

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2011

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number: 0-20008

ASURE SOFTWARE, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State of other jurisdiction of
incorporation or organization)

74-2415696

(I.R.S. Employer
Identification No.)

110 Wild Basin Road

Austin, Texas

(Address of Principal Executive Offices)

78746

(Zip Code)

(512) 437-2700

(Registrant's Telephone Number, including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 11, 2011, the registrant had outstanding 3,084,521 shares of its Common Stock, \$0.01 par value.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ASURE SOFTWARE, INC. CONDENSED CONSOLIDATED BALANCE SHEETS (Amounts in thousands, except per share data)

	September 30, 2011 (Unaudited)	December 31, 2010
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 6,082	\$ 1,070
Accounts receivable, net of allowance for doubtful accounts of \$17 and \$46 at September 30, 2011 and December 31, 2010, respectively	979	1,239
Notes receivable	120	62
Inventory	6	25
Prepaid expenses and other current assets	227	255
Total Current Assets	7,414	2,651
Notes receivable	-	60
Property and equipment, net	221	281
Intangible assets, net	2,258	2,844
Total Assets	\$ 9,893	\$ 5,836
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 686	\$ 560
Line of credit	500	-
Accrued compensation and benefits	72	95
Other accrued liabilities	399	361
Deferred revenue	2,522	1,955
Total Current Liabilities	4,179	2,971
Long-term deferred revenue	150	116
Subordinated notes (related parties \$800)	1,450	-
Subordinated convertible notes (related parties \$800)	1,400	-
Other long-term obligations	4	25
Total Liabilities	7,183	3,112
Stockholders' Equity:		
Preferred stock, \$.01 par value; 1,500 shares authorized; none issued or outstanding	-	-
Common stock, \$.01 par value; 6,500 shares authorized; 3,341 and 3,341 shares issued; 3,085 and 3,085 shares outstanding at September 30, 2011 and December 31, 2010, respectively	334	334
Treasury stock at cost, 256 shares at September 30, 2011 and December 31, 2010, respectively	(5,017)	(5,017)
Additional paid-in capital	271,033	270,978
Accumulated deficit	(263,545)	(263,541)
Accumulated other comprehensive loss	(95)	(30)
Total Stockholders' Equity	2,710	2,724
Total Liabilities and Stockholders' Equity	\$ 9,893	\$ 5,836

The accompanying notes are an integral part of these condensed consolidated financial statements.

ASURE SOFTWARE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except per share data)
(Unaudited)

	FOR THE THREE MONTHS ENDED SEPTEMBER 30,		FOR THE NINE MONTHS ENDED SEPTEMBER 30,	
	2011	2010	2011	2010
Revenues	\$ 2,502	\$ 2,542	\$ 7,293	\$ 7,627
Cost of Sales	(486)	(601)	(1,363)	(1,741)
Gross Margin	2,016	1,941	5,930	5,886
Operating Expenses:				
Selling, general and administrative	1,526	1,507	4,340	4,391
Research and development	366	394	1,150	1,100
Amortization of intangible assets	150	150	449	448
Loss on lease amendment	-	-	-	1,203
Total Operating Expenses	2,042	2,051	5,939	7,142
Loss From Operations	(26)	(110)	(9)	(1,256)
Other Income (Expenses):				
Interest income	2	-	8	2
Foreign currency translation gain (loss)	67	(24)	47	(41)
Loss (gain) on sale of assets	-	(18)	-	5
Interest expense and other	(5)	(20)	(20)	(57)
Gain on sale of investment	-	130	-	130
Total Other Income (Expense)	64	68	35	39
Income (Loss) Before Income Taxes	38	(42)	26	(1,217)
(Provision) Benefit For Income Taxes	(9)	42	(30)	14
Net Income (Loss)	\$ 29	\$ 0	\$ (4)	\$ (1,203)
Basic Income (Loss) Per Share	\$ 0.01	\$ 0	\$ (0.00)	\$ (0.39)
Diluted Income (Loss) Per Share	\$ 0.01	\$ 0	\$ (0.00)	\$ (0.39)
Shares Used In Computing Basic Income (Loss) Per Share	3,085	3,085	3,085	3,088
Shares Used In Computing Diluted Income (Loss) Per Share	3,094	3,085	3,085	3,088

The accompanying notes are an integral part of these condensed consolidated financial statements.

ASURE SOFTWARE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands, except per share data)
(Unaudited)

	FOR THE NINE MONTHS ENDED SEPTEMBER 30,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (4)	\$ (1,203)
Adjustments to reconcile net loss to net cash used in operations:		
Depreciation and amortization	702	776
Amortization of leasehold advance and lease impairment	-	(758)
Provision for doubtful accounts	(29)	29
Share-based compensation	55	41
(Gain) loss on sale/disposal of assets	-	(23)
Loss on disposal of subtenant leasehold improvements	-	199
Changes in operating assets and liabilities:		
Accounts receivable	289	151
Inventory	19	(36)
Notes receivable	2	(120)
Prepaid expenses and other current assets	28	(53)
Accounts payable	126	(185)
Accrued expenses and other long-term obligations	30	(90)
Deferred revenue	601	84
Net cash used in operating activities	<u>1,819</u>	<u>(1,188)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net purchases of property and equipment	<u>(60)</u>	<u>(131)</u>
Net cash used in investing activities	(60)	(131)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on capital leases	(36)	(36)
Proceeds from a line of credit, subordinated notes payable and convertible notes payable to fund the ADI acquisition (\$1,600 provided by related parties)	3,350	-
Purchase of treasury stock	<u>-</u>	<u>(110)</u>
Net cash provided by (used in) financing activities	3,314	(146)
Effect of translation exchange rates	(61)	39
Net increase (decrease) in cash and equivalents	5,012	(1,426)
Cash and equivalents at beginning of period	1,070	2,263
Cash and equivalents at end of period	<u>\$ 6,082</u>	<u>\$ 837</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

ASURE SOFTWARE, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands, except per share data unless otherwise noted)

NOTE 1 – GENERAL AND BASIS OF FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission and accordingly, do not include all information and footnotes required under U.S. generally accepted accounting principles for complete financial statements. In the opinion of management, these interim financial statements contain all adjustments, consisting of normal, recurring adjustments, necessary for a fair presentation of the financial position of Asure Software, Inc. (“Asure” or the “Company”) as of September 30, 2011 and December 31, 2010, the results of operations for the three and nine months ended September 30, 2011 and 2010, and the cash flows for the nine months ended September 30, 2011 and 2010. These condensed consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements and notes thereto filed with the Securities and Exchange Commission in the Company’s annual report on Form 10-K for the fiscal year ended December 31, 2010. The results for the interim periods are not necessarily indicative of results for a full fiscal year.

As of September 30, 2011, Asure’s principal source of liquidity consisted of \$6,082 of current cash and cash equivalents as well as future cash generated from operations. The increase of cash and cash equivalents of \$5,012 for the nine months ended September 30, 2011 is primarily due to \$2,850 in debt issuance, a \$500 line of credit and \$1,662 cash generated from operations. The cash received from debt issuance, line of credit and a portion of operating cash was used in the acquisition of substantially all the assets of ADI Time, LLC (see Note 11- Subsequent Events). The Company believes that it has and/or will generate sufficient cash for its short and long term needs. The Company is continuing to reduce expenses and thus may utilize its cash balances in the short-term to reduce long-term costs. The Company expects that it will be able to generate positive cash flows from operating activities for the remainder of 2011.

Management is focused on growing its existing software operations and looking to make additional strategic acquisitions in the near future. In the short-term, any acquisitions will be funded with equity, cash on the balance sheet, cash from operations, and cash or debt raised from outside sources.

There is no assurance that the Company will be able to grow its cash balances or limit its cash consumption and thus maintain sufficient cash balances, and it is possible that the Company’s future business demands may lead to cash utilization at levels greater than recently experienced. Management believes that the Company has sufficient capital and liquidity to fund and cultivate the growth of its current and future operations for the next 12 months and thereafter. However, due to uncertainties related to the timing and costs of these efforts, Asure may need to raise additional capital in the future. Yet, there is no assurance that the Company will be able to raise additional capital if and when it is needed.

NOTE 2 – INTANGIBLE ASSETS

Asure accounted for its historical acquisitions in accordance with FASB ASC 805, *Business Combinations* (FASB ASC 805). The Company recorded the amount exceeding the fair value of net assets acquired at the date of acquisition as goodwill. The Company recorded intangible assets apart from goodwill if the assets had contractual or other legal rights or if the assets could be separated and sold, transferred, licensed, rented or exchanged. Asure’s goodwill and intangible assets relate to its acquisition of iSarla Inc. and the iEmployee operations.

In accordance with FASB ASC 350, Asure reviews and evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate that their net book value may not be recoverable. When such factors and circumstances exist, including those noted above, the Company compares the assets’ carrying amounts against the estimated undiscounted cash flows to be generated by those assets over their estimated useful lives. If the carrying amounts are greater than the undiscounted cash flows, the fair values of those assets are estimated by discounting the projected cash flows. Any excess of the carrying amounts over the fair values are recorded as impairments in that fiscal period.

On May 3, 2010, the Company and Ceridian Corporation (“Ceridian”), a reseller of the Company’s iEmployee products, entered into an agreement by which joint customers of the Company and Ceridian were given until July 31, 2010 to choose either to (i) contract directly with the Company to continue using our goods and services, or (ii) continue using Ceridian’s offerings that may not include the Company’s products and services. Depending on the number of customers that contracted with Asure and the related pricing, the cash flows associated with the Ceridian customers may vary from historical levels. Thus the Company tested the Ceridian contract intangible asset for impairment in accordance with FASB ASC 350. The Company compared the asset’s carrying amount against the estimated undiscounted cash flows to be generated from the customers that contracted with Asure over the estimated useful life of the intangible asset. The undiscounted cash flows from the intangible asset exceeded the carrying value of the intangible asset and thus no impairment was required.

ASURE SOFTWARE, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands, except per share data unless otherwise noted)

The gross carrying amount and accumulated amortization of the Company's intangible assets as of September 30, 2011 and December 31, 2010 are as follows:

Intangible Asset	Amortization Period (Years)	September 30, 2011		
		Gross	Accumulated Amortization	Net
Developed Technology	5	\$ 915	\$ (730)	\$ 185
Customer Relationships	8	4,015	(2,000)	2,015
Trade Names	5	288	(230)	58
Covenant not-to-compete	4	150	(150)	0
		\$ 5,368	\$ (3,110)	\$ 2,258

Intangible Asset	Amortization Period (Years)	December 31, 2010		
		Gross	Accumulated Amortization	Net
Developed Technology	5	\$ 915	\$ (592)	\$ 323
Customer Relationships	8	4,015	(1,624)	2,391
Trade Names	5	288	(187)	101
Covenant not-to-compete	4	150	(121)	29
		\$ 5,368	\$ (2,524)	\$ 2,844

Amortization expense is recorded using the straight-line method over the estimated economic useful lives of the intangible assets, as noted above. Amortization expense for the three months ended September 30, 2011 and 2010 was \$150 included in Operating Expenses and \$45 included in Cost of Goods Sold. Amortization expense for the nine months ended September 30, 2011 and 2010 was \$449 and \$448 included in Operating Expenses, respectively and \$137 included in Cost of Goods Sold.

NOTE 3 – FAIR VALUE MEASUREMENTS

Effective August 1, 2008, Asure adopted ASC 820, *Fair Value Measurements and Disclosures*. ASC 820 defines fair value, establishes a framework for measuring fair value in U.S. generally accepted accounting principles and expands disclosures about fair value measurements. The adoption of FASB ASC 820 did not have a material impact to the Company's consolidated financial statements.

ASURE SOFTWARE, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands, except per share data unless otherwise noted)

ASC 820 establishes a three-tier fair value hierarchy, which is based on the reliability of the inputs used in measuring fair values. These tiers include:

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: Quoted prices in active markets for similar assets or liabilities; quoted prices in markets that are not active for identical or similar assets or liabilities; and model-driven valuations whose significant inputs are observable; and
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table presents the fair value hierarchy for the Company's financial assets (cash and cash equivalents) measured at fair value on a recurring basis as of September 30, 2011 and December 31, 2010:

Fair Value Measure at September 30, 2011				
Description	Total Carrying Value at September 30, 2011	Quoted Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 6,082	\$ 6,082	\$ —	\$ —
Total	\$ 6,082	\$ 6,082	\$ —	\$ —

Fair Value Measure at December 31, 2010				
Description	Total Carrying Value at December 31, 2010	Quoted Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 1,070	\$ 1,070	\$ —	\$ —
Total	\$ 1,070	\$ 1,070	\$ —	\$ —

ASURE SOFTWARE, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands, except per share data unless otherwise noted)

NOTE 4 – COMPREHENSIVE INCOME (LOSS)

In accordance with the disclosure requirements of FASB ASC 220, *Comprehensive Income* (FASB ASC 220), the Company's comprehensive income (loss) is comprised of net income (loss) and foreign currency translation adjustments. The following table presents the Company's comprehensive income (loss) and its components for the three and nine months ended September 30, 2011 and 2010:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
Net Income (Loss)	\$ 29	\$ 0	\$ (4)	\$ (1,203)
Foreign currency gain (loss)	(74)	(22)	(65)	34
Comprehensive Income (Loss)	\$ (45)	\$ (22)	\$ (69)	\$ (1,169)

NOTE 5 – RECENT ACCOUNTING PRONOUNCEMENTS

In October 2009, the FASB updated FASB ASC 605, *Revenue Recognition* (FASB ASC 605) to address how to determine whether an arrangement involving multiple deliverables contains more than one unit of accounting and how the arrangement consideration should be measured and allocated to the separate units of accounting. This guidance eliminates the residual method and replaces it with the "relative selling price" method when allocating revenue in a multiple deliverable arrangement. The selling price for each deliverable shall be determined using vendor specific objective evidence of selling price, if it exists, otherwise third-party evidence of selling price shall be used. If neither exists for a deliverable, the vendor shall use its best estimate of the selling price for that deliverable. After adoption, this guidance will also require expanded qualitative and quantitative disclosures. The updated FASB ASC 605 is effective for the Company's revenue arrangements entered into or materially modified in fiscal years beginning on or after September 15, 2010, with early adoption permitted. The Company adopted the updated FASB ASC 605 on January 1, 2010 on a prospective basis for any new contracts entered into after the date of adoption. The adoptions of this ASC update did not have a material impact to its condensed consolidated statement of operations for the three and nine months ended September 30, 2011 and 2010. However, the Company cannot predict whether the impact of this update will have a material impact in future quarters due to potential changes in products and product mix. Prior to the adoption of the updated FASB ASC 605, the Company accounted for its software subscriptions and related setup, implementation and professional services as a single accounting unit. Thus all revenues associated with such an arrangement were recognized pro-rata over the life of the software subscription service contract. Subsequent to the adoption of the updated FASB ASC 605, the Company accounts for each of these elements as separate accounting units. Thus the software subscription service revenue is recognized pro-rata over the life of the software subscription contract, while the related setup and implementation revenues are recognized upon completion. The result of the adoption is an immaterial acceleration of setup and implementation revenues related to software subscriptions.

NOTE 6 – SHARE BASED COMPENSATION

Share based compensation for the Company's stock option, restricted stock and stock purchase plans for the three months ended September 30, 2011 and 2010 were \$27 and \$13, respectively and \$56 and \$41 for the nine months ended September 30, 2011 and 2010, respectively. The Company did not issue shares of common stock related to exercises of stock options granted from its Stock Option, Restricted Stock, and Stock Purchase Plans for the three or nine months ended September 30, 2011 and 2010, respectively.

On September 21, 2009, the Board adopted the Company's 2009 Equity Plan (the "2009 Equity Plan") and the plan was approved by the Company's stockholders at the December 17, 2009 Annual Meeting of Stockholders. The purpose of the 2009 Equity Plan is to enhance the long-term stockholder value of the Company by offering opportunities to directors, officers, employees and eligible consultants of the Company to acquire and maintain stock ownership in the Company in order to give these persons the opportunity to participate in the Company's growth and success, and to encourage them to remain in the service of the Company. At the Annual Meeting of the Shareholders held on June 10, 2011 the company shareholders amended to increase the number of shares on the plan by 150 thousand. A total of 350 thousand shares of the Company's Common Stock were available for issuance under the 2009 Equity Plan and provides for the granting of (i) incentive stock options, (ii) non statutory stock options and (iii) stock purchase rights. A total of 340 thousand options have been granted and are outstanding pursuant to the plan as of September 30, 2011.

ASURE SOFTWARE, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands, except per share data unless otherwise noted)

NOTE 7 – CONTINGENCIES

Asure was the defendant or plaintiff in various actions that arose in the normal course of business. None of the pending legal proceedings to which the Company is a party are material to the Company.

NOTE 8 – INCOME (LOSS) PER SHARE

Basic Income (Loss) per share (EPS) is computed based on the weighted average number of common shares outstanding for the period. Diluted EPS reflects the maximum dilution that would have resulted from incremental common shares issuable upon the exercise of stock options. The number of common share equivalents, which includes stock options, is computed using the treasury stock method.

The following tables provide the components of the basic and diluted EPS computations for the three and nine month periods ended September 30, 2011 and 2010:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
Basic EPS Computation				
Net Income/(Loss)	\$ 29	\$ 0	\$ (4)	\$ (1,203)
Weighted average shares outstanding	3,085	3,085	3,085	3,088
Basic Net Income/(Loss) per share	<u>\$ 0.01</u>	<u>\$ 0.00</u>	<u>\$ (0.00)</u>	<u>\$ (0.39)</u>
	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
Diluted EPS Computation				
Net Income/(Loss)	\$ 29	\$ 0	\$ (4)	\$ (1,203)
Weighted average shares outstanding	3,085	3,085	3,085	3,088
Common shares equivalents	9	-	-	-
Diluted shares outstanding	3,094	3,085	3,085	3,088
Basic Net Income/(Loss) per share	<u>\$ 0.01</u>	<u>\$ 0.00</u>	<u>\$ (0.00)</u>	<u>\$ (0.39)</u>

Stock options to acquire 185 thousand and 138 thousand shares for the three and nine month periods ended September 30, 2011 and convertible debt shares of 300 thousand shares for the three and nine month periods ended September 30, 2011 were excluded in the computations of diluted EPS because the effect of including the stock options would have been anti-dilutive and stock options to acquire 184 thousand shares for the three and nine months ended September 30, 2010 were excluded in the computations of diluted EPS because the effect of including the stock options would have been anti-dilutive.

ASURE SOFTWARE, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands, except per share data unless otherwise noted)

NOTE 9 – LOSS ON LEASE AMENDMENT

On April 28, 2010 the Company entered into an Amendment to its current building lease with Wild Basin. Pursuant to the terms of the amended Lease, the Landlord agreed to reduce the square footage leased by the Company from 137 thousand square feet to 9 thousand square feet for the lease's remaining three years. In addition, the monthly rent of \$299 was reduced to \$20 beginning April 1, 2010. In exchange for the rent and square footage reduction, the Company made a one time payment of \$1,500 and agreed to forgo approximately \$159 of monthly sub-tenant income it received from the excess space under the prior lease. Additionally, the Company forfeited its rights to any potential future net profits interest in the lease. The \$1,203 loss consists of the following expenses; the \$1,500 lease termination fee, the write-off of \$186 of subtenant lease hold improvements and \$45 in transaction costs. These expenses were offset by the reversal of the following liabilities; \$254 of leasehold advance, \$235 of leasehold impairment and \$39 of other net liabilities.

NOTE 10 – DEBT

During the quarter ended September 30, 2011, the Company entered into the following debt arrangements for the primary purpose of acquiring substantially all the assets of ADI Time, LLC (see Note 11- Subsequent Events).

Credit Agreement

On September 29, 2011, Asure Software, Inc. (the "Company") entered into a Credit Agreement with JPMorgan Chase Bank N.A. ("Bank"), providing for a \$500 line of credit (the "Credit Agreement"). The line of credit will bear interest at a rate of 1.5% above the CB Floating Rate. The CB Floating rate is defined as the Bank's prime rate, as announced from time to time, provided that the CB Floating Rate may not be less than the adjusted one month LIBOR rate. The aggregate principal amount of advances outstanding at any one time under the line of credit may not exceed 80% of eligible trade accounts and accounts receivable or the maximum principal amount then available, whichever is less.

The Company's obligations to the Bank are guaranteed by ADI Software, LLC, a wholly owned subsidiary of the Company, and secured by all of the assets of the Company and its subsidiaries.

The Credit Agreement contains customary affirmative and negative covenants, including but not limited to limitations with respect to debt, liens, sale of equity interests, mergers and acquisitions, sale of assets, and loans or advances to and investments in others. The Company is also required to maintain total cash and marketable securities of not less than \$300, beginning on December 31, 2011; a debt service coverage ratio of not less than 1.2 to 1.0 for each period of four consecutive fiscal quarters beginning the twelve months ending December 31, 2011; and EBITDA of not less than \$100 for each fiscal quarter beginning the quarter ending December 31, 2011.

Events of default under the Credit Agreement include, among others, (i) the failure to pay when due the obligations owing to the Bank, (ii) the failure to perform covenants set forth in the Credit Agreement (as described above), (iii) any materially incorrect or misleading representation, warranty or certificate to the Bank, (iv) any materially incorrect or misleading representation in any financial statement or other information delivered to the Bank, (v) certain cross defaults and cross accelerations, (vi) the failure to perform under the guaranty, (vii) the occurrence of certain bankruptcy or insolvency events, (viii) judgments against the Company or its subsidiaries, and (ix) certain material adverse changes. In some cases, the events of default are subject to customary notice and grace period provisions.

On September 30, 2011, the Company borrowed \$500 under the line of credit for working capital.

ASURE SOFTWARE, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands, except per share data unless otherwise noted)

Securities Purchase Agreements

In order to finance the purchase of ADI Time, LLC, the Company needed to raise additional capital to finance such transaction. Certain related parties of the Company expressed a willingness to provide capital to the Company by participating in the debt offerings on terms that compared favorably to those offered by third parties. The Board of Directors of the Company established a temporary independent sub committee of the Board for the purposes of: (i) negotiating the terms of any financing offered by the related party investors, (ii) managing the process by which any such financing from related party investors is obtained to ensure a fair process and (iii) ultimately making a recommendation to the full Board as to whether or not the Company should accept the capital from related party investors. Following the negotiation of the terms, the independent sub committee notified the full Board of their belief that the negotiated terms of the financing from the related party investors are fair to the Company and its shareholders as a whole. Based upon the recommendation of the independent sub committee and the Board's own analysis of the financing terms offered by third party investors, the Board approved the negotiated terms of the financing provided by the related party investors.

15% Subordinated Notes

On September 30, 2011, the Company entered into a Securities Purchase Agreement (the "15% Note Purchase Agreement") relating to the sale of \$1,700 aggregate principal amount of the Company's 15% subordinated notes ("15% Notes") in a private placement to accredited investors. The 15% Note will pay interest on each of March 31, June 30, September 30 and December 31, beginning on December 31, 2011, at a rate of 15% per year. The 15% Notes will mature on September 30, 2014. The 15% Notes are secured by all of the assets of the Company and are subordinated to the Company's obligations to the Bank. The 15% Notes also contain customary terms of default.

Patrick Goepel, the Company's Chief Executive Officer purchased \$500,000 of the 15% Notes. Pinnacle Fund, LLLP purchased \$300,000 of the 15% Notes. David Sandberg, the Company's Chairman, is the controlling member of Red Oak Partners, LLC, which owns 50% of Pinnacle Partners, LLC, which is the general partner of the Pinnacle Fund, LLLP. Red Oak Partners, LLC is also the manager of the Pinnacle Fund, LLLP.

The Company received \$1,450 of the \$1,700 on September 30, 2011 and the remainder on October 31, 2011.

9% Subordinated Convertible Notes

On September 30, 2011, the Company entered into a Securities Purchase Agreement (the "9% Note Purchase Agreement") relating to the sale of \$1,500 aggregate principal amount of the Company's 9% subordinated convertible notes ("9% Notes") in a private placement to accredited investors. The 9% Notes will pay interest on each of March 31, June 30, September 30 and December 31, beginning on December 31, 2011, at a rate of 9% per year. The 9% Note will mature on September 30, 2014. The 9% Note is secured by all of the assets of the Company and is subordinated to the Company's obligations to the Bank and the 15% Notes.

Beginning 12 months from the date of issuance, the holder may convert the 9% Notes into shares of the Company's common stock at a conversion price of \$5.00 per share. The conversion price will be adjusted for certain events, such as stock dividends and stock splits. Additionally, if the Company subsequently issues common stock at a price below the then current conversion price, the conversion price will be reset to the greater of \$3.27 per share (the closing price of the Company's Common Stock on September 30, 2011) or such lower price. In the event that a holder of a 9% Note elects to convert the 9% Note into equity, and the Company determines that such conversion would jeopardize the Company's tax benefits under Section 382 of the Internal Revenue Code, the Company may elect to prepay any or all of such 9% Notes prior to conversion, subject to certain limitations at a purchase price equal to the product of the number of shares into which the 9% Note is convertible and the volume weighted average closing price during the 20 day trading period beginning on the 10 th day before the conversion notice is received by the Company multiplied by the Premium Rate. The Premium Rate is 1.1 if a holder notifies the Company of an intention to convert their 9% Note into equity prior to the date that is 90 days before the maturity date and 1.5 if such notification is made within 90 days of the maturity date. The 9% Notes also contain customary terms of default.

ASURE SOFTWARE, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands, except per share data unless otherwise noted)

The 9% Note Purchase Agreement provides that, if the Company issues common stock below \$3.25 per share, each holder of the 9% Notes outstanding at that time will have the right to purchase its pro rata portion of such stock issuance.

These convertible notes contain embedded derivative instruments related to the conversion feature that are accounted for separately. The derivative instruments entered into to finance the ADI acquisition. The fair values of these instruments are re-measured each reporting period and a gain or loss is recorded for the change in fair value. As these instruments were entered into on September 30, 2011, the change in fair value for the three and nine month periods ended September 30, 2011 was not material.

Mr. Goepel, the Company's Chief Executive Officer, purchased \$200 of the 9% Notes. Red Oak Fund, LP purchased \$600 of the 9% Notes. Mr. Sandberg, the Company's Chairman, is the controlling member of Red Oak Partners, LLC, which manages the Red Oak Fund.

The Company received \$1,400 of the \$1,500 on September 30, 2011 and the remainder on October 31, 2011.

NOTE 11 – SUBSEQUENT EVENTS

Effective as of October 1, 2011, the Company, through ADI Software, LLC, a wholly owned subsidiary of the Company ("Purchaser"), purchased substantially all of the assets and assumed certain liabilities of ADI Time, LLC ("Seller") relating to its time and attendance software and management services business, pursuant to an Asset Purchase Agreement ("APA") by and among the Company, Purchaser and Seller. The APA contains certain customary representations, warranties, indemnities and covenants of the Company, Purchaser and Seller.

The purchase price for the assets consisted of \$6,000 in cash and a promissory note of the Purchaser ("Purchaser Note") in the aggregate principal amount of \$1,095. The Purchaser Note bears interest at an annual rate of 0.16%, will mature on October 1, 2014, and is guaranteed by the Company. The Purchaser may offset any indemnification payments owed by the Seller under the APA against up to \$1,000 under the Purchaser Note. The cash portion of the purchase price was funded with the Company's cash on hand and proceeds from the Credit Agreement and the Subordinated Notes. The Company will record this purchase in the fourth quarter of 2011.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following review of Asure's financial position as of September 30, 2011 and December 31, 2010 and for the three and nine months ended September 30, 2011 and 2010 should be read in conjunction with the Company's 2010 Annual Report on Form 10-K filed with the Securities and Exchange Commission. Asure's internet website address is <http://www.asuresoftware.com>. The Company's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available through the investor relations page of the Company's internet website free of charge as soon as reasonably practicable after they are electronically filed, or furnished to, the Securities and Exchange Commission. Asure's internet website and the information contained therein or connected thereto are not intended to be incorporated into this Quarterly Report on Form 10-Q.

The Company currently offers two main product lines in its software and services business: NetSimplicity and iEmployee. Asure's NetSimplicity product line provides simple and affordable solutions to common office administration problems. NetSimplicity's flagship product, Meeting Room Manager ("MRM"), automates the entire facility scheduling process: reserving rooms, requesting equipment, ordering food, sending invitations, reporting on the meeting environment and more. Asure's iEmployee product line helps simplify the HR process and improves employee productivity by managing and communicating human resources, employee benefits and payroll information. iEmployee's web-based solutions include Time & Attendance, Timesheets, Human Resource Benefits, Expenses and others.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Report represent forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results of operations, levels of activity, economic performance, financial condition or achievements to be materially different from future results of operations, levels of activity, economic performance, financial condition or achievements as expressed or implied by such forward-looking statements.

Asure has attempted to identify these forward-looking statements with the words "believes," "estimates," "plans," "expects," "anticipates," "may," "could" and other similar expressions. Although these forward-looking statements reflect management's current plans and expectations, which are believed to be reasonable as of the filing date of this report, they inherently are subject to certain risks and uncertainties. Additionally, Asure is under no obligation to update any of the forward-looking statements after the date of this Form 10-Q to conform such statements to actual results.

