

ACH APPLICATION INTRODUCTION

Welcome to TELEDRAFT, Inc. We look forward to being of service to you. These instructions are for the purpose of assisting you in completing the TELEDRAFT Application for ACH Origination. We appreciate your time in completing this application.

APPLICATION TIPS

- ✓ This application is available in a writable pdf electronic file at <http://www.teledraft.com>. If filling out a paper copy of the form, please make your application as clear and legible as possible.
- ✓ **Please pay careful attention to the required documents that must be submitted with your application. Your application cannot be processed until all applicable documents have been provided.** We highly recommend imaging all documents and submitting them via email as opposed to fax. Faxed applications and documents, specifically the Photo ID's often times are not legible.
- ✓ Please ensure that the name of the entity or business on the application (either the legal name or DBA) is the same exact name that appears on the Articles of Incorporation, Voided Check, and Bank Statements.
- ✓ Please sign the ACH Processing Agreement on page 10.
- ✓ The typical application processing time is two (2) business days from receipt of **complete** application (including all required documents) to Merchant account activation.
- ✓ Based upon the nature of your business, Teledraft Underwriting/Risk Management may require additional documentation prior to approval for account activation. In this case please allow additional time for application processing.
- ✓ Read the ACH Processing Agreement in its entirety.
- ✓ Include ALL pages of this application in your returned package.

If you have any questions in regard to your application, our Customer Service hours are 7:30 AM to 4:30 PM Arizona Time. You can reach us at 800-848-5826 or at applications@teledraft.com.

TYPICAL SERVICE CONFIGURATION

The typical merchant account will be configured as follows:

- Net Settlement; Processing fees are deducted from the merchant settlement
- Transactions received by 5:00 PM Pacific Standard Time will be submitted to the Federal Reserve for Clearing that day making the "Effective Date" of the transaction the following banking day
- Transaction totals received by 5:00 PM Pacific Standard Time in any given banking day will be settled to the merchant bank account on the second business day. As an example; transactions submitted on Monday are available funds in the merchant bank account on Wednesday.
- Credits or Electronic Funds Transfer payments are submitted to the Federal Reserve for clearing the same day they are received by the Teledraft System such that the funds are available to the recipient the next banking day.
- Credit Items or Returned Items received by the Teledraft System in a given day are totaled and an off-setting debit will be initiated that day to the merchant bank account.

Options to include Gross Settlement (processing fees are billed to the merchant at the conclusion of the month), Next Day Settlement (funds from transactions received in a given banking day are available funds in the merchant bank account the following banking day).

Based upon the nature of your business, modifications to the Typical Service Configuration may be required to include extended settlement times, credits and returns debited out of pending settlement funds and possible retention of reserves.

Training on the use of the Teledraft system is available to you at no cost once your account is activated.

Final account terms will be communicated to you upon account activation.

BUSINESS BANK INFORMATION (PROVIDE COPIES OF TWO (2) RECENT BANK STATEMENTS AND ONE (1) VOIDED CHECK)	
BENEFICIARY BANK NAME:	PHONE NUMBER:
STREET ADDRESS:	CITY, STATE, ZIP
ABA ROUTING NUMBER (should be 9 digits):	ACCOUNT NUMBER:
NAME ON ACCOUNT (Must match name on bank statements and checks as well as name on merchant information section of application):	

PRINCIPAL INFORMATION (PROVIDE LEGIBLE COPY OF DRIVERS LICENSE FOR EACH PRINCIPAL)			
PRINCIPAL 1 NAME: FIRST, LAST, MI		PRINCIPAL 2 NAME: FIRST, LAST, MI	
PRINCIPAL 1 TITLE:		PRINCIPAL 2 TITLE:	
HOME STREET ADDRESS:		HOME STREET ADDRESS:	
CITY, STATE, ZIP:	RENT OWN	CITY, STATE, ZIP:	RENT OWN
HOME PHONE NUMBER:		HOME PHONE NUMBER:	
EMAIL:		EMAIL:	
SOCIAL SECURITY NUMBER:	DOB:	SOCIAL SECURITY NUMBER:	DOB:
DRIVER LICENSE NUMBER / STATE:		DRIVER LICENSE NUMBER / STATE:	
IF ADDITIONAL INFORMATION REQUIRED: CONTACT MERCHANT CONTACT AGENT		PREFERRED CONTACT METHOD: PHONE EMAIL	
PRIMARY CONTACT (PROVIDE NAME, EMAIL, PHONE NUMBER):			

MERCHANT BUSINESS PRACTICE ADDENDUM	
PLEASE DESCRIBE IN DETAIL THE PRODUCT(S) AND/OR SERVICE(S) THAT YOU MARKET:	
HOW DO YOU GENERATE/ ADVERTISE/ SOLICIT BUSINESS?	
HOW DOES THE CUSTOMER ORDER YOUR PRODUCT?	
DO YOU USE A THIRD PARTY FULFILLER (A third party who produces and/or stores your product)? If yes, list Name and Address; List address of where inventory is located.	
WHAT IS YOUR RETURN/REFUND POLICY?	
DO YOU PERFORM RECURRING BILLING? YES NO If yes, what is the frequency? <div style="text-align: center;"> Weekly Monthly Quarterly Annually Other_____ </div>	
SAMPLES OF MARKETING MATERIAL SUBMITTED? YES NO	

Please Be Sure to Include:

- ___ Voided Check from account to be used for settlement (or letter from bank);
- ___ Last 2 months Bank Statements from settlement account;
- ___ Clear Copies of Drivers License for each Principal;
- ___ Copy of Article of Incorporation or license;
- ___ Last 2 months Statements from current ACH processing (if applicable);
- ___ Signatures, 2 locations, page 10:
 - Authorizations and Representations
 - Personal Guarantee
- ___ All Pages of application

