

SCHEDULE 3.2: STATE SPECIFIC TERMS AND CONDITIONS

1. Applicability

The Services provided hereunder may be subject to different rules and regulations depending on the jurisdiction in which they are performed or where Covered Employees are located. Further, some states require the agreement governing the co-employment relationship to include specific terms. Where rights are reserved in order to comply with state or federal laws requiring the reservation of such rights by a PEO, the rights are reserved only to the extent required by such laws. To address the requirements of individual state law that may be applicable to this Agreement ("State Specific Terms"), the Parties hereby incorporate the terms of this **Schedule 3.2** into this Agreement as follows: (i) each term of this **Schedule 3.2** shall apply only to Services relating to Covered Employees in the state requiring such term and not in any other states, (ii) each term of this **Schedule 3.2** shall, to the extent possible, be read to be consistent with the other terms of the Agreement, (iii) if a term of this **Schedule 3.2** cannot be read as consistent with any other term of the Agreement, subject to item (iv) below, the term in this **Schedule 3.2** shall prevail, but only to the extent of the conflict and only in the state where applicable, (iv) if a term of this **Schedule 3.2** subjects this Agreement to a specific state statute and the statute in question subordinates itself, or any part of it, to the Agreement (e.g. the state statute states, in effect, that the term in question is applicable "unless otherwise agreed"), then the terms of this Agreement shall prevail over the subordinated statutory term, and (v) these terms and conditions of this **Schedule 3.2** are subject to change at any time as required by state law.

2. Alabama

- (a) This Agreement, as it pertains to Covered Employees in Alabama, is subject to the Alabama Professional Employer Organization Registration Act (Alabama Code 25-14).
- (b) PEO reserves a right of direction and control over Covered Employees in Alabama and exercises that right in the context of the need to do so according to the terms and conditions of this Agreement. Client, however, as an employer, may retain sufficient direction and control over Alabama Covered Employees necessary to conduct its business, and, without which, Client would be unable to conduct its business, discharge any fiduciary responsibility, or comply with any applicable licensure, regulatory, or statutory requirement.
- (c) PEO (i) assumes responsibility for the payment of wages to each Covered Employee and to withhold, collect, report, and remit payroll-related and unemployment taxes; and (ii) retains a right to hire, terminate, and discipline each Covered Employee.
- (d) Except as otherwise provided herein, Client retains the exclusive right to direct or control Covered Employees as is necessary to conduct the business of Client, to discharge the fiduciary responsibilities of Client, or to comply with any licensure requirements application to Client or Covered Employees.
- (e) Client will be solely responsible for the quality, adequacy, and safety of the goods or services produced or sold in Client's business.
- (f) Client will be solely responsible for directing, supervising, training, and controlling the work of Covered Employees with respect to the business activities of Client and will be solely responsible for the acts, errors, or omissions of Covered Employees with regard to those activities.

(g) PEO will not be liable for the acts, errors, or omissions of Client or of any Covered Employee when the Covered Employee is acting under the express direction and control of Client.

(h) A Covered Employee will not be considered, solely as the result of being a Covered Employee, an employee of PEO for purposes of general liability insurance, fidelity bonds, surety bonds, employer's liability which is not covered by workers' compensation, or other liability insurance carried by PEO unless the Covered Employee is included by specific, express reference herein or in an applicable employment agreement, insurance contract or bond.

(i) Upon termination of this Agreement, PEO will provide to Client, if requested, records regarding the loss experience related to workers' compensation insurance provided to Covered Employees.

3. Alaska

(a) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in Alaska Administrative Code, title 8, section 15-160(h).

4. Arizona

- (a) If PEO provides workers' compensation coverage for Covered Employees in Arizona, PEO shall maintain and, if requested by Client on termination of the Agreement, be able to provide to the Client records regarding the loss experience related to the workers' compensation insurance that is provided to Covered Employees in Arizona.
- (b) If Client employs any workers in addition to Covered Employees ("Client Personnel"), Client will provide to PEO the name of the workers' compensation insurance carrier that is providing workers' compensation coverage to such Client Personnel and any other related information required by the State.
- (c) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in Arizona Revised Statute, section 23-351.

5. Arkansas

- (a) This Agreement, as it pertains to Covered Employees in Arkansas, is subject to the Arkansas Professional Employer Organization Recognition and Licensing Act (Arkansas Code 2392-4).
- (b) PEO reserves a right of direction and control over the Covered Employees in Arkansas, however, Client retains the right to exercise direction and control over Arkansas Covered Employees as is necessary to conduct Client's business, discharge fiduciary responsibility that it may have, or comply with any applicable licensing requirements.
- (c) PEO (i) assumes responsibility for the payment of wages and salaries to each Covered Employee and to withhold, collect, report, and remit payroll-related and unemployment taxes; (iii) assumes responsibility to make payments for employee benefits for Covered Employees under the Agreement (if any); and (iv) retains a right to hire, terminate, and discipline each Covered Employee.
- (d) If PEO provides workers' compensation coverage for Covered Employees in Arkansas, PEO shall maintain records regarding the premium and loss experience related to such Arkansas workers' compensation insurance. If requested by Client in writing at or after termination of this Agreement, PEO will provide to Client the loss experience data and premium data related to Arkansas

Covered Employees. To the extent such data is held by PEO's insurance carrier, PEO will make a reasonable effort to obtain such data from the insurer.

(e) During the Term and for a period of ninety (90) days thereafter, Client may obtain copies of PEO's records related to payroll, workers' compensation coverage, losses and claims, and employee benefits (if any).

(f) Client shall pay PEO a reasonable fee for obtaining and providing the records described in this Section, which, unless otherwise determined by PEO, shall be fifty dollars (\$50) per hour of staff time used to locate, assemble, copy and deliver the records or information requested by Client.

(g) PEO will not be liable for the acts, errors, or omissions of Client or of any Covered Employee when the Covered Employee is acting under the express direction and control of Client.

(h) A Covered Employee is not, solely as the result of being a Covered Employee, an employee of PEO for purposes of general liability insurance, fidelity bonds, surety bonds, employer's liability which is not covered by workers' compensation, or other liability insurance carried by PEO unless the Covered Employee is included by specific, express reference herein or in an applicable employment agreement, insurance contract or bond.

(i) Client will cooperate with PEO to provide notice to Covered Employees of the respective responsibilities and duties of the parties under the Agreement and obtain their consent thereto.

6. California

(a) Client agrees to cooperate with PEO in completing anti-harassment training, to the extent required by California law, for all Covered Employee supervisors, either live or online, every two (2) years and within six (6) months of a Covered Employee being hired as a supervisor or promoted to supervisor position. Similarly Client agrees to cooperate with PEO in completing anti-harassment training, to the extent required by California law, for all Covered Employees who are not supervisors, either live or online, every two (2) years and within six (6) months of a Covered Employee being hired.

(b) Client will not engage in operating a garment manufacturing operation or a car wash operation without PEO's written consent.

(c) Client assumes all civil legal responsibility and civil liability under California Labor Code Section 2810.3.

(d) Client is responsible for implementing and maintaining an Illness Injury and Prevention Program and for otherwise complying with all California mandated health and safety requirements, with or without consulting assistance from PEO.

(e) Client is responsible for complying with posting and notice requirements under California law, including but not limited to the Wage Theft Protection Act notices, EDD mandated unemployment and disability insurance notices, expense reimbursement, and new hire workers' compensation insurance related notices.

(f) Client is responsible for ensuring compliance with California meal period, rest break, heat related break, seating, split shift, and minimum reporting time pay requirements, with or without consulting assistance from PEO.

(g) Client will provide paid sick leave to Covered Employees to the full extent required by California law or applicable city or county ordinances or regulations, with or without consulting assistance from PEO.

(h) Client is solely responsible for all costs associated with "first aid" claims as defined by California law.