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RESULTS OF OPERATIONS

The following table sets forth the percentage of total revenues represented by certain items in Asure's Consolidated Statements of Operations for the fiscal periods indicated:

	FOR THE THREE MONTHS ENDED SEPTEMBER 30,		FOR THE NINE MONTHS ENDED SEPTEMBER 30,	
	2011	2010	2011	2010
Revenues	100%	100 %	100%	100 %
Gross margin	80.6	76.4	81.3	77.2
Selling, general and administrative	61.0	59.3	59.5	57.6
Research and development	14.6	15.5	15.8	14.4
Amortization of intangible assets	6.0	5.9	6.2	5.9
Loss on lease amendment	0.0	0.0	0.0	15.8
Total operating expenses	81.6	80.7	81.4	93.6
Other (loss) income, net	2.6	2.7	0.5	0.5
Net income (loss)	1.2	0	(0.1)	(15.8)

THREE AND NINE MONTHS SEPTEMBER 30, 2011 AND 2010

Revenues

Consolidated revenues represent the combined revenues of the Company and its subsidiaries, including sales of the Company's scheduling software, human resource and time and attendance software, complementary hardware devices to enhance its software products, software maintenance and support services, installation and training services and other professional services.

Revenues for the three months ended September 30, 2011 were \$2,502 thousand, a decrease of \$40 thousand, or 2%, from the \$2,542 thousand reported for the three months ended September 30, 2010. This increase was primarily due to a \$115 thousand increase in MRM SaaS revenues and a \$112 thousand increase in MRM maintenance and support revenues, which were offset by decrease of \$133 thousand in MRM Perpetual Software license revenue and \$137 thousand in MRM Hardware revenue.

Revenues for the nine months ended September 30, 2011 were \$7,293 thousand, a decrease of \$334 thousand, or 4%, from the \$7,627 thousand reported for the nine months ended September 30, 2010. This decrease was primarily due to a \$466 thousand decrease in MRM perpetual license revenue which was offset by increase in MRM SaaS revenues of \$312 thousand. The growth in MRM SaaS revenue and the decrease in MRM perpetual software revenue are in line with Asure's focus to move to sell more products in a SaaS environment. The iEmployee SaaS revenue also decreased \$206 which was primarily due to the conversion of Ceridian customers.

Asure will continue to target small and medium businesses and divisions of enterprises. In addition to continuing to develop its workforce management solutions and release new software updates and enhancements, the Company is actively exploring other opportunities to acquire additional products or technologies to complement its current software and services. For example, in 2010, Asure acquired an additional product from its Australian distribution partner. This product, NetSimplicity's Social View, is available as a complementary product to both Meeting Room Manager On Demand and the perpetual in-house software solution. Social View is a public calendar module that allows read-only access to event and/or room information to the web without user login. Asure also is implementing marketing initiatives, including tailoring its solutions to provide increased value and a simplified purchasing model to targeted customers. As the overall workforce management solutions market continues to experience significant growth related to software as a service ("SaaS") products, Asure will continue to focus on sales of its MRM and iEmployee SaaS products. Management believes that an economic recovery will facilitate additional revenue growth.

In addition, with the acquisition of ADI Time the Company now has added the ADI Time's suite of on-site and software-as-a-service (SaaS) time & attendance solutions which helps companies improve the supervision of their workforces, provide better visibility into labor costs, and achieve greater operational efficiencies. ADI is focused on delivering solutions to the small market and blue collar vertical markets, which complements Asure's iEmployee cloud-based time and attendance offering which is designed to meet the needs of the mid and the white collar vertical markets. This acquisition enables Asure to bring ADI Time's solutions to a much larger marketplace. The Company also acquired the adiPad™ and the adiTouch™ time terminals, which provide a seamless interface with labor management subscription services and on-premise software to help organizations of all sizes automate time and attendance, lower costs, and reduce errors related to payroll processing.

Gross Margin

Gross margins for the three months ended September 30, 2011 were \$2,016 thousand, an increase of \$75 thousand, or 4%, from the \$1,941 thousand reported for the three months ended September 30, 2010. Gross margins as a percentage of revenues were 80.6% and 76.4% for the three months ended September 30, 2011 and 2010, respectively. The increase in gross margins of \$75 thousand is primarily due to decrease in lower margin hardware sales for the period.

Gross margins for the nine months ended September 30, 2011 were \$5,930 thousand, an increase of \$44 thousand, or 1%, from the \$5,886 thousand reported for the nine months ended September 30, 2010. Gross margins as a percentage of revenues were 81.3% and 77.2% for the nine months ended September 30, 2011 and 2010, respectively. The increase in gross margins of \$44 thousand is primarily due to the reduction in revenues which is offset by an increase in gross margin percentage due to a decrease in lower margin hardware sales and reductions in third party cost of goods sold expenses.

Selling, General and Administrative

Selling, general and administrative ("SG&A") expenses for the three months ended September 30, 2011 were \$1,526 thousand, an increase of \$19 thousand or 1.3%, from the \$1,507 thousand reported for the three months ended September 30, 2010. SG&A expenses as a percentage of revenues were 61.0% and 59.3% for the three months ended September 30, 2011 and 2010, respectively. The increase in SG&A is associated to travel and legal expenses associated with pre-acquisition costs related to the ADI acquisition discussed above.

Selling, general and administrative (“SG&A”) expenses for the nine months ended September 30, 2011 were \$4,340 thousand, a decrease of \$51 thousand or 1.2%, from the \$4,391 thousand reported for the nine months ended September 30, 2010. SG&A expenses as a percentage of revenues were 59.5% and 57.6% for the nine months ended September 30, 2011 and 2010, respectively. The \$51 thousand decrease was primarily driven by business turnaround efforts and other cost reductions. The increase in the percentage of revenue of SG&A was primarily attributable to the reduction in revenue for the nine months ended September 30, 2011.

Throughout its operations, Asure continues to evaluate any unnecessary SG&A expenses and plans to further reduce expenses as appropriate.

Research and Development

Research and development (“R&D”) expenses for the three months ended September 30, 2011 were \$366, a decrease of \$28 thousand, or 7.1%, from the \$394 thousand reported for the three months ended September 30, 2010. Research and development expenses as a percentage of revenues were 14.6% and 15.5% for the three months ended September 30, 2011 and 2010, respectively. The \$28 thousand decrease in Research and development is primarily to employment reduction costs incurred during the Three months ended September 30, 2010.

Research and development (“R&D”) expenses for the nine months ended September 30, 2011 were \$1,150 thousand, an increase of \$50 thousand, or 4.5%, from the \$1,100 thousand reported for the nine months ended September 30, 2010. Research and development expenses as a percentage of revenues were 15.8% and 14.4% for the nine months ended September 30, 2011 and 2010, respectively. The \$50 thousand increase in research and development expenses was primarily due to consulting expenses towards development efforts for future releases and enhancements.

Asure continues to enhance its workforce management solutions – particularly its Time & Attendance software from the iEmployee product line and its Meeting Room Manager (“MRM”) software from its NetSimplicity product line. Recent enhancements to the Time & Attendance include an additional application programming interface (“API”) delivered via web services for time collection, which expands the software’s interoperability with various time clocks in addition to Asure’s Easy Touch Time Clock. Additionally, the Company implemented a new line of clocks that contains several forms of data collection including magnetic stripe, barcode, proximity and biometric readers. The expanded interoperability and new line of clocks expanded Time & Attendance’s capabilities to meet various customers’ requirements by increasing the customers’ choices when selecting hardware devices. Asure also added functionality to its Time & Attendance software by developing an automated calculation of the time off accruals and a new flexible pay schedule that allows customers to specify start and end dates and times for multiple different pay periods.

Additionally, Asure continues to develop Meeting Room Manager and released client driven enhancements in 2010 that enhanced the Microsoft Outlook Plug-in, Web and Interactive LCD interfaces, allowed assigned delegates the ability to schedule meetings on behalf of others, and provided more sophisticated conflict resolution options for scheduling recurring meetings via Microsoft Outlook.

Asure’s development efforts for future releases and enhancements are driven by feedback received from its existing and potential customers and by gauging marketing trends. Management believes it has the appropriate development team to design and further improve its workforce management solutions.

Amortization of Intangible Assets in Operating Expenses

Amortization expense for the three months ended September 30, 2011 and 2010 was \$150 thousand and \$150 thousand, respectively. Amortization expense for the nine months ended September 30, 2011 and 2010 was \$449 thousand and \$448 thousand, respectively. Upon acquiring the iEmployee business in October 2007, Asure recorded several intangible assets, which are being amortized over their estimated useful lives. The amortization expenses during the three and nine months ended September 30, 2011 and 2010 relate entirely to these acquired intangible assets.

Net Income/Loss

Asure generated net income of \$29 thousand, or \$0.01 per share (basic and diluted), during the three months ended September 30, 2011, compared to zero net income or \$0.00 per share reported for the three months ended September 30, 2010. Net income as a percentage of total revenues was 1.2% and net income as a percentage of total revenues was 0% for the three months ended September 30, 2011 and 2010, respectively.

Asure generated a net loss of \$4 thousand, or **(\$0.001)** per share (basic and diluted), during the nine months ended September 30, 2011, compared to a net loss of \$1,203 thousand or **(\$0.39)** per share reported for the nine months ended September 30, 2010. Net income/loss as a percentage of total revenues was (0.1%) and (15.8%) for the nine months ended September 30, 2011 and 2010, respectively.

Asure will continue to implement its corporate strategy for growing its software and services business by modestly investing in areas that directly generate revenue and positive cash flows for the Company. However, uncertainties and challenges remain, especially during this macroeconomic environment downturn, and there can be no assurance that the Company can successfully grow its revenues or achieve profitability during the remainder of fiscal year 2011.

LIQUIDITY AND CAPITAL RESOURCES

	FOR THE NINE MONTHS ENDED SEPTEMBER 30,	
	2011	2010
	(in thousands)	
Working capital	\$ 3,235	\$ (641)
Cash, cash equivalents and short-term investments	6,082	837
Cash provided by/(used in) operating activities	1,819	(1,188)
Cash (used in) investing activities	(60)	(131)
Cash provided by/(used in) financing activities	3,314	(146)

Working capital was \$3,235 thousand on September 30, 2011, an increase of \$3,876 thousand from \$(641) thousand on September 30, 2010. The increase was primarily due to increase in cash of \$5,245 thousand offset by an increase in current liabilities of \$943 thousand. The Company believes that it can continue to generate positive cash flow as demonstrated by the current quarter and thus continue to increase its available working capital.

Cash provided by operating activities was \$1,819 thousand for the nine months ended September 30, 2011 compared to cash used in operating activities of \$1,188 thousand for the nine months ended September 30, 2010. The increase of cash generated by operations of \$3,007 thousand was due primarily to a decrease of \$1,199 thousand in net Loss, a decrease of lease liabilities of \$758 thousand, an increase in the change in deferred revenue of \$517, accrued expenses \$120 thousand and accounts payable \$311 thousand.

Cash used by investing activities was \$60 thousand for the nine months ended September 30, 2011 due to net purchases of property and equipment. Cash used in investing activities was \$131 thousand for the nine months ended September 30, 2010 due to net purchases of property and equipment. Asure's current operations are not capital intensive and management does not anticipate any significant capital expenditures during the remainder of calendar year 2011.

The Company leases office space and equipment under non-cancelable operating leases that expire at various dates through 2013. Certain leases obligate Asure to pay property taxes, maintenance and insurance and include escalation clauses. The total amount of base rentals over the term of the Company's leases is charged to expense on a straight-line basis, with the amount of the rental expense in excess of the lease payments recorded as a deferred rent liability. Approximately \$360 thousand or 84% of the Company's total operating lease obligations relate to its corporate office facility at Wild Basin in Austin, Texas.

Management continues to evaluate and reduce any unnecessary expenditure, while continuing to closely monitor all of its cash sources and uses as it manages its operations through the current recession.

Cash provided by financing activities was \$3,314 thousand for the nine months ended September 30, 2011 primarily due to \$2,850 thousand debt issued for an acquisition and \$500 thousand line of credit. Cash used in financing activities was \$146 thousand for the nine months ended September 30, 2010 and was related to the repurchase of treasury stock for \$110 thousand and payments on capital leases of \$36 thousand. Management believes it currently has sufficient cash and short-term investments on hand to fund its operations during the next twelve months and beyond without needing to obtain long-term financing. Therefore, the Company does not anticipate that it will be affected by any credit shortage in the current economic business environment.

Pursuant to Asure's stock repurchase plan, the Company is allowed to repurchase up to 300,000 shares (adjusted for the 10 to 1 reverse stock split) of the Company's common stock. In total, Asure has repurchased 256,107 shares for approximately \$5.0 million over the life of the plan. Management will periodically assess repurchasing additional shares, depending on the Company's cash position, market conditions and other factors.

As of September 30, 2011, Asure's principal source of liquidity consisted of \$6,082 thousand of current cash and cash equivalents as well as future cash generated from operations. The increase of cash and cash equivalents of \$5,012 thousand for the nine months ended September 30, 2011 is primarily due to \$2,850 thousand in debt issuance, a \$500 thousand line of credit and \$1,662 thousand cash generated from operations. The cash received from debt issuance, line of credit and a portion of operating cash was used in the acquisition of substantially all the assets of ADI Time, LLC (see Note 11-Subsequent Events). The Company believes that it has and/or will generate sufficient cash for its short and long term needs. The Company is continuing to reduce expenses and thus may utilize its cash balances in the short-term to reduce long-term costs. The Company expects that it will be able to generate positive cash flows from operating activities for the remainder of 2011.

Management is focused on growing its existing software operations and looking to make additional strategic acquisitions in the near future. In the short-term, any acquisitions will be funded with equity, cash on the balance sheet, cash from operations, and cash or debt raised from outside sources.

There is no assurance that the Company will be able to grow its cash balances or limit its cash consumption and thus maintain sufficient cash balances, and it is possible that the Company's future business demands may lead to cash utilization at levels greater than recently experienced. Management believes that the Company has sufficient capital and liquidity to fund and cultivate the growth of its current and future operations for the next 12 months and thereafter. However, due to uncertainties related to the timing and costs of these efforts, Asure may need to raise additional capital in the future. Yet, there is no assurance that the Company will be able to raise additional capital if and when it is needed.

CRITICAL ACCOUNTING POLICIES

There were no material changes to our critical accounting policies and estimates since December 31, 2010. For additional information on critical accounting policies, refer to "Management's Discussion and Analysis" in our 2010 Annual Report on Form 10-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is a smaller reporting company as defined by Rule 12b-2 under the Exchange Act and is not required to provide the information required under this item.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Control and Procedures

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Based on an evaluation under the supervision and with the participation of the Company's management, the Company's principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act were effective as of September 30, 2011 to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms and (ii) accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Change in Internal Controls over Financial Reporting

During the period ended September 30, 2011, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION**ITEM 1A. RISK FACTORS**

The Company is a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and is not required to provide the information required under this item.

ITEM 6. EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
2.3 *	Asset Purchase Agreement dated October 1, 2011 by and among Asure Software, Inc., ADI Software, LLC and ADI Time, LLC
4.3 *	Form of 9% Subordinated Convertible Promissory Note
4.4 *	Form of 15% Subordinated Promissory Note
4.5 *	Form of Securities Purchase Agreement for 9% Subordinated Convertible Promissory Note
4.6 *	Form of Securities Purchase Agreement for 15% Subordinated Promissory Note
4.7 *	Registration Rights Agreement
4.8 *	Credit Agreement between Asure Software, Inc. and JPMorgan Chase Bank, NA.
31.1*	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101*	The following materials from Asure Software, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, formatted in XBRL (Extensible Business Reporting Language): (1) the Condensed Consolidated Balance Sheets, (2) the Condensed Consolidated Statements of Operations, (3) the Condensed Consolidated Statements of Cash Flows, and (4) Notes to Consolidated Financial Statements, tagged as blocks of text.

* Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ASURE SOFTWARE, INC.

November 14, 2011

By: /s/ PATRICK GOEPEL
Patrick Goepel
Chief Executive Officer

November 14, 2011

By: /s/ DAVID SGOGLIO
David Scoglio
Chief Financial Officer

INDEX TO EXHIBITS

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* Filed herewith

* Filed herewith

ASSET PURCHASE AGREEMENT

DATED AS OF OCTOBER 1, 2011

BY AND AMONG

ASURE SOFTWARE, INC.,

ADI SOFTWARE, LLC

AND

ADI TIME, LLC

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT ("Agreement") is made effective as of the 1st day of October, 2011, by and among Asure Software, Inc., a Delaware corporation ("Parent"), ADI Software, LLC, a Delaware limited liability company and a wholly owned subsidiary of Parent ("Purchaser"), and ADI Time, LLC, a Rhode Island limited liability company ("Seller").

WITNESSETH:

WHEREAS, Seller provides time and attendance software and management services to small-to-mid-sized businesses and divisions of large enterprises (the "Business"); and

WHEREAS, Seller desires to sell to Purchaser, and Purchaser desires to purchase from Seller substantially all the assets and assume certain specified liabilities of the Business, subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

SECTION 1.

SALE AND PURCHASE OF ASSETS AND CLOSING

Section 1.1 Sale and Purchase. On the terms and subject to the conditions of this Agreement, at Closing, Seller hereby agrees to sell, convey, assign, deliver and transfer to Purchaser, to the extent transferable, and Purchaser agrees to purchase from Seller, all of the assets of Seller, tangible or intangible, wherever located, primarily used in the Business, other than the Excluded Assets as defined in Section 1.2 hereunder (collectively, the "Purchased Assets"), including, without limitation, the following:

(a) All cash and cash equivalents;

(b) All machinery and equipment, tools, office equipment, computer equipment, hardware, software and related program documentation, supplies and all other tangible personal property owned by Seller and primarily used in the conduct of the Business, which Purchased Assets shall include, but shall not be limited to, those items set forth on Schedule 1.1(b) attached hereto ("Tangible Personal Property");

(c) All of Seller's right and interest in the accounts receivables set forth on Schedule 1.1(c) attached hereto ("Accounts Receivable");

(d) All customer accounts, including the customers who have transacted business with Seller since January 1, 2005 listed in Schedule 1.1(d) attached hereto, and all claims and rights under any contracts, agreements, commitments with customers and purchase orders (including backlogged orders), written and oral, all customer lists, route books, records, software, computer records and other similar data relating to customer accounts, and rights under bids and proposals now pending (collectively, the "Customer Accounts");

(e) All inventory, finished goods, raw materials, work in progress, packaging, supplies, parts, materials, testing units, and other inventories, wherever located, which are owned, solely employed by or held for use by Seller in the conduct of the Business, all of which are listed on Schedule 1.1(e);

(f) All Purchased Intellectual Property that is owned by Seller and used in or, in Seller's belief, necessary for the conduct of the Business as currently conducted

(g) Copies of all books and records (including computer records) of Seller, including books of account, ledgers, general business, financial and accounting records, price lists, sales records, research and development files, strategic plans, personnel records of employees of Seller hired by Purchaser, customer lists, supplier lists, customer complaints, mailing lists, promotional and advertising materials, and research and files relating to the Intellectual Property;

(h) All contracts, leases, deeds, mortgages, licenses, instruments, commitments, undertakings and other agreements, commitments and legally binding arrangements, whether written or oral, including Intellectual Property Licenses, described in Schedule 2.8 (collectively, the "Assigned Contracts");

(i) All governmental approvals, authorizations, certifications, consents, variances, permissions, licenses and permits, which are held by Seller and required for the conduct of the Business as currently conducted or for the ownership and use of the Purchased Assets;

(j) All of Seller's rights under warranties, indemnities and all similar rights against third parties to the extent related to any Purchased Assets;

(k) All insurance benefits, including rights and proceeds, arising from or relating to the Business, the Purchased Assets or the Assumed Liabilities;

(l) All rights to any actions of any nature available to or being pursued by Seller to the extent related to the Business, the Purchased Assets or the Assumed Liabilities, whether arising by counterclaim or otherwise; and

(m) The goodwill and going concern value of the Business (the "Goodwill");

Section 1.2 Excluded Assets. Under the terms of this Agreement, Purchaser will not purchase from Seller and Seller will retain the assets of Seller not constituting the Purchased Assets (collectively, the "Excluded Assets"), to include without limitation:

(a) The assets, properties and rights specifically set forth on Schedule 1.2(a);

(b) All oral and written contracts, licenses, agreements, commitments, undertakings or other legally binding arrangements that are not disclosed in Schedule 2.8; and

(c) Organizational documents, minute books, member records and tax records.

Section 1.3 Purchase Price.

(a) Subject to the adjustments described in this Section 1.3, the aggregate purchase price (the "Purchase Price") for the Purchased Assets shall be equal to the sum of the following and shall be paid as follows

(i) \$6,000,000.00, less \$95,392 (the "Heldback Amount"), and less the Cash Deficit, if any, which aggregate amount shall be paid in cash (the "Cash Payment") in the manner set forth in Section 1.3(e) below; plus

(ii) \$1,095,392.00, which shall be paid with a promissory note from the Purchaser ("Holdover Note") in the form of Exhibit A, of which \$1,000,000 shall be available to satisfy any and all claims of the Purchaser Indemnitees that have been determined to be subject to indemnification by Seller pursuant to Section 5.

(b) The "Cash Deficit" shall be equal to the amount by which \$250,000 exceeds the Closing Cash.

(c) If total revenues generated solely and directly in connection with the Business for the 12-month period ending on September 30, 2012 ("2012 Business Revenue"), as calculated by Purchaser, exceed the revenue target provided by Purchaser with input from Seller and as set forth on Schedule 1.3(c), then the principal amount of the Holdover Note shall be increased by an amount equal to such excess; provided that in no event shall such amount exceed the Cash Deficit. No later than December 31, 2012, Purchaser shall prepare and deliver to Seller a written statement setting forth the amount of the 2012 Business Revenue and a reasonably detailed computation of such amount.

(d) The Heldback Amount will be deposited by wire transfer of immediately available funds into an escrow account established under the Escrow Agreement and will be held and distributed in accordance with the terms of the Escrow Agreement to pay for the procurement of the components identified on Schedule 1.3(d) ("Unique Components") which are required for the manufacture of up to 1,000 electro-mechanical devices related to the Business. If Purchaser is not able to sell all of such electro-mechanical devices within the 12 month period after September 15, 2011, the remainder of the Heldback Amount in the escrow account will be released to Purchaser to pay the obligation related to the Unique Components. If Purchaser is not able to sell all of such electro-mechanical devices by September 29, 2013, then the principal amount of the Holdover Note will be reduced by an amount equal to (A) \$95,392 multiplied by (B) the proportionate amount of such unsold devices.

(e) The Purchaser shall pay to Seller \$750,000 of the Cash Payment ("Closing Day Cash Payment") in cash at the Closing and the remaining portion of the Cash Payment, as adjusted pursuant to Section 1.3(a)(i), on October 3, 2011 by wire transfer of immediately available funds to the account specified by Seller in writing. However, Purchaser shall not be in default of this Agreement if any wire transfer is delayed due to reasons beyond the control of Purchaser provided that all wire transfers must be completed by the end of the business day on October 4, 2011 (the "Delayed Wires"). In no event shall the Delayed Wires exceed a total of \$500,000.

Section 1.4 Allocation of Purchase Price. Seller and Purchaser agree that the Purchase Price shall be allocated among the Purchased Assets for all purposes as shown on the allocation schedule (the "Allocation Schedule"). A draft of the Allocation Schedule shall be prepared by Purchaser and delivered to Seller within thirty (30) business days after the Closing Date. For a period of ten (10) business days after Purchaser provides the Allocation Schedule to Seller, Seller shall have the opportunity to review and comment on the Allocation Schedule. If Seller notifies Purchaser in writing that Seller objects to one or more items reflected in the Allocation Schedule, Purchaser and Seller shall negotiate in good faith to resolve such dispute; provided, however, that if Purchaser and Seller are unable to resolve any dispute with respect to the Allocation Schedule within ten (10) business days after the end of 10 business day review and comment period, such dispute shall be referred to an impartial, nationally recognized firm of independent certified public accountants (the "Auditor"), as mutually agreed to by Purchaser and Seller, for resolution as promptly as practicable. The Allocation Schedule as so agreed to or determined by the Auditor shall be conclusive and binding upon the parties, and the parties agree that that all tax returns (including IRS Form 8594) and all financial statements of the parties shall be prepared in a manner consistent with (and the parties shall not otherwise file a tax return or take any tax position inconsistent with) the such Allocation Schedule. The fees and expenses of the Auditor shall be borne equally by Purchaser and Seller.

Section 1.5 Assumption of Seller Liabilities. Subject to the terms and conditions set forth herein, Purchaser shall assume and agree to pay, perform and discharge only the following liabilities of Seller (collectively, the "Assumed Liabilities"):

(a) all obligations and liabilities arising and accruing after the Closing Date from the Customer Accounts and Assigned Contracts, including the amount of commissions due and payable to employees of Seller as set forth on Schedule 1.5(a); and

(b) trade accounts payable of Seller to third parties in connection with the Business that are reflected on the Latest Balance Sheet or arose in the ordinary course of business consistent with past practice since the date of the Latest Balance Sheet.

Section 1.6 Excluded Liabilities. Except for the Assumed Liabilities, Purchaser shall not assume and shall not be responsible to pay, perform or discharge any liabilities of Seller of any kind or nature whatsoever (the "Excluded Liabilities"), and the Seller shall remain responsible for all such Excluded Liabilities. Without limiting the generality of this Section 1.6 and notwithstanding any other provision hereof, the Excluded Liabilities shall include, but not be limited to, the following:

(a) Any liability of Seller arising from, or in connection with, the conduct of the Business prior to Closing or the ownership of the Purchased Assets by Seller prior to the Closing, including, without limitation, any such liabilities arising by reason of any violation or claimed violation by Seller, by acts or events or omissions arising or occurring prior to the Closing, of any federal, state or local law, rule, regulation, ordinance or any requirement of any governmental body;

(b) Except for any liability set forth on Schedule 1.6(b) that is reflected on the Latest Balance Sheet or arose in the ordinary course of business consistent with past practice since the date of the Latest Balance Sheet, any liability of Seller related to or arising out of the Excluded Assets;

(c) Any liability of Seller for any Taxes;

(d) Any liability for any present or former employees, agents or independent contractors of Seller, including, without limitation, any liabilities associated with any claims for wages or other benefits, severance, termination or other payments; and

(e) Any liability under any Benefit Plan (later defined), including without limitation, any employee benefit plan of or sponsored by Seller, any 401K plan or any other “employee pension benefit plan” as defined in Section 3(2) of ERISA (later defined).

Section 1.7 Closing. Subject to the terms and conditions of this Agreement, the closing of the transactions contemplated by this Agreement (“Closing”) shall be held by the exchange of documents by mail or other delivery services or electronic delivery of documents and/or funds or at the offices of Messerli & Kramer P.A. on the date hereof, or at such other place and on such date as the Seller and Purchaser shall agree. The date on which the Closing occurs is referred to as the “Closing Date.” The Closing shall be deemed to occur as of 12:01 a.m., Rhode Island time, on the date hereof.

SECTION 2.

REPRESENTATIONS AND WARRANTIES OF SELLER

Except as set forth in the Disclosure Schedules, Seller represents and warrants to Purchaser and Parent that the statements contained in this Section 2 are true and correct as of the date hereof.

Section 2.1 Organization and Qualification. Seller is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Rhode Island and has full limited liability company power and authority to own or lease its properties and to conduct its business in the manner and in the places where such properties are owned or leased or as such business is currently conducted. Seller has no subsidiaries.

Section 2.2 Authority. Seller has full limited liability company power and authority to enter into this Agreement and each agreement, document and instrument to be executed and delivered by Seller pursuant to this Agreement and to carry out the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement and each such other agreement, document and instrument by Seller has been duly and validly authorized and approved by all necessary action on the part of Seller and no other action on the part of Seller or its members is required in connection therewith. This Agreement and each agreement, document and instrument to be executed and delivered by Seller pursuant to this Agreement constitutes, or when executed and delivered will constitute, the legal, valid and binding obligation of Seller, each enforceable in accordance with their respective terms, except to the extent that enforcement is limited by bankruptcy, insolvency, moratorium, conservatorship, receivership or similar laws of general application affecting creditors’ rights or by the application by a court of equity principles.

Section 2.3 No Conflicts; Consents. The execution, delivery and performance by Seller of this Agreement and each such agreement, document and instrument to be executed and delivered by Seller pursuant to this Agreement (a) does not and will not violate any foreign, federal, state, local or other laws, regulations or ordinances applicable to Seller; (b) does not or will not violate any term or provision of Seller's certificate of formation, operating agreement or other organizational documents of Seller; and (c) does not and will not result in a breach of, constitute or result in a default under, accelerate any obligation under or give rise to a right of termination of, any indenture or loan or credit agreement or any other agreement, contract, instrument, mortgage, lien, lease, permit, authorization, order, writ, judgment, injunction, decree, determination or arbitration award to which Seller is a party or by which the Purchased Assets are bound or affected, or result in the creation or imposition of any mortgage, pledge, lien, security interest or other charge or encumbrance on any of the Purchased Assets. Except as set forth on Schedule 2.3, no consent or waiver by, approval of, or designation, declaration or filing with, or notice to, any governmental or public body or authority, any lender or lessor or any other person or entity is required by or in connection with the execution, delivery and performance by Seller of this Agreement and each agreement, document and instrument to be executed and delivered by Seller pursuant to this Agreement.

