY** for your store!

Your customers now have the opportunity to open a dedicated line of credit for your products and services. The Credit First National Association credit card is a convenient financing solution, giving those who walk through your doors the power to purchase what they need **today**.

In other words, it provides your customers with the ultimate benefit when it comes to those necessary vehicle repairs and general maintenance—**the ability to drive now and pay later.** 

What better way to help you earn customers' loyalty and trust?

Feel confident in this great product! Read on to discover how the credit card program works.

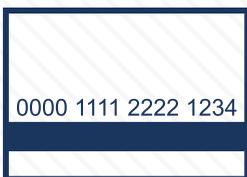


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Important obligations:

your cooperation is critical!

One of the most important aspects of your Merchant Agreement requires you to protect your customers against identity theft and fraud. The procedures included in this manual assist you in doing just that. Following these procedures will help you properly secure customer information and will help CFNA remain compliant with laws and regulations governing financial institutions. Your cooperation is critical!

Your obligations to the customer:

Customer non-public information (NPI) should be handled carefully. **NPI includes social security number, date of birth, CFNA account number, creditworthiness, and even the fact that an individual does or does not qualify for a CFNA credit card account.**

Any information about a customer that is not generally available to the public should be protected. When a customer fills out a credit card application, they are entrusting you and your store personnel with their confidential NPI. Protect this information. Customer NPI should never be shared with third parties or used for any purpose other than the transaction the customer authorized.



Under no circumstance shall any credit applications be processed without the authorization of the customer or with the signature of anyone other than the applicant. Any person who knowingly submits a credit card application without authorization or with a false signature, or makes purchases with credit in someone else's name violates federal and state laws and may be personally liable for civil and criminal penalties.

Help protect your customers and yourself:

- ▶ **Always verify the identity of customers *applying* for the CFNA credit card with a government-issued photo ID (see page 7).**
- ▶ **Always verify the identity of customers *making a purchase with a CFNA credit card with a government-issued photo ID.*** If the name on the photo ID does not match the name on the credit card, please call CFNA's Credit Authorization department to verify if the customer is an authorized user on the account (see page 1).
- ▶ **Customer non-public information (NPI) should not be retained for any reason. Please note that if your location uses paper credit card applications, retaining completed and signed credit card applications in your store is an information security risk.** Completed and signed applications - both approved and declined - must be mailed weekly to CFNA (see page 10). Failure to do so may result in a chargeback.
- ▶ **You are REQUIRED BY LAW to take care in the manner by which you dispose of any document, such as a sales slip, or electronic file that contains customer NPI.** Any document containing NPI must be shredded or otherwise destroyed prior to being discarded. Please note, a customer's driver's license number and issuing state information are not to be recorded on the sales ticket.
- ▶ **Report suspicious activity to CFNA's Credit Authorization department immediately (see page 1).**
- ▶ **Take special care when processing carry-out merchandise sales.** There is a higher incidence of fraud associated with these purchases, and they must be processed according to the procedures found on page 13. Failure to follow these procedures may result in a chargeback.
- ▶ **Take steps to ensure that no one tampers with your credit card processing system(s).** Should someone request access to your credit card processing system(s), contact CFNA Merchant Finance and Enrollment Support (see page 1) immediately.

Your obligations to CFNA:

- ▶ Your store was assigned a **6-digit number** that CFNA uses to verify your store's "identity." Keep it private; think of it as your store's social security number.
- ▶ CFNA's credit card is to be issued to individuals only and is not meant for business or commercial use.
- ▶ Your store is required to keep your credit card processing system(s) up-to-date. You will be notified when software upgrades are available.



All advertising for your credit card **MUST** be submitted to CFNA for review and approval to ensure it is compliant with laws and regulations governing advertising of financial products (see page 1).

CFNA retains auditing rights for its financial products. This means that, per your Merchant Agreement, CFNA and its authorized agents or the Office of the Comptroller of the Currency may at any time, upon reasonable notice, inspect your location's books and records pertaining to CFNA's credit card program, confidential information, and proprietary information, including your location's procedures for protecting the security of confidential information.



Credit card processing:

new applications

Ready to open a new credit card account for a customer? **Follow steps 1-4 to ensure your location is compliant with laws and regulations.**

1 Ask the customer for identification, and carefully examine the following customer information on the government-issued photo ID:

- ▶ *Ensure the photo on the ID matches the customer*
- ▶ *Check the ID's expiration date; out of date means it is not a valid ID*
- ▶ *Compare the ID date-of-birth to the customer presenting the ID*
- ▶ *Ensure all logos/holograms are present and there is no evidence of tampering*

2 Compare name on government-issued photo ID to one other form of identification or credit card.

An important note about customer identification: The USA PATRIOT Act is a federal law passed to fight terrorism and prevent money laundering. The Act requires CFNA to verify the identity of customers applying for credit card accounts and to provide to each applicant the notice below, which is included in CFNA's Credit Card Agreement and must be presented to the customer before he or she opens a credit card account.