(i) Client agrees that PEO is not a joint employer for purposes of liability pursuant to the California Wage Orders, Labor Code, and Government Code.

(j) Client agrees that Client and PEO are not joint employers or dual employers, as those terms are defined by Cal/OSHA.

(k) Client is responsible for providing a computer terminal and printer at worksites where Covered Employees work for Covered Employees' use to access and print wage statements, to the extent required under applicable law.

(l) Client is responsible for complying with specific wage statement requirements, including without limitation, documentation of a voluntary election for electronic delivery of wage statements, that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in California Labor Code, sections 226, 226.2, and 246(h).

7. Colorado

(a) This Agreement, as it pertains to Covered Employees in Colorado, is subject to Colorado Revised Statute 8-70-114.

(b) PEO intends to assign Covered Employees to Client on a long-term basis and not reassign Covered Employees to a series of limited-term assignments.

(c) PEO retains the right to: (i) assign Covered Employees in Colorado to Client's worksite locations; (ii) set Colorado Covered Employee rate of pay; (iii) pay Covered Employees in Colorado from PEO's own account or accounts; (iv) withhold, collect, report, and remit payroll-related and unemployment taxes; (v) share in the direction and control of Covered Employees in Colorado; (vi) discharge, reassign, or hire Covered Employees in Colorado; and (vii) provide for the welfare and benefit of Covered Employees in Colorado through such programs as professional guidance including, but not limited to, employment training, safety, and compliance matters.

(d) Client has the responsibility for those policies and procedures related to the actual conduct of the work that leads to Client's conduct of its business and the production of its goods and services.

(e) Client and PEO share the responsibility for addressing Colorado Covered Employee complaints, claims, or requests related to employment, except as otherwise provided pursuant to a collective bargaining agreement.

(f) Client will cooperate with PEO to provide notice to Covered Employees of the respective responsibilities and duties of the parties under the Agreement and obtain their consent thereto.

(g) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in Colorado Revised Statute, section 8-4-103.

8. Connecticut

(a) This Agreement, as it pertains to Covered Employees in Connecticut, is subject to Connecticut General Statute 31-221e.

(b) PEO (i) assumes responsibility for the payment of wages and salaries to each Covered Employee and for withholding, collecting, reporting, and remittance of payroll-related and unemployment taxes; and (ii) for making payments for employee benefits for Covered Employees under the Agreement (if any).

(c) Client will be solely responsible for the quality, adequacy, and safety of the goods or services produced or sold in Client's business.

(d) Client will be solely responsible for directing, supervising, training, and controlling the work of Covered Employees with respect to the business activities of Client and will be solely responsible for the acts, errors, or omissions of Covered Employees with regard to those activities.

(e) PEO will not be liable for the acts, errors, or omissions of Client or of any Covered Employee when the Covered Employee is acting under the express direction and control of Client.

(f) A Covered Employee is not, solely as the result of being a Covered Employee, an employee of PEO for purposes of general liability insurance, fidelity bonds, surety bonds, employer's liability which is not covered by workers' compensation, or other liability insurance carried by PEO unless the Covered Employee is included by specific, express reference herein or in an applicable employment agreement, insurance contract or bond.

(g) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in Connecticut General Statute, section 31-13a.

9. Delaware

(a) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in Delaware Annotated Code, title 19, section 1108(4).

10. District of Columbia

(a) Client will provide paid sick leave to Covered Employees to the full extent required by District of Columbia's Accrued Sick and Safe Leave Act (ASSL), with or without consulting assistance from PEO.

(b) If Client requests that PEO make any payments to or for the benefit of Client or any Covered Employee or perform any other act required under the ASSL, such request shall be in writing, and Client expressly agrees to pay any associated additional fees or costs in accordance with the terms of this Agreement.

(c) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in Code of District of Columbia, section 32-1008(b) and District of Columbia Municipal Regulations, section 7-911.2.

11. Florida

(a) This Agreement, as it pertains to Covered Employees in Florida, is subject to Florida Statute 468-525(4).

(b) PEO reserves a right of direction and control over Covered Employees in Florida. However, Client retains direction and control over Florida Covered Employees as is necessary to conduct Client's business and without which the Client would be unable to conduct its business, discharge any fiduciary responsibility that it may have, or comply with any applicable licensure, regulatory, or statutory requirement of the client.

(c) PEO's responsibility to pay wages to Covered Employees in Florida shall be without regard to payments by Client to PEO. PEO assumes full responsibility for the payment of payroll taxes and collection of taxes from payroll on Covered Employees in Florida. For the avoidance of doubt, nothing in this paragraph shall relieve Client of its obligation to make full and timely payment to PEO.

(d) PEO retains authority to hire, terminate, discipline, and reassign Covered Employees in Florida. However, Client has the right to accept or cancel the assignment of any Florida Covered Employees.

(e) PEO retains a right of direction and control over management of safety, risk, and hazard control at Client's worksite or sites in Florida affecting its Florida Covered Employees, including: (i) responsibility for performing safety inspections of Client equipment and premises; (ii) responsibility for the promulgation and administration of

employment and safety policies; and (iii) responsibility for the management of workers' compensation claims, claims filings, and related procedures.

(f) In order to meet the requirements of Florida Statute 468.525(4), PEO retains the right to conduct an annual onsite physical examination of Client. The purpose of this examination is to aid in the determination of proper workers' compensation classifications of Covered Employees in Florida and to aid in the determination of payroll amounts paid to such Covered Employees. Such examination shall allow for both PEO and its assigns to conduct audits of Client for the purposes set forth above to the extent set forth in Florida Statute 440.381, and the rules promulgated thereto by the Florida Department of Financial Services, Division of Workers' Compensation.

(g) Client will cooperate with PEO to give written notice of the general nature of the relationship between the PEO and Client to each Covered Employee.

(h) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in Florida Statute, section 448.24.

12. Georgia

(a) This Agreement, as it pertains to Covered Employees in Georgia, is subject to the Official Code of Georgia Annotated Section 34-7-6.

(b) PEO reserves a right of direction and control over Covered Employees in Georgia. However, Client retains sufficient direction and control over Georgia Covered Employees as is necessary to conduct Client's business operations and fulfill its obligations to Georgia Covered Employees.

(c) PEO assumes responsibility for payment of the wages of Covered Employees, and for the withholding and payment of payroll taxes.

(d) Client will be considered to be the sole employer of Covered Employees for licensing purposes.

13. Hawaii

(a) This Agreement, as it pertains to Covered Employees in Hawaii, is subject to Hawaii Revised Statute 373L.

(b) Pursuant to Hawaii Revised Statute 373L-6, during the Term, PEO shall be deemed the employer for all Covered Employees for purposes of complying with all laws relating to unemployment insurance, workers' compensation, temporary disability insurance, and prepaid health care coverage.

(c) PEO shall provide written notification to each Covered Employee of this responsibility, and Client will cooperate with PEO to provide written notification to Covered Employees of the general nature of the relationship between PEO and Client.

(d) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in Hawaii Revised Statute, sections 387-6, 388-7, and Hawaii Code of Regulations, section 12-21-5.

14. Idaho

(a) This Agreement, as it pertains to Covered Employees in Idaho, is subject to the Idaho Professional Employer Recognition Act (Idaho Code 44-24).

(b) PEO reserves a right of direction and control over Covered Employees in Idaho. However, Client retains such sufficient direction and control over the Idaho Covered Employees as is necessary to conduct Client's business and without which Client would be unable to conduct its business, discharge any fiduciary

responsibility which it may have, or comply with any applicable licensure, regulatory or statutory requirement of the Client.

(c) PEO assumes responsibility for the withholding and remittance of payroll-related taxes and employee benefits for Idaho Covered Employees from its own accounts, as long as this Agreement remains in force.