Section 2.4 Financial Statements. Complete copies of the audited financial statements consisting of the balance sheet of Seller as of December 31 in each of years 2008, 2009 and 2010 and the related statements of income and members' equity and cash flow for the years then ended (the "Audited Financial Statements"), and the unaudited financial statements consisting of the balance sheet as of August 31, 2011 (the "Latest Balance Sheet") and the related statements of income and cash flow for the period then ended (the "Interim Financial Statements" and together with the Audited Financial Statements, the "Financial Statements") have been delivered to Purchaser. The Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the period involved, subject, in the case of the Interim Financial Statements, to normal and recurring year-end adjustments (the effect of which will not be materially adverse) and the absence of notes (that, if presented, would not differ materially those presented in the Audited Financial Statements). The Financial Statements are based on the books and records of Seller, and fairly present the financial condition of Seller as of the respective dates they were prepared and the results of operations and cash flows of Seller for the periods indicated. Seller maintains a standard system of accounting, established and administered in accordance with GAAP.

Section 2.5 Revenues and Customer Accounts. The information contained in Schedule 1.1(d) is true and accurate in all material respects. Except as set forth in Schedule 2.5, Seller has not received any notice from any customer of the Business that the customer has terminated or intends to terminate its account or materially reduce the level of orders or services associated therewith after the Closing, or of any dispute with respect to its account. Seller does not have actual knowledge of any fact which reasonably can be expected in the future to cause Seller to be in default under any Customer Account. All written customer contracts are valid and enforceable in accordance with their respective terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance and other similar laws relating to or affecting creditors' rights generally and general equitable principles, and, except for such contracts listed on Schedule 2.3, are assignable without consent. Seller has not received and holds no security deposits or escrow deposits from any of its customers. Except as set forth in Schedule 2.5, Seller is not servicing, and has not for at least twelve (12) months prior to the date hereof, serviced any customer who is a party to a Customer Account for any period on a charge-free basis. Except as set forth in Schedule 1.1(c), Seller invoices the Customer Accounts consistent with any written customer contracts to the extent applicable and invoices all other customers on a basis consistent with customary industry practices. Except as set forth in Schedule 2.5, Seller is not presently offering, and has not, within the last twelve (12) months, offered any discount or allowance to any customer, including early payment discounts.

Section 2.6 Accounts Receivable. The Accounts Receivable reflected on the Interim Financial Statements and the Accounts Receivable arising after the date thereof (a) have arisen from bona fide transactions entered into by Seller in the ordinary course of business consistent with past practice; (b) except as set forth in Schedule 2.6, are valid, undisputed claims and are not subject to known counterclaims or setoffs, and (c) are fully collectible in accordance with their terms, except to the extent of any bad debt reserves shown on the Interim Financial Statements. The reserve for bad debts shown on the Latest Balance Sheet or, with respect to Accounts Receivable arising after the date of the Latest Balance Sheet, on the accounting records of Seller have been determined in accordance with GAAP, consistently applied, subject to normal year-end adjustments and the absence of notes. Seller has provided to Purchaser a complete and accurate list of all Accounts Receivable of Seller as of the date of the Latest Balance Sheet, which list sets forth the aging of such Accounts Receivable.

Section 2.7 Title to Assets. Except as set forth in Schedule 2.7, Seller has good and marketable title to, or a valid leasehold interest in, the Purchased Assets. None of the Purchased Assets is subject to any mortgage, pledge, lien, conditional sales agreement, security interest, encumbrance or other charge, except for the security interest granted to Bank of America that will be discharged at closing. All of the personal property included in the Purchased Assets that are currently in use are in good repair and operating condition. The Purchased Assets, together with those assets identified on Schedule 2.7 that are not owned by Seller, are the only assets used in or, in Seller's belief, necessary to operate, the Business as currently conducted. None of the Excluded Assets are material to the Business.

Section 2.8 Assigned Contracts. Descriptions of the Assigned Contracts, including the terms and conditions of any oral Assigned Contract, in Schedule 2.8 are true, correct and complete. Complete and correct copies of each Assigned Contract (including all amendments, extensions or other modifications thereto and waivers thereunder as of the date hereof) have been made available to Purchaser. Except as set forth on Schedule 2.8, to Seller's Knowledge, each Assigned Contract is valid and enforceable in accordance with their respective terms, in full force and effect, and transferable without the consent of any party thereto, or any required consent has been obtained. Except as set forth in Schedule 2.5, none of the Assigned Contracts have been terminated. No notice has been given by any party thereto of any alleged breach or default by any party thereunder, and Seller is not aware of any intention or right of any party to declare another party to any of the Assigned Contracts to be in breach of or in default or otherwise to demand a refund. Seller is not in default under any of the Assigned Contracts, and, to Seller's Knowledge, no event or circumstance exists that, with notice or lapse of time or both, that would constitute a default thereunder or result in a termination thereof. This Agreement and the transactions contemplated hereby will not give rise to a default under the "select escrow agreements" listed in Schedule 2.9(a). For purposes of this Agreement, "Seller's Knowledge" shall mean actual knowledge of any governor, senior executive officer, executive committee member or manager of Seller after due and diligent inquiry of all relevant employees, consultants and advisors of Seller.

Section 2.9 Intellectual Property.

(a) Schedule 2.9(a) lists all Purchased Intellectual Property. The Purchased Assets include all Purchased Intellectual Property that is, individually or in the aggregate, material to the Business. Except as set forth on Schedule 2.9(a), Seller is the sole owner of and possesses all right, title and interest in and to the Purchased Intellectual Property, free and clear of mortgages, pledges, liens, conditional sales agreements, security interests, encumbrances or other charges. Except as set forth in Schedule 2.9(a), Seller has not granted to any person any license or sublicense, option, consent, right of first or last offer, or negotiation or other rights or authority in or to any of the Purchased Intellectual Property. Seller is in full compliance with all legal requirements applicable to the Purchased Intellectual Property and Seller's ownership and use thereof. Except as set forth on Schedule 2.9(a), all users of Purchased Intellectual Property are mere licensees and have no right or claim to ownership of the Purchased Intellectual Property.

(b) Schedule 2.9(b) lists all Intellectual Property Licenses. Seller has provided Purchaser with true and complete copies of all of such Intellectual Property Licenses. Seller is not in default under any Intellectual Property Licenses.

(c) Except as set forth in Schedule 2.9(b), no interference actions or other judicial or adversary proceedings, or other disputes, concerning the Purchased Intellectual Property and Intellectual Property Licenses are outstanding or pending and, to Seller's Knowledge, no such action or proceeding is threatened. Except as set forth in Schedule 2.9(b), Seller has the right and authority to use the Purchased Intellectual Property and Intellectual Property Licenses in connection with the conduct of the Business in the manner presently conducted and has not received notice, and has no reason to believe, that such use conflicts with, infringes upon or violates any rights of any other person, firm or corporation.

(d) Seller has taken all actions it reasonably believes are necessary to maintain and protect each item of Purchased Intellectual Property. Seller has taken reasonable measures to safeguard the confidentiality and value of all Purchased Intellectual Property comprising trade secrets or other confidential information.

(e) Schedule 2.9(e) lists all licenses, sublicenses and other agreements pursuant to which Seller grants rights or authority to any person with respect to any Purchased Intellectual Property or Intellectual Property Licenses. Seller has provided Buyer with true and complete copies of all of such agreements. All such agreements are valid, binding and enforceable between Seller and the other parties thereto. To Seller's Knowledge, no person has infringed, violated or misappropriated, or is infringing, violating or misappropriating, any of the Purchased Intellectual Property.

(f) For all purposes of this Agreement, the definitions set forth below shall apply:

(g) "Purchased Intellectual Property" means all Intellectual Property that is owned by Seller and used in the conduct of the Business as currently conducted.

(i) "Intellectual Property Licenses" means all licenses, sublicenses and other agreements by or through which other persons grant Seller rights or interests in or to any Intellectual Property that is used in or , in Seller's belief, necessary for the conduct of the Business as currently conducted.

(ii) "Intellectual Property" means all intellectual property or other proprietary rights of every kind throughout the world, both domestic and foreign, including all inventions and improvements thereon, Patents, Trademarks, Domain Names, Trademark Rights, Copyrights, Technology and trade secrets and Seller's name "ADI Time."

(iii) "Patents" means the United States patents and patent applications, including any continuations, divisionals, continuations in part, or reissues of patent applications and patents issuing thereon and any past, present or future claims or cause of action arising out of or related to any infringement or misappropriation of any of the foregoing.

(iv) "Trademarks" means the trademark registrations and applications for trademark registration, together with the goodwill associated with any of the foregoing, and all applications, registrations and renewals thereof, and any past, present or future claims or cause of action arising out of our related to any infringement or misappropriation of any of the foregoing.

(v) "Domain Names" means the internet domain names and all registrations, applications and renewals related to the foregoing.

(vi) "Trademark Rights" means all common law rights in the United States in trade names, corporate names, logos, slogans, designs, trade dress, and unregistered trademarks and service marks, together with all translations, adaptations, derivations and combinations thereof, and the goodwill associated with any of the foregoing.

(vii) "Copyrights" means all copyrightable works, and all United States and foreign registered copyrights and applications, registrations and renewals therefore, and any past, present or future claims or cause of actions arising out of or related to any infringement or misappropriation of any of the foregoing..

(viii) “Technology” means, collectively, all designs, formulae, algorithms, procedures, methods, techniques, now-how, research and development, technical data, programs, subroutines, tools, materials, specifications, processes, inventions (whether patentable or unpatentable and whether or not reduced to practice), apparatus, creations, improvements, works of authorship and other similar materials, and all recordings, graphs, drawings, reports, analyses, and other writings, and other tangible embodiments of the foregoing, in any form whether or not specifically listed herein, and all related technology, that are used in, incorporated in, embodied in, displayed by, or are used in the design, used in the development, used in the reproduction, used in the maintenance or used in the modification of any of products or services developed, manufacture, marketed or sold in connection with the business.

Section 2.10 Employees. Copies of allowable documents under applicable law from the personnel files for employees of Seller (“Employees”) have been delivered to Purchaser. Schedule 2.10 includes all written agreements (including but not limited to employment agreements, deferred compensation agreements, and bonus agreements) between Seller and the Employees. Seller is not delinquent in payments to any of the employees of the Seller, including the Employees for any wages, salaries, commissions, bonuses or other direct compensation for any services performed for it to the date hereof or amounts required to be reimbursed to such employees. Upon termination of the employment of any Employees, Purchaser will not by reason of anything done prior to the Closing be liable to any of Employees for “severance pay” or any other payments. To Seller’s Knowledge, Seller is in material compliance with all applicable laws and regulations respecting labor, employment, fair employment practices, terms and conditions of employment and wages and hours. To Seller’s Knowledge, there are no charges of employment or age discrimination, sexual harassment or unfair labor practices, claims by the Employees against Seller or strikes, slowdowns, stoppages of work or any other concerted interference with normal operations existing, pending or threatened against or involving Seller. No grievance which might have a material adverse effect on the Business has been asserted. There is no collective bargaining agreement in effect or contemplated to be in effect by Seller for the Employees.

Section 2.11 Products and Product Warranties. Except as set forth in Schedule 2.11, Seller owns all of the tools, dies and specifications for, and all intellectual property and other rights to manufacture and sell, all timeclocks and other products sold as Seller’s products. There are no breach of warranty claims currently pending, or to Seller’s Knowledge, to be asserted regarding any product sold, leased or delivered or services rendered by Seller.

Section 2.12 Product Liability. To Seller’s Knowledge, Seller has no liability (and there is no basis for any present or future action, suit, proceeding, hearing, investigation, charge, complaint, claim or demand against it giving rise to any liability) arising out of any injury to individuals or property as a result of the ownership, possession or use of any product sold, leased or delivered or services rendered by Seller.

Section 2.13 Litigation. Except as set forth on Schedule 2.13, there are no suits, actions or administrative, arbitration or other proceedings or governmental investigations pending or threatened against or relating to Seller or the Purchased Assets. Except as set forth on the Schedule 2.13, Seller is not otherwise engaged as a party in any suit, action or administrative, arbitration or other proceeding. Seller has not entered into or been subject to any consent decree, compliance order or administrative order with respect to any of the Purchased Assets or the Business. Seller has not received any request for information, notice, demand letter, administrative inquiry or formal or informal complaint or claim with respect to the Purchased Assets or the Business. Seller has not been named by the U.S. Environmental Protection Agency or a state environmental agency as a potentially responsible party (or similar designation under applicable state law) in connection with any site at which hazardous substances, hazardous materials, toxic substances, oil or petroleum products have been released or are threatened to be released.

Section 2.14 Absence of Undisclosed Liabilities. Except as set forth in Schedule 2.14, to Seller's Knowledge, Seller has no indebtedness, liabilities or obligations of any nature or kind, whether accrued, absolute, contingent or otherwise, whether due or to become due, and regardless of when asserted, relating to products or services provided by Seller, other than (a) those which are adequately reflected or reserved against in the Latest Balance Sheet and (b) those which have been incurred in the normal course of business consistent with past practice after the date of the Latest Balance Sheet and which are not, individually or in the aggregate, material in amount.

Section 2.15 Taxes. After Closing and as a result of the transactions contemplated by this Agreement, Purchaser will not be responsible or liable for any federal, state and local income, profits, gross receipts, franchise, sales, use, occupation, real or personal property, value-added, ad valorem, withholding, social security, payroll, excise and other taxes, charges, levies, tariffs, duties, liabilities, assessments, fees and governmental charges (including for any interest, penalties or other expenses related thereto) (collectively, "Taxes") related to Seller's pre-Closing operations, nor will Seller or the Purchased Assets be subject to any lien or other claim by any federal, state or local governmental authority relating to any such Taxes. No tax audit, actions, suit, proceeding or claim is now pending or, to Seller's Knowledge, threatened against Seller or the Purchased Assets.

Section 2.16 Absence of Certain Changes. Except as provided in any Schedule hereto, since December 31, 2010, there has not been:

(a) any change in the condition (financial or otherwise), properties, assets, liabilities, business, prospects or operations of Seller which change, by itself or in conjunction with all other such changes, has been or is likely to be materially adverse with respect to Seller's Business, the value of the Purchased Assets or the ability of Seller to consummate the transactions contemplated hereby;

(b) any purchase, sale, license or other disposition, or any agreement or other arrangement for the purchase, sale, license or other disposition, of any part of the Purchased Assets other than purchases and sales in the ordinary course of business;

(c) any damage, destruction or loss, whether or not covered by insurance, adversely affecting the Purchased Assets or Seller in excess of \$5,000 per single occurrence;

(d) any mortgage or pledge of any of the Purchased Assets or any waiver of any rights with respect to any of the Purchased Assets or the Business;

(e) any acceleration, termination, modification or cancellation of any agreement, contract, lease or license (or series of related agreements, contracts, leases or licenses) involving more than \$10,000 to which Seller is a party or by which it is bound and which is an Assigned Contract or is related to the Business;

(f) any material change in any method of accounting or accounting practice for the Business, except as required by GAAP or as disclosed in the notes to the Financial Statements;

(g) any material change in cash management practices and policies, practices and procedures with respect to collection of Accounts Receivable, establishment of reserves for uncollectible Accounts Receivable, accrual of Accounts Receivable, prepayment of expenses, payment of accounts payable, accrual of other expenses, deferral of revenue, and acceptance of customer deposits; or

(h) any agreement or understanding, whether in writing or otherwise, for Seller to take any of the foregoing actions, or any action or omission that would result in any of the foregoing.

Section 2.17 Compliance with Laws. Seller is not in material violation of any laws, rules or regulations which apply to the conduct of Seller's Business or properties which violation has had or may be expected to have a material adverse effect on the Purchased Assets or Seller's business, financial condition or results of operations. There has never been any citation, fine or penalty imposed, asserted or threatened against Seller under any foreign, federal, state, local or other law or regulation relating to employment, immigration, occupational safety, zoning or environmental matters and Seller is not aware of any circumstances, occurrences or conditions likely to result in the imposition or assertion of such a citation, fine or penalty, nor has Seller received any notice to the effect that Seller is in violation of any such laws or regulations

Section 2.18 Employee Benefit Plans. After Closing and as a result of the transactions contemplated by this Agreement, Purchaser will not be responsible or liable for any payments or other obligations of Seller related to any employee benefit plans, as that term is defined in Section 3(3) of ERISA, and fringe benefit plans, as that term is defined in Section 6039D(d) of the Code, which now are or ever have been maintained by Seller (or any subsidiary of Seller) or to which Seller (or any subsidiary of Seller) now has or has ever had an obligation to contribute (the "Employee Benefit Plans").

Section 2.19 Insurance. The Purchased Assets and operations of Seller's Business are insured to the extent disclosed in the Schedule 2.19 hereto, including general liability and errors and omissions insurance policies. All such present policies of insurance are in full force and effect, all premiums with respect thereto are currently paid and Seller is in compliance with the terms thereof.

Section 2.20 Finders' Fees. Neither Seller nor its members has incurred or will incur or become liable for any broker's commission or finder's fee relating to or in connection with the transactions contemplated by this Agreement.

Section 2.21 Completeness. No representation, warranty or statement contained in this Agreement and in the Disclosure Schedules to this Agreement or any certificate or other document furnished or to be furnished to Purchaser pursuant to this Agreement contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements stated therein, in light of the circumstances in which they are made, not misleading.

SECTION 3.

REPRESENTATIONS AND WARRANTIES OF PURCHASER AND PARENT

Each of Purchaser and Parent represents and warrants to Seller that the statements contained in this Section 3 are true and correct as of the date hereof.

Section 3.1 Organization. Purchaser is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware. Parent is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

Section 3.2 Authority. Purchaser has full limited liability company power and authority, and Parent has full corporate power and authority, to enter into this Agreement and each agreement, document and instrument to be executed and delivered by Purchaser and Parent, as applicable, pursuant to this Agreement and to carry out the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement and each such other agreement, document and instrument to which the Purchaser or Parent is a party have been duly and validly authorized and approved by all necessary action on the part of Purchaser and Parent, as applicable, and no other action on the part of Purchaser and Parent, as applicable, is required in connection therewith. This Agreement and each agreement, document and instrument to be executed and delivered by Purchaser and Parent pursuant to this Agreement constitutes, or when executed and delivered will constitute, the legal, valid and binding obligation of each of Purchaser and Parent, as applicable, enforceable against Purchaser and Parent in accordance with their respective terms, except to the extent that enforcement is limited by bankruptcy, insolvency, moratorium, conservatorship, receivership or similar laws of general application affecting creditors' rights or by the application by a court of equity principles.

Section 3.3 No Conflicts; Consents. The execution, delivery and performance by Purchaser and Parent of this Agreement and each such agreement, document and instrument to be executed and delivered by them pursuant to this Agreement (a) does not and will not violate any foreign, federal, state, local or other laws, regulations or ordinances applicable to Purchaser or Parent; and (b) does not or will not violate any term or provision of the organizational documents of Purchaser or Parent. No consent or waiver by, approval of, or designation, declaration or filing with, or notice to, any governmental or public body or authority or any other person or entity is required by or in connection with the execution, delivery and performance by Purchaser or Parent of this Agreement and each agreement, document and instrument to be executed and delivered by Purchaser and Parent pursuant to this Agreement.

Section 3.4 Litigation. There is no pending action, suit, investigation or proceeding that has been commenced against Purchaser or Parent that challenges or may have the effect of preventing, delaying or otherwise interfering with the transactions contemplated hereby. To Purchaser's and Parent's knowledge, no such suit, investigation or proceeding has been threatened.

Section 3.5 Finders' Fees. Neither Purchaser nor Parent has incurred or will incur or become liable for any broker's commission or finder's fee relating to or in connection with the transactions contemplated by this Agreement.

SECTION 4.

CLOSING DELIVERABLES

Section 4.1 Deliveries of Seller at Closing. Unless otherwise specifically set forth herein, at the Closing, Seller shall deliver to Purchaser the following:

- (a) Possession of the Purchased Assets;
- (b) A bill of sale in the form of Exhibit B hereto ("Bill of Sale") and duly executed by Seller, conveying free, clear and unencumbered title to the tangible personal property included in the Purchased Assets to Purchaser;
- (c) An assignment and assumption agreement in the form of Exhibit C hereto ("Assignment and Assumption Agreement") and duly executed by Seller, effecting the assignment to and assumption by Purchaser of the Purchased Assets and Assumed Liabilities;
- (d) Such documents of assignment and transfer duly executed by Seller (the "Intellectual Property Assignments"), transferring all of Seller's right, title and interest in and to any of Purchased Intellectual Property and Intellectual Property Licenses to Purchaser;
- (e) A limited power of attorney in the form of Exhibit D hereto and duly executed by Seller;
- (f) The consent to assignment for that certain lease agreement with South Office Crossings, LLC;
- (g) Within fifteen (15) days following Closing, <http://www.innecitytennis.org/programs.html> evidence of filing of UCC-3 termination statements with respect the security interest securing the obligations under the Bank of America loan;
- (h) Non-competition and non-solicitation agreements in the form of Exhibit E hereto ("Non-Competition Agreements"), duly executed by those members of Seller listed on Schedule 4.1(h);

(i) An escrow agreement among Purchaser, Seller and the entity designated to serve as escrow agent (the “Escrow Agreement”), duly executed by Seller;

(j) A written statement setting forth the amount of Seller’s cash and cash equivalents as of 11:59 p.m., Rhode Island time, on September 30, 2011 (“Closing Cash”), certified by the Chief Executive Officer of Seller;

(k) Resolutions duly adopted by the members of Seller, authorizing the execution, delivery and performance of this Agreement, such other agreement, document and instrument required to be delivered pursuant to the Agreement to which Seller is a party, and the transactions contemplated hereby and thereby, certified by a duly authorized officer;

(l) The certificate of the Secretary (or equivalent officer) of Seller certifying the names and signatures of the officers of Seller authorized to sign this Agreement and the other agreements, documents and instruments to be delivered pursuant to this Agreement; and

(m) Such other documents, certificates or instruments as Purchaser or Parent reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

Section 4.2 Deliveries of Purchaser at Closing. At the Closing, Purchaser shall deliver the Heldback Amount to the escrow agent pursuant to the Escrow Agreement and shall deliver to Seller the following:

(a) The Closing Day Cash Payment;

(b) The Holdover Note executed by Purchaser and payable to Seller in the aggregate principal amount of \$1,095,392;

(c) A guaranty in the form of Exhibit F hereto (“Guaranty”) and duly executed by Parent;

(d) The Assignment and Assumption Agreement duly executed by Purchaser;

(e) The Non-Competition Agreements duly executed by Purchaser and Parent;

(f) The Escrow Agreement duly executed by Purchaser;

(g) Resolutions duly adopted by the board of directors of Parent and the sole member of Purchaser, each authorizing the execution, delivery and performance of this Agreement, such other agreement, document and instrument required to be delivered pursuant to the Agreement to which Parent or Purchaser is a party, and the transactions contemplated hereby and thereby, certified by a duly authorized officer of Parent and Purchaser;

(h) The certificate of the Secretary (or equivalent officer) of each of Purchaser and Parent certifying the names and signatures of the officers of Purchaser and Parent authorized to sign this Agreement and the other agreements, documents and instruments to be delivered pursuant to this Agreement; and

(i) Such other documents, certificates or instruments as Seller reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

SECTION 5.

SURVIVAL OF REPRESENTATIONS AND WARRANTIES AND INDEMNIFICATION

Section 5.1 Survival of Representations and Warranties. Subject to the limitations and other provisions of this Agreement, the representations and warranties contained herein shall survive the Closing for a period of twenty-four (24) months after the Closing Date; provided, that the representations and warranties in Section 2.1, Section 2.2, Section 2.20, Section 3.1, Section 3.2, and Section 3.5 shall survive indefinitely, and the representations and warranties in Section 2.15 and Section 2.18 shall survive for the full period of all applicable statute of limitations or tolling period with respect to the matter at issue. All covenants and agreements of the parties contained herein (including, but not limited to, Seller's obligations under Section 5.2 hereof) shall survive for a period of 24 months after the Closing Date. Notwithstanding the above limitations, indemnification for matters fraudulently concealed by any party hereto shall extend indefinitely or until the applicable statute of limitations or tolling period.

Section 5.2 Indemnification by Seller. Subject to the terms and conditions contained in this Section 5, Seller covenants and agrees to defend, indemnify and hold harmless Purchaser, Parent and their respective officers, directors, affiliates, employees, agents, advisors and representatives (collectively, the "Purchaser Indemnitees") from and against, and pay or reimburse the Purchaser Indemnitees for any and all claims, demands, losses, damages, liabilities, strict liabilities, obligations, fines, costs and expenses (including interest and penalties with respect thereto and reasonable attorneys' fees and out-of-pocket expenses and costs of investigation), or other damages (whether absolute, accrued, conditional or otherwise and whether or not resulting from third party claims) fixed or contingent, liquidated or unliquidated, matured or unmatured and all demands, assessments, judgments (collectively, "Losses"), resulting from or arising out of:

- (a) any inaccuracy of any representation or warranty when made or deemed made by Seller herein;
- (b) Seller's conduct of the Business or ownership of the Purchased Assets prior to the Closing Date not assumed within the Assumed Liabilities;
- (c) any act of fraud related to this Agreement;
- (d) any failure of Seller to perform any covenant or agreement hereunder on a timely basis, to the extent that such failure to perform is not cured by Seller within ten (10) business days of receipt of written notice thereof from Purchaser;
- (e) any Excluded Asset or any third party claim or other liabilities arising from any Excluded Asset or from the Business prior to the Closing Date;

(f) any Excluded Liability, or any third party claim or other liabilities arising from the Business prior to the Closing Date;

(g) any severance or other obligation due to any employee or former employee of Seller, including those arising out of the Closing or as a consequence of this Agreement or Purchaser's election not to hire any employee of Seller;

(h) any non-compliance by Seller with any applicable fraudulent transfer;

(i) any and all liabilities for Taxes owed by Seller;

(j) the threatened litigation listed on Schedule 2.13; and

(k) all actions, suits, proceedings, demands, assessments or judgments (including all reasonable attorney fees and expenses) incident to any of the foregoing.

Section 5.3 Reimbursement. If a Purchaser Indemnitee has a claim for indemnification under Section 5.2, the Purchaser Indemnitee will deliver prompt written notice to Seller stating in reasonable detail the nature and basis for such claim and the amount, to the extent known, of such claim. The failure to give such prompt notice shall not, however, relieve the Seller of its indemnification obligations, except and only to the extent that the Seller forfeits rights or defenses by reason of such failure. If the Seller disputes the claim for indemnification, it shall notify the Purchaser Indemnitee within 30 days after delivery of the notice of such claim by Purchaser Indemnitee, and the Seller and Purchaser Indemnitee will proceed in good faith to negotiate a resolution of such dispute. If the dispute is not resolved within 30 days after the commencement of negotiations, either Seller or the Purchaser Indemnitee may initiate litigation in accordance with Section 7.3. If the Seller does not dispute such claim for indemnification, the Seller will pay the amount of Loss to the Purchaser Indemnitee. Subject to Section 5.4, Seller will pay the amount of any Loss incurred by the Purchaser Indemnitee within 10 days following the determination of Seller's liability for and the amount of such Loss (whether such determination is made pursuant to the procedures set forth under this Section 5.3, by agreement between the Seller and the Purchaser Indemnitee or by final adjudication).

Section 5.4 Holdback; Set-Off. After satisfaction of the requirements of Section 5.3, a Purchaser Indemnitee will recoup all or any part of any Loss incurred by the Purchaser Indemnitee, first, by offsetting up to \$1,000,000 of principal or interest due and payable by Purchaser to Seller under the Holdback Note and then by reimbursement from Seller pursuant to Section 5.3. If a Purchaser Indemnitee has delivered notice of a claim for indemnification in good faith pursuant to Section 5.3 in respect of Losses estimated by Purchaser Indemnitee to be in excess of \$500,000 and such claim has not been finally resolved or agreed to on or before any required payment date under the Holdback Note, the failure of Purchaser to make the required payment of principal and interest on the Holdback Note when due will not constitute an event of default under the Holdback Note or the Guaranty. If a Purchaser Indemnitee has delivered notice of a claim for indemnification in good faith pursuant to Section 5.3 in respect of Losses estimated by Purchaser Indemnitee to be \$500,000 or less and such claim has not been finally resolved or agreed to on or before any required payment date under the Holdback Note, then Purchaser Indemnitee shall have the right to hold back payment of 150% of the amount of the estimated claim (the "Holdback Claim") and pay the remainder of the principal, if any, as required under the Holdback Note. The failure of Purchaser to pay the Holdback Claim on the applicable payment date under the Holdback Note will not constitute an event of default under the Holdback Note or the Guaranty.

Section 5.5 Indemnification by Parent and Purchaser. Parent and Purchaser covenant and agree to defend, indemnify and hold harmless Seller, its officers, directors, employees, agents, advisors and representatives and members (collectively, the “Seller Indemnitees”) from and against, and pay or reimburse Seller Indemnitees for all Losses resulting from or arising out of:

- (a) any inaccuracy of any representation or warranty when made or deemed made by Purchaser or Parent herein;
- (b) any act of fraud related to this Agreement;
- (c) any failure of Purchaser or Parent to perform any covenant or agreement hereunder on a timely basis, to the extent that such failure to perform is not cured by Purchaser or Parent, as applicable, within thirty (10) business days of receipt of written notice thereof from Seller;
- (d) any of the Assumed Liabilities;
- (e) Purchaser’s or Parent’s operation of the Purchased Business or ownership of the Purchased Assets after the Closing Date; and
- (f) all actions, suits proceedings, demands, assessments or judgments (including all reasonable attorney fees and expenses) incident to any of the foregoing.

