



## MERCHANT AGREEMENT

THIS MERCHANT AGREEMENT, made and entered into as of the \_\_\_\_\_ day of 20\_\_\_\_ (AGREEMENT) by and between \_\_\_\_\_ (MERCHANT) located in the state of \_\_\_\_\_ and Kropp Holdings, Inc., a Maryland corporation with an office at 6450 Sprint Parkway, Overland Park, KS 66251 and affiliates (PROCESSOR). In this agreement, KHI Card will refer to any card issued, managed, or operated by KHI and affiliates including but not limited to card BIN ranges beginning 789682 and 782506.

### A. MERCHANT AGREES:

- To honor each valid KHI Card when presented by a holder thereof for the purchase of aviation related products and services (Merchandise).
- To follow all procedures and purchase policies applicable to the purchase of Merchandise using an KHI Card, including but not limited to those relating to invoicing and transaction authorization.
- To send PROCESSOR, at least weekly, the MERCHANT's Invoices representing all purchases made with the KHI Card.
- To pay PROCESSOR the Service Fee in accordance with the Payment Option as selected in writing by MERCHANT. MERCHANT authorizes PROCESSOR to deduct and retain for its own account from each payment due to MERCHANT under the acceptable Payment Option the Service Fee arrived at by multiplying the percentage amounts corresponding to the Payment Option selected by MERCHANT times the total amount of each Invoice included in the PROCESSOR payment to MERCHANT.
- If MERCHANT fails to properly authorize any KHI Card transaction, and such transaction is not an authorized transaction, MERCHANT shall not be entitled to payment for and PROCESSOR shall not be required to pay MERCHANT for such transaction.
- Amounts representing Merchandise purchases not made in accordance with the KHI Card Operating Procedures will be rejected by PROCESSOR. If a transaction is paid and billed to a KHI Card holder, who subsequently rejects the transaction, this amount will be deducted from the next regular payment due to the MERCHANT.
- PROCESSOR PAYMENT OPTION. MERCHANT hereby elects the Payment Option and corresponding PROCESSOR Service Fee percentage as follows: **(Please check preferred Payment Option)**

Payment Option	PROCESSOR will electronically send payment based on the schedule below equal to the net invoice amount for all invoices	Service Fee Percentage
A <input type="checkbox"/>	Four Week Pay – Payment will be sent approximately 20 - 21 business days after KHI invoice Processing Date	2.500% **
B <input type="checkbox"/>	Two Week Pay – Payment will be sent approximately 10 - 11 business days after KHI invoice Processing Date	3.000% **
C <input type="checkbox"/>	One Week Pay – Payment will be sent approximately 5 - 6 business days after KHI invoice Processing Date	3.500% **
D <input type="checkbox"/>	Three Day Pay – Payment will be sent approximately 3 - 4 business days after KHI invoice Processing Date	3.965% **

PROCESSOR offers various Electronic invoice submission options at NO ADDITIONAL Fee to the MERCHANT. Benefits include secure, Level III authorization along with a reduction in processing errors and faster MERCHANT payments. Options include: Web-based and Mobile-based POS (Point of Sale) applications.

MERCHANT submitting any invoice via Manual methods, which include the following: 1) Mail 2) Courier 3) Fax or 4) Email will be subject to a .5% increase in merchant selected payment option processing fees. Processing fees are adjusted based on the payment option selected in the above table.

The above selected Payment Option and corresponding Service Fee Percentages shall remain in effect until the date that PROCESSOR receives and accepts the MERCHANTS's signed written instrument selecting a new Payment Option and corresponding Service Fee percentages being effective for all PROCESSOR payments made to the MERCHANT on and after such date of receipt and acceptance.

### B. AIR Card Program Specific Information:

- To honor each valid AIR Card® when presented by a holder thereof for the purchase of aviation related products and services (Merchandise).
- To follow all procedures and purchase policies applicable to the purchase of Merchandise using an AIR Card®, including but not limited to those relating to invoicing and transaction authorization. Expectations of authorization, invoicing, and operating expectations apply to all KHI Cards.



