
PAYROLL SERVICE AGREEMENT

FIRST NAME: _____ LAST NAME: _____

COMPANY NAME: _____ PHONE # _____

BUSINESS ADDRESS: _____

Select One Option:

- I am the business Owner
- I am an employee or the employer's representative
- I am an accountant. I am signing and representing multiple employers
- I am a domestic employer

This Payroll Services Agreement (this "Agreement") is made on the ____ day of _____, 20____ for the effective service commencement date of _____, between the above Partner and AccuPay, Inc (AccuPay), with offices at 20422 BEACH BLVD, SUITE345, HUNTINGTON BEACH, CA 92648.

In consideration of the mutual covenants herein, the parties hereto hereby agree as follows:

1. Scope of Services. Subject to Client's performing its obligations hereunder, AccuPay shall provide business information processing and related services ("Services") at the prices set forth in this exhibit. Payroll services include the calculation of net pay, production of paychecks and advices of deposit, production and transmission of Automated Clearing House files, production of payroll reports and files, and production of annual reports and W-2 statements. Tax services include the deposit of employee-withheld and employer taxes to federal, state, and local taxing authorities, the filing of related returns, response to agency tracers, filing of amended returns as required, and the filing of annual reports and W-2 statements with agencies. Telephone support will be available Monday to Friday (except holidays) from 9:00 AM to 5:00 PM Pacific Time. AccuPay's services shall not include the services of legal counsel, investment advisors, actuaries, or certified public accountants.
2. Payroll Pricing. The total payroll processing fee is calculated based on frequency plus per item (check, direct deposit, etc) fee. Pricing will differ depending on the services provided. Please refer to your proposal for pricing.

NOTES:

1. All tax liability dollars are impounded with every pay run and paid on behalf of client.
2. Returned/Dishonored Debit (NSF) - \$150.00
3. Returned employee direct deposit (Bad bank account) - \$15.00
4. Basic employee portal for paystubs, PTO, pay rates, W-4 info etc included

5. Employer portal automatically included
6. Basic HR and compliance questions answered
7. Process payroll 3 business days before pay day
8. Direct deposit, tax liability deposits and tax filing are included at no additional charge
9. We do not pay Household employers' Federal tax liabilities. We pay state taxes directly from the employer's bank account.
10. Active clients will incur \$25.00 zero-return quarterly tax filing fee if no payroll is processed within the quarter.

3. Tax Filing. AccuPay will provide Client with a record of payments made on behalf of Client. AccuPay will prepare and file required reconciliations if AccuPay has provided tax filing services for the entire applicable month, quarter, or year. If AccuPay has not furnished tax filing services for the entire time period, monthly, quarterly, and/or annual reconciliations will be prepared and filed by AccuPay, on an exception basis, if AccuPay and Client agree to this service in writing. Prior to the First Check Date, Client will provide AccuPay with the coupon books for all applicable jurisdictions, executed Power of Attorney forms, completed Tax Funding Authorization, and sufficient information to enable AccuPay to determine paid and accrued taxes and all tax liabilities.

Client is solely responsible for the accuracy of all tax records and for all information furnished to AccuPay. AccuPay is not responsible for any matters existing prior to the First Check Date or errors that may occur in the event that AccuPay is not provided with the coupon books. AccuPay is not obligated to commence providing services until receiving information sufficient to determine Client's paid and accrued taxes and all tax liabilities. If AccuPay corrects any matters existing prior to the First Check Date or performs any other service not expressly identified in this Agreement, Client will be obligated to pay additional fees and charges which will be computed on the basis of work expended by AccuPay. Upon receipt of any and all records of tax disbursements prepared by AccuPay pursuant to this Agreement, Client will examine them for validity and accuracy according to Client's records.