Section 5.6 Reimbursement. If a Seller Indemnatee has a claim for indemnification under Section 5.5, the Seller Indemnatee will deliver prompt written notice to Purchaser stating in reasonable detail the nature and basis for such claim and the amount, to the extent known, of such claim. If the Purchaser disputes such claim for indemnification, it shall notify the Seller Indemnatee within 30 days after delivery of the notice of such claim by Seller Indemnatee, and the Purchaser and Seller Indemnatee will proceed in good faith to negotiate a resolution of such dispute. If the dispute is not resolved within 30 days after the commencement of negotiations, either Purchaser or the Seller Indemnatee may initiate litigation in accordance with Section 7.3. If the Purchaser does not dispute such claim for indemnification, the Purchaser will pay the amount of Loss to the Seller Indemnatee. Purchaser will pay the amount of any Loss incurred by the Seller Indemnatee within 10 days following the determination of Purchaser’s liability for and the amount of such Loss (whether such determination is made pursuant to the procedures set forth under this Section 5.3, by agreement between the Purchaser and the Seller Indemnatee or by final adjudication).

Section 5.7 Matters Involving Third Parties.

(a) If any third party shall notify any party entitled to indemnification under Section 5 (the “Indemnified Party”) with respect to any matter (a “Third Party Claim”) which may give rise to a claim for indemnification against the party from whom indemnification is claimed (the “Indemnifying Party”) under this Section 5, then the Indemnified Party shall promptly notify the Indemnifying Party thereof in writing; *provided, however*, that no delay on the part of the Indemnified Party in notifying the Indemnifying Party shall relieve the Indemnifying Party from any obligation hereunder unless (and then solely to the extent) the Indemnifying Party forfeits rights or defenses by reason of such failure.

(b) The Indemnifying Party will have the right to defend the Indemnified Party against the Third Party Claim at the Indemnifying Party’s expense, with counsel of its choice reasonably satisfactory to the Indemnified Party, so long as (A) the Indemnifying Party notifies the Indemnified Party in writing within twenty (20) business days after the Indemnified Party has given notice of the Third Party Claim that the Indemnifying Party will indemnify the Indemnified Party from and against any Losses the Indemnified Party may suffer resulting from, arising out of, relating to, in the nature of, or caused by the Third Party Claim, (B) the Third Party Claim involves only money damages and does not seek an injunction or other equitable relief, (C) settlement of, or an adverse judgment with respect to, the Third Party Claim is not, in the good faith judgment of the Indemnified Party, likely to materially adversely affect the business of the Indemnified Party, and (D) the Indemnifying Party conducts the defense of the Third Party Claim actively and diligently.

(c) So long as the Indemnifying Party is conducting the defense of the Third Party Claim in accordance with Section 5.7(b) above, (A) the Indemnified Party may retain separate co-counsel at its sole cost and expense and participate in the defense of the Third Party Claim, (B) the Indemnified Party will not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnifying Party (not to be withheld or delayed unreasonably), and (C) the Indemnifying Party will not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnified Party (not to be withheld or delayed unreasonably).

(d) In the event any of the conditions in Section 5.7(b) above is or becomes unsatisfied, however, (A) the Indemnified Party may defend against, and consent to the entry of any judgment or enter into any settlement with respect to, the Third Party Claim in any manner it reasonably may deem appropriate but only after the approval of the Indemnifying Party (which approval shall not be unreasonably withheld or delayed), (B) the Indemnifying Party will reimburse the Indemnified Party promptly and periodically for the reasonable costs of defending against the Third Party Claim (including reasonable attorneys’ fees and expenses incurred by the Indemnified Party), and (C) subject to the limitations contained in this Section 5, the Indemnifying Party will remain responsible for any Losses the Indemnified Party may suffer resulting from arising out of, relating to, in the nature of, or caused by the Third Party Claim to the fullest extent provided in this Section 5.

Section 5.8 Limitations on Indemnification.

(a) Except as set forth in Section 5.8(c) below, Seller shall not be liable to Purchaser Indemnitees under this Agreement unless and until the aggregate amount of all Losses in respect of indemnification under Section 5.2 exceeds Fifty Thousand Dollars (\$50,000) (the "Basket Amount") after which Seller shall be liable only for such Losses in excess of the Purchaser Basket Amount. The maximum aggregate obligation of Seller with respect to all matters for which Purchaser Indemnitees may seek indemnification under this Agreement shall not exceed the Purchase Price.

(b) Except as set forth in Section 5.8(c) below, Purchaser and Parent shall not be liable to Seller Indemnitees under this Agreement unless and until the aggregate amount of all Losses in respect of indemnification under Section 5.5 exceeds Fifty Thousand Dollars (\$50,000) (the "Seller's Basket Amount") after which Purchaser and Parent shall be liable only for such Losses in excess of the Seller's Basket Amount. The maximum aggregate obligation of Purchaser and Parent with respect to all matters for which Seller Indemnitees may seek indemnification under this Agreement shall not exceed the Purchase Price.

(c) The Basket Amount shall not apply to any claim made by Purchaser based upon the representations and warranties of Seller contained in Section 2.1, Section 2.2, Section 2.7, Section 2.15, Section 2.18, and Section 2.20. The Seller's Basket Amount shall not apply to any claim made by Seller based upon the representations and warranties of Purchaser or Parent contained in Section 3.1, Section 3.2, and Section 3.5. Notwithstanding anything to the contrary contained herein, neither the Basket Amount nor the Seller's Basket Amount shall apply to any indemnification claims resulting from a fraudulent breach by the Seller or Purchaser or Parent, as applicable, of any of their respective representations, warranties or covenants under this Agreement.

Section 5.9 Miscellaneous Indemnification Matters»

. In determining the amount of any Losses suffered by an indemnitee for which it is entitled to payment or indemnification pursuant hereto or otherwise, there shall be taken into account any insurance proceeds or other amounts actually received by the indemnitee and attributable to or derived from such Loss.

SECTION 6.

COVENANTS AND AGREEMENTS

Section 6.1 Collection on Accounts Receivable. On or after the Closing Date, Purchaser shall have the right and authority to collect for Purchaser's account all receivables which constitute a part of the Purchased Assets. On and after the Closing Date, Seller shall promptly remit to Purchaser, or reimburse Purchaser for, all amounts, and endorse or remit to Purchaser the proceeds of all checks, drafts, notes, or other documents, received by Seller that should have otherwise been paid to Purchaser.

Section 6.2 Notice to Customer Accounts. In order to promote the smooth transition of the Business and Customer Accounts to Purchaser after Closing, Seller shall cooperate with Purchaser in providing notice to each Customer Account advising each such Customer Account of the sale of the Business to Purchaser.

Section 6.3 Employee Matters.

(a) Seller acknowledges that Purchaser is not obligated to offer employment to any of Seller's employees that do not meet Purchaser's employment requirements and that all such hired employees shall be "at-will" employees. All terms of employment for such employees shall be at the discretion of Purchaser and all benefits and other terms are subject to change as determined by Purchaser in its sole and absolute discretion.

(b) Seller acknowledges and agrees with Purchaser that Seller shall have responsibility for and shall remain liable for all compensation (except for commissions as provided below) and employee benefits for Seller's employees through the close of business on the Closing Date, whether or not accrued on the books of Seller as of the Closing Date, including, but not limited to, accrued but unused vacation pay, sick leave, COBRA benefits, bonuses, severance, and fringe benefits, if any. Purchaser shall be responsible to pay, to the extent included in the Assumed Liabilities, the amount of commissions due and payable to employees of Seller as set forth on Schedule 1.5(a). For the purposes of this Agreement, "COBRA" shall mean health insurance continuation coverage as required by Section 4980B of the Code and Sections 601 through 609 of ERISA or as required by any applicable state law.

(c) On and after the Closing Date, Purchaser shall bear sole responsibility for instructing and supervising employees of Seller hired by Purchaser and shall be responsible for providing compensation and benefits to all employees of Seller hired by Purchaser for periods on and after the Closing Date during the respective periods of employment of such employees with Purchaser. On and after the Closing Date, Purchaser does not assume, and Seller shall remain fully responsible for, the payment of any compensation and employee benefits to any employees of Seller not hired by Purchaser, including any employee who fails to accept Purchaser's employment offer.

Section 6.4 Non-Competition and Non-Solicitation.

(a) Seller covenants and agrees that for a period of two (2) years from the date hereof, Seller shall not, directly or indirectly, on its own behalf or on behalf of any other person or entity (other than Purchaser) (i) sell or assist in the sale of any product or service that is the same or substantially similar to the time and attendance software and management services sold or provided by the Business during the one (1) year period ending with the Closing Date; (ii) divert, attempt to divert, or assist in diverting any time and attendance software and management service business of Purchaser from Purchaser to any other person or entity; or (iii) solicit or hire any person who is or was an employee of Purchaser during the one (1) year period ending with the Closing Date.

(b) In the event of any breach of Section 6.4 by Seller, in addition to, and not in lieu of any other remedies to which the non-breaching party may be entitled, Seller and Purchaser each agree that a breach of any covenant set forth in this 6.4 would result in irreparable injury, harm, and damage to the non-breaching party for which such party would have no adequate remedy at law, and Seller and Purchaser each further agree, in the event of any violation or breach of any provision of this 6.4, the non-breaching party shall be entitled to an immediate injunction and restraining order to prevent such violation or continuing violation, without having to prove damages, and any such violation may be enjoined through proper action filed in a court of competent jurisdiction.

(c) Seller and Purchaser each agree that all restrictions in this 6.4 are necessary and fundamental to the protection of the Business and the Purchased Assets, and are reasonable and valid, and all defenses to the strict enforcement hereof are hereby waived. In the event any term, provision, or restriction is held to be illegal, invalid or unenforceable in any respect, such finding shall in no way affect the legality, validity or enforceability of all other provisions of this Section 6.4. Purchaser and Seller each agree that any such unenforceable term, provision or restriction shall be deemed modified to the extent necessary to permit its enforcement to the maximum extent permitted by applicable law.

(d) The provisions of this 6.4 shall survive the termination or expiration of this Agreement for any reason or no reason.

SECTION 7.

MISCELLANEOUS

Section 7.1 No Waiver. The failure of any party hereto at any time to require performance by any other party of any provision of this Agreement shall not affect the right of such party to require performance of that provision and any waiver by any party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provisions, a waiver of the provision itself or a waiver of any right under this Agreement.

Section 7.2 Successors and Assigns. No assignment by any party hereto shall be permissible without the written consent of the other parties hereto, and this Agreement and all representations, warranties, covenants and agreements contained herein shall be binding upon and inure to the benefit of the parties hereto and their authorized assigns and their respective successors, heirs and administrators. At or after the Closing, all or any of the rights of Purchaser hereunder may be assigned as collateral security to any lender or lenders (including any agent for any such lender or lenders) providing financing to Purchaser, or to any assignee or assignees of any such lender, lenders or agent.

Section 7.3 Governing Law; Jurisdiction. This Agreement is being delivered and is intended to be performed in the State of Delaware and shall be construed, interpreted, governed and enforced in accordance with the laws of that State. Each of the parties submits to the jurisdiction of the federal or state courts located in Wilmington, Delaware in any action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby and agrees that all claims in respect of any such action or proceeding may be heard and determined by such tribunal. Each party also agrees not to bring any action or proceeding arising out of or relating to this Agreement in any other court. Each of the parties waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety, or other security that might be required of any other party with respect thereto. Either party may make service on the other party by sending or delivering a copy of the process to the party to be served at the address and in the manner provided for the giving of notices in Section 7.5.

Section 7.4 Expenses. Seller and Purchaser shall each pay their own expenses (including, but not limited to, fees and expenses of counsel) incurred in connection with the negotiation, preparation, execution and consummation of this Agreement and the transactions contemplated hereby, whether or not such transactions are consummated or abandoned for any reason, without reimbursement from or by any other party hereto. Sales and other taxes resulting from the transfer of the Purchased Assets to Purchaser shall be paid by Seller.

Section 7.5 Notices. All notices, demands and other communications which are required or may be given under this Agreement shall be in writing and shall be deemed to have been duly given: (a) when delivered by hand (with written confirmation of receipt); (b) when received if sent by a nationally recognized overnight delivery service (receipt requested); and (c) on the third day after the date mailed, if sent by certified or registered mail, return receipt requested. In each case notice shall be sent to the following address or to such other place and with such other copies as any party may designate as to itself by notice to the others:

If to Purchaser or Parent:	Asure Software, Inc. 110 Wild Basin Road, Suite 100 Austin, Texas 78746 Attention: CFO
With a copy to:	Messerli & Kramer P.A. 100 South Fifth Street 1400 Fifth Street Towers Minneapolis, Minnesota 55402 Attention: David Weigman, Esq.
If to Seller:	ADI Time, LLC c/o David Ursillo Rodio & Ursillo, Ltd 86 Weybosset Street Providence, Rhode Island 02903
With a copy to:	Chace Ruttenberg & Freedman, LLP One Park Row, Suite 300 Providence, Rhode Island 02903 Attention: Drew P. Kaplan, Esq.

Section 7.6 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one in the same instrument. A facsimile signature page shall be deemed an original.

Section 7.7 Announcements and Communications. Seller and Purchaser agree not to make any public announcement or furnish any information to the public or any third party concerning the financial or non-financial aspects of the transactions contemplated by this Agreement prior to or after Closing, unless such announcement or furnishing of information is agreed upon by all parties hereto or is necessitated by Securities and Exchange Commission rules and regulations, stock exchange rules, federal securities laws or other applicable laws, as reasonably determined by counsel for the Purchaser and after consultation with Seller. Nothing contained herein shall prohibit or restrict communication by Purchaser to customers of the Business.

Section 7.8 Entire Agreement. This Agreement, together with the Schedules, documents and instruments delivered pursuant to and specified in this Agreement, sets forth the entire agreement and understanding between the parties as to the subject matter hereof, and merges and supersedes all prior discussions, agreements and understandings of every and any nature between them, and no party shall be bound by any condition, definition, warranty or representation, other than as expressly set forth or provided for in this Agreement, or as may be, on or subsequent to the date hereof, set forth in writing and signed by the party to be bound thereby. This Agreement may not be changed or modified, except by agreement in writing, signed by all of the parties hereto.

Section 7.9 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to Purchaser or the Seller, upon any breach or default of Seller or of Purchaser, respectively, under this Agreement, shall impair any such right, power or remedy of such person nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring.

Section 7.10 Severability. Unless otherwise provided herein, if any provision of the Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and the unenforceable provision shall be deemed modified to the limited extent required to permit its enforcement in a manner most closely approximating the intention of the parties as expressed herein.

Section 7.11 Cumulative Remedies. Except as otherwise specifically provided in this Agreement, all rights and remedies of any party hereto are cumulative of each other and of every other right or remedy such party may otherwise have at law or in equity, and the exercise of one or more rights or remedies shall not prejudice or impair the concurrent or subsequent exercise of other rights or remedies.

Section 7.12 Time; Captions; Exhibits and Schedules. Time is of the essence of this Agreement. The captions contained in this Agreement in no way define, limit or extend any provision of this Agreement. The Exhibits and Disclosure Schedules that are attached to this Agreement are a part of this Agreement and are incorporated herein by reference.

Section 7.13 Further Assurances. The parties shall cooperate reasonably with each other and with their respective representatives in connection with any steps required to be taken as part of their respective obligations under this Agreement, and shall (a) furnish upon request to each other such further information; (b) execute and deliver to each other such other documents; and (c) do such other acts and things all as the other party may reasonably request for the purpose of carrying out the intent of this Agreement and the transactions contemplated herein.

Section 7.14 Construction. This Agreement is to be deemed to have been prepared jointly by the parties hereto after arms-length negotiations, and any uncertainty or ambiguity existing herein shall not be interpreted against any party, but according to the application of the rules of interpretation of contracts.

Section 7.15 Third Party Beneficiaries. Except as expressly provided in this Agreement, each party hereto intends that this Agreement shall not benefit or create any right or cause of action in or on behalf of any person other than parties hereto and their respective successors and permitted assigns.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

PARENT

ASURE SOFTWARE, INC.

By: /s/ PATRICK GOEPEL
Name: Patrick Goepel
Title: Chief Executive Officer

PURCHASER

ADI SOFTWARE, LLC

By: /s/ PATRICK GOEPEL
Name: Patrick Goepel
Title: Chief Executive Officer

SELLER

ADI TIME, LLC

By: /s/ JOHN DIPIPPPO
Name: John DiPippo
Title: Chief Executive Officer

[Signature page to Asset Purchase Agreement]

Exhibit 4.3

NEITHER THESE SECURITIES NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE CONVERTIBLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THESE SECURITIES AND THE SECURITIES ISSUABLE UPON CONVERSION OF THESE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

The indebtedness evidenced by this instrument is subordinated to the prior payment in full of certain other debt of the Company as identified in the Security and Intercreditor Agreement (the “Senior Debt”) pursuant to, and to the extent provided in, the Security and Intercreditor Agreement.

Original Issue Date: September 30, 2011

\$[_____]

9.0% SUBORDINATED CONVERTIBLE PROMISSORY NOTE DUE THREE YEARS FROM ORIGINAL ISSUE DATE

THIS 9.0% SUBORDINATED CONVERTIBLE PROMISSORY NOTE (this “Note”) is one of a series of duly authorized and issued 9.0% Subordinated Convertible Promissory Notes of **Asure Software**, a Delaware corporation, having a principal place of business at 110 Wild Basin Road, Austin, TX 78746 (the “Company”), designated as its 9.0% Subordinated Convertible Promissory Notes due three years from the Original Issue Date (the “Notes”).

FOR VALUE RECEIVED, the Company promises to pay to [_____] or its registered assigns (the “Holder”), the principal sum of \$[_____] on the date that is three years from the Original Issue Date set forth above or such earlier date as this Note is required or permitted to be repaid as provided hereunder (the “Maturity Date”) (other than such amounts converted pursuant to Section 4 below) and to pay interest to the Holder on the aggregate unconverted and then outstanding principal amount of this Note (“Interest”) in accordance with the provisions hereof. On the Maturity Date, the Holder, at its option, shall receive the amounts due under this Note in cash or Note Shares (as defined below). This Note is subject to the following additional provisions:

Section 1. Definitions. For the purposes hereof, in addition to the terms defined elsewhere in this Note: (a) capitalized terms not otherwise defined herein have the meanings given to such terms in the Purchase Agreement, and (b) the following terms shall have the following meanings:

“Bankruptcy Event” means any of the following events: (i) the Company or any Significant Subsidiary (as such term is defined in Rule 1.02(s) of Regulation S-X) thereof commences a case or other proceeding under any bankruptcy, reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction relating to the Company or any Significant Subsidiary thereof; (ii) there is commenced against the Company or any Significant Subsidiary thereof any such case or proceeding that is not dismissed within 60 days after commencement; (iii) the Company or any Significant Subsidiary thereof is adjudicated insolvent or bankrupt or any order of relief or other order approving any such case or proceeding is entered; (iv) the Company or any Significant Subsidiary thereof suffers any appointment of any custodian or the like for it or any substantial part of its property that is not discharged or stayed within 60 days; (v) the Company or any Significant Subsidiary thereof makes a general assignment for the benefit of creditors; (vi) the Company or any Significant Subsidiary thereof calls a meeting of substantially all of its creditors with a view to arranging a composition, adjustment or restructuring of its debts; or (vii) the Company or any Significant Subsidiary thereof, by any act or failure to act, expressly indicates its consent to, approval of or acquiescence in any of the foregoing or takes any corporate or other action for the purpose of effecting any of the foregoing.

“Board” means the Board of Directors of the Company.

“Business Day” means any day except Saturday, Sunday and any day which shall be a federal legal holiday in the United States or a day on which banking institutions in the State of New York are authorized or required by law or other government action to close.

“Change of Control Transaction” means the occurrence after the date hereof of any of (i) an acquisition after the date hereof by an individual or legal entity or “group” (as described in Rule 13d5(b)(1) promulgated under the Exchange Act) of effective control (whether through legal or beneficial ownership of capital stock of the Company, by contract or otherwise) of in excess of 50% of the voting securities of the Company, or (ii) the execution by the Company of an agreement to which the Company is a party or by which it is bound, providing for any of the events set forth above in (i).

“Common Stock” means shares of the common stock of the Company, \$0.01 par value per share.

“Conversion Date” shall have the meaning set forth in Section 4(a) hereof.

“Conversion Price” shall have the meaning set forth in Section 4(b) hereof.

“Event of Default” shall have the meaning set forth in Section 6 hereof.

“Excluded Securities” means (a) shares of Common Stock, options or warrants issued to employees, officers, directors or consultants of the Company under equity plans approved by the Board, (b) securities upon the exercise or exchange of or conversion of any securities issued hereunder and/or other securities exercisable or exchangeable for or convertible into shares of Common Stock issued and outstanding on the date of this Agreement, (c) a dividend of Common Stock payable to holders of Common Stock, and (d) securities with an aggregate fair market value (as determined as of the date of issuance in the good faith determination of the Board) not greater than \$250,000 that are issued pursuant to acquisitions or strategic transactions which the Board determines in good faith have business synergies and benefits in addition to the investment of funds.

“Fundamental Transaction” shall have the meaning set forth in Section 7 hereof.

“Net Operating Loss Rights Plan” shall mean the Company’s Amended and Restated Rights Plan dated on or about October 28, 2009.

“Original Issue Date” shall mean the date of the first issuance of this Note as provided on the cover page hereof, regardless of the number of transfers of this Note and regardless of the number of instruments which may be issued to evidence this Note.

“Person” means a corporation, an association, a partnership, an organization, a business, an individual, a government or political subdivision thereof or a governmental agency.

“Purchase Agreement” means the Securities Purchase Agreement between the Holder and the Company, pursuant to which this Note is initially purchased, as amended, modified or supplemented from time to time in accordance with its terms.

“Registration Rights Agreement” means the Registration Rights Agreement between the Holder and the Company dated as of the date hereof.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Secured Parties” means any Federal, state or local governmental or quasi-governmental agencies or divisions and any lender or creditor holding a security interest under the Uniform Commercial Code in assets and other property of the Company.

“Senior Debt” shall have the meaning set forth above.

“Security and Intercreditor Agreement” means that certain Security and Intercreditor Agreement dated on or about the Original Issue Date by and among the Company and the lenders identified therein.

“Transaction Documents” means this Agreement, the Purchase Agreement, the Security and Intercreditor Agreement, the Registration Rights Agreement, and any other documents or agreements executed by the Holder in connection with the transactions contemplated hereby.

Section 2. Interest.

a) Payment of Interest. Interest shall accrue on the unpaid, aggregate unconverted and then outstanding principal amount of this Note commencing on the date hereof and continuing until repayment of this Note in full at a rate of Nine Percent (9.0%) per annum, with interest only payable in cash on each of March 31, June 30, September 30, and December 31, commencing December 31, 2011 (except that, if any such date is not a Business Day, then such payment shall be due on the next succeeding Business Day), and on each Conversion Date (as to that principal amount then being converted), in the number of shares of Common Stock equal to the aggregate unpaid and accrued interest divided by the Conversion Price.

b) Interest Calculations.

(i) Interest shall cease to accrue with respect to any principal amount converted, provided that the Company in fact delivers the Note Shares within the time period required by Section 4(c). Interest hereunder will be paid to the Person in whose name this Note is registered on the records of the Company regarding registration and transfers of Notes (the "Note Register").

(ii) From and after the occurrence and during the continuance of an Event of Default, the Interest Rate shall be increased to twelve percent (12%) per annum. In the event that such Event of Default is subsequently cured, the adjustment referred to in the preceding sentence shall cease to be effective as of the date of such cure; provided that the Interest as calculated and unpaid at such increased rate during the continuance of such Event of Default shall continue to apply to the extent relating to the days after the occurrence of such Event of Default through and including the date of cure of such Event of Default.

c) Prepayment. Other than: (i) on or prior to October 5, 2011 at the sole election of the Company (without penalty or interest) or (ii) as specifically permitted by the Holder or as provided in Section 4(d) hereof, the Company may not prepay any portion of the outstanding principal amount of this Note and accrued and unpaid Interest.

Section 3. Registration of Transfers and Exchanges.

a) Different Denominations. This Note is exchangeable for an equal aggregate principal amount of Notes of different authorized denominations, as requested by the Holder surrendering the same. No service charge will be made for such registration of transfer or exchange.

b) Investment Representations. This Note has been issued subject to certain investment representations of the original Holder set forth in the Purchase Agreement and may be transferred or exchanged only in compliance with the Purchase Agreement and applicable federal and state securities laws and regulations.

c) Reliance on Note Register. Prior to due presentment to the Company for transfer of this Note, the Company and any agent of the Company may treat the Person in whose name this Note is duly registered on the Note Register as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Note is overdue, and neither the Company nor any such agent shall be affected by notice to the contrary.

Section 4. Conversion.

a) Voluntary Conversion. Subject to the Company Buy Out Option (as defined below), the Notes may be converted, beginning 12 months from the date of issuance, provided that the Holder provides notice to the Company of its intent to convert ("Notice of Conversion") at least 10 days prior to the date of conversion ("Conversion Date"). The Notice of Conversion, the form of which is provided in **Annex A**, must include the total number of shares of Common Stock of the Company that the Holder would be deemed to directly or beneficially own as of the Conversion Date. To effect conversions hereunder, the Holder shall not be required to physically surrender Notes to the Company unless the entire principal amount of this Note plus all accrued and unpaid interest thereon has been so converted. Conversions hereunder shall have the effect of lowering the outstanding principal amount of this Note in an amount equal to the applicable conversion. The Holder and the Company shall maintain records showing the principal amount converted and the date of such conversions. The Holder and any assignee, by acceptance of this Note, acknowledge and agree that, by reason of the provisions of this paragraph, following conversion of a portion of this Note, the unpaid and unconverted principal amount of this Note may be less than the amount stated on the face hereof. Conversion Notices shall be irrevocable, except as provided in Section 4.19 of the Purchase Agreement or as approved by the Board.

b) Conversion Price. The conversion price on any Conversion Date shall be \$5.00 per share, subject to adjustment as provided in Section 5 hereof (the "Conversion Price").

c) Mechanics of Conversion.

i. Note Shares Issuable Upon Conversion. The number of shares of Common Stock issuable upon a conversion ("Note Shares") hereunder shall be determined by the quotient obtained by dividing (x) the outstanding principal amount of this Note to be converted plus all accrued and unpaid interest thereon by (y) the Conversion Price.

ii. Delivery of Certificate Upon Conversion. Not later than 7 Business Days after any Conversion Date, the Company will deliver to the Holder a certificate or certificates representing the number of shares of Note Shares being acquired upon the conversion of this Note or a portion of this Note.

iii. Reservation of Certificates. Certificates for the Note Shares on conversion of this Note shall be made without charge to the Holder for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such certificate, provided that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such certificate upon conversion in a name other than that of the Holder of this Note so converted and the Company shall not be required to issue or deliver such certificates unless or until the person or persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

d) Company Buy Out Option. During the period following the Company's receipt of a Conversion Notice but prior to the Conversion Date (the "Conversion Notice Period"), the Company may elect, at the Board's sole discretion, to pre-pay any or all of the Notes (the "Company Buy Out Option") pursuant to the following limitations:

i. The Company Buy Out Option may only be exercised with respect to such Notes (or portion thereof) the conversion of which would result in the holder of such Note being deemed a 5% holder (the "Section 382 Excess Shares") for the purposes of Section 382 of the Internal Revenue Code ("Section 382").

ii. The Company Buy Out Option may only be exercised if the Company's Net Operating Loss Rights Plan (or a successor plan) remains in effect on the date of receipt by the Company of the Conversion Notice.

iii. To the extent that the Conversion Notice Period for different holders of Notes overlap, the Company will be required to either: (i) exercise the Company Buy Out Option to the fullest extent possible (subject the limitation set forth in (ii) above)) with respect to all such holders of Notes or (ii) exercise the Company Buy Out Option between such holders in the manner which in the Board's reasonable discretion maximizes the preservation of Net Operating Losses under Section 382.

iv. Holders subject to the Company Buy Out shall receive a payment in exchange for their Notes equal to the product of: (A) the number of Note Shares that such Note is convertible into at such time, multiplied by (B) VWAP (as defined below), multiplied by (C) the Premium Rate (as defined below). "VWAP" shall mean the volume weighted average closing price for Asur during the twenty-day trading period beginning on the tenth day prior to the date that the Conversion Notice is received by the Company. "Premium Rate" shall mean 1.25 if the Conversion Notice is received by the Company prior to the date that is 90 days prior to the maturity date and 1.5 if the Conversion Notice is received by the Company within 90 days of the Maturity Date.

