

## **ALLIANCE PAYROLL SERVICE TERMS ADDENDUM**

This Alliance Payroll Service Terms Addendum (the "Addendum") governs the provision of payroll services provided by R365's partner and is hereby made a part of the Master Subscription Agreement ("Agreement") in effect between R365, Inc., a Delaware corporation ("R365"), and the entity executing this Addendum ("Customer"), and is effective as of the date accepted by R365. Capitalized terms not otherwise defined in this Addendum have the meaning given to them in the Agreement.

### **Section A: Payroll Processing Terms**

These Payroll Processing Terms shall govern the use of the payroll services provided under this Addendum (the "Payroll Services") by R365 or its payroll provider partner (together, the "Provider").

1. Either party may cancel the Payroll Services upon written notice to the other party. Such cancellation will not effect the liability of Customer to pay the Company any sums due and owing for Payroll Services as of the effective date of cancellation. For the avoidance of doubt, this provision does not permit the Customer to cancel Services (other than the Payroll Services), which is governed by the Agreement between R365 and the Customer.
2. Provider agrees to keep confidential any information provided by the Customer relating to its assets, liabilities, business or affairs, and not to disclose this information to anyone without the permission of the Customer, or unless forced to do so by legal process.
3. Provider will use due care in processing Customer's work, and shall be responsible for correcting errors which are caused by Provider equipment, processors, programmers, or employees in the course of their work. Provider will not be responsible for failure to provide services or correct any condition beyond its control, including but not limited to any acts or omissions by any third party. PROVIDER SHALL NOT UNDER ANY CIRCUMSTANCES BE LIABLE FOR SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, even if Provider has been advised of the possibility of such damages.
4. If Customer and Provider agree to have Provider prepare and file payroll tax returns for Customer, Provider will serve as a limited agent for Customer, only for purposes of any required agency for payroll tax deposits and filing with the Internal Revenue Service and/or any state reporting agency. Provider is not otherwise an agent of Customer, nor is Provider in partnership or otherwise affiliated with Customer's business.
5. If Provider makes an error or omission which results in an assessment by any taxing authority against the Customer which results in interest or penalties then Provider will pay the interest or penalties. It will remain the Customer's responsibility to pay any tax due. This is the sole liability as it pertains to tax payments, and is Customer's sole remedy pertaining to tax payments. Customer agrees to allow Provider to participate in defending against any claim for any penalties or interest, and to subrogate any such claim or defense to Provider.
6. Except as specifically stated in this Addendum, there are no warranties, expressed or implied, including but not limited to any implied warranties of merchantability or fitness for a particular purpose relating to the Payroll Services.
7. Customer will submit to Provider its payroll data in a form, at a time and by a method specified by Provider. Because the accuracy of the payroll is limited to the Customer's data, Provider will not be responsible for Customer errors, wage and hour violations, employment discrimination, or other employment policies which may violate the law. It is the Customer's responsibility to review the processed payroll information and to promptly identify the errors. If an error is Provider's responsibility, then Provider will assume the cost of correction. If the data submitted by Customer for processing is incorrect, incomplete, or not in proper form, the Customer agrees to pay Provider additional charges then in effect for corrections to this date.
8. If Customer chooses to utilize Trust Bank Accounts for its payroll, Customer agrees to authorize Provider to debit from its account(s) on or about the specified date of each processing day such sums as are required to adequately fund the Customers payroll, including any taxes, escrows, benefit plans, withholdings, adjustments, or other associated fees and charges. Should any preauthorized transfer or other tender of funds to Provider be returned unpaid for any reason whatsoever, Customer agrees to pay Provider an additional fee and Provider has at its sole option, the right to cancel this Agreement and to immediately terminate any limited agency for Customer which might exist for purposes of tax filings or any other purpose.
9. Fees are subject to change upon written notice to Customer. Customer agrees to allow Provider to debit from its account(s) any and all fees due Provider under this agreement, if Provider, in its sole discretion chooses to do so.