(d) PEO retains authority to hire, terminate, discipline, and reassign Covered Employees in Idaho. However, Client, if it accepts the responsibility for its action, may have the right to accept or cancel the arrangement of any Idaho Covered Employee.

(e) PEO will not be liable for the acts, errors, or omissions of Client or of any Covered Employee when the Covered Employee is acting under the express direction and control of Client.

(f) A Covered Employee is not, solely as the result of being a Covered Employee, an employee of PEO for purposes of general liability insurance, fidelity bonds, surety bonds, employer's liability which is not covered by workers' compensation, or other liability insurance carried by PEO unless the Covered Employee is included by specific, express reference herein or in an applicable employment agreement, insurance contract or bond.

(g) PEO will provide, and Client will post at the Client's worksite, a notice to Covered Employees informing them of the general nature of the co-employment relationship between PEO and Client.

(h) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in Idaho Annotated Code, section 45-609.

15. Illinois

(a) This Agreement, as it pertains to Covered Employees in Illinois, is subject to the Illinois Employee Leasing Act (215 ILCS 113).

(b) Client will provide to PEO Client's unemployment insurance account number, a general description of Client's business and business locations, and a power of attorney with respect to client identity reports to the Department of Employment Security, in accordance with state law.

(c) *If reporting wages at the PEO level:* PEO in conjunction with Client: (i) retains a right of direction and control over Covered Employees; (ii) retains a right to hire and terminate Covered Employees; and PEO assumes responsibility for the withholding and remittance of payroll-related taxes and employee benefits from its own accounts, as long as the Agreement remains in force.

(d) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in the Illinois Wage Payment and Collection Act 820 ILCS 115/10; 820 ILCS 175/10, 820 ILCS 115/30.

16. Indiana

(a) This Agreement, as it pertains to Covered Employees in Indiana, is subject to Indiana Code 27-16.

(b) If under **Schedule 1** herein PEO is allocated the responsibility to provide worker's compensation coverage to Covered Employees in Indiana, PEO shall maintain and provide to Client, at the Client's request upon termination of this Agreement, records regarding loss experience related to such worker's compensation insurance coverage.

(c) PEO may exercise and enforce only the rights, and is obligated to perform only the duties and responsibilities that are required of PEO or specifically allocated to PEO under state law and this Agreement.

(d) Client retains the exclusive right to direct and control Covered Employees as necessary to: (i) conduct Client's business; (ii)

discharge Client's fiduciary responsibilities; and (iii) comply with licensure requirements that apply to Client or Covered Employees.

(e) PEO is not responsible for an obligation between Client and a Covered Employee for payments in addition to Covered Employee's salary, draw, or regular rate of pay, including bonuses, commissions, severance pay, deferred compensation, profit sharing, or vacation, sick, or other paid time off unless expressly agreed to in this Agreement.

(f) PEO is not liable for the acts, errors, or omissions of Client or of any Covered Employee when the Covered Employee is acting under the express direction and control of Client.

(g) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in Indiana Code, section 22-2-2-8.

17. Iowa

(a) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in Iowa Code, section 91A.6.

18. Kansas

(a) This Agreement, as it pertains to Covered Employees in Kansas, is subject to the Kansas Professional Employer Organization Registration Act (Kansas Statute 44-17).

(b) In addition to Client's right to hire, discipline and terminate a Kansas Covered Employee, PEO shall have a right to hire, discipline and terminate a Kansas Covered Employee only as may be necessary to fulfill the PEO's responsibilities under the provisions of K.S.A. 2013 Supp. 44-1701 through 44-1711, and amendments thereto, or under this Agreement.

(c) PEO (i) assumes responsibility for the payment of wages to Covered Employees and the withholding and remittance of payroll-related taxes; and (ii) assumes responsibility to make payments for employee benefits for Covered Employees under the Agreement (if any).

(d) Client is entitled to exercise all rights and is obligated to perform all duties and responsibilities otherwise applicable to an employer in an employment relationship, including the right to hire, discipline, and terminate a Covered Employee.

(e) PEO is entitled to exercise only those rights and obligated to perform only those duties and responsibilities specifically required by state law or set forth in the Agreement. The rights, duties, and obligations of PEO as co-employer with respect to any Covered Employee are limited to those arising under the Agreement and state law during the term of co-employment by PEO of the Covered Employee.

(f) Client will be solely responsible for the quality, adequacy, and safety of the goods or services produced or sold in Client's business.

(g) Client will be solely responsible for directing, supervising, training, and controlling the work of Covered Employees with respect to the business activities of Client and will be solely responsible for the acts, errors, or omissions of Covered Employees with regard to those activities.

(h) PEO will not be liable for the acts, errors, or omissions of Client or of any Covered Employee when the Covered Employee is acting under the express direction and control of Client.

(i) A Covered Employee will not be considered, solely as the result of being a Covered Employee, an employee of PEO for purposes of general liability insurance, fidelity bonds, surety bonds, employer's liability which is not covered by workers' compensation, or other liability insurance carried by PEO unless the Covered Employee is

included by specific, express reference herein or in an applicable employment agreement, insurance contract or bond.

(j) PEO will provide, and Client will post, in a conspicuous place at the Client's worksite, a notice to Covered Employees informing them of the general nature of the co-employment relationship between PEO and Client, as well as any other notices required by state law relating to unemployment compensation and minimum wages.

(k) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in Kansas Annotated Statute, section 44-320.

19. Kentucky

(a) This Agreement, as it pertains to Covered Employees in Kentucky, is subject to Kentucky Revised Statute 342.615.

(b) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in Kentucky Revised Statute, section 337.070.

20. Louisiana

(a) This Agreement, as it pertains to Covered Employees in Louisiana, is subject to the Louisiana Revised Statutes 23:1761-1769 (Part XII - Professional Employer Organizations) and 22:1741:1751 (Part VII - Professional Employer Organizations).

(b) The Parties hereby express their clear intent for this Agreement and the relationship created hereby to be ongoing rather than temporary, regardless of whether or not the Initial Term is for less than one year.

(c) PEO (i) assumes responsibility for the payment of wages to Covered Employees and the withholding and remittance of payroll-related taxes; and (ii) retains a right to hire, terminate, and discipline Covered Employees.

(d) Client retains control over its business enterprise and exercises direction and control of Covered Employees as to the manner and method of work done in furtherance of Client's business. Responsibility for other employment matters in Louisiana shall be allocated between Client and PEO as set out in this Agreement.

21. Maine

(a) This Agreement, as it pertains to Covered Employees in Maine, is subject to Maine Revised Statute 32-125.

(b) PEO reserves a right of direction and control over Covered Employees in Maine, but only to the extent sufficient for PEO to qualify as an "employee leasing company" under Section 14051(3) of Maine Revised Statute 32-125. For purposes of this section, "direction and control" includes the right of PEO to hire and fire Covered Employees.

(c) PEO is entitled to exercise only those rights and obligated to perform only those duties and responsibilities specifically required by state law or set forth in the Agreement.

(d) Only to the extent required by state law in order to provide the services contemplated by this Agreement, and for no other purpose express or implied, PEO reserves a right of direction and control over each Covered Employee.

(e) Client may report any complaints regarding PEO to the Superintendent of Consumer Credit Protection.

(f) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in Main Revised Statute, title 26, sections 665 and 633.

22. Maryland

(a) PEO (i) assumes responsibility for the payment of wages to Covered Employees and the withholding and remittance of payroll-related taxes, including payment of wages to Covered Employees from its own accounts; and (ii) reserves a right to hire, assign, discipline, terminate, and reassign Covered Employees.

(b) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in Maryland Annotated Code of Labor and Employment, sections 3-502 and 3-504.