The Conversion Notice shall be deemed null and void with respect to any principal and associated interest that the Company exercises the Company Buy Out Option. For the avoidance of doubt, upon receipt by the Holder of such principal, interest and the amount set forth in subclause d(iv) above, the Holder shall no longer be entitled to any Note Shares arising therefrom.

v. In the event that the Company does not exercise the Company Buy Out Option with respect to all of the Section 382 Excess Shares and as a result thereof, the Company agrees to take all action necessary to ensure that the Company's Net Operating Loss Right Plan will not be triggered on account of the issuance of such Section 382 Excess Shares. The Company hereby agrees to reimburse, indemnify and hold the Holder harmless against any and all costs, expenses or damages of any kind suffered or incurred by Holder as a result of a breach of such obligation by the Company, including without limitation: (i) damage and loss suffered by the Holder from dilution or otherwise with respect to all shares of Common Stock held or owned by Holder (whether Note Shares or otherwise acquired) and (ii) lost profit (e.g. appreciated value of Notes Shares), consequential, special and punitive damages and all attorney and collection fees.

e) Registration Rights. The Holder has been granted registration rights with respect to the shares of Common Stock issuable upon conversion of this Note as more fully set forth in the Registration Rights Agreement.

Section 5. Certain Adjustments.

a) Stock Dividends and Stock Splits. If the Company, at any time while this Note is outstanding: (A) shall pay a stock dividend or otherwise make a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company pursuant to this Note), (B) subdivide outstanding shares of Common Stock into a larger number of shares, (C) combine (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (D) issue by reclassification of shares of the Common Stock any shares of capital stock of the Company, then the Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding before such event and of which the denominator shall be the number of shares of Common Stock outstanding after such event. Any adjustment made pursuant to this Section shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Dividends. In the event that the Company issues a dividend of: (i) cash, (ii) property or (iii) securities (other than Common Stock issued to holders of Common Stock) during the period of time that a Note is outstanding, and the Note is converted into Common Stock, the Holder shall receive in addition to shares of Common Stock, an amount in cash equal to the amount of dividends and distributions such Holder would have received had the Note been converted into Common Stock immediately prior to such distribution or dividend. In the event that there are dividends or distributions of non-cash assets, the value of such non-cash distributions or dividends shall be the fair market value of such dividends or distributions at the time such were made, as determined by the Board in good faith. With respect to any Note (or portion of any Note) that is repaid in cash (not converted), there shall be no additional payments made on account of such dividends or distributions.

c) Anti-Dilution. In the event the Company issues Common Stock other than Excluded Securities below the then current Conversion Price (a "Dilutive Transaction") prior to the conversion or satisfaction of the Notes, the Conversion Price of the Notes that are outstanding as of the date of such issuance will be reset to an amount equal to the greater of \$3.25 (as equitably adjusted for stock splits, combinations and the like) per share or such issuance price. For the avoidance of doubt, no adjustment or anti dilution protection will be afforded to any principal or interest which was converted into Note Shares prior to such dilutive issuance.

d) Notice to Holders.

i. Adjustment to Conversion Price. Whenever the Conversion Price is adjusted pursuant to any of this Section 5, the Company shall promptly mail to the Holder a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Conversion by Holder. If (A) the Company shall declare a dividend (or any other distribution) on the Common Stock; (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock; (C) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights; (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, of any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property; or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company; then, in each case, the Company shall cause to be filed at each office or agency maintained for the purpose of conversion of this Note, and shall cause to be mailed to the Holder at the Holder's last address appearing on the stock books of the Company, at least 10 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange, of Change of Control is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided, that the failure to mail such notice or any defect therein or in the mailing thereof shall not affect the validity of the corporate action required to be specified in such notice. The Holder is entitled to convert this Note during the 10-day period commencing the date of such notice to the effective date of the event triggering such notice.

e) Calculations. All calculations under this Section 5 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 5, the number of shares of Common Stock outstanding as of a given date shall be the sum of the aggregate number of issued and to be converted shares of Common Stock (excluding treasury shares, if any) outstanding.

Section 6. Events of Default.

a) “Event of Default”, wherever used herein, means any one of the following events (whatever the reason and whether it shall be voluntary or involuntary or effected by operation of law or pursuant to any judgment, decree or order of any court, or any order, rule or regulation of any administrative or governmental body):

i. any default in the payment of (A) the principal of amount of this Note, or (B) interest on, or liquidated damages in respect of, this Note, in each case free of any claim of subordination, as and when the same shall become due and payable (whether on a Conversion Date or the Maturity Date or by acceleration or otherwise) which default, solely in the case of an interest payment or other default under clause (B) above, is not cured, within 30 Business Days;

ii. the Company shall fail to deliver certificates representing Note Shares issuable upon a conversion or redemption hereunder that comply with the provisions hereof prior to the 30th Business Day after such shares are required to be delivered hereunder, or the Company shall provide written notice to the Holder, including by way of public announcement, at any time, of its intention not to comply with requests for conversion or redemption of this Note in accordance with the terms hereof;

iii. the Company shall fail to have available a sufficient number of authorized and unreserved shares of Common Stock to issue to the Holder upon a conversion hereunder and shall not have cured the above within 30 Business Days;

iv. the Company shall materially fail to observe or perform any other covenant, agreement or warranty contained in, or otherwise commit any breach of the Transaction Documents to which the Holder is a party, and such failure or breach shall not, if subject to the possibility of a cure by the Company, have been remedied within 30 calendar days after the date on which written notice of such failure or breach shall have been given; or

vi. there shall have occurred a Bankruptcy Event.

vii. the Company and/or any Subsidiary, individually or in the aggregate is in breach or violation of any agreement for monies owed or owing in an amount in excess of \$250,000, which breach or violation permits the other party thereto to declare a default or otherwise accelerate amounts due thereunder;

viii. a final judgment or judgments for the payment of money aggregating in excess of \$250,000 are rendered against the Company and/or any of its Subsidiaries and which judgments are not, within thirty (30) days after the entry thereof, paid, bonded, discharged or stayed pending appeal, or are not discharged within thirty (30) days after the expiration of such stay; provided, however, any judgment which is covered by insurance or an indemnity from a credit worthy party shall not be included in calculating the \$250,000 amount set forth above; and

ix. the Company fails to file reports on Form 10-Q and Form 10-K under the Securities Act of 1924, as amended (to extent the Company is so required).

b) Remedies Upon Event of Default. If any Event of Default occurs and is continuing for more than 30 days, the full principal amount of this Note, together with interest and other amounts owing in respect thereof, to the date of acceleration shall become, at the Holder's election, immediately due and payable in cash. When this Note shall have been paid in full in accordance herewith, the Holder shall promptly surrender this Note to or as directed by the Company. The Holder need not provide and the Company hereby waives any presentment, demand, protest or other notice of any kind, and the Holder may immediately and without expiration of any grace period enforce any and all of its rights and remedies hereunder and all other remedies available to it under applicable law. Such declaration may be rescinded and annulled by Holder at any time prior to payment hereunder and the Holder shall have all rights as a Note holder until such time, if any, as the full payment under this Section shall have been received by it. No such rescission or annulment shall affect any subsequent Event of Default or impair any right consequent thereon.

Section 7. Fundamental Transactions.

a) For the purposes hereof, the term "Fundamental Transaction" shall mean the occurrence of any of the following events while the Note is outstanding, (A) the Company effects any merger or consolidation of the Company with or into another Person where the Company is not the surviving corporation, (B) the Company effects any sale of all or substantially all of its assets in one or a series of related transactions, (C) any tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to tender or exchange their shares for other securities, cash or property, (D) the Company effects any reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property or (E) otherwise effects a Change in Control.

b) Upon the occurrence of a Fundamental Transaction pursuant to which the consideration provided to holders of Common Stock consists in whole or in material part of equity securities of the surviving entity (a "Equity Fundamental Transaction"), such surviving entity shall be required to assume the performance of this Note and the Note Shares shall consist of the equity securities provided in such Fundamental Transaction (pursuant to the same conversion ratio). Any cash consideration provided as part of such Equity Fundamental Transaction shall be treated as a cash dividend under Section 5(b) hereof. In addition, notwithstanding anything contained herein to the contrary, the Holder shall have the right to accelerate the repayment in cash of all outstanding principal and interest due hereunder during the thirty day period following the receipt of notice of such Equity Fundamental Transaction.

c) Upon the occurrence of a Fundamental Transaction pursuant to which the consideration provided to holders of Common Stock consists principally of cash, cash equivalents or debt securities (a "Cash Fundamental Transaction"), the Note shall accelerate and become due as of the date of such Fundamental Transaction and notwithstanding anything contained herein to the contrary, the Holder shall be entitled to an amount equal to the greater of: (A) the outstanding principal and accumulated and unpaid interest owing as of the date of the Cash Fundamental Transaction or (B) the amount of consideration that the Holder would have received had such Holder converted the Note into Equity immediately prior to the consummation of such Cash Fundamental Transaction.

d) The Board, acting in good faith, shall make the final and conclusive determination of whether a Fundamental Transaction is a Cash Fundamental Transaction or Equity Fundamental Transaction.

Section 8. Miscellaneous.

a) Notices. Any and all notices or other communications or deliveries to be provided by the Holder hereunder, including, without limitation, any Notice of Conversion, shall be in writing and delivered either personally, by facsimile or sent by a nationally recognized overnight courier service, addressed to the Company at the address set forth above, facsimile number (512) 437-2365, Attn: Chief Financial Officer or such other address or facsimile number as the Company may specify for such purposes by notice to the Holder delivered in accordance with this Section, with any fax delivery followed up by overnight delivery service. Any and all notices or other communications or deliveries to be provided by the Company hereunder shall be in writing and delivered personally, by facsimile or sent by a nationally recognized overnight courier service addressed to the Holder at the facsimile telephone number or address of the Holder appearing on the books of the Company, or if no such facsimile telephone number or address appears, then at the principal place of business of the Holder, if any.

b) Absolute Obligation. Except as expressly provided herein, no provision of this Note shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal and interest of this Note at the time, place, rate, and currency, herein prescribed. This Note is a direct debt obligation of the Company. This Note ranks pari passu with all other Notes now or hereafter issued pursuant to the Purchase Agreement.

c) Security Interest. This Note is a subordinated general obligation of the Company and, pursuant to the terms and conditions of the Security and Intercreditor Agreement, is specifically subordinate in all ways to any Senior Debt now or hereafter created, issued made or outstanding, to or held by any Secured Parties. The Holder specifically agrees to provide such additional documentation as any of such Secured Parties shall reasonably believe may be necessary to protect, defend or perfect such secured status.

d) Lost or Mutilated Note. If this Note shall be mutilated, lost, stolen or destroyed, the Company shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated Note, or in lieu of or in substitution for a lost, stolen or destroyed Note, a new Note for the principal amount of this Note (as adjusted for any conversions) so mutilated, lost, stolen or destroyed but only upon receipt of evidence of such loss, theft or destruction of such Note, and of the ownership hereof, and indemnity, if requested, all reasonably satisfactory to the Company.

e) Governing Law. Any and all actions brought by the Company or Holder under this Note shall be brought in the state or federal courts located in the New York, NY. If either party shall commence an action to enforce any provisions of the Transaction Documents, then the prevailing party in such action shall be reimbursed by the other party for its reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such proceeding.

f) Waiver. Any waiver by the Company or the Holder of a breach of any provision of this Note shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Note. The failure of the Company or the Holder to insist upon strict adherence to any term of this Note on one or more occasions shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Note. Any waiver must be in writing.

g) Severability. If any provision of this Note is invalid, illegal or unenforceable, the balance of this Note shall remain in effect, and if any provision is inapplicable to any person or circumstance, it shall nevertheless remain applicable to all other persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates applicable laws governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum permitted rate of interest.

h) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

i) Headings. The headings contained herein are for convenience only, do not constitute a part of this Note and shall not be deemed to limit or affect any of the provisions hereof.

j) Amendment; Dissenters Rights. This Note and the Transaction Documents may be modified or amended or provisions hereof waived with the written consent of the Company and the Holder(s) of a majority of the then outstanding principal amount of all of the Notes. In the event that any material term in this Note or any of the Transaction Documents is amended by such majority and the Holder objects to such amendment, notwithstanding anything contained herein to the contrary, the Holder shall have the right to accelerate the repayment of this Note and demand repayment of all outstanding principal and accumulated and unpaid interest owing at such time plus an additional payment equal to ten percent of the then outstanding principal. Such repayment right shall only be exercisable by the Holder during the thirty (30) day period following receipt of notice from the Company of such amendment.

IN WITNESS WHEREOF, the Company has caused this 9.0% Subordinated Convertible Promissory Note to be duly executed by a duly authorized officer as of the date first above indicated.

ASURE SOFTWARE, INC.

By: _____
Name:
Title:

Acknowledged and Agreed by:

Holder: _____

By: _____
Name:
Title:

ANNEX A

NOTICE OF CONVERSION

The undersigned hereby elects to convert principal under the 9.0% Subordinated Convertible Promissory Note of **Asure Software, Inc.**, a Delaware corporation (the "Company"), due three years from the Original Issue Date thereof, into [_____] Common Stock, \$0.01 par value per share (the "Note Shares"), of the Company according to the conditions hereof, as of the date written below. If shares are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates and opinions as reasonably requested by the Company in accordance therewith. No fee will be charged to the holder for any conversion, except for such transfer taxes, if any.

Conversion calculations:

Date to Effect Conversion: _____

Principal Amount of Note(s) to be converted: \$ _____

Note Shares issuable: _____

Interest Payment shares issuable: _____

Total shares issuable: _____

Total shares of Common Stock of the Company that Holder would be deemed to directly and beneficially own as of Conversion Date

Signature: _____

Name:

Address:

Exhibit 4.4

THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THESE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

The indebtedness evidenced by this instrument is subordinated to the prior payment in full of certain other debt of the Company as identified in the Security and Intercreditor Agreement (the “Senior Debt”) pursuant to, and to the extent provided in, the Security and Intercreditor Agreement.

Original Issue Date: September 30, 2011

\$(_____)

15.0% SUBORDINATED PROMISSORY NOTE DUE THREE YEARS FROM ORIGINAL ISSUE DATE

THIS 15.0% SUBORDINATED PROMISSORY NOTE (this “Note”) is one of a series of duly authorized and issued 15.0% Subordinated Promissory Notes of **Asure Software**, a Delaware corporation, having a principal place of business at 110 Wild Basin Road, Austin, TX 78746 (the “Company”), designated as its 15.0% Subordinated Promissory Notes due three years from the Original Issue Date (the “Notes”).

FOR VALUE RECEIVED, the Company promises to pay to [_____] or its registered assigns (the “Holder”), the principal sum of \$(_____) on the date that is three years from the Original Issue Date set forth above or such earlier date as this Note is required or permitted to be repaid as provided hereunder (the “Maturity Date”) and to pay interest to the Holder on the aggregate and then outstanding principal amount of this Note (“Interest”) in accordance with the provisions hereof. On the Maturity Date, the Holder, at its option, shall receive the amounts due under this Note in cash. This Note is subject to the following additional provisions:

Section 1. Definitions. For the purposes hereof, in addition to the terms defined elsewhere in this Note: (a) capitalized terms not otherwise defined herein have the meanings given to such terms in the Purchase Agreement, and (b) the following terms shall have the following meanings:

“Bankruptcy Event” means any of the following events: (i) the Company or any Significant Subsidiary (as such term is defined in Rule 1.02(s) of Regulation S-X) thereof commences a case or other proceeding under any bankruptcy, reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction relating to the Company or any Significant Subsidiary thereof; (ii) there is commenced against the Company or any Significant Subsidiary thereof any such case or proceeding that is not dismissed within 60 days after commencement; (iii) the Company or any Significant Subsidiary thereof is adjudicated insolvent or bankrupt or any order of relief or other order approving any such case or proceeding is entered; (iv) the Company or any Significant Subsidiary thereof suffers any appointment of any custodian or the like for it or any substantial part of its property that is not discharged or stayed within 60 days; (v) the Company or any Significant Subsidiary thereof makes a general assignment for the benefit of creditors; (vi) the Company or any Significant Subsidiary thereof calls a meeting of substantially all of its creditors with a view to arranging a composition, adjustment or restructuring of its debts; or (vii) the Company or any Significant Subsidiary thereof, by any act or failure to act, expressly indicates its consent to, approval of or acquiescence in any of the foregoing or takes any corporate or other action for the purpose of effecting any of the foregoing.

“Board” means the Board of Directors of the Company.

“Business Day” means any day except Saturday, Sunday and any day which shall be a federal legal holiday in the United States or a day on which banking institutions in the State of New York are authorized or required by law or other government action to close.

“Change of Control Transaction” means the occurrence after the date hereof of any of (i) an acquisition after the date hereof by an individual or legal entity or “group” (as described in Rule 13d5(b)(1) promulgated under the Exchange Act) of effective control (whether through legal or beneficial ownership of capital stock of the Company, by contract or otherwise) of in excess of 50% of the voting securities of the Company, or (ii) the execution by the Company of an agreement to which the Company is a party or by which it is bound, providing for any of the events set forth above in (i).

“Common Stock” means shares of the common stock of the Company, \$0.01 par value per share.

“Event of Default” shall have the meaning set forth in Section 6 hereof.

“Fundamental Transaction” shall have the meaning set forth in Section 7 hereof.

“Original Issue Date” shall mean the date of the first issuance of this Note as provided on the cover page hereof, regardless of the number of transfers of this Note and regardless of the number of instruments which may be issued to evidence this Note.

“Person” means a corporation, an association, a partnership, an organization, a business, an individual, a government or political subdivision thereof or a governmental agency.

“Purchase Agreement” means the Securities Purchase Agreement between the Holder and the Company, pursuant to which this Note is initially purchased, as amended, modified or supplemented from time to time in accordance with its terms.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Secured Parties” means any Federal, state or local governmental or quasi-governmental agencies or divisions and any lender or creditor holding a security interest under the Uniform Commercial Code in assets and other property of the Company.

“Senior Debt” shall have the meaning set forth above.

“Security and Intercreditor Agreement” means that certain Security and Intercreditor Agreement dated on or about the Original Issue Date by and among the Company and the lenders identified therein.

“Transaction Documents” means this Agreement, the Purchase Agreement, the Security and Intercreditor Agreement, and any other documents or agreements executed by the Holder in connection with the transactions contemplated hereby.

Section 2. Interest.

a) Payment of Interest. Interest shall accrue on the unpaid, aggregate and then outstanding principal amount of this Note commencing on the date hereof and continuing until repayment of this Note in full at a rate of Fifteen Percent (15.0%) per annum, with interest only payable in cash on each of March 31, June 30, September 30, and December 31, commencing December 31, 2011 (except that, if any such date is not a Business Day, then such payment shall be due on the next succeeding Business Day).

b) Interest Calculations. Interest hereunder will be paid to the Person in whose name this Note is registered on the records of the Company regarding registration and transfers of Notes (the “Note Register”).

c) Prepayment. The Company may prepay any portion of the outstanding principal amount of this Note and accrued and unpaid Interest at any time at the sole election of the Company.

Section 3. Registration of Transfers and Exchanges.

a) Different Denominations. This Note is exchangeable for an equal aggregate principal amount of Notes of different authorized denominations, as requested by the Holder surrendering the same. No service charge will be made for such registration of transfer or exchange.

b) Investment Representations. This Note has been issued subject to certain investment representations of the original Holder set forth in the Purchase Agreement and may be transferred or exchanged only in compliance with the Purchase Agreement and applicable federal and state securities laws and regulations.

c) Reliance on Note Register. Prior to due presentment to the Company for transfer of this Note, the Company and any agent of the Company may treat the Person in whose name this Note is duly registered on the Note Register as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Note is overdue, and neither the Company nor any such agent shall be affected by notice to the contrary.

Section 4. Reserved.

Section 5. Reserved.

Section 6. Events of Default.

a) "Event of Default", wherever used herein, means any one of the following events (whatever the reason and whether it shall be voluntary or involuntary or effected by operation of law or pursuant to any judgment, decree or order of any court, or any order, rule or regulation of any administrative or governmental body):

i. any default in the payment of (A) the principal of amount of this Note, or (B) interest on, or liquidated damages in respect of, this Note, in each case free of any claim of subordination, as and when the same shall become due and payable (whether on the Maturity Date or by acceleration or otherwise) which default, solely in the case of an interest payment or other default under clause (B) above, is not cured, within 30 Business Days;

ii. the Company shall materially fail to observe or perform any other covenant, agreement or warranty contained in, or otherwise commit any breach of the Transaction Documents to which the Holder is a party, and such failure or breach shall not, if subject to the possibility of a cure by the Company, have been remedied within 30 calendar days after the date on which written notice of such failure or breach shall have been given; or

iii. there shall have occurred a Bankruptcy Event.

iv. the Company and/or any Subsidiary, individually or in the aggregate is in breach or violation of any agreement for monies owed or owing in an amount in excess of \$250,000, which breach or violation permits the other party thereto to declare a default or otherwise accelerate amounts due thereunder;

v. a final judgment or judgments for the payment of money aggregating in excess of \$250,000 are rendered against the Company and/or any of its Subsidiaries and which judgments are not, within thirty (30) days after the entry thereof, paid, bonded, discharged or stayed pending appeal, or are not discharged within thirty (30) days after the expiration of such stay; provided, however, any judgment which is covered by insurance or an indemnity from a credit worthy party shall not be included in calculating the \$250,000 amount set forth above; and

vi. the Company fails to file reports on Form 10-Q and Form 10-K under the Securities Act of 1924, as amended (to extent the Company is so required).

b) Remedies Upon Event of Default. If any Event of Default occurs and is continuing for more than 30 days, the full principal amount of this Note, together with interest and other amounts owing in respect thereof, to the date of acceleration shall become, at the Holder's election, immediately due and payable in cash. When this Note shall have been paid in full in accordance herewith, the Holder shall promptly surrender this Note to or as directed by the Company. The Holder need not provide and the Company hereby waives any presentment, demand, protest or other notice of any kind, and the Holder may immediately and without expiration of any grace period enforce any and all of its rights and remedies hereunder and all other remedies available to it under applicable law. Such declaration may be rescinded and annulled by Holder at any time prior to payment hereunder and the Holder shall have all rights as a Note holder until such time, if any, as the full payment under this Section shall have been received by it. No such rescission or annulment shall affect any subsequent Event of Default or impair any right consequent thereon.

Section 7. Fundamental Transactions.

a) For the purposes hereof, the term "Fundamental Transaction" shall mean the occurrence of any of the following events while the Note is outstanding, (A) the Company effects any merger or consolidation of the Company with or into another Person where the Company is not the surviving corporation, (B) the Company effects any sale of all or substantially all of its assets in one or a series of related transactions, (C) any tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to tender or exchange their shares for other securities, cash or property, (D) the Company effects any reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property or (E) otherwise effects a Change in Control.

b) Upon the occurrence of a Fundamental Transaction, such surviving entity shall be required to assume the performance of this Note. In addition, notwithstanding anything contained herein to the contrary, the Holder shall have the right to accelerate the repayment in cash of all outstanding principal and interest due hereunder during the thirty day period following the receipt of notice of such Fundamental Transaction.

Section 8 Miscellaneous.

a) Notices. Any and all notices or other communications or deliveries to be provided by the Holder hereunder, including, without limitation, any Notice of Conversion, shall be in writing and delivered either personally, by facsimile or sent by a nationally recognized overnight courier service, addressed to the Company at the address set forth above, facsimile number (512) 437-2365, Attn: Chief Financial Officer or such other address or facsimile number as the Company may specify for such purposes by notice to the Holder delivered in accordance with this Section, with any fax delivery followed up by overnight delivery service. Any and all notices or other communications or deliveries to be provided by the Company hereunder shall be in writing and delivered personally, by facsimile or sent by a nationally recognized overnight courier service addressed to the Holder at the facsimile telephone number or address of the Holder appearing on the books of the Company, or if no such facsimile telephone number or address appears, then at the principal place of business of the Holder, if any.

b) Absolute Obligation. Except as expressly provided herein, no provision of this Note shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal and interest of this Note at the time, place, rate, and currency, herein prescribed. This Note is a direct debt obligation of the Company. This Note ranks pari passu with all other Notes now or hereafter issued pursuant to the Purchase Agreement.

c) Security Interest. This Note is a subordinated general obligation of the Company and, pursuant to the terms and conditions of the Security and Intercreditor Agreement, is specifically subordinate in all ways to any Senior Debt now or hereafter created, issued made or outstanding, to or held by any Secured Parties. The Holder specifically agrees to provide such additional documentation as any of such Secured Parties shall reasonably believe may be necessary to protect, defend or perfect such secured status.

d) Lost or Mutilated Note. If this Note shall be mutilated, lost, stolen or destroyed, the Company shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated Note, or in lieu of or in substitution for a lost, stolen or destroyed Note, a new Note for the principal amount of this Note (as adjusted for any conversions) so mutilated, lost, stolen or destroyed but only upon receipt of evidence of such loss, theft or destruction of such Note, and of the ownership hereof, and indemnity, if requested, all reasonably satisfactory to the Company.

e) Governing Law. Any and all actions brought by the Company or Holder under this Note shall be brought in the state or federal courts located in the New York, NY. If either party shall commence an action to enforce any provisions of the Transaction Documents, then the prevailing party in such action after obtaining a final, non-appealable judgment shall be reimbursed by the other party for its attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such proceeding.

f) Waiver. Any waiver by the Company or the Holder of a breach of any provision of this Note shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Note. The failure of the Company or the Holder to insist upon strict adherence to any term of this Note on one or more occasions shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Note. Any waiver must be in writing.

g) Severability. If any provision of this Note is invalid, illegal or unenforceable, the balance of this Note shall remain in effect, and if any provision is inapplicable to any person or circumstance, it shall nevertheless remain applicable to all other persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates applicable laws governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum permitted rate of interest.

h) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

i) Headings. The headings contained herein are for convenience only, do not constitute a part of this Note and shall not be deemed to limit or affect any of the provisions hereof.

j) Amendment; Dissenters Rights. This Note and the Transaction Documents may be modified or amended or provisions hereof waived with the written consent of the Company and the Holder(s) of a majority of the then outstanding principal amount of all of the Notes. In the event that any material term in this Note or any of the Transaction Documents is amended by such majority and the Holder objects to such amendment, notwithstanding anything contained herein to the contrary, the Holder shall have the right to accelerate the repayment of this Note and demand repayment of all outstanding principal and accumulated and unpaid interest owing at such time plus an additional payment equal to ten percent of the then outstanding principal. Such repayment right shall only be exercisable by the Holder during the thirty (30) day period following receipt of notice from the Company of such amendment.

IN WITNESS WHEREOF, the Company has caused this 15.0% Subordinated Promissory Note to be duly executed by a duly authorized officer as of the date first above indicated.

ASURE SOFTWARE, INC.

By: _____
Name:
Title:

Acknowledged and Agreed by:

Holder: _____

By: _____
Name:
Title:

SECURITIES PURCHASE AGREEMENT

This Securities Purchase Agreement (this “Agreement”) is dated and effective as of September 30, 2011 by and between Asure Software, Inc., a Delaware corporation (the “Company”), and the purchaser identified on the signature page hereto (the “Purchaser”).

WHEREAS, subject to the terms and conditions set forth in this Agreement and pursuant to Section 4(2) of the Securities Act of 1933, as amended (the “Securities Act”) and Rule 506 promulgated thereunder, the board of directors of the Company has authorized the sale and issuance to the Purchaser and other purchasers who are “accredited investors” within the meaning of Rule 501 under the Securities Act (collectively, the “Other Purchasers”, and together with the Purchaser, the “Purchasers”) of up to \$1,500,000 in aggregate principal amount of the Company’s 9% Subordinated Convertible Promissory Notes, subject to the terms and conditions of this Agreement (the “Offering”).

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants contained in this Agreement, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Company and each Purchaser agree as follows:

ARTICLE I.
DEFINITIONS

1.1 Definitions. In addition to the terms defined elsewhere in this Agreement: (a) capitalized terms that are not otherwise defined herein have the meanings given to such terms in the Notes (as defined herein), and (b) the following terms have the meanings indicated in this Section 1.1:

“Action” shall have the meaning ascribed to such term in Section 3.1(j).

“Affiliate” means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 144 under the Securities Act. With respect to a Purchaser, any investment fund or managed account that is managed on a discretionary basis by the same investment manager as the Purchaser will be deemed to be an Affiliate of the Purchaser.

“Business Day” means any day except Saturday, Sunday, any day which shall be a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close and, upon the Company becoming listed or quoted on a Trading Market, except any day that the Common Stock is not traded on the Trading Market.

“Closing” means the closing of the purchase and sale of the Securities pursuant to Section 2.1.

“Closing Date” means the Business Day when all of the Transaction Documents have been executed and delivered by the Company and the Purchaser, and all conditions precedent to (i) the Purchaser’s obligations to pay the Subscription Amount and (ii) the Company’s obligations to deliver the Securities have been satisfied or waived.

“Commission” means the Securities and Exchange Commission.

“Common Stock” means the common stock of the Company, \$0.01 par value per share, and any other class of securities into which such securities may hereafter be reclassified or changed into.

“Common Stock Equivalents” means any securities of the Company which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

“Conversion Price” shall have the meaning ascribed to such term in the Notes.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“GAAP” shall have the meaning ascribed to such term in Section 3.1(h).

“Liens” means a lien, charge, security interest, encumbrance, right of first refusal, preemptive right or other restriction.