NOTE: Teledraft may request additional documentation

MERCHANT FEE SCHEDULE

Charge Type	Merchant Fee	Description of Charge
*Application Fee		The Cost to process and underwrite application
*Support Setup		Expenses associated with activation of account and programming costs
Discount Rate		A percentage of the debit amount to accommodate financial risk
Per Transaction		The charge to process an ACH debit or credit transaction
Per Chargeback / Unauthorized Return or Revoke		The charge assessed for an unauthorized returned item wherein the buyer revokes authorization or claims that the transaction was not authorized and reverses it through their bank
Per Returned Item		The fee assessed when an item is returned by the buyers bank
Annual System Access		The cost to maintain the account on the TELEDRAFT System
Per Batch Settlement	\$0.35	The fee assessed when a deposit of funds from a day's transactional activity is made to your designated bank account
Bill-Back Fee (if applicable)	\$0.15	The fee charged in cases where your checking account is billed for the value of returned check items received in a given banking day
Billing Reject Fee	\$25.00	This is the fee charged in the event that TELEDRAFT generates an ACH debit to bill your checking account for a fee and the item is returned for reasons to include insufficient funds
Monthly Statement Fee		A monthly fee to cover the cost of maintaining the account to include customer service, security, data storage and account administration
Monthly Minimum		A minimum charge assessed only if total processing activity is negligible for a given month and total processing fees generated are less than this amount

Optional Services

Services	Merchant Fee	Description of Charge
Internet Gateway Transaction Fee		An incremental fee per ACH debit or credit if the TELEDRAFT Payment gateway is used to process transactions occurring online
Internet Gateway Monthly Fee		The monthly fee assessed for utilization of the payment gateway
AssureCHEK		A service which checks the account numbers against a national banking database of closed, overdrawn and frozen accounts
Verification System Monthly Fee		A monthly fee to participate in the verification systems

There may be a cash reserve deposit required or a reserve retained from daily settlements. If Merchant Underwriting determines that a reserve is required in order to initiate processing privileges, you will be notified by TELEDRAFT or your Merchant Services Provider. In addition, your settlement cycle (the time elapsed between the day the transaction is originated and the day in which funds are settled to your bank account) will be determined as a result of the underwriting process. Settlement timeframes vary between 48 hours or the second banking day following the transaction to five banking days following the transaction.

Merchant understands and agrees that by sending the first payments to be processed and Teledraft Inc. agrees to process those payments, Merchant accepts the terms and conditions of this Merchant Fee Schedule and the corresponding Teledraft ACH Processing Agreement.

*If approved, charges will be withheld from initial settlements or billed to Merchant monthly on Merchant Statement.

TELEDRAFT, Inc.

ACH Processing Agreement

This ACH Processing Agreement is part of the application and is effective upon acceptance by TELEDRAFT and BANK and upon the "Merchant" sending the first transaction(s) (the "Effective Date". This ACH Processing Agreement is between TELEDRAFT, Inc., a Delaware Corporation (hereinafter "TELEDRAFT"), the Originating Depository Financial Institution (hereinafter "Bank") and Merchant with regard to Merchant's use of the TELEDRAFT, Inc. Payment Services or the Merchant Web Site, as defined herein.

1. Definitions.

"TELEDRAFT Payment Services or TPS" means the activities, processes and services provided in support of the processing of electronic payments in the form of either ACH transactions or Check Drafts utilizing the Internet-based payment system developed and licensed by TELEDRAFT that Merchant shall utilize to enable Merchant to facilitate payment from customers for goods or services from an existing, eligible bank account, and includes any Web site, computer hardware, equipment and software operated by TELEDRAFT and/or its agents and designees, whether located on TELEDRAFT's or a third party's premises.

"Verification Services" means the employment of web based third party applications for the purpose of attempting to verify the identifying of a Payer or the condition of a bank account on which a payment is to be drafted or debited.

"Business Day" means Monday through Friday except National and Banking holidays.

"Credit Slip" means evidence of a refund or price adjustment to a previous TPS Sale to be credited to a customer and transmitted to either TELEDRAFT or the Merchant by the other party in the form and within the time period specified by TELEDRAFT.

"ACH" means the Automated Clearing House of the Federal Reserve

"ACH Chargeback" means Any ACH item which is returned designated with the following return codes: R5, R6, R7, R10, R29, R51.

"Draft" means a paper or electronic rendering of a check for deposit in a financial institution

"Goods" means goods and/or services available for purchase by Merchant.

"Integrated Product" means a Merchant offering (such as on a Merchant Web Site) that has been integrated with the Software and any derivative works, for the sole and limited purpose of incorporating the TPS as an available feature of the Merchant offering.

"Launch Date" means the date that the Integrated Product is launched on the Merchant Web Site and/or TELEDRAFT Web Site.

"Merchant Administrator" is the person or persons designated by Merchant who will have access to, and full rights to change Merchant account information. The Merchant Administrator may change from time to time upon prior written notice to TELEDRAFT.

"Merchant Web Site" means any World Wide Web page(s) or site(s) (whether located on Merchant's or a third party's servers) operated or maintained by or on behalf of Merchant from which Merchant may facilitate customer's purchase Goods through the TPS.

"TELEDRAFT Interfaces" or "Software" means the protocols, software components and other interfaces and software that permit data transfers between TELEDRAFT and Merchant for the purpose

of fulfilling the product, technical and functional specifications of the Integrated Product.

"TPS Sale" means any sale of Goods that Merchant makes to a customer through the TPS on the Integrated Product. TPS Sales shall be denominated in U.S. dollars.