Statement in the Credit Card Agreement:

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT: To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens a new account. What this means for you: When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

If an applicant refuses to provide the information required by the USA Patriot Act or if CFNA is unable to confirm the identifying information, CFNA is prohibited by law from opening a credit card account.

3 Give the customer a copy of the Credit Card Agreement and Privacy Notice prior to the customer signing and submitting the credit card application.

4 After the application is completed, verify that the customer signs the application and that the name and signature matches the name and signature on the government-issued photo ID. 



Be aware that insufficient or incorrect information will result in a credit decision delay.

Keep things moving as quickly as possible by noting the following:

- ▶ *The application cannot be processed without all of the required customer information: legal name, date of birth, street address, annual gross income, residence status, phone number, and social security number.*
- ▶ *If a customer provides a P.O. box as an address, they must also provide a complete street address in order for the application to be processed.*
- ▶ *Annual gross income is often mistaken for monthly income. The customer must provide their yearly income before tax.*
- ▶ *Residence status requires the customer to indicate whether they rent or own. If the customer rents, they are required to indicate their monthly rent payment.*

Other reminders:

- ▶ **NEVER** take a customer's application information over the phone under any circumstances.
- ▶ **NEVER** deliver merchandise or provide service(s) to a customer until the account has been approved.
- ▶ **NEVER** process a sale on a credit card when the customer is actually paying with cash or check. Each credit charge should reflect an actual credit sale of goods or services.
- ▶ Any application dropped off at the store **MUST** be mailed to CFNA's Credit Authorization department (see page 10).



Application decisions:

approved, pended, or declined

One of three outcomes will happen after you submit a new credit card application for a customer:



Application approves

Write down the account number and credit limit, and hand this information to the customer. Let them know a credit card from CFNA will arrive within 10 business days.



Application pends

A CFNA Authorization representative will call you back within 15 minutes with additional questions in order to make a credit decision. Make sure your customer is still present in the store.



Application declines

The customer will receive written notification from CFNA within 30 days detailing the reason(s) for the decline of credit.

Effective way to tell the customer that the application was declined: "I'm sorry an account cannot be approved at this time. CFNA will send you a notification explaining the reasons within 30 days. In the meantime, how would you like to pay today?"



Credit card processing:

online and paper



Online applications

Your location may advertise CFNA's credit card on your store's website. If so, customers can apply for the credit card online via the unique application link provided by CFNA.

*All advertising, including website advertising, for your credit card **MUST** be submitted to CFNA for review and approval prior to its use (see page 15). We must review the language **BEFORE YOU PUBLISH** the webpage on which it appears to make sure it is compliant with laws and regulations governing advertising of financial products.*



Paper applications

If your location uses paper applications: all completed and signed paper credit card applications, both approved and declined, must be mailed weekly to CFNA at:

Credit First National Association
BK-14/Credit Authorization
P.O. Box 81083
Cleveland, OH 44181-0083

If you do not send in your completed and signed paper applications, you risk termination from CFNA's credit card program.



Processing sales on existing accounts



Most purchase approvals will happen automatically at point of sale (POS). In some instances, however, your POS system or terminal will prompt you to call CFNA's Credit Authorization department (see page 1) for an approval:

- ▶ *Sale exceeds credit limit (open to buy)*
- ▶ *Inactive accounts*
- ▶ *ID verification*

All sales on the credit card account MUST be current bona fide sales of either goods or services sold or supplied by the retailer. Additionally, each credit charge should reflect an actual credit sale of goods or services. Never process a sale on a credit card when the customer is actually paying with cash or check



A customer who has applied and been approved for a CFNA credit card online is permitted to make a purchase with their account before they have received their card. **Follow steps 1-3 to process their sale:**

- 1** **Ask the customer for identification, and carefully examine the following customer information on the government-issued photo ID:**
 - ▶ *Ensure the photo on the ID matches the customer*
 - ▶ *Check the ID's expiration date; out of date means it is not a valid ID*
 - ▶ *Compare the ID date-of-birth to the individual presenting the ID*
 - ▶ *Ensure all logos/holograms are present and there is no evidence of tampering*
- 2** Compare name on government-issued photo ID to one other form of identification or credit card.
- 3** Ensure the customer signs the sales receipt and that the signature matches the name on the government-issued photo ID.