“Material Adverse Effect” shall have the meaning assigned to such term in Section 3.1(b).

“Notes” means the 9% Subordinated Convertible Promissory Notes in the form of Exhibit A attached hereto due, subject to the terms therein, issued by the Company to the Purchasers pursuant to this Agreement.

“Note Shares” means the shares of Common Stock issuable upon conversion of the Notes, including any shares of Common Stock issued in payment of interest thereunder.

“Offering” has the meaning set forth in the recitals hereof.

“Person” means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

“Proceeding” means an action, claim, suit, investigation or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

“Registration Rights Agreement” shall mean the Registration Rights Agreement dated on or about the date hereof among the Company and the Purchasers

“Required Approvals” shall have the meaning ascribed to such term in Section 3.1(e).

“Required Minimum” means, as of any date, the maximum aggregate number of shares of Common Stock then issued or potentially issuable in the future pursuant to the Transaction Documents, including any Note Shares.

“Rule 144” means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

“Securities” means the Notes and the Note Shares.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated hereunder.

“Security and Intercreditor Agreement” means that certain Security and Intercreditor Agreement by and among the Purchaser, the Company and the other lenders set forth therein executed on or about even date.

“Subscription Amount” means the aggregate amount to be paid for the Note purchased hereunder as specified below the Purchaser’s name on the signature page of this Agreement and next to the heading “Subscription Amount,” in United States Dollars and in immediately available funds.

“Trading Market” means the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the American Stock Exchange, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange or the OTC Bulletin Board.

“Transaction Documents” means this Agreement the Security and Intercreditor Agreement, the Registration Rights Agreement, the Notes, and any other documents or agreements executed by the Purchasers in connection with the transactions contemplated hereby.

“Transfer Agent” means the transfer agent of the Company.

ARTICLE II. PURCHASE AND SALE

2.1 Closing. On the Closing Date, upon the terms and subject to the conditions set forth herein and substantially concurrent with the execution and delivery of this Agreement by the parties hereto, the Company agrees to sell, and the Purchaser agrees to purchase, a Note in principal amount of the Subscription Amount. The Purchaser shall deliver to the Company immediately available funds via wire transfer, and the Company shall deliver to the Purchaser the Purchaser’s Note and the Company and the Purchaser shall deliver the other items set forth in Section 2.2 deliverable at the Closing. The Closing shall occur upon satisfaction of the conditions set forth in Sections 2.2 and 2.3.

2.2 Deliveries.

(a) On the Closing Date, the Company shall deliver or cause to be delivered to the Purchaser the following:

- (i) this Agreement duly executed by the Company;
- (ii) a Note in the principal amount equal to the Purchaser’s Subscription Amount, registered in the name of the Purchaser; and
- (iii) the Security and Intercreditor Agreement and Registration Rights Agreement duly executed by the Company.

(b) On the Closing Date, the Purchaser shall deliver or cause to be delivered to the Company the following:

- (i) this Agreement duly executed by the Purchaser;
- (ii) the Purchaser’s delivery of the Subscription Amount to the Company;
- (iii) the Security and Intercreditor Agreement and Registration Rights Agreement duly executed by the Purchaser; and
- (v) an Investor Questionnaire (in the form attached hereto as Exhibit B duly executed by the Purchaser.

2.3 Closing Conditions.

(a) The obligations of the Company hereunder in connection with the Closing are subject to the following conditions being met:

(i) the accuracy in all material respects when made and on the Closing Date of the representations and warranties of the Purchaser contained herein;

(ii) all obligations, covenants and agreements of the Purchaser required to be performed at or prior to the Closing Date shall have been performed in all material respects; and

(iii) the delivery by the Purchaser of the items set forth in Section 2.2(b) of this Agreement.

(b) The respective obligations of the Purchaser hereunder in connection with the Closing are subject to the following conditions being met:

(i) the accuracy in all material respects when made and on the Closing Date of the representations and warranties of the Company contained herein;

(ii) all obligations, covenants and agreements of the Company required to be performed at or prior to the Closing Date shall have been performed in all material respects;

(iii) the delivery by the Company of the items set forth in Section 2.2(a) of this Agreement;

**ARTICLE III.
REPRESENTATIONS AND WARRANTIES**

3.1 Representations and Warranties of the Company. Except as set forth in the SEC Documents, the Company hereby makes the following representations and warranties to each Purchaser.

(a) Subsidiaries. All subsidiaries of the Company are identified in the SEC Documents.

(b) Organization and Qualification. The Company is an entity duly incorporated or otherwise organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization (as applicable), with the requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted. The Company is not in violation or default of any of the provisions of its respective certificate or articles of incorporation, bylaws or other organizational or charter documents. The Company is duly qualified to conduct business and is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, could not have or reasonably be expected to result in (i) a material adverse effect on the legality, validity or enforceability of any Transaction Document, (ii) a material adverse effect on the results of operations, assets, business, prospects or condition (financial or otherwise) of the Company, taken as a whole, or (iii) a material adverse effect on the Company's ability to perform in any material respect on a timely basis its obligations under any Transaction Document (any of (i), (ii) or (iii), a "Material Adverse Effect") and no Proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing or seeking to revoke, limit or curtail such power and authority or qualification.

(c) Authorization; Enforcement. The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by each of the Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of each of the Transaction Documents by the Company and the consummation by it of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of the Company and no further action is required by the Company, its board of directors or its stockholders in connection therewith other than in connection with the Required Approvals. Each Transaction Document has been (or upon delivery will have been) duly executed by the Company and, when delivered in accordance with the terms hereof and thereof, will constitute the valid and binding obligation of the Company enforceable against the Company in accordance with its terms except (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(d) No Conflicts. The execution, delivery and performance of the Transaction Documents by the Company and the consummation by the Company of the other transactions contemplated hereby and thereby do not and will not: (i) conflict with or violate any provision of the Company's certificate or articles of incorporation, bylaws or other organizational or charter documents, or (ii) subject to the Required Approvals, conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in the creation of any Lien upon any of the properties or assets of the Company, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing a Company debt or otherwise) or other understanding to which the Company is a party or by which any property or asset of the Company is bound or affected, or (iii) subject to the Required Approvals, conflict with or result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Company is subject (including federal and state securities laws and regulations), or by which any property or asset of the Company is bound or affected; except in the case of each of clauses (ii) and (iii), such as could not have or reasonably be expected to result in a Material Adverse Effect.

(e) Filings, Consents and Approvals. The Company is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local or other governmental authority or other Person in connection with the execution, delivery and performance by the Company of the Transaction Documents, other than the filing of Form D with the Commission and such filings as are required to be made under applicable state securities laws (the "Required Approvals").

(f) Issuance of the Securities. The Securities are duly authorized and, when issued and paid for in accordance with the applicable Transaction Documents, will be duly and validly issued, fully paid and non-assessable, free and clear of all Liens imposed by the Company other than restrictions on transfer provided for in the Transaction Documents. The Note Shares, when issued in accordance with the terms of the Transaction Documents, will be validly issued, fully paid and non-assessable, free and clear of all Liens imposed by the Company. The Company has reserved from its duly authorized capital stock a number of shares of Common Stock for issuance of the Note Shares at least equal to the Required Minimum on the date hereof.

(g) Capitalization. The capitalization of the Company is as disclosed in its Annual Report on Form 10-K for the year ended December 31, 2010 ("Annual Report"). Except as a result of the purchase and sale of the Securities or otherwise as set forth in such Annual Report, there are no outstanding options, warrants, script rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities, rights or obligations convertible into or exercisable or exchangeable for, or giving any Person any right to subscribe for or acquire, any shares of Common Stock, or contracts, commitments, understandings or arrangements by which the Company is or may become bound to issue additional shares of Common Stock. The issuance and sale of the Securities will not obligate the Company to issue shares of Common Stock or other securities to any Person (other than the Purchasers) and will not result in a right of any holder of Company securities to adjust the exercise, conversion, exchange or reset price under any of such securities. All of the outstanding shares of capital stock of the Company are validly issued, fully paid and non-assessable, have been issued in compliance with all federal and state securities laws, and none of such outstanding shares was issued in violation of any preemptive rights or similar rights to subscribe for or purchase securities. No further approval or authorization of any stockholder, the board of directors of the Company or others is required for the issuance and sale of the Securities. There are no stockholders agreements, voting agreements or other similar agreements with respect to the Company's capital stock to which the Company is a party or, to the knowledge of the Company, between or among any of the Company's stockholders

(h) SEC Documents. The Company hereby makes reference to the following documents filed by the Company with the Commission, which are available for review on the Commission's website, www.sec.gov (collectively, the "SEC Documents"): (a) the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010; and (b) the Company's Quarterly Reports on Form 10-Q for the period ended March 31, 2011 and June 30, 2011; and any amendments thereto. As of their respective dates, the SEC Documents complied in all material respects with the requirements of the Exchange Act and none of the SEC Documents contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of the Company included in the SEC Documents comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") (except, in the case of unaudited statements, as permitted by the applicable form under the Exchange Act) applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and fairly present the financial position of the Company as of the dates thereof and its consolidated statements of operations, stockholders' equity and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal and recurring year-end audit adjustments which were and are not expected to have a material adverse effect on the Company, its business, financial condition or results of operations). Except as and to the extent set forth on the balance sheet of the Company as of June 30, 2011, including the notes thereto, the Company has no liability or obligation of any nature (whether accrued, absolute, contingent or otherwise and whether required to be reflected on a balance sheet or not).

(i) Material Changes. Since June 30, 2011, except as disclosed to Purchaser: (i) there has been no event, occurrence or development that has had or that could reasonably be expected to result in a Material Adverse Effect; (ii) the Company has not incurred any liabilities (contingent or otherwise) other than (A) trade payables and accrued expenses incurred in the ordinary course of business consistent with past practice, (B) liabilities not required to be reflected in the Company's financial statements pursuant to GAAP or disclosed in filings made with the Commission and (C) liabilities incurred to the various lenders identified in the Security and Intercreditor Agreement; (iii) the Company has not altered its method of accounting; (iv) the Company has not declared or made any dividend or distribution of cash or other property to its stockholders or purchased, redeemed or made any agreements to purchase or redeem any shares of its capital stock; and (v) the Company has not issued any equity securities to any officer, director or Affiliate, except pursuant to existing Company stock option plans. The Company does not have pending before the Commission any request for confidential treatment of information.

(j) Litigation. There is no action, suit, inquiry, notice of violation, proceeding or investigation pending or, to the knowledge of the Company, threatened against or affecting the Company or any of its properties before or by any court, arbitrator, governmental or administrative agency or regulatory authority (federal, state, county, local or foreign) (collectively, an "Action") which (i) adversely affects or challenges the legality, validity or enforceability of any of the Transaction Documents or the Securities or (ii) could, if there were an unfavorable decision, have or reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any director or officer thereof, is or has been the subject of any Action involving a claim of violation of or liability under federal or state securities laws or a claim of breach of fiduciary duty. There has not been, and to the knowledge of the Company, there is not pending or contemplated, any investigation by the Commission involving the Company or any current or former director or officer of the Company.

3.2 Representations and Warranties of Purchaser. Purchaser hereby, for itself and for no other Purchaser, represents and warrants as of the date hereof and as of the Closing Date to the Company as follows:

(a) Organization; Authority. If the Purchaser is not an individual, the Purchaser is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization with full right, corporate or partnership power and authority to enter into and to consummate the transactions contemplated by the Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution, delivery and performance by the Purchaser of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate or similar action on the part of the Purchaser if the Purchaser is not an individual. Each Transaction Document to which it is a party has been duly executed by the Purchaser, and when delivered by the Purchaser in accordance with the terms hereof, will constitute the valid and legally binding obligation of the Purchaser, enforceable against it in accordance with its terms, except (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(b) Own Account. The Purchaser understands that the Securities are "restricted securities" and have not been registered under the Securities Act or any applicable state securities law and is acquiring the Securities as principal for its own account and not with a view to or for distributing or reselling such Securities or any part thereof in violation of the Securities Act or any applicable state securities law, has no present intention of distributing any of such Securities in violation of the Securities Act or any applicable state securities law and has no direct or indirect arrangement or understandings with any other persons to distribute or regarding the distribution of such Securities (this representation and warranty not limiting the Purchaser's right to sell the Securities in compliance with applicable federal and state securities laws) in violation of the Securities Act or any applicable state securities law. The Purchaser is acquiring the Securities hereunder in the ordinary course of its business if the Purchaser is an entity.

(c) Purchaser Status. At the time the Purchaser was offered the Securities, it was, and at the date hereof it is, and on each date on which it converts any Notes it will be either: (i) an "accredited investor" as defined in Rule 501 under the Securities Act or (ii) a "qualified institutional buyer" as defined in Rule 144A(a) under the Securities Act. The Purchaser is not required to be registered as a broker-dealer under Section 15 of the Exchange Act.

(d) Experience of the Purchaser. The Purchaser, either alone or together with its representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Securities, and has so evaluated the merits and risks of such investment. The Purchaser is able to bear the economic risk of an investment in the Securities and, at the present time, is able to afford a complete loss of such investment.

(e) General Solicitation. The Purchaser is not purchasing the Securities as a result of any advertisement, article, notice or other communication regarding the Securities published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or any other general solicitation or general advertisement.

(f) Access to Company Information. The Purchaser acknowledges that it has been afforded access and the opportunity to obtain all financial and other information concerning the Company that the Purchaser desires (including the opportunity to meet with the Company's executive officers, either in person or telephonically, and to ask questions and receive answers from the Company regarding the business, prospects and financial condition of the Company). The Purchaser has reviewed (i) copies of the SEC Documents and is familiar with the contents thereof, including, without limitation, the risk factors contained in the Annual Report, and (ii) copies of all other reports, schedules, forms, statements and other documents required to be filed by the Company under the Securities Act and Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, and there is no further information about the Company that the Purchaser desires in determining whether to acquire the Securities. None of the foregoing, however, limits or modifies the representations and warranties of the Company in Section 3 of this Agreement or the right of the Purchaser to rely thereon.

(g) Subordination. THE PURCHASER HEREBY ACKNOWLEDGES THAT THE NOTES ARE SUBORDINATE TO OTHER CURRENT AND FUTURE INDEBTEDNESS OF THE COMPANY AS PROVIDED IN THE SECURITY AND INTERCREDITOR AGREEMENT.

ARTICLE IV. OTHER AGREEMENTS OF THE PARTIES

4.1 Transfer Restrictions.

(a) Subject to compliance with state and federal securities laws, each Purchaser shall have the right to transfer Securities issued pursuant to the terms hereof (including the Note and the Note Shares) at anytime. In connection with any transfer of Securities other than pursuant to an effective registration statement or Rule 144, to the Company or to an Affiliate of a Purchaser or in connection with a pledge as contemplated in Section 4.1(b), the Company may require the transferor thereof to provide to the Company an opinion of counsel selected by the transferor and reasonably acceptable to the Company, the form and substance of which opinion shall be reasonably satisfactory to the Company, to the effect that such transfer does not require registration of such transferred Securities under the Securities Act. As a condition of transfer, any such transferee shall agree in writing to be bound by the terms of this Agreement and shall have the rights of a Purchaser under this Agreement.

(b) The Purchasers agree to the imprinting, so long as is required by this Section 4.1, of a legend on any of the Securities in the following form:

NEITHER THIS SECURITY NOR THE SECURITIES INTO WHICH THIS SECURITY IS CONVERTIBLE HAS BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THIS SECURITY AND THE SECURITIES ISSUABLE UPON CONVERSION OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

(c) The Company acknowledges and agrees that the Purchaser may from time to time pledge pursuant to a bona fide margin agreement with a registered broker-dealer or grant a security interest in some or all of the Securities to a financial institution that is an “accredited investor” as defined in Rule 501(a) under the Securities Act and who agrees to be bound by the provisions of this Agreement and, if required under the terms of such arrangement, the Purchaser may transfer pledged or secured Securities to the pledgees or secured parties. Such a pledge or transfer would not be subject to approval of the Company and no legal opinion of legal counsel of the pledgee, secured party or pledgor shall be required in connection therewith. Further, no notice shall be required of such pledge. At the appropriate Purchaser’s expense, the Company will execute and deliver such reasonable documentation as a pledgee or secured party of Securities may reasonably request in connection with a pledge or transfer of the Securities.

(d) If all or any portion of a Note is converted at a time when the applicable Note Shares may be sold under Rule 144(b)(1)(i) or if such legend is not otherwise required under applicable requirements of the Securities Act (including judicial interpretations and pronouncements issued by the staff of the Commission) then such Note Shares shall be issued free of all legends. The Company agrees that at such time as such legend is no longer required under this Section 4.1(c), it will, no later than three Business Days following the delivery by a Purchaser to the Company or the Transfer Agent of a certificate representing Note Shares, issued with a restrictive legend, deliver or cause to be delivered to the Purchaser a certificate representing such shares that is free from all restrictive and other legends.

(e) Each Purchaser, severally and not jointly with the other Purchasers, agrees that the removal of the restrictive legend from certificates representing Securities as set forth in this Section 4.1 is predicated upon the Company’s reliance that the Purchaser will sell any Securities pursuant to either the registration requirements of the Securities Act, including any applicable prospectus delivery requirements, or an exemption therefrom, and that if Securities are sold pursuant to a Registration Statement, they will be sold in compliance with the plan of distribution set forth therein.

4.2 Integration. The Company shall not sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in Section 2 of the Securities Act) that would be integrated with the offer or sale of the Securities in a manner that would require the registration under the Securities Act of the sale of the Securities to the Purchasers or that would be integrated with the offer or sale of the Securities for purposes of the rules and regulations of any Trading Market.

4.3 Conversion Procedures. The form of Notice of Conversion included in the Notes set forth the totality of the procedures required of the Purchasers in order to convert the Notes. No additional legal opinion or other information or instructions shall be required of the Purchasers to convert their Notes. The Company shall honor the conversions of the Notes and shall deliver Note Shares in accordance with the terms, conditions and time periods set forth in the Transaction Documents.

4.4 Securities Laws Disclosure; Publicity. The Company shall not consult with Purchasers in issuing any public announcements with respect to the transactions contemplated hereby. Notwithstanding the foregoing, the Company shall not disclose publicly the name of any Purchaser, or include the name of any Purchaser in any filing with the Commission or any regulatory agency or Trading Market, without the prior written consent of the Purchaser, except (i) as required by the federal securities laws in connection with the filing of final Transaction Documents (including signature pages thereto) with the Commission and (ii) to the extent such disclosure is required by law or Trading Market regulations.

4.5 Preemptive Rights. In the event that the Company issues securities in a Dilutive Transaction (as defined in the Notes) below \$3.25 a share (as equitably adjusted for stock splits, combinations and the like) at a time in which any Notes remain outstanding, each holder of Notes outstanding as of such time will be afforded the right to participate in such Dilutive Transaction up to amount equal to such Holder's then current outstanding principal under the Notes. The foregoing right shall not be applicable to any Holder which is not an "Accredited Investor" at the time of such offering. In the event that the aggregate offering size of such Dilutive Transaction is less than the total aggregate outstanding principal outstanding under the Notes, the holders shall be cut back pro rata. The Company shall not be required to give the Holders more than a fifteen day period to participate in such Dilutive Transaction (after such Holder receives all necessary final paperwork). Thereafter, the Company shall be permitted to offer and sell any remaining securities in such Dilutive Transaction to third parties; provided that: (i) such offering and sale are on terms no more favorable to such third parties than those presented to the Holders and (ii) such offering and sale are consummated within 180 days following the date that such securities were first offered to the Holders (following such time, the Company shall be required to reinitiate the offer to the Holders as provided herein).

4.6 Reservation and Listing of Securities.

(a) The Company shall maintain a reserve from its duly authorized shares of Common Stock for issuance pursuant to the Transaction Documents in such amount as may be required to fulfill its obligations in full under the Transaction Documents.

(b) If, on any date, the number of authorized but unissued (and otherwise unreserved) shares of Common Stock is less than the Required Minimum on such date, then the Board of Directors of the Company shall use commercially reasonable efforts to amend the Company's certificate or articles of incorporation to increase the number of authorized but unissued shares of Common Stock to at least the Required Minimum at such time, as soon as possible and in any event not later than the 75th day after such date.

(c) The Company shall, if applicable: (i) in the time and manner required by the principal Trading Market, prepare and file with such Trading Market an additional shares listing application covering a number of shares of Common Stock at least equal to the Required Minimum on the date of such application, (ii) take all steps necessary to cause such shares of Common Stock to be approved for listing on such Trading Market as soon as possible thereafter, if required, (iii) provide to the Purchasers evidence of such listing, if applicable, and (iv) maintain the listing of such Common Stock on any date at least equal to the Required Minimum on such date on such Trading Market or another Trading Market.

4.7 Form D; Blue Sky Filings. The Company agrees to timely file a Form D with respect to the Securities as required under Regulation D and to provide a copy thereof, promptly upon request of the Purchaser. The Company shall take such action as the Company shall reasonably determine is necessary in order to obtain an exemption for, or to qualify the Securities for, sale to the Purchasers under applicable securities or "Blue Sky" laws of the states of the United States, and shall provide evidence of such actions promptly upon request of any Purchaser.

ARTICLE V MISCELLANEOUS

5.1 Fees and Expenses. Except as expressly set forth in the Transaction Documents to the contrary, each party shall pay the fees and expenses of its advisers, counsel, accountants and other experts, if any, and all other expenses incurred by such party incident to the negotiation, preparation, execution, delivery and performance of this Agreement. The Company shall pay all Transfer Agent fees, stamp taxes and other taxes and duties levied in connection with the delivery of any Securities to the Purchasers.

5.2 Entire Agreement. The Transaction Documents, together with the exhibits and schedules thereto, contain the entire understanding of the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents, exhibits and schedules.

5.3 Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of (a) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number set forth on the signature pages attached hereto prior to 5:30 p.m. (New York City time) on a Business Day, (b) the next Business Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number set forth on the signature pages attached hereto on a day that is not a Business Day or later than 5:30 p.m. (New York City time) on any Business Day, (c) the 2nd Business Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service, or (d) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as set forth on the signature pages attached hereto.

5.4 Amendments; Waivers. Except as otherwise set forth herein, any provision of this Agreement or the Notes may be waived, modified, supplemented or amended in a written instrument signed by the Company and Purchasers holding at least 51% in principal amount of the then-outstanding Notes. No waiver of any default with respect to any provision, condition or requirement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right.

5.5 Headings. The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

5.6 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. Neither the Company nor the Purchaser may assign this Agreement or any rights or obligations hereunder without the prior written consent of the other (other than by merger).

5.7 No Third-Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person.

5.8 Governing Law. All questions concerning the construction, validity, enforcement and interpretation of the Transaction Documents shall be governed by and construed and enforced in accordance with the laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement and any other Transaction Documents (whether brought against a party hereto or its respective affiliates, directors, officers, shareholders, employees or agents) shall be commenced exclusively in the state and federal courts sitting in the City of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of New York for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is improper or is an inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. The parties hereby waive all rights to a trial by jury. If either party shall commence an action or proceeding to enforce any provisions of the Transaction Documents, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such action or proceeding.

5.9 Survival. The representations and, warranties, shall survive the Closing and the delivery, of the Securities, for the applicable statute of limitations.

5.10 Execution. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a “.pdf” format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or “.pdf” signature page were an original thereof.

5.11 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

5.12 Rescission and Withdrawal Right. Notwithstanding anything to the contrary contained in (and without limiting any similar provisions of) any of the other Transaction Documents, whenever any Purchaser exercises a right, election, demand or option under a Transaction Document and the Company does not timely perform its related obligations within the periods therein provided, then the Purchaser may rescind or withdraw, in its sole discretion from time to time upon written notice to the Company, any relevant notice, demand or election in whole or in part without prejudice to its future actions and rights; provided, however, in the case of a rescission of a conversion of a Note, the Purchaser shall be required to return any shares of Common Stock subject to any such rescinded conversion notice.

5.13 Replacement of Securities. If any certificate or instrument evidencing any Securities is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation thereof (in the case of mutilation), or in lieu of and substitution therefor, a new certificate or instrument, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction. The applicant for a new certificate or instrument under such circumstances shall also pay any reasonable third-party costs (including customary indemnity) associated with the issuance of such replacement Securities.

5.14 Remedies. In addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, the Purchaser and the Company will be entitled to specific performance under the Transaction Documents. The parties agree that monetary damages may not be adequate compensation for any loss incurred by reason of any breach of obligations contained in the Transaction Documents and hereby agrees to waive and not to assert in any action for specific performance of any such obligation the defense that a remedy at law would be adequate.

5.15 Payment Set Aside. To the extent that the Company makes a payment or payments to the Purchaser pursuant to any Transaction Document or the Purchaser enforces or exercises its rights thereunder, and such payment or payments or the proceeds of such enforcement or exercise or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, recovered from, disgorged by or are required to be refunded, repaid or otherwise restored to the Company, a trustee, receiver or any other person under any law (including, without limitation, any bankruptcy law, state or federal law, common law or equitable cause of action), then to the extent of any such restoration the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

5.16 Usury. To the extent it may lawfully do so, the Company hereby agrees not to insist upon or plead or in any manner whatsoever claim, and will resist any and all efforts to be compelled to take the benefit or advantage of, usury laws wherever enacted, now or at any time hereafter in force, in connection with any claim, action or proceeding that may be brought by the Purchaser in order to enforce any right or remedy under any Transaction Document to which the Purchaser is a party. Notwithstanding any provision to the contrary contained in any Transaction Document, it is expressly agreed and provided that the total liability of the Company under the Transaction Documents for payments in the nature of interest shall not exceed the maximum lawful rate authorized under applicable law (the "Maximum Rate"), and, without limiting the foregoing, in no event shall any rate of interest or default interest, or both of them, when aggregated with any other sums in the nature of interest that the Company may be obligated to pay under the Transaction Documents exceed such Maximum Rate. It is agreed that if the maximum contract rate of interest allowed by law and applicable to the Transaction Documents is increased or decreased by statute or any official governmental action subsequent to the date hereof, the new maximum contract rate of interest allowed by law will be the Maximum Rate applicable to the Transaction Documents from the effective date forward, unless such application is precluded by applicable law. If under any circumstances whatsoever, interest in excess of the Maximum Rate is paid by the Company to the Purchaser with respect to indebtedness evidenced by the Purchaser's Transaction Documents, such excess shall be applied by the Purchaser to the unpaid principal balance of any such indebtedness or be refunded to the Company, the manner of handling such excess to be at the Purchaser's election.

5.17 Liquidated Damages. The Company's obligations to pay any partial liquidated damages or other amounts owing under the Transaction Documents is a continuing obligation of the Company and shall not terminate until all unpaid partial liquidated damages and other amounts have been paid notwithstanding the fact that the instrument or security pursuant to which such partial liquidated damages or other amounts are due and payable shall have been canceled.

5.18 Construction. The parties agree that each of them and/or their respective counsel has reviewed and had an opportunity to revise the Transaction Documents and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of the Transaction Documents or any amendments hereto.

(Signature Pages Follow)

IN WITNESS WHEREOF, the parties hereto have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

ASURE SOFTWARE, INC.

By: _____
Name:
Title:

Address for Notice:

110 Wild Basin Road
Austin, TX 78746
Attn: Chief Financial Officer

With a copy to (which shall not constitute notice):

David Becker
Becker Legal Group LLC
99 Madison Ave., Fifth Floor
New York, NY 10016

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK
SIGNATURE PAGE FOR PURCHASER FOLLOWS]

[PURCHASER SIGNATURE PAGE TO
ASURE SOFTWARE, INC. SECURITIES PURCHASE AGREEMENT]

IN WITNESS WHEREOF, the undersigned have caused this Securities Purchase Agreement to be duly executed by its/his/her respective authorized signatories as of the date first indicated above.

Name of Purchaser: _____

Signature of Authorized Signatory of Purchaser: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Email Address of Purchaser: _____

Facsimile Number of Purchaser: _____

Address for Notice of Purchaser:

Address for Delivery of Securities for Purchaser (if not same as above):

Subscription Amount:

EIN Number:

Exhibit A

[Form of Subordinated Convertible Promissory Note]

Exhibit B
Questionnaire

INVESTOR SUITABILITY QUESTIONNAIRE

Asure Software, Inc., (the "Corporation") desires to sell to the undersigned securities of the Corporation on the terms and conditions to be set forth in a Securities Purchase Agreement to be entered into between the Corporation and the undersigned (hereinafter referred to as the "Purchaser").

The following is an investor questionnaire to be completed by the Purchaser to qualify the Purchaser as a suitable investor in the Corporation under the Federal and state securities and blue-sky law.

1. Accredited Investor Certification. The Purchaser represents and warrants that he comes within one category marked below, and that for any category marked, he has truthfully set forth, where applicable, the factual basis or reason the Purchaser comes within that category. ALL INFORMATION IN RESPONSE TO THIS SECTION WILL BE KEPT STRICTLY CONFIDENTIAL. The undersigned agrees to furnish any additional information which the Corporation deems necessary in order to verify the answers set forth below.

Category A _____ The undersigned is an individual (not a partnership, corporation, etc.) whose individual net worth, or joint net worth with his or her spouse, presently exceeds \$1,000,000.

Explanation: In calculating net worth you may include equity in personal property and real estate, (excluding your principal residence), cash, short-term investments, stock and securities. Equity in personal property and real estate should be based on the fair market value of such property less debt secured by such property.

