

PAYROLL SERVICE AGREEMENT

COLUMBIA EDP CENTER, INC. (EDP) and \_\_\_\_\_  
(Client) agree as follows:

1. EDP will provide complete customary basic payroll data processing services to the client, with any additions, modifications, or exceptions as stated following \_\_\_\_\_

2. EDP's performance is contingent upon client furnishing all required data at least \_\_\_\_\_ prior to desired processing schedule.

3. Delivery and processing schedules will be determined by EDP from time to time.

4. As payment for the above services, the client will pay the charges listed below which are based on client's current payroll volume of \_\_\_\_\_ checks per pay period.

(a) Base Charge \_\_\_\_\_

(b) Checks issued: \_\_\_\_\_ at \$1.65 each = \_\_\_\_\_

\_\_\_\_\_ at \$1.15 each = \_\_\_\_\_

\_\_\_\_\_ at \$ .95 each = \_\_\_\_\_

(c) Tax Service \_\_\_\_\_

(d) Total charge per processing \_\_\_\_\_

(e) New employee set up fee \_\_\_\_\_

(f) Other charges \_\_\_\_\_

(g) Any bank service charges incurred due to client's account.

(h) Rebate for timely filing of State Withholding is retained by EDP.

Any change in the volume of checks written for the client which causes the number of checks per period to fall into another previously published price category will result in the clients base charge per check to change automatically.

5. Fees are subject to change on written notice, but only as to all payroll clients. Bills will be due in full upon presentation. Overdue accounts will accrue interest at prime rate of Boone County National Bank. In the event the account is placed for collection, client agrees to pay reasonable attorney's fees and costs. EDP reserves the right to withhold any or all work in process or records in its possession in the event of default of payment.

6. EDP agrees to hold in confidence all information related to client's assets, liabilities, business affairs which is received in the course of rendering services.

7. To secure any obligation now or hereafter owed by client to EDP, Client grants EDP the right of set-off and a security interest under the **Missouri Uniform Commercial Code** in any funds which may now or hereafter be deposited by client in the EDP escrow account.

8. EDP shall use due care in processing client work, but EDP shall be responsible only to the extent of correcting any errors which are due to EDP machines, operators or programmers. In any event, EDP liability with respect to products and services offered under this Agreement is limited to the total charge for the services provided herein and no special or consequential damages may be recovered. EDP shall not be liable for failure to provide the services herein if due to causes or conditions beyond its control. If the data submitted by client for processing is incorrect, incomplete or not in proper

form, the client agrees to pay EDP its standard rates then in effect for any additional work performed by EDP to correct such data for processing.

9. Client agrees to provide EDP with the following information prior to EDP processing any payroll or writing any payroll checks for client:

- IRS deposit frequency letter. If unavailable, client agrees to call IRS and find out that information or supply EDP with the tax returns filed during the look back period.
- Federal, State and Local tax deposit coupon books.
- State unemployment experience rate notice. If unavailable, client agrees to call the state unemployment office and get the account number and rate.
- Copy of any payroll tax returns (Federal, State or Local) filed during the current year.
- Copy of 941 and state tax deposits made by client for the current year. Information will reflect date and amount for each deposit, individually. Fed/Fica deposits must be split to show how much of the deposit was Fed W/H and how much was FICA.
- Local tax ID's, rates and deposit frequencies. If unavailable, client agrees to call the local government agency and get the information.
- Employee conversion information, both active and terminated employees. Information will reflect, total earnings, deductions, and taxes by quarter for each employee. Conversion information will also include company totals for each earnings, deduction and tax category.

**In the event this information is not provided to EDP at conversion time, client agrees to be solely responsible for, and pay any and all penalties and interest assessed by any agency as a result of improper filings.**

10. Until such time as sufficient credit has been established with EDP, payment for checks issued for the payroll, plus all tax liabilities that EDP is responsible for paying and the processing fee and any other charges for that payroll, shall be by wire transfer to a designated EDP account or by cashier's check issued to EDP. The minimum time period for establishment of said credit shall be six months.

11. Client agrees to grant to EDP once credit has been established and to maintain throughout the term of this Agreement, authority to make preauthorized charge on the client's account in an amount equal to the dollar amount of EDP's checks issued for the payroll, plus all tax liabilities that EDP is responsible for paying and the processing fee and any other charges for that payroll. Customers will be notified by EDP of the preauthorized charge prior to checks being delivered to the customer.

12. All specifications, tapes, and programs utilized or developed in connection with the Agreement (except those furnished by client) are and shall remain the sole property of EDP.

13. Client agrees to indemnify and hold EDP harmless from all loss, damages and expenses (including reasonable attorney fees) in connection with any claim which may arise out of or as a result of this Agreement or the uncollected funds.

14. EDP is not an agent of the client. Should an agency relationship be found to exist, it will automatically terminate upon the return to EDP of any check or preauthorized charge of client for insufficient or uncollected funds.

15. For credit approval purposes, the following is necessary:

(a) Vendor references (Name and Address)

1. \_\_\_\_\_  
\_\_\_\_\_
2. \_\_\_\_\_  
\_\_\_\_\_
3. \_\_\_\_\_  
\_\_\_\_\_

(b) Bank Name and Banker's Name/Branch

\_\_\_\_\_

(c) How long has this business existed? \_\_\_\_\_

16. This Agreement shall be governed by the laws of the State of Missouri and constitutes the entire Agreement between the parties. The Agreement may be amended only in writing signed by both parties.

17. This Agreement may be terminated by either party, without cause, upon seven days' written notice to the other party, and for reasonable cause, without notice to the other party. Services by EDP for the client shall commence on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, which shall be the date of this Agreement.

Client Name \_\_\_\_\_

Authorized Signature \_\_\_\_\_

Accepted By \_\_\_\_\_

**GUARANTEE**

For value received, the above Agreement and Obligations of client are guaranteed by the undersigned personally.

Personal Signature \_\_\_\_\_

Social Security # \_\_\_\_\_