

MERCHANT ELECTRONIC CHECK RECOVERY AGREEMENT

This agreement is entered into on _____ (date), by and between CoCard, hereafter referred to as Company, and _____ hereafter referred to as Client, to provide electronic re-deposit of checks returned as Non-Sufficient (NSF) or uncollected funds. To provide ACH services according to the Rules and Regulation, Company and Client agree as follows:

1. Client will post a sign at or near the check-out counter that meets NACHA requirements notifying the customer of the Client's intent to electronically debit the customer's bank account if the customer's check is returned for non-sufficient (NSF) or uncollected funds.
2. Client agrees that Company will hold collected funds in a custodial account for approximately seven (7) days before collected funds are paid to Client. The hold period is required to allow enough time for RDFI (Receiving Depository Financial Institutions) to return those items that return a second time. Company will credit collected funds to Client's bank account on a weekly basis.
3. Client agrees that if an electronic re-deposit is returned following the seven-day hold period, the amount of the return items will be debited from the Client's bank account. Client will be notified prior to any reversals being initiated. Client must maintain a balance that will cover any reversals.
4. Client agrees not to accept payment from check writer or recall checks once checks are placed in the system.
5. Client will sign a Release Form authorizing Client's bank to mail returned checks to processor in your area, and that client's bank will not be allowed to re-deposit the paper check. Checks returned for reasons other than NSF or uncollected funds will be 1) returned to the client for further collection, or 2) delivered to secondary collection entity.
6. Each party represents, warrants and mutually agrees that all information concerning the other party which comes into its possession, shall be maintained as confidential and shall not be used or divulged to any other party except as necessary to permit the activities contemplated under the Agreement. Company may advise potential users of its service that Client has a relationship with Company.
7. Any dispute between Company and Client shall be submitted to binding arbitration, to be conducted pursuant to the rules of the American Arbitration Association. Any award may include an award for attorneys' fees and costs.
8. Either party may terminate this Agreement at any time by written notice. Any termination will not affect Company's or Client's rights and obligations arising before the termination.
9. Company agrees to abide by all UCC and NACHA rules as they apply to electronic check re-presentment and electronic funds transfers in general.
10. Client will receive a fax or mail weekly of all checks received for processing that week. **Fax #:** _____
11. Client will supply copy of or an original voided check of account where payment of collected funds is to be made.

Fees. Company charges \$5 per month to Client for electronic check re-presentment. Company does charge \$5 for client-authorized stop processing or refund request. Company recovers the collection fees as allowed by law in Client's particular state. Company's collection affiliate charges no fees to Client for collecting checks that are forwarded to secondary collection entity as directed by Client for other return reasons, e.g. Account Closed etc. and pays full face value of checks collected monthly. Collection agency charges 50% of statutory service charges if merchant accepts payment for or recalls check.

This agreement makes up the entire agreement between Company and Client concerning Company RCK services. If any provision of the Agreement is deemed unenforceable, the remaining provisions will still be enforceable.

Client's Business Name _____ Contact _____ Phone _____

Address _____ City _____ State _____ Zip _____

Client Officer's Signature **X** _____ Printed Name _____

Total Payments By Check Per Month _____ NSF Checks Returned _____ Merchant Recovery Fee _____ State Fee _____

E-mail Address _____ Salesperson _____

Should uncollected/ineligible Checks be returned to Client ? (circle one) **Yes No**

Should uncollected/ineligible Checks be forwarded to our Collection Affiliate ? **Yes No**