Client will promptly notify AccuPay of any inaccuracies. AccuPay will not be liable for any invalidity or inaccuracy which would have been revealed as a result of such examination by Client unless Client so notified AccuPay within 10 days of Client's receipt of such records from AccuPay. The record retention schedules established by taxing authorities for Client are not affected by this Agreement. AccuPay has no responsibility or liability for maintaining or retaining records for Client. Any changes in services or changes that affect the information provided by Client to AccuPay subsequent to the First Check Date must be communicated in writing to the AccuPay Implementation Manager within 10 days from such change. Any penalty or other charges that result from incorrect, incomplete, or changed tax information is Client's sole and exclusive liability and responsibility.

4. Payroll and tax funding. Clients are required to fund their designated payroll account at the time payroll is processed. The debit for each payroll -- direct deposits, service-printed checks, tax payments, and fees -- will be initiated two days prior to check date. **Failure to fund the payroll on a timely basis will result in Client having to wire the funds and incur a \$150 service charge.** In the event Client fails to fund the payroll three times within a twelve month period AccuPay will then require Client to process payroll four days before check date.

If Client fails to comply with these standards AccuPay reserves the right to discontinue service. Client shall make funds available in this bank account by 3:00 p.m. Pacific Time three (3) business days prior to each related payroll Check Date. Additionally, failure of Client to fund payroll tax liabilities on an accurate and timely basis relieves

AccuPay of responsibility for the applicable Client tax deposits and filings until corrected and, if not remedied by Client within five (5) business days of notice from AccuPay, provides AccuPay the right to immediately terminate this Agreement, or as per Section 10, terminate the service at any time during this process.

AccuPay will deposit all funds from Client in accounts for the exclusive purpose of paying Client Liabilities. AccuPay is obligated to pay such Liabilities (to the extent that Client has deposited sufficient funds) from these funds or from other funds lawfully available to AccuPay for that purpose. Funds held for Client will be segregated from other funds held by AccuPay, but may be commingled with funds that have been transferred with respect to other clients. AccuPay will be entitled to receive all net income generated on any funds held by AccuPay on behalf of Client.

5. **AccuPay Guarantee.** Provided Client timely funds their payroll account, and provided further that Client supplies AccuPay with timely and accurate pay data, AccuPay guarantees to timely deposit taxes with agencies, and timely and accurately file all daily, monthly, quarterly and annual reports for the period covered by this agreement. In the event of AccuPay errors or omissions, AccuPay will pay all penalties associated with such events. For the term of this agreement, AccuPay will represent Client in dealings with the Internal Revenue Service, and with all state and local taxing authorities for which the Client has contracted AccuPay services.
6. **Invoicing and Taxes.** Client agrees to allow AccuPay or its designee to withdraw from Client's designated bank account all amounts sufficient to pay any disbursements and remittances and any AccuPay Fees. Client also agrees to pay all costs and fees (including attorneys' fees), if any, incurred by AccuPay in collecting overdue AccuPay Fees or any other amounts owing from Client and shall remit such payments immediately upon notice by AccuPay. Client also agrees to pay all federal, state and local taxes owed in connection with Client's use of AccuPay's Electronic Services.

Client hereby grants to AccuPay a continuing security interest in Client's assets which are held or controlled by AccuPay hereunder, including paid and unpaid tax liabilities, if any, to secure the timely payment of all fees owed by Client under this Agreement. Prices for payroll and tax processing services covered by this exhibit are fixed for a period of one (1) year following the effective date. Prices, terms and conditions are subject to change effective on or any time after expiration of the Initial Term. Any additional services that AccuPay may furnish that are not specifically identified in this Agreement will be invoiced at the rate applicable to such services.

7. **Temporary Unavailability of Service.** AccuPay reserves the right to schedule in advance, temporary after hours and or weekend restricted access to the application and database without penalty. AccuPay will make a reasonable attempt to notify Client prior to restricting access to the application and database. It may be necessary to temporarily restrict access to the Client Database without prior notice to protect the integrity of the Client Database. Should the Client Database become damaged, AccuPay will restore the data from the last backup. AccuPay will notify Client within three hours of this event. Client agrees to verify the accuracy of the restoration within one day of notification, and in any case before using it. Client also agrees to repeat the entry of any changes lost between the backup and restoration times.

