

PREPAID NAVIGATOR

WINTER 2018

AMERICANS WITH DISABILITIES ACT WEBSITE ACCOMODATIONS

Americans with Disabilities Act (ADA) prohibits discrimination against individuals with disabilities in all areas of public life. With our daily lives becoming more and more digitally focused, these protections have been expanding into digital territory. As such, any business considered a “public accommodation” should have an ADA compliant web presence. Generally, speaking, this would refer to B2C, retail, or any business the general public should be able to use, understand and access easily. Similar to how poorly designed buildings can prevent people with disabilities from entering, websites can create unnecessary barriers.

Access problems often occur because website designers mistakenly assume that everyone sees and accesses a webpage in the same way. This assumption can frustrate assistive technologies and users. Additionally, because of these barriers, businesses could be missing out on e-commerce with disabled customers who are unable to navigate their websites or mobile applications.

Accessible website design recognizes these differences and does not require people to see, hear, or use a standard mouse in order to access the information and services provided the full functionality of their website or mobile application. Examples Guidelines for ADA compliance include:

- Meeting a minimum contrast ration between text and background
- Being fully navigable via keyboard
- Being fully navigable with screen reader software
- Handling text scaling up to 200% without causing horizontal scrolling or content-breaking layout issues

A variety of software can be used to test for ADA compliance. Additionally, the Web Accessibility Initiative has developed guidelines widely regarded as the international standard in web accessibility. For additional details on how to ensure your organization's website is ADA complaint and conforms to WCAG 2.0 AA, visit w3.org/WAI. By ensuring ADA compliance, you will increase customer satisfaction and limit business risk.

MANAGING RISK — TRANSACTIONS AND FEES

In the highly-competitive prepaid card landscape, prepaid program managers strive to offer fair and cost-effective fees to their customers to grow their business and products. The CFPB's Prepaid Rule, effective April 1, 2019, is intended to ensure consumers have the best opportunity to shop for and choose the best prepaid card product to meet their financial needs and budget. As result, financial institutions and prepaid program managers are working together to develop disclosures that are clear, concise and effective at meeting those needs.

However, even before April 1, 2019, the impact and importance of proper disclosures and assessment of individual card fees cannot be overlooked. A recent Consent Order, which includes an “Order for Restitution” and an “Order to Pay Civil Money Penalties”, reminds us that prepaid program managers must proactively take steps which include: a periodic review of transactions and related fees and ongoing oversight of the processing systems which apply the fees to your cardholders. This is particularly important if the card program offers tiered-fees and/or variable fee amounts for specific types of transactions. Additionally, if a prepaid program manager relies on a third party service provider or processor to assess these types of fees at the card account level, it is important to perform periodic reviews of your third party processing system(s).

If either you or your third party provider have not developed a process to validate fees are being assessed to your cardholders as disclosed in your current Cardholder Agreement, your organization may be at risk for complaints due to overcharging of fees, or incorrect fees assessed based upon the Agreement.

Sunrise Banks's compliance team has and will continue to perform transaction and fee reviews as part of our partner's 90-day and annual compliance reviews. Any discrepancies will be reported to both party's senior management teams, along with the required corrective actions. Weaknesses discovered may pose complaint and UDAAP risk to your program(s) and to Sunrise.

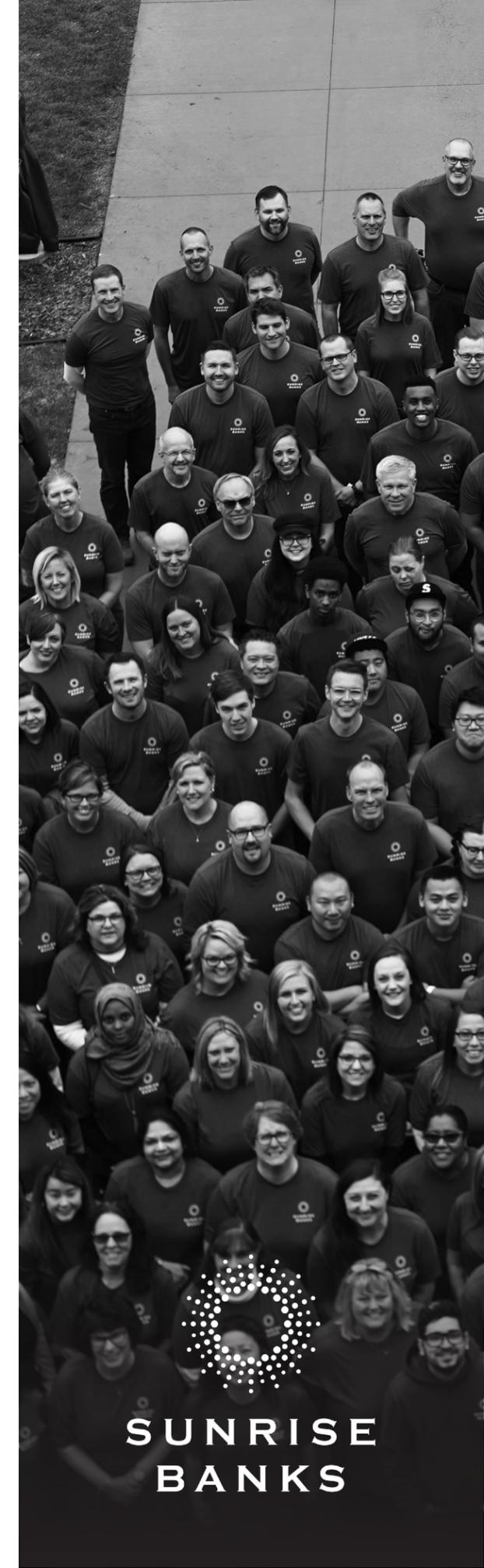
Finally, we the rely on and appreciates the steps each of our partners take to proactively reduce all risks associated with their products issued by Sunrise Banks. If, at any time, you have questions about regulatory or contractual obligations for the products you manage, please contact your client relations manager for assistance.

RESTRICTIVE ENDORSEMENT — REGULATION CC UPDATES

Effective July 1, 2018, enacted amendments to Regulation CC made by the Federal Reserve Board of Governors went into effect.

Regulation CC, which is divided into four subparts, offers guidance on the availability of funds and the collection of checks. The main impetus behind the changes is the financial industry's ongoing transition to fully electronic interbank collection and return.

The bulk of the enacted amendments are in the areas of recognizing and defining image exchange to include electronic checks and returns and defining electronically created items. In addition, it creates some levels of



SUNRISE BANKS

PREPAID NAVIGATOR WINTER 2018



protection for financial institutions that receive these items, and provides an indemnity for institutions who experience losses due to remote deposit capture duplicate presentments.

The new indemnity for remote deposit capture duplicate presentments allows a depository financial institution, which receives a deposit of an original paper check, which is subsequently returned because the check was previously deposited through a remote deposit capture service or mobile banking application to mitigate the loss through an indemnity claim to the truncating bank (bank offering the RDC or mobile banking application).

In order to use this indemnity, the check that was presented to the depository bank must not bear a restrictive endorsement on the back of the check. If the depository bank cashed the check even though the restrictive endorsement was present, they would not be able to qualify for the indemnity and would have to take any loss that came from the return of the check.

The regulation does not define “restrictive endorsement”, but the interpretation is that the endorsement would make it clear to another institution that this check has been previously negotiated. Examples of restrictive endorsements that Sunrise recommends would be “For Deposit to XXXXX (Business Name)” or “For Mobile Deposit Only – XXXXX (Business Name)”.

To reduce the risk of loss from duplicate deposits, program managers that use a mobile deposit application as part of their prepaid program should ensure they are requiring a “restrictive endorsement”.

If you would like more information about Regulation CC, visit: <https://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=de8de8940b37de4c1a1bc35fed83fa>

UPDATED COLLATERAL REQUIREMENT — CONNECTICUT STATE LAW — NMLS REQUIREMENT *EFFECTIVE OCTOBER 2018, BANKING LAW OF CONNECTICUT, HB 5490, SIGNED JUNE 24, 2018.*

The law requires money transmitters, check cashers and other licensees to include their unique NMLS number on all advertisements.

Advertisements are defined to mean the use of any announcement, statement, assertion or representation that is placed before the public in a newspaper, magazine or other publication, or in the form of a notice, circular, pamphlet, letter or poster or over any radio or television station, by means of the internet, or by other electronic means of distributing information.

The NMLS number must be clearly shown or, for oral advertisements, spoken. As a result, the law may require companies that standardize marketing materials across multiple states to create tailor-made ads specifically for the Connecticut market.

Program managers working with co-branders and resellers that create collateral materials will be held responsible for identifying entities that qualify as money transmitters and check cashers in the state of Connecticut, and ensure all collateral materials include the required NMLS documentation.

The Sunrise Banks collateral team will not monitor for the inclusion of this information, because the collateral review does not take into account line of business.

For more information on the state law, visit: https://www.cga.ct.gov/asp/cgabillstatus/cgabillstatus.asp?selBillType=Bill&which_year=2018&bill_num=5490

If questions arise with respect to Sunrise Banks collateral expectations, please email the compliance team at Collateral@SunriseBanks.com.

REGULATIONS E AND NETWORK ZERO LIABILITY

Regulation E and Transaction Dispute Guide Zero Liability is available as a partner resource. This guide offers an overview of what Regulation E and Zero Liability are and what they will mean for you going forward. Affected partners will be expected to submit dispute logs, and will be audited. The guide gives directions on:

- How to log and keep track of Regulation E and/or Zero Liability dispute notifications
- New terms associated with Zero Liability
- Regulation E and Zero Liability dispute time frames.
- Action steps for completing dispute resolutions.

If you need an additional copy of this guide, please reach out to your relationship manager.

VISA/Mastercard rules and Regulation E are designed to protect the cardholder. This leads to an increase in customer goodwill and can translate to additional card usage and income for the institution. A proper understanding and application of Network Zero Liability and Regulation E is imperative when handling cardholder disputes. Federal law states the minimum standards must be followed when processing disputed card transactions. In many circumstances VISA/Mastercard rules offer greater protections to the consumer and greater responsibilities to the bank. When these situations arise, the bank is contractually obligated to provide more consumer friendly protections.

As a partner you may be aware, or in receipt of, a Regulation E and/or Zero Liability Compliance Review Request Schedule (“Requests”). These Requests are sent out monthly in order to ensure proper oversight and performance of the dispute.

A FEW REMINDERS FOR PARTNERS:

When filling out the Transaction Dispute Log, ensure that the dates listed on the log are accurate. There have been instances where the date the dispute was reported in writing was shown to be earlier than when the dispute was actually opened.

Ensure the letter templates used for the cardholder notification contain the correct information regarding time periods for investigating disputes.

If, through the investigation process it is determined no error occurred, the letter to the cardholder must clearly outline their right to request the documents that the partner relied on in making its determination that no error occurred on the account.; Upon receipt of such a request the partner shall promptly provide copies of the documents to the cardholder.

When debiting a provisional credit the partner shall; (i) Notify the cardholder of the date and amount of the debiting; (ii) Notify the cardholder that you will honor checks, drafts, or similar instruments payable to third parties and preauthorized transfers from the cardholders account (without charge to the cardholder as result in an overdraft) for five business days after the notification. The partner shall honor items as specified in the notice, but need honor only items that it would have paid if the provisionally credited funds had not been debited.

If you have questions, please contact your client relations manager.

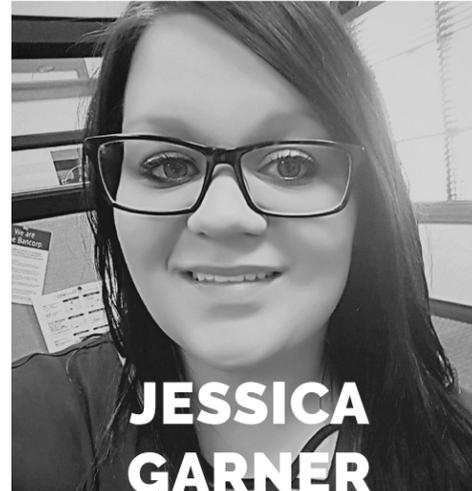
PREPAID NAVIGATOR WINTER 2018

NEW EMPLOYEES



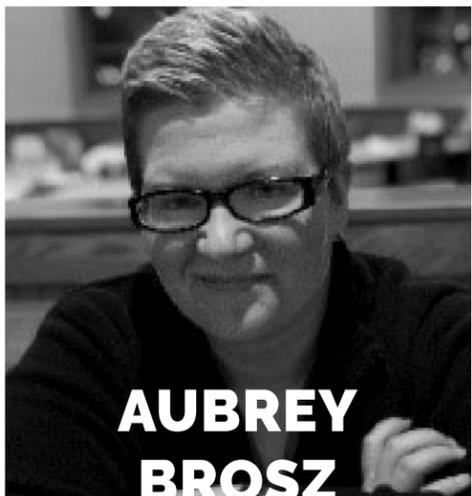
I am grateful to have joined Sunrise Banks in May 2018, as customer support representative.

I have been married to my husband Steve for 15 years. We have two children Paisley (16) and Jagger (12). Outside of work I stay busy event planning and doing a lots of volunteer work with the two non-profits I am a part of. I enjoy kayaking, camping, and spending time with my family and friends.



I started with Sunrise Banks in November 2018. I have been in the banking industry since 2006 and in the prepaid industry, since 2014. Additionally, I also have a background in human resources and accounting. In my role as payments operations specialist, I am primarily responsible for the reconciling of accounts. I'm eager to dive into the volunteer and charitable opportunities, which Sunrise has made so easily accessible to their employees.

I have been married for 3 years to my husband, Brent, who is full -time in the Air National Guard. We have two kids, Bradyn, 5 and Brynn, 2. We also have two pets, Trin, a 5-year-old Husky and our cat, Jayden. Both kids keep us extremely busy and with a majority of our immediate family 3+ hours away, we have some jam-packed weekends and lots of traveling.



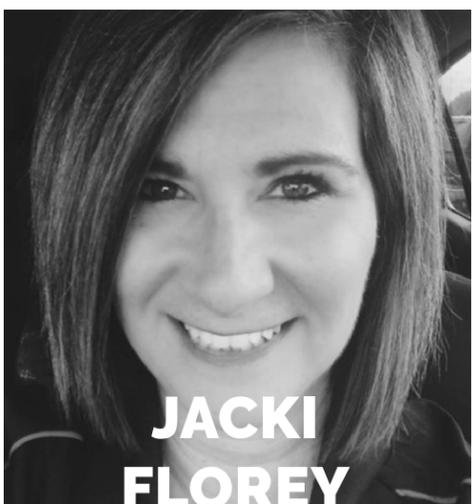
I have been with Sunrise Banks since November of 2016. My current role with Sunrise is as a client relationship manager. This role involves helping our partners with the implementation of new programs and making sure they are adhering to industry and bank requirements with their current programs. I have been in the prepaid industry since 2012, previously as a third party risk analyst.

When I am not working, I enjoy volunteering for my community, reading books, and hanging out with my three crazy dogs.



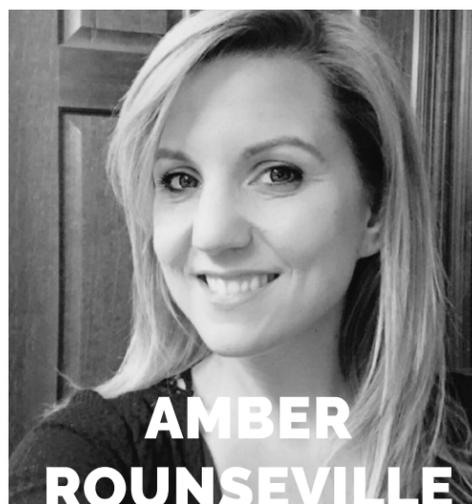
I have been with Sunrise Banks since November of 2017 and have been in the financial industry for 25 years. I have an extensive background in credit and third party risk. I am a client relationship manager and I manage Wirecard and Self Lender currently.

I am blessed with two adult children, Andrew and Ali. Andrew is married and I have one granddaughter Madeline. I live at home with my partner, Renee. We have two dogs and two cats. My free time is spent with my family and friends, motorcycle riding every chance I get and traveling when time and money permits. I have a passion for cooking and baking which the Sioux Falls office can attest to since I am bringing something to eat all of the time!



I am new to the Sunrise family as an executive assistant. I have been in the financial industry for over 27 years where I have a held a variety of positions.

I have been married for 22 year to my wonderful husband, Brad. I have four children. My step daughter, Ashley is 30. She and her husband Dalton, have our grandson, Briggs (2), and granddaughter, Lennon who was born in July. My daughter, Cammi (20), is a college student in Sioux Falls and then my twins, Cole and Carli (16) who attend Lincoln High School. In my free time I volunteer by teaching religious education and rock babies at Avera Hospital in the NICU on Thursday mornings. I also like to spend time with my family and siblings, do DIY projects, read and go shopping.



I have been with Sunrise Banks since August 2018 as a financial intelligence unit (FIU) analyst. My primary tasks include reviewing potential suspicious activity and performing quality control reviews. I have been in the banking industry for 13 years where I have held a variety of positions. I really enjoy the culture at Sunrise and look forward to learning more about the BSA/FIU role.

I have been married to my husband Zyon for 13 years. We have two daughters, Ashlyn is 12 and Alayna is 8. Our fur-baby is a 13-year-old dachshund named Baylee. My free time is spent cheering on my daughters in volleyball and soccer, chauffeuring them to/from practices, working out, traveling and going to concerts. I also volunteer in my girls' classrooms and help out with our church youth group.