23. Massachusetts

(a) Client will notify the Massachusetts Department of Unemployment Assistance at least 60 days prior to the next due date for the payment of unemployment insurance contributions in accordance with 430 Mass. Code Regs., section 5.10, and thereafter provide proof of proper notice to PEO.

(b) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in Massachusetts General Laws, chapter 149, sections 148, 150A, 157A, and 190.

24. Michigan

(a) This Agreement, as it pertains to Covered Employees in Michigan, is subject to the Michigan Professional Employer Organization Regulatory Act (Michigan Act 370 of 2010).

(b) PEO reserves the right to hire, promote, reassign, terminate, and discipline Michigan Covered Employee, as necessary to fulfill PEO's responsibilities under the Michigan Professional Employer Organization Regulatory Act and this Agreement. Client may also hire, discipline, and terminate Michigan Covered Employees.

(c) The Worker's Disability Compensation Act of 1969 (1969 PA 317, MCL 418.101 to 418.941) shall be included in the definition of "Applicable Law." Both PEO and Client agree to comply with the Michigan Worker's Disability Compensation Act of 1969.

(d) PEO (i) assumes responsibility for the payment of wages to Covered Employees and the withholding, collecting, reporting, and remittance of payroll-related taxes; (ii) assumes responsibility to make payments for employee benefits for Covered Employees under the Agreement (if any); and (iii) assumes responsibility to provide written notice to each Covered Employee in the State regarding the general nature of the co-employment relationship between PEO and Client.

(e) PEO will provide written notice to each Covered Employee regarding the general nature of the co-employment relationship under this Agreement.

(f) Client will be solely responsible for the quality, adequacy, and safety of the goods or services produced or sold in Client's business.

(g) Client will be solely responsible for directing, supervising, training, and controlling the work of Covered Employees with respect to the business activities of Client and will be solely responsible for the acts, errors, or omissions of Covered Employees with regard to those activities.

(h) PEO will not be liable for the acts, errors, or omissions of Client or of any Covered Employee when the Covered Employee is acting under the express direction and control of Client.

(i) A Covered Employee will not be considered, solely as the result of being a Covered Employee, an employee of PEO for purposes of general liability insurance, fidelity bonds, surety bonds, employer's liability which is not covered by workers' compensation, or other liability insurance carried by PEO unless the Covered

Employee is included by specific, express reference herein or in an applicable employment agreement, insurance contract or bond.

(j) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in Michigan Compiled Laws, section 408.479 and Michigan Administrative Code, section R. 408.9012.

25. Minnesota

(a) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in Minnesota Statute, sections 181.032 and 181.12.

26. Missouri

(a) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in Missouri Revised Statute, section 290.080.

27. Montana

(a) This Agreement, as it pertains to Covered Employees in Montana, is subject to the Montana Professional Employer Organizations and Groups Licensing Act (Montana Code 39-8).

(b) PEO reserves a right of direction and control over Montana Covered Employees. However, PEO agrees to consult Client prior to exercising any such authority, and Client retains full direction and control over Montana Covered Employees necessary to conduct business and without which Client would be unable to conduct business, discharge fiduciary responsibilities, or comply with state licensing laws. Client has the right to accept or cancel the assignment of any Covered Employee.

(c) PEO assumes responsibility for the payment of Montana Covered Employee wages, workers' compensation premiums, payroll-related taxes, and benefits (if any) from PEO's own accounts without regard to payments by Client, provided that this provision neither relieves Client of its responsibility to pay PEO nor reduces or modifies the liability of any guarantor.

(d) Client shares joint and several liability for any wages, workers' compensation premiums, and payroll-related taxes and for any benefits left unpaid by PEO, and in the event that PEO's license to operate in Montana is suspended or revoked, this liability is retroactive to Client's entering into this Agreement.

(e) Client is responsible for compliance with the Montana Safety Culture Act, Title 39, chapter 71, part 15, which law shall be included in the definition of "Applicable Law."

(f) Client will cooperate with PEO to provide notice to Covered Employees of the general nature of the relationship between PEO and Client.

(g) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in Montana Annotated Code, section 39-3-101.

28. Nebraska

(a) This Agreement, as it pertains to Covered Employees in Nebraska, is subject to the Nebraska Professional Employer Organization Registration Act (Nebraska Revised Statute 48-2701:2711).

(b) PEO shall have a right to hire, discipline, and terminate a Nebraska Covered Employee only as may be necessary to fulfill

PEO's responsibilities under the Nebraska Professional Employer Organization Registration Act and this Agreement. Client shall also have a right to hire, discipline, and terminate Covered Employees.

(c) PEO: (i) assumes responsibility for the payment of wages to Covered Employees and the withholding, collecting, reporting, and remittance of payroll-related taxes; and (ii) assumes responsibility to make payments for employee benefits (if any) for Covered Employees under the Agreement (if any).

(d) Client represents and warrants that a majority of Client's employees who provide services to Client in Nebraska are co-employed under this Agreement.

(e) Client is entitled to exercise all rights and is obligated to perform all duties and responsibilities otherwise applicable to an employer in an employment relationship.

(f) PEO is entitled to exercise only those rights and obligated to perform only those duties and responsibilities specifically required by state law or set forth in the Agreement. The rights, duties, and obligations of PEO as co-employer with respect to any Covered Employee are limited to those arising under the Agreement and state law during the term of co-employment by PEO of the Covered Employee.

(g) Client retains the exclusive right to direct and control Covered Employees as is necessary to conduct its business, to discharge any of its fiduciary responsibilities, and to comply with any applicable licensure requirements.

(h) Client will be solely responsible for the quality, adequacy, and safety of the goods or services produced or sold in Client's business.

(i) Client will be solely responsible for directing, supervising, training, and controlling the work of Covered Employees with respect to the business activities of Client and will be solely responsible for the acts, errors, or omissions of Covered Employees with regard to those activities.

(j) PEO will not be liable for the acts, errors, or omissions of Client or of any Covered Employee when the Covered Employee is acting under the express direction and control of Client.

(k) A Covered Employee will not be considered, solely as the result of being a Covered Employee, an employee of PEO for purposes of general liability insurance, fidelity bonds, surety bonds, employer's liability which is not covered by workers' compensation, or other liability insurance carried by PEO unless the Covered Employee is included by specific, express reference herein or in an applicable employment agreement, insurance contract or bond.

(l) PEO will provide, and Client will post, in a conspicuous place at the Client's worksite, a notice to Covered Employees informing them of the general nature of the co-employment relationship between PEO and Client, as well as any other notices required by state law relating to unemployment compensation and minimum wages.

(m) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in Nebraska Revised Statute, sections 48-1230, 48-1231, and 48-123 and Nebraska Administrative Code, section 21-011.

29. Nevada

(a) This Agreement, as it pertains to Covered Employees in Nevada, is subject to Nevada Statute 616B.688.

(b) Client will provide to PEO Client's unemployment insurance account number, in accordance with state law

(c) Client understands that (i) coverage for workers' compensation provided under this Agreement does not take effect until effective date designated on the policy; and (ii) while the workers' compensation coverage provided under this Agreement remains in effect, PEO will pay all required premiums,

including without limitation, any adjustments or assessments, and will be entitled to any refund of premiums, provided that this provision neither relieves Client of its responsibility to pay PEO nor reduces or modifies the liability of any guarantor.

(d) Except as provided by this Agreement and by state law, all services provided under this Agreement by PEO will cease immediately on the effective date of any termination under this Agreement.

(e) Client acknowledges that the insurer from whom PEO obtains the policy of workers' compensation insurance has the right to inspect the premises and records of Client.

(f) The loss experience of Client will continue to be reported in the name of Client to the Nevada Commissioner of Insurance and will be available to subsequent insurers upon request.

(g) The policy of workers' compensation insurance covers only those employees acknowledged in writing by PEO to be employees of PEO who are being leased to the Client.

