

## Addendum A

In consideration of the mutual promises and covenants contained in this Agreement, the parties agree as follows:

1. **Parties:** The parties to this Agreement are **MINOTOLA NATIONAL BANK**, whose address is Lincoln Avenue, Vineland, New Jersey 08361 (called "**Bank**"), **Payment Resources International** a Nevada Corporation whose address is 620 Newport Center Drive, Suite 150, Newport Beach, CA 92660 (called "**ISO/MSP**") and \_\_\_\_\_, whose address is \_\_\_\_\_ (called "**Merchant**").

2. **Alternative Payment Services Provided by Bank:** Bank has available to its Merchant customers, the following services which enable Merchants to accept alternative methods of payment from their customers: authorization, processing, transaction data capture, and payment transmittals to Merchants resulting from customers making payment with Credit Cards, Debit Cards, and Travel and Entertainment Cards. Bank also offers to participating Merchants SCAN Verification or guaranty of checks that are tendered as payment and, for an additional Transaction fee, address verification in PC applications.

For the purposes of this Agreement, the following definitions apply unless the context otherwise requires:

- (a) **Bank Card(s):** Credit Cards bearing the Visa Classic or Premier design, MasterCard, Discover Card or other Credit Cards, whether issued by Bank or other authorized issuers. Bank Card shall also mean a Visa or MasterCard check card when Cardholder authorizes a credit Transaction utilizing this type of card.
- (b) **Debit Card(s):** Debit Cards whether issued by Bank or other authorized issuers. Debit Card shall also mean a Visa or MasterCard check card when Cardholder authorizes a debit Transaction.
- (c) **Travel and Entertainment Card(s):** Cards issued by Carte Blanche, American Express or other similar cards issued by authorized issuers.
- (d) **Approved Card(s):** Cards that Merchant has elected to accept and Bank has agreed to process under the terms and conditions of this Agreement.
- (e) **Cardholder:** Holder of one or more Approved Cards.
- (f) **Transaction:** Acceptance of an Approved Card for payment for goods sold and/or leased or services provided to Cardholder by Merchant and receipt of payment from Bank in accordance with the terms of this Agreement.
- (g) **Sales Draft:** Written document evidencing the Transaction for which Merchant seeks payment through Bank's services in accordance with this Agreement. The form of sales draft used by Merchant shall be a form approved by Bank.

The Credit Cards, Debit Cards and Travel and Entertainment Cards identified on Merchant Application and Agreement are the cards presently available for processing using Bank's services. Bank may modify any of its services from time to time, including, but not limited to, adding or deleting authorized cards or other services.

3. **Participation by Merchant:** Merchant is in the business of selling and/or leasing goods and/or providing services to its retail customers. To better serve those customers, Merchant desires to participate in an alternative payment service program such as the program provided by Bank. ISO/MSP is an independent contractor who is authorized to solicit and assist Merchants in becoming participants in Bank's program and to provide service and assistance to a Merchant who is accepted into the program by Bank. In this Agreement, Merchant, through ISO/MSP, has requested that Bank permit Merchant's participation in the card processing programs and services indicated on Merchant Application and Agreement. Upon approval of this Agreement by Bank and execution of this Agreement by all parties, Merchant shall be authorized to participate in these programs and services, as amended from time to time by Bank, and subject to the terms and conditions of this Agreement.

The type of goods and services for which Merchant shall be authorized to process Transactions are also identified on Merchant Application and Agreement. Without the prior written consent of Bank, Merchant is not authorized to process Transactions for payment for any other type of goods or services. Merchant Application and Agreement also sets forth certain limits on volume of daily, weekly and monthly Transactions that Merchant may process, and certain dollar limits per Transaction which Merchant may process. Failure to follow the limits established by Bank, which may be amended from time to time, will be a default under this Agreement. Merchant shall only use a method of fulfillment for the sale/lease of goods or the providing of services disclosed to and approved by Bank, including using only approved methods of delivery. Without prior written permission from Bank and ISO/MSP, Merchant shall not have a Merchant processing relationship with any other provider during the term of this Agreement and any extension or renewals thereof.

4. **Merchant Operating Account:** Prior to accepting any Approved Cards, Merchant shall establish a demand deposit account at Bank or at a financial institution through which fees, charges, and credits due in accordance with this Agreement may be processed (called "Operating Account"). Merchant authorizes Bank to debit all fees and charges from the Operating Account, whether maintained at Bank or another financial institution, monthly or at times deemed appropriate by Bank through the ACH Banking Network or by a manual debit of the account. Merchant shall maintain this Operating Account throughout the term of this Agreement and any extensions or renewals thereof. Merchant shall, at all times, maintain sufficient funds in this Operating Account to ensure that all fees, charges and costs provided for under this Agreement are paid, including any reserve requirements set by Bank in accordance with paragraph 5 below. Only the person(s) signing this Agreement on behalf of Merchant shall be authorized to make any changes to the Operating Account. Any changes shall be in writing and must be approved in writing by Bank. If required by Bank or any other financial institution where the Operating Account is maintained Merchant agrees to sign any other additional documents to authorize ACH transactions. Merchant agrees to be bound by the operating rules of the National Automated Clearing House Association (NACHA) and the Third District Funds Transfer Association (3-DACH). Merchant waives any claims for loss or damage arising out of any charges or debits to the Operating Account against any other designated financial institution where the account is maintained. Merchant hereby grants a security interest in the Operating Account and/or any substitute account now and in the future and all proceeds thereof to Bank and ISO/MSP to secure all fees, costs, and charges due in accordance with this Agreement.

At least once per month, Bank shall provide Merchant with an itemized statement of all charges and credits to Merchants Operating Account (called "Merchant Statement/Bill"). All information appearing on Merchant Statement/Bill shall be deemed accurate and affirmed by Merchant, unless Merchant shall object in writing specifying the particular item(s) in dispute within thirty (30) days of the date of Merchant Statement/Bill.

5. **Reserve Account:** Bank may establish a reserve account for all future indebtedness of Merchant to Bank and/or ISO/MSP which may arise out of this Agreement including, but not limited to, charge backs and fees on Transactions and penalties which may be imposed by any Card Issuer for failure to comply with Card Issuer's requirements in accordance with paragraph 20 below. Bank may fund the reserve account by deduction from payments due Merchant, a charge against Merchant's Operating Account, or against any of Merchant's accounts at Bank or the financial institution at which Merchant maintains its Operating Account. The amount required to be maintained in the reserve account and the terms and conditions for maintaining the account shall be established by Bank, in its sole discretion as it deems appropriate. Upon termination of this Agreement, Bank may require an additional reserve to cover possible indebtedness to Bank and/or ISO/MSP for Transactions initiated prior to termination. This reserve account will be maintained for a minimum of six (6) months from the termination date or such longer period as Bank's liability shall continue under applicable law, rules or regulations. Upon expiration of this period, any balance remaining in the reserve account will be paid to Merchant. Bank will inform Merchant in writing of any charges debited to the reserve account during this period. Merchant hereby grants a security interest in the Reserve Account and/or any substitute account now and in the future and all proceeds thereof to Bank to secure all fees, costs and charges due in accordance with this Agreement.

In addition to any regularly required reserve, Bank may, at its sole discretion, direct processing funds to the reserve account and withhold payment to Merchant at any time that Bank becomes concerned about any aspect of Merchant's business including, but not limited to concerns about the operation, management, and/or financial performance of Merchant and/or concerns about the goods or services being offered for sale or lease by Merchant. Bank may, at its sole discretion at any time, as a condition of this Agreement or the continuance of this Agreement, require that Merchant provide satisfactory security to Bank to secure all payments due to Bank under this Agreement, including, but not limited to, requiring a surety bond in a form and amount satisfactory to Bank.

6. **Bank Fees and Billing:** For each Approved Card sales draft accepted or check Transaction using Bank's services, Bank will charge Merchant as follows:

- (a) An amount equal to a specified percentage of the total cash price of each draft ("Merchant Discount Rate"); or
- (b) A specified amount per Transaction ("Transaction Fee").

Merchant shall also pay additional fees such as a monthly terminal service fee, monthly statement fee, installation fees and other fees identified as Schedule of Processing Charges on Merchant Application and Agreement. Merchant further agrees to pay Bank a fee equal to the amount of any fees, charges, or penalties assessed against Bank by Visa, MasterCard or any other Card Issuer for Merchant's violation of Card Issuer's by-laws, rules, regulations or threshold requirements. All fees or other monetary obligations due from Merchant to Bank from any other services that are provided to Merchant by Bank or sales draft adjustments, including, but not limited to charge backs, provided for in this Agreement or otherwise arising out of Merchant-Bank relationship, shall be charged to Merchant by an adjustment to any credit due Merchant, a charge to Merchant's Operating Account and/or Reserve Account, or any other method appropriate under the terms of Merchant's deposit and payment arrangements with Bank. Merchant

Discount Rate, Transaction Fee and other fees and charges applicable to Merchant are set forth on Schedule of Processing Charges. Bank may amend and modify all fees and charges from time to time.

7. **Point-of-Sale (POS) Equipment and POS Software**: In processing Transactions, Merchant shall utilize only Point-of-Sale Equipment (terminals, printers, pin pads and scan readers) ("POS Equipment") or Point-of-Sale Software Programs and related equipment, including at the option of ISO/MSP an internet application ("POS Software") installed or approved by ISO/MSP subject to Bank's approval and the following additional terms:

- (a) ISO/MSP will either provide to Merchant POS Software or will install all POS Equipment rented from ISO/MSP utilizing POS Equipment installers selected by ISO/MSP.
- (b) The POS Software and/or POS Equipment to be provided or installed, the quantity and the location for installation are set forth on Merchant Application and Agreement. The POS Software and/or POS Equipment shall be suitable for processing the types of services selected by Merchant and approved by Bank. Debit Card Transactions require an electronic terminal with a pin pad capable of processing the Cardholder's personal identification number (PIN) together with a printer (PIN pad terminal).
- (c) Merchant will provide, at Merchant's expense, suitable electric power and telephone services and, for POS Software applications suitable computer terminals, computer hardware, and an Internet Service Provider necessary to operate the POS Software and/or POS Equipment and will bear the expense of alterations made to Merchant's premises required to locate the POS Equipment or any of Merchant's computer hardware running the POS Software in a location suitable for proper operation. ISO/MSP will provide back up dial in capability if POS software is utilized.
- (d) Merchant shall permit telephone equipment installers and POS Equipment installers to enter its premises for the purpose of installation, replacement, retrofitting, inspection, relocation, disconnection, removal, repair or maintenance of telephone lines and equipment, POS Equipment and POS Software.
- (e) Merchant shall provide the information required by Merchant Input Form provided to Merchant and shall promptly notify ISO/MSP and Bank of any changes in this information.
- (f) If Merchant is utilizing POS Equipment, Merchant acknowledges receipt of a copy of Merchant Operating Guide. Merchant will use and operate the POS Equipment only in accordance with Merchant Operating Guide. Bank and/or ISO/MSP with Bank's approval may amend Merchant Operating Guide from time to time. Merchant shall comply with all amendments.
- (g) Merchant shall not remove any POS Equipment or POS Software from its original place of installation (other than to a telephone company installed jack located within Merchant's premises where the POS Equipment or POS Software was originally installed) or permit any modification, addition or repair to any POS Equipment or POS Software without prior written consent of ISO/MSP. Any authorized relocation of POS Equipment or POS Software following installation will be at Merchant's expense.
- (h) Merchant acknowledges that the installation of the POS Equipment is subject to (1) the availability of telephone lines and equipment terminals and related equipment; (2) the cooperation of Merchant, the electric and telephone companies; and (3) the availability of POS Equipment installers. Bank will have no liability to Merchant if any installation is delayed or cannot be completed for any reason. ISO/MSP will not have liability to Merchant if any installation is delayed or cannot be completed for reasons not caused by the act or neglect of ISO/MSP. If the delay is caused by the act or neglect of ISO/MSP, its liability shall be limited to a waiver of the terminal service fees due under this Agreement during the period of delay.
- (i) All POS Software shall be installed and operated in accordance with the instructions provided by ISO/MSP. Neither Bank nor ISO/MSP is responsible for any interruptions in service caused by the failure of Merchant's computer terminals, hardware and/or Internet Service Provider.

8. **Ownership of POS Equipment and POS Software**: For POS Equipment rented to Merchant by ISO/MSP, Merchant acknowledges that all POS Equipment installed at Merchant's premises is the property of ISO/MSP. POS Equipment shall not be removed from Merchant's premises for any reason without the prior written consent of ISO/MSP. No POS Equipment shall become or be deemed a fixture. Merchant shall not sell, lease, hypothecate, or otherwise dispose of any POS Equipment or interest in any POS Equipment and will keep all POS Equipment free from all liens and claims of others. ISO/MSP shall have the right to affix or attach to each piece of POS Equipment a tag or plate indicating its ownership or interest in the equipment. Merchant shall not and will not permit anyone else to remove, cover over, modify, or deface any tag or plate.

At Merchant's option, Merchant may purchase the POS Equipment from ISO/MSP or another vendor approved by ISO/MSP. A lease/purchase option may be offered by ISO/MSP, at its sole discretion. If this option is utilized, the POS Equipment remains the property of ISO/MSP and will be treated as rented POS Equipment until the lease term is completed and the purchase price for the

POS Equipment has been paid in full. All equipment purchased by Merchant must meet the specifications of Bank and ISO/MSP and be compatible with Bank's system.

If Merchant is utilizing the POS Software provided by ISO/MSP, Merchant acknowledges that its use of this software is in accordance with the terms of a license granted by ISO/MSP. The POS Software is owned by ISO/MSP. It is licensed to Merchant and not sold. The POS Software and accompanying printed materials, if any, are protected by copyright laws and international copyright treaties, as well as other intellectual property laws and treaties. Merchant is prohibited from copying, changing, modifying, downloading to other terminals or locations, transmitting to other terminals or locations, and/or removing the POS Software and accompanying printed materials from Merchant's premises. Merchant shall not sell, lease, hypothecate or otherwise dispose of the POS Software, or any interest in the POS Software granted to Merchant under its license from ISO/MSP.

9. **Maintenance of POS Equipment and POS Software:** For POS Equipment rented by ISO/MSP to Merchant, Merchant will not be liable for repairs due to ordinary wear and tear to the POS Equipment. ISO/MSP will arrange with a vendor to provide POS Equipment repair service. Merchant will promptly notify ISO/MSP of the need for repair to the POS Equipment. Merchant will abide by the instructions of ISO/MSP regarding the continued use of the POS Equipment until repair service is completed. If any POS Equipment cannot be repaired due to ordinary wear and tear, ISO/MSP will replace the equipment, provided a substitute piece of equipment is available.

Merchant shall be liable for the replacement value of any rented POS Equipment or POS Software lost, stolen, destroyed or rendered incapable of repair due to the abuse of Merchant, its employees, agents, customers or others. In addition, ISO/MSP shall have no responsibility to repair or replace the POS Equipment or POS Software or to provide a substitute under such circumstances.

For POS Equipment owned by Merchant, ISO/MSP may offer a maintenance contract for an additional fee. If offered, the maintenance contract provides the same repair services as available to Merchants renting the POS Equipment. If not offered by ISO/MSP or if Merchant elects not to have a maintenance contract with ISO/MSP, Merchant is responsible for all repairs to Merchant's POS Equipment.

ISO/MSP may retrofit or replace all POS Equipment at its discretion. ISO/MSP may amend or upgrade any POS Software from time to time. If Merchant owns the POS Equipment, Merchant is required to replace, retrofit or upgrade its equipment as needed to ensure that the equipment meets the specifications of Bank and ISO/MSP and it remains compatible with Bank's system.

Merchant acknowledges that the proper functioning of the POS Software requires computer hardware suitable to operate the POS Software application and an Internet Service Provider. Neither Bank nor ISO/MSP will have any liability to Merchant if the POS Software fails to operate because of Merchant's inappropriate, inadequate or faulty computer hardware, because of the failure of Merchant, its employees and agents to properly operate the POS Software in accordance with the instructions provided by ISO/MSP or because of the act, neglect or misuse of the POS Software by Merchant, its employees or agents or because of problems or interruption caused by Merchant's Internet Service Provider. If the POS Software fails to operate for any other reason not attributable to Merchant, the liability of ISO/MSP shall be limited to the repair or replacement of the POS Software. Bank shall have no liability to Merchant for any software provided by ISO/MSP.

If ISO/MSP is required to repair or replace either POS Equipment or POS Software as provided in this paragraph, and if the unavailability of substitute equipment or software or delay in repairing the equipment or software shall exceed seven (7) business days from the date that Merchant first advised ISO/MSP of the problem, Merchant shall not be responsible to pay any applicable terminal fees for that time period; but such unavailability or delay shall not, under any circumstances, constitute a default under this Agreement.

10. **Documenting Approved Transactions:** Each Transaction shall be reflected on sales drafts supplied or approved by Bank and shall contain the following information:

- (a) Name of Merchant and Merchant number designated by Bank;
- (b) The Approved Card number, validation date and/or expiration date of the card, if one appears on the card;
- (c) A brief description of the goods and services involved in the Transaction;
- (d) The selling price, together with applicable taxes, other charges, gratuities and the total amount of the Transaction;
- (e) Signature of Cardholder or authorized user, date of the Transaction and Transaction approval number for the Transaction;

- (f) If the Transaction is conducted at a gasoline filling station, Merchant shall enter on each sales draft the number and state (or other jurisdiction) of issue of the motor vehicle license plate or, if no motor vehicle is present, the words "No Card";
- (g) Merchants processing card not present transactions, auto rental, lodging or ISO/MSP applications must transmit all data required by the Approved Card Issuer; and
- (i) Such additional information which may from time to time be required by Bank, ISO/MSP and/or the Approved Card issuer.

Merchant agrees to deliver to its customer in each Transaction a true and completed copy of the sales draft. Merchant agrees not to transmit a sales draft to Bank (electronically or otherwise) until such time as Merchant has performed its obligations to the Cardholder in connection with each Transaction which obligations include, but are not limited to, delivery of the goods and/or services to the Cardholder. Merchant shall also examine each card presented or use one or more Approved Card security features, including personal identification numbers, if applicable, before completing any Transaction.

11. **Authorization for Approved Transactions:** Merchant may obtain approval of Transactions as follows:

- (a) **Electronically Transmitted Transactions:** Merchant shall submit each Transaction for specific authorization from Bank's Authorization Center using the POS Equipment or POS Software installed in accordance with this Agreement. Debit Card Transactions shall only be processed with a PIN pad terminal; except, however, when processing these types of transactions through the VISA or MasterCard systems by means of a VISA or MasterCard check card. Bank shall authorize or decline a Transaction transmitted for authorization and shall capture and process for Merchant the information relating to the Transaction. The information to be transmitted by Merchant through the terminal or software application shall include, but not be limited to the information required on a sales draft, excepting only the description of the goods and services provided, and the Cardholder's signature. Merchant agrees to include any additional information necessary for Bank to comply with all legal requirements for billing Cardholder or as may, from time to time, be required by Bank, ISO/MSP and/or the Approved Card Issuer.

In the event that a terminal or software application is inoperable at the time of an authorization request, Debit Card Transactions will be declined by Merchant. However, other Transactions for Approved Cards other than Debit Cards may be authorized by using the appropriate dial-up facility. In that case, the Transaction shall be entered into the terminal or software application later that day as a forced sale/ticket only Transaction, provided the approval number is also entered. If authorization is granted, Merchant will obtain a manual imprint of the card and an authorized signature and will enter the approval number on the sales draft.

- (b) **Phone Capture Transactions:** Bank will only accept phone capture Transactions utilizing Bank Cards. Merchant must call Bank's Authorization Center or, as otherwise directed by Bank, before completion of all phone capture Transactions. If authorization is granted, Merchant will indicate the approval number on the sales draft. Merchant shall not use two or more sales drafts or Bank Cards in a single Transaction to avoid required authorization calls, or make multiple authorization requests for a single Transaction to determine the maximum credit remaining available on a particular Bank Card.
- (c) **Mail-Order, Telephone, and/or Pre-Authorized Order Transactions:** The following additional requirements apply to Merchant, if Merchant is selling or leasing goods or providing services to its retail customers by mail-order, telephone or pre-authorized electronic recurring order Credit Card and/or Debit Card Transactions. Merchant agrees that all Credit Card or Debit Card Transactions involving a mail-order, telephone or pre-authorized electronic recurring order or payment are at Merchant's risk. For any Transaction of this type, Merchant warrants that the person whose name appears on the sales draft as Cardholder is the person making the purchase. A charge back to Merchant's Operating Account will be made without prior notice when a sales draft was issued pursuant to a mail order, telephone or pre-authorized electronic recurring order or payment in which the Cardholder neither participated in nor authorized, regardless of whether or not an authorization was obtained by Merchant.

Merchant further agrees to follow these additional procedures in processing these types of Transactions:

- (1) All card Transactions must be electronically authorized either via terminal or software application and, in addition to the information required in paragraph 10 above, shall also show an authorization code (when authorization is required); must show customer address

and address verification; and in lieu of Cardholder's signature shall show mail order (MO), telephone order (TO) or pre-authorized order (PO) on the signature line.

- (2) If Merchant accepts a pre-authorized recurring order, the Cardholder shall execute and deliver to Merchant monthly a written request for this pre-authorization. This written request shall be maintained by Merchant and made available upon request to Bank. Merchant shall not deliver goods or perform services covered by a pre-authorization order after receiving notification that the pre-authorization is cancelled or that the card covering the pre-authorization is not to be honored.
- (3) All electronic recurring Credit Card Transactions shall be processed after services have been rendered and/or the goods delivered.
- (4) If Merchant is using a terminal or software application, Merchant shall verify Cardholder's address from the network. If Merchant is doing telephone or mail order sales, Merchant shall transmit a ticket/invoice number and shall do an address verification to qualify for direct marketing interchange rate.

12. **Prohibited Transactions:** Merchant shall not do any of the following with respect to any Transaction submitted for approval to Bank:

- (a) Impose a surcharge on a Cardholder who elects to use an Approved Card in lieu of payment by cash, check or other mode of payment;
- (b) Charge or debit Cardholder more than the amount the Cardholder would pay if payment was made by cash or check;
- (c) Establish a minimum dollar Credit Card Transaction amount;
- (d) Require Cardholders to provide personal information such as phone number, address, or a driver's license for identification as a condition for honoring an Approved Card;
- (e) Extend credit for or defer the time of payment of the total cash price in any Transaction;
- (f) Honor an Approved Card except in a Transaction where a total cash price is due and payable;
- (g) Make any special charge to or extract any special agreement or security from any Cardholder in connection with any Transaction;
- (h) Transmit or accept for payment any sales draft for a Transaction which was not originated as a result of a direct Transaction between Merchant and a Cardholder for the sale or lease of goods or the performance of services of the type indicated in Merchant Application and Agreement for card processing services as approved by Bank which Bank may amend from time to time;
- (i) Use Merchant's own Approved Card, or one to which Merchant has access, to process a Transaction for the purpose of obtaining credit for Merchant's own benefit;
- (j) Redeposit a previously charged back Transaction, regardless of whether Cardholder consents;
- (k) Process or return credit without sufficient balance in Merchant's Operating Account to fund the Transaction;
- (l) Use the POS Equipment or POS Software and any data received thereon for any other purpose except for determining whether or not Merchant should accept checks or cards in connection with a current sale or lease of goods or services;
- (m) Use the POS Equipment or POS Software and data received thereon for credit inquiry purposes or any other purpose not authorized by this Agreement;
- (n) Draw or convey any inference concerning a person's creditworthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living when any card or check is processed as non-accepted;
- (o) Disclose any information obtained through the POS Equipment or POS Software to any person except for necessary disclosures to affected customers, Bank, ISO/MSP and/or the Authorized Card Issuer;
- (p) Attempt to process a Transaction which violates the dollar limits established as part of this Agreement; or
- (q) Process a Transaction for the purpose of providing security or a cash deposit for use in obtaining new or additional cards.

13. **Daily Reconciliation of Transactions:**

- (a) **Electronically Transmitted Transactions:** Merchant shall initiate and reconcile one or more summary Transactions for each Merchant terminal or POS software application each day. If Merchant fails to settle or

close its terminal or POS software application within a 24-hour period, Merchant will be assessed a non-qualified rate in accordance with Schedule of Processing Charges. Bank will credit to Merchant's Operating Account an amount equal to the reconciled summary Transaction total of all Merchant's totals since the previous credit including any adjustment, if necessary. If Merchant fails to initiate and reconcile a summary Transaction for any day, Bank will not grant a credit for that day unless the terminal or POS software application is set up for an "auto settle" procedure. Merchant will also not qualify for its qualified CPS discount rate if a terminal or POS software application is not settled each date. If Merchant does not maintain an Operating Account at Bank, Merchant will be credited in a manner deemed appropriate by Bank. Bank will provide Merchant with a credit for Visa and MasterCard Transactions. All Debit Card Transactions are settled with the debit networks, and all other card types are settled directly through the Card Issuer.

- (b) **Phone Capture Transactions**: For all Transactions processed using phone capture authorization, Bank will pay Merchant through a credit to Merchant's Operating Account.

14. **Adjustments and Returns**: Merchant will maintain a fair exchange and return policy and make adjustments with respect to goods and services sold and/or leased to its customers whenever appropriate. In the event that goods are returned, or any services are terminated or cancelled, or any price is adjusted on a Transaction, Merchant will prepare and transmit a credit or return Transaction, either electronically or by paper, for the amount of the adjustment as a deduction from the total amount of sales drafts transmitted that day. In the event the amount of credit or return Transactions exceed the amount of sales draft Transactions, Bank shall charge Merchant's Operating Account for the excess. Merchant shall make no cash refunds on Approved Card Transactions and shall handle all credit adjustments as provided in this paragraph. Sales drafts for any Transaction for which no refund or return will be given must be conspicuously marked as a "final sale" and "no returns" on the customer's copy of the sales draft at the time of the Transaction. If Merchant has a no-cash refund policy, in store credit only, that policy must appear on the Credit Card sales draft. All Merchants must follow Visa and MasterCard reservation/no-show policy. All Merchants must notify Cardholders in writing of this policy on all advance reservations. The Cardholder must be notified of the exact number of days required for reservation deposit refunds. Merchant not following Visa and MasterCard reservation/no-show policy may receive a charge back to its Operating Account for lodging regulation violations.

15. **Charge Backs**: Bank shall be authorized to charge back to Merchant any Transactions as specified throughout this Agreement and/or under any of the following circumstances:

- (a) No specific prior authorization of the Transaction was obtained from Bank's Authorization Center, or the approval number, given to indicate the authorization, does not appear on all paper Transaction sales drafts or in the electronic transmittal which is maintained by Bank;
- (b) The Transaction was based on a pre-authorization form and the Approved Card on which the approved authorization was based has been cancelled and Merchant was so notified. Pre-authorization may not be used with Debit Cards;
- (c) The Approved Card giving rise to the Transaction has been cancelled and prior to, or at the time of, the Transaction, Merchant has received or receives notice of the cancellation through the electronic terminal, in writing or otherwise;
- (d) The Approved Card had expired prior to the date of the Transaction or the date of Transaction was prior to the validation date, if any, indicated on the Approved Card;
- (e) The sales draft does not contain the authorized signature that appears in the authorized signature panel of the Approved Card; the signature on the card signature panel is different than that on the sales draft; the signature is a different name; or no signature appears on the sales draft's signature line;
- (f) No sales draft was used to record the Transaction; a form of sales draft not approved by the Bank was used and/or the sales draft does not contain the required information indicated in paragraphs 10 and 11(c) above;
- (g) The electronic transmittal for a Debit Card Transaction does not include the personal identification (PIN) of the Cardholder;
- (h) The sales draft represents a Transaction on which Bank has received a complaint from or on behalf of a Cardholder stating that there is an unresolved dispute between Merchant and Cardholder;
- (i) The Cardholder makes a written complaint to Bank that the Cardholder did not make or authorize the Transaction;
- (j) A setoff or counterclaim of any kind exists in favor of any Cardholder against Merchant that may be asserted in defense of an action to enforce payment against the Cardholder in a Transaction;
- (k) The sales draft represents a Transaction that was made at or by a Merchant other than Merchant named in this Agreement;

- (l) Merchant fails to make an impression of an Approved Card that was not electronically read by the terminal or software application;
- (m) The Transaction otherwise violates the terms of this Agreement or any other Visa, MasterCard or Approved Card Issuer rules and regulations; or
- (n) A charge back is processed by a Cardholder's issuing bank.

In any such case, Bank shall not be obligated to accept a Transaction for deposit to Merchant's Operating Account. If Bank has credited Merchant's account for a Transaction involving any of the circumstances indicated above, or any other circumstances indicated in this Agreement, Merchant agrees that Bank may charge back the amount of the Transaction without prior notification to Merchant. Merchant agrees to pay the amount due upon demand. In addition, Bank may debit Merchant's Operating Account and/or Reserve Account, adjust credits due to Merchant, or utilize any method appropriate under the terms of Merchant's deposit and payment arrangements with Bank to charge back the amount of any Transaction. Merchant hereby grants to Bank and ISO/MSP a security interest in all goods returned by Cardholder to secure the amount of the charge back until paid in full by Merchant.

16. **Retention of Original Sales Drafts and Copies:** Merchant shall retain the original sales draft for a period of not less than three hundred and sixty (360) days from the date of the Transaction. Additionally, Merchant shall retain either the original sales draft or a legible microfilm copy for a total period of seven (7) years from the date of the Transaction. At the request of Bank and/or ISO/MSP, Merchant shall provide the original sales draft to Bank and/or ISO/MSP, or if no longer available, a legible copy within five (5) business days of receipt of a request from Bank and/or ISO/MSP. If Merchant fails to provide the sales draft within five (5) business days, or if no sales draft was used to record the Transaction, Bank, if it has already elected not to do so in accordance with paragraph 15, may charge back to Merchant the amount of the Transaction. Any sales draft which does not contain the information required in accordance with this Agreement shall also be subject to charge back, if the Bank has not already checked to do so in accordance with paragraph 15, if the Cardholder continues to dispute the validity of the charge after Bank and/or ISO/MSP has presented Merchant's evidence of validity of the charge to the Cardholder. All retrieval requests must also be provided to Bank and/or ISO/MSP within five (5) business days of receipt of a request. Failure to meet required time frames will result in Merchant losing any charge back rebuttal claims for non-request of an item by a card issuing bank which may be available to Merchant in accordance with applicable card issuer's rules and regulations. Bank's right to charge back a Transaction to Merchant is not subject to and/or contingent upon any rights Merchant may have to rebut a chargeback under the card issuer's rules and regulations and Bank reserves the right to process a chargeback to Merchant at any time in accordance with this Agreement and regardless of any rebuttal and/or appeal process being utilized by Merchant. In the event that Merchant is successful in rebutting and/or appealing a chargeback and the chargeback is credited through the system, Bank will credit the chargeback to Merchant.

17. **Recovery of Cards:** Merchant will use its best efforts to reasonably and peaceably recover and retain any Approved Card for which Merchant receives notification of cancellation, restriction, theft or counterfeiting. This notice may be given electronically through the terminal or software application, as instructed by Bank's Authorization Center by any means or by listing on any cancelled card list, or a restricted card list. Merchant shall also take reasonable steps to recover a card which it has reasonable grounds to believe is counterfeit, fraudulent or stolen.

18. **Customer Complaints:** Under applicable law or regulation, Merchant, Bank and ISO/MSP may be subject to claims and defenses arising out of any Transaction. The amount of liability in connection with any claim or defense may be fixed by applicable law or regulation as of a specific point in time. Accordingly, Merchant agrees to maintain in writing with respect to each claim or defense asserted by an Approved Cardholder involving a Transaction for which Merchant has received notice the following information:

- (a) The Cardholder's name;
- (b) The Approved Card number;
- (c) The date and time the Cardholder asserted the claim or defense;
- (d) The nature of the claim or defense; and
- (e) The action which Merchant took in an attempt to resolve the dispute.

Merchant shall furnish Bank and/or ISO/MSP with this information upon request.

19. **Confidentiality:** Merchant shall treat all information received as a result of the services provided under this Agreement as confidential. Merchant shall prevent the disclosure of this information except for necessary disclosures to affected customers, to Bank, ISO/MSP and to Card Issuers.

20. **Card Issuers' Requirements:** Merchant shall comply with all bylaws, rules and regulations of Visa USA, MasterCard International, Inc., Discover, Carte Blanche, American Express, and Bank Card, Debit Card or Travel and Entertainment Card issuer whose cards are used to process Transactions in accordance with this Agreement. Merchant shall promptly pay all penalties

assessed by any Card Issuer for Merchant's failure to comply with Card Issuer's requirements. Bank reserves the right to require and/or increase any reserve requirement to cover any penalties whether already assessed or to be assessed in the future.

Merchant will prominently display at its place of business Approved Card emblems and other promotional material and literature provided by Bank directly or through ISO/MSP. Subject to the prior written consent of Bank and upon such conditions as authorized by Bank, Merchant may use Approved Card service marks or design marks in its own advertisement and promotional materials. At least annually Merchant shall provide copies of all marketing materials used in Merchant's business to ISO/MSP.

21. **Compliance with Applicable Law:** Merchant shall comply with all present and future federal and state laws and regulations pertaining to the services provided under this Agreement including, without limitation, the Federal Fair Credit Reporting Act, the Federal Truth-in-Lending Act, the Electronic Fund Transfers Act and the Federal Equal Credit Opportunity Act, as amended.

22. **Limitation on Liability:** Neither Bank nor ISO/MSP shall be liable to Merchant or Merchant's customers or any other person for any of the following:

- (a) For any loss or liability resulting from the denial of credit to any person or Merchant's retention of any card or any attempt to do so;
- (b) Any downgraded Transaction based upon Card Issuer's rules and regulations for any defective or faulty POS Equipment or POS Software regardless if owned by Bank, ISO/MSP or Merchant;
- (c) The unavailability of services caused by the termination of contracts with POS Equipment vendors, processors or installers, whether terminated by Bank, ISO/MSP or any other person for any reason;
- (d) Interruption or termination of any services caused by any reason except for failure of ISO/MSP to use due care in selecting POS Equipment Installers and Servicers or failure of ISO/MSP to repair or replace POS Software as required by this Agreement, and in such cases, any liability shall be that of ISO/MSP only and not that of Bank. The liability of ISO/MSP shall be limited to a waiver of terminal or software fees due under this Agreement in accordance with paragraph 7(h) (installation) and paragraph 9 (failure to repair after seven (7) business days). The Bank, at its option, may offer to Merchant in such cases access to the Bank's own system, including POS Equipment or Software. In that event, the obligations and liability of Bank with regard to any POS Equipment or Software provided by Bank shall be the same as if provided by ISO/MSP, including the limitation of liability as provided herein. Neither Bank nor ISO/MSP shall have any liability to Merchant whatsoever if the POS Equipment is owned by Merchant, unless Merchant's equipment is covered by a maintenance contract from ISO/MSP. In that event, the liability of ISO/MSP will be limited in accordance with paragraphs 7(h) and 9.

NEITHER BANK NOR ISO/MSP SHALL BE LIABLE FOR ANY INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES TO MERCHANT OR TO ANY THIRD PARTY IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE SERVICES TO BE PERFORMED BY BANK OR ISO/MSP PURSUANT TO THIS AGREEMENT. MERCHANT ACKNOWLEDGES THAT BANK HAS PROVIDED NO WARRANTIES, EITHER EXPRESS OR IMPLIED, WRITTEN OR ORAL, WITH RESPECT TO ANY POS EQUIPMENT OR POS SOFTWARE INSTALLED OR PROVIDED BY ISO/MSP. THE LIABILITY, IF ANY, OF BANK AND/OR ISO/MSP CONCERNING THE POS EQUIPMENT OR POS SOFTWARE SHALL BE IN ACCORDANCE WITH THIS PARAGRAPH AND PARAGRAPH 7(h) AND 9.

23. **Indemnification:** Merchant agrees to indemnify and hold Bank and ISO/MSP harmless from any and all losses, claims, damages, liabilities and expenses, including attorney's fees and costs (whether or not an attorney is an employee of Bank or Bank's affiliates, ISO/MSP or affiliates of ISO/MSP) arising out of any of the following:

- (a) Merchant's failure to comply with any provision contained in this Agreement and/or any amendment thereto;
- (b) Merchant's failure to comply with Merchant Operating Guide and any amendments thereto;
- (c) Merchant's failure to comply with the bylaws, rules and regulations of any Card Issuer;
- (d) Merchant's failure to comply with any applicable law, rule or regulation;
- (e) The criminal act, fraud or dishonesty of Merchant or Merchant's employees, licensees, successors, agents and/or assigns;
- (f) The theft of or damage or destruction to any POS Equipment or POS Software; or
- (g) Unauthorized and/or prohibited Transactions.

24. **Guarantors:** As a condition of this Agreement, Bank may require the unlimited personal guaranties of selected principals of Merchant. The personal guaranty(s) shall secure all obligations owed to Bank and/or ISO/MSP by Merchant under this Agreement. Bank and/or ISO/MSP reserves the right to require additional guaranties at any time in the future as a condition for

processing or underwriting Transactions in accordance with this Agreement. Merchant shall not be authorized to process any Transactions until all personal guaranties are provided to the satisfaction of Bank and ISO/MSP.

25. **Credit Investigation and Bank Auditing:** Merchant authorizes Bank, ESC or their agents to, from time to time, investigate the background and personal credit history of any of the principals and employees associated with Merchant's business and to obtain a business report on Merchant's business from Dunn & Bradstreet or any company providing a similar service. Bank may terminate this Agreement if the information received in any investigation is unsatisfactory to Bank. Bank and/or ISO/MSP may also audit from time to time, Merchant's compliance with the terms of this Agreement. Merchant shall provide all information requested by Bank and/or ISO/MSP necessary to complete the audit. Each year Merchant will provide no later than sixty (60) days after the end of Merchant's fiscal year, an annual updated financial statement for Merchant and updated personal financial statements for all guarantors. By signing below, Merchant certifies that all information provided to Bank and/or ISO/MSP by Merchant and/or any guarantor is true and correct.

26. **Termination:** Either Bank, Pri or Merchant may voluntarily terminate this Agreement upon 30 days' written notice to the other party. In addition, Bank may terminate this Agreement without notice to Merchant under the following circumstances:

- (a) Any information obtained by Bank through a credit investigation is unsatisfactory to Bank;
- (b) Any criminal act or act of fraud or dishonesty is committed by Merchant, its employees, licensee, agents and/or assigns;
- (c) Charge backs in excess of Card Issuer's monitoring guidelines;
- (d) Breach of this Agreement by Merchant;
- (e) Bankruptcy, insolvency or receivership proceedings are started by or against Merchant or any guarantor;
- (f) Merchant fails to pay all amounts due to Bank and/or ISO/MSP in accordance with this Agreement within thirty (30) days;
- (g) Merchant fails to maintain sufficient funds in Merchant's Operating Account and/or Reserve Account to cover all amounts owed by Merchant under this Agreement;
- (h) Merchant's percentage of error Transactions or retrieval requests is excessive in the opinion of Bank;
- (i) There is a material adverse change in the financial condition of Merchant in the determination of Bank's Board of Directors;
- (j) Merchant exceeds the volume limitations established as part of this Merchant Agreement;
- (k) Merchant changes the types of goods or services provided to its customers without the prior consent of Bank;
- (l) There is a change in the volume, character or method of Merchant's transactions that is not satisfactory to Bank;
- (m) There is a change in the volume, character or method of chargebacks that is unsatisfactory to Bank; and/or
- (n) There is a change in structure or ownership of Merchant by any means or manner, including, but not limited to, a change in stock ownership, member interest, partnership interest, a change by merger or reorganization or a change of name.

Bank may selectively terminate one or more of Merchant's approved locations without terminating the entire Merchant agreement. In lieu of immediately terminating Merchant, Bank may suspend Merchant's authorization to process transactions or place Merchant's transaction into "real time". Real time will allow Merchant to continue to process transactions with its customers but the funds for payment to Merchant are held and not transmitted to Merchant. The suspension of processing or real time processing shall remain in place, once instituted, until Bank is satisfied that the issue or problem leading to such action has been satisfactorily resolved. In the event that the issue or problem is not satisfactorily resolved, Bank may terminate this Agreement. In the event of termination, all obligations of Merchant incurred or existing under this Agreement shall survive the termination. In the event of termination, unless otherwise agreed by the parties, Merchant shall promptly return all POS Equipment or POS Software. If Merchant fails to return the POS Equipment or POS Software to ISO/MSP, ISO/MSP shall have the right to charge Merchant for the replacement value of the equipment or software.

27. **Enforcement of This Agreement:** Bank and/or ISO/MSP, with authorization from Bank, shall have the right to take legal action against Merchant to enforce any provision in this Agreement whether the Agreement is terminated or not. In that event, Merchant shall also be responsible for payment of the cost and attorney's fees incurred by Bank and/or ISO/MSP whether suit is commenced or not, including any costs and attorney's fees that may be incurred to enforce any award, order or judgment obtained.

28. **Setoff:** In addition to any other legal, equitable right or remedy available to them in accordance with this Agreement or by law, Bank and/or ISO/MSP may set off any amounts due to Bank and/or ISO/MSP under this Agreement against any property of Merchant in the possession or control of Bank or ISO/MSP.

29. **Amendments to This Agreement:** From time to time Bank may amend this Agreement as follows:
- (a) **Amendment to Approved Cards and/or Services:** Bank may amend or delete Approved Cards or services approved for processing in accordance with this Agreement. Bank shall notify Merchant in writing of any additions or deletions of any Approved Cards or services. With respect to any cards or services added to this Agreement, all provisions of this Agreement shall apply to these additional cards and services. Bank shall notify Merchant of the fees to be charged for processing the additional cards and services. Acceptance by Merchant of a new approved card as payment for a Transaction or use of a new service after Bank has sent Merchant appropriate notice shall constitute Merchant's agreement to accept additional cards and services under the terms of this Agreement and the fees or charges related to these additions.
  - (b) **Amendment to Fees and Charges:** Bank may periodically review and adjust all rates, fees and charges set forth in Schedule of Processing Charges. Bank will provide written notice of all new rates, fees and charges to be imposed under this Agreement; except, however, Bank may change the rates, fees and charges without prior written notice if the annual volume or average ticket sales do not meet Merchant's annual projections. If notice is required, the written notice shall be part of Merchant's Monthly Statement/Bill. All new rates, fees and charges will become effective for the next month immediately following the month in which the notice appeared on Merchant's Monthly Statement/Bill unless Merchant has terminated this Agreement in accordance with paragraph 26.
  - (c) **Amendment to Other Terms and Conditions.** Bank may also from time to time amend other provisions of this Agreement. Unless otherwise specifically provided elsewhere in this Agreement, notice of changes in this Agreement will be in writing and may be made part of Merchant's Monthly Statement/Bill. If notice is given on the Monthly Statement/Bill, the changes to the Agreement will become effective for the next month immediately following the month in which notice appeared on the Merchant's Monthly Statement/Bill. If a separate notice is sent, the changes to the Agreement will go into effect thirty (30) days after notice is sent by regular mail to the address specified above for Merchant or a different address provided to Bank by Merchant.
30. **Assignment:** This Agreement may not be assigned by Merchant without the prior written consent of Bank. Bank may assign this Agreement without limitation. Assignment of this Agreement by Bank shall relieve Bank of any further obligations under this Agreement.
31. **Representations:** Merchant makes the following representations which are true now and will be true at all times in the future to Bank:
- (a) The execution, delivery and performance of this Agreement has been duly authorized in accordance with Merchant's organizational documents, and will not violate or create a default under law, Merchant's organizational documents or any contract or other agreement binding on or affecting Merchant;
  - (b) Merchant is in compliance with all applicable federal, state and local laws and regulations pertaining to the Merchant's business, including all licensing requirements;
  - (c) Merchant is in good standing and shall maintain its business organization in good standing in accordance with all applicable laws and regulations;
  - (d) This Agreement constitutes a legal, valid and binding obligation of Merchant; and
  - (e) Merchant shall not engage in any unlawful activity or process transactions for any unlawful activity by its customers.
32. **Effective Date:** This Agreement shall become effective only when signed by all parties and shall remain in effect until or unless terminated in accordance with the terms of this Agreement.
33. **SIGNATURES:** By signing the Merchant Application and Agreement, the parties agree to the terms of this Agreement. If a Merchant is a corporation, its proper corporate officers sign. This Agreement may be signed in one or more counterparts and all signed agreements shall be considered as one.

## Data Processing and Payment Collection Agreement

This Data Processing and Payment Collection Agreement (this "Agreement") is entered into, as of the date set forth below, by and among the undersigned client ("CLIENT") and Payment Resources International (hereinafter "PRI"), a corporation organized and existing under the laws of the State of Nevada with its principal place of business at 1300 Bristol Street North, Suite 290, Newport Beach, California 92660.

**WHEREAS:** PRI is an item processor and provides Automated Clearing House ("ACH") and EFT services ("Services") for the collection and payment of Prearranged Payments and Deposits ("PPD") to the accounts of Consumers, and;

**WHEREAS:** CLIENT wishes to initiate PPD and desires to engage PRI to process those PPD items initiated by CLIENT.

**NOW, THEREFORE,** the parties intending to be legally bound do hereby agree as follows:

1. **Headings and Captions.** Unless the context otherwise clearly requires, words used in the singular include the plural, and words used in the plural include the singular. The captions and headings contained in this Agreement are for the convenience of the parties only and shall not be construed to limit or otherwise define the scope of this Agreement. This Agreement shall not be deemed to have originated with either party hereto.
2. **Definition of Terms.** Except as otherwise specifically indicated, the following terms shall have the following meanings in the Agreement:
3. **Banking Day:** Any business day, during which PRI is open for business, but does not include any Saturday or Sunday, or Holiday observed by the Federal Reserve.
4. **Account:** A deposit account established by Consumers at a Federal Reserve member bank that has the ability to receive Automated Clearing House ("ACH") items from the Federal Reserve for debit and credit to the account.
5. **EFT Data:** Electronic Funds Transfer ("EFT") Data, is that certain data collected by CLIENT indicating funds to be distributed by credit or debit to consumers' accounts of consumers authorizing such credit or debit.
6. **Collected Funds:** Funds collected from the Federal Reserve as a result of the processing of EFT Data entries.
7. **Settlement Date:** A date specified by CLIENT, on which date EFT Data Entries will be available to Consumers' banks that receive EFT Data from the Federal Reserve.
8. **Consumer:** Those consumers who have given authorization to CLIENT for CLIENT to initiate credit or debit entries to the accounts of those CONSUMERS.
9. **Sponsor Bank:** American Security Bank, a Federal Reserve depository with Agreements between itself, PRI and the Federal Reserve to electronically transfer funds between member banks of the Federal Reserve Banking System.
10. **Engagement:** CLIENT hereby retains and appoints PRI as CLIENT'S exclusive data processing and collection agent for processing PPD originated by CLIENT for credit and debit to accounts of consumers, who have agreed to PPD, in accordance with the terms and conditions contained herein.
11. **Fees:** For the services performed herein by PRI, CLIENT agrees to pay the fees as detailed in the Fee Addendum, which is attached hereto and made a part hereof. CLIENT understands that some fees may be subject to tax and agrees to pay all applicable tax. Item Fees as listed on the attached Fee Addendum, all other fees excepted, shall not be changed by PRI during the initial term of this Agreement, with the single exception that increases in fees charged by Sponsor Bank will be passed through to CLIENT, thereafter, the Item Fees may be changed by PRI at any time upon Thirty (30) days prior written notice to CLIENT. Upon receipt of any notice of an increase in Item Fees, CLIENT may terminate this Agreement within Ninety (90) days by giving Thirty (30) days written notice prior to the effective date of such increase, in which case CLIENT will not be charged at the increased fee rate.
12. **Term and Termination:** The initial term of this Agreement shall be for a period of two (2) years beginning on the date of acceptance by CLIENT (the "Initial Term"), and shall renew for additional successive two year terms unless any party hereto provides the other written notice of its intent not to renew prior to the expiration of the current term. Additionally, PRI shall have the right to terminate this Agreement at any time without cause. Termination of this Agreement prior to expiry of the Initial Term shall result in the assessment of an account termination fee in an amount equal to the greater of (i) the sum of the Minimum Monthly Fee plus the monthly statement fee for the number of months remaining in the Initial Term, or (ii) \$250, provided, however, CLIENT shall not be required to pay a termination fee if CLIENT elects not to renew this Agreement upon the expiration of the then current term by providing written notice to the other parties in accordance with this paragraph 12.
13. **Upon Default:** Either party shall have the right to terminate this Agreement effective immediately, if either party is in default of any obligation under this Agreement and default continues for 15 days following notice from the

other party, or if either party is declared bankrupt, files a petition under any bankruptcy laws, has a receiver appointed for all or substantially all of its property, or makes an assignment of all or substantially all of its assets for its creditors.

14. Upon Termination: All rights and obligations hereunder shall cease except CLIENT'S obligations (A) to pay the applicable fees for any services performed by PRI prior to the effective date of termination; B) to pay for any items returned unpaid ("Returned Items") subsequent to the effective date of termination for which PRI shall hold from the final deposit to the Settlement Account for sixty (60) days a balance sufficient to cover Returned Items and any unpaid fees payable to PRI, and C) within ninety (90) days of termination of this Agreement CLIENT shall return to PRI all materials that are the property of PRI and provided by PRI to CLIENT, as part of the services contemplated hereunder, including, but not limited to software, hardware, manuals and instructions.
  15. Responsibilities of the Parties: In connection with the engagement of PRI by CLIENT, the parties hereby agree that each shall have the responsibilities set forth hereunder:
  16. CLIENT shall be responsible for the following:
    - a. Settlement Account. CLIENT shall, at all times, maintain an Account ("Settlement Account") at a bank that is a member of the Federal Reserve ACH System. All credits for collected funds and debits for fees, payments and Returned Items under the terms of this Agreement shall be made to the Settlement Account. For the services to be performed by PRI hereunder as set forth in the Specifications as published from time to time by PRI, CLIENT authorizes PRI to credit and or debit the Settlement Account, and CLIENT warrants that it shall, at all times, maintain a sufficient balance in said account to cover overdraft of the Escrow Account as might result from Returned Items and service fees, and other charges plus such additional fees charged by PRI for the performance of services beyond the terms of this Agreement or resulting from increased expenses incurred by the failure of CLIENT to furnish data as specified in the Specifications as published from time to time by PRI, upon demand of PRI. CLIENT may not close or change the Settlement Account without written notice to PRI. CLIENT will be solely liable for all fees and costs associated with the Settlement Account and for all overdrafts. CLIENT hereby grants to PRI a security interest in the Settlement Account to the extent of any and all fees, payments and Returned Items which may arise under this Agreement, and CLIENT shall execute any document and obtain any consents or waivers from the bank at which the Settlement Account is maintained as requested by PRI to protect its security interest therein.
    - b. Notice of Intent. CLIENT shall provide PRI with immediate notice of intent to: 1). Transfer or sell any substantial part of its total assets, or liquidate; 2). Change the basic nature of its business, including selling any products or services not related to its current business; 3). Change ownership or transfer control of its business, or; 4). Enter into any joint venture, partnership or similar business arrangement whereby any person or entity not a party to this Agreement assumes any interest in CLIENT'S business. Failure to provide notice as required above may be deemed as material breach and shall be sufficient grounds for immediate termination of the Agreement. In the event any of the changes listed above should occur, PRI shall have the option to renegotiate the terms of this Agreement or provide thirty (30) days notice of termination.
    - c. Non-Disclosure of Consumer Information. CLIENT will not, under any circumstances, disclose any CONSUMER'S account number or any information relating to any CONSUMER'S account, or any sales information, to any person other than PRI, except as expressly authorized in writing by CONSUMER, PRI or as required by law.
    - d. Returned Items. CLIENT is liable for repayment to PRI for all Returned Items. PRI will comply with ACH Associations' and the Federal Reserve prevailing regulations in processing any Returned Items which result from CONSUMER disputes. However, all disputes which are not or cannot be resolved through established returned Item procedures shall be settled between CLIENT and the CONSUMER, and CLIENT will indemnify PRI and will provide reimbursement for all expenses, including reasonable attorney's fees, which it may incur as the result of any CONSUMER claim which is pursued outside the ACH Association or Federal Reserve rules and regulations.
    - e. Delivery of EFT Data. CLIENT shall deliver EFT data necessary for PPD processing in such form and at such times and in accordance with the Specifications as published from time to time by PRI. CLIENT will cause the EFT data to be current and accurate at all times. CLIENT warrants to PRI that all data and entries contained in EFT Data and delivered to PRI by CLIENT will be in accordance with the Specification as published from time to time by PRI, will contain true and accurate information and will be authorized by Consumers. CLIENT assumes the responsibility for storage of all CONSUMER authorizations. Failure to provide PRI with requested CONSUMER authorization documentation within five (5) business days after receipt of such request may be deemed as material breach and shall be sufficient grounds for immediate termination of the Agreement. CLIENT will maintain documentation for a period of SIX (6) years past the date of the last transaction to any Account. PRI shall have no liability to CLIENT, Consumers, or third parties in the event Collection data is inaccurate or incomplete.
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- f. Timely Delivery. CLIENT shall cause the EFT data to be delivered to PRI in a timely fashion to permit the electronic processing on the date designated by CLIENT which is estimated to require the delivery of the EFT Data not less than (2) banking days prior to the scheduled processing date.
  - g. Delivery of Payroll Funds. CLIENT shall cause payroll funds to be delivered by wire transfer at least FIVE (5) Banking Days ("Lead time") prior to the Settlement Date designated by CLIENT in an amount sufficient to cover payroll deposits, fees and other charges to PRI ("Payroll amount requirement") in accordance with the Specifications as published from time to time by PRI. CLIENT understands and agrees that In the event payroll funds are not delivered in accordance with the above Lead time, or that the Payroll amount requirement is insufficient, the Settlement Date will be delayed to allow for sufficient Lead time and sufficient Payroll amount requirement.
  - h. Exclusive. CLIENT agrees that PRI shall be its sole provider of PPD services during the term of this Agreement.
  - i. Compliance. CLIENT warrants and agrees that CLIENT shall fully comply with all federal, state, and local laws, rules and regulations, as amended from time to time, including the Federal Truth-in-Lending Act and Regulation E of the Board of Governors of the Federal Reserve System.
  - j. Acceptance by PRI. This Agreement shall be effective only upon acceptance by PRI. In the event CLIENT is not accepted for the services as contemplated herein, any fees paid to PRI shall be non-refundable.
17. PRI shall be responsible for the following:
- a. Document Preparation. PRI shall consult and assist CLIENT on the form and content of documents to be filed with Sponsor Bank, PRI and Consumers.
  - b. Format of EFT Data. PRI shall provide CLIENT with consultation on the format and specification of EFT data.
  - c. Escrow Account. PRI shall establish and maintain an account ("Escrow Account") for deposit of Collected Funds and payment of returned Items and service fees, and other charges ("Other Fees") incurred by PRI, Sponsor Bank and the Federal Reserve hereunder. CLIENT understands and agrees that: 1). PRI shall deposit all Collected Funds to the Escrow Account. 2). PRI shall hold One Hundred Percent (100%) of Collected Funds ("Hold amount") in the Escrow Account for a period of FIVE (5) Banking Days ("Hold period"). 3). PRI shall, at the expiration of the Hold period, transfer the Collected Funds, less a reserve amount ("Reserve amount"), by EFT to the Settlement Account. Such transfer shall be in such form and at such times and in accordance with the Specifications as published from time to time by PRI. CLIENT agrees that the Reserve amount shall be Twenty Percent (20%) of Collected Funds. CLIENT further understands and agrees that PRI shall hold the Reserve amount for a period of Thirty (30) days from the date of collection ("Reserve Period"). PRI shall release the Reserve amount to the credit of the Settlement Account at the expiration of the Reserve Period. CLIENT understands and agrees that the Hold amount, Hold period, Reserve amount and Reserve Period may be adjusted by PRI, at the sole discretion of PRI, to insure availability and sufficiency of funds to cover Other Fees.
  - k. Electronic Bulletin Board. PRI shall provide an electronic means (electronic bulletin board service, or other like service) for the purpose of receiving EFT Data from CLIENT, posting return Items, correction notices and account statements for CLIENT. CLIENT understands and agrees that it is CLIENT'S responsibility to pickup, by electronic means, the statements and return notifications from the electronic bulletin board service.
18. Force Majeure. Except when prevented from doing so by causes beyond its control, including, but not limited to Acts of God, strikes, mechanical or electrical breakdown, fire, flood, war, governmental action, accident. PRI shall process EFT data furnished by CLIENT and observe the processing schedules set forth in the Specifications as published from time to time by PRI, and deposit of funds in the Escrow and Settlement Accounts.
19. Materials. CLIENT acknowledges that all materials provided to CLIENT by PRI, in contemplation of and in fulfillment of this Agreement, are the property of PRI. CLIENT shall guard against unauthorized duplication that would be a violation of United States copyright law and international treaty provisions.
20. Use of Independent Sales Organization: CLIENT acknowledges that PRI may use an independent sales organization/member service provider ("ISO/MSP") operating under applicable ACH Associations' rules, and the Rules and Regulations of the Federal Reserve System. ISO/MSP is an independent contractor and not an agent of PRI. ISO/MSP has no authority to execute the Agreement on PRI'S behalf or to alter the terms hereof without PRI'S prior written approval.
21. Sole Obligation. PRI's sole obligation to CLIENT hereunder is to perform the services agreed upon, exercising the same degree of care used in processing items and data for its own use. PRI shall not be liable for the insolvency, neglect, misconduct, mistake or default of any other bank, corporation or person. In no event shall PRI be liable for any loss, destruction, mutilation, damage or theft, resulting from any cause whatsoever, of any data, entries, or items, except those resulting from the willful misconduct, gross negligence or fraudulent act of PRI or its employees.
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22. Record Maintenance. This Agreement, and the performance by PRI of its services hereunder, shall not relieve CLIENT of any obligation imposed by law or contract, regarding the maintaining of records or other matters nor from employing adequate audit, account and review practices customarily followed by similar businesses.
  23. Indemnification. CLIENT agrees to indemnify and to hold PRI, Sponsor Bank and the Federal Reserve free and harmless from any and all liability, cIBank, and damages (including attorney's fees and costs) which PRI, Sponsor Bank and the Federal Reserve may suffer or incur by reason of providing the services contemplated herein, including but not limited to any liability incurred by PRI with respect to the warranties and indemnities required to be made by PRI to Sponsor Bank or the Federal Reserve, its representatives, and other banks under the ("Operating Rules") of the National Automated Clearing House, except any liability, cIBank, or damages caused by PRI's gross negligence, or failure to exercise reasonable care in performing its services hereunder. This article 24. shall survive termination of this Agreement.
  24. Warranty of Application. In accordance with this Agreement, CLIENT has executed and delivered to PRI a document entitled "Data Processing and Payment Collection Application" containing, among other things, certain information regarding the nature of CLIENT'S business. Its form of business organization, and the individual principal owners of CLIENT. CLIENT represents and warrants to PRI that all information and all statements contained in such Data Processing and Payment Collection Application are true, correct and complete as if set forth in this Agreement. CLIENT FURTHER AGREES TO NOTIFY PRI IN WRITING OF ANY AND ALL CHANGES WHICH MAY OCCUR FROM TIME TO TIME REGARDING ANY INFORMATION CONTAINED IN SUCH DATA PROCESSING AND PAYMENT COLLECTION APPLICATION, INCLUDING BUT NOT LIMITED TO: THE IDENTITY OF PRINCIPALS AND/OR OWNERS, THE FORM OF BUSINESS ORGANIZATION (i.e. SOLE PROPRIETORSHIP, PARTNERSHIP, ETC.), TYPE OF GOODS AND SERVICES PROVIDED, AND HOW SALES ARE COMPLETED (i.e. BY TELEPHONE, MAIL, OR IN PERSON AT THE CLIENT'S PLACE OF BUSINESS). Such notice must be received by PRI within ten (10) business days of such occurrence. CLIENT acknowledges that PRI may from time to time request updated credit information on CLIENT'S business and CLIENT further agrees to provide updated financial statements and other information within a reasonable period of time as PRI may request. CLIENT shall be and remain fully liable to PRI for any and all losses, costs, cIBank, and expenses suffered or incurred by PRI, arising out of or resulting from CLIENT'S failure to report all such changes to PRI in accordance herewith.
  25. Notices. Any notice required or allowed to be given under this Agreement shall be addressed to the other party as follows: For PRI: at its principal place of business as listed above; For CLIENT: at the address listed on the attached "Data Processing and Payment Collection Application". Any notice so addressed shall be deemed delivered on the date received.
  26. Invalidity. If any provision in this Agreement is held by a Court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.
  27. Facsimile. This Agreement may be executed in one or more separate counterparts and conveyed by facsimile, each of which, when so executed shall be deemed an original and shall together constitute one and the same instrument which may be sufficiently evidenced by any one counterpart, each of which shall be fully effective against the parties executing the same (even if by facsimile) and all parties claiming under or through them.
  28. Assignment. PRI shall have the right to assign this Agreement and PRI's rights thereunder to any corporation or other entity which PRI may hereafter merge or consolidate, or to which PRI may transfer all or substantially all of its assets provided such corporation or other entity assumes all of PRI's obligations thereunder.
  29. Limitation of Liability. Any legal action undertaken by CLIENT pursuant to any of the terms or conditions or the interpretation thereof shall be commenced within six (6) months of said termination. CLIENT agrees hereby that after a term of six (6) months has expired, no legal action against PRI may be brought in any court regarding any term or condition of this Contract.
  30. Entire Agreement. This contract cancels any previous contract written and executed at PRI. Further, this Agreement constitutes the entire Agreement between parties and each of the parties hereto acknowledges and agrees that there are no other agreements, either written or oral, governing their relationships or Fees.
  31. Amendment. Except as otherwise provided herein, no provision of this Agreement may be amended or modified except in writing signed by PRI. Any amendment to this Agreement shall be effective the later of either the effective date contained in the notice of acceptance or fifteen (15) days after the notice is mailed, or when expressly agreed.
  32. Guarantors. The undersigned owners/officers ("Guarantors"), by their execution of this Data Processing and Payment Collection Agreement, hereby unconditionally and irrevocably personally guarantee the full and faithful performance or payment by CLIENT of each and all of its duties and obligations herein set forth and contained, whether prior or subsequent to termination or expiration hereof.
  33. Attorney's Fees. Should either party pursue an action in court or arbitration against the other regarding any provision of this Agreement, the prevailing party shall be entitled to all costs incurred in connection with such action, including a reasonable attorney's fees.
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34. Binding Effect; Governing Law; Jurisdiction and Venue. Any action or proceeding on the Agreement by or against PRI shall be initiated and maintained under the jurisdiction of the State of California with venue in the courts of Orange County, in which case this Agreement shall be construed and governed by the laws of the State of California.

## Data Format Specifications

Field	Field Name	Type	Width
1	TRANSCODE	Character	2 <b>DEBITS-</b> '27'=CHECKING, '37'=SAVINGS, <b>CREDITS-</b> '22'=CHECKING, '32'=SAVINGS
2	ROUTING	Character	9 ROUTING NUMBER PLUS CHECK DIGIT
3	ACCOUNT	Character	17 ACCOUNT NUMBER LJ RPADDED
4	AMOUNT	Character	10 NO DECIMAL (*100) ZERO FILLED
5	CENTRAL ID	Character	1 ALWAYS 'N'
6	MERCH ID	Character	5 RJ ZERO FILLED. AKA:PRI_ID
7	CLIENT ID	Character	9 ASSIGNED BY MERCHANT
8	NAME	Character	22 DEPOSITOR NAME
9	SEQUENCE	Character	6 SEQUENCE NUMBER IN FILE
		** Total **	81

### Sample entry

```
27122000661123455432101 0000001000N00329455454434THOMAS Q. JONES 000001
27122000661123412341234 0000000100N00329483829342ALFRED P. WANNABE 000002
```

**Note:** Both entries are debits from checking accounts (27)  
 Both entries are from the same bank 122000661  
 Account numbers left justified and space filled in a 10 character field  
 First entry is for \$10.00, the second for \$1.00  
 The central is 'N'  
 The merchant is identified by 00329  
 The clients are identified by up to 9 digits assigned by the merchant (must be unique)  
 The names are left justified and space filled in a 22 character field  
 The sequence number starts with 1 for the first entry and is incremented for each entry.

## Standard Verbiage For ACH Authorization

By clicking on the "Authorize" button, I authorize [Name of Merchant], "MERCHANT" to initiate Debits and or Credits to my checking account at the Depository Financial Institution "BANK", as indicated by the Transit Routing Number that I have supplied on this form, and BANK to pay such Debit or Credit. This authorization is to remain in full force and effect until MERCHANT or BANK has received written notification from me of its termination in such time and in such manner as to afford MERCHANT or BANK a reasonable opportunity to act on it.