"TPS Transaction" means any TPS Sale, Credit Slip or Chargeback (as defined herein.)

2. Merchant Account and Underwriting Procedures

Merchant has or will establish a commercial checking account with a depository approved by TELEDRAFT in its sole discretion, and will maintain such account for settlement and billing purposes associated with the processing of payments under this ACH Processing Agreement (the "Merchant Account"). Merchant will maintain a minimum balance of funds (in an amount that may change from time to time and as determined by TELEDRAFT, in its sole discretion), in the Merchant Account for the purpose of covering reversals, Chargebacks, and other fees. Merchant shall reimburse TELEDRAFT for any costs or expenses incurred as a result of insufficient balances in the Merchant Account. Merchant acknowledges that the actions of the Merchant Administrator will be deemed actions by Merchant hereunder, and Merchant accepts full responsibility and liability for such acts and/or omissions of said Merchant Administrator. TELEDRAFT reserves the right to put Merchant transaction settlement limits in place if it determines (in TELEDRAFT's sole discretion) such limits are necessary.

Merchant understands that a consumer report of each of the officers, directors, partners, proprietors, and/or owners of the Merchant may be requested from a Consumer Reporting Agency. A Consumer Report is a routine report on credit worthiness, frequently used by creditors. If Merchant is approved for any payment processing service, subsequent Consumer Reports may be required or used in connection with the maintenance, updating, renewal or extension of such services. Merchant agrees that all business reference, including banks, may release any and all credit and financial information to TELEDRAFT. Merchant acknowledges and agrees that the information provided pursuant to this ACH Processing Agreement and other relevant credit data, is being supplied to TELEDRAFT and may be used as set forth herein. If Merchant's application for business credit is denied, Merchant has the right to a written statement of the specific reason for the denial. To obtain the statement, Merchant shall contact the credit initiation department at TELEDRAFT, 4625 S. Wendler Dr. Ste. 204 Tempe, AZ 85282 602 454-9575 within sixty (60) days from the date of notification of TELEDRAFT's decision. TELEDRAFT will send a written statement of reason for the denial within thirty (30) days of receiving a request.

3. Fees and Payments

TELEDRAFT shall charge to Merchant and Merchant agrees to pay to TELEDRAFT the fees and rates set forth on Fee Schedule, entitled "Merchant Fee Schedule." Merchant acknowledges and agrees that TELEDRAFT reserves the right to adjust such fees and rates based upon the TELEDRAFT Underwriter's evaluation of the Merchant application. Any such imposed changes to the Merchant Fee Schedule will be communicated to the Merchant upon account activation, and Merchant acknowledges that it accepts such changes upon submission of first transaction(s).

TELEDRAFT will deduct all fees from the amounts collected for each TPS Sale prior to settlement of funds to Merchant or, alternatively, TELEDRAFT may, at its option, invoice Merchant for said fees as provided herein. TELEDRAFT will deduct the face amount of any Chargeback from amounts payable to Merchant

hereunder, or from the Merchant Account, at TELEDRAFT's option; or, upon TELEDRAFT's demand, Merchant will immediately make payment to TELEDRAFT in the face amount of any such Chargeback. TELEDRAFT may deduct any fees set forth on the Merchant Fee Schedule attached hereto, whether or not TELEDRAFT accepts said TPS Sale for settlement. A charge of 1½% per month or the highest amount permitted by law, whichever is lower, shall be added to the outstanding balance of any account that is thirty (30) days or more delinquent. TELEDRAFT reserves the right to suspend its service and obligations to Merchant during any period in which Merchant's account is delinquent. TELEDRAFT may suspend or hold any funds to be paid to Merchant for any period of time if deemed necessary by TELEDRAFT in its sole discretion, and TELEDRAFT may offset any indebtedness of Merchant to TELEDRAFT against any such funds. It is acknowledged that any payment to Merchant hereunder is provisional and may be revoked by a Chargeback under this ACH Processing Agreement for any other reason deemed necessary by TELEDRAFT.

Merchant is solely responsible and liable for any and all applicable federal, state and/or local sales, use, excise or similar taxes in connection with the sale or distribution of Goods to customers through the TPS and any services provided by TELEDRAFT hereunder (other than taxes on TELEDRAFT's income).

4. Settlement

For TPS Sales accepted by TELEDRAFT, TELEDRAFT will, on behalf of Merchant, initiate ACH entries to Merchant's Account from customer's accounts as authorized by each customer and as directed by Merchant by and through its Merchant Administrator. For any amounts due under this ACH Processing Agreement, Merchant authorizes TELEDRAFT, Bank or TELEDRAFT's designee to initiate credit entries, debit entries and adjustments to the Merchant Account by ACH or other funds transfer, and authorizes TELEDRAFT, Bank or TELEDRAFT designee to credit or deposit funds to the Merchant Account in accordance with such credit entries and to debit, withdraw and transfer funds from the Merchant Account to TELEDRAFT, Bank or TELEDRAFT's designee in accordance with such debit entries and adjustments. This authority shall remain in effect pursuant to the Merchant Fee Schedule contained herein, and cannot be terminated by Merchant by its submission to TELEDRAFT of written notice of Merchant's cancellation or termination of such authorization. Neither TELEDRAFT nor Bank shall not be liable to Merchant for any delays in receipt or transmittal of funds or errors in credit or debit entries caused by third parties, including without limitation the ACH, any depository, or any agent of Merchant.