(h) Client is responsible at all times for providing coverage for workers' compensation for any employees of Client who are not Covered Employees under this Agreement. Client must provide satisfactory evidence of this required coverage to the insurer from whom the policy of workers' compensation insurance is obtained by PEO.

(i) Client will cooperate with PEO to provide notice to the Covered Employees of the nature of the relationship between Covered Employees and PEO.

(j) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in Nevada Revised Statute, section 608.110.

30. New Hampshire

(a) This Agreement, as it pertains to Covered Employees in New Hampshire, is subject to the New Hampshire Statute 277-B).

(b) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in New Hampshire Revised Statute, section 275:49.

31. New Jersey

(a) This Agreement, as it pertains to Covered Employees in New Jersey, is subject to New Jersey Statute 34:8-68.

(b) PEO reserves the right of direction and control over each New Jersey Covered employee. However, Client retains all direction and control over New Jersey Covered Employees as is necessary to conduct Client's business and without which Client would be unable to conduct its business, discharge any fiduciary responsibility that it may have, or comply with any applicable licensure, regulatory or statutory requirement of Client.

(c) PEO assumes responsibility for the payment of wages to each New Jersey Covered Employee without regard to payments by Client to PEO, provided that this provision neither relieves Client of its responsibility to pay PEO nor reduces or modifies the liability of any guarantor.

(d) PEO retains authority to hire, terminate, discipline, and reassign each New Jersey Covered Employee. However, no New Jersey Covered Employee shall be reassigned without the Covered Employee's consent and Client may have the right to accept or cancel the assignment of any Covered Employee.

(e) PEO shall, except for Clients that are newly established business entities, hire the initial New Jersey Covered Employee complement from among employees of Client at the time of execution of this Agreement at comparable terms and conditions

of employment as are in existence at Client at the time of execution of this Agreement and as designated by Client. Throughout the Term, New Jersey Covered Employees shall be considered employees of PEO and Client and upon the termination of this Agreement, New Jersey Covered Employees shall be considered employees of Client only.

(f) PEO and Client shall honor and abide by existing collective bargaining agreements applicable to New Jersey Covered Employees. Client shall continue to honor and abide by the terms of any applicable collective bargaining agreements, and upon expiration thereof, any obligations of Client to bargain in good faith in connection with such collective bargaining agreements shall not be affected in any manner by this Agreement.

(g) Both PEO and Client retain a right of direction and control over management of safety, risk and hazard control at the work site or sites affecting each Covered Employee including: (i) responsibility for performing safety inspections of Client equipment and premises; (ii) responsibility for the promulgation and administration of employment and safety policies; and (iii) responsibility for the management of workers' compensation claims, the filings thereof, and procedures related thereto.

(h) Throughout the term of this Agreement Covered Employees will be considered employees of both PEO and Client and upon the termination of this Agreement, Covered Employees will be considered employees of Client.

(i) Client will be solely responsible for the quality, adequacy or safety of the goods or services produced or sold by Client, for directing, supervising, training and controlling the work of Covered Employees with respect to the business activities of Client, and for the acts, errors or omissions of Covered Employees with regard to those activities.

(j) PEO will not be liable for the acts, errors, or omissions of Client or of any Covered Employee when the Covered Employee is acting under the express direction and control of Client.

(k) A Covered Employee will not be considered, solely as the result of being a Covered Employee, an employee of PEO for purposes of general liability insurance, fidelity bonds, surety bonds, employer's liability, which is not covered by workers' compensation, or other liability insurance carried by PEO.

(l) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in New Jersey Revised Statute, section 34:11-4.6.

32. New Mexico

(a) This Agreement, as it pertains to Covered Employees in New Mexico, is subject to the New Mexico Employee Leasing Act (New Mexico Statutes 60-13A).

(b) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in New Mexico Annotated Statute, sections 50-4-2, and 50-15-4.

33. New York

(a) This Agreement, as it pertains to Covered Employees in New York, is subject to the New York Professional Employer Act (New York Labor Code Article 31).

(b) For as long as this Agreement remains in force, PEO shall have a right to and shall assume the responsibility to secure and provide required workers' compensation coverage for the Covered Employees either in PEO's own name or in the Client's name.

(c) PEO assumes responsibility for the withholding and remittance of payroll-related taxes and employee benefits for Covered Employees and for which PEO has contractually assumed responsibility from its own accounts, during the term of the Agreement.

(d) PEO reserves a right of direction and control over New York Covered Employees. However, Client shall maintain such direction and control over New York Covered Employees as is necessary to conduct Client's business and without which Client would be unable to conduct its business, discharge any fiduciary responsibility which it may have, or comply with any applicable licensure.

(e) PEO retains authority to hire, terminate and discipline New York Covered Employees, but PEO shall consult with Client before exercising such right. Client shall also have the right to hire, terminate and discipline New York Covered Employees, but Client shall consult with PEO before exercising such right.

(f) PEO agrees to co-employ, pursuant to the terms of this Agreement, all or a majority of the New York employees providing services for Client. Client hereby represents and warrants that the Covered Employees constitute at least a majority of its employees. Client shall notify PEO within ten (10) days of any changes that result in a failure to meet this requirement.

(g) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in New York Labor Law, section 195.3(3).

34. North Carolina

(a) This Agreement, as it pertains to Covered Employees in North Carolina, is subject to the North Carolina Professional Employer Organization Act (North Carolina Statute 58-89A).

(b) PEO shall have a right to hire, discipline, and terminate a North Carolina Covered Employees as may be necessary to fulfill PEO's responsibilities under state or federal law and this Agreement, but PEO shall consult with Client before exercising such right. Client shall have a right to hire, discipline, and terminate North Carolina Covered Employees, but Client shall consult with PEO before exercising such right.

(c) PEO retains a right of direction and control over the adoption of employment policies and the management of workers' compensation claims, claim filings, and related procedures in accordance with state and federal law.

(d) If PEO provides workers' compensation coverage for Covered Employees in North Carolina, PEO shall maintain and, if requested by Client on termination of the Agreement, be able to provide to the Client records regarding the loss experience related to the workers' compensation insurance that is provided to Covered Employees in North Carolina.

(e) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in North Carolina General Statute, section 95-25.13 and North Carolina Administrative Code, title 13, section 12.0304.

35. North Dakota

(a) This Agreement, as it pertains to Covered Employees in North Dakota, is subject to North Dakota Code 43-55.

(b) PEO has the right to hire, discipline, and terminate North Dakota Covered Employees as may be necessary to fulfill the PEO's responsibilities under state and federal law and this Agreement, but PEO shall consult with Client before exercising such right. Client shall have a right to hire, discipline, and terminate North Dakota Covered

Employees, but Client shall consult with PEO before exercising such right.

(c) PEO (i) will pay wages to any Covered Employee and will withhold, collect, report, and remit payroll-related and unemployment taxes on such wages; and (ii) will make payments for employee benefits for Covered Employees (if any).

(d) Nothing in this Agreement will (i) diminish, abolish, or remove any right of a Covered Employee to Client or obligation of Client to a Covered Employee existing before the effective date of the Agreement; or (ii) affect, modify, or amend any contractual relationship or restrictive covenant between a Covered Employee and Client in effect at the time this Agreement becomes effective or prohibit or amend a contractual relationship or restrictive covenant that is entered subsequently between Client and a Covered Employee.

(e) Client retains the exclusive right to direct and control any Covered Employee as is necessary to conduct Client's business, to discharge any of Client's fiduciary responsibilities, or to comply with any licensure requirements applicable to Client or to a Covered Employee. Client is entitled to exercise all rights and is obligated to perform all duties and responsibilities otherwise applicable to an employer in an employment relationship, including the right to hire, discipline, and terminate a Covered Employee.