8. **Indemnification.** Each party (the "Indemnifying Party") hereby indemnifies the other party (the "Indemnified Party") its officers, directors, employees, successors and assigns, and shall defend and hold them harmless from and against any and all claims, costs, liability, damage, loss, judgments or expense (including reasonable fees of attorneys and other professionals) arising out of or in connection with any third party claim, demand, action or proceeding based upon, property damage and/or bodily injury, including death, to the proportionate extent such

loss, cost, expense or damage arises from the negligence or willful misconduct of the Indemnifying Party provide that the Indemnified Party shall provide the Indemnifying Party with prompt written notice of any such claim and the Indemnifying Party shall have sole control of the defense of any such claim.

9. **Insurance Coverage**. AccuPay agrees to obtain and keep in force at all times during the term of this Agreement general liability insurance worth \$50,000,000 in the aggregate, \$10,000,000 per occurrence, errors and omissions insurance in an amount not less than \$50,000,000, and fidelity insurance against loss due to employee dishonesty in an amount not less than \$50,000,000. Ask for insurance certificate if you would like a copy for your records.

10. **Proprietary Rights**. AccuPay retains all rights, title, and interest, including without limitation all copyrights, trade secrets, patents, trademarks, service marks, and all other proprietary rights in and to all AccuPay Confidential Information as defined in Section 11 below.

11. **Warranty and Disclaimer**. AccuPay represents and warrants that the services provided hereunder shall be provided in a professional manner in accordance with industry standards. EXCEPT AS EXPLICITLY SET FORTH IN THIS AGREEMENT OR ANY ATTACHED EXHIBITS OR SCHEDULES, THE ACCUPAY SERVICES AND THE AccuPay SOFTWARE AND ANY RESULTS OBTAINED THEREFROM ARE PROVIDED ON AN "AS IS" BASIS, WITHOUT WARRANTY OF ANY KIND, WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY, NONINFRINGEMENT AND FITNESS FOR A PARTICULAR PURPOSE.

12. **Confidential Information**. The term "Confidential Information" shall mean any information either disclosed in writing or given orally by one Party (the "Disclosing Party") to the other (the "Receiving Party") in connection with this Agreement. Notwithstanding Section 8, Confidential Information shall exclude information that: (a) was independently developed by the Receiving Party without any use of the Disclosing Party's Confidential Information; (b) becomes known to the Receiving Party, without restriction, from a source other than the Disclosing Party; or (c) was in the public domain at the time it was disclosed or becomes in the public domain through no act or omission of the Receiving Party. Client shall not use any Confidential Information for any purpose except to carry out its rights and obligations under this Agreement. Client shall not disclose Confidential Information or permit Confidential Information to be disclosed, either directly or indirectly, to any third party without AccuPay's prior written consent. Client may disclose or grant access to Confidential Information to only those employees of Client who require the Confidential Information in order for Client to carry out its rights and obligations under this Agreement. Client shall not reverse engineer, disassemble or decompile any prototypes, software or other tangible objects that embody the Confidential Information.

13. **Privacy**. AccuPay will not sell, rent or lease Client's personal information to others. AccuPay shares personal information with companies working on our behalf to deliver complete products, services and Client solutions and to assist AccuPay with marketing and communication initiatives. Suppliers and service providers are required to keep confidential the information received on behalf of AccuPay and may not use it for any purpose other than to carry out the services they are performing for AccuPay. If Client has voluntarily provided information, Client has consented to the collection and use of personally identifiable information as described in this Privacy Statement.

AccuPay may provide aggregate statistics about clients, such as volume, processing trends, services and related information to reputable third-party vendors, but these statistics will include no personally identifiable information.

AccuPay may also disclose information in special cases when we have a good faith belief that such action is necessary to: (a) conform to legal requirements or comply with legal process; (b) protect and defend our rights or property; (c) enforce the Terms and Conditions of Use; or (d) act to protect the interests of our clients or others. Internally, AccuPay will restrict access to Client personal identifiable information to employees who need access to the information in order to do their jobs. These employees are limited in number, and are committed to AccuPay's privacy policy.

