



(FOR BANK USE ONLY)

CM No.

PRE-AUTHORIZED DEBITS SERVICE

(Personal and Business PADs)

LETTER OF UNDERTAKING

To: Royal Bank of Canada ("RBC")

The undersigned ("Customer") requests that RBC provide its Pre-Authorized Debits Service (the "Service"), which consists of the processing of pre-authorized debits (PAD's) by RBC on behalf of Customer, drawn on specified payors ("Payors") for credit to my/our Account Number: _____ Branch Location_____.

In consideration of RBC agreeing to act as Customer's Sponsoring Clearing Bank Member by collecting personal or business PADs issued by Customer, Customer agrees that the Service will be conducted in accordance with RBC's rules and any Regulatory or Clearing Association regulations, supplemented or amended from time to time.

(Customer/Company Name)

By: _____
(Authorized Signature)

By: _____
(Authorized Signature)

ACCEPTED AND AGREED
ROYAL BANK OF CANADA

Per: _____

Name:

Title:

Form 12270 (12/2002 revision or later)
Financial Services Agreement, or
Form 11116 (07/2003 revision or later)
Business Services Agreement must be held
prior to the signing of this form.

Pre-Authorized Debits Service
Letter of Undertaking – Terms and Conditions

PAYOR PAD AGREEMENT

1. Customer warrants and guarantees to RBC that each Payor on whose behalf any debit purports to have been drawn or direction purports to have been given, will have signed and delivered to Customer a written request authorizing Customer to issue PADs and, where applicable, given a direction pursuant to such written request to issue a PAD as though it were signed by such Payor and authorizing such direction to be acted upon as though it were a written direction signed by such a Payor (a "Payor PAD Agreement").
2. Customer undertakes to make available for inspection, within a reasonable time, upon the request of the Payor, or an authorized representative of the Payor (including the Processing Clearing Bank Member), the Payor PAD Agreement of any Payor for whom Customer has issued or caused to be issued a PAD.
3. Customer undertakes to ensure that the Payor PAD Agreement is substantially in compliance with RBC and any applicable Clearing Association Standards.
4. Customer warrants and guarantees to RBC that if it issues PADs with sporadic frequency, that Customer will obtain proper authorization from the Payor for each and every PAD with sporadic frequency.
5. Customer undertakes to make available, with a reasonable time, upon the request of the Payor, or an authorized representative of the Payor (including the Processing Clearing Bank Member), evidence that the Payor provided authorization for the PAD that the Customer has issued or caused to be issued.

ACCURACY OF INFORMATION, VALIDITY

6. Customer is solely responsible for the accuracy and completeness of all information furnished to RBC and RBC is not responsible in any way for errors resulting from the inaccuracy or incompleteness of any information furnished to RBC by Customer or any officer, employee or agent of Customer. Further, Customer is solely responsible to ensure that the Payor PAD Agreement is signed by a (the) valid signing authority(ies) for the account and that the signature method employed by the Payor meets any requirements applied by Clearing Association Standards.

INDEMNITY

7. Customer undertakes and agrees to hold harmless and to indemnify RBC against all loss, costs, fees, damages, expenses, liability, claims, suits, and demands whatsoever that RBC or any Processing Clearing Bank Member may suffer, incur or be under or that may be made or brought against RBC or any Processing Clearing Bank Member, by whomsoever made or brought, by reason of or in any way arising out of the action in drawing and issuing any debit issued by Customer, including, without limitation, all amounts that may be erroneously paid by RBC or any other Processing Clearing Bank Member in respect of any such PAD erroneously credited or debited by RBC or any other Processing Clearing Bank Member pursuant to any such direction by a PAD voucher or other media.

PAYOR'S CLAIM FOR REIMBURSEMENT

8. Customer agrees to reimburse RBC and any Processing Clearing Bank Member for any payments, including any interest payments, made in accordance with the terms of the Clearing Rules including, without limitation, any claim paid by RBC as a result of a declaration filed by a Payor or other person alleging that
 - a. the PAD was not drawn in accordance with the Payor PAD Agreement;
 - b. the Payor PAD Agreement was revoked;
 - c. the pre-notification:
 - was not given 10 calendar days before the date of the PAD was processed to the account of the Payor.
 - d. no contractual relationship (no Payor PAD Agreement) ever existed between the person making the claim and Customer.