Preventing chargebacks

Avoid unauthorized charges at the point of sale and prevent chargebacks to your store location by taking the following measures:



Verify authorized users

Identify any customers claiming to be authorized users on a CFNA account by comparing the individual and name on the credit card to a government-issued photo ID. If the name on the credit card does not match the ID of the customer trying to make a purchase at your location, you **MUST** call CFNA's Credit Authorization department (*see page 1*) to verify if the customer is an authorized user. Please keep in mind that the customer may not have a credit card but could be an authorized user on the account.



Verify paper applications are completed and signed

Not applicable to all merchants. Completed and signed paper applications - both approved and declined - must be mailed weekly to CFNA (*see page 10*). CFNA retains applications. Being able to retrieve the signed application is very important when a customer denies opening a CFNA credit card account or when the customer believes that the account was opened fraudulently. The absence of a signed credit card application may result in a chargeback.





Verify carry-out merchandise

There is a higher chance of fraud connected to carry-out merchandise purchases that are made with the CFNA credit card. As a result, it is necessary to take extra precaution when processing these types of sales. Purchases the cardholder takes out of the store must be processed as follows:

- ▶ *Verify the customer's identity with government-issued photo ID. This means the customer must be in the store during the transaction.*
- ▶ *Record the following information on the sales ticket: vehicle description, license plate number and state of issuance, and VIN number.*
- ▶ *Call CFNA Credit Authorizations at 800.762.9000, prompt 2 for credit approval. Indicate to the representative that you are processing a "carry-out" sale before releasing merchandise to the customer. You will be asked by the operator to recite the customer's driver's license number while the customer is still in the store.*

Failure to take precautionary measures to verify the identity of a customer and ensure all information is correctly documented may result in a chargeback to your location. Your location will not be held responsible for a sale(s) if it is determined to be uncollectible for reasons of fraud and a deliberate misrepresentation by the cardholder.



Banking:

how CFNA pays you

As described in your Merchant Agreement, once CFNA validates and accepts a customer's charge(s) or credit sale(s), we settle with you.



CFNA makes every effort to settle most transactions within 24-48 hours; however, in some circumstances, that is not possible. Please be assured that CFNA will settle accounts for processed charges or credit sales (refunds to the customer) within eight days of processing, excluding Saturdays, Sundays, and bank holidays. Closely following the procedures laid out in this guide will help you avoid a delay in receiving your funds.



CFNA transmits funds to your bank's business checking account via the Automated Clearing House (ACH), an electronic network for financial transactions in the United States. The ACH form you filled out upon enrolling in CFNA's credit card program discloses the right for CFNA to debit the account for which you submitted a voided check.



We provide you with an e-accounting report itemizing and totaling charges and credits transmitted to CFNA, including chargebacks, fees (e.g. discount fee), and other amounts applied by CFNA.



Please note: if a credit sale(s) is processed during the same timeframe as a charge(s), your transactions could net to zero if the credit sale(s) and charge(s) matched amounts. Keep in mind that CFNA offsets credit sales against other transactions, so you may not see your credit sale(s) amount until further customer credit card transactions are made.

If there are further questions regarding the credit sale process, please contact Merchant Finance and Enrollment Support (see page 1).

Sales and marketing



Advertising

CFNA offers a promotional credit plan and will send you in-store display material to advertise this special financing. Our promotional credit plan requires its own set of terms and conditions.

If you process credit card transactions through your point-of-sale system, the promotional credit plan terms may print automatically. Laws and regulations require that promotional credit plan terms be provided to the customer at the time of sale. If you do not process credit card transactions through a point-of-sale system, your location will have received the Terms of Promotional Credit Plan tear pads. Make sure to hand a terms sheet from the tear pad to your customer.



What does it mean to offer customers a promotional credit plan?

Our promotional credit plans offer customers the ability to pay for qualifying purchases with the benefit of delaying interest over a period of time. This means that if the customer (1) makes the required minimum monthly payments and (2) pays off the promotional purchase balance by the time the delay period ends, then the customer's account will not be charged interest that accrued during the delay period. However, if the promotional purchase balance is not paid off by the end of the delay period, the customer's account will be assessed the interest that accrued during the delay period.

Please keep in mind that all advertising for your credit card MUST be submitted to CFNA for review and approval (see page 1). We will review to make sure it is compliant with laws and regulations governing advertising of financial products. We can supply you with an image of your credit card and are happy to help you put together tailored advertising copy for your business!



Continuing education

Our training website, CFNATraining.com, is available 24/7. This resource explains how the credit card program works and provides you with content to review and reinforce strategies for encouraging customers to open a credit card account.

Please access the site for:

- ▶ *Credit card advertising guidelines*
- ▶ *CFNA Procedures Manual*
- ▶ *Credit card processing support*



You can log in to CFNATraining.com with your 6-digit merchant number and main retail location zip code.