3. To send PROCESSOR, at least weekly, the MERCHANT's Invoices representing all purchases made with the AIR Card®.
4. To pay PROCESSOR the Service Fee in accordance with the Payment Option as selected in writing by MERCHANT. MERCHANT authorizes PROCESSOR to deduct and retain for its own account from each payment due to MERCHANT under the acceptable Payment Option the Service Fee arrived at by multiplying the percentage amounts corresponding to the Payment Option selected by MERCHANT times the total amount of each Invoice included in the PROCESSOR payment to MERCHANT.
5. If MERCHANT fails to properly authorize any AIR Card® transaction, and such transaction is not an authorized transaction, MERCHANT shall not be entitled to payment for and PROCESSOR shall not be required to pay MERCHANT for such transaction.
6. Amounts representing Merchandise purchases not made in accordance with the AIR Card® Operating Procedures will be rejected by PROCESSOR. If a transaction is paid and billed to DLA Customer, who subsequently rejects the transaction, this amount will be deducted from the next regular payment due to the MERCHANT.
7. PROCESSOR PAYMENT OPTION. MERCHANT hereby elects the Payment Option and corresponding PROCESSOR Service Fee percentage as follows: (Please circle preferred Payment Option)

**PROCESSOR offers various Electronic invoice submission options at NO ADDITIONAL Fee to the MERCHANT.** Benefits include secure, Level III authorization along with a reduction in processing errors and faster MERCHANT payments. Options include: Web-based and Mobile-based POS (Point of Sale) applications. \*\* Note: KHI will apply .5% processing fee increase (per transaction) to MERCHANT for any invoice submitted via Manual methods, which include the following: 1) Mail 2) Courier 3) Fax or 4) Email. In order to allow MERCHANT a reasonable time to adopt electronic invoice submission methods, PROCESSOR will not apply the manual invoice fee until six months after the date MERCHANT executes this Merchant Agreement.

The above selected Payment Option and corresponding Service Fee Percentages shall remain in effect until the date that PROCESSOR receives and accepts the MERCHANTS's signed written instrument selecting a new Payment Option and corresponding Service Fee percentages being effective for all PROCESSOR payments made to the MERCHANT on and after such date of receipt and acceptance.

The AIR Card Program is time prescriptive to the contract award timelines. This program will be supported during the awarded time periods and not past. Notice will be sent to all merchants regarding the contract timelines as they pertain to this agreement.

**C. PROCESSOR AGREES TO:**

1. Make payments to the MERCHANT in accordance with Payment Option selected by MERCHANT less the amounts due PROCESSOR per Payment Option.
2. Provide MERCHANT operating guidance, which outlines procedures and purchase policies, authorized products/services, invoice and payment information and any other written materials which PROCESSOR determines that the MERCHANT will require to fulfill MERCHANT's obligations under this agreement. The KHI Card Acceptance & Operating Procedures shall be provided to MERCHANT by PROCESSOR.
3. Keep confidential all proprietary or confidential information or data of MERCHANT received from MERCHANT or otherwise obtained by PROCESSOR in the course of performing this Agreement. Such information or data shall be used by PROCEESSOR solely for the purpose of performing its obligations under this Agreement or in the course of fulfilling its obligations as PROCESSOR for the KHI Card. PROCESSOR shall not disclose such information to any third party, except for an affiliate of PROCESSOR or other third party accepting an assignment of some or all of the rights or obligations of PROCESSOR under this Agreement and subject to the terms hereof.

This agreement: (i) is strictly between the PROCESSOR and MERCHANT; (ii) may be terminated at any time by either PROCESSOR or MERCHANT upon written notice to the other party; (iii) shall be automatically terminated upon change in control, ownership or management of MERCHANT; (iv) may not be assigned by MERCHANT without the written consent of PROCESSOR , (v) may be updated at any time by the PROCESSOR, (vi) may be assigned, in whole or in part, by PROCESSOR to any affiliate of PROCESSOR or a third party, and (vii) shall be governed and construed in accordance with the laws of the State of Kansas and subject to the jurisdiction of the courts of the State of Kansas situated in Johnson County.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_  
 \_\_\_\_\_(MERCHANT)  
 \_\_\_\_\_(PRINTED NAME)  
 \_\_\_\_\_(SIGNATURE)  
 \_\_\_\_\_(TITLE)

Accepted this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_  
Kropp Holdings Inc. \_\_\_\_\_(PROCESSOR)  
 \_\_\_\_\_(PRINTED NAME)  
 \_\_\_\_\_(SIGNATURE)  
 \_\_\_\_\_(TITLE)