

Service(s) Agreement

1. *Terms of Agreement:* Initiation of the following Electronic Service(s) is subject to approval of Client's credit. If approved, the performance of Payroll World Inc, DBA: Pay-Net (hereinafter Pay-Net) and its service(s) under this Agreement shall begin upon the effective date specified by Pay-Net and shall continue until revoked by Client in writing received by Pay-Net or until termination as otherwise provided in this Agreement. Until the effective date, Client shall continue to provide for itself the service(s) requested of Pay-Net hereunder.

In addition to the payroll service(s) which the Client receives from Pay-Net, Client hereby employs Pay-Net to provide those services selected hereunder. The services are effected either through electronic funds transfers (EFT) in compliance with Automated Clearing House regulations or by Pay-Net sending a draft through the Clients account, hereinafter referred to as EFT.

2. *Client's Responsibility.* The client agrees to accept the following obligations and responsibilities with respect to each service selected:
 - a. to execute all documentation needed by Pay-Net to originate EFT transactions on the Client's designated bank account;
 - b. to execute any other documents which may be required by Pay-Net to perform its responsibilities under this agreement; and
 - c. to have available in Client's bank account sufficient funds to cover EFT transactions provided for in this Agreement.
3. *Client's Default.* If the client:
 - a. fails to perform any obligations under this Agreement or any other agreement with Pay-Net; or
 - b. fails to pay Pay-Net any fee due under this Agreement or any other agreement with Pay-Net; or
 - c. files or has filed against it, a petition for bankruptcy, or becomes insolvent, and has a substantial portion of its property subject to levy, execution, or assignment; then Pay-Net, at its option, may terminate this Agreement and declare all amounts due and to become due, immediately due and payable. Such remedies are cumulative and in addition to all other remedies afforded by this Agreement or by law.

In the event that Pay-Net's EFT transactions on Client's account are returned due to insufficient funds or for any other reason, Client agrees to promptly reimburse Pay-Net for all advances made by Pay-Net and to pay interest on the unpaid amount at the rate of at least one and one half (1 ½) percent per month until paid. Client agrees to pay Pay-Net for all collection costs, including reasonable attorney's fees, which Pay-Net may incur as a result of Client's default. Client further agrees that Pay-Net may charge back any amount which Pay-Net advanced to Client's employees' accounts and which Client failed to have available for Pay-Net. The Client agrees to defend and indemnify Pay-Net, and hold it harmless from any claim, liability, damage or expense, including reasonable attorney's fees, which Pay-Net incurs as a result of Client's default under the Agreement and/or Pay-Net's exercise of its rights under this Agreement.

Client acknowledges that, upon termination of Agreement, the electronic services provided by Pay-Net will be terminated and Client shall be responsible thereafter for proving to its employees or to the proper taxing authorities the services which had been provided by Pay-Net.

If Pay-Net or Client terminates this agreement, Pay-Net's obligations under this Agreement shall cease. Pay-Net's sole responsibility to Client shall be to return to Client any funds then held by Pay-Net, after the deduction of all fees and expenses due at Pay-Net.

4. *Services to be performed.* Client hereby employs Pay-Net to provide one or more of the following services as indicated below.

Electronic Tax Filing. Client hereby employs and authorizes Pay-Net to:

- A. process EFT transactions for such amounts as are necessary to pay to proper taxing authorities, payroll taxes which are specifically identified on the Power of Attorney for Payroll Processing form signed by client, which amounts are to be held in separate accounts established by Pay-Net until such time as these amounts are due to the appropriate tax authorities; and
- B. prepare, sign, and file with proper tax authorities all returns for such taxes.

This service does not include the depositing or filing of excise, sales and use, or corporate taxes.

Direct Deposit. Client hereby employs and authorizes Pay-Net to process EFT transactions for such amounts as are necessary to pay Client's employees. Such amounts are to be held in an account established by Pay-Net until Client's payday when funds shall be deposited to employee accounts as specified.

Electronic Invoice Payment. Client hereby agrees to pay all Pay-Net processing fee(s) through EFT transaction. Pay-Net is authorized to collect its fees from Client's bank account, following the rendering of Pay-Net service(s).

With regards to charges for Pay-Net services, Client agrees that the funds representing the total amount due for all applicable Pay-Net billings must be on deposit in Client's designated bank account in collectible form and in sufficient amount on the day the Pay-Net EFT charge is initiated. If sufficient funds are not available upon presentation of Pay-Net EFT charge to Client's bank account, Pay-Net may take such action as it deems appropriate and consistent with this or any other agreement with Client.

5. *Refunds/Adjustments.* Any Client request for refunds or adjustments will not be processed until verification is available that sufficient funds were funds received by Pay-Net from Client's bank account to cover all payments made by, or fees due to, Pay-Net.
6. *Limit of Liability.* Pay-Net shall only be liable for its own negligence and not the negligence of any other person or entity which provides services in connection with or as a result of Pay-Net's performance of its obligations under this Agreement.

Pay-Net's sole liability and the Client's sole remedy for Pay-Net's failure to perform the services required of it by this Agreement, shall be for Pay-Net to remit to the appropriate taxing authority the payroll taxes received from the Client and to reimburse the Client for any penalties relating to such error or omission by Pay-Net.

Pay-Net shall, under no circumstances, be responsible or liable for any special, indirect, or consequential damages which the client may incur as a result of Pay-Net's failure to perform any term or condition of this agreement, or as a result of Pay-Net's exercise of its rights under this agreement, even if Pay-Net has been advised of the possibility of such damage.

7. *Payment.* Pay-Net's fee for performing any of the services requested by the Client under this Agreement are in addition to the value of the use of the funds held in a separate account pending payment to the appropriate entities. Pay-Net may change the amount charged for any of the services

upon thirty (30) days written notices to Client. If the Client has not selected Electronic Invoice Payment service, the Client shall pay all invoices within (10) days of receipt thereof. The Client agrees to pay Pay-Net for all collection costs, including reasonable attorney's fees, which Pay-Net may incur as a result of the Client's default.

8. *Miscellaneous.* This agreement shall be governed by the laws of the State of California. Any dispute arising out of or in connection with this Agreement, if not otherwise resolved, shall be determined by arbitration in San Diego, California, in accordance with the rules of the American Arbitration Association and it is the express desire of the parties that the prevailing party be awarded costs and attorney's fees and that the award be entered as a judgment in any jurisdiction in which the non-prevailing party does business.

This agreement, and its associated Terms & Conditions, contain the entire understanding of the parties and may be modified only by a subsequent writing signed by both parties. The client acknowledges that there have been no other representations or warranties made by Pay-net or the Client which are not set forth in this Agreement, and its associated Terms & Conditions.

If any provision of this Agreement and/or its associated Terms & Conditions or any portion thereof shall be held to be invalid, illegal, or unenforceable, the validity, legality or enforceability of the remainder of this Agreement shall not in any way be affected or impaired.

9. *Assignability.* This agreement may not be assigned by the Client without written consent of Pay-Net. Any assignment made without such consent shall be null and void.
10. **CONFIDENTIALITY** Pay-Net will not at any time or in any manner, directly or indirectly, use for the personal benefit of Pay-Net, or divulge, disclose, or communicate in any manner any information that is proprietary to the Client. Pay-Net will protect such information and treat it as strictly confidential.

Electronic Debit and Direct Deposit Agreement

Bank is hereby authorized and instructed to honor charges to client's account for any payroll tax liabilities and processing fee charges initiated by PAY-NET. If BANK does not or cannot honor such charges or if BANK is contacted by client regarding any authorized deductions, including electronic deductions, BANK is instructed to contact PAY-NET immediately at (858) 268-1000 and notify Pay-Net of the circumstances. The frequency and amount of the charges initiated by PAY-NET shall vary and shall be determined by the client's payroll tax liabilities and incurred service fees as per client's service agreement with PAY-NET. Client consents to all terms and conditions contained in said agreement(s). In consideration of bank's compliance with this authorization and instruction, client agrees that treatment of such charges and bank's rights in respect to it shall be the same as if the debits and/or credits were signed personally by client and that bank shall not be responsible for the frequency nor amounts of such debits or credits.

Client hereby agrees to the terms and conditions as described above and in the associated Terms and Conditions found here: <https://pay-net.zendesk.com/hc/en-us/articles/23249767545495-Pay-Net-Service-Agreement>. This authorization shall remain in effect until revoked in writing by client.