Merchant agrees to provide TELEDRAFT with the information it requests regarding each of Merchant's TPS Sales to its customers. In the event the information that Merchant provides to TELEDRAFT is incomplete and/or incorrect, TELEDRAFT may, in its sole discretion, request additional information from Merchant regarding the TPS Sale; however at no time is TELEDRAFT under any obligation to seek such additional information and shall not be liable for failing to make such inquiries. Any and all information solicited, received, or otherwise collected from Merchants' customers by Merchant and forwarded to TELEDRAFT, its agents and/or designees under this ACH Processing Agreement is and shall remain the sole property of TELEDRAFT.

5. Chargebacks

In its sole discretion, TELEDRAFT may immediately charge back to Merchant the face amount of any TPS Sale (a "Chargeback"). TELEDRAFT shall have the right at any time to charge Merchant for such amounts or to deduct such amounts from any funds payable to Merchant, or any account of Merchant (including, without limitation,

the Merchant Account), without notice in any situation relating to such TPS Sale, including, but not limited to, circumstances where (i) Goods are not delivered or are alleged not to have been delivered to the customer or the recipient designated by the customer; (ii) Goods are returned to Merchant; (iii) Merchant has engaged in, or TELEDRAFT reasonably believes that Merchant has engaged in, an any type of dishonesty, fraud or misrepresentation, whether or not a Credit Slip is delivered to TELEDRAFT by Merchant; (iv) any TPS Sale is returned unpaid to TELEDRAFT by the customer's financial institution for insufficient funds, invalid account status, or for any other reason; (v) any TPS Sale is alleged to have been authorized improperly, or the customer's account is alleged to have been used without the specific authority of such customer, or an authorized user thereof; (vi) a Merchant's customer disputes participating in the transaction, disputes any aspect of the transaction including the sale, quality, or delivery of the Goods, or disputes the performance or quality of services covered by any such TPS Sale and accepted or not accepted by such customer; or (viii) such TPS Sale fails to comply with the terms and conditions of this ACH Processing Agreement or fails to comply with the requirements, rules and regulations of the FTC or NACHA. In the event TELEDRAFT or Bank receives an excessive number of complaints and/or requests for reversal of transactions by Merchant's customers and/or Chargebacks or other reversals of previous payments to Merchant for TPS Sales (the excessiveness of which shall be determined solely by TELEDRAFT or Bank), TELEDRAFT may suspend or terminate the TPS to Merchant immediately without prior written notice and may, in its sole discretion, retain any and all money it holds on Merchant's account and may debit any of Merchant's Accounts to cover any contemplated shortfall.

6. Billing Inquiries and Customer Disputes

Merchant and TELEDRAFT recognize that customers may direct to Merchant or TELEDRAFT inquiries and/or complaints concerning, purchases, unauthorized purchases, deliveries, returns, adjustments, charges, credits, payments, alleged fraud and other matters, some or all of which cannot be properly answered without the full and prompt cooperation of the other party. Each party agrees to cooperate and to maintain in its own operations high standards of quality and courtesy and full compliance with law and good business practice. Merchant will provide TELEDRAFT a copy of its refund and cancellation policies prior to the Effective Date. Merchant shall not change its refund or cancellation policies without TELEDRAFT's prior written approval.

With respect to any disputes or inquiries concerning the quality of merchandise or service forward to Merchant by TELEDRAFT, Merchant shall reply in a timely manner to such disputes or inquiries directly to the customer with a copy to TELEDRAFT within a reasonable period after the date on which TELEDRAFT sends the dispute to the Merchant. If Merchant fails to comply with the TELEDRAFT disputed transaction policies in effect from time to time and that are incorporated herein by reference (a copy of which has been previously provided to Merchant), Merchant will be subject to a Chargeback.

If Merchant and a customer agree in response to a dispute or inquiry, to accept a return of Goods, or to make an adjustment to the price of Goods or to issue a refund of the price of Goods purchased pursuant to a TPS Sale, Merchant will prepare and transmit a Credit Slip to TELEDRAFT.

Merchant agrees to cooperate in good faith in any inquiry into any allegations concerning any TPS transactions or other Merchant activities. Merchant further agrees that TELEDRAFT may take any actions it deems necessary, in its sole discretion, to insure that Merchant and its employees, agents and/or designees are complying with this ACH Processing Agreement and all laws, rules and regulations governing TPS Sales. Such actions include, but are not

limited to, listening to recordings of verifications of transactions, listening as sales calls are being made by Merchant, and/or requiring that Merchant records sales calls or portions of sales calls and forwarding them to TELEDRAFT immediately.

7. Representations and Warranties

Merchant represents and warrants that all Goods sold or distributed to customer through the TPS or through the Merchant Web Site shall conform to Merchant's own representations and warranties regarding such Goods.

Merchant represents and warrants that it shall not violate any federal, state or local governmental laws, rules and/or regulations related to selling or offering the Goods, including any laws, rules and/or regulations regarding selling over the telephone.

Merchant represents and warrants to TELEDRAFT and Bank that each telephone sale is a legitimate transaction in compliance with all applicable laws and regulations.

Merchant represents and warrants that it or any of its officers, directors, partners, proprietors, owners or principals have not been or are currently not under investigation by any governmental agency. In the event that Merchant becomes aware that it is under investigation, either through direct or indirect means, it will immediately inform TELEDRAFT in writing of the nature of such information.

Merchant represents and warrants that all statements made by Merchant to TELEDRAFT and Bank, including without limitation statements contained in applications, are true and correct. Merchant will immediately notify TELEDRAFT of any changes to any fact previously stated to TELEDRAFT.