14. **Security.** Data transmitted to AccuPay is encrypted for the user's protection. However, the security of information transmitted through the Internet can never be guaranteed. AccuPay is not responsible for any interception or interruption of any communications through the Internet or for changes to or losses of data. User is responsible for maintaining the security of any password, user ID, or other form of authentication involved in obtaining access to password protected or secure areas of AccuPay sites. In order to protect Client and Client's data, AccuPay may suspend Client's use of a site, without notice, pending an investigation, if any breach of security is suspected

15. **Term and Termination.** This Agreement shall commence on the Effective Date and shall continue perpetually, unless terminated earlier in accordance with this Section 10. AccuPay, in its sole discretion shall have the right to terminate the use of the Payroll Service to any Customer for any reason at any time, including without limitation, any breach of the terms of the AccuPay User Agreement. AccuPay may consider Client to have canceled this Agreement if Client fails to purchase any services under this Agreement for a period more than 30 days.

16. **Disposition of Data.** Except for records that AccuPay is required by law to maintain, AccuPay will not be responsible for storing copies of Client data when AccuPay no longer requires such data in order to provide services to Client. Client will reimburse AccuPay for the costs of producing any information in our possession or control relating to Client's business or employees which AccuPay is obligated to produce in response to a court order, subpoena or other process. Upon termination of this Agreement, AccuPay will dispose of Client's information and data unless otherwise directed in writing by Client.

17. **Limitation of Liability.** AccuPay's total liability to Client or any third party arising out of or in connection with this Agreement under any theory of liability shall not exceed the total fees paid by Client to AccuPay HEREUNDER during the one (1) month period immediately preceding the first event to which such liability relates. IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY, ITS EMPLOYEES, OR TO ANY THIRD PARTY FOR ANY COST OF COVER, LOST PROFITS, OR OTHER SPECIAL, INCIDENTAL, CONSEQUENTIAL, OR INDIRECT DAMAGES ARISING OUT OF THE AGREEMENT, HOWEVER CAUSED AND WHETHER ARISING UNDER CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, OR OTHERWISE.

18. **General Provisions.** Neither party to this Agreement shall transfer or assign its rights and obligations under this Agreement without the prior written consent of the other party. THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF **CALIFORNIA**, WITHOUT REFERENCE TO ITS CONFLICTS OF LAWS PRINCIPLES, AS APPLIED TO CONTRACTS MADE AND TO BE PERFORMED IN **CALIFORNIA**. Any notice required or permitted by this Agreement shall be in writing and sent by prepaid registered or certified mail or by overnight courier, return receipt requested, addressed to the other party hereto at the addresses set forth above in the recital. The parties hereto are independent contractors.

Nothing contained herein or done pursuant to this Agreement shall constitute either party as the agent of the other party for any purpose or in any sense whatsoever, or constitute the parties as partners or joint ventures. The failure of either party hereto to enforce at any time any of the provisions of this Agreement, or the failure to require at any time performance by the other party of any of the provisions of this Agreement, shall in no way be construed to be a present or future waiver of such provisions, nor in any way affect the validity of either party to enforce each and every such provision thereafter. In the event any section, paragraph, subparagraph, or provision of this Agreement shall be determined to be contrary to governing law or otherwise unenforceable, all remaining portions of this Agreement shall be enforced to the maximum extent permitted by law.

This Agreement may be executed in counterparts or duplicate originals, each of which shall be regarded as one and the same instrument. This Agreement, including the attached Exhibits constitutes the full and complete understanding and agreement of the parties hereto relating to the subject matter hereof and supersedes all prior understandings and agreements relating to such subject matter. Any waiver, modification, or amendment of any provision of this Agreement shall be effective only if in writing and signed by both parties. The provisions of this Agreement shall prevail over any additional or different provisions in a purchase order, acceptance notice, or other similar document.

The provisions of this Agreement that should normally survive any expiration or termination of this Agreement shall do so. All other rights and obligations of the parties shall cease upon termination of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by duly authorized officers or representatives as of the Effective Date.

Agreed to and Accepted by:

Printed Name

Title/Position

Signature

Date