(f) PEO is entitled to exercise only those rights and obligated to perform only those duties and responsibilities specifically required by state law or set forth in the Agreement. The rights, duties, and obligations of PEO as co-employer with respect to any Covered Employee are limited to those arising under the Agreement and state law during the term of co-employment by PEO of the Covered Employee.

(g) Client will accurately report all wages of a Covered Employee to PEO.

(h) Client will be solely responsible for the quality, adequacy, and safety of the goods or services produced or sold in Client's business.

(i) Client will be solely responsible for directing, supervising, training, and controlling the work of Covered Employees with respect to the business activities of Client and will be solely responsible for the acts, errors, or omissions of Covered Employees with regard to those activities.

(j) PEO will not be liable for the acts, errors, or omissions of Client or of any Covered Employee when the Covered Employee is acting under the express direction and control of Client.

(k) A Covered Employee will not be considered, solely as the result of being a Covered Employee, an employee of PEO for purposes of general liability insurance, fidelity bonds, surety bonds, employer's liability, which is not covered by workers' compensation, or other liability insurance carried by PEO unless the Covered Employee is included by specific, express reference herein or in an applicable employment agreement, insurance contract or bond.

(l) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in North Dakota Administrative Code, section 46-02-07-02 (10).

36. Ohio

(a) This Agreement, as it pertains to Covered Employees in Ohio, is subject to Ohio Code Chapter 4125.

(b) Client will cooperate with PEO with respect to PEO's duty under state law to (i) maintain a record of workers' compensation claims for Client; and (ii) maintain records separately listing the manual classifications of Client and the payroll reported to each manual classification for each payroll reporting period while this Agreement remains in effect.

- (c) To the extent required under applicable Ohio law, the Initial Term of this Agreement shall not be for less than twelve months.
- (d) Client will cooperate with PEO to give written notice of the general nature of the relationship between the PEO and Client to each Covered Employee.

37. Oklahoma

- (a) This Agreement, as it pertains to Covered Employees in Oklahoma, is subject to the Oklahoma Professional Employer Organization Recognition and Registration Act (Oklahoma Statute 40-600).
- (b) PEO reserves a right of direction and control over Oklahoma Covered Employees; provided, that Client retains the right to exercise such direction and control over Oklahoma Covered Employees as is necessary to conduct Client's business, to discharge any fiduciary responsibility which it may have, or to comply with any applicable licensure requirements.
- (c) Both PEO and Client retain authority to hire, terminate, and discipline Oklahoma Covered Employees, which authority neither Party will exercise without consulting the other Party in advance.
- (d) If PEO is, under **Schedule 1** herein, allocated the responsibility to provide worker's compensation coverage to Covered Employees in Oklahoma, PEO shall maintain and provide to Client, at the Client's request upon termination of this Agreement, records regarding the premium and loss experience related to such workers' compensation insurance coverage.
- (e) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in Oklahoma Statute, title 40, section 165.2.

38. Oregon

- (a) This Agreement, as it pertains to Covered Employees in Oregon, is subject to Oregon Statute 656.850.
- (b) Only to the extent required by state law in order to provide the services contemplated by this Agreement, and for no other purpose express or implied, PEO reserves a right to ensure that Client provides adequate training, supervision, and instruction to Covered Employees to meet state law requirements. Client likewise agrees to provide adequate training, supervision, and instruction to Covered Employees to meet state law requirements.
- (c) Client agrees to cooperate fully with PEO in completing and filing a Worker's and Employer's Report of Occupational Injury or Disease (DCBS Form 801) in connection with any injuries to Covered Employees, as required under state law.
- (d) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in Oregon Revised Statute, sections 652.610, 652.620, 652.130, and 652.640 and Oregon Administrative Rules 839-020-0012.

39. Pennsylvania

- (a) PEO: (i) will have responsibility to pay wages to Covered Employees; (ii) will have responsibility to withhold, collect, report and remit payroll-related taxes and may remit unemployment taxes in accordance with state law; and (iii) will have responsibility to make payments for employee benefits for Covered Employees under the Agreement (if any). As used in this subsection, the term "wages" does not include any obligation between Client and a Covered Employee for payments beyond or in addition to Covered Employee's salary, draw or regular rate of pay, such as bonuses, commissions, severance pay, deferred compensation, profit sharing or vacation, sick or other paid time off pay. However, nothing in this

Agreement or applicable state law will relieve Client from compliance with the state's wage and labor laws.

- (b) Client is entitled to exercise all rights and is obligated to perform all duties and responsibilities otherwise applicable to an employer in an employment relationship, including the right to hire, discipline, and terminate a Covered Employee.

(c) PEO is entitled to exercise only those rights and obligated to perform only those duties and responsibilities specifically required by state law or set forth in the Agreement. The rights, duties, and obligations of PEO as co-employer with respect to any Covered Employee are limited to those arising under the Agreement and state law during the term of co-employment by PEO of the Covered Employee.

(d) Client retains the exclusive right to direct and control any Covered Employee as is necessary to conduct Client's business, to discharge any of Client's fiduciary responsibilities, or to comply with any licensure requirements applicable to Client or to a Covered Employee.

(e) PEO has the right to hire, discipline, and terminate a Covered Employee as may be necessary to fulfill PEO's responsibilities under state law and the Agreement.

(f) Client will cooperate with PEO to give written notice of the general nature of the relationship between the PEO and Client to each Covered Employee.

(g) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in Pennsylvania Annotated Statute, title 43, section 260.4a, and Pennsylvania Administrative Code, title 34, sections 9.4 and 231.36.

40. Rhode Island

(a) This Agreement, as it pertains to Covered Employees in Rhode Island, is subject to the Rhode Island Professional Employer Organizations Act of 2004 (Rhode Island Statute 5-75).

(b) PEO reserves a right of direction and control over Rhode Island Covered Employees; provided, that Client retains the right to exercise such direction and control over Rhode Island Covered Employees as is necessary to conduct Client's business, to discharge any fiduciary responsibility which it may have, or to comply with any applicable licensure requirements.

(c) PEO and Client shall both have a right to hire, terminate and discipline Rhode Island Covered Employees, which right neither Party will exercise without consulting the other Party in advance.

(d) PEO: (i) will have the responsibility to pay wages to Covered Employees and will withhold, collect, report, and remit payroll-related and unemployment taxes on such wages; and (iv) will make payments for employee benefits for Covered Employees (if any).

(e) Client is entitled to exercise all rights and is obligated to perform all duties and responsibilities otherwise applicable to an employer in an employment relationship.

(f) PEO is entitled to exercise only those rights and obligated to perform only those duties and responsibilities specifically required by state law or set forth in the Agreement. The rights, duties, and obligations of PEO as co-employer with respect to any Covered Employee are limited to those arising under the Agreement and state law during the term of co-employment by PEO of the Covered Employee.

(g) Client will be solely responsible for the quality, adequacy, and safety of the goods or services produced or sold in Client's business.

(h) Client will be solely responsible for directing, supervising, training, and controlling the work of Covered Employees with respect to the business activities of Client and will be solely

responsible for the acts, errors, or omissions of Covered Employees with regard to those activities.

(i) PEO will not be liable for the acts, errors, or omissions of Client or of any Covered Employee when the Covered Employee is acting under the express direction and control of Client.

(j) A Covered Employee will not be considered, solely as the result of being a Covered Employee, an employee of PEO for purposes of general liability insurance, fidelity bonds, surety bonds, employer's liability, which is not covered by workers' compensation, or other liability insurance carried by PEO unless the Covered Employee is included by specific, express reference herein or in an applicable employment agreement, insurance contract or bond.

(k) Client will cooperate with PEO to give written notice to each Covered Employee of the general nature of the relationship between PEO and Client.

(l) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in Rhode Island General Laws, section 28-14-2.1.

41. South Carolina

(a) This Agreement, as it pertains to Covered Employees in South Carolina, is subject to South Carolina Code Section 40-68, including specifically 40-68-70(A)(1-7).