8. Laws, Rules and Regulations (Adherence to Laws)

TELEDRAFT and Merchant will comply with all existing and future rules and regulations (which are incorporated herein by reference) issued by TELEDRAFT for processing of TPS Transactions. TELEDRAFT and Merchant will comply with all applicable state and federal laws, rules and regulations affecting the use of checks, drafts and ACH transactions, and Verification Services including without limitation, rules and procedural guidelines established by the Federal Trade Commission (FTC) and other entities or laws which apply to or have regulatory authority or jurisdiction over merchants activities to include but not limited to , the National Automated Clearing House Association (NACHA), the US Federal Reserve, the GLB Act, and the Fair Credit Reporting Act and Notwithstanding the foregoing, Merchant agrees to terminate any preauthorized and/or recurring payment in the event a customer notifies Merchant of such customer's recession of such authorization at least three (3) Business Days prior to the scheduled transfer. Merchant will comply with any and all operating instructions and any amendments thereto that may be provided by TELEDRAFT during the term of this ACH Processing Agreement. Merchant acknowledges and agrees that TELEDRAFT is under no obligation to initiate or carry out any transaction where to do so could violate any local, state, national, or international law or regulation. Without the prior written consent of TELEDRAFT, Merchant will not allow customers to engage in gambling through the TPS on or through the Merchant Web Site, nor will Merchant add a surcharge or other extra fee of any kind to the sales amount when a customer is paying via the TPS. Merchant will not establish any minimum sales amount below which Merchant will not accept payment via the TPS.

Merchant acknowledges and agrees that, even if its business is domiciled in a country outside of the United States, it will adhere to U.S. laws, rules and regulations and be subject to its jurisdiction.

9. Assistance in Litigation and Response to Court Orders and Subpoenas

If any Merchant's act or omission causes TELEDRAFT or Bank to respond to a court order, subpoena or otherwise in litigation, Merchant shall, in addition to its duty to indemnify as set forth in Section 14 below, furnish any such information and assistance to TELEDRAFT or Bank as required. In the event that Merchant's conduct in any way results in a court order subpoena or any other process that requires TELEDRAFT or Bank to respond, Merchant shall be invoiced and shall pay for all costs and fees related to such response. These fees include, but are not limited to, attorney's fees, accounting fees, hourly costs of TELEDRAFT or Bank employees involved, any travel fees, postage and/or courier fees and any other cost or fee incurred. TELEDRAFT or Bank shall forward an invoice to Merchant and shall deduct such costs and fees from any Merchant Account. If there are insufficient funds to cover such costs and fees, TELEDRAFT and Bank shall be entitled, at their sole option, to deduct such fees from any other Merchant account, to offset from any pending or future transactions or to invoice Merchant.

10. Term and Termination

Term. This ACH Processing Agreement shall have an initial term of three (3) years and, unless thirty (30) days prior written notice is provided by either party, shall be automatically extended for successive one (1) year terms on the same terms and conditions expressed herein, or as amended by the parties in writing signed by the parties. Notwithstanding the provisions of any other agreements between Merchant and TELEDRAFT, if any, Merchant is not entitled to terminate this ACH Processing Agreement during its initial three (3) year term or during any automatically extended successive one (1) year term. TELEDRAFT shall be entitled to terminate this ACH Processing Agreement at any time with or without cause upon thirty (30) days prior written notice. In the event of a breach of this ACH Processing Agreement or suspected improper conduct by Merchant, TELEDRAFT may terminate this ACH Processing Agreement immediately without prior notice. In that case, or, if Merchant effectively ceases business activity or otherwise ceases performance of this ACH Processing Agreement through action or inaction before the expiration of the initial term or any successive term, TELEDRAFT shall have the right to retain all deposits in Merchant's Account and all reserves then held by TELEDRAFT.

Termination: Survival. Without limiting TELEDRAFT's right to suspend or terminate this ACH Processing Agreement as set forth herein, if either party defaults in the performance of any of its obligations hereunder, and if any such default is not corrected within thirty (30) days after it receives notice in writing, the non-defaulting party may terminate this ACH Processing Agreement upon ten (10) days prior written notice. However, this ACH Processing Agreement may immediately be terminated by TELEDRAFT (i) upon the institution by Merchant of insolvency, receivership or bankruptcy proceedings or any other proceeding for the settlement of its debts that are not dismissed or otherwise resolved in its favor within sixty (60) days thereafter; (ii) upon Merchant's making a general assignment for the benefit of creditors; or (iii) upon Merchant's dissolution or ceasing to conduct business in the ordinary course. TELEDRAFT may terminate this ACH Processing Agreement at any time without notice if Merchant has become inactive, engaged in, or TELEDRAFT reasonably believes that Merchant has engaged in, any type of dishonesty, fraud or misrepresentation in connection with making or processing of TPS Sales and/or transactions. In the event of termination or cancellation of this ACH Processing Agreement, sections that by their nature should survive, shall survive and shall continue to apply in accordance with their terms. The termination of this ACH Processing Agreement shall not affect the rights and

obligations of the parties with respect to transactions and occurrences that took place prior to the date of termination, except as otherwise provided herein.

11. Intellectual Property

Confidentiality of Proprietary Information. Each party agrees that the terms and conditions of this ACH Processing Agreement will be treated as confidential information. Merchant further understands that certain information vital to the success of TELEDRAFT is considered highly confidential and proprietary in nature, and is not to be shared, disseminated, disclosed, divulged, sold or otherwise made available to any person, firm corporation or entity either during or after this ACH Processing Agreement. Proprietary, confidential information and trade secrets include, but are not limited to, client lists, client information of any kind, price lists, training manuals, lead lists, memorandums, written documentation related to office policies or procedures, information relating in any fashion to any other TELEDRAFT client, methods, processes, compositions, pricing data, sources of supply, financial data, and marketing, production or merchandising systems or places (collectively "Confidential Information"). Merchant understands the sensitive nature of this Confidential Information and expressly agrees that for each breach or threat of breach of his or her promise to keep such Confidential Information confidential, TELEDRAFT shall be entitled to an injunction, without need to post bond, restraining Merchant from disclosing Confidential Information, or from rendering any service to any person or entity to whom said Confidential Information has been or is threatened to be disclosed. The right to secure an injunction is not exclusive and TELEDRAFT shall be entitled to pursue any other remedies it has against Merchant for a breach or threatened breach of this provision, including but not limited to the recovery of damages from Merchant for lost business and lost opportunity.