COMPLIANCE WITH THE RULES

9. Customer agrees to abide by all relevant provisions of the Clearing and Regulatory Rules in force from time to time as they apply to PADs in accordance to the laws of the country where the account is held.

INFORMATION GIVEN TO PAYOR

10. Customer agrees that it will, prior to issuing PADs against a Payor's account, inform the Payor of the recourse notification. Where possible, Customer will provide each Payor with a copy of the signed Payor PAD Agreement.

FEES

11. We are responsible for payment of fees for services performed by the Bank in accordance with fee schedule as stipulated by the Bank.

DATA DELIVERY

12. If RBC is directed to deliver payment-related data to the Payor or the Processing Clearing Bank Member, by way of EDI transmission, facsimile transmission or e-mail message, as instructed by Customer, the payment-related data will include (but may not be limited to) Customer's name, the name of Payor, the amount of the payment and the description of the goods or services supplied by Customer or any other messages being sent by Customer to Payor. Customer is responsible to inform Payor that it has instructed RBC to send this payment related data using the methods noted above. Without limiting the generality of the foregoing, Customer acknowledges that the payment-related data may be delivered using unsecured methods and that privacy and confidentiality cannot be ensured and further that any unprotected e-mail communication over the Internet is, as with communication via any other medium (e.g. cellular phones, post office mail), not confidential, subject to possible interception or loss, and subject to possible alteration.

With respect to payment-related data, RBC will not be responsible for any unauthorized access to the payment-related data or loss of data or for any loss or damage suffered or incurred by Customer with respect to such delivery of payment-related data, except where there has been negligence on the part of RBC. Data collected shall not be used nor disclosed in any matter incompatible with the pre-authorized debit service detailed in this agreement.

Customer agrees that RBC may deliver to it information, service reports or data relating to the performance of the applicable Service, including information and data pertinent to Customer or to the receivers of the payments issued by Customer, printed on paper or transmitted through electronic facsimile or electronic transmission or similar unsecured methods.

FORCE MAJEURE

13. RBC is not liable for any delay, damage, penalty, cost, expense or inconvenience to Customer or any other person resulting from RBC's failure to perform any of its obligations in respect of the Service by reason of any cause beyond RBC's control.

TERMINATION OF SERVICE

14. RBC may terminate the Service immediately on providing written notice to Customer. Notwithstanding any such termination, any provisions of the Clearing Association and the indemnification provisions of this Service shall continue to remain in full force and effect with respect to any PAD drawn and issued or other media delivered by RBC in accordance with the provisions of the Service prior to the day upon which such termination takes effect.

AGENT / THIRD PARTY SERVICE PROVIDER

15. Customer agrees that if it intends to use a third party service provider in connection with the Service, the name of such third party service provider shall be set forth in the space provided below and in such event Customer shall be taken to have confirmed to RBC and RBC shall be entitled to rely upon such confirmation and by such confirmation Customer represents and warrants to RBC and agrees with RBC that (i) such third party service provider has been appointed as its agent to carry out on its behalf all payment types and data deliveries related to the Service; (ii) RBC is authorized and directed to give effect to all instructions and directions received from such person in connection with all payments and data deliveries related to the Service; (iii) notwithstanding such appointment, it shall remain at all times liable under this Agreement and any other agreement which it may enter into with RBC at any time; (iv) it has all necessary agreements in place with such person and exercises appropriate control over such person so as to ensure that it is able to fulfil its obligations under this Agreement and any other agreement which it may enter into with RBC at any time; and (v) it will indemnify RBC against any claim, cost or liability incurred by RBC where and to the extent caused by any act or failure to act by or on the part of such person.

Name of Agent/Third Party Processor

Address and E-mail Address

Telephone and Fax Number

Name of Authorized Representative of Agent/Third Party Processor

RULES AND MANUAL OF OPERATION

16. Customer agrees that RBC may deliver, any notices of amendments or changes to the applicable Service, as the case may be, to Customer's last known mailing address or electronic mail address or through announcements in RBC's Internet location for the applicable Service.