(b) PEO reserves the right of direction and control of South Carolina Covered Employees, but only to the extent required under South Carolina law.

(c) PEO assumes responsibility for the payment of wages to South Carolina Covered Employees without regard to payments by Client to PEO. Neither Client's responsibility to pay PEO, nor the liability of any guarantor, shall be affected, reduced, or modified in any way by the foregoing.

(d) PEO retains the right to hire, fire, discipline, and reassign South Carolina Covered Employees, which right PEO will not exercise without consulting Client in advance.

(e) PEO retains the right of direction and control over the adoption of employment and safety policies and the management of workers' compensation claims, claim filings, and related procedures on joint agreement by Client and PEO.

(f) PEO agrees that:

(i) notice to or acknowledgment of the occurrence of an injury on the part of Client is notice to or knowledge on the part of PEO and the workers' compensation insurer;

(ii) for the purposes of Title 42 of the South Carolina Statutes, the jurisdiction of Client is the jurisdiction of PEO and the workers' compensation insurer;

(iii) PEO and the workers' compensation insurer are bound by and subject to the awards, judgments, or decrees rendered against them under the provisions of Title 42 of the South Carolina Statutes; and

(iv) insolvency, bankruptcy, or discharge in bankruptcy of PEO or Client does not relieve PEO, Client, or their respective workers' compensation insurers from payment of compensation for disability or death sustained by a South Carolina Covered Employee during the life of a workers' compensation insurance policy.

(g) Pursuant to South Carolina Code Section 40-68-60(C), Client shall post in each of its places of business in a conspicuous place that is in clear and unobstructed view of Covered Employees a notice stating the following:

"We are operating under and subject to the Workers' Compensation Act of South Carolina. In case of accidental injury or death to an employee, the injured employee, or

someone acting on his or her behalf, shall notify immediately G&A Partners, 17220 Katy Freeway, Suite 350, Houston TX 77094, 1-866-497-4222 or (*insert name of Client and Client's address, and telephone number*). Failure to give immediate notice may be the cause of serious delay in the payment of compensation to you or your beneficiaries and may result in failure to receive any compensation benefits."

(h) Client shall secure and maintain workers' compensation insurance for any of its employees that are not Covered Employees under this Agreement.

(i) Client acknowledges that it is in a co-employment relationship with PEO licensed and regulated by the South Carolina Department of Consumer Affairs and any questions or complaints regarding PEO should be directed to the South Carolina Department of Consumer Affairs, PO Box 5757, Columbia, SC 29250, www.consumer.sc.gov, (803) 734-4200.

(j) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in South Carolina Annotated Code, section 41-10-30.

42. South Dakota

(a) PEO assumes the responsibility (i) for the payment of wages, salaries, payroll taxes, payroll deductions, workers' compensation costs, insurance premiums, welfare benefits, and retirement benefits (if any); and (ii) for preparing and filing necessary tax returns and other documents as required by state or federal law.

(b) Client was the employer of Covered Employees prior to the effective date of this Agreement.

(c) Client retains primary control over the hiring, firing, wages rates, salary increases, training, and directing the day-to-day activities of Covered Employees.

(d) If the contractual relationship between PEO and Client is terminated, then the Covered Employee's co-employment relationship with PEO is also terminated.

(e) If a Covered Employee leaves the employment of Client, the co-employment relationship with PEO will also be immediately terminated.

(f) PEO does not manage or direct the operation of Client's business.

43. Tennessee

(a) This Agreement, as it pertains to Covered Employees in Tennessee, is subject to the Tennessee Professional Employer Organization Act (Tennessee Code 62-43).

(b) PEO reserves a right of direction and control over Tennessee Covered Employees; however, Client may retain sufficient direction and control over Tennessee Covered Employees that is necessary to conduct Client's business and without which Client would be unable to conduct its business, discharge any fiduciary responsibility that it may have or comply with any applicable licensure, regulatory or statutory requirement of Client.

(c) PEO, pursuant to Tennessee Code Section 62-43-108(a)(1)(B), assumes responsibility for the payment of wages, payroll-related taxes and benefits of Tennessee Covered Employees (if any) from PEO's own accounts without regard to payments by Client to PEO, provided that this provision neither relieves Client of its responsibility to pay PEO nor reduces or modifies the liability of any guarantor.

(d) PEO retains a right to hire, terminate and discipline Tennessee Covered Employees, which right PEO will not exercise without consulting PEO in advance.

(e) PEO retains a right of direction or control over the adoption of employment policies and the management of workers' compensation claims, claim filings, and related procedures on joint agreement by Client and PEO in accordance with applicable federal and state laws.

(f) Client retains sufficient direction and control over Covered Employees as is necessary to conduct Client's business, to discharge any of Client's fiduciary responsibilities, or to comply with any licensure requirements applicable to Client or to a Covered Employee. Client is entitled to exercise all rights and is obligated to perform all duties and responsibilities otherwise applicable to an employer in an employment relationship, including the right to hire, discipline, and terminate a Covered Employee.

(g) PEO is entitled to exercise only those rights and obligated to perform only those duties and responsibilities specifically required by state law or set forth in the Agreement. The rights, duties, and obligations of PEO as co-employer with respect to any Covered Employee are limited to those arising under the Agreement and state law during the term of co-employment by PEO of the Covered Employee.

(h) Client will be solely responsible for the quality, adequacy, and safety of the goods or services produced or sold in Client's business.

(i) Client will be solely responsible for directing, supervising, training, and controlling the work of Covered Employees with respect to the business activities of Client and will be solely responsible for the acts, errors, or omissions of Covered Employees with regard to those activities.

(j) PEO will not be liable for the acts, errors, or omissions of Client or of any Covered Employee when the Covered Employee is acting under the express direction and control of Client.

(k) A Covered Employee will not be considered, solely as the result of being a Covered Employee, an employee of PEO for purposes of general liability insurance, fidelity bonds, surety bonds, employer's liability, which is not covered by workers' compensation, or other liability insurance carried by PEO unless the Covered Employee is included by specific, express reference herein or in an applicable employment agreement, insurance contract or bond.

44. Texas

(a) This Agreement, as it pertains to Covered Employees in Texas, is subject to Chapter 91 of the Texas Labor Code.

(b) PEO:

(i) shares, subject to Section (c) below, with Client the right of direction and control over Covered Employees in Texas. Except as expressly required by this Agreement, Client retains full and exclusive control over the Covered Employees.

(ii) assumes responsibility for the payment of wages to Covered Employees in Texas without regard to payment by Client to PEO, provided however, that (i) this provision neither relieves Client of its responsibility to pay PEO nor reduces or modifies the liability of any guarantor and (ii) this provision does not apply to wages for which the obligation to pay was created by an agreement, contract, plan or policy between Client and the Covered Employee and PEO has not contracted to pay. Client acknowledges that PEO's obligations are strictly limited as provided in this Agreement.

(iii) assumes responsibility for the payment of payroll taxes and collection of taxes from payroll on Covered Employees in Texas, provided however, that this provision neither relieves Client of its responsibility to pay PEO nor reduces or modifies the liability of any guarantor.

(iv) shares, subject to Section (c) below, with Client the right to hire, fire, discipline, and reassign Covered Employees in Texas.

(v) shares, subject to Section (c) below, with Client the right of direction and control over the adoption of employment and safety policies and the management of compensation claims, claim filings, and related procedures in Texas. Notwithstanding the foregoing, Client is solely responsible for providing the Covered Employees with a safe workplace, adequate and safe tools and equipment, and safe working conditions.

(c) Notwithstanding any contrary provision of this Agreement, including specifically Section (a) above, Client is, and shall remain, solely and exclusively responsible for: (i) the direction and control of the Covered Employees as necessary to conduct Client's business, discharge any applicable fiduciary duty, or comply with any licensure, regulatory, or statutory requirement; (ii) goods and services produced by Client; and (iii) the acts, errors, and omissions of the Covered Employees committed within the scope of Client's business.

(d) Any unresolved complaints may be referred to the Texas Department of Licensing and Regulation at P.O. Box 12157, Austin TX 78711 or by calling 1-512-463-5522.

(e) The Parties acknowledge that the Services are exempt from Texas Sales Tax pursuant to Tex. Tax Code §151.057(3) and related regulations and comptroller prescriptions. In support of such acknowledgement, Client represents and warrants that: (i) if Client has been in business for one year or more, at least 75% of the Covered Employees were previously employees of Client (or in a shared employment relationship with Client and a licensed professional employer organization) for a period of at least three months immediately prior to the Effective Date; and (ii) none of the Covered Employees were previously employees of a company that provides (or has provided) taxable services to Client.

(f) Client will cooperate with PEO to give written notice to each Covered Employee of the general nature of the relationship between PEO and Client.

(g) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in Texas Labor Code, section 62.003.

45. Utah

(a) This Agreement, as it pertains to Covered Employees in Utah, is subject to the Utah Professional Employer Organization Licensing Act (Utah Code 31A-40).

(b) PEO has a right to hire, discipline, or terminate Utah Covered Employees to the extent necessary to fulfill the PEO's obligations under this Agreement and the Utah Professional Employer Organization Licensing Act.

(c) Client has a right to hire, discipline, or terminate Utah Covered Employees.

(d) PEO assumes responsibility for (1) the payment of wages to Covered Employees; (2) for the withholding, remittance, and reporting of payroll-related taxes (including unemployment insurance contributions) for, and on behalf of, Covered Employees; and (3) make appropriate payments for the provision of Employee Benefits to Covered Employees (if applicable).

(e) PEO will secure workers' compensation insurance coverage for Covered Employees in a manner consistent with Utah Code § 31A-40-209.

(f) Client will cooperate with PEO to give written notice to each Covered Employee of the general nature of the relationship between PEO, Client, and Covered Employees.

(g) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in Utah Annotated Code sections 34-28-3(4), 34-28-3, and 34-28-10, and Utah Administrative Code, R610-3-20.

46. Vermont

(a) This Agreement, as it pertains to Covered Employees in Vermont, is subject to Vermont Statute 21-12.

(b) PEO and Client acknowledge joint and several liability for protections required by or damages due under state laws designated to protect the health, safety, or welfare of Covered Employees.

(c) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in the Vermont Statute, title 21, section 383(2), and Code of Vermont Rules sections 2 and 6.

47. Virginia

(a) This Agreement, as it pertains to Covered Employees in Virginia, is subject to Virginia Code Section 65.2-803.1.

(b) In the event that PEO elects to terminate this Agreement, Client will cooperate with PEO in providing written notification of such intent to terminate to each Covered Employee, as required by state law.

(c) Client will cooperate with PEO to give written notice to each Covered Employee of the general nature of the relationship between PEO, Client, and Covered Employees, including information concerning filing for workers' compensation and unemployment benefits.

(d) Client retains responsibility to comply with the insuring requirement of § 65.2-801 of the Code of Virginia with respect to any of Client's workers who are not Covered Employees.

(e) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in Virginia Annotated Code, section 40.1-29.

48. Washington

(a) This Agreement, as it pertains to Covered Employees in Washington, is subject to Revised Code of Washington Section 50.04.298.

(b) Client will register and/or maintain its registration with the Washington Employment Security Department and obtain and/or maintain an employment security account number, in accordance with state law.

(c) Client will cooperate with PEO to complete and submit a Power of Attorney for Unemployment Insurance, in accordance with state law.

(d) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in Washington Administrative Code, section 296-126-040.

49. West Virginia

(a) This Agreement, as it pertains to Covered Employees in West Virginia, is subject to West Virginia Code 33- 46A.

(b) PEO (i) assumes responsibility for the payment of wages to Covered Employees; (ii) assumes responsibility for the withholding, collection, remittance, and reporting of payroll-related taxes (including unemployment insurance

contributions) for, and on behalf of, Covered Employees; and (iii) assumes responsibility for making appropriate payments for the provision of employee benefits to Covered Employees (if any).

(c) Client retains the exclusive right to hire, discipline, and terminate Covered Employees.

(d) PEO shall provide and maintain workers' compensation coverage for Covered Employees from a carrier authorized to do business in West Virginia.

(e) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in West Virginia Annotated Code, sections 21-5-9 and West Virginia Code of Regulations, section 42-5-7.

50. Wisconsin

(a) This Agreement, as it pertains to Covered Employees in Wisconsin, is subject to the Wisconsin Professional Employer Organizations Act (Wisconsin Statutes Section 202 Subchapter III).

(b) PEO: (i) retains a right to hire, terminate, reassign, and set the rate of pay of a Covered Employee; (ii) assumes responsibility for the payment of wages to Covered Employees from its own accounts; (iii) reserves a right of direction and control over Covered Employees; (iv) assumes responsibility for the withholding, remittance, and reporting of payroll-related taxes (including unemployment insurance contributions) for, and on behalf of, Covered Employees; and (v) assumes responsibility for making appropriate payments for the provision of employee benefits to Covered Employees (if any).

(c) Client retains sufficient direction and control over Covered Employees as is necessary to conduct Client's business, to discharge any of Client's fiduciary responsibilities, or to comply with any licensure requirements applicable to Client or to a Covered Employee.

(d) Client is entitled to exercise all rights and is obligated to perform all duties and responsibilities otherwise applicable to an employer in an employment relationship, including the right to hire, discipline, set the rate of pay, and terminate a Covered Employee.

(e) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in Wisconsin Statute, sections 103.34, 103.93, and 103.457, and Wisconsin Administrative Code, DWD 273.08(2), and Wisconsin Dept. Workforce Development Wage Payment and Collection Law (Equal Rights Publication ERD-8784-PWEB, "Payroll Information").

51. Wyoming

(a) PEO, in relation to Covered Employees in Wyoming, is a "Service Supplier" as such term is defined in Wyoming Statute 27-3-501(a)(viii).

(b) Client shares joint and several liability for any Covered Employees' unemployment taxes left unpaid by PEO or unemployment contribution reports for Covered Employees PEO failed to submit (if any).

(c) PEO's primary business is providing professional employer organization services, which includes contracting with clients to provide workers to work for the client under client's direction.

(d) As requested by Client, PEO will assign Covered Employees to perform services for Client in Wyoming, pursuant to this Agreement.

(e) After consultation with Client, PEO will set rates of pay for Wyoming Covered Employees.

(f) If the Wyoming Covered Employee is not acceptable to Client, PEO may assign or refuse to assign such Covered Employee to

other clients, and each Wyoming Covered Employee shall retain the right to refuse any such reassignment.

(g) PEO may determine assignments for Wyoming Covered Employees, but each such Covered Employee retains the right to refuse any assignment.

(h) PEO shall consult with Client concerning matters related to time, place, type of work, working conditions, quality and price of services. PEO will secure Client's consent prior to making changes in Wyoming Covered Employees, or with respect to changes in the compensation or benefits for such Wyoming Covered Employees.

(i) With respect to Wyoming workers' compensation law, it is the intent of the Parties that PEO and Client are joint employers of

Wyoming Covered Employees within the scope of Wyoming Statute 27-14-102(a)(viii)(G) and 27-14-104(a).

(j) Client will cooperate with PEO to give written notice to each Covered Employee of the general nature of the relationship between PEO and Client.

(k) Client is responsible for complying with specific wage statement requirements that are not addressed in PEO's standard wage statement template, including without limitation the requirements set forth in Wyoming Statute, section 27-4-101.