

ADDENDUM TO THE TERMS OF SERVICE FOR GOVERNMENT/INSTITUTIONAL COMPANIES

The following provisions hereby replace the like-numbered provisions of the Terms of Service (“TOS”) or are hereby inserted or deleted from the TOS, as indicated, for Companies operating under the Agreement. Capitalized terms used and not otherwise defined in this Addendum shall have the meanings ascribed to them in the Agreement or the Operating Guide.

- 1) **Section 4.1 Security Interests** is deleted.
- 2) **Section 5.1 Term** is deleted and replaced with the following:

“**Term.** Unless terminated as provided below, the Agreement will remain in effect for a period of three years (“**Initial Term**”) following the date of acceptance of the Company Application by Elavon, which date will be the date upon which the Agreement becomes effective. Thereafter, the Agreement will renew automatically for successive one month terms (successive six month terms with respect to Canada) (“**Renewal Term**”) unless terminated as provided below. If Company processes Transactions beyond the Initial Term or Renewal Term, then the terms of the Agreement will govern such Transaction processing.”
- 3) **Section 5.2(a)** is revised to add the following:

“(iv) Company may terminate the Agreement on 60 days’ prior written notice to Elavon if sufficient legislative appropriation is not available.”
- 4) **Section 5.2(b)** is deleted and replaced with the following:

“**By Elavon.** Elavon may terminate the Agreement immediately in writing if any of the following occur:

 - (i) A material adverse change in Company’s financial condition;
 - (ii) The commencement of a Bankruptcy Proceeding by or against Company;
 - (iii) Any representation by Company is false or misleading in any material respect as of the date made, or becomes false or misleading in any material respect at any time during the Term;
 - (iv) Any Payment Network or application of Payment Network Regulations requires Elavon to terminate the Agreement or cease processing Transactions for Company;
 - (v) Assignment of the Agreement or change of control of Company without Elavon’s written consent;
 - (vi) The levy, garnishment or attachment of the DDA, the Reserve Account, or any of Company’s property in Elavon’s possession;
 - (vii) Any change, not approved by Elavon, that constitutes a material change in the types of goods or services Company sells or in the methods by which Company sells them, or any change that results in Company’s violation of Elavon’s underwriting policy; or
 - (viii) If, after Elavon provides 30 days’ written notice, Company has either (1) Chargebacks or Retrieval Requests in excess of 1% of the gross dollar amount of Company’s Transactions or returns in excess of 2.5% of the gross dollar amount of Company’s Transactions, or (2) the acceptance of Card Not Present or Convenience Fee Transactions without proper disclosure to Elavon in the Agreement (including in the Company Application) or an amendment to the Agreement.”
- 5) **Section 7.1.** Only if Company elects and is approved for the invoice fee collection model, then the second sentence of Section 7.1 of the Agreement is deleted and replaced with the following:

“Such fees will be calculated once each month for the previous month’s activity. Elavon will send Company an invoice reflecting the fees due, which Company will pay within 30 days of the invoice date. In addition to all other available remedies, Elavon may offset any outstanding or uncollected amounts that are more than 90 days past due from (i) any amounts it would otherwise be obligated to deposit into the DDA and (ii) any other amounts Elavon may owe Company under the Agreement.”
- 6) **Section 7.2 Change of Fees** is deleted and replaced with the following:

“**Change of Fees.** Elavon will not amend the fees for the Services for the Initial Term except to pass through to Company increases in interchange, assessments or charges, or increased or new fees imposed by a third party (including a Payment Network).”
- 7) **Section 7.3(b)** is deleted and replaced with the following:

“(b) Elavon will charge interest on all uncollected amounts owed to Elavon: (i) as provided in the applicable jurisdiction’s prompt payment act; or (ii) if no such statute applies, then on amounts more than 30 days past due at a rate no greater than the maximum rate of interest permitted under Laws.”
- 8) **Section 7.4 Taxes** is deleted and replaced with the following:

“**Taxes.** If applicable, Company will pay all taxes and other charges imposed by any governmental authority on the Services and Equipment provided under the Agreement, excluding any taxes based on Elavon’s property or net income. If Company is a tax-exempt entity, Company will provide Elavon with an appropriate certificate of tax exemption.”
- 9) **Section 9.1(b) Disclosure of Confidential Information** is revised to add after the last sentence as follows:

“If Company is subject to an open or public records law, Elavon will comply with the applicable requirements and provide Company with reasonable assistance and information when necessary to enable Company to comply with its disclosure requirements; provided, that Elavon will not be required to disclose information that is not subject to disclosure under applicable Law.”
- 10) **Section 10.1 Audit** is deleted and replaced with the following:

“**Audit.** If Elavon or Member reasonably suspects that they are subject to a financial or reputational risk due to Company’s actions or omissions, Company authorizes Elavon and its agents to perform an audit or inspection of Company’s operations and records to confirm Company’s compliance with the Agreement upon reasonable advance notice, during normal business hours, and at Elavon’s expense (unless Elavon reasonably determines based on such audit that Company is not in compliance with the Agreement, in which case Company will bear the cost). Company will obtain and submit a copy of an audit from a third party acceptable to Elavon of the financial, physical security, information security, and operational facets of Company’s business at its expense when requested by Elavon. Further, Company acknowledges and agrees that the Payment Networks have the right to audit Company’s business to confirm compliance with the Payment Network Regulations. Company will maintain complete and accurate records of its performance under the Agreement. Company will execute and deliver to Elavon all documents Elavon reasonably deems necessary to verify Company’s compliance with Section 8.1.”

- 11) **Section 10.2(b) Financial Information** is deleted and replaced with the following:

“**Financial Information.** At Elavon’s request, Company will provide Elavon audited financial statements prepared by an independent certified public accountant selected by Company, or if Company is audited by a governmental authority, then Company will provide financial statements from such governmental authority. Within 120 days after the end of each fiscal year (or in the case of a government entity, when available), Company will furnish Elavon, as requested, a financial statement of profit and loss for the fiscal year and a balance sheet as of the end of the fiscal year, each audited as provided above. Company will also provide Elavon such interim financial statements and other information as Elavon may request from time to time.”

- 12) **Section 13 Indemnification** is deleted and replaced with the following four sections:

“**13(a). Company Responsibilities.** As between Company and Elavon, Company will be responsible for, and at its own expense, defend itself against any suits, claims, losses, demands or damages arising out of (i) any sale or provision of goods or services resulting in a Transaction processed under the Agreement; (ii) Company’s breach of the Agreement; (iii) all use of any user ID and password other than by Elavon or Elavon’s third-party contractors; (iv) Company’s or its Service Providers’ gross negligence or willful misconduct; (v) Company’s or its Service Providers’ violation of Laws or Payment Network Regulations; or (vi) any personal injury or real or tangible personal property damage to the extent caused by Company or its Service Providers. Company will not make any claims against Elavon for any liabilities, claims losses, costs, expenses and demands of any kind or nature, arising out of or in connection with any of the foregoing suits, claims, losses, demands or damages.

13(b). Elavon Responsibilities. In addition to Elavon’s obligations in Section 13(c), Elavon will be responsible for and will at its own expense defend itself against any suits, claims, losses, demands or damages arising out of (i) Elavon’s breach of the Agreement; (ii) Elavon’s or its third party contractors’ gross negligence or willful misconduct; (iii) Elavon’s or its third party contractors’ violation of applicable Laws or Payment Network Regulations; (iv) Elavon’s alleged infringement or other violation of a U.S. or Canada patent, copyright or trademark of a third party by the Services in the form delivered or Company’s use thereof; or (v) any personal injury or real or tangible personal property damage to the extent caused by Elavon or its third party contractors.

13(c). Infringement Claims.