Category B _____ The undersigned is an individual (not a partnership, corporation, etc.) who had an income in excess of \$200,000 in each of the two most recent years, or joint income with his or her spouse in excess of \$300,000 in each of those years (in each case including foreign income, tax exempt income and full amount of capital gains and losses but excluding any income of other family members and any unrealized capital appreciation) and has a reasonable expectation of reaching the same income level in the current year.

Category C _____ The undersigned is a director or executive officer of the Corporation.

Category D _____ The undersigned is a bank, a savings and loan association, insurance company, registered investment company, registered business development company, licensed small business investment company ("SBIC"), or employee benefit plan within the meaning of Title 1 of ERISA and (a) the investment decision is made by a plan fiduciary which is either a bank, savings and loan association, insurance company or registered investment advisor, or (b) the plan has total assets in excess of \$5,000,000 or is a self directed plan with investment decisions made solely by persons that are accredited investors.

(describe entity)

Category E_____

The undersigned is a private business development company as defined in Section 202(a)(22) of the Investment Advisors Act of 1940.

(describe entity)

Category F_____

The undersigned is a corporation, partnership, business trust, or non-profit organization within the meaning of Section 501(c)(3) of the Internal Revenue Code, in each case not formed for the specific purpose of acquiring the Securities and with total assets in excess of \$5,000,000.

(describe entity)

Category G_____

The undersigned is a trust with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the Securities, where the purchase is directed by a "sophisticated person" as defined in Regulation 506 (b)(2)(ii).

Category H_____

The undersigned is an entity all the equity owners of which are "accredited investors" (as such term is defined in Rule 501(a) as promulgated under the Securities Act of 1933, as amended (the "Securities Act")) within one or more of the above categories. If relying upon this Category alone, each equity owner must complete a separate copy of this Agreement.

(describe entity)

Category I_____

The undersigned is not within any of the categories above and is therefore not an "accredited investor".

2. **Manner In Which Title To Be Held.** (circle one)

- (a) Individual Ownership
- (b) Community Property
- (c) Joint Tenant with Right of Survivorship (both parties must sign)
- (d) Partnership
- (e) Tenants in Common
- (f) Company
- (g) Trust
- (h) Other

Signature

Signature (if purchasing jointly)

Name (Typed or Printed)

Name (Typed or Printed)

Residence (Typed or Printed)

Residence (Typed or Printed)

City, State and Zip Code

City, State and Zip Code

Tax Identification or Social Security Number

Tax Identification or Social Security Number

Telephone No.:

Business

Home

Telephone No.:

Business

Home

Name in which securities should be
issued:

Dated: _____

Dated: _____

SECURITIES PURCHASE AGREEMENT

This Securities Purchase Agreement (this “Agreement”) is dated and effective as of September 30, 2011 by and between Asure Software, Inc., a Delaware corporation (the “Company”), and the purchaser identified on the signature page hereto (the “Purchaser”).

WHEREAS, subject to the terms and conditions set forth in this Agreement and pursuant to Section 4(2) of the Securities Act of 1933, as amended (the “Securities Act”) and Rule 506 promulgated thereunder, the board of directors of the Company has authorized the sale and issuance to the Purchaser and other purchasers who are “accredited investors” within the meaning of Rule 501 under the Securities Act (collectively, the “Other Purchasers”, and together with the Purchaser, the “Purchasers”) of up to \$1,700,000 in aggregate principal amount of the Company’s 15% Subordinated Promissory Notes, subject to the terms and conditions of this Agreement (the “Offering”).

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants contained in this Agreement, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Company and each Purchaser agree as follows:

ARTICLE I.
DEFINITIONS

1.1 Definitions. In addition to the terms defined elsewhere in this Agreement: (a) capitalized terms that are not otherwise defined herein have the meanings given to such terms in the Notes (as defined herein), and (b) the following terms have the meanings indicated in this Section 1.1:

“Action” shall have the meaning ascribed to such term in Section 3.1(j).

“Affiliate” means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 144 under the Securities Act. With respect to a Purchaser, any investment fund or managed account that is managed on a discretionary basis by the same investment manager as the Purchaser will be deemed to be an Affiliate of the Purchaser.

“Business Day” means any day except Saturday, Sunday, any day which shall be a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close and, upon the Company becoming listed or quoted on a Trading Market, except any day that the Common Stock is not traded on the Trading Market.

“Closing” means the closing of the purchase and sale of the Securities pursuant to Section 2.1.

“Closing Date” means the Business Day when all of the Transaction Documents have been executed and delivered by the Company and the Purchaser, and all conditions precedent to (i) the Purchaser’s obligations to pay the Subscription Amount and (ii) the Company’s obligations to deliver the Securities have been satisfied or waived.

“Commission” means the Securities and Exchange Commission.

“Common Stock” means the common stock of the Company, \$0.01 par value per share, and any other class of securities into which such securities may hereafter be reclassified or changed into.

“Common Stock Equivalents” means any securities of the Company which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“GAAP” shall have the meaning ascribed to such term in Section 3.1(h).

“Liens” means a lien, charge, security interest, encumbrance, right of first refusal, preemptive right or other restriction.

“Material Adverse Effect” shall have the meaning assigned to such term in Section 3.1(b).

“Notes” means the 15% Subordinated Promissory Notes in the form of Exhibit A attached hereto due, subject to the terms therein, issued by the Company to the Purchasers pursuant to this Agreement.

“Offering” has the meaning set forth in the recitals hereof.

“Person” means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

“Proceeding” means an action, claim, suit, investigation or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

“Required Approvals” shall have the meaning ascribed to such term in Section 3.1(e).

“Rule 144” means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

“Securities” means the Notes.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated hereunder.

“Security and Intercreditor Agreement” means that certain Security and Intercreditor Agreement by and among the Purchaser, the Company and the other lenders set forth therein executed on or about even date.

“Subscription Amount” means the aggregate amount to be paid for the Note purchased hereunder as specified below the Purchaser’s name on the signature page of this Agreement and next to the heading “Subscription Amount,” in United States Dollars and in immediately available funds.

“Trading Market” means the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the American Stock Exchange, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange or the OTC Bulletin Board.

“Transaction Documents” means this Agreement, the Security and Intercreditor Agreement, the Notes, and any other documents or agreements executed by the Purchasers in connection with the transactions contemplated hereby.

ARTICLE II. PURCHASE AND SALE

2.1 Closing. On the Closing Date, upon the terms and subject to the conditions set forth herein and substantially concurrent with the execution and delivery of this Agreement by the parties hereto, the Company agrees to sell, and the Purchaser agrees to purchase, a Note in principal amount of the Subscription Amount. The Purchaser shall deliver to the Company immediately available funds via wire transfer, and the Company shall deliver to the Purchaser the Purchaser’s Note and the Company and the Purchaser shall deliver the other items set forth in Section 2.2 deliverable at the Closing. The Closing shall occur upon satisfaction of the conditions set forth in Sections 2.2 and 2.3.

2.2 Deliveries.

(a) On the Closing Date, the Company shall deliver or cause to be delivered to the Purchaser the following:

- (i) this Agreement duly executed by the Company;
- (ii) a Note in the principal amount equal to the Purchaser’s Subscription Amount, registered in the name of the Purchaser; and
- (iii) the Security and Intercreditor Agreement duly executed by the Company.

(b) On the Closing Date, the Purchaser shall deliver or cause to be delivered to the Company the following:

- (i) this Agreement duly executed by the Purchaser;
 - (ii) the Purchaser’s delivery of the Subscription Amount to the Company;
 - (iii) the Security and Intercreditor Agreement duly executed by the Purchaser; and
 - (v) an Investor Questionnaire (in the form attached hereto as Exhibit B duly executed by the Purchaser.
-

2.3 Closing Conditions.

(a) The obligations of the Company hereunder in connection with the Closing are subject to the following conditions being met:

- (i) the accuracy in all material respects when made and on the Closing Date of the representations and warranties of the Purchaser contained herein;
- (ii) all obligations, covenants and agreements of the Purchaser required to be performed at or prior to the Closing Date shall have been performed in all material respects; and
- (iii) the delivery by the Purchaser of the items set forth in Section 2.2(b) of this Agreement.

(b) The respective obligations of the Purchaser hereunder in connection with the Closing are subject to the following conditions being met:

- (i) the accuracy in all material respects when made and on the Closing Date of the representations and warranties of the Company contained herein;
- (ii) all obligations, covenants and agreements of the Company required to be performed at or prior to the Closing Date shall have been performed in all material respects;
- (iii) the delivery by the Company of the items set forth in Section 2.2(a) of this Agreement;

**ARTICLE III.
REPRESENTATIONS AND WARRANTIES**

3.1 Representations and Warranties of the Company. Except as set forth in the SEC Documents, the Company hereby makes the following representations and warranties to each Purchaser.

(a) Subsidiaries. All subsidiaries of the Company are identified in the SEC Documents.

(b) Organization and Qualification. The Company is an entity duly incorporated or otherwise organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization (as applicable), with the requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted. The Company is not in violation or default of any of the provisions of its respective certificate or articles of incorporation, bylaws or other organizational or charter documents. The Company is duly qualified to conduct business and is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, could not have or reasonably be expected to result in (i) a material adverse effect on the legality, validity or enforceability of any Transaction Document, (ii) a material adverse effect on the results of operations, assets, business, prospects or condition (financial or otherwise) of the Company, taken as a whole, or (iii) a material adverse effect on the Company's ability to perform in any material respect on a timely basis its obligations under any Transaction Document (any of (i), (ii) or (iii), a "Material Adverse Effect") and no Proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing or seeking to revoke, limit or curtail such power and authority or qualification.

(c) Authorization; Enforcement. The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by each of the Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of each of the Transaction Documents by the Company and the consummation by it of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of the Company and no further action is required by the Company, its board of directors or its stockholders in connection therewith other than in connection with the Required Approvals. Each Transaction Document has been (or upon delivery will have been) duly executed by the Company and, when delivered in accordance with the terms hereof and thereof, will constitute the valid and binding obligation of the Company enforceable against the Company in accordance with its terms except (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(d) No Conflicts. The execution, delivery and performance of the Transaction Documents by the Company and the consummation by the Company of the other transactions contemplated hereby and thereby do not and will not: (i) conflict with or violate any provision of the Company's certificate or articles of incorporation, bylaws or other organizational or charter documents, or (ii) subject to the Required Approvals, conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in the creation of any Lien upon any of the properties or assets of the Company, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing a Company debt or otherwise) or other understanding to which the Company is a party or by which any property or asset of the Company is bound or affected, or (iii) subject to the Required Approvals, conflict with or result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Company is subject (including federal and state securities laws and regulations), or by which any property or asset of the Company is bound or affected; except in the case of each of clauses (ii) and (iii), such as could not have or reasonably be expected to result in a Material Adverse Effect.

(e) Filings, Consents and Approvals. The Company is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local or other governmental authority or other Person in connection with the execution, delivery and performance by the Company of the Transaction Documents, other than the filing of Form D with the Commission and such filings as are required to be made under applicable state securities laws (the "Required Approvals").

(f) Issuance of the Securities. The Securities are duly authorized and, when issued and paid for in accordance with the applicable Transaction Documents, will be duly and validly issued, fully paid and non-assessable, free and clear of all Liens imposed by the Company other than restrictions on transfer provided for in the Transaction Documents.

(g) Capitalization. The capitalization of the Company is as disclosed in its Annual Report on Form 10-K for the year ended December 31, 2010 ("Annual Report"). Except as a result of the purchase and sale of the Securities or otherwise as set forth in such Annual Report, there are no outstanding options, warrants, script rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities, rights or obligations convertible into or exercisable or exchangeable for, or giving any Person any right to subscribe for or acquire, any shares of Common Stock, or contracts, commitments, understandings or arrangements by which the Company is or may become bound to issue additional shares of Common Stock. The issuance and sale of the Securities will not obligate the Company to issue shares of Common Stock or other securities to any Person (other than the Purchasers) and will not result in a right of any holder of Company securities to adjust the exercise, conversion, exchange or reset price under any of such securities. All of the outstanding shares of capital stock of the Company are validly issued, fully paid and non-assessable, have been issued in compliance with all federal and state securities laws, and none of such outstanding shares was issued in violation of any preemptive rights or similar rights to subscribe for or purchase securities. No further approval or authorization of any stockholder, the board of directors of the Company or others is required for the issuance and sale of the Securities. There are no stockholders agreements, voting agreements or other similar agreements with respect to the Company's capital stock to which the Company is a party or, to the knowledge of the Company, between or among any of the Company's stockholders

(h) SEC Documents. The Company hereby makes reference to the following documents filed by the Company with the Commission, which are available for review on the Commission's website, www.sec.gov (collectively, the "SEC Documents"): (a) the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010; and (b) the Company's Quarterly Reports on Form 10-Q for the period ended March 31, 2011 and June 30, 2011; and any amendments thereto. As of their respective dates, the SEC Documents complied in all material respects with the requirements of the Exchange Act and none of the SEC Documents contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of the Company included in the SEC Documents comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") (except, in the case of unaudited statements, as permitted by the applicable form under the Exchange Act) applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and fairly present the financial position of the Company as of the dates thereof and its consolidated statements of operations, stockholders' equity and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal and recurring year-end audit adjustments which were and are not expected to have a material adverse effect on the Company, its business, financial condition or results of operations). Except as and to the extent set forth on the balance sheet of the Company as of June 30, 2011, including the notes thereto, the Company has no liability or obligation of any nature (whether accrued, absolute, contingent or otherwise and whether required to be reflected on a balance sheet or not).

(i) Material Changes. Since June 30, 2011, except as disclosed to Purchaser: (i) there has been no event, occurrence or development that has had or that could reasonably be expected to result in a Material Adverse Effect; (ii) the Company has not incurred any liabilities (contingent or otherwise) other than (A) trade payables and accrued expenses incurred in the ordinary course of business consistent with past practice, (B) liabilities not required to be reflected in the Company's financial statements pursuant to GAAP or disclosed in filings made with the Commission and (C) liabilities incurred to the various lenders identified in the Security and Intercreditor Agreement; (iii) the Company has not altered its method of accounting; (iv) the Company has not declared or made any dividend or distribution of cash or other property to its stockholders or purchased, redeemed or made any agreements to purchase or redeem any shares of its capital stock; and (v) the Company has not issued any equity securities to any officer, director or Affiliate, except pursuant to existing Company stock option plans. The Company does not have pending before the Commission any request for confidential treatment of information.

(j) Litigation. There is no action, suit, inquiry, notice of violation, proceeding or investigation pending or, to the knowledge of the Company, threatened against or affecting the Company or any of its properties before or by any court, arbitrator, governmental or administrative agency or regulatory authority (federal, state, county, local or foreign) (collectively, an "Action") which (i) adversely affects or challenges the legality, validity or enforceability of any of the Transaction Documents or the Securities or (ii) could, if there were an unfavorable decision, have or reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any director or officer thereof, is or has been the subject of any Action involving a claim of violation of or liability under federal or state securities laws or a claim of breach of fiduciary duty. There has not been, and to the knowledge of the Company, there is not pending or contemplated, any investigation by the Commission involving the Company or any current or former director or officer of the Company.

3.2 Representations and Warranties of Purchaser. Purchaser hereby, for itself and for no other Purchaser, represents and warrants as of the date hereof and as of the Closing Date to the Company as follows:

(a) Organization; Authority. If the Purchaser is not an individual, the Purchaser is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization with full right, corporate or partnership power and authority to enter into and to consummate the transactions contemplated by the Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution, delivery and performance by the Purchaser of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate or similar action on the part of the Purchaser if the Purchaser is not an individual. Each Transaction Document to which it is a party has been duly executed by the Purchaser, and when delivered by the Purchaser in accordance with the terms hereof, will constitute the valid and legally binding obligation of the Purchaser, enforceable against it in accordance with its terms, except (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(b) Own Account. The Purchaser understands that the Securities are "restricted securities" and have not been registered under the Securities Act or any applicable state securities law and is acquiring the Securities as principal for its own account and not with a view to or for distributing or reselling such Securities or any part thereof in violation of the Securities Act or any applicable state securities law, has no present intention of distributing any of such Securities in violation of the Securities Act or any applicable state securities law and has no direct or indirect arrangement or understandings with any other persons to distribute or regarding the distribution of such Securities (this representation and warranty not limiting the Purchaser's right to sell the Securities in compliance with applicable federal and state securities laws) in violation of the Securities Act or any applicable state securities law. The Purchaser is acquiring the Securities hereunder in the ordinary course of its business if the Purchaser is an entity.

(c) Purchaser Status. At the time the Purchaser was offered the Securities, it was, and at the date hereof it is, either: (i) an "accredited investor" as defined in Rule 501 under the Securities Act or (ii) a "qualified institutional buyer" as defined in Rule 144A(a) under the Securities Act. The Purchaser is not required to be registered as a broker-dealer under Section 15 of the Exchange Act.

(d) Experience of the Purchaser. The Purchaser, either alone or together with its representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Securities, and has so evaluated the merits and risks of such investment. The Purchaser is able to bear the economic risk of an investment in the Securities and, at the present time, is able to afford a complete loss of such investment.

(e) General Solicitation. The Purchaser is not purchasing the Securities as a result of any advertisement, article, notice or other communication regarding the Securities published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or any other general solicitation or general advertisement.

(f) Access to Company Information. The Purchaser acknowledges that it has been afforded access and the opportunity to obtain all financial and other information concerning the Company that the Purchaser desires (including the opportunity to meet with the Company's executive officers, either in person or telephonically, and to ask questions and receive answers from the Company regarding the business, prospects and financial condition of the Company). The Purchaser has reviewed (i) copies of the SEC Documents and is familiar with the contents thereof, including, without limitation, the risk factors contained in the Annual Report, and (ii) copies of all other reports, schedules, forms, statements and other documents required to be filed by the Company under the Securities Act and Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, and there is no further information about the Company that the Purchaser desires in determining whether to acquire the Securities. None of the foregoing, however, limits or modifies the representations and warranties of the Company in Section 3 of this Agreement or the right of the Purchaser to rely thereon.

(g) Subordination. THE PURCHASER HEREBY ACKNOWLEDGES THAT THE NOTES ARE SUBORDINATE TO OTHER CURRENT AND FUTURE INDEBTEDNESS OF THE COMPANY AS PROVIDED IN THE SECURITY AND INTERCREDITOR AGREEMENT.

ARTICLE IV. OTHER AGREEMENTS OF THE PARTIES

4.1 Transfer Restrictions.

(a) Subject to compliance with state and federal securities laws, each Purchaser shall have the right to transfer Securities issued pursuant to the terms hereof (including the Note) at anytime. In connection with any transfer of Securities other than pursuant to an effective registration statement or Rule 144, to the Company or to an Affiliate of a Purchaser or in connection with a pledge as contemplated in Section 4.1(b), the Company may require the transferor thereof to provide to the Company an opinion of counsel selected by the transferor and reasonably acceptable to the Company, the form and substance of which opinion shall be reasonably satisfactory to the Company, to the effect that such transfer does not require registration of such transferred Securities under the Securities Act. As a condition of transfer, any such transferee shall agree in writing to be bound by the terms of this Agreement and shall have the rights of a Purchaser under this Agreement.

(b) The Purchasers agree to the imprinting, so long as is required by this Section 4.1, of a legend on any of the Securities in the following form:

THIS SECURITY HAS NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

(c) The Company acknowledges and agrees that the Purchaser may from time to time pledge pursuant to a bona fide margin agreement with a registered broker-dealer or grant a security interest in some or all of the Securities to a financial institution that is an “accredited investor” as defined in Rule 501(a) under the Securities Act and who agrees to be bound by the provisions of this Agreement and, if required under the terms of such arrangement, the Purchaser may transfer pledged or secured Securities to the pledgees or secured parties. Such a pledge or transfer would not be subject to approval of the Company and no legal opinion of legal counsel of the pledgee, secured party or pledgor shall be required in connection therewith. Further, no notice shall be required of such pledge. At the appropriate Purchaser’s expense, the Company will execute and deliver such reasonable documentation as a pledgee or secured party of Securities may reasonably request in connection with a pledge or transfer of the Securities.

(d) [Reserved]

(e) Each Purchaser, severally and not jointly with the other Purchasers, agrees that the removal of the restrictive legend from certificates representing Securities as set forth in this Section 4.1 is predicated upon the Company’s reliance that the Purchaser will sell any Securities pursuant to either the registration requirements of the Securities Act, including any applicable prospectus delivery requirements, or an exemption therefrom, and that if Securities are sold pursuant to a Registration Statement, they will be sold in compliance with the plan of distribution set forth therein.

4.2 Integration. The Company shall not sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in Section 2 of the Securities Act) that would be integrated with the offer or sale of the Securities in a manner that would require the registration under the Securities Act of the sale of the Securities to the Purchasers or that would be integrated with the offer or sale of the Securities for purposes of the rules and regulations of any Trading Market.

4.3 [Reserved]

4.4 Securities Laws Disclosure; Publicity. The Company shall not consult with Purchasers in issuing any public announcements with respect to the transactions contemplated hereby. Notwithstanding the foregoing, the Company shall not disclose publicly the name of any Purchaser, or include the name of any Purchaser in any filing with the Commission or any regulatory agency or Trading Market, without the prior written consent of the Purchaser, except (i) as required by the federal securities laws in connection with the filing of final Transaction Documents (including signature pages thereto) with the Commission and (ii) to the extent such disclosure is required by law or Trading Market regulations.

4.5 [Reserved]

4.6 [Reserved]

4.7 Form D; Blue Sky Filings. The Company agrees to timely file a Form D with respect to the Securities as required under Regulation D and to provide a copy thereof, promptly upon request of the Purchaser. The Company shall take such action as the Company shall reasonably determine is necessary in order to obtain an exemption for, or to qualify the Securities for, sale to the Purchasers under applicable securities or “Blue Sky” laws of the states of the United States, and shall provide evidence of such actions promptly upon request of any Purchaser.

**ARTICLE V
MISCELLANEOUS**

5.1 Fees and Expenses. Except as expressly set forth in the Transaction Documents to the contrary, each party shall pay the fees and expenses of its advisers, counsel, accountants and other experts, if any, and all other expenses incurred by such party incident to the negotiation, preparation, execution, delivery and performance of this Agreement. The Company shall pay all Transfer Agent fees, stamp taxes and other taxes and duties levied in connection with the delivery of any Securities to the Purchasers.

5.2 Entire Agreement. The Transaction Documents, together with the exhibits and schedules thereto, contain the entire understanding of the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents, exhibits and schedules.

5.3 Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of (a) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number set forth on the signature pages attached hereto prior to 5:30 p.m. (New York City time) on a Business Day, (b) the next Business Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number set forth on the signature pages attached hereto on a day that is not a Business Day or later than 5:30 p.m. (New York City time) on any Business Day, (c) the 2nd Business Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service, or (d) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as set forth on the signature pages attached hereto.

5.4 Amendments; Waivers. Except as otherwise set forth herein, any provision of this Agreement or the Notes may be waived, modified, supplemented or amended in a written instrument signed by the Company and Purchasers holding at least 51% in principal amount of the then-outstanding Notes. No waiver of any default with respect to any provision, condition or requirement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right.

5.5 Headings. The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

5.6 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. Neither the Company nor the Purchaser may assign this Agreement or any rights or obligations hereunder without the prior written consent of the other (other than by merger).

5.7 No Third-Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person.

5.8 Governing Law. All questions concerning the construction, validity, enforcement and interpretation of the Transaction Documents shall be governed by and construed and enforced in accordance with the laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement and any other Transaction Documents (whether brought against a party hereto or its respective affiliates, directors, officers, shareholders, employees or agents) shall be commenced exclusively in the state and federal courts sitting in the City of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of New York for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is improper or is an inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. The parties hereby waive all rights to a trial by jury. If either party shall commence an action or proceeding to enforce any provisions of the Transaction Documents, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such action or proceeding.

5.9 Survival. The representations and, warranties, shall survive the Closing and the delivery, of the Securities, for the applicable statute of limitations.

5.10 Execution. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

5.11 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

5.12 Rescission and Withdrawal Right. Notwithstanding anything to the contrary contained in (and without limiting any similar provisions of) any of the other Transaction Documents, whenever any Purchaser exercises a right, election, demand or option under a Transaction Document and the Company does not timely perform its related obligations within the periods therein provided, then the Purchaser may rescind or withdraw, in its sole discretion from time to time upon written notice to the Company, any relevant notice, demand or election in whole or in part without prejudice to its future actions and rights.

5.13 Replacement of Securities. If any certificate or instrument evidencing any Securities is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation thereof (in the case of mutilation), or in lieu of and substitution therefor, a new certificate or instrument, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction. The applicant for a new certificate or instrument under such circumstances shall also pay any reasonable third-party costs (including customary indemnity) associated with the issuance of such replacement Securities.

5.14 Remedies. In addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, the Purchaser and the Company will be entitled to specific performance under the Transaction Documents. The parties agree that monetary damages may not be adequate compensation for any loss incurred by reason of any breach of obligations contained in the Transaction Documents and hereby agrees to waive and not to assert in any action for specific performance of any such obligation the defense that a remedy at law would be adequate.

5.15 Payment Set Aside. To the extent that the Company makes a payment or payments to the Purchaser pursuant to any Transaction Document or the Purchaser enforces or exercises its rights thereunder, and such payment or payments or the proceeds of such enforcement or exercise or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, recovered from, disgorged by or are required to be refunded, repaid or otherwise restored to the Company, a trustee, receiver or any other person under any law (including, without limitation, any bankruptcy law, state or federal law, common law or equitable cause of action), then to the extent of any such restoration the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

5.16 Usury. To the extent it may lawfully do so, the Company hereby agrees not to insist upon or plead or in any manner whatsoever claim, and will resist any and all efforts to be compelled to take the benefit or advantage of, usury laws wherever enacted, now or at any time hereafter in force, in connection with any claim, action or proceeding that may be brought by the Purchaser in order to enforce any right or remedy under any Transaction Document to which the Purchaser is a party. Notwithstanding any provision to the contrary contained in any Transaction Document, it is expressly agreed and provided that the total liability of the Company under the Transaction Documents for payments in the nature of interest shall not exceed the maximum lawful rate authorized under applicable law (the "Maximum Rate"), and, without limiting the foregoing, in no event shall any rate of interest or default interest, or both of them, when aggregated with any other sums in the nature of interest that the Company may be obligated to pay under the Transaction Documents exceed such Maximum Rate. It is agreed that if the maximum contract rate of interest allowed by law and applicable to the Transaction Documents is increased or decreased by statute or any official governmental action subsequent to the date hereof, the new maximum contract rate of interest allowed by law will be the Maximum Rate applicable to the Transaction Documents from the effective date forward, unless such application is precluded by applicable law. If under any circumstances whatsoever, interest in excess of the Maximum Rate is paid by the Company to the Purchaser with respect to indebtedness evidenced by the Purchaser's Transaction Documents, such excess shall be applied by the Purchaser to the unpaid principal balance of any such indebtedness or be refunded to the Company, the manner of handling such excess to be at the Purchaser's election.

5.17 Liquidated Damages. The Company's obligations to pay any partial liquidated damages or other amounts owing under the Transaction Documents is a continuing obligation of the Company and shall not terminate until all unpaid partial liquidated damages and other amounts have been paid notwithstanding the fact that the instrument or security pursuant to which such partial liquidated damages or other amounts are due and payable shall have been canceled.

5.18 Construction. The parties agree that each of them and/or their respective counsel has reviewed and had an opportunity to revise the Transaction Documents and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of the Transaction Documents or any amendments hereto.

(Signature Pages Follow)

IN WITNESS WHEREOF, the parties hereto have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

ASURE SOFTWARE, INC

By: _____

Name:

Title:

Address for Notice:

110 Wild Basin Road
Austin, TX 78746
Attn: Chief Financial Officer

With a copy to (which shall not constitute notice): _____

David Becker
Becker Legal Group LLC
99 Madison Ave., Fifth Floor
New York, NY 10016

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK
SIGNATURE PAGE FOR PURCHASER FOLLOWS]

[PURCHASER SIGNATURE PAGE TO
SECURITIES PURCHASE AGREEMENT]

IN WITNESS WHEREOF, the undersigned have caused this Securities Purchase Agreement to be duly executed by its/his/her respective authorized signatories as of the date first indicated above.

Name of Purchaser: _____

Signature of Authorized Signatory of Purchaser: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Email Address of Purchaser: _____

Facsimile Number of Purchaser: _____

Address for Notice of Purchaser:

Address for Delivery of Securities for Purchaser (if not same as above):

Subscription Amount:

EIN Number:

Exhibit A

[Form of Subordinated Promissory Note]

Exhibit B
Questionnaire

INVESTOR SUITABILITY QUESTIONNAIRE

Asure Software, Inc., (the "Corporation") desires to sell to the undersigned securities of the Corporation on the terms and conditions to be set forth in a Securities Purchase Agreement to be entered into between the Corporation and the undersigned (hereinafter referred to as the "Purchaser").

The following is an investor questionnaire to be completed by the Purchaser to qualify the Purchaser as a suitable investor in the Corporation under the Federal and state securities and blue-sky law.