10. If the Customer fails to pay the fees or any other charges, including an amount authorized for debit on the payroll itself, within the terms outline in this Agreement, then Customer agrees to pay Provider for all costs of collections, including reasonable attorneys fees, which may be associated with the collection of the amounts due. If Customer fails to pay any fees or charges when due, then Provider may, at its sole option, terminate this Addendum and withhold any work in progress. This is in addition to any other rights Provider may have under the Agreement or under law. To secure the Customer's payment of fees or other charges due under this Agreement, Customer grants to Provider the right of setoff and a security interest under the Uniform Commercial Code in any funds which may have been or will be deposited by Customer in its escrow account or otherwise retained by Provider for purposes of remitting tax payments when due.
11. Customer agrees to indemnify and hold Provider harmless from all loss, damages and expenses (including reasonable attorney's fees) in connection with any claim which may arise out of or as a result of this Agreement or the duties assumed by Provider under the Agreement.
12. Customer agrees to obtain (if necessary) and maintain appropriate tax identification numbers for its own tax reporting, and to obtain and maintain any necessary tax forms and information from its employees, and to forward this information to Provider upon request.
13. IRS Form 8655 Notice - As Alliance Payroll Services, LLC is making tax deposits on behalf of your company, the IRS requires us to have you to sign IRS Form 8655 - Reporting Agent Authorization. As noted in the Authorization Agreement section of form 8655, this authorization does not relieve the taxpayer of the responsibility to ensure that tax returns are filed and deposits are made. The IRS requires all reporting agents (which payroll services are) to notify you of this responsibility when you contract with their service. In addition, Alliance Payroll Services and the IRS recommend that you enroll in the Electronic Federal Tax Payment System if you desire to monitor your federal tax payments we make on your behalf. If your company does not already have an EFTPS account, you may receive one by enrolling online at [www.eftps.com](http://www.eftps.com) and selecting the enrollment tab.
14. Customer agrees that R365's payroll provider, Alliance Payroll Services, LLC shall not have liability to Customer under the Agreement or this Addendum and that Customer releases Alliance Payroll Services, LLC from any and all claims for damages, losses or liability that arise under this Addendum or the Payroll Services.

## **Section B: ACH Terms**

These terms are Automated Clearing House (ACH) services to be utilized by the Customer which has deposit accounts with financial institutions that participate in the National Automated Clearing House Association (NACHA), hereinafter called Participating Institutions. ACH transactions will be the agreed upon method of debiting/crediting accounts between the R365 or its payroll services provider (together, the "Company") and the Customer. As a result, both parties will agree as follows:

1. Services using ACH transfers shall be provided to the Customer in accordance with the NACHA Operating Rules, as well as all other applicable regulations pertaining to ACH. The Customer shall be considered the "Originator" participant under all applicable NACHA Operating Rules (Rules) in connection with any ACH items submitted by the Company on behalf of the Customer. As an Originator, the Customer must comply with and are bound by the Rules. The Customer shall be liable to the Participating Institutions with respect to the warranties, liabilities, and/or obligations relating to ACH entries.
3. The Customer authorizes the Company to process ACH transactions to pay the Customer's employees and draft the Customer for total direct deposits, billing, taxes and/or trust. Also, the Company may debit employee accounts for corrections as needed.
4. The Customer acknowledges that each debit/credit submitted is, to their knowledge, authorized, accurate, timely, and in compliance with the Rules and federal and state laws and regulations governing electronic funds transfer.
5. The Customer agrees to not originate ACH entries, or participate in the origination of ACH entries, that violate the laws of the United States or other governing jurisdictions.
6. The Customer will retain the original, or a copy, of each employee's direct deposit authorization for such period of time as may be required by the Rules or applicable law.
7. The Company will only originate ACH PPD (Prearranged Payment or Deposit) transactions on behalf of the Customer.

8. The Company reserves the right to require a wire or reverse wire to fund the payroll amounts processed prior to releasing direct deposits, checks drawn on the Customer's account and/or taxes.
8. The Company reserves the right to terminate the processing of ACH items if the Customer is in violation of the Rules or applicable laws or if the customer becomes fiscally unstable.
9. The Customer agrees to submit payroll data prior to the deadline established by Company. The current deadline is 48 hours prior to payroll date.
10. The Company reserves the right to examine and audit the Customer's compliance with the original agreement and the NACHA Rules at any time.

**BANK AUTHORIZATION**

Name of Depositor (as shown on bank records):

Bank Name

Bank Address

Bank Account Number

Routing Number:

As a convenience to me, I hereby request and authorize you to pay and charge to my account debits originated by and payable to the order of **Alliance Payroll Services, LLC**, provided there are sufficient collected funds in said account to pay the same. This authorization includes debits (herein "item") originated by check or electronic funds transfer. I agree that your rights in respect to each said item shall be the same as if it were a check drawn on you and signed personally by me. This authority is to remain in effect until revoked by me in writing, and until you actually receive such notice I agree that you shall be fully protected in honoring such item.

I further agree that if any such item be dishonored whether with or without cause and whether intentionally or inadvertently, you shall be under no liability whatsoever even though such occurrences result in termination of our agreement.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_