Licenses. Subject to the terms and conditions herein, TELEDRAFT hereby grants, and Merchant hereby accepts, a non-exclusive, non-transferable license, without right to sublicense, to use the software for the sole and limited purpose of creating and operating the Integrated Product as set forth herein (hereinafter "Software"). TELEDRAFT retains the right to materially redesign, modify, update or upgrade the organization, navigation, structure, branding, features, functionality and look and feel of the TPS at any time without prior notice.

Ownership in Modifications and Derivative Works. TELEDRAFT shall own all right, title, and interest in any modifications, derivatives, improvements, enhancements or extensions of or to the Software, including any related intellectual property rights throughout the world, regardless of which party creates such derivative work. Merchant hereby irrevocably transfers, conveys and assigns to TELEDRAFT in perpetuity all right, title, and interest in such derivative works of the Software, including without limitation, all copyrights, including the right to make derivative works and collective works with respect thereto; it being understood, however, that Merchant has, and transfers, no rights with respect to the Merchant Goods (exclusive of the Software and derivative works of the Software). TELEDRAFT will have the exclusive right to apply for or register copyrights and such other proprietary protections as it wishes with respect to the derivative works of the Software. Merchant agrees to execute such documents, render such assistance, and take such other action as TELEDRAFT may reasonably request, at TELEDRAFT's expense, to apply for, register, perfect, confirm, and protect TELEDRAFT's rights in the derivative works of the Software including (without limitation) an assignment of copyright and/or release of any other intellectual property rights associated with the Software or Integrated Product. Without limiting the foregoing, TELEDRAFT will have the exclusive right to commercialize, prepare and sell products based upon, sublicense, prepare derivative works from, or otherwise use or exploit the derivative works of the

Software. Merchant hereby waives any and all moral rights, including any right to identification of authorship or limitation on subsequent modification that Merchant (or its employees, agents or

consultants) has or may have in any derivative works of the Software. Merchant will not remove, modify, or obscure any copyright or other proprietary notices on the TELEDRAFT materials.

Trademarks. Merchant may only use TELEDRAFT's trademarks, trade names, services marks and/or logos (collectively "Trademarks") with TELEDRAFT's prior written approval for each specific use of its Trademark. Nothing herein will grant to Merchant any right, title or interest in Trademarks of TELEDRAFT or any good will arising from use of the TELEDRAFT Trademarks. Merchant agrees not to challenge the validity of or attempts to register any Trademark of the other party, nor will it adopt any derivative or confusingly similar trademarks, brands or marks or create any combination marks with any TELEDRAFT Trademark. If given written approval, Merchant will use the Trademarks only in accordance with TELEDRAFT's trademark usage policies as such may be in effect from time to time and only in accordance with the provision of the terms of this ACH Processing Agreement. If at any time TELEDRAFT believes that the use of its Trademarks by Merchant fails to otherwise comply with the trademark usage guidelines, such party shall so notify the other party in writing. Upon receipt of such notification, Merchant shall immediately initiate steps to conform to the trademark usage guidelines and shall affect such conformance or cure within fifteen (15) days.

12. No Warranty

Merchant acknowledges and agrees that neither TELEDRAFT nor Bank has control over the conditions under which Merchant uses the payment processing system, and does not and cannot warrant the results obtained by such use. **TELEDRAFT AND BANK DISCLAIM ALL WARRANTIES, EXPRESS OR IMPLIED, RELATING TO THE PROCESSING AND/OR TELEDRAFT'S OR BANK'S SERVICES, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES AGAINST INFRINGEMENT OF THIRD-PARTY RIGHTS OR THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. NEITHER TELEDRAFT NOR BANK WARRANTS THAT OPERATION OF THE PAYMENT PROCESSING SERVICE WILL BE UNINTERRUPTED, ERROR-FREE, OR SECURE. MERCHANT ACKNOWLEDGES THAT THE PAYMENT PROCESSING SYSTEM IS PROVIDED FOR USE BY MERCHANT "AS IS." MERCHANT FURTHER ACKNOWLEDGES THAT NEITHER TELEDRAFT NOR BANK BEARS ANY RESPONSIBILITY FOR THE MERCHANT WEB SITE(S). MERCHANT ACKNOWLEDGES THAT AN AUTHORIZATION FOR PAYMENT IS NEITHER A WARRANTY THAT THE PERSON PRESENTING THE AUTHORIZATION IS THE RIGHTFUL ACCOUNT HOLDER NOR A PROMISE OR GUARANTEE BY TELEDRAFT OR BANK THAT IT WILL PAY OR ARRANGE FOR PAYMENT TO MERCHANT FOR THE AUTHORIZED TRANSACTION. MERCHANT ACKNOWLEDGES THAT AN AUTHORIZATION DOES NOT PREVENT A SUBSEQUENT CHARGEBACK OF A PREVIOUSLY AUTHORIZED TRANSACTION PURSUANT TO THIS ACH PROCESSING AGREEMENT.**

13. Limitation of Liability

IN NO EVENT SHALL TELEDRAFT'S OR BANK'S AGGREGATE LIABILITY ARISING OUT OF OR RELATED TO THIS ACH PROCESSING AGREEMENT FROM ANY CAUSE, EXCEED THE TOTAL MERCHANT FEES PAID BY MERCHANT TO TELEDRAFT UNDER THIS ACH PROCESSING AGREEMENT FOR THE SIX (6) MONTH PERIOD IMMEDIATELY PRECEDING THE DATE ON WHICH THE DISPUTE AND/OR CAUSE OF ACTION AROSE. IN ADDITION, IN NO EVENT SHALL TELEDRAFT, BANK OR THEIR RESPECTIVE AFFILIATES, OR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS BE RESPONSIBLE OR LIABLE FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, EXEMPLARY, PUNITIVE OR OTHER DAMAGES (INCLUDING BUT NOT LIMITED TO LOSS OF REVENUES OR LOSS OF PROFITS), EVEN IF TELEDRAFT, BANK, THEIR RESPECTIVE AFFILIATES, OR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS HAD BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, UNDER ANY CONTRACTUAL, NEGLIGENCE, STRICT LIABILITY OR OTHER THEORY ARISING OUT OF OR RELATING IN ANY WAY TO THE TRANSACTION, SERVICES AND/OR PRODUCTS, OR ANY OTHER SUBJECT MATTER OF THIS ACH PROCESSING AGREEMENT. MERCHANT SHALL NOT BE LIABLE FOR ANY LOSS OR DAMAGE CAUSED BY DELAY IN FURNISHING SERVICES OR PRODUCTS TO MERCHANT OR ITS CUSTOMERS OR ANY OTHER PERFORMANCE UNDER THIS ACH PROCESSING AGREEMENT. It is agreed that in no event will TELEDRAFT or Bank be liable for any claim, loss, billing error, damage, or expense caused by TELEDRAFT's or Bank's performance or failure to perform hereunder that is not reported in writing by Merchant to TELEDRAFT within thirty (30) days of such failure to perform or, in the event of a billing error, within sixty (60) days of the date of the invoice or applicable statement. However, under no circumstances will TELEDRAFT or Bank be liable to Merchant for delays in data transmission.

14. Indemnity

Merchant agrees to indemnify, defend and hold TELEDRAFT, Bank and their respective officers, directors, agents and employees, harmless from and against any liability, claims, demands, costs, loss, damages and/or reasonable attorney's fees incurred or suffered by TELEDRAFT or Bank as a result of or arising from Merchant's conduct of its business, any transactions processed under this ACH Processing Agreement, Merchant's breach of any obligations or provisions under this ACH Processing Agreement or Merchant's violation of applicable law, regulation or rule. In the event that TELEDRAFT or Bank receives any claim or demand or becomes subject to any suit, proceeding or other action under which a claim of indemnification may be made by TELEDRAFT or Bank under this ACH Processing Agreement, TELEDRAFT or Bank shall (a) promptly notify Merchant in writing of the claim or legal action; (b) reasonably cooperate with Merchant in the making of any of Merchant's claims or defenses if such cooperation does not conflict with TELEDRAFT's or Bank's position; and (c) provide information, assist in the resolution of the claim and make available at least one employee or agent who can testify regarding said claims or defenses if such information, and assistance does not conflict with TELEDRAFT's or Bank's position. Any and all costs for responding

to court orders of any type including subpoenas for transactions generated by Merchant or from doing business with Merchant shall be due and payable to TELEDRAFT or Bank upon demand. Such costs include but are not limited to attorney's fees, administrative costs and costs for employee time relative to such response. The Merchant shall, upon written notice from TELEDRAFT or Bank, immediately undertake payment to counsel selected by TELEDRAFT or Bank for the defense of any such claim or action. If Merchant wishes to settle any such claim involving TELEDRAFT or Bank, Merchant shall obtain TELEDRAFT's or Bank's prior written approval of such settlement.

15. General Provisions

TELEDRAFT reserves the right to amend at any time and from time to time any term or condition of this ACH Processing Agreement including, without limitation, transaction fees by providing Merchant written notice, and such amendments shall be effective thirty (30) days following said notice. If TELEDRAFT so amends this ACH Processing Agreement, Merchant shall have the right to terminate this ACH Processing Agreement if Merchant provides written notice to TELEDRAFT within said thirty (30) day period. TELEDRAFT may use designees to assist in the performance of TELEDRAFT's obligations hereunder and, notwithstanding any other provision of this ACH Processing Agreement, TELEDRAFT may delegate any of its obligations hereunder to such designees. Merchant may not assign or delegate any rights or obligations under this ACH Processing Agreement without TELEDRAFT's prior written approval. Nonperformance by either party will be excused, except Merchant's obligation to pay under this ACH Processing Agreement, to the extent that performance is rendered impossible by any force majeure event and not caused by the gross negligence or willful misconduct of the non-performing party. The relationship of the parties established by this ACH Processing Agreement is that of independent contractors. This ACH Processing Agreement will be governed by and construed under the laws of the State of Arizona without reference to conflict of law principles. The parties agree that jurisdiction shall be in Superior Court of the State of Arizona and that venue shall be in Maricopa County. This ACH Processing Agreement, together with all exhibits and attachments hereto, sets forth the entire Agreement and understanding of the parties relating to the subject matter herein (other than agreements relating to confidentiality) and merges all prior discussions between them. Except as otherwise specifically provided in this ACH Processing Agreement, no modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing signed by both parties, and the waiver of any breach or default will not constitute a waiver of any other right hereunder or any subsequent breach or default. If any provision in this Agreement is found invalid by a court of competent jurisdiction, such provision will be construed, if feasible, so as to render the provision enforceable, and if no feasible interpretation would save such provision, it will be severed from the remainder of this Agreement.

Notice Address for TELEDRAFT:

TELEDRAFT, Inc
Attn: Al Slaten
4625 So. Wendler Dr. Suite 204
Tempe, AZ 85282
Phone: 602 454-9575
Fax: 602 454-9576

Notice Address for Merchant: As indicated on Application. It is Merchant's obligation to advise TELEDRAFT of any change of address for any such notice necessary pursuant to this ACH Processing Agreement.

Authorizations and Representations

- 1.) This complete and legible ten (10) page Merchant Application for ACH Origination, Teledraft ACH Processing Agreement and Merchant Fee Schedule serves as the entire "Agreement" between Teledraft, Bank and the Merchant named herein. Merchant acknowledges that this document has been provided to the applying entity and Merchant agrees to be bound by all governing terms and conditions contained herein, effective as of date of signature. It is understood that no strikeouts, interlineations, additions or modification to this preprinted Merchant Application for ACH Origination and ACH Processing Agreement may be made and that this "Agreement" may be transmitted to or from Teledraft and/or retained electronically by Teledraft, which will constitute an original. Merchant acknowledges that they will not receive a countersigned agreement from TELEDRAFT unless such is requested by the merchant in writing.
- 2.) The information provided herein is provided for the sole purpose of establishing ACH origination privileges and utilized confidentially and exclusively by Teledraft and its sponsoring financial institutions in order to determine eligibility. Merchant agrees that all the information provided herein is truthful and accurate.
- 3.) Corporate and personal credit and criminal background inquiries on both the legal entity contracting for payment services with Teledraft and the designated Principals of that entity are required for all private corporations and certain not for profit organizations (501 C-3 Tax Entities). The objective of these inquiries is to confirm that the entity and principals meet Teledraft's qualifications to originate Automated Clearing House (ACH) debit and credit transactions and to comply with Teledraft's and its affiliated bank's OFAC (Office of Foreign Asset Control) and KYC (Know Your Customer) requirements. All inquiries and information is for the sole purpose of determining merchant qualifications, to comply with Federal Regulations and act in concert with payments and financial services industry "best practices". The acquisition of all such information shall be in strict compliance with the Fair Credit Reporting Act (FRCA) and Bank Secrecy Act (BSA).

By signing this "Agreement", the principal(s) of the applying entity and as an authorized officer of such, hereby authorizes Teledraft to conduct the credit and background inquiries for the above stated purposes.

- 4.) Merchant authorizes Teledraft Inc. to collect fees and charges via an electronic ACH (Automated Clearing House) debit from the bank account(s) indicated herein on a periodic basis as they become due and payable, and signer(s) attests to be a duly authorized signatory on the bank account indicated for such transactions.
- 5.) Signer(s) asserts that he or she is a duly authorized officer or representative of Merchant.

MERCHANT:

Principal #1 Signature: _____

Print Name: _____ Date: _____

Principal #2 Signature: _____

Print Name: _____ Date: _____

FOR TELEDRAFT USE ONLY

BANK:

By: _____ Date: _____

Name and Title

TELEDRAFT:

By: _____ Date: _____

Name and Title

Personal Guarantee

I/ We hereby guarantee to Teledraft, Inc., its successors and assigns, the full, prompt, and complete performance of Merchant and all of Merchant's obligations under the Merchant Application for ACH Origination and Teledraft ACH Processing Agreement ("Agreement"), including but not limited to all monetary obligations arising out of Merchant's performance or non-performance under the "Agreement", whether arising before or after termination of the "Agreement". This guaranty shall not be discharged or otherwise affected by any waiver, indulgence, compromise, settlement, extension of credit, or variation of terms of the "Agreement", unless specifically discharged or amended. I/We understand that my/our obligations are independent of Merchant obligations. I/We understand that I/we have no right to enforce a remedy which Teledraft, Inc. now has, or may later have, against Merchant or to participate in security now or later held by Teledraft, Inc. I/We hereby waive any notice of acceptance of this guaranty, notice of nonpayment or nonperformance of any provision of the "Agreement" by Merchant, and all other history, business relationships, and employment information. I/We have read, understand, and agree to be bound by the Terms and Conditions provided to the Merchant and those terms and conditions contained in the Merchant Application for ACH Origination and Teledraft ACH Processing Agreement ("Agreement").

Signature of Guarantor, an individual

Date

Signature of Guarantor, an individual

Date

Printed Name

Printed Name

Authorization of ACH Payments

Regulations governing origination of an ACH debit payment require that the Originator (You the Merchant) have and retain evidence that the Payer duly authorized the payment. This proof of authorization can be in the form of a.) A written purchase, service, membership or subscription agreement signed by the Payer, b.) A Voice recording verifying a verbal authorization, c.) An email confirmation sent to the Payer prior to the effective date of the debit, d.) A digital copy of the Payer and Payment details supplied over the internet by the Payer indicating authorization when the transaction is initiated online.

In the event of a claim by a Payer that they did not authorize an ACH debit originated by you TELEDRAFT may require that we retrieve from you one of the above Proof of Authorizations. YOU MUST BE ABLE TO PROVIDE THIS UPON REQUEST BY TELEDRAFT within 7 business days. Failure to provide a Proof of Authorization may result in termination of your ACH Merchant Account and is considered to be a material breach of the ACH Processing Agreement.

I/We agree to insure that valid Proof of Authorizations are acquired from Payers prior to the initiation of an ACH item and that I/We shall not intentionally or knowingly originate an ACH debit item utilizing the TELEDRAFT System wherein authorization from the Payer was not provided. Furthermore, I/We agree to maintain any and all Proof of Authorizations for a period of 2 (Two) years from the date of the transaction and provide such to TELEDRAFT upon demand.

Principal One Printed Name

Signature

Date

Principal Two Printed Name

Signature

Date