



PAYMENT ALLIANCE INTERNATIONAL, INC. PREPAID TERMINAL USAGE AGREEMENT

This PREPAID TERMINAL USAGE AGREEMENT (“Agreement”) is entered into by and between Payment Alliance International, Inc., 11857 Commonwealth Drive, Louisville, KY 40299; its PrePaid Services Provider (“PAI”); and _____ (“Merchant”) on the ___ day of _____, 20___. In consideration of the mutual benefits of this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby fully acknowledged, the parties hereby agree as follows:

1. **PAI AND MERCHANT OBLIGATIONS:** PAI will provide Merchant with the necessary hardware to provide PrePaid services to Merchant's Customers ("Customers") at such locations ("Locations") listed on Exhibit "A" attached hereto and incorporated herein. Merchant will be required to execute separate PrePaid processing agreements as may be required by the PAI and its' PrePaid service provider and any and all such agreements shall be supplemental to this Agreement. Merchant agrees that during the term of this Agreement, PAI shall have exclusive rights to all PrePaid sales and services marketed at Merchant Locations covered by this Agreement. Merchant shall install no application on the Equipment except those applications provided to Merchant by PAI. Fees, expenses and associated taxes for this Agreement include fees identified in PAI's then current pricing Schedule.

2. **EQUIPMENT:** PAI shall provide the PrePaid Equipment at the Merchant's Location(s) at no charge to Merchant for so long as: a) **the PrePaid transactions at the Location process exclusively through PAI; and b) following a ninety (90) day, grace period, the Location PrePaid sales exceed \$600.00 per month. In the event Location's PrePaid sales for any month after the grace period are less than \$600.00, Merchant shall pay a non-cancelable monthly POS Terminal Usage Fee in the amount of \$25.00 per month to PAI via ACH payment. In the event Merchant terminates the PrePaid services prior to the end of the first twelve (12) months of this Agreement, Merchant shall pay an early termination fee in the amount of \$25.00 per month times the number of months remaining in the first year of service in addition to all amounts due and payable to PAI incurred prior to any such termination. In the event Merchant terminates the PrePaid services after the first twelve (12) months, no early termination fee will be assessed but Merchant shall be obligated to return the POS Terminal to PAI at Merchant's expense as provided for hereinbelow.** Merchant agrees that PAI shall retain full and complete title to the Equipment and software. In the event of a Equipment failure, PAI will agree to replace the Equipment via overnight delivery at no cost to the Merchant for up to two (2) such replacements in any twelve (12) month period. Any Equipment replacements exceeding two (2) such occurrences within any twelve (12) month period shall be billed to Merchant at a cost of \$159.00 per occurrence. In the event the Location ceases to process Prepaid transactions with PAI for any reason, Merchant shall return the Equipment & software, any and all unsold product and merchandising material and related products to PAI within ten (10) business days PAI will process any credits owed to Merchant, as appropriate, for the returned, unsold Prepaid product. **In the event the Equipment is not returned to PAI within that time period, PAI shall be authorized to ACH the amount due to PAI from the Merchant's account in the amount of \$500 for the Equipment terminal or \$600 for a combo terminal and pinpad.** Finance charges will be applied on any balance if PAI does not receive payment-in-full within ten (10) days of invoice date. By signature below, Merchant hereby consents to such an ACH debit for such fees.

3. **TERMINATION:** PAI reserves the right to immediately terminate this Agreement if Merchant doesn't pay PAI; or is in violation of its obligations hereunder. PAI will furnish written notice of termination to Merchant. In the event of termination of this Agreement, Merchant will be required to immediately return to PAI any software and equipment in good working condition (reasonable wear and tear excepted) and Merchant shall be responsible for any applicable shipping costs. If shipment is not received within fifteen (15) days of notification, Merchant agrees that PAI will be authorized to invoice Merchant for the equipment costs. The payment of fees as described here is not a penalty, but rather is hereby agreed by the parties to be a reasonable amount of liquidated damages to compensate PAI for its termination expenses and other such damages. Such amounts shall not be in lieu of but in addition to any payment obligations for transaction activity already provided hereunder (or that PAI may continue to provide), which shall be an additional cost, and any and all other damages to which PAI would be entitled to hereunder and PAI shall be authorized to debit this amount from Merchant's account via ACH.

4. **LENGTH OF AGREEMENT:** This Agreement shall be effective on the date indicated above, and shall continue for a period of three (3) years. Thereafter, this Agreement shall automatically be renewed for successive three (3) year periods unless either party gives the other at least ninety (90) days written notice prior to the end of the then current term. PAI shall have thirty (30) days following written notice to cure any default under this Agreement. PAI reserves the right to deactivate terminal access to PrePaid Services for which Merchant has not made payment to PAI.

5. **MISCELLANEOUS PROVISIONS:** The formation, interpretation and performance of this Agreement shall be governed by the laws of the Commonwealth of Kentucky and venue for any dispute arising under this Agreement shall lie in a court of competent jurisdiction in Jefferson County in the Commonwealth of Kentucky. A waiver by either party of a breach of any provision of this Agreement shall not constitute a waiver or prejudice of the party's rights to otherwise demand strict compliance. This Agreement constitutes the entire agreement of the parties hereto as related to the subject matter of this Agreement. There are no other promises, representations, terms, conditions, or obligations other than those contained herein. This Agreement supersedes all prior communications, representations, or agreements, oral or written, between the parties and shall not be modified except in writing signed by each party. Merchant may not assign its benefits and obligations hereunder without the express written consent of PAI. Neither party will be liable for the failure to perform its obligations under this Agreement if such failure is due to acts or events beyond such party's reasonable control which include, by way of illustration, but not limitation, acts or events attributable to failures or fluctuations in equipment, electrical power or telecommunications equipment, malfunctions or deficiencies in hardware or software, revocation of computer software license, third party nonperformance, acts of God or public enemy, acts of government, civil disobedience, lock-outs, or freight embargoes.

IN WITNESS WHEREOF, each representative warrants that he/she is duly authorized by PAI and/or Merchant to execute this Agreement and that their signatures below bind both PAI and Merchant to this Agreement.

Payment Alliance International, Inc.
11857 Commonwealth Drive
Louisville, KY 40299
(502) 212-4000

MERCHANT _____

Address _____

By _____

By _____ Date _____

Printed Name _____

Printed Name/Title _____

Title _____ Date _____

Phone _____

EXHIBIT A –LOCATION(S)

The following Locations shall be accepted under the terms of this PrePaid Services Merchant Agreement. All terms and conditions agreed upon in this PrePaid Services Merchant Agreement shall be extended to these locations listed below as of the following install dates:

<u>Location DBA Name and Address:</u>	<u>Phone #</u>	<u>Install Date:</u>
1. _____ _____ _____	_____	_____
2. _____ _____ _____	_____	_____
3. _____ _____ _____	_____	_____

(Attach Additional Pages if Necessary)