- (i) Elavon will defend Company and its employees, officers, and agents in connection with claims, actions, demands or proceedings (made or threatened) brought by a third party, and will pay the final award of damages assessed against Company, its employees, officers or agents in a final judgment by a court of competent jurisdiction, including awarded costs, or any amount in settlement or compromise authorized by Elavon in writing, arising out of Elavon’s alleged infringement or other violation of a U.S. or Canada patent, copyright or trademark of a third party by the Services (but not Equipment) in the form delivered or Company’s use thereof (an “Infringement Claim”).
- (ii) If any part of the Services or the use of the Services becomes, or in Elavon’s opinion is likely to become, the subject of an Infringement Claim, and as a result of such Infringement Claim Company’s use of the Services may be enjoined or interfered with, then Elavon will, at its option and expense, either, and in addition to defending Company and paying the final amount of damages as provided for in this section, (1) obtain a license for Company to continue using the alleged infringing component(s) of the Services; (2) modify the alleged infringing component(s) of the Services to avoid the infringement in a manner that still permits the Services to perform in all material respects in accordance with the Agreement; or (3) replace the alleged infringing component(s) of the Services with compatible, functionally equivalent, and non-infringing component(s). Elavon will use commercially reasonable efforts to accomplish the remedies identified in this section in a manner that minimizes the disruption to Company’s business operations. If Elavon is not able to accomplish the above remedies within a commercially reasonable time frame and on commercially reasonable terms, Elavon may terminate the Agreement upon written notice to Company. Upon such termination, Elavon will promptly refund any fees paid for Services not performed as of the date of termination.
- (iii) Elavon will have no liability for any Infringement Claim to the extent caused by (1) access to or use of the Services other than as specified under the Agreement and the related Documentation, (2) combination or use of the Services with non-Elavon products or services (whether or not provided to Company by Elavon), (3) any hardware, devices, software, services or other resources not provided by Elavon, (4) failure or refusal by Company to install, implement or use any Update or correction provided by Elavon, (5) modification or alteration of the Services by anyone other than Elavon without Elavon’s prior written consent, (6) Company’s goods or services, or (7) the negligence, gross negligence or willful misconduct of, or breach of the Agreement by, Company.
- (iv) **THIS SECTION 13(c) SETS FORTH THE EXCLUSIVE REMEDY OF COMPANY AND THE SOLE AND COMPLETE LIABILITY OF ELAVON WITH RESPECT TO ANY INFRINGEMENT CLAIMS.”**

13(d). Procedure.

- (i) If an Infringement Claim is subject to Elavon’s obligations in Section 13(c) of the Agreement, Company will:
 - (1) Provide Elavon prompt notice of the Infringement Claim (provided that any delay in notification will not relieve Elavon of its obligations under this Section 13(d) except to the extent that the delay materially impairs its ability to fully defend the Infringement Claim);
 - (2) Subject to Section 13(d)(ii), give Elavon the right to exercise exclusive control over the preparation and defense of the Infringement Claim; and
 - (3) Provide such assistance in connection with the defense and settlement of the Infringement Claim as Elavon may reasonably request, at Elavon’s expense. Elavon will not enter into any settlement that imposes any liability or obligation on Company, or contains any admission or acknowledgement of wrongdoing (whether in tort or otherwise), without Company’s prior written consent.
 - (ii) Company may join in the defense, with its own counsel, at its own expense.”
- 13) **Section 16 Personal Guaranty** is deleted.
- 14) **Section 18.2 Jurisdiction and Venue; Governing Law** is deleted.
- 15) **Section 18.3 Exclusivity** is deleted.
- 16) **Section 18.5 Assignability** is deleted and replaced with the following:
- “**Assignability.** Company will not assign the Agreement, directly, by operation of law, or by change of control of Company, without Elavon’s prior written consent. If Company nevertheless assigns the Agreement without Elavon’s consent, the Agreement will be binding on both the assignee and Company. Elavon will not transfer or assign the Agreement without the prior written consent of Company, provided that such consent will not be required for (i) the assignment or delegation to an affiliate of Elavon, or (ii) the assignment or delegation to any Person into or with which Elavon will merge or consolidate, or who may acquire substantially all of Elavon’s stock or assets.”
- 17) **Section 18.6 Arbitration** is deleted.
- 18) **Section 18.9 Attorney’s Fees and Expenses** is deleted.
- 19) **Section 18.12 Amendments** is deleted and replaced with the following:
- “**Amendments.** Except as otherwise provided in the Agreement, amendments to the Agreement will be in writing and signed by the parties. Notwithstanding the foregoing, Elavon and Member may amend or modify the Agreement, to the extent such changes are required by or attributable to changes in the Payment Network Regulations or other Laws, upon written notice to Company. Elavon or Member will inform Company of such a change in a periodic statement or other written notice, and such change will become effective at least 30 days after the issuance of the notice. Notwithstanding the previous sentence, changes to fees authorized by the Agreement will be effective upon notice to Company, unless a later effective date is provided.”
- 20) **Schedule A, Section 1.5 Personal Guaranty** is deleted
- 21) **Schedule A, Section 1. 6 Jurisdiction and Venue; Governing Law** is deleted.
- 22) **Schedule A, Section 1.7 Arbitration** is deleted.
- 23) **Schedule B, Section 16** is hereby added:
- “16. Either Elavon or Company may terminate the ECS services portion of the Agreement at any time upon thirty days’ prior written notice to the other party, and (ii) Elavon may, at its option, transition Company to a new program offered by Elavon that provides services similar to the ECS.”