

## Payroll Terms of Service

Customer acknowledges that it has entered and is subject to the terms and conditions of the PrimePay Product Terms (the "Product Terms"), available to view at [here](#), and that, except as otherwise provided herein, the terms of such Product Terms are incorporated herein by reference and shall also apply to this Payroll Terms of Service. This Payroll Terms of Service, the Product Terms, and Quote shall collectively be referred to herein as the Agreement. In the event of any conflict between this Payroll and Tax Services Terms of Service and the Product Terms, this Payroll and Tax Services Terms of Service shall control, but only with respect to the products and services covered hereby. Capitalized terms used herein but not otherwise defined shall have the same meaning as ascribed to such terms in the Product Terms.

**1. NATURE OF PAYROLL SERVICES.** PrimePay agrees that, upon the start of the Term as set forth in the applicable Quote, and for the remainder of the Term of this Agreement, PrimePay will process Customer's payroll in accordance with industry standards, pursuant to the set-up information, payroll data and delivery instructions provided by Customer and exclusively with funds which Customer will provide on (or up to 72 hours before at the full discretion of PrimePay) the check date for each pay cycle.

**2. AGENT OF CUSTOMER.** Customer shall hold PrimePay out to its employees and other payees as its agent, solely for the purpose of providing payroll processing services on its behalf. Customer acknowledges and agrees that Customer, not PrimePay, is ultimately responsible for paying its employees and other payees and this obligation is not extinguished should PrimePay fail to remit the funds, for any reason.

### 3. DIRECT DEPOSIT OF CUSTOMER EMPLOYEE PAYROLLS

**3.1 Authorization.** The Customer hereby requests and authorizes PrimePay to implement, on Customer's behalf, direct deposit payroll which will enable Customer's employees' pay to be automatically deposited in the employee's designated bank account, or credited to a PrimePay payroll debit card, without Customer having to sign or distribute a physical check and without the employee having to go to the bank to deposit the check.

**3.2 Kotapay.** Customer acknowledges that PrimePay shall utilize the services of Kotapay, a Division of First International Bank & Trust ("Kotapay") for the purpose of transferring funds through the Automated Clearing House ("ACH") pursuant to the terms of this Agreement, Kotapay's Company Authorization Agreement, the rules of the National Automated Clearing House Association ("NACHA"), laws of the State of North Dakota, and applicable federal rules and regulations for various purposes including, but not limited to providing direct deposit of payroll for Customer's employees, transfers of funds for flexible benefits plans, tax impounding, child support payments or any other reason Customer may desire to transfer funds electronically through the ACH. **By agreeing to this Payroll and Tax Terms of Service, Customer agrees to be bound by the terms of Kotapay's Company Authorization Agreement to the same extent as though Customer had executed the Kotapay Company Authorization Agreement on the date of this Agreement. Accordingly, the terms of the Kotapay Company Authorization Agreement are incorporated herein and constitute part of this Payroll Terms of Service.** In the event that a specific term of the Kotapay Company Authorization Agreement conflicts with a specific term of this Payroll and Tax Terms of Service, the specific term of the Kotapay Agreement shall control to the extent of its subject matter of Customer's authorization of electronic payments; otherwise, the terms of this Agreement shall control. PrimePay may, in its sole discretion, elect to contract with another provider of ACH related services from time to time.

**4. Additional Customer Responsibilities.** Customer further agrees that, in addition to maintaining sufficient funds in its payroll account, Customer shall provide immediately available funds through wire

transfer or other means approved by PrimePay (i) if the total payroll exceeds \$100,000, or (ii) if PrimePay in its sole discretion requires it.

**5. Correction of Errors.** Customer authorizes the correction of errors, subject to NACHA Rules and the requirements and time limits of PrimePay's EFT processor and the ACH system. In the event of error, Customer must notify PrimePay by telephone within two (2) days of the date on which the payroll input information was provided to PrimePay and confirm this notice by written e-mail or by prepaid First Class Mail within twenty-four (24) hours thereafter. After receipt of such timely notice, PrimePay agrees to re-transmit the corrected direct deposit information. Customer understands and agrees that Customer is responsible for its own payroll, and that PrimePay, as Customer's payroll processor in accordance with the Customer's own instructions, will not be responsible or liable for actual deposit amounts or for interest, expenses or additional claimed damages of any kind.

**6. Insufficient Funds.** If, during the course of providing direct deposit or payroll card services to Customer, PrimePay notifies Customer that an electronic debit of Customer's account has been returned to PrimePay's EFT processor by reason of insufficient funds in Customer's account ("NSF"), Customer hereby agrees to wire funds to cover the NSF within twenty-four (24) hours in accordance with wire transfer instructions supplied by its payroll specialist or other PrimePay representative. To qualify for direct deposit services, Customer authorizes PrimePay to run a routine credit check and, in some cases, to obtain a simple bank reference, at PrimePay's expense prior to initiation of service. Customer acknowledges that the foregoing measures are necessary as a result of the credit risk assumed by PrimePay in providing these services. If Customer elects to utilize employee payroll cards, a separate agreement that is specific to that service will be required.

**7. NACHA Related Undertakings.** Pursuant to the NACHA operating rules ("NACHA Rules"), Customer agrees to the following additional terms:

**7.1** Customer authorizes the applicable Originating Depository Financial Institution ("ODFI"), which may be Kotapay or a separate ODFI or any other provider utilized by PrimePay hereafter (the "Applicable ODFI"), through PrimePay, to initiate electronic debit and credit entries to and from the bank account(s) provided by Customer on Customer's behalf;

**7.2** Customer acknowledges and agrees that it is bound by the NACHA Rules and that they are (and shall remain) in compliance and assume the responsibilities of an originator under such rules;

**7.3** Customer agrees not to originate any electronic debit or credit entries which violate the laws of the United States;

**7.4** Customer shall only initiate those electronic debit and/or credit entries which are necessary for PrimePay to perform the applicable PrimePay Services under this Payroll Terms of Service.

**7.5** If Customer is in breach of the NACHA Rules, PrimePay and/or the Applicable ODFI have the right to terminate or suspend this Payroll Terms of Service in a manner that permits the Applicable ODFI to comply with the NACHA Rules; and

**7.6** Customer agrees that PrimePay and the Applicable ODFI shall have the right, at any time and at their discretion, to audit Customer's compliance with these terms and the NACHA Rules. Customer agrees that the cost of such audit will be paid by Customer and the audit report shall be provided to both PrimePay and the Applicable ODFI.