1. **Accredited Investor Certification.** The Purchaser represents and warrants that he comes within one category marked below, and that for any category marked, he has truthfully set forth, where applicable, the factual basis or reason the Purchaser comes within that category. ALL INFORMATION IN RESPONSE TO THIS SECTION WILL BE KEPT STRICTLY CONFIDENTIAL. The undersigned agrees to furnish any additional information which the Corporation deems necessary in order to verify the answers set forth below.

Category A _____ The undersigned is an individual (not a partnership, corporation, etc.) whose individual net worth, or joint net worth with his or her spouse, presently exceeds \$1,000,000.

Explanation: In calculating net worth you may include equity in personal property and real estate, (excluding your principal residence), cash, short-term investments, stock and securities. Equity in personal property and real estate should be based on the fair market value of such property less debt secured by such property.

Category B _____ The undersigned is an individual (not a partnership, corporation, etc.) who had an income in excess of \$200,000 in each of the two most recent years, or joint income with his or her spouse in excess of \$300,000 in each of those years (in each case including foreign income, tax exempt income and full amount of capital gains and losses but excluding any income of other family members and any unrealized capital appreciation) and has a reasonable expectation of reaching the same income level in the current year.

Category C _____ The undersigned is a director or executive officer of the Corporation.

Category D _____

The undersigned is a bank, a savings and loan association, insurance company, registered investment company, registered business development company, licensed small business investment company ("SBIC"), or employee benefit plan within the meaning of Title 1 of ERISA and (a) the investment decision is made by a plan fiduciary which is either a bank, savings and loan association, insurance company or registered investment advisor, or (b) the plan has total assets in excess of \$5,000,000 or is a self directed plan with investment decisions made solely by persons that are accredited investors.

(describe entity)

Category E _____

The undersigned is a private business development company as defined in Section 202(a)(22) of the Investment Advisors Act of 1940.

(describe entity)

Category F _____

The undersigned is a corporation, partnership, business trust, or non-profit organization within the meaning of Section 501(c)(3) of the Internal Revenue Code, in each case not formed for the specific purpose of acquiring the Securities and with total assets in excess of \$5,000,000.

(describe entity)

Category G _____

The undersigned is a trust with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the Securities, where the purchase is directed by a "sophisticated person" as defined in Regulation 506 (b)(2)(ii).

Category H _____

The undersigned is an entity all the equity owners of which are "accredited investors" (as such term is defined in Rule 501(a) as promulgated under the Securities Act of 1933, as amended (the "Securities Act")) within one or more of the above categories. If relying upon this Category alone, each equity owner must complete a separate copy of this Agreement.

(describe entity)

Category I _____

The undersigned is not within any of the categories above and is therefore not an "accredited investor".

2. **Manner In Which Title To Be Held.** (circle one)

- (a) Individual Ownership
 - (b) Community Property
 - (c) Joint Tenant with Right of Survivorship (both parties must sign)
 - (d) Partnership
 - (e) Tenants in Common
 - (f) Company
 - (g) Trust
 - (h) Other
-

Signature

Signature (if purchasing jointly)

Name (Typed or Printed)

Name (Typed or Printed)

Residence (Typed or Printed)

Residence (Typed or Printed)

City, State and Zip Code

City, State and Zip Code

Tax Identification or Social Security Number

Tax Identification or Social Security Number

Telephone No.:

Business

Home

Telephone No.:

Business

Home

Name in which securities should be
issued:

Dated: _____

Dated: _____

REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT (this "**Agreement**"), dated as of September 30, 2011, by and among Asure Software, Inc., a Delaware corporation, and the undersigned buyers (each, a "**Holder**").

WHEREAS:

A. In connection with the Securities Purchase Agreement by and between the Company and Holder dated even date herewith (the "**Investment Agreement**"), the Company has agreed, upon the terms and subject to the conditions set forth in the Investment Agreement, to issue and sell to Holders convertible subordinated promissory notes that are convertible into shares (the "**Common Shares**") of the Company's common stock, par value \$0.01 per share (the "**Common Stock**").

B. To induce the Holders to execute and deliver the Investment Agreement, the Company has agreed to provide certain registration rights under the Securities Act of 1933, as amended, and the rules and regulations thereunder, or any similar successor statute (collectively, the "**1933 Act**"), and applicable state securities laws.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and each of the Holders hereby agree as follows:

1. Definitions.

Capitalized terms used herein and not otherwise defined herein shall have the respective meanings set forth in the Investment Agreement. As used in this Agreement, the following terms shall have the following meanings:

a. "**1933 Act**" means the Securities Act of 1933, as amended.

b. "**1934 Act**" means the Exchange Act of 1934, as amended.

c. "**Business Day**" means any day other than Saturday, Sunday or any other day on which commercial banks in the City of New York are authorized or required by law to remain closed.

d. "**Holder**" means a Holder or any transferee or assignee thereof to whom a Holder assigns its rights under this Agreement and who agrees to become bound by the provisions of this Agreement in accordance with Section 9 and any transferee or assignee thereof to whom a transferee or assignee assigns its rights under this Agreement and who agrees to become bound by the provisions of this Agreement in accordance with Section 9.

e. "**Closing**" shall have the meaning ascribed to such term in the Investment Agreement.

f. "**Closing Date**" means the date of the Closing.

g. "**Effective Date**" means the date the Registration Statement is declared effective by the SEC.

h. "**Effectiveness Deadline**" means the date that is twelve months following the Closing Date, unless the Extension Condition is met, in which case such term shall mean eighteen months following the Closing Date.

i. "**Extension Condition**" will be met if the average reported weekly trading volume of Company's Common Stock is at least seventy five thousand shares of Common Stock during the four full calendar weeks immediately preceding the date that is nine months following the Closing Date. In the event that NASDAQ is not open for trading for any weekday (or portion thereof) during any week(s) of such measurement period, such week(s) trading volume will be grossed up to equitable account for such shortened trading week. Solely by way of example, if during week three of such measurement period, NASDAQ was open for trading for only four days and 60,000 shares of Common Stock were traded, the weekly volume for such week shall be grossed up to 60,000 + 15,000, or 75,000.

j. "**Filing Deadline**" means the date which is nine months following the Closing Date; provided however, unless the Extension Condition is met, in which case such term shall mean fifteen months following the Closing Date.

k. "**Notes**" means the convertible secured promissory notes issued pursuant to the Investment Agreement.

l. "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization and a government or any department or agency thereof.

m. "**register**," "**registered**," and "**registration**" refer to a registration effected by preparing and filing one or more Registration Statements (as defined below) in compliance with the 1933 Act and pursuant to Rule 415 and the declaration or ordering of effectiveness of such Registration Statement(s) by the SEC.

n. "**Registrable Securities**" means the Common Stock issuable pursuant to the conversion of the Notes (as determined in the reasonable discretion of the Board of the Company exercised in good faith at the time based on available facts and circumstances).

o. "**Registration Statement**" means a registration statement or registration statements of the Company filed under the 1933 Act covering the Registrable Securities.

p. "**Required Holders**" means the holders of at least a majority of the Registrable Securities.

q. "**Required Registration Amount**" means the sum of (i) the number of Common Shares issued pursuant to the conversion of the Notes and (ii) the number of shares of Common Stock issuable pursuant to the conversion of the then outstanding Notes as of the trading day immediately preceding the applicable date of determination.

r. "**Rule 415**" means Rule 415 under the 1933 Act or any successor rule providing for offering securities on a continuous or delayed basis.

s. "**SEC**" means the United States Securities and Exchange Commission.

2. Registration.

a. **Mandatory Registration; Additional Registrations.** The Company agrees, prior to the Filing Deadline, to file with the SEC a Registration Statement under the Act covering the resale of all of the Registrable Securities. The Registration Statement prepared pursuant hereto shall register for resale at least the number of shares of Common Stock equal to the Required Registration Amount determined as of the date the Registration Statement is initially filed with the SEC. The Company shall use its best efforts to have the Registration Statement declared effective by the SEC as soon as practicable, but in no event later than the Effectiveness Deadline. By 9:30 am on the Business Day following the Effective Date, the Company shall file with the SEC in accordance with Rule 424 under the 1933 Act, the final prospectus to be used in connection with sales pursuant to such Registration Statement. The Company and Holder hereby acknowledge that in accordance with Rule 415, the Company may not be allowed to register all of the Registrable Securities in the Registration Statement. If this occurs, the Company, upon Holder's request, shall be required to file additional Registration Statements to include any of the Registrable Securities that were not registered in the Registration Statement, provided that such Registrable Securities can be registered at such time to comply with Rule 415. In addition, if any of the Registrable Securities have not been registered in the Registration Statement or additional Registration Statements, the Holder shall be provided with notice of the filing of a Registration Statement ten (10) days prior to such filing and given the opportunity to request the inclusion of any Registrable Securities that have not previously been registered in a Registration Statement, provided that such Registrable Securities can be registered at such time to comply with Rule 415. Notwithstanding the provisions contained herein, the Company shall not be required to file a registration statement pursuant to the terms hereof in the event that as of the Effectiveness Deadline, all Registrable Securities could be sold pursuant to Rule 144 or another similar exemption under the Securities Act is available for the sale of all of such Holder's shares during a three-month period without registration.

b. **Piggy Back Registration.** If at any time following the issuance of the Closing Date there is not an effective registration statement covering all of the Note Shares and the Company shall determine to prepare and file with the SEC a registration statement relating to an offering for its own account or the account of others under the Securities Act of any of its equity securities, other than on Form S-4 or Form S-8 (each as promulgated under the Securities Act) or their then equivalents relating to equity securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in connection with the stock option or other employee benefit plans, then the Company shall send to the Holder a written notice of such determination and, if within fifteen days after the date of such notice, the Holder shall so request in writing, the Company shall use reasonable efforts (subject to market conditions) in such registration statement all or any part of the Note Shares Holder requests to be registered; provided that, the Company shall not be required to register any Note Shares pursuant to this Section 2(b) that are eligible for resale without restriction pursuant to Rule 144 promulgated under the Securities Act or that are the subject of a then effective registration statement. As a condition to registration pursuant to this Section 2(b), each Holder requesting such registration shall be required to enter into an underwriting agreement in customary form with an underwriter or underwriters selected by the Company, and then only in such quantity as the underwriters determine in their reasonable discretion will not jeopardize the success of the offering by the Company. If the total amount of securities, including those requested by stockholders to be included in such offering exceeds the amount of securities sold other than by the Company that the underwriters determine in their sole discretion is compatible with the success of the offering, then the Company shall be required to include in the offering only that number of such securities of the Holders, that the underwriters determine in their reasonable discretion will not jeopardize the success of the offering.

c. Allocation of Registrable Securities. The initial number of Registrable Securities included in any Registration Statement and any increase in the number of Registrable Securities included therein shall be allocated pro rata among the Holders according to the total amount of securities entitled to be included therein owned by each Holder or in such other proportions as shall mutually be agreed to by such Holders. In the event that any Holder sells or otherwise transfers any of the Registrable Securities, each transferee shall be allocated a pro rata portion of the then remaining number of Registrable Securities included in such Registration Statement for such transferor. In no event shall the Company include any securities other than Registrable Securities on any Registration Statement without the prior written consent of the Required Holders on the Closing Date.

d. Legal Counsel. Subject to Section 5 hereof, the Required Holders shall have the right to select one legal counsel to review and oversee any registration pursuant to this Section 2 ("**Legal Counsel**"), as designated by the Required Holders. The Company and Legal Counsel shall reasonably cooperate with each other in performing the Company's obligations under this Agreement.

e. Ineligibility for Form S-3. In the event that Form S-3 is not available for the registration of the resale of Registrable Securities hereunder, the Company shall (i) register the resale of the Registrable Securities on another appropriate form reasonably acceptable to the Required Holders and (ii) undertake to register the Registrable Securities on Form S-3 as soon as such form is available, provided that the Company shall maintain the effectiveness of the Registration Statement then in effect until such time as a Registration Statement on Form S-3 covering the Registrable Securities has been declared effective by the SEC.

f. Sufficient Number of Shares Registered. In the event the number of shares available under a Registration Statement filed pursuant to Section 2(a) is insufficient to cover all of the Registrable Securities required to be covered by such Registration Statement or any Holder's allocated portion of the Registrable Securities pursuant to Section 2(b), the Company shall amend the applicable Registration Statement, or file a new Registration Statement (on the short form available therefor, if applicable), or both, so as to cover at least the Required Registration Amount as of the trading day immediately preceding the date of the filing of such amendment or new Registration Statement, in each case, as soon as practicable, but in any event not later than fifteen (15) days after the necessity therefor arises. The Company shall use its best efforts to cause such amendment and/or new Registration Statement to become effective as soon as practicable following the filing thereof. For purposes of the foregoing provision, the number of shares available under a Registration Statement shall be deemed "insufficient to cover all of the Registrable Securities" if at any time the number of shares of Common Stock available for resale under the Registration Statement is less than the product determined by multiplying (i) the Required Registration Amount as of such time by (ii) 0.90. The calculation set forth in the foregoing sentence shall be made without regard to any limitations on the conversion of the Notes and such calculation shall assume that the Notes are then convertible for shares of Common Stock at the then prevailing Conversion Price (as defined in the Notes).

g. Effect of Failure to File and Obtain and Maintain Effectiveness of Registration Statement. If (i) a Registration Statement covering all of the Registrable Securities required to be covered thereby and required to be filed by the Company pursuant to this Agreement is (a) not filed on or before the Filing Deadline other than due to the determination by the underwriter not to file in its sole discretion based on adverse market conditions ("**Filing Failure**"), or (b) not declared effective by the SEC on or before the respective Effectiveness Deadline for any reason other than due to the determination by the underwriter not to make the registration statement effective in its sole discretion based on adverse market conditions (an "**Effectiveness Failure**") then, the Notes shall be entitled to additional interest as provided in the Notes as partial relief for the damages to any holder by reason of any such delay in or reduction of its ability to sell the underlying shares of Common Stock (which remedy shall not be exclusive of any other remedies available at law or in equity), the Company shall pay to each holder of Registrable Securities relating to such Registration Statement an amount in cash equal to one half percent (.5%) of the aggregate Subscription Amount (as such term is defined in the Investment Agreement) of such Holder's Registrable Securities included in such Registration Statement on each Registration Delay Payment Date (as defined below) of the following dates: (i) the day of a Filing Failure and on every thirtieth day (pro rated for periods totaling less than thirty days) thereafter until such Filing Failure is cured and (ii) the day of an Effectiveness Failure and on every thirtieth day (pro rated for periods totaling less than thirty days) thereafter until such Effectiveness Failure is cured. If, on any day after the Effective Date, sales of all of the Registrable Securities required to be included on such Registration Statement that have not already been sold by Holders pursuant to the Registration Statement cannot be made (other than during an Allowable Grace Period (as defined in Section 3(r)) pursuant to such Registration Statement or otherwise (including, without limitation, because of a failure to keep such Registration Statement effective, to disclose such information as is necessary for sales to be made pursuant to such Registration Statement, to register a sufficient number of shares of Common Stock or to maintain the listing of the shares of Common Stock) (a "**Maintenance Failure**") then, as partial relief for the damages to any holder by reason of any such delay in or reduction of its ability to sell the underlying shares of Common Stock (which remedy shall not be exclusive of any other remedies available at law or in equity), the Company shall pay to each Holder of Registrable Securities who has not already sold all of its shares of Common Stock relating to such Registration Statement an amount in cash equal to one-half of one percent (.5%) of the aggregate Subscription Amount (as such term is defined in the Investment Agreement) of such Holder's Registrable Securities included in such Registration Statement that have not already been sold pursuant to the Registration Statement on the initial day of a Maintenance Failure and on every thirtieth day (pro rated for periods totaling less than thirty days) thereafter until such Maintenance Failure is cured. The payments to which a holder shall be entitled pursuant to this Section 2(f) are referred to herein as "**Registration Delay Payments.**" In the event the Company fails to make Registration Delay Payments in a timely manner, such Registration Delay Payments shall bear interest at the rate of one and one-half percent (1.5%) per month (prorated for partial months) until paid in full. Notwithstanding anything herein or in the Investment Agreement to the contrary in no event shall the aggregate amount of Registration Delay Payments exceed, in the aggregate, ten percent (10%) of the aggregate Purchase Price.

3. Related Obligations.

At such time as the Company is obligated to file a Registration Statement with the SEC pursuant to Section 2, the Company will use its best efforts to effect the registration of the Registrable Securities in accordance with the intended method of disposition thereof and, pursuant thereto, the Company shall have the following obligations:

a. The Company shall submit to the SEC, within two (2) Business Days after the Company learns that no review of a particular Registration Statement will be made by the staff of the SEC or that the staff has no further comments on a particular Registration Statement, as the case may be, a request for acceleration of effectiveness of such Registration Statement to a time and date not later than 48 hours after the submission of such request. The Company shall keep each Registration Statement effective pursuant to Rule 415 at all times until the earlier of (i) the date as of which the Holder may sell all of the Registrable Securities covered by such Registration Statement without restriction pursuant to Rule 144(k) (or any successor thereto) promulgated under the 1933 Act and is not otherwise prohibited by the SEC or any statute, rule, regulation or other applicable law from selling any such Registrable Securities pursuant to such Rule or (ii) the date on which the Holder shall have sold all of the Registrable Securities covered by such Registration Statement (the "**Registration Period**"). The Company shall use its best efforts to ensure that each Registration Statement (including any amendments or supplements thereto and prospectuses contained therein) shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein (in the case of prospectuses, in the light of the circumstances in which they were made) not misleading.

b. The Company shall prepare and file with the SEC such amendments (including post-effective amendments) and supplements to a Registration Statement and the prospectus used in connection with such Registration Statement, which prospectus is to be filed pursuant to Rule 424 promulgated under the 1933 Act, as may be necessary to keep such Registration Statement effective at all times during the Registration Period, and, during such period, comply with the provisions of the 1933 Act with respect to the disposition of all Registrable Securities of the Company covered by such Registration Statement until such time as all of such Registrable Securities shall have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof as set forth in such Registration Statement. In the case of amendments and supplements to a Registration Statement which are required to be filed pursuant to this Agreement (including pursuant to this Section 3(b)) by reason of the Company filing a report on Form 10-Q, Form 10-K or any analogous report under the Securities Exchange Act of 1934, as amended (the "**1934 Act**"), the Company shall have incorporated such report by reference into such Registration Statement, if applicable, or shall file such amendments or supplements with the SEC on the same day on which the 1934 Act report is filed which created the requirement for the Company to amend or supplement such Registration Statement.

c. The Company shall (A) permit Legal Counsel to review and comment upon (i) a Registration Statement at least five (5) Business Days prior to its filing with the SEC and (ii) all amendments and supplements to all Registration Statements (except for Annual Reports on Form 10-K, and Reports on Form 10-Q and any similar or successor reports) within a reasonable number of days prior to their filing with the SEC, and (B) not file any Registration Statement or amendment or supplement thereto in a form to which Legal Counsel reasonably objects. The Company shall not submit a request for acceleration of the effectiveness of a Registration Statement or any amendment or supplement thereto without the prior approval of Legal Counsel, which consent shall not be unreasonably withheld. The Company shall furnish to Legal Counsel, without charge, (i) copies of any correspondence from the SEC or the staff of the SEC to the Company or its representatives relating to any Registration Statement, (ii) promptly after the same is prepared and filed with the SEC, one copy of any Registration Statement and any amendment(s) thereto, including financial statements and schedules, all documents incorporated therein by reference, if requested by the Holder, and all exhibits and (iii) upon the effectiveness of any Registration Statement, one copy of the prospectus included in such Registration Statement and all amendments and supplements thereto. The Company shall reasonably cooperate with Legal Counsel in performing the Company's obligations pursuant to this Section 3.

d. The Company shall furnish to the Holder, without charge, (i) promptly after the same is prepared and filed with the SEC, at least one copy of such Registration Statement and any amendment(s) thereto, including financial statements and schedules, all documents incorporated therein by reference, if requested by the Holder, all exhibits and each preliminary prospectus, (ii) upon the effectiveness of any Registration Statement, ten (10) copies of the prospectus included in such Registration Statement and all amendments and supplements thereto (or such other number of copies as the Holder may reasonably request) and (iii) such other documents, including copies of any preliminary or final prospectus, as the Holder may reasonably request from time to time in order to facilitate the disposition of the Registrable Securities owned by the Holder.

e. The Company shall use its best efforts to (i) register and qualify, unless an exemption from registration and qualification applies, the resale by Holder of the Registrable Securities covered by a Registration Statement under such other securities or "blue sky" laws of all applicable jurisdictions in the United States, (ii) prepare and file in those jurisdictions, such amendments (including post-effective amendments) and supplements to such registrations and qualifications as may be necessary to maintain the effectiveness thereof during the Registration Period, (iii) take such other actions as may be necessary to maintain such registrations and qualifications in effect at all times during the Registration Period, and (iv) take all other actions reasonably necessary or advisable to qualify the Registrable Securities for sale in such jurisdictions; provided, however, that the Company shall not be required in connection therewith or as a condition thereto to (x) qualify to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(e), (y) subject itself to general taxation in any such jurisdiction, or (z) file a general consent to service of process in any such jurisdiction. The Company shall promptly notify Legal Counsel and Holder of the receipt by the Company of any notification with respect to the suspension of the registration or qualification of any of the Registrable Securities for sale under the securities or "blue sky" laws of any jurisdiction in the United States or its receipt of actual notice of the initiation or threatening of any proceeding for such purpose.

f. The Company shall notify Legal Counsel and Holder in writing of the happening of any event, as promptly as practicable after becoming aware of such event, as a result of which the prospectus included in a Registration Statement, as then in effect, includes an untrue statement of a material fact or omission to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (provided that in no event shall such notice contain any material, nonpublic information), and, subject to Section 3(r), promptly prepare a supplement or amendment to such Registration Statement to correct such untrue statement or omission, and deliver ten (10) copies of such supplement or amendment to Legal Counsel and Holder (or such other number of copies as Legal Counsel or Holder may reasonably request). The Company shall also promptly notify Legal Counsel and Holder in writing (i) when a prospectus or any prospectus supplement or post-effective amendment has been filed, and when a Registration Statement or any post-effective amendment has become effective (notification of such effectiveness shall be delivered to Legal Counsel and Holder by facsimile on the same day of such effectiveness and by overnight mail), (ii) of any request by the SEC for amendments or supplements to a Registration Statement or related prospectus or related information, and (iii) of the Company's reasonable determination that a post-effective amendment to a Registration Statement would be appropriate.

g. The Company shall use its best efforts to prevent the issuance of any stop order or other suspension of effectiveness of a Registration Statement, or the suspension of the qualification of any of the Registrable Securities for sale in any jurisdiction and, if such an order or suspension is issued, to obtain the withdrawal of such order or suspension at the earliest possible moment and to notify Legal Counsel and Holder of the issuance of such order and the resolution thereof or its receipt of actual notice of the initiation or threat of any proceeding for such purpose.

h. If the Holder is required under applicable securities laws to be described in the Registration Statement as an underwriter, at the reasonable request of the Holder, the Company shall furnish to Holder, on the date of the effectiveness of the Registration Statement and thereafter from time to time on such dates as the Holder may reasonably request (i) a letter, dated such date, from the Company's independent certified public accountants in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the Holder, and (ii) an opinion, dated as of such date, of counsel representing the Company for purposes of such Registration Statement, in form, scope and substance as is customarily given in an underwritten public offering, addressed to the Holder.

i. If the Holder is required under applicable securities laws to be described in the Registration Statement as an underwriter, then at the request of the Holder in connection with such Holder's due diligence requirements, the Company shall make available for inspection by (i) the Holder, (ii) Legal Counsel and (iii) one firm of accountants or other agents retained by the Holder (collectively, the "**Inspectors**"), all pertinent financial and other records, and pertinent corporate documents and properties of the Company (collectively, the "**Records**"), as shall be reasonably deemed necessary by each Inspector, and cause the Company's officers, directors and employees to supply all information which any Inspector may reasonably request; provided, however, that each Inspector shall agree to hold in strict confidence and shall not make any disclosure (except to the Holder) or use of any Record or other information which the Company determines in good faith to be confidential, and of which determination the Inspectors are so notified, unless (a) the disclosure of such Records is necessary to avoid or correct a misstatement or omission in any Registration Statement or is otherwise required under the 1933 Act, (b) the release of such Records is ordered pursuant to a final, non-appealable subpoena or order from a court or government body of competent jurisdiction, or (c) the information in such Records has been made generally available to the public other than by disclosure in violation of this or any other agreement of which the Inspector has knowledge. The Holder agrees that it shall, upon learning that disclosure of such Records is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt notice to the Company and allow the Company, at its expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, the Records deemed confidential. Nothing herein (or in any other confidentiality agreement between the Company and the Holder) shall be deemed to limit the Holder's ability to sell Registrable Securities in a manner which is otherwise consistent with applicable laws and regulations.

j. The Company shall hold in confidence and not make any disclosure of information concerning the Holder provided to the Company unless (i) disclosure of such information is necessary to comply with federal or state securities laws, (ii) the disclosure of such information is necessary to avoid or correct a misstatement or omission in any Registration Statement, (iii) the release of such information is ordered pursuant to a subpoena or other final, non-appealable order from a court or governmental body of competent jurisdiction, or (iv) such information has been made generally available to the public other than by disclosure in violation of this Agreement or any other agreement. The Company agrees that it shall, upon learning that disclosure of such information concerning the Holder is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt written notice to the Holder and allow such Holder, at the Holder's expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, such information.

k. The Company shall use its best efforts either to (i) cause all of the Registrable Securities covered by a Registration Statement to be listed on each securities exchange on which securities of the same class or series issued by the Company are then listed, if any, if the listing of such Registrable Securities is then permitted under the rules of such exchange. The Company shall pay all fees and expenses in connection with satisfying its obligation under this Section 3(k).

l. The Company shall cooperate with the Holder and, to the extent applicable, facilitate the timely preparation and delivery of certificates (not bearing any restrictive legend) representing the Registrable Securities to be offered pursuant to a Registration Statement and enable such certificates to be in such denominations or amounts, as the case may be, as the Holders may reasonably request and registered in such names as the Holders may request.

m. If requested by the Holder, the Company shall (i) as soon as practicable incorporate in a prospectus supplement or post-effective amendment such information as the Holder reasonably requests to be included therein relating to the sale and distribution of Registrable Securities, including, without limitation, information with respect to the number of Registrable Securities being offered or sold, the purchase price being paid therefor and any other terms of the offering of the Registrable Securities to be sold in such offering; (ii) as soon as practicable make all required filings of such prospectus supplement or post-effective amendment after being notified of the matters to be incorporated in such prospectus supplement or post-effective amendment; and (iii) as soon as practicable, supplement or make amendments to any Registration Statement if reasonably requested by an Holder holding any Registrable Securities.

n. The Company shall use its best efforts to cause the Registrable Securities covered by a Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to consummate the disposition of such Registrable Securities.

o. The Company shall make generally available to its security holders as soon as practical, but not later than ninety (90) days after the close of the period covered thereby, an earnings statement (in form complying with, and in the manner provided by, the provisions of Rule 158 under the 1933 Act) covering a twelve-month period beginning not later than the first day of the Company's fiscal quarter next following the effective date of a Registration Statement.

p. The Company shall otherwise use its best efforts to comply with all applicable rules and regulations of the SEC in connection with any registration hereunder.

q. Within two (2) Business Days after a Registration Statement which covers Registrable Securities is ordered effective by the SEC, the Company shall deliver, and shall cause legal counsel for the Company to deliver, to the transfer agent for such Registrable Securities (with copies to the Holders whose Registrable Securities are included in such Registration Statement) confirmation that such Registration Statement has been declared effective by the SEC in the form attached hereto as Exhibit A.

r. Notwithstanding anything to the contrary herein, at any time after the Effective Date, the Company may delay the disclosure of material, non-public information concerning the Company the disclosure of which at the time is not, in the good faith opinion of the Board of Directors of the Company and its counsel, in the best interest of the Company and, in the opinion of counsel to the Company, otherwise required (a "**Grace Period**"); provided, that the Company shall promptly (i) notify the Holder in writing of the existence of material, non-public information giving rise to a Grace Period (provided that in each notice the Company will not disclose the content of such material, non-public information to the Holder) and the date on which the Grace Period will begin, and (ii) notify the Holder in writing of the date on which the Grace Period ends; and, provided further, that no Grace Period shall exceed ninety (90) consecutive days and during any three hundred sixty five (365) day period such Grace Periods shall not exceed an aggregate of one hundred eighty (180) days and the first day of any Grace Period must be at least two (2) trading days after the last day of any prior Grace Period (each, an "**Allowable Grace Period**"). For purposes of determining the length of a Grace Period above, the Grace Period shall begin on and include the date the Holder receives the notice referred to in clause (i) and shall end on and include the later of the date the Holder receives the notice referred to in clause (ii) and the date referred to in such notice. The provisions of Section 3(g) hereof shall not be applicable during the period of any Allowable Grace Period. Upon expiration of the Grace Period, the Company shall again be bound by the first sentence of Section 3(f) with respect to the information giving rise thereto unless such material, non-public information is no longer applicable. Notwithstanding anything to the contrary, the Company shall cause its transfer agent to deliver unlegended shares of Common Stock to a transferee of the Holder in accordance with the terms of the Investment Agreement in connection with any sale of Registrable Securities with respect to which the Holder has entered into a contract for sale, and delivered a copy of the prospectus included as part of the applicable Registration Statement (unless an exemption from such prