



AGENT ID: \_\_\_\_\_

### SCHOOL CLIENT AGREEMENT

This contract constitutes the entire Agreement between you, herein referred to as the "Client", and Payliance an Ohio Limited Liability Company, herein referred to as the "Company" and sets forth the terms and conditions of your benefits. If you have any questions concerning your benefits, feel free to contact us. We take pride in serving you and welcome your questions.

**SERVICES PROVIDED**  
CLIENT UNDERSTANDS AND AGREES THAT EACH SERVICE LISTED BELOW HAS SERVICE OPERATING RULES. CLIENT AGREES THAT THEY HAVE READ AND UNDERSTAND THESE RULES AND ARE BOUND BY THE TERMS OF ALL OF THE SERVICE OPERATING RULES FOR EACH SERVICE SELECTED, WHICH MAY FROM TIME TO TIME WITH 30 DAY NOTICE BE AMENDED BY THE COMPANY. SELECTED SERVICE OPTIONS MAY HAVE ADDITIONAL ADDENDA. THIS SERVICE PROVIDES ACCESS TO PAYLIANCE'S SUITE OF PAYMENT PROCESSING SERVICES AND RELATED PRODUCTS. ADDITIONAL AGREEMENTS MAY BE REQUIRED.

SOLUTIONS		
<b>RISK MANAGEMENT &amp; RECOVERY SOLUTIONS</b>	<b>GUARANTEE:</b> In order to be guaranteed the following must be on each check submitted: <ul style="list-style-type: none"> <li>• Full Check Writer Name</li> <li>• Complete Address – No PO Boxes</li> <li>• Phone Number</li> </ul> See Guarantee Requirements in Client Operating Rules	<b>SOFTWARE USED</b>
<input type="checkbox"/> Guarantee OR <input type="checkbox"/> Debt Recovery		<input type="checkbox"/> Horizon <input type="checkbox"/> Other _____

SERVICE RATES AND CHECK INFORMATION				
# OF SCHOOLS	CHECK LIMIT/FLOOR	MONTHLY CHECK VOLUME	# OF RETURNS/MONTH	BANK NSF CHECK/CHECK
ATTACH LISTING	\$2,500.00			

DEBT RECOVERY – Percentage Recovery Program	LEGAL RECOVERY
Accounts received less than 60 days after delinquency date Client returns <u>70</u> % Accounts received 61-120 days after delinquency date Client retains <u>60</u> % Accounts received 121-180 days after delinquency date Client retains <u>50</u> % Accounts received 181 days or more after delinquency date Client retains <u>40</u> %  <div style="text-align: center; background-color: yellow;">Client Initials</div>	After exhausting its recovery efforts, at Company's option, unpaid return checks or accounts or debts may be referred to an attorney for collection. For checks that are not guaranteed, after recovery of 100% of all monies due, including attorney's fees, Client will receive 70% of the principle amount of the returned checks. For items placed into Debt Recovery, the Percentage paid to Client is shown in the box on the left based on the age of the Account when it was placed with Company. For non-guaranteed checks or accounts and debts, Client may option out of legal recovery by checking and initialing the OPT OUT below.  <input type="checkbox"/> OPT OUT OF LEGAL RECOVERY <span style="float: right;">INITIALS: <span style="background-color: yellow;">                    </span></span>

CLIENT BANKING INFORMATION		
FINANCIAL INSTITUTION (INCLUDING CITY & STATE)	ROUTING NUMBER	ACCOUNT NUMBER

ACH Debit and Credit Authorization: CLIENT hereby authorizes its Financial Institution to pay and charge to its account by electronic funds transfer or draft the amount due Company under this Agreement and to accept all credits and debits made to its account. This authorization shall remain in effect until revoked in writing by Client. A voided check must accompany this Agreement. (\$5 per month non-ACH fee)

SERVICE PROVIDED TO			
NAME			
DBA		MAIN CONTACT NAME/TITLE	
PHYSICAL ADDRESS		CITY	STATE ZIP
MAILING ADDRESS		CITY	STATE ZIP
PHONE NUMBER ( )	FAX NUMBER ( )	EMAIL ADDRESS	

THIS AGREEMENT INCLUDES THE CLIENT OPERATING RULES ATTACHED HERETO. THIS AGREEMENT HAS BEEN ENTERED INTO ON BEHALF OF & BY THE AUTHORIZED REPRESENTATIVE OF EACH PARTY AS OF THE DATE WRITTEN BELOW AND SIGNED IN MULTIPLE COPIES EACH BEING EFFECTIVE AS AN ORIGINAL. AGREEMENT IS NOT VALID UNTIL SIGNED BY COMPANY REPRESENTATIVE. THIS AGREEMENT INCLUDES ALL OF THE TERMS & CONDITIONS CONTAINED ON THE BACK & ATTACHED RECITALS OF THIS AGREEMENT. THIS AGREEMENT HAS BEEN EXECUTED ON BEHALF OF & BY THE AUTHORIZED MANAGEMENT OF EACH PARTY AS OF THE DATE BELOW. CLIENT AUTHORIZES COMPANY OR ANY CREDIT REPORTING AGENCY BY COMPANY OR AGENT OF COMPANY, TO MAKE WHATEVER INQUIRIES THAT COMPANY DEEMS APPROPRIATE TO INVESTIGATE, VERIFY OR RESEARCH REFERENCES, STATEMENTS OR DATA OBTAINED FROM CLIENT FOR THE PURPOSE OF THIS APPLICATION FOR ACCOMPANYING POS TERMINAL(S) OR EQUIPMENT FINANCING.

ACH DEBIT/CREDIT AUTHORIZATION: CLIENT HEREBY AUTHORIZES BANK IN ACCORDANCE WITH THIS AGREEMENT TO INITIATE DEBIT/CREDIT ENTRIES TO CLIENT'S CHECKING ACCOUNT, AS INDICATED PER THE ATTACHED COPY OF A VOIDED CHECK FROM SAME. THE AUTHORITY IS TO REMAIN IN FULL FORCE & EFFECT UNTIL (A) BANK HAS RECEIVED WRITTEN NOTIFICATION FROM CLIENT OF ITS TERMINATION IN SUCH A MANNER AS TO AFFORD BANK REASONABLE OPPORTUNITY TO ACT ON IT, AND (B) ALL OBLIGATIONS OF CLIENT TO BANK/COMPANY THAT HAVE ARISEN UNDER THIS AGREEMENT HAVE BEEN PAID IN FULL.

FOR CLIENT		FOR COMPANY	
CLIENT IDENTIFICATION NUMBER (FOR OFFICE USE)		SALES REPRESENTATIVE COMPANY NAME	REP. ID #
AUTHORIZED PRINTED NAME/TITLE		INDIVIDUAL SALES REPRESENTATIVE NUMBER	
<b>AUTHORIZED SIGNATURE</b>	DATE	INITIAL PAYMENT RECEIVED	CHECK NUMBER EFFECTIVE DATE
		COMPANY REPRESENTATIVE SIGNATURE	
			DATE

**OPTIONAL — CONSOLIDATED RETURNS**

YES, I authorize Payliance to electronically process my return items so that they're not physically returned to my bank and I won't be charged a return fee from my bank. Payliance is authorized to debit my account for the face amount of any returned items & an additional service charge of \$3.00 per returned item. By stamping or endorsing the back of all accepted check items with Company's Consolidated Return Stamp, Client authorizes Company to debit its bank account for the face amount of any return item & an additional return check fee. Client warrants & represents that this bank account will have adequate funds to cover any items that are returned to Payliance through its Consolidated Returns program. Any failed attempts to recover these funds will result in a bounce fee of \$40.00 per item to the client. Outstanding fees & charges, may be debited against any amounts due Client from Payliance. Upon termination of this Agreement, Client agrees to discontinue use of the consolidated return stamp provided to Client by Payliance.

NO, I'm not interested in Consolidating my return items at this time and I wish to have my return items processed through my bank. I understand I will continue to be responsible for all fees charged by my bank.

**ENDORSEMENT STAMPS=**  
\$25.00/stamp

# of stamps ordered: \_\_\_\_\_

IF SIGNING UP FOR CONSOLIDATED RETURNS, PLEASE PROVIDE THE FOLLOWING INFORMATION:

Copy of Articles of Incorporation  
 Letter/Proof of EIN  
 Business License

**INITIALS:** \_\_\_\_\_

**CONSOLIDATED RETURNS:**

**BANK RETURNS DEPARTMENT:** Returned Deposited items should not be processed to your shop. Should you receive any return items for our account we are requesting that you treat these returns as 'not on us' items, re-qualify them by putting a strip on the check or putting them in a carrier with routing number (044115090) and sending them through the Fed to Huntington National Bank.

SAMPE CODE LINE: 2 :044115090: \$\$\$\$\$  
 The '2' denotes a return. The 044115090 is Huntington's Centralized Return routing number.  
 The \$\$\$\$\$ is the dollar amount.



**BANK AUTHORIZATION FORM**

Merchant Banking Information:			
BANK NAME:		BANK STREET ADDRESS:	
CITY:	STATE:	ZIP CODE:	
TELEPHONE #:		FAX#:	
BANK ROUTING #: (9 DIGITS)		BANK ACCOUNT #:	

Attention Banker: I hereby authorize and instruct you to deliver all returned checks charged back (after first presentation) on our account number listed above, together with the debit advices, to PAYLIANCE.

It is important that you forward these items after the FIRST PRESENTATION; please do not attempt to present each item a second time. Please forward all unpaid items immediately after the first presentation for payment to:

**PAYLIANCE**  
 ATTN: DATA ENTRY • P.O. BOX 1211 • OXFORD, MS 38655

MERCHANT NAME:		ADDRESS:	
CITY:	STATE:	ZIP CODE:	
<b>AUTHORIZED SIGNATURE:</b>	PRINT NAME	DATE:	

## Client Operating Rules

**Guarantee Requirements.** Company warrants the accuracy of its information and agrees to purchase from Client District one check per Business Transaction, for which the Guarantee Requirements are strictly met, herein referred to as "Qualified", except as set forth in paragraph four.

"Business Transaction" as used herein shall include only a transaction for the contemporaneous purchase of goods or services. Client's exclusive and sole remedy for breach of Guarantee shall be the right to require Company to purchase such dishonored check subject to the conditions stated in this Paragraph.

(a) Company agrees to reimburse the Client at face value all "Qualified" checks presented and made payable to Client for payment of goods or services which were returned by any U.S. bank, savings and loan, or similar financial institution marked or stamped "Insufficient Funds" or "Uncollected Funds".

(b) Claim Reimbursements are processed on the 1st and 15th day of each month. Checks received between the first and fifteenth will be reimbursed on the following first. Checks received between the 16th and last day of the month will be reimbursed on the fifteenth day of the following month.

(c) Check shall include the following either written or imprinted on each check at the point of sale:

- Maker's Name
- Residence Address (*Physical Address, No PO Box*)
- Maker's Phone Number

(d) Check must be a first party check drawn on a United States financial institution and must be payable to Client. If a PO Box is used or the physical address is not imprinted on the check, a physical address must be written on the check.

(e) Proof of claim: Client must either file a Bank Authorization Form authorizing checks to be routed directly from the Client's bank to Company after first presentation, or select the Consolidated Return option of this Agreement.

Company must receive all checks after one (1) presentment at Client's financial institution and within 30 days of acceptance at the point of purchase.

**Fees.** Client agrees that Company or any of its attorneys or agents shall be entitled to collect from the check writer and retain any and all fees and/or exemplary damages in addition to the check amount. At Company's direction and discretion, Client agrees to follow procedures and post any notices which may be required for it to collect any such amounts arising from returned or dishonored checks.

**Assignment.** By the execution of this Agreement, Client assigns, transfers and conveys to Company all of Client's rights, title and interest in any check submitted to Company under this Agreement and agrees to endorse such checks and to take any further action reasonably deemed necessary by Company to aid in the enforcement of such rights.

**Exclusions.** All checks submitted by Client to the Company will be excluded from guarantee payment if any one of the following conditions or circumstances is present: (a) Checks not deemed as "Qualified" under the **Guarantee Requirements** or the check exceeds the dollar (\$) maximum per check transaction of this Agreement. No portion of an "over the limit check" will be paid until the check is collected. (b) Any more than two outstanding checks from the same person or checking account number per school. (c) The goods &/or services for which the check was issued have been returned to the Client; have not been delivered by Client, or are claimed by the purchaser to have been unsatisfactory or in dispute. (d) Client has received in full or partial payment or security in any form whatsoever to secure payment of the check or the goods or services for which the check was issued were initially delivered on credit or under a lease. (e) The transaction for which the check was tendered is for any reason; stop payment, illegal, void, invalid, altered or defaced, a court of law determines that the check is in whole or in part not due or payable by the maker of the check. The check tendered was fraudulent, stolen, forged or deemed to be counterfeit.

**Non Qualifying Checks.** Active collection efforts will begin for non qualified checks within one business day of entry into The Company's recovery software system. Client shall be paid for collected checks on company's next remittance.

**Client Initials:** \_\_\_\_\_

**Recovery of Non Qualifying Checks and Accounts.** Client agrees that Company or any of its attorneys or agents shall be entitled to collect from the check writer and retain any and all fees and/or exemplary damages in addition to the check amount. At Company's direction and discretion, Client agrees to follow procedures and post any notices which may be required for it to collect any such amounts arising from returned or dishonored checks or accounts. Collection procedures includes, but

are not limited to, (a) electronic draft or debit from check writer's bank account, (b) letters, (c) telephone calls, (d) email communication, (e) credit bureau reporting, (f) reporting to historical verification databases. Recovery procedures will at all times conform to the Fair Debt Collection Procedures Act ("FDCPA"). All monies recovered from any source whatsoever, including funds paid directly to the Client will be applied to service charges and legal fees and then to the principal amount of the returned check or account.

**Legal Recovery.** Client authorizes Company to refer any returned items to a recovery agency or attorney for recovery, under terms consistent with this Agreement unless otherwise indicated in the Legal Recovery section of this Agreement. After recovery of 100% of the all monies due, including attorney's fees, Client will receive 70% of the principle amount of the returned check.

**Consolidated Returns.** Company will electronically process return items. Return items will not be physically returned to Client's bank, and Client will not be charged a return item fee from its bank. Company is authorized to debit Client's account for the face value of any return item and an additional service charge of \$3 per return item. Client warrants and represents that this account will have adequate funds to cover any item(s) that are returned to Company through its Express Returns program. Any failed attempts to recover those funds will result in a bounce fee of \$35.00 per item to the Client. This service is available for all checks with a face value less than \$2,500. Checks with a face value of \$2,500 and larger shall be deposited into Client's bank account without using the Express Returns endorsement stamp.

### GENERAL TERMS

**Term, Termination and Amendment.** The initial term of this Agreement shall expire on the 1-year anniversary of the date Client executed this Agreement. Thereafter, this Agreement shall renew automatically for successive 1-year terms unless terminated by either party with 30 days written notice prior to renewal. Early terminations are subject to a cancellation fee of \$125.00.

If Company determines that Client is not profitable, Company reserves the right to change the terms of this Agreement upon written notice to Client. If Company changes the terms of this Agreement, Client has the right to terminate this Agreement without incurring an early termination fee.

**Pricing and Payment.** All fees and charges are due and payable upon receipt. Company fees and expenses will be billed monthly and Client authorizes Company to electronically debit Client's bank account to which Client's payments and recoveries are credited, or to other account mutually agreed upon. Billing will occur on the 1<sup>st</sup> business day after the 5<sup>th</sup> day of each month, and the account will be debited on the 1<sup>st</sup> business day after the 15<sup>th</sup> day of each month. Accounts not collected within 31 days after billing will accrue interest at the rate of 1½% per month beginning on the 31<sup>st</sup> day after billing until paid in full. Client agrees to pay Company a state-allowed fee for any debits to Client's account which are not honored for any reason. Company reserves the right to suspend its service and obligations to Client, including the payment of all checks or accounts previously authorized, during any period in which Client's account is delinquent. Continuance of service and payment during any period of delinquency shall not constitute a waiver of Company's rights of suspension and termination. Any delinquent fees or other amounts not paid by Client when due, including rejected items, may be debited against any amounts due Client from Company. A Returned Item Fee will be assessed for any check or ACH item which is returned by Client's bank for any reason. Return Item Fees will be equal to the state allowed fee in the state of Mississippi. Company reserves the right to deduct payment from the Client's claims in the event that the Client's account becomes delinquent after 30 days.

**Credit Law Compliance.** Client acknowledges and understands that it has certain obligations and responsibilities under the FCRA. Client qualifies as "User of Information" and "Furnisher of Information" as defined by the Federal Trade Commission and agrees to comply fully with these requirements and with the FCRA. Client certifies that it has a legitimate business need, in connection with a business transaction involving the check writer, to receive the information provided by Company and that such information will only be used for permissible purposes in accordance with the FCRA and applicable state laws. Client agrees that the information will not be used for employment purposes and will not be used for any purposes other than the business transaction between Client and customer. Client agrees that neither it or its agents or employees will disclose the

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**Client Initials:** \_\_\_\_\_

Results of an inquiry made to Company except to the person about whom such inquiry is made and in no case to any other person outside Client's organization. If Client decides to reject any check either wholly or partly because of information obtained from Company, Client agrees to provide the customer with all information required by the FCRA and Company.

**Legal Responsibility.** In the event of Client's violation of any of the terms of this Agreement or its addenda, Client agrees to pay all costs, including reasonable attorneys' fees, for steps taken by Company to preserve, defend or enforce its rights. In the event of any legal action with third parties, customers, businesses or regulatory agencies concerning any transaction or event arising under this Agreement, Client agrees to (a) immediately notify Company of the claim or legal action; (b) cooperate with Company in the making of any claims or defenses; (c) provide any information deemed important or relevant by Company or its attorneys; (d) make available at least one employee or agent who can testify regarding said claims or defenses; and (e) assist in the full resolution of the claim. Company and Client shall each be responsible for its own attorney's fees and court costs except as otherwise provided by this paragraph. Except as expressly set forth herein, Company makes no warranty, express or implied, and it is agreed that no implied guarantee shall arise from performance by Company under this Agreement.

**Governing Law and Integration.** This Agreement plus any addenda attached hereto is the entire Agreement between Client and Company matter and supersedes all previous representations, understanding and agreements in relation to its subject matter. This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio.

**Severability.** If any provision of this Agreement or its addenda, or application of such provision to any circumstance or person is declared by a court of competent jurisdiction to be invalid, illegal or unenforceable for any reason, such provision shall be substituted by a new provision as similar as possible to the provision declared invalid, illegal or unenforceable. All other provisions shall remain valid and fully enforceable.

**Survivability.** All representations, covenants, and indemnities made herein shall survive the termination of this Agreement and shall remain enforceable after such termination.

**Waiver.** All rights and duties within this Agreement are material, relevant and important. No waiver of any rights hereunder shall be deemed effective unless specifically set forth in writing and executed by the waiving party. Client and Company agree that delay or failure to exercise any right hereunder on the part of either party shall not operate as a waiver to further exercise such right. Client and Company agrees that no single or partial exercise of any right hereunder shall preclude its further exercise.

**Indemnification.** Client agrees not to accept payment for checks or accounts processed through Company. Client agrees to promptly inform Company of the recovery or dispute of any check or account and to hold Company harmless from any liability arising from Client's failure to do so. Client agrees that a decision to reject any check for its goods or services shall be solely Client's own responsibility. Client shall defend, save and hold harmless Company from all liability resulting directly or indirectly from any disclosure or act forbidden or required by this Agreement or by applicable law. In no event shall Company be liable to Client or to any other person for any loss or injury to earnings, profits or goodwill or for incidental or consequential damages. Company shall not be held responsible for any failure or delays or suspension of service caused by power or mechanical failure, fire, strikes, labor difficulties, inability to operate or obtain service for its equipment, acts of God, unusual delay in transportation or other causes reasonably beyond the control of Company. Notwithstanding anything to the contrary in this Agreement, in no event shall Company's liability under this Agreement exceed the total amount of fees paid to Company by Client pursuant to this Agreement during the preceding 12-month period

**Checks Returned to the Client.** Company will return any unpaid check item or, at the discretion of Company, an imaged copy thereof, to Client upon request. There is no charge for a check or account returned within 5 days of listing by Company. Thereafter, at the Company's discretion, Company will be entitled to receive \$10.00 for each month the returned item has been maintained in the check recovery system not to exceed the maximum returned check service fee allowed by state law. Returned items cannot be returned after referral to traditional recovery or to an attorney for recovery as set forth in the Legal Process section above.

**Retention of Check or accounts.** Upon termination of this Agreement, Company will retain returned items for a period not less than 1 year.

**Point-of-Sale Notification.** Client is required to conspicuously post notice of returned check service charges at all Client point-of-sale locations, Company agrees to provide Client with copies of such required notice.

**Client Compliance.** Client agrees to comply with current NACHA rules and regulations ("Rules") regarding the processing of check transactions, including, but not limited to, the following: (a) check writer authorization for electronic settlement of check writer checks, either in writing or in an electronic format that the customer can print; (b) check writer authorization for returned check service charges; (c) retention, storage, retrieval and destruction of check writer transactions and authorization; (d) electronic settlement of corporate or other business entity checks; (e) limitations on check writer check amounts; (f) utilization of a system that includes fraud detection elements, data encryption of at least 128-bit SSL, and RDFI routing number verification; and (g) performance of annual audits to verify physical security of data and personnel access to data and network security, the results of which must be made available to the originating depository financial institution and Company upon request. Copies of all such Rules will be made available to Client by Company upon Client's request. Such Rules are hereby made part of this Agreement and incorporated herein by this reference. Client further agrees to comply with all applicable state and federal laws, statutes and regulations affecting the recovery of checks or accounts.

**Press Release.** Client acknowledges that Payliance or its affiliates may issue a press release upon execution of this agreement.

**Assignment.** Payliance may assign the rights and obligations under this Agreement to any affiliate, parent, subsidiary, the surviving corporation with or into which Payliance may merge or consolidate an entity to which Payliance transfers all or substantially all of its business and assets. All provisions contained in this Agreement shall extend to and be binding upon the parties hereto or their respective successors and permitted assigns.

#### **RESERVE ACCOUNT**

**Establishment.** Client will establish and maintain a non-interest bearing deposit account ("Reserve Account") initially or at any time in the future as requested by Company, with sums sufficient to satisfy Client's current and future obligations as determined by Company. Client authorizes Company to establish such Reserve Account and to debit the Bank account identified on the attached Client Agreement ("Client Account") or any other account it has with any financial institution to establish or maintain funds in the Reserve Account. Company may deposit into the Reserve Account funds that would otherwise be obligated to pay Client, for the purpose of establishing, maintaining, or increasing the Reserve Account in accordance with this section, if it determines such action is reasonably necessary to protect its interests.

**Application.** Company may, without notice, apply deposits in the Reserve Account against any outstanding amounts owed under this Agreement or any other agreement between Client and Company. Also, Company may exercise their rights under this Agreement against the Reserve Account to collect any amounts due to Company including, without limitation, rights of set-off and recoupment.

**Funds.** Funds in the Reserve Account will remain in the Reserve Account until 180 days following the later of termination of this Agreement or Client's last transmission of electronic credit or debit entry to Company, provided, however, that Client will remain liable to Company for all liabilities occurring beyond such 180 day period. After the expiration of such 180 days period Client must provide Company with written notification indicating Client desires a release of any funds remaining in the Reserve Account in order to receive such funds. Starting at the expiration of such 180 day period, either a \$200 or 10% per month administration fee may be assessed against any funds remaining in the Reserve Account, whichever is greater. Client agrees that it will not use funds in the Reserve Account for any purpose, including but not limited to paying charge backs, fees, lines or other amounts owed to Company under this Agreement. Company shall have full control of the Reserve Account.

**Assurance.** In the event of a bankruptcy proceeding and the determination by a court that this Agreement is assumable under the Bankruptcy Code, as amended from time to time, Client must establish or maintain a Reserve Account in an amount satisfactory to Company.