



### SELECT DESIRED CHECK / ACH SERVICES

<input type="checkbox"/> <b>CHECKS – BY – PHONE (TEL)</b> <span style="float: right;">Non-guarantee checks \$2,500 and greater: Additional premium of 0.50% will be applied</span>			
<input type="checkbox"/> Guarantee		<input type="checkbox"/> Non-Guarantee	
\$	Transaction and Batch	% Discount Rate	\$ Return
		\$	Reversal
<input type="checkbox"/> <b>CHECKS – BY – WEB (WEB)</b> <span style="float: right;">Checks \$2,500 and greater; Additional premium of 0.50% will be applied.</span>			
<input type="checkbox"/> Bill Pay (existing customers)		<input type="checkbox"/> E-Commerce	
\$	Transaction	% Discount Rate	\$ Batch
\$	Return	\$ Reversal	

### OTHER RECURRING / MISCELLANEOUS FEES

FEE	TYPE	FEE	TYPE
\$	Monthly Minimum	\$	Monthly Paya Services Virtual Terminal Fee
\$	Monthly Service Fee	\$	Setup Fee

### OPTIONAL ENHANCEMENTS

Optional Enhancement fees represent the markup for the selected service that will be added to your standard transaction, return, discount fees

SWIFTSETTLE			
Not available for Paper Check or Check 21 - Requires Gateway, Virtual Terminal or File			
\$	Transaction Fee	\$	Return Fee
		Cutoff Time for SwiftSettle is 10 AM Central	
Merchant will submit the following type(s) of SwiftSettle transactions:		Does merchant desire the ability to choose which transactions to process SwiftSettle?	
<input type="checkbox"/> Consumer Debits <input type="checkbox"/> Consumer Credits <input type="checkbox"/> Both		<input type="checkbox"/> YES, I need this capability <input type="checkbox"/> NO, all transactions will be SwiftSettle	
CONSUMER CONVENIENCE FEE			
Available on ACH Debit/Credit, Checks by TEL, Checks by WEB Non-Guarantee Only			
*Inquire with your software provider as to whether the Consumer Convenience Fee is included in submission or must be added by processor.			
Consumer Convenience Fee Amount \$			
<input type="checkbox"/> Check amount submitted to processor includes Consumer Convenience Fee.		Merchant acknowledges that the total amount into the payment entry system already includes the convenience fee added to the total sale.*	
<input type="checkbox"/> Check amount submitted to processor does not include Consumer Convenience Fee.		Merchant acknowledges processor will add consumer convenience fee to the total amount entered into the payment entry system after the transaction has been received.*	

### CUSTOMER AUTHORIZATION METHOD

How is the customer's consent to electronically debit their account captured? Check the box and complete fields for all applicable programs:

<input type="checkbox"/>	<b>1. Recorded Verbal Authorization ("Checks-by-Phone" – TEL)</b> <input type="checkbox"/> Processor provided script <input type="checkbox"/> Merchant created script (must submit copy with application) <input type="checkbox"/> Please provide instructions to access customer recordings. If only able to access internally, please provide contact name in the Other field.
Via website URL:	
Login / Username:	Password:
Via a telephone #:	Password:
Other / required info/ID:	
<input type="checkbox"/>	<b>2. Web Authorization ("Checks-by-Web" – WEB)</b> <input type="checkbox"/> Customer provides electronic signature <input type="checkbox"/> Customer logs in using a username / password Merchant's website meets minimum encryption or security session requirements? (Minimum 128-bit RC4 encryption) <input type="checkbox"/> Yes <input type="checkbox"/> No Are any transactions to be initiated from a website other than the main company website supplied on page 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, list other URL(s):
(Important: Merchant is required to post any point of sale consumer notice provided by processor)	

### TRANSACTION SUBMISSION AND HANDLING

<b>1. Transactions will be submitted via:</b> <input type="checkbox"/> Certified Web Service Gateway Merchant will use a certified web gateway. (see certified web gateway list):			Gateway:
<b>2. On NSF returns, processor automatically resubmits transaction:</b> <input type="checkbox"/> Yes (standard) <input type="checkbox"/> No (optional – not available for Guarantee services)			
<b>3. Please provide merchant's technical contact's information so we may contact them to provide gateway or file specs, coordinate a test file, etc. Required if selecting transaction submission methods of Internet Gateway or File Transmission.</b>			
Name:	Email Address:	Phone:	

## ADDITIONAL USERS

### ADDITIONAL PERSONS AUTHORIZED TO RECEIVE ONLINE REPORTING OR TRANSACTION INITIATION ACCESS

Please provide first and last name and clearly indicate what each person listed should be given access to (Attach a separate page if necessary.):

Name:	Access Type: <input type="checkbox"/> Transaction Reporting Only <input type="checkbox"/> Transaction Initiation Only (if using processor VT) <input type="checkbox"/> Both
Name:	Access Type: <input type="checkbox"/> Transaction Reporting Only <input type="checkbox"/> Transaction Initiation Only (if using processor VT) <input type="checkbox"/> Both
Name:	Access Type: <input type="checkbox"/> Transaction Reporting Only <input type="checkbox"/> Transaction Initiation Only (if using processor VT) <input type="checkbox"/> Both
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## PERSONAL GUARANTEE

To induce Paya-EFT to enter into the Agreement, I the undersigned (the "Guarantor"), guarantee to Paya-EFT the due and punctual payment and performance of any and all of the present or future, direct or indirect, absolute or contingent indebtedness, obligations and liabilities of the Merchant named on this Application (and its successors and assigns) which arise pursuant to or in connection with the Agreement as they become due from time to time (collectively the "Liabilities") regardless of the place or manner in which the Liabilities arise or are evidenced, in any currency, whether incurred by the Merchant alone or with another or others and whether as principal or guarantor. If this Guarantee is executed by more than one party, the obligations of all parties executing this Guarantee shall be joint and several and each such party shall, therefore, be severally liable for all of the obligations guaranteed hereby, notwithstanding any discharge or unenforceability of the obligations with respect to any other party executing this Guarantee. The Guarantor shall pay or perform the Liabilities immediately on demand without any requirement that payment or performance of any of the Liabilities has been demanded from the Merchant. The Guarantor will pay and perform the Liabilities without regard to (i) any equities between the Guarantor and the Merchant or the Guarantor and Paya-EFT; or (ii) any defense or right of set-off, combination of accounts or appropriation or any cross-claim which the Merchant or the Guarantor may have. The amount of the Liabilities at any time shall be deemed to be as stated by Paya-EFT based on its records, absent manifest error. The Guarantor waives all defenses to any action or proceeding to enforce this Guarantee.

This Guarantee shall not be limited, lessened, released or discharged by the recovery of any judgment against the Merchant or any other person, by any voluntary or involuntary liquidation, dissolution, winding-up, merger or amalgamation of the Merchant or any other person, by any sale or other disposition of all or substantially all of the assets of the Merchant, or by any judicial or extra-judicial receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, moratorium, arrangement, composition with creditors or other proceedings affecting the Guarantor, the Merchant or any other person. The Guarantor shall reimburse or indemnify Paya-EFT on demand for all costs and expenses (including legal fees and disbursements on a solicitor-and-his-own-client basis) paid or incurred in enforcing the Liabilities. This Guarantee shall enure to the benefit of the successors and assigns of Paya-EFT. This Guarantee is binding upon the Guarantor, and any heirs, executors, legal representatives, successors and assigns of the Guarantor and is effective until the obligations of the Guarantor hereunder have been permanently paid or performed in full.

**MERCHANT AGREED AND ACCEPTED:** I have read and agree to the Personal Guarantee.

Personal Guarantor Signature	Printed Name	Title	Dated
X			

## ACH AUTHORIZATION

ACH Debit/Credit Authorization: Merchant hereby authorizes Paya-EFT in accordance with this Agreement to initiate debit/credit entries to Merchant's checking account, as indicated per the attached copy of a voided check from same. The authority is to remain in full force and effect until (a) One hundred and twenty (120) days after Paya-EFT has received written notification from Merchant of its termination in such a manner as to afford Paya-EFT reasonable opportunity to act on it, and (b) all obligations of Merchant to Paya-EFT that have arisen under this agreement have been paid in full.

Bank Name:

Depository: <span style="color: red;">Merchant's batch activity will be put into this account.</span>	Routing #:	Account #:
Fees: <span style="color: red;">Merchant's monthly fees / necessary charges will be taken from this account.</span>	Routing #:	Account #:

## MERCHANT ACCEPTANCE

By signing below, I the undersigned, acknowledge and agree that the POS Conversion, Paper Guarantee, Check 21+ Remote Check Deposit, Checks-By-Phone, Checks-By-Web, and ACH Debit/Credit services ("Services") provided pursuant to this merchant application ("Application") are provided by Paya EFT, Inc. ("Paya-EFT"). I further represent to Paya-EFT that I have read the terms and conditions ("T&Cs") attached to this Application and that I am authorized to sign and accept the T&Cs on behalf of the entity listed below ("Merchant"). I acknowledge and agree that the Merchant desires to use the Services in accordance with the T&Cs and that the T&Cs together with this Application, if accepted by Paya-EFT, create a legal agreement between the Paya-EFT and the Merchant ("Agreement") separate and distinct from any other services offered in connection with the Paya-EFT Services.

On behalf of the Merchant I will ensure that the T&Cs are reviewed and agree that they will be binding on the Merchant upon the use of the Paya-EFT account issued to the Merchant.

I certify to Paya-EFT that the information provided in this Application is true, complete and accurate. I authorize Paya-EFT to verify the information on this Application and consent to the collection, use and disclosure of personal information about me for this purpose. I consent to the sharing of credit information about me or the Merchant with credit reporting agencies or credit bureaus as well as entities the Merchant purports to have a financial relationship and to use of third party databases to obtain or verify information about the Merchant and its financial condition.

### MERCHANT MUST SUBMIT A VOIDED CHECK WITH THIS AGREEMENT

**MERCHANT AGREED AND ACCEPTED:** I have read and agree to the Terms of this Agreement.

Authorized Merchant Signature	Printed Name	Title	Dated
X			

### OFFICIAL PAYA EFT USE ONLY

Authorized Paya EFT Signature	Printed Name	Title	Dated
X			

**Not valid unless approved and signed by authorized officer of Paya EFT**

ATTEST

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HEATHER FAUST, MMC  
CITY CLERK

APPROVED AS TO FORM AND CORRECTNESS

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AMBER L. SLAYTON, B.C.S.  
CITY ATTORNEY

## Paya-EFT Services: Merchant Rights and Responsibilities

- A. These are the terms and conditions (“T&Cs”) referenced in the merchant agreement application (“Application”). These T&Cs, together with the Application, form the agreement (“Agreement”) between Paya EFT, Inc. (“Paya-EFT”) and the merchant who submitted the executed Application (“MERCHANT”). MERCHANT desires to use the services pursuant to the terms of this Agreement and the rules of the National Automated Clearing House Association (the “Rules”), and Paya-EFT is willing to provide the services subject to the terms and conditions set forth in this Agreement.
- B. Unless otherwise defined herein, capitalized terms shall have the meanings provided in the Rules. The term “Entries” shall have the meaning provided in the Rules and shall also mean the data, which is transmitted by the MERCHANT to Paya-EFT to prepare such Entries for processing.

### AGREEMENT

- MERCHANT’S AUTHORITY.** MERCHANT specifically warrants to Paya-EFT that MERCHANT has taken all necessary legal action and has authority to enter into this Agreement with Paya-EFT. It further warrants that the person(s) signing for and on behalf of MERCHANT is specifically authorized and directed to do so by MERCHANT. MERCHANT acknowledges that this Agreement constitutes the legal, valid and binding obligation of MERCHANT, enforceable in accordance with its terms. The attached Schedules for the POS Conversion, QSP, Check 21+ Remote Check Deposit, Checks-By-Phone, Checks-By-Web, ACH Debit, Checks-By-Phone, and Paper Guarantee services are hereby incorporated into these T&C’s to the extent Merchant selects such services in the Application. These T&Cs are only applicable to the Paper Guarantee services to the extent set forth in Sections 24-43 and the Paper Guarantee Schedule attached hereto.
- MERCHANT’S PUBLIC DISCLOSURE RESPONSIBILITIES.** Paya-EFT shall provide signage to be displayed at the point of purchase (POP) or payment collection site, which informs customers of the applicable (i) MERCHANT’S use of Paya-EFT Electronic Check Processing Service; or (ii) electronic debit for the amount of any state allowable NSF or recovery fee as stated in Section 3 of the Check 21+ Remote Check Deposit Addendum. MERCHANT agrees to display these materials in the best visible and unhindered location so as to inform the public of, if applicable, such electronic debit entry or that MERCHANT will honor electronic check and ACH processing services (as applicable) provided by Paya-EFT. From time to time, Paya-EFT may disseminate (i) changes to rules governing the Services; and (ii) educational and promotional materials to MERCHANT for MERCHANT to distribute to customers. MERCHANT further agrees to immediately (i) remove and properly dispose of Paya-EFT’s stale promotional materials and to display the most current materials upon receipt of such from Paya-EFT; and (ii) comply with such rule changes. MERCHANT will discontinue the use of all of Paya-EFT’s promotional materials and properly remove said materials upon receipt of written notification of suspension or termination of this Agreement. In the event Merchants’ account is reinstated by Paya-EFT after suspension, MERCHANT shall redisplay appropriate materials upon receipt of written verification of resumption of service by Paya-EFT.
- RESTRICTIONS ON USE OF PROMOTIONAL MATERIALS AND REPRESENTATIONS CONCERNING Paya-EFT’S SERVICES.** MERCHANT shall make no use of Paya-EFT’s promotional materials, marks, or software, other than as set forth in paragraph 3 above, without Paya-EFT’S prior written consent. In no way shall the MERCHANT indicate that Paya-EFT’s services are an endorsement of the MERCHANT, its business or its business practices. In the event of termination, MERCHANT immediately shall properly discard all software related to Paya-EFT services at MERCHANT’S expense.
- SURCHARGES AND TAXES.** MERCHANT shall not impose any illegal surcharge on any processed ACH, Remote Check Deposit (Check 21 Plus) processed check, or electronically processed check transaction. MERCHANT shall collect all required taxes at time of sale. All required taxes must be included in the total transaction amount at the time such is submitted for authorization by Paya-EFT and must be reflected in the face amount of the check or ACH Debit (if applicable). In any event, MERCHANT shall not collect any required taxes separately in cash, or otherwise. MERCHANT is responsible for paying all taxes collected to the appropriate authorities in a timely manner.
- USE OF EQUIPMENT.** MERCHANT agrees to utilize only equipment and software (including payment gateways) approved by Paya-EFT for the electronic processing of checks and ACH Debits and in a format and medium of transmission acceptable to Paya-EFT.
- NETTING OF TRANSACTIONS.** MERCHANT acknowledges that all transactions between Paya-EFT and MERCHANT under this Agreement, except assessment of fees, shall be treated as a single transaction for purposes of daily settlement between MERCHANT and Paya-EFT. The Settlement period varies depending on the Service. Chargebacks may be deducted from net settlement or may be debited from MERCHANT’S account if no pending credits are available to offset the chargeback.
- PAYMENT.** MERCHANT acknowledges that this Agreement provides for the provisional settlement of MERCHANT’S transactions, subject to certain terms and conditions, fees, credit transactions, contingent claims for chargebacks, adjustments and final settlement including but not limited to those enumerated herein. All payments to MERCHANT for legitimate and authorized transactions shall be made by Paya-EFT through the ACH and shall normally be electronically transmitted directly to MERCHANT’S designated account. However, Paya-EFT cannot guarantee the timeliness with which any payment may be credited by MERCHANT’S bank. MERCHANT understands that due to the nature of the ACH and the electronic networks involved and the fact that not all banks belong to an ACH, payment to MERCHANT can be delayed. In such cases, MERCHANT agrees to work with Paya-EFT to help resolve any problems in crediting MERCHANT’S designated account. In the event that a payment is rejected by MERCHANT’S bank or fails to arrive within seven (7) banking days from the date of settlement due to problems beyond Paya-EFT’S control, Paya-EFT may periodically wire transfer all funds due MERCHANT until the problem is corrected, at MERCHANT’S EXPENSE. All payments to MERCHANT shall be made after first deducting therefrom any discount fee, transaction fee, credit, chargeback, reserve or other fee or charge for which MERCHANT is responsible pursuant to this Agreement. Said charges and fees shall be deducted from incoming transactions or may be debited against MERCHANT’S designated Account at Paya-EFT’S sole discretion, without any further notice or demand.
- AUTHORIZATION TO ACCESS MERCHANT’S ACCOUNT.** MERCHANT hereby authorizes Paya-EFT to initiate debit and credit entries to MERCHANT’S designated account. MERCHANT’S authorization shall continue in effect for at least 120 days after termination of this Agreement, or for a longer period as determined necessary by Paya-EFT in the exercise of its sole discretion in order to properly terminate business. Unless a reserve or delay is placed on the MERCHANT’S account, Paya-EFT will generally transmit settlement to MERCHANT’S bank within 7 business days. In cases where MERCHANT has been approved by Paya-EFT in advance to initiate credit entries, the debit to MERCHANT’S account will be initiated first and the credit to the customer may be held until MERCHANT’S debit clears, generally within 6 banking days or for a longer period as determined necessary by Paya-EFT to insure the funds have cleared MERCHANT’S account. With respect to the Services, (i) settlement shall consist of a 7 banking day net settlement unless approved in advance by Paya-EFT in writing settlement shall consist of a 7 banking day net settlement unless approved in advance by Paya-EFT in writing; and (ii) No MERCHANT or customer is authorized to initiate a customer credit Entry, except where the Entry is the result of a reversal of a previous WEB debit Entry. Returns received after a transaction has been settled may be offset and deducted from current outstanding funds due to MERCHANT, or returns may be charged back to MERCHANT’S account at Paya-EFT’S discretion. MERCHANT specifically authorizes Paya-EFT to debit MERCHANT’S account via Automated Clearing House (ACH) transfer for any previously funded transaction that is returned, and MERCHANT warrants to Paya-EFT that MERCHANT will maintain a sufficient balance to cover return entries and to promptly notify Paya-EFT of any changes to MERCHANT’S accounts. In addition, Paya-EFT may require additional monetary sums for the reserve account from MERCHANT, and Paya-EFT reserves the right to hold additional monies as necessary to reduce any risk associated with the daily processing of checks, as requested by MERCHANT. In the event of processing termination, Paya-EFT may hold outstanding funds due to MERCHANT for up to one-hundred-twenty (120) days from the transaction date if Paya-EFT determines that the return history reasonably justifies the holding of funds. Paya-EFT may hold back certain amounts where Paya-EFT is investigating a transaction for breach of warranty or transactional requirements by MERCHANT or for other reasons. Paya-EFT shall monitor MERCHANT’S transactional activity and MERCHANT agrees that Paya-EFT may delay funds for a reasonable period to investigate account activity. Paya-EFT will attempt to notify MERCHANT of any investigation, but Paya-EFT shall have no liability to MERCHANT or any other party, for any such actions taken by Paya-EFT. MERCHANT agrees that Paya-EFT may hold, setoff or retain funds to protect against amounts owed Paya-EFT or based on MERCHANT’S transaction history and/or MERCHANTS’ financial condition. Paya-EFT will not be liable for any dishonor of any item as a result of actions taken hereunder. Any account is subject to review, verification, audit and acceptance by Paya-EFT. Paya-EFT may return any item to MERCHANT for correction or proper processing.
- RETURNS AND CREDITS.** MERCHANT shall maintain a fair policy permitting refunds, exchanges, returns and adjustments. During the term of this Agreement, MERCHANT shall be responsible for making all cash, check, or ACH Debit refunds to customer after a transaction has been batched out for settlement. Unless MERCHANT has been approved by Paya-EFT in advance to initiate credit entries for a lesser amount than the original check, electronic check, or ACH Debit entry, MERCHANT must initiate a credit receipt for the same amount as the original check or debit entry to effect voids, which occur the same day as the day of authorization and prior to batching out. As applicable, MERCHANT must use the POP equipment, approved Paya-EFT software, or ACH Debit Software to transmit the credit. MERCHANT shall obtain proper written authorization from the Customer whose name is used in the transaction or printed on the face of the check or the customer’s authorized representative prior to crediting Customer’s account. Except for Checks-By-Web, the customer or its authorized representative shall sign the completed credit receipt and a copy of the credit receipt shall be delivered to the customer at the time of each cancellation of a transaction. Each void, debit, and credit entry shall constitute a separate transaction for which a processing fee will apply. If it becomes necessary for a reversal of a transaction to be initiated, MERCHANT shall request in writing to Paya-EFT to initiate such reversal. MERCHANT shall give Paya-EFT enough information to create such reversal. A fee of no more than twenty-five dollars for each transaction reversal may be charged by Paya-EFT.
- WARRANTIES BY MERCHANT.** MERCHANT warrants and agrees to fully comply with all federal, state, and local laws, rules and regulations, as amended from time to time, including those with respect to consumer protection. MERCHANT also warrants not to change the nature of its business as indicated on the Application attached hereto and submitted herewith or to modify the ownership of the business without the prior written consent of Paya-EFT. With each transaction presented to Paya-EFT by MERCHANT for authorization, MERCHANT specifically warrants and represents that: (a) each customer has authorized the debiting or crediting of its checking account, that each debit or credit is for an amount agreed to by the customer; (b) each debit or credit entry was authorized by the person named on the checking account or the authorized representative or agent of such person; (c) the sales receipt or other proof of purchase is valid in form and has been completed in accordance with all applicable laws and all of the provisions set forth in this Agreement; (d) the total amount of each sales receipt or other proof of purchase evidences all goods and services purchased in a single transaction (No splitting check transactions to multiple checks as applicable); (e) MERCHANT has delivered the goods or completed the services identified in the authorized sales receipt; (f) each sales draft and check represents a bona fide direct sales transaction between the MERCHANT and the person presenting the check or ACH Debit

in the MERCHANT'S ordinary course of business and that the amount of the sales draft or check evidences the customer's total indebtedness for the transaction involved: (g) the person presenting the check or ACH Debit has no claim, defense, right of offset, or dispute against MERCHANT in connection with the purchase of the goods or services and MERCHANT will provide adequate services to the person presenting the check or ACH Debit and will honor all warranties applicable thereto; and (h) all of MERCHANT'S business locations engage in the business activity listed on the face of this Agreement.

11. **CHARGEBACKS AND RETURNS.** Paya-EFT and third-party bank partners will monitor MERCHANT for adherence to established maximum acceptable return rate thresholds as established by the Rules which are as follows: Overall return rate level of 15% or less, Administrative return (R02, R03, R04) rate level of 3% or less, and an Unauthorized return (R05, R07, R10, R29, or R51) rate level of 0.5% or less. MERCHANT shall bear all risk of loss, without warranty or recourse to Paya-EFT for the amount of any transaction, applicable fees, or other amounts due Paya-EFT (including Paya-EFT's actual costs and expenses) due to or caused by chargebacks and returns of any kind, whether for customer chargebacks, insufficient funds returns, administrative or corporate returns, or any other type of returns, except as set forth in this Agreement and the Paya-EFT POS GUARANTEE CONVERSION, ACH DEBIT GUARANTEE, Checks-By-Phone Guarantee, and Remote Deposit Capture (Check 21 Plus) with Guarantee Schedules below (provided that MERCHANT has purchased and Paya-EFT agreed to provide Guarantee services). Paya-EFT shall have the right to debit MERCHANT'S incoming transactions, designated account or any other funds of MERCHANT in Paya-EFT's direct or indirect control by reason of Paya-EFT's security interest granted to Paya-EFT by MERCHANT hereunder, and to chargeback such transactions to MERCHANT including, but not limited to any of the following situations: (a) where goods have been returned or service canceled by the person submitting the applicable check or ACH Debit for electronic processing or Remote Deposit Capture (Check 21 Plus) processing and that person has requested a credit draft and such credit draft was not processed by MERCHANT; (b) where the sales draft or purchaser breaches any representation, warranty or covenant or failed to meet the requirements of this Agreement, or applicable law, or has not been authorized in advance by the authorization center as required hereunder; (c) where the transaction is for a type of goods or services sold other than as disclosed in the MERCHANT application or approved in advance by Paya-EFT or the amount shown on the sales receipt or proof of purchase differs from the copy given to the customer; (d) where a customer contends or disputes in writing to Paya-EFT, or the customer's financial institution named on the check or ACH Debit that: (1) Goods or services were not received; or (2) Goods or services received do not conform to the description on the sales receipt or proof of purchase; or (3) Goods or services were defective or the customer has a claim, dispute or defense to payment related to the transaction; or (4) The dispute reflects a claim or defense authorized by a relevant statute or regulation, (e) where a check authorization document or recording, proof of purchase, or credit receipt was not received by Paya-EFT as required herein or is subject to indemnification charged back by the customer's financial institution; (f) where the transaction was generated through the use of an account that was not valid (As in, but not limited to, R03,R04 return codes) or effective (As in, but not limited to, R02 return code) on the transaction date or which was made on an altered, fraudulent, or counterfeit check authorization document, recording, or ACH debit of which MERCHANT had notice not to honor and failed to reject the transaction or if MERCHANT disregarded any denial of authorization; (g) where the check results in a R29 return (Unauthorized ACH entry to Corporate Account) and any collection efforts are not successful; (h) where no signature or electronic acceptance of the transaction appears on the sales check authorization document (as applicable) or proof of purchase (or the proof of purchase does not contain the information from the ACH Debit), where customer did not authorize via recorded oral authorization, or if MERCHANT failed to obtain specific authorization in advance from Paya-EFT to complete the transaction and/or a valid authorization number was not on the sales receipt or proof of purchase and/or the customer has certified in writing to Paya-EFT or his financial institution that no authorized user made or authorized the transaction; (i) where security procedures were not followed; (j) where the customer's financial institution or Paya-EFT has information that MERCHANT fraud occurred at the time of the transaction(s), or the transaction is not a sale by MERCHANT whether or not such transaction(s) was authorized by the customer; (k) in any other situation where the check authorization or proof of purchase was executed or a credit was given to MERCHANT in circumstances constituting a breach of any representation or warranty of MERCHANT or in violation of applicable law or where MERCHANT has not provided documents or resolved a customer dispute whether or not a transaction is charged back; (l) an Entry was charged back and represented whether or not the customer knows or consents to this representation. If, with respect to any one of MERCHANT'S outlets, the amount of or number of any counterfeit or fraud incidents becomes excessive, in the sole determination of Paya-EFT; (m) MERCHANT does not provide Paya-EFT with a copy of the signed authorization receipt or recorded oral authorization within forty-eight (48) hours from the time of Paya-EFT's request. MERCHANT may be charged back for all transactions, this Agreement may be terminated immediately without notice, and MERCHANT'S funds, including but not limited to those in incoming transactions and in MERCHANT'S designated account, shall be held pursuant to the provisions herein. Paya-EFT shall retain any discount or fee related to a chargeback transaction. MERCHANT agrees that Paya-EFT will assess up to twenty-five dollars for each chargeback, or such increased or additional charges as may be established by Paya-EFT from time to time. **Additionally, Paya-EFT shall have the same rights to debit MERCHANT'S account for transactions returned or not honored for any reason, including but not limited to insufficient funds, administrative or corporate returns, or any other kind of returned transaction. If MERCHANT has requested the Paya-EFT GUARANTEE service, and Paya-EFT has accepted the application for Guarantee service, certain transactions are guaranteed, as listed in this Agreement, including the Paya-EFT POS GUARANTEE CONVERSION Remote Check Deposit (Check 21 Plus) with Guarantee, Checks-By-Phone Guarantee, or ACH DEBIT GUARANTEE Schedules below.**
12. **CHARGEBACK AND RETURNS RESERVE ACCOUNT.** Notwithstanding any other language to the contrary contained in this Agreement, Paya-EFT reserves the right to establish, without notice to MERCHANT, and MERCHANT agrees to fund a non-interest bearing Chargeback and Return Reserve Account, or demand other security and/or to raise any discount fee or transaction fee hereunder, upon Paya-EFT's reasonable determination of the occurrence of any of the following: (a) MERCHANT engages in any processing of charges which create an overcharge to the customer by duplication of charges; (b) **Failure by MERCHANT to fully disclose the true nature or percentage of its (i) actual or intended telephone and/or mail order business; and (ii) actual or expected losses due to insufficient funds transactions,** fraud, theft or deceit on the part of its customers, or due to administrative chargebacks/returns, or chargebacks or rejections by customers; (c) **Failure by MERCHANT to fully disclose the true nature of its business to Paya-EFT to permit a fully informed decision as to the suitability of MERCHANT for processing through Paya-EFT;** (d) Failure by MERCHANT to fully disclose the true ownership of MERCHANT'S business entity or evidence of fraud; (e) Processing by MERCHANT of unauthorized charges or any other action which violates applicable risk management standards of Paya-EFT or is likely to cause loss; (f) **Any misrepresentation made by MERCHANT in completion of the MERCHANT Application or breach of any other covenant, warranty, or representation contained in this Agreement** or applicable law including a change of type of business without prior written approval by Paya-EFT; (g) MERCHANT has chargebacks or returns of any kind which exceed 1% of the total number of transactions completed or dollars processed for Checks-By-Web Services by MERCHANT in any thirty (30) calendar day period; (h) Excessive number of requests from customers or issuing banks for retrieval of documentation; (i) MERCHANT'S financial stability is in question or MERCHANT ceases doing business; or (j) Upon notice of or termination of this Agreement. After payment or adequate provision for payment is made by Paya-EFT, for all obligations on the part of MERCHANT to Paya-EFT under this Agreement, MERCHANT may request Paya-EFT to disburse to MERCHANT any funds remaining in the Chargeback and Return Reserve Account unless otherwise agreed to by Paya-EFT. Such funds will not be disbursed to MERCHANT until the end of one hundred twenty (120) days after termination of this Agreement or ninety (90) days from the date of the last chargeback or return activity, whichever is later, unless Paya-EFT in its sole discretion has reason to believe that customer chargeback rights may be longer than such period of time or that loss is otherwise likely, in which event Paya-EFT will notify MERCHANT of such fact and Paya-EFT will set the date when funds shall be released. No monies held in the Chargeback and Return Reserve Account shall bear interest. Provisions applicable to the designated account are also applicable to this account.
13. **COLLECTIONS.** MERCHANT acknowledges and agrees that when collection services are required, Paya-EFT may utilize an appropriately licensed third party to perform such collection services. MERCHANT further authorizes Paya-EFT to continue collection efforts for MERCHANT. If collections are unsuccessful after sixty (60) days, Paya-EFT shall discontinue collections and be absolved of all responsibility.
14. **PAYA-EFT POS GUARANTEE CONVERSION, CHECKS-BY-PHONE GUARANTEE, REMOTE CHECK DEPOSIT (CHECK 21 Plus), AND ACH DEBIT GUARANTEE.** The Paya-EFT POS GUARANTEE CONVERSION, Remote Check Deposit (Check 21 Plus) with Guarantee, Checks-By-Phone Guarantee, and ACH Debit Guarantee provisions are operational only if MERCHANT has marked the applicable Paya-EFT POS GUARANTEE CONVERSION, Checks-By-Phone Guarantee, Check 21 Plus with Guarantee, or ACH Debit Guarantee box on the application form of the Agreement. MERCHANT must utilize the Paya-EFT Virtual Terminal to qualify for the ACH Debit Guarantee coverage and the Paya-EFT Checks-By-Phone Gateway to qualify for Guarantee coverage. The ACH Debit Guarantee coverage is only available for Single ACH Debit services and are not offered for Recurring ACH Debit services. If so marked, MERCHANT wishes Paya-EFT to provide a guarantee for reimbursement of losses sustained by MERCHANT in accepting checks or Single ACH Debits for electronic or Remote Check Deposit (Check 21 Plus) processing. In addition to the provisions previously set forth and notwithstanding any provisions to the contrary, Paya-EFT has established a per account Guarantee Limit, as per the Schedule, based on a percentage of the face amount of any and all checks (and a local access [Transaction fee] fee) as set forth in the pricing section of the agreement) presented at MERCHANT'S place of business or at other locations which are listed in any attachments to this Agreement, subject to the terms and conditions set forth in this Agreement. Paya-EFT shall reimburse MERCHANT per Schedule, up to the Guarantee Limit, as measured from the date of verification of non-payment, subject to MERCHANT'S compliance with all of the terms and conditions contained in this Agreement or any of Paya-EFT's other published instructions. Paya-EFT shall have the right to adjust MERCHANT'S rate including Paya-EFT POS Guarantee Conversion, Remote Check Deposit (Check 21 Plus) with Guarantee, Checks-By-Phone Guarantee, and ACH Debit Guarantee rate based upon its sole determination. Merchant must utilize the Virtual Terminal to qualify for ACH Debit Guarantee service and the Paya-EFT Checks-By-Phone Gateway to qualify for Checks-By-Phone Guarantee service. Each month MERCHANT shall have access to an itemized summary of applicable electronic check, Checks-By-Phone, Remote Check Deposit (Check 21 Plus) check, and ACH debit deposits. Paya-EFT shall process up to the check limit established for MERCHANT, but will not be responsible for reimbursement of checks exceeding the MERCHANT'S approved guarantee limit. The following transaction types are not included in the Paya-EFT POS GUARANTEE CONVERSION, Remote Check Deposit (Check 21 Plus) with Guarantee, Checks-By-Phone Guarantee, or ACH Debt Guarantee service, and Paya-EFT assumes no liability for and will provide no reimbursement for transactions as follows: Incorrect MICR data reads, unable to locate account or invalid account number returns, (R29) Unauthorized Corporate returns, customer chargebacks or customer revocations of any transaction. Merchant agrees to provide any additional information to Paya-EFT on occasion as needed to assist in collection efforts. **Guarantee reimbursement shall only serve to cover MERCHANT losses due to, NSF returns, and Insufficient Funds returns up to the per account guarantee limit placed in the approval section of the contract.**
15. **SWIFTSETTLE.** Merchant acknowledges that to receive SwiftSettle processing, merchant's transactions must be received prior to the established cutoff time by the Originating Depository Financial Institution ("ODFI"). Any transaction received after the established SwiftSettle cutoff will be processed in the standard evening processing cycle (i.e., the Effective Entry Date will be the next business day) and the SwiftSettle Transaction fee still applies. SwiftSettle is currently available through gateway and file transmission only. Support assisted reversals are not available for SwiftSettle items. Same day voids and reversals may be supported through the gateway (check with gateway provider to confirm functionality). A SwiftSettle Entry must be for an amount of \$25,000 or less, and an IAT Entry cannot be a SwiftSettle Entry. Paya does not represent or warrant that the Originating Depository Financial Institution ("ODFI") will timely transmit any Entry

- to its ACH Operator, or that the ACH Operator will timely transmit the Entry for same-day processing and settlement. It is understood that the ODFI, ACH Operator and Receiving Depository Financial Institution (RDFI) may impose additional requirements for SwiftSettle, in accordance with the NACHA Rules, or their own policies and procedures.
16. **CONSUMER CONVENIENCE FEES.** MERCHANT acknowledges that this Agreement may also contemplate a Consumer Convenience Fee Option and MERCHANT wishes to participate in the Consumer Convenience Fee Option in which Paya-EFT shall collect a Convenience Fee from the consumer. MERCHANT shall be solely responsible for informing its customers of such convenience fee charges and to obtain customer's authorization, by signature or similarly authenticated, to debit the convenience fee from customer's bank account via ACH debit. MERCHANT's customer authorization process should take into consideration whether the convenience fee is or is not included in the face amount of the check and for obtaining proper authorization so that the total amount to be deducted (both the sale amount and the fee) are properly authorized by the customer. MERCHANT hereby confirms that Convenience fees are acceptable to be added under all applicable laws.
17. **ASSIGNMENT OF CHECKS AND ACH DEBITS.** As of the date of this Agreement and by subscribing to Paya-EFT services, MERCHANT shall be deemed to have assigned to Paya-EFT, without recourse, all of MERCHANT's right, title and interest in any and all ACH Debits return fees and checks, including any rights to treble or punitive damages permitted under applicable law. MERCHANT shall execute and deliver endorsements, instruments, and papers and shall do whatever is necessary under the laws of any applicable jurisdictions to secure and defend Paya-EFT's rights and shall do nothing to prejudice those rights. MERCHANT shall cooperate with Paya-EFT in pursuing Paya-EFT's rights, including suing or prosecution of the customer under all applicable laws.
18. **COMPLIANCE AND DISCLOSURE OF INFORMATION.** MERCHANT agrees to comply with all applicable state or federal laws, rules and regulations affecting the use of checks, drafts and ACH transactions, including but not limited to rules and procedural guidelines established by the Federal Trade Commission ("FTC") and Regulation E (Reg. E). MERCHANT is solely responsible for any and all losses incurred by MERCHANT or Paya-EFT in the event MERCHANT initiates any transaction prohibited by Regulation E Rules or other rules or laws of the United States of America ("USA") or in breach of this Agreement. MERCHANT shall provide such information and certifications as Paya-EFT may reasonably require from time to time to determine MERCHANT'S compliance with the terms and conditions of this Agreement and applicable law. MERCHANT further agrees to produce and make available for inspection by Paya-EFT or its officers, agents, attorneys, accountants, or representatives, such books and records of MERCHANT as Paya-EFT may deem reasonably necessary to be adequately informed of the business and financial condition of MERCHANT, or the ability of MERCHANT to observe or perform its obligations to Paya-EFT pursuant to this Agreement. MERCHANT further agrees to provide to Paya-EFT from time to time such information including, but not limited to, credit reports, personal and/or business financial statements, income tax returns, or other such information as Paya-EFT may request. MERCHANT grants to Paya-EFT continuing authority to conduct credit checks and background investigations and inquiries concerning MERCHANT and MERCHANT'S owner(s) including, but not limited to, character and business references and the financial condition of MERCHANT and MERCHANT'S owner(s). MERCHANT expressly authorizes Paya-EFT or its agents, attorneys, accountants, and representatives to provide and receive such information from any and all third parties directly, without further consent or authorization on the part of MERCHANT. Paya-EFT may share with others its credit, sales and other information. MERCHANT will not transfer, sell, or merge or liquidate its business or assets or otherwise transfer control of its business, change its ownership in any amount or respect, engage in any joint venture partnership or similar business arrangement, change its basic nature or method of business, types of products sold or engage in sales by phone or mail order without providing notice to Paya-EFT and provide Paya-EFT with the opportunity to terminate this Agreement.
19. **COMPLIANCE WITH THE RULES AND APPLICABLE LAW.** MERCHANT's rights and obligations with respect to any Entry are governed by the NACHA Rules ("the Rules"), this Agreement and applicable law. The Merchant agrees to comply with and be bound by "the Rules". MERCHANT agrees to comply with applicable state and federal law or regulation and Merchant warrants that it will not transmit any Entry that violates the laws of the United States, including, without limitation, regulations of the Office of Foreign Asset Control (OFAC).
20. **DATA RETENTION.** MERCHANT shall retain all records related to authorization, including all sales and credit receipts and authorizations for a period of no less than two years following the date of the transaction, or two years from authorization revocation if applicable. According to Paya-EFT'S current Paya-EFT policies, MERCHANT shall, as applicable, stamp or mark "ACH processed" and hand the check back to the check writer and retain for a period of 2 years all ACH Debits received from customers. **If check is handed back to check writer, ACH authorization form is handed back to consumer, or recorded oral authorization is lost then MERCHANT acknowledges that Paya-EFT will not be able to provide any check collection services beyond the third electronic presentment of the check. Failure to provide the signed authorization receipt, form, or recorded oral authorization to Paya-EFT will result in cessation of collection efforts, and Paya-EFT will be entitled to immediately debit MERCHANT'S account for any previously processed and returned transactions.**
21. **ADDITIONAL MERCHANT REPRESENTATIONS.** MERCHANT agrees to permit Paya-EFT to audit MERCHANT upon reasonable notice. MERCHANT agrees that any outstanding amount(s) owed to Paya-EFT shall be subject to a 1.5% finance charge monthly. Any outstanding sums will be sent to an outside collection agency and charged the maximum amount of civil, legal, and collection fees/charges as is allowed by law. MERCHANT will not disclose and will keep confidential the terms and conditions of this Agreement.
22. **ADDITIONAL PAYA-EFT RESPONSIBILITIES.** Paya-EFT will accept, as applicable, entries via check reader hardware, MERCHANT'S payment gateway, double sided check images from a Paya-EFT approved check imager/software vehicle, ACH Debit software, and Checks-By-Phone Gateway on a 24-hour per day basis. Paya-EFT is only responsible for processing entries that have arrived at its premises in a proper format and on a timely basis. Paya-EFT will use information provided by MERCHANT to originate its entries in the applicable Remote Check Deposit (Check 21 Plus) network or ACH. MERCHANT understands and agrees that Paya-EFT may reject MERCHANT'S entries for any reason permitted in this Agreement and/or if acceptance of such entry would cause Paya-EFT to potentially violate any federal, state or local law, rule statute, or regulation, including without limitation any Federal Reserve or other regulatory risk control program. At MERCHANT'S written request, Paya-EFT will make reasonable efforts to reverse or delete an entry, but will under no circumstance be liable for the failure to comply with such request.
23. **LIMITATION OF LIABILITY AND MERCHANT'S WAIVER OF DAMAGES.** Paya-EFT shall be responsible for performance of the ACH and Remote Check Deposit (Check 21 Plus) services as a third-party provider in accordance with the terms of this Agreement. Paya-EFT shall not be responsible for any other person's or entity's errors, acts, omissions, failures to act, negligence or intentional conduct, including without limitation entities such as Paya-EFT'S communication carrier or clearing houses, and no such entity shall be deemed to be a representative or an agent of Paya-EFT. **IN NO EVENT SHALL PAYA-EFT BE LIABLE TO MERCHANT FOR ANY CONSEQUENTIAL, INCIDENTAL, PUNITIVE OR SPECIAL DAMAGES WHICH MERCHANT OR ITS CUSTOMERS, AFFILIATES, PARENT COMPANIES, ASSOCIATES, AGENTS, OFFICERS, DIRECTORS OR EMPLOYEES MAY INCUR OR SUFFER IN CONNECTION WITH THIS AGREEMENT, INCLUDING LOSS OR DAMAGE FROM SUBSEQUENT WRONGFUL DISHONOR RESULTING FROM PAYA-EFT'S ACTS OR OMISSIONS PURSUANT TO THIS AGREEMENT.** PAYA-EFT'S LIMIT OF LIABILITY TO MERCHANT OR ANY THIRD PARTY FOR ANY CAUSE OF ACTION WHATSOEVER IS limited to the proportionate extent of Merchant's negligence or other breach of duty, and limited by the fees that Paya-EFT has received for the prior three (3) months from Merchant.
24. **FORCE MAJEURE.** Paya-EFT shall not be responsible for delays, nonperformance, damages, lost profits or other losses caused directly or indirectly by any Act of God, including, without limitation, fires, earthquakes, tornadoes, hurricanes, wars, labor disputes, communication failures, legal constraints, power outages, data transmission loss or failure, incorrect data transmission or any other event outside the direct control of Paya-EFT.
25. **CONFIDENTIALITY.** Each party acknowledges that all other materials and information disclosed to the other party ("Recipient") in connection with the performance of this Agreement, including any trade secret, process, technique, algorithm, computer program (source and object code), design, drawing, formula, business plan or test data relating to any research project, work in process, future development, engineering, marketing, servicing, financing, strategic partnership or personnel matter consist of confidential and proprietary data. Each Recipient will hold those materials and that information in strict confidence, and will restrict its use of those materials and that information to the purposes anticipated in this Agreement. If the law or legal process requires Recipient to disclose confidential and proprietary data, Recipient will notify the disclosing party of the request. Thereafter the disclosing party may seek a protective order or waive the confidentiality requirements of this Agreement, provided that Recipient may only disclose the minimum amount of information necessary to comply with the requirement. Recipient will not be obligated to hold confidential any information from the disclosing party which (a) is or becomes publicly known through no act or omission of the Recipient, (b) is received from any person or entity who, to the best of Recipient's knowledge, or Recipient's reason to know, has no duty of confidentiality to the disclosing party, (c) was already known to Recipient prior to the disclosure, and that knowledge was evidenced in writing prior to the date of the other party's disclosure, or (d) is developed by the Recipient without using any of the disclosing party's information. MERCHANT further warrants and agrees that it shall not sell, purchase, provide, or exchange checking account information in the form of sales drafts, mailing lists, tapes, or any other media obtained by reason of a transaction or otherwise, to any third party other than to Paya-EFT, MERCHANT'S agents approved by Paya-EFT for the purpose of assisting MERCHANT in its business to Paya-EFT, the financial institution named on the check, or pursuant to lawful government demand without the account holder's explicit written consent. All media containing checking account numbers must be stored in an area limited to selected personnel until discarding and must be destroyed prior to or in connection with discarding in a manner that will render the data unreadable. MERCHANT will not disclose and will keep confidential the terms and conditions of this Agreement.
26. **INDEMNIFICATION.** MERCHANT agrees to indemnify Paya-EFT for any cost, expense, and damage, lost profit and/or attorneys' fees in connection with (i) any breach of its obligations or representations in this Agreement; (ii) a dispute between MERCHANT and a consumer regarding the action or inaction of MERCHANT; (iii) any dispute between MERCHANT and a MERCHANT Customer with respect to the alleged or actual failure by MERCHANT to process a transaction as requested by such customer or to MERCHANT'S failure to provide data security, and (iv) MERCHANT'S failure to comply with any of the provisions of this Agreement and applicable laws, Rules and/or regulations. As set forth in Section 22, in no event shall Paya-EFT'S liability to MERCHANT for any matter exceed the total amount of three (3) months of fees paid by MERCHANT under this Agreement.
27. **SECURITY INTEREST.** (a) This Agreement is a security agreement under the Uniform Commercial Code. MERCHANT grants to Paya-EFT a security interest in and lien upon: (i) the account designated by MERCHANT for settlement and all funds at any time in such account, whatever the source of such funds, (ii) the Charge-back and Return Reserve Account (as defined above) and all funds at any time in the Chargeback and Return Reserve Account, whatever the source of such funds, (iii) all MERCHANT'S rights relating to this Agreement including, without limitation, all rights to receive any payments or credits under this Agreement; and (iv) all MERCHANT deposit accounts now owned or hereafter acquired and the proceeds of all of the foregoing (collectively, the "Secured Assets"). Upon request of Paya-EFT, MERCHANT will execute one or more financing statements or other documents to evidence this security interest. MERCHANT authorizes Paya-EFT and appoints Paya-EFT its attorney in fact to sign its name to any financing statement used for the perfection of any security interest or lien granted in this Agreement. These security interests and liens will secure all of MERCHANT'S obligations under this Agreement and any other agreements between MERCHANT and Paya-EFT including, but not limited to, MERCHANT'S obligation to pay any amounts due to Paya-EFT. With respect to such security interests and liens, Paya-EFT will have all rights afforded under the Uniform Commercial Code,

- any other applicable law and in equity. Paya-EFT may exercise its rights under this Agreement to collect any amounts due to Paya-EFT including, without limitation, rights of set-off and recoupment.
28. **IRS REPORTING AND WITHHOLDINGS.** Section 6050W of the Internal Revenue Code ("Code") requires payment providers and third party payment networks, such as Paya-EFT, to report payment settlement amounts to the Internal Revenue Service ("IRS") for each merchant processing through Paya-EFT. Merchant shall verify its identity by providing Paya-EFT with a Tax Identification Number ("TIN") such as a Social Security Number (SSN) or Employer Identification Number (EIN) for each Merchant Account. In the event Merchant fails to provide its TIN, Paya-EFT will place a restriction on Merchant's Account and may restrict the receipt of funds into Merchant's Account, or withhold a percentage of payments deposited into Merchant's Account in order to satisfy the backup withholding requirements of the IRS. Paya-EFT may charge up to \$25.00 annually for associated administrative costs.
  29. **NON-WAIVER.** Neither the failure nor any delay on the part of Paya-EFT to exercise any right, remedy, power or privilege hereunder shall operate as a waiver thereof or give rise to an estoppel nor be construed as an agreement to modify the terms of this Agreement, nor shall any single or partial exercise of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver by a party hereunder shall be effective unless it is in writing and signed by the party making such waiver, and then such waiver shall apply only to the extent specifically stated in such writing.
  30. **ASSIGNMENT.** MERCHANT may not assign or transfer any rights under this Agreement unless and until it receives the prior written approval of Paya-EFT. Paya-EFT may freely assign this Agreement, its rights, benefits and duties hereunder.
  31. **TERMINATION.** This Agreement shall continue indefinitely unless and until terminated by either party. MERCHANT may terminate this Agreement after one (1) year and thereafter upon sixty (60) days written notice to Paya-EFT of termination and monthly minimum and subscription fees will continue in effect for this time. If either party terminates this agreement a fee as set forth in the Application will be assessed and electronically debited from MERCHANTS account. Paya-EFT shall have the right to suspend or terminate this Agreement immediately and without notice to MERCHANT.
  32. **COUNTERPARTS.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, such counterparts to constitute but one and the same instrument.
  33. **SCHEDULE OF FEES.** Attached to this Agreement and incorporated herein by reference is a Schedule of Fees, which contains the, as applicable, Discount Fee, Transaction Fees, Return Fee per returned item, Minimum Monthly Discount Fee, Subscription Fee, Batch Out Fee, Monthly Check 21 Access Fee, Termination Fee and other terms and conditions in effect on the commencement date of this Agreement. Paya-EFT reserves the right at all times to unilaterally change all or part thereof, or any other terms of this Agreement upon written notice to MERCHANT.
  34. **APPLICATION FEE.** Any application fee paid to Paya-EFT is non-refundable whether or not MERCHANT and this Agreement are accepted by Paya-EFT.
  35. **ENTIRE AGREEMENT.** This Agreement, including the attached Schedules, together with the Account Agreement, is the complete and exclusive statement of the agreement between Paya-EFT and the MERCHANT with respect to the subject matter hereof and supersedes any prior agreement(s) between Paya-EFT and the MERCHANT with respect to the subject matter. In the event of any inconsistency between the terms of this Agreement and the Account Agreement, the terms of this Agreement shall govern. In the event the performance of the services provided herein in accordance with the terms of this Agreement would result in a violation of any present or future statute, regulation or government policy to which Paya-EFT, the Originating Depository Financial Institution (ODFI) or MERCHANT is subject, and which governs or affects transactions contemplated by this Agreement, then this Agreement shall be deemed amended to the extent necessary to comply with such statute, regulation or policy and Paya-EFT, the ODFI and MERCHANT shall incur no liability as a result of such changes except as provided in the following paragraph.
  36. **AMENDMENTS.** As stated in paragraph 34, Paya-EFT, the ODFI or MERCHANT may amend operations or processing procedures in order to conform to and comply with any changes in the Rules or applicable Federal or State Regulations. The changes would be, without limitation, those relating to any cut-off time and the close of any business day. Such amendments to operations or procedures shall become effective upon receipt of written notice to the other party, as provided for herein, or upon such date as may be provided in the Rules or applicable law or regulation referenced in the written notice, whichever is earlier in time. Use of the ACH or Remote Check Deposit (Check 21 Plus) services after any such changes shall constitute acceptance of the changes by the parties. Further, Paya-EFT may, from time to time, amend any provision of this Agreement, including, without limitation, those relating to the fees and charges payable by MERCHANT by mailing written notice to MERCHANT of the amendment, and the amendment shall become effective unless Paya-EFT receives MERCHANT's notice of termination of this Agreement within 7 days. Amendments due to changes in the Rules or any law or judicial decision may become effective on such shorter period of time as Paya-EFT may specify if necessary to comply with the applicable Rule, law or decision. No other amendments or modifications to this Agreement will be effective unless such changes are reduced to writing and are signed by the duly authorized party or parties to this Agreement and such Amendments are incorporated into and made a part of this document.
  37. **BINDING AGREEMENT; BENEFIT** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns. This Agreement is not for the benefit of any other person or entity and no other person or entity shall have any right against Paya-EFT.
  38. **ATTORNEYS' FEES.** In the event that it becomes necessary for Paya-EFT to employ an attorney to enforce, interpret, mediate or arbitrate this Agreement, or collect a debt from MERCHANT, Paya-EFT shall be entitled to recover its reasonable attorneys' fees, costs, and disbursements related to such dispute from MERCHANT.
  39. **CHOICE OF LAW, VENUE & JURISDICTION.** The laws of the State of Florida govern the rights, obligations, and remedies of the Parties under this Agreement. The exclusive venues for any legal or judicial proceedings in connection with the enforcement or interpretation of this Agreement are the Circuit Court of the Twelfth Judicial Circuit in and for Sarasota County, Florida and the United States District Court for the Middle District of Florida.
  40. **SEVERABILITY.** If any provision of the Agreement is held to be illegal, invalid, or unenforceable, in whole or in part, by court decision, statute, or rule (or otherwise would go in if you wanted to include arbitration) such holding shall not affect any other provisions of this Agreement. All other provisions or parts thereof shall remain in full force and effect and this Agreement shall, in such circumstances, be deemed modified to the extent necessary to render enforceable the provision hereof.
  41. **HEADINGS.** The headings in this Agreement are used for referenced purposes only. They shall not be deemed as part of this Agreement and shall not affect its interpretation.
  42. **EFFECTIVE DATE.** This Agreement shall be effective only upon acceptance by Paya-EFT.
  43. **IN WITNESS WHEREOF** the parties hereto have caused this Agreement to be executed by their duly authorized officers.
  44. **NON-DISCRIMINATION:** The City of North Port, Florida does not discriminate on the basis of race, color, national origin, sex, age, disability, family, or religious status in administration of its programs, activities, or services. The Contractor shall not administer this Agreement in an unlawfully discriminatory manner, nor deny participation in or the benefits of same to any individual based on that individual's race, color, national origin, sex, age, disability, family, or religious status, marital status, sexual orientation, gender identity or expression, or physical characteristic.
  45. **NOTHING IN THIS AGREEMENT SHALL BE DEEMED TO AFFECT THE RIGHTS, PRIVILEGES, AND IMMUNITIES OF THE CITY AS SET FORTH IN FLORIDA STATUTES SECTION 768.28.**



## Checks-By-Web Schedule

These Terms are only applicable to processing web-initiated transactions which are "Web" Entries as defined by the Rules ("Checks-By-Web Service") utilizing the end-customer's Checking account data. MERCHANT is required to provide its own Internet payment gateway or utilize a third party Internet payment gateway which must be approved by Paya-EFT in advance. Any Paya-EFT products and associated software specifically designed for such transactions will be utilized by MERCHANT when required by Paya-EFT, and such software will either be hosted and maintained by Paya-EFT, or alternatively, provided directly to MERCHANT for installation on MERCHANT equipment. In all cases where Paya-EFT hosts software for MERCHANT, the various terms and conditions referenced below regarding disclosure, transaction and processing requirements and all other requirements imposed by either regulatory agency, law, Paya-EFT, or otherwise shall have full force and effect.

- CHECKS-BY-WEB PROGRAM. THIS PROGRAM OFFERS NO GUARANTEE FOR ENTRIES THAT ARE RETURNED UNPAID AND MERCHANT SHALL BE LIABLE FOR 100% OF ALL LOSSES ARISING FROM RETURNED ENTRIES. MERCHANT must utilize a Paya-EFT-approved payment gateway, software, and approved method of electronic file transmission to use the Checks-By-Web program. MERCHANT must submit a file for testing purposes prior to using the Checks-By-Web Service if MERCHANT utilizes electronic file transmission. MERCHANTS who utilize electronic file transmission will not receive the benefit of any pre-verification services to determine if the CUSTOMER's account or driver's license is flagged by the national negative database for unpaid items, which may result in higher returns or chargebacks to MERCHANT's account. Refer to Software Requirements section. Paya-EFT functions solely as the processor and assumes no liability in the performance of MERCHANT's payment gateway or other related hardware/software. Paya-EFT may, at its option provide certain pre-verification services prior to processing an Entry; such services are at Paya-EFT's discretion and shall in no way create a guarantee from Paya-EFT or obligation on Paya-EFT's part to verify the consumer identity and validity of a submitted Entry.
- ACH COLLECTION. MERCHANT authorizes Paya-EFT to re-present all return items forwarded to Paya-EFT and to originate an electronic Entry for the amount of any allowable recovery fee. Paya-EFT shall have sixty (60) days from the date of receipt of return ACH transaction item to complete its re-presentation process. If this Agreement is terminated for any reason, Paya-EFT will retain the right to complete the electronic re-presentation process for all return ACH Transaction items forwarded to Paya-EFT prior to termination.
- UNACCEPTABLE TRANSACTIONS. In addition to the restrictions set out above and in any event, the following transactions are unacceptable for electronic processing. MERCHANT agrees not to submit any of the following transactions to Paya-EFT for electronic processing: (a) MERCHANT shall not electronically process any electronic checks drawn on any depository institution that is not federally insured or part of the ACH network, (b) MERCHANT shall not electronically process any electronic checks drawn on the business or personal checking account of MERCHANT or any of its agents or employees, (c) MERCHANT shall not submit an electronic check for goods or services that are not provided to the customer, (d) MERCHANT shall not submit an electronic check which is altered by the MERCHANT in any way. MERCHANT's submission of any of the above transactions for electronic processing may subject the MERCHANT to immediate suspension or termination, and all funds of MERCHANT, including those in MERCHANT'S account, may be placed on hold or charged back to MERCHANT.
- SOFTWARE. MERCHANT shall utilize a payment gateway (shopping cart) that Paya-EFT has previously authorized for processing all electronic check transactions. (a) MERCHANT is responsible for all telecommunication fees and charges, including but not limited to telephone fees, associated with and related to the use of the payment gateway and/or any related software costs/expenses. (b) MERCHANT shall maintain all hardware/software necessary for electronic check processing, including necessary file servers, payment gateway, and computer telecommunications equipment in good working order at MERCHANT'S sole expense. (c) MERCHANT shall advise Paya-EFT immediately in the event of a security breach or breakdown of related equipment, electronic check software problems, and/or any other system failure. (d) MERCHANT acknowledges that Paya-EFT is not responsible for any related Internet or computer and telecommunications equipment used by the MERCHANT. MERCHANT also acknowledges that Paya-EFT solely functions as the processor and assumes no liability in the performance of MERCHANT's payment gateway. In this regard, Paya-EFT shall not be responsible for any unauthorized tampering or altering to software specifically installed by Paya-EFT on the part the MERCHANT or MERCHANT'S agent. Paya-EFT'S approval of equipment and/or software, including without limitation payment gateway software, does not constitute an express or implied warranty, representation or endorsement of such equipment and MERCHANT accepts responsibility for selection and compliance with the Rules of such equipment and/or software. In the event of a security breach of MERCHANT'S records or payment gateway, MERCHANT is required to notify Paya-EFT immediately of such a breach, and to provide as much information as may be required to allow Paya-EFT to act accordingly to protect Paya-EFT'S legal rights and responsibilities. MERCHANT further agrees to immediately remove and properly dispose of Paya-EFT'S previous version releases of any related software and to utilize the most current software version releases upon receipt of such from Paya-EFT. In the event of termination, MERCHANT shall immediately and unconditionally remove all software related to Paya-EFT services at MERCHANT'S expense.
- DATA RETENTION; VERIFICATION AND SECURITY REQUIREMENTS. Merchant agrees to complete all transactions in accordance with the provisions of this Agreement, the Rules and such rules of operation as may be established by Paya-EFT from time to time. Merchant shall retain data on file adequate to permit remaking of Entries for seven (7) banking days following the date of their transmittal by Paya-EFT as provided herein, and shall provide such data to Paya-EFT upon its request. MERCHANT shall retain all records related to authorization, including all sales and credit receipts and authorizations for a period of no less than two years following the date of the transaction or no less than two years following MERCHANT'S receipt of a customer's payment authorization revocation. Merchant represents and warrants that it shall ensure that the financial information it receives is protected by security practices and procedures that include (i) physical security to protect against theft, tampering or damage, (ii) personnel and access controls to protect against unauthorized access and use, (iii) network security to ensure secure capture, storage and distribution, (iv) at least 128-bit RC4 encryption technology, (v) commercially reasonable fraud detection systems, (vi) procedures to verify routing numbers and authenticate consumer identity, and procedures to establish credit-worthiness and exposure limits for its customers, and (vii) MERCHANT'S payment gateway must clearly notify the customer that they are initiating an ACH debit authorization and MERCHANT'S authorized payment gateway shall obtain a customer authorization in the form of an electronically signed ACH authorization or similarly authenticated (unique security code or PIN) in accordance with the Rules that clearly demonstrates the customer's assent to authorization for each transaction submitted for electronic processing. Merchants are required to retain the original authorization or copy of the original authorization in its original form that can be reproduced upon request. NACHA does not accept proof of an authorization as being a listing of the information captured at time of authorization. The following minimum information must be included in the authorization record: consumer IP address of origination, consumer name , consumer address, transaction amount, transaction effective date, consumer e-mail address (optional; industry recommended best practice), website where payment was accepted , signifying whether authorization is for a single or recurring/multiple debits, and debit schedule if recurring/multiple, consumer banking information, statement of how the consumer's identity was authenticated. Additionally, Merchant's website must provide the consumer with a phone number for inquiries or authorization revocation. Merchant agrees that it shall conduct or have conducted annual audits to ensure that the financial information it obtains from its customers is protected by security practices and procedures that include, at a minimum level, the practices set forth in (i) through (iii), hereinabove. MERCHANT or MERCHANT'S 3rd party software provider shall cooperate with Paya-EFT to test MERCHANT'S Internet payment gateway and for any ongoing support issues. In all cases, CUSTOMER will provide check information via Internet and MERCHANT'S payment gateway. Merchant must obtain the customer's authorization in accordance with the Rules that clearly demonstrates the customer's assent to authorization prior to initiating the ACH debit. In addition, if customer is providing recurring payment authorization, customer must be notified with the method to revoke its authorization. All items, goods and services purchased in a single transaction shall be included in the total amount on a single ACH authorization receipt and all entries must contain the correct customer bank routing, account, and check numbers, MERCHANT'S correct name and telephone number; the date of the transaction, the total cash price of the sale (including all applicable state, federal or local surcharges and taxes) or the amount to be charged if a partial payment is made in cash or by credit card or the amount to be charged as the remaining balance owing after the deposit has been made, Customer's personal information including but not limited to CUSTOMER'S full name, address, telephone number, driver's license state and number, and a disclosure statement that CUSTOMER understands he/she is authorizing MERCHANT to process an ACH debit entry to the CUSTOMER'S account and that if the ACH debit entry is returned unpaid, a fee of \$25.00 or as allowable by law may be charged to CUSTOMER'S account. After customer authenticates the entry, MERCHANT'S payment gateway must prompt the consumer to print the authorization and to retain a copy and no transaction may be altered after Paya-EFT authorizes acceptance of the ACH transaction. MERCHANT may not resubmit the transaction electronically or deposit the original source document by any means, once Paya-EFT authorizes a transaction. Failure to comply with the above requirements will, in addition to other penalties, subject MERCHANT to chargebacks or withholding of funds and may be grounds for immediate suspension/termination of services. MERCHANT ACKNOWLEDGES AND UNDERSTANDS THAT IT IS A FEDERAL VIOLATION TO PROCESS DEBIT REQUESTS AGAINST A CONSUMER BANK ACCOUNT WITHOUT ACCOUNT HOLDER'S EXPRESSED AUTHORITY. MERCHANT HEREBY ACKNOWLEDGE RECEIPT OF PROPER NOTICE THAT THE USE OF ANY COUNTERFEIT, FICTITIOUS, LOST, STOLEN, OR FRAUDULENTLY OBTAINED DEBIT INSTRUMENT TO UNLAWFULLY INITIATE A DEBIT TRANSACTION IS PUNISHABLE BY A MAXIMUM OF A \$10,000 FINE PER INSTANCE UP TO A \$500,000 MONTHLY FINE, IMPRISONMENT FOR A TERM OF TEN YEARS, OR BOTH. IT IS SPECIFICALLY UNDERSTOOD BY MERCHANT THAT ANY TRANSACTION EVENT INITIATED AS AN UNAUTHORIZED MANUAL ENTRY OR DEPOSIT BY MERCHANT AFTER MERCHANT HAS RECEIVED APPROVAL FOR ELECTRONIC DEPOSIT OF ACH TRANSACTION (S) OR IS INTENDED FOR ELECTRONIC DEPOSIT SHALL BE INTERPRETED AS AN UNLAWFUL DEBIT TRANSACTION PURSUANT TO THIS NOTICE. IN THE EVENT OF SUCH A VIOLATION, MERCHANT AGREES AND WARRANTS TO HOLD Paya-EFT AND ALL OF ITS ASSIGNS AND ASSOCIATES HARMLESS AND REIMBURSE Paya-EFT FOR THE TRANSACTION (S) WITHIN 24 HOURS OF SAID OCCURRENCE. IF MERCHANT REFUSES OR IS UNABLE TO REIMBURSE Paya-EFT FOR ANY SUCH OCCURRENCE, IT IS EXPRESSLY STATED AND UNDERSTOOD THAT THE MERCHANT IS IN DIRECT VIOLATION OF THIS AGREEMENT AND FEDERAL LAW, AND Paya-EFT WILL PURSUE ALL LEGAL, CIVIL, AND COLLECTION REMEDIES AS ARE POSSIBLE UNDER LAW AS REMEDY.
- CUSTOMER'S AUTHORIZATION INITIATES DEBIT ENTRY. MERCHANT acknowledges that the customer's authorization allows MERCHANT to instruct Paya-EFT to initiate an ELECTRONIC ACH TRANSACTION DEBIT ENTRY ("ENTRY") for MERCHANT against customer. It further permits Paya-EFT to reinitiate an ENTRY where the original ENTRY is returned and to assess a collection fee against CUSTOMER. All such collection fees shall be the sole property of Paya-EFT. Paya-EFT shall be entitled to multiple re-presentments and to assess a transaction fee as set forth on the Application against MERCHANT for each re-presentation. If an electronic check is returned unpaid after each re-presentation, Paya-EFT shall be entitled to debit the MERCHANT'S account for the amount of the electronic check.
- RESTRICTIONS ON ACCEPTANCE OF ELECTRONIC CHECKS FOR ELECTRONIC PROCESSING. From time to time, Paya-EFT shall establish necessary security and identification

procedures for presentment of checks for electronic processing pursuant to the Rules and applicable law. MERCHANT agrees to comply with such procedures and to accept such “properly presented” checks for electronic processing. Paya-EFT may establish minimum and maximum amount limitations on electronic checks presented for electronic processing by MERCHANT And MERCHANT shall not accept or attempt to process electronic checks in excess of the maximum limitations established by Paya-EFT. In no event will Paya-EFT accept or will MERCHANT attempt to process an electronic Checks-By-Web greater than: (i) \$2,500 for MERCHANTS that have been identified as “Existing Relationship” (i.e. Bill Payment) Clients on the Application and (ii) \$500 for all other MERCHANTS unless otherwise approved in writing by Paya-EFT. Paya-EFT shall also establish the number of electronic checks that may be submitted on a daily basis by any customer for electronic processing. MERCHANT agrees to provide Paya-EFT with any and all information needed to establish such limitations. MERCHANT further agrees to inform Paya-EFT immediately of any changes in business activities, rules or regulations, which may affect these limitations. MERCHANT further agrees to abide by these limitations as a condition for Paya-EFT to electronically process any checks.

8. **AUTHORIZATION RETRIEVAL REQUESTS.** Whereby a financial institution, regulatory or law enforcement agency, or similar authority has demanded from Paya-EFT proof of valid consumer authorization, in accordance with NACHA Rules, MERCHANT shall provide said proof of authorization to Paya-EFT within (2) business days. In the event that MERCHANT cannot provide the appropriate consumer authorization, and Paya-EFT suffers a penalty enforced by NACHA, Paya-EFT shall have the right to offset such penalty and charge MERCHANT a minimum of (\$1000 per instance and up to a maximum of \$100,000 per month until the problem is resolved.
9. **DAILY SETTLEMENT OF TRANSACTIONS.** “Batch out” shall mean that MERCHANT transmits all of the transactions to Paya-EFT by midnight (12:00 am) on the day Paya-EFT authorizes the sale. In addition, any transactions contained in an untimely batch out may be refused or become subject to chargeback or held until after a sixty-day period for consumer chargebacks by Paya-EFT. If so requested by Paya-EFT, all documentation related to the customer’s Internet ACH Authorization, including but not limited to customer’s telephone number and billing and shipping address, must be faxed and received by Paya-EFT within 48 hours from the request date. MERCHANT acknowledges that failure to batch out on a timely basis may be grounds for suspension or termination at Paya-EFT’s sole discretion. Paya-EFT reserves the right to hold additional monies as necessary to reduce any risk associated with daily processing of electronic checks. Paya-EFT may, in its sole discretion and to insure against, place a hold on funds due to MERCHANT in settlement of transactions in order to insure against potential losses. Paya-EFT will then provide a net deposit to MERCHANT after a period of time acceptable to Paya-EFT (usually 90 days from transaction processing date). In addition, MERCHANT understands that a failure to batch out will delay funds being deposited into MERCHANTS’ account. MERCHANT also acknowledges that Paya-EFT may apply a \$25.00 fee for each Paya-EFT-assigned terminal ID number daily on which MERCHANT fails to transmit a timely batch out.
10. **ELECTRONIC CHECK PROCESSING.** Paya-EFT shall not be responsible for the settlement of any Checks-By-Web for which Paya-EFT has not received transactions Entries from MERCHANT for processing within twenty-four hours of the initial transaction date of the transaction. MERCHANT shall be required to submit all documentation related to the transactions to Paya-EFT at Paya-EFT’s request. MERCHANT shall make its books and records available to Paya-EFT in order to verify compliance with this agreement and in order to verify any information in an Entry.
11. **ELECTRONIC CHECKS FOR WHICH MERCHANT WILL NOT BE FUNDED FOR UNDER CHECKS-BY-WEB.** In addition to the provisions set forth in this Agreement and notwithstanding any other provisions to the contrary, Paya-EFT shall have no obligation to reimburse MERCHANT for ACH transactions that are: (a) Not honored by the customer’s financial institution because of the customer’s instructions to “stop payment” on the original source document or electronic check; (b) Fraudulent, whether MERCHANT, its employees or agents are involved, either as a principal or as an accessory, in the issuance; (c) Accepted by MERCHANT or its employees with advance knowledge of the likelihood of its being dishonored even though authorized by Paya-EFT; (d) Lost, stolen, altered or counterfeit, and Paya-EFT has reason to believe that MERCHANT failed to use reasonable care in verifying the customer’s identity; (e) Given as a substitute for a previously accepted check, whether or not the check was authorized by Company or, any check upon which MERCHANT has accepted full or partial payment; (f) One of multiple checks presented to MERCHANT in a single transaction for electronic processing; (g) For goods, if the goods are subsequently returned by customer or repossessed by MERCHANT or lien holder, within 65 days of date of purchase; (h) Not honored by the customer’s financial institution because of the failure of, the closing of, or government-imposed restrictions on withdrawals from the financial institution; (i) Checks for which Paya-EFT previously denied authorization; (j) Not in compliance with this Agreement and not processed in accordance with the ACH transaction processing provisions of this Agreement; (k) Incorrect Routing and Account Number data Entry; (l) Unable to locate account or invalid account number returns or unauthorized corporate account returns.
12. **PROVISIONAL SETTLEMENTS.** MERCHANT acknowledges that all settlements between Paya-EFT and MERCHANT are provisional and are subject to the customer’s rights to dispute the charges against the customer’s account.
13. **ADDITIONAL MERCHANT REPRESENTATIONS AND WARRANTIES.** MERCHANT also represents and warrants that: (i) the description of type and nature of MERCHANT’s business in the Application is complete and accurate and will remain so during the term of this Agreement the Application has been signed by a principle of MERCHANT and that if there is a change in control of MERCHANT that MERCHANT will not submit Entries under this Agreement without Paya-EFT’s prior written consent; (ii) in the event of a security breach of MERCHANT’s records or payment gateway, MERCHANT will notify Paya-EFT immediately of such a breach and to provide as much information as may be required to allow Paya-EFT to act accordingly to protect Paya-EFT’s legal rights and responsibilities and those of consumers affected by the breach; (iii) MERCHANT has not submitted Electronic checks drawn from its personal or business checking accounts on the MERCHANT’s electronic check payment gateway; (iv) MERCHANT has used only the name and address contained in the Application on all its sales drafts; (v) MERCHANT has not submitted duplicates of any transaction; and (v) the banking information submitted to Paya-EFT for processing has not been altered by MERCHANT.

## Checks-By-Phone Schedule

This Schedule is only applicable to processing telephone-initiated transactions utilizing the end-customer's Checking account data. Paya-EFT products and associated software specifically designed for such transactions will be utilized by Merchant, and such software will either be hosted and maintained by Paya-EFT on Paya-EFT equipment, or alternatively, provided directly to Merchant for installation on Merchant equipment. In all cases where Paya-EFT hosts the software for Merchant, the various terms and conditions referenced below regarding disclosure, transaction and processing requirements, and all other requirements imposed by either regulatory agency, law, Paya-EFT, or otherwise shall have full force and effect, however, in instances where the Paya-EFT hosted software already complies with Merchant requirements, the Merchant shall be relieved of certain of these responsibilities. Merchant agrees not to change, modify, or alter such software or product in any way. Upon MERCHANT'S request and Paya-EFT's approval, check guarantee services (hereinafter referred to as "Checks-By-Phone Guarantee" service) will also be provided pursuant to provisions below. If MERCHANT has not requested Checks-By-Phone Guarantee service, or if Paya-EFT has not accepted the MERCHANT application for Checks-By-Phone Guarantee service, Paya-EFT will not be liable in any way for any returned checks of MERCHANT or its customers, for any reason.

- CHECKS-BY-PHONE NON-GUARANTEE.** This program offers no guarantee for checks that are returned unpaid on CUSTOMER's account. Merchant may utilize the Paya-EFT Checks-By-Phone Gateway or an approved method of electronic file transmission to use the Checks-By-Phone Non-Guarantee program. Merchant must submit a file for testing purposes prior to using the Checks-By-Phone Service if Merchant utilizes electronic file transmission. Merchants who utilize electronic file transmission will not receive the benefit of pre-verification services to determine if the CUSTOMER's account or driver's license is flagged by the national negative database for unpaid items and may result in higher returns or chargebacks to MERCHANT's account.
- ACH COLLECTION.** MERCHANT authorizes Paya-EFT to represent all return items forwarded to Paya-EFT and to Originate and electronic entry for the amount of any allowable recovery fee. Paya-EFT shall have sixty (60) days from the date of receipt of return ACH transaction item to complete their representation process. If this Agreement is terminated for any reason, Paya-EFT will retain the right to complete their electronic representation process for all return ACH Transaction items forwarded to Paya-EFT prior to said termination.
- REQUIREMENTS FOR PROCESSING CHECKS-BY-PHONE.** MERCHANT shall comply with the following conditions when processing electronic checks and agrees to complete all transactions in accordance with the provisions of this Agreement and such rules of operation as may be established by Paya-EFT from time to time. CUSTOMER will provide check information via recorded oral telephone authorization or by completing written ACH authorization form. MERCHANT is not authorized to process checks through this service if CUSTOMER does not have a pre-existing relationship with MERCHANT and MERCHANT initiated the call. A pre-existing relationship is established if the CUSTOMER has purchased goods/services from the MERCHANT within the last two years or if there is a written agreement in place between the merchant and the consumer for provision of goods or services (i.e. a service contract). MERCHANT shall accept only the following sources to initiate ACH debit entries through Paya-EFT; (a) All demand deposit accounts must be drawn on or payable through a federally insured depository financial institution; be machine-readable MICR-encoded with the bank routing number and account number, and be for an amount less than \$1,000.00 unless otherwise authorized by Paya-EFT. (b) MERCHANT shall obtain proper identification in the form of a valid driver's license number from each customer (c) MERCHANT shall obtain a customer authorization in the form of a signed written ACH authorization form or by recorded oral ACH authorization for each transaction submitted for electronic processing; (d) MERCHANT shall authorize each ACH transaction through the Paya-EFT Checks-By-Phone Gateway-based system to initiate electronic processing or through approved file transmission. (e) All items, goods and services purchased in a single transaction shall be included in the total amount on a single ACH authorization form or recorded oral authorization; Once Paya-EFT authorizes the transaction, if MERCHANT utilizes written ACH authorization form, MERCHANT shall ensure that the customer that presented the electronic check signs the ACH authorization form or has provided recorded oral authorization. To be valid, MERCHANT shall ensure that the ACH Authorization form or recorded oral ACH Authorization contains the correct customer bank routing, account, and check numbers from the MICR data; MERCHANT's correct name and telephone number; the date of the transaction; the total cash price of the sale (including all applicable state, federal or local surcharges and taxes) or the amount to be charged if a partial payment is made in cash or by credit card or the amount to be charged as the remaining balance owing after the deposit has been made; Customer's personal information including but not limited to CUSTOMER's full name, address, telephone number, driver's license state and number, last four of social security number or date of birth in YYYY format; disclosure statement that CUSTOMER understands he/she is authorizing MERCHANT to process an ACH debit entry to the CUSTOMER's account and that if the ACH debit entry is returned unpaid, a fee of \$25.00 or as allowable by law may be charged to CUSTOMER's account; (f) After customer signs the ACH Authorization form or clearly agrees via Recorded Oral Authorization, MERCHANT shall deliver to the person presenting the ACH transaction a true and completed copy of the sales receipt via email, facsimile, or sales receipt must be included with product shipment and provide the consumer with a phone number for inquiries and method by which customer's authorization may be revoked; (g) No ACH authorization form or recorded oral ACH authorization may be altered after Paya-EFT authorizes acceptance of the ACH transaction. MERCHANT may not resubmit an ACH transaction electronically or deposit the original source document by any means, once Paya-EFT authorizes a transaction; (h) MERCHANT's failure to input the correct routing number or account number into the Checks-By-Phone Gateway will result in MERCHANT's loss of guarantee using the Checks-By-Phone program. Failure to comply with the above requirements will, in addition to other penalties (such as but not limited to loss of guarantee of ALL transactions), subject MERCHANT to chargebacks or withholding of funds and may be grounds for immediate suspension/termination of services and indemnification of Paya-EFT by MERCHANT pursuant to this Agreement. YOU UNDERSTAND THAT IT IS A FEDERAL VIOLATION TO PROCESS DEBIT REQUESTS AGAINST A CONSUMER BANK ACCOUNT WITHOUT ACCOUNT HOLDER'S EXPRESSED AUTHORITY. YOU HEREBY ACKNOWLEDGE RECEIPT OF PROPER NOTICE THAT THE USE OF ANY COUNTERFEIT, FICTITIOUS, LOST, STOLEN, OR FRAUDULENTLY OBTAINED DEBIT INSTRUMENT TO UNLAWFULLY INITIATE A DEBIT TRANSACTION IS PUNISHABLE BY A MAXIMUM OF A \$10,000 FINE PER INSTANCE UP TO A \$500,000 MONTHLY FINE, IMPRISONMENT FOR A TERM OF TEN YEARS, OR BOTH. IT IS SPECIFICALLY UNDERSTOOD BY YOU THAT ANY TRANSACTION EVENT INITIATED AS AN UNAUTHORIZED MANUAL ENTRY OR DEPOSIT BY YOU AFTER YOU HAVE RECEIVED APPROVAL FOR ELECTRONIC DEPOSIT OF ACH TRANSACTION (S) OR IS INTENDED FOR ELECTRONIC DEPOSIT SHALL BE INTERPRETED AS AN UNLAWFUL DEBIT TRANSACTION PURSUANT TO THIS NOTICE. IN THE EVENT OF SUCH A VIOLATION, MERCHANT AGREES AND WARRANTS TO HOLD Paya-EFT AND ALL OF ITS ASSIGNS AND ASSOCIATES HARMLESS AND REIMBURSE Paya-EFT FOR THE TRANSACTION (S) WITHIN 24 HOURS OF SAID OCCURRENCE. IF MERCHANT REFUSES OR IS UNABLE TO REIMBURSE Paya-EFT FOR ANY SUCH OCCURRENCE, IT IS EXPRESSLY STATED AND UNDERSTOOD THAT THE MERCHANT IS IN DIRECT VIOLATION OF THIS AGREEMENT AND FEDERAL LAW, AND Paya-EFT WILL PURSUE ALL LEGAL, CIVIL, AND COLLECTION REMEDIES AS ARE POSSIBLE UNDER LAW AS REMEDY. FURTHERMORE, Paya-EFT'S CHECKS-BY-PHONE SERVICE IS NOT APPLICABLE FOR TELEMARKETING BUSINESSES (OR THE LIKE) IN WHICH THE PRIMARY FUNCTION OF THE BUSINESS IS OUTBOUND SALES CALLS. UNACCEPTABLE BUSINESSES FOR THIS PROGRAM INCLUDE COLD-CALLING, "BOILER ROOMS", MAIL ORDER MARKETING, CREDIT REPAIR AND/OR CREDIT ESTABLISHMENT OPPORTUNITIES, VACATION AND/OR BENEFIT PACKAGES, AND INVESTMENT OPPORTUNITY OPERATIONS IN WHICH THERE IS NO PREEXISTING RELATIONSHIP BETWEEN THE MERCHANT AND THE CONSUMER WHEREBY MERCHANT IS ENGAGING PRIMARILY IN OUTBOUND CALL AND/OR OUTBOUND MAIL ACTIVITY TO INITIATE A CHECKS-BY-PHONE TRANSACTION. IF MERCHANT VIOLATES THIS AGREEMENT BY PARTICIPATING IN SUCH BUSINESS PRACTICES, Paya-EFT SHALL IMMEDIATELY HOLD ALL MERCHANT'S FUNDS, CANCEL THIS AGREEMENT, DEBIT MERCHANT'S ACCOUNT FOR ALL RETURNS, AND TAKE OTHER LEGAL ACTION AS DEEMED NECESSARY BY Paya-EFT'S LEGAL COUNSEL, THE FEDERAL TRADE COMMISSION, THE UNITED STATES POSTMASTER GENERAL, AND/OR NACHA (National Automated Clearing House).
- CUSTOMER'S AUTHORIZATION INITIATES DEBIT ENTRY.** MERCHANT acknowledges that the customer's authorization allows MERCHANT to instruct Paya-EFT to initiate an ELECTRONIC ACH TRANSACTION DEBIT ENTRY ("ENTRY") for MERCHANT against customer. It further permits Paya-EFT to reinitiate an ENTRY where the original ENTRY is returned and to assess a collection fee against CUSTOMER. All such collection fees shall be the sole property of Paya-EFT. Paya-EFT shall be entitled to multiple re-presentments and to assess a transaction fee as set forth in the schedule against MERCHANT for each re-presentment. If an electronic check is returned unpaid after each re-presentment, Paya-EFT shall be entitled to debit the MERCHANT'S account for the amount of the electronic check.
- RESTRICTIONS ON ACCEPTANCE OF ELECTRONIC CHECKS FOR ELECTRONIC PROCESSING.** From time to time, Paya-EFT shall establish necessary security and identification procedures for presentment of checks for electronic processing pursuant to the Rules and applicable law. MERCHANT agrees to comply with such procedures and to accept such "properly presented" checks for electronic processing. Paya-EFT shall establish minimum and maximum amount limitations on electronic checks presented for electronic processing by MERCHANT. MERCHANT shall not accept or attempt to process electronic checks below the minimum or in excess of the maximum limitations established by Paya-EFT. In no event will Paya-EFT accept an electronic Checks-By-Phone greater than \$1,000.00 for processing without prior written authorization by Paya-EFT. Paya-EFT shall also establish the number of electronic checks that may be submitted on a daily basis by any customer for electronic processing. MERCHANT agrees to provide Paya-EFT with any and all information needed to establish such limitations. MERCHANT further agrees to inform Paya-EFT immediately of any changes in business activities, rules or regulations, which may affect these limitations. MERCHANT further agrees to abide by these limitations as a condition for Paya-EFT to electronically process any checks. Customer must initiate the transaction and complete the ACH authorization form or recorded oral authorization.
- UNACCEPTABLE TRANSACTIONS.** In addition to the restrictions set out above and in any event, the following transactions are unacceptable for electronic processing. MERCHANT agrees not to submit any of the following transactions to Paya-EFT for electronic processing; (a) MERCHANT shall not electronically process any electronic checks drawn on any depository institution that is not federally insured or part of the ACH network, (b) MERCHANT shall not electronically process any electronic checks drawn on the business or personal checking account of MERCHANT or any of its agents or employees, (c) MERCHANT shall not accept any third party items for electronic processing or electronic checks for "cash" or "cash back", (d) MERCHANT shall not submit for processing any transaction representing the financing of an existing obligation whether previously owed to MERCHANT, arising from the dishonor of a check, a dishonor of an electronic ACH transaction or arising from a credit card, debit card or smart card dispute with the MERCHANT, (e) MERCHANT shall not submit a transaction for processing which represents an attempt to collect a chargeback, (f) MERCHANT shall not submit an electronic check for goods or services that are not provided to the customer, including any electronic ACH transaction given for a service contract, gift certificate, a layaway (except for the final payment) or for a similar transaction, or for goods or services provided to a third party, (g) MERCHANT shall not submit an electronic check which is altered by the Merchant in any way (h) MERCHANT shall not knowingly submit a check on an account on which Paya-EFT previously denied authorization. MERCHANT's submission of any of the above transactions for electronic processing may subject the MERCHANT to immediate suspension or termination and all funds of MERCHANT, including those in MERCHANT'S account,

may be placed on hold or charged back to merchant. 3.5 SURCHARGES AND TAXES. MERCHANT shall not impose any illegal surcharge on any processed electronic checks. MERCHANT shall collect all required taxes at time of sale. All required taxes must be included in the total transaction amount at the time such is submitted for authorization by Paya-EFT and must be reflected in the face amount of the electronic check. In any event, MERCHANT shall not collect any required taxes separately in cash, or otherwise. MERCHANT is responsible for paying all taxes collected to the appropriate authorities in a timely manner.

7. **SOFTWARE.** MERCHANT shall utilize electronic check software provided by Paya-EFT for processing all electronic check transactions. (a) MERCHANT is responsible for all telecommunication fees and charges, including but not limited to telephone fees, associated with and related to the use of the software. (b) MERCHANT shall maintain all equipment necessarily related to electronic check processing, including necessary file servers, computer and telecommunications equipment in good working order at MERCHANT's sole expense. (c) MERCHANT shall advise Paya-EFT immediately in the event of breakdown of related equipment, electronic check software problems or of any other system failure. (d) MERCHANT acknowledges that Paya-EFT is not responsible for any related computer and telecommunications equipment used by the Merchant. In this regard, Paya-EFT shall not be responsible for any unauthorized tampering or altering to equipment and software specifically installed by Paya-EFT on the part the Merchant or Merchant's agent. Additionally, Paya-EFT's approval of such equipment does not constitute an express or implied warranty, representation or endorsement of such equipment.
8. **USE OF EQUIPMENT.** MERCHANT agrees to utilize only equipment approved by Paya-EFT for the electronic processing of Checks-By-Phone transactions and in a format and medium of transmission acceptable to Paya-EFT.
9. **DAILY SETTLEMENT OF TRANSACTIONS.** "Batch out" shall mean that MERCHANT totals and settles all of the transactions by midnight (12:00 am) of the day Paya-EFT authorizes the sale and transmits the information contained in the batch out to Paya-EFT. In addition, any transactions contained in an untimely batch out may be refused or become subject to chargeback or held until after a sixty-day period for consumer chargebacks by Paya-EFT. If MERCHANT account is Checks-By-Phone Guarantee then electronic checks contained in an untimely batch out are not covered under the GUARANTEE program. If so requested by Paya-EFT, the signed written ACH Authorization Form or Recorded Oral Telephone Authorization must be sent out and received at Paya-EFT's designated location within 48 hours from the request date. Failure to do so will remove Paya-EFT's obligations under the Guarantee program for such electronic checks at Paya-EFT's sole discretion. MERCHANT acknowledges that failure to batch out on a timely basis may be grounds for suspension or termination at Paya-EFT's sole discretion. Paya-EFT reserves the right to hold additional monies as necessary to reduce any risk associated with daily processing of electronic checks. Paya-EFT also reserves the right to move monies into an account of its choosing to hold it against returns to those monies and providing to the merchant a net deposit after a period of time acceptable to Paya-EFT. MERCHANT acknowledges that failure to batch out will delay funds being deposited and loss of guarantee coverage on those ACH transactions and Paya-EFT may apply a \$25.00 fee for each terminal daily on which MERCHANT fails to transmit a timely batch out.
10. **PROVISIONAL SETTLEMENTS.** MERCHANT acknowledges that all settlements between Paya-EFT and MERCHANT are provisional and are subject to the customer's rights to dispute the charges against the customer's account. In submitting electronic checks to Paya-EFT, MERCHANT endorses and assigns to Paya-EFT all right, title and interest to such electronic checks with rights of endorsement. MERCHANT acknowledges that Paya-EFT has the right to receive payment on all electronically processed checks acquired and MERCHANT will not attempt to collect on any such transactions. If any payment is tendered to MERCHANT, MERCHANT will notify Paya-EFT by telephone of the payment, endorse the check, and sign it over to Paya-EFT and immediately mail the payment to Paya-EFT by certified mail. If customer pays cash, MERCHANT shall reimburse Paya-EFT by MERCHANT's check.
11. **AUTHORIZATION RETRIEVAL REQUESTS.** Whereby a financial institution, regulatory or law enforcement agency, or similar authority has demanded from Paya-EFT proof of valid consumer authorization, in accordance with NACHA Rules, Merchant shall provide said proof of authorization to Paya-EFT within (10) business days. In the event that Merchant cannot provide the appropriate consumer authorization, and Paya-EFT suffers a penalty enforced by NACHA, Paya-EFT shall have the right to offset such penalty and charge Merchant a minimum of (\$1000 per instance and up to a maximum of \$100,000 per month until the problem is resolved.
12. **ELECTRONIC CHECK PROCESSING.** Paya-EFT shall not be responsible for the payment of any Checks-By-Phone of MERCHANT that Paya-EFT has not received for processing from MERCHANT within twenty-four hours of the initial transaction date of said Electronic check(s). MERCHANT shall be required to submit all documentation related to the transactions to Paya-EFT at Paya-EFT's request. MERCHANT shall make its books and records available to Paya-EFT.
13. **ELECTRONIC CHECKS FOR WHICH MERCHANT WILL NOT BE REIMBURSED UNDER CHECKS-BY-PHONE GUARANTEE.** In addition to the provisions set forth in this Agreement and notwithstanding any other provisions to the contrary, Paya-EFT shall have no obligation to reimburse MERCHANT for ACH transactions that are: (a) Not honored by the customer's financial institution because of the customer's instructions to "stop payment" on the original source document or electronic check; (b) Fraudulent, whether MERCHANT, its employees or agents are involved, either as a principal or as an accessory, in the issuance; (c) Accepted by MERCHANT or its employees with advance knowledge of the likelihood of its being dishonored even though authorized by Paya-EFT; (d) Lost, stolen, altered or counterfeit, and Paya-EFT has reason to believe that MERCHANT failed to use reasonable care in verifying the customer's identity; (e) Given as a substitute for a previously accepted check, whether or not the check was authorized by Company or, any check upon which MERCHANT has accepted full or partial payment; (f) One of multiple checks presented to MERCHANT in a single transaction for electronic processing; (g) For goods, if the goods are subsequently returned by customer or repossessed by MERCHANT or lien holder, within 65 days of date of purchase; (h) Not honored by the customer's financial institution because of the failure of, the closing of, or government-imposed restrictions on withdrawals from the financial institution; (i) Checks for which MERCHANT returns cash back to the customer, unless MERCHANT is approved in writing by Paya-EFT for such cash back; (j) Checks for which Paya-EFT previously denied authorization; (k) Not in compliance with this Agreement and not processed in accordance with the ACH transaction processing provisions of this Agreement; (l) Incorrect Routing and Account Number data entry; (m) unable to locate account or invalid account number returns or unauthorized corporate account returns. In addition, before processing the check and as a condition to honoring the check, MERCHANT shall obtain sufficient personal information to locate the person presenting the check, including but not limited to a current home or business telephone number including area code, a current home address consisting of a street or rural route address, not a post office box, and the customer's valid, unexpired driver's license number or non-driver identification number together with the state of issuance, and the last four digits of customer's social security number or year of birth in YYYY format. MERCHANT shall ensure that this identifying information is legibly printed on the ACH Authorization form or clearly captured on the recorded oral authorization; (n) ACH Authorization form or recorded oral authorization must contain a current phone number of customer; (o) ACH authorization forms or recorded oral authorizations must contain the customer's drivers license number; (p) Paya-EFT must receive the completed ACH Authorization form or recorded oral authorization within 48 hours of Paya-EFT's request; (o) MERCHANT's failure to input into the Checks-By-Phone system the correct routing number or account number will result in MERCHANT's loss of guarantee.
14. **ADDITIONAL MERCHANT WARRANTIES.** With each transaction presented to Paya-EFT by MERCHANT for authorization, MERCHANT specifically warrants and represents that: a) MERCHANT, nor any of its employees have submitted Electronic checks drawn from their personal or business checking accounts on the MERCHANT's electronic check software; (b) MERCHANT uses only the name and address shown on the front of the Agreement on all its sales drafts; (c) MERCHANT has not submitted duplicates of any transaction; (d) MERCHANT warrants that the Checks-By-Phone banking information on the printed receipt and written or recorded ACH authorization is correct; and (e) no transaction submitted for authorization to Paya-EFT is with or through an entity other than MERCHANT.
15. **SETTLEMENT NAD CHARGEBACKS.** Settlement shall consist of a 7-business-day net settlement period. Chargebacks will be deducted from net settlement or may be debited from MERCHANT's account if no pending credits are available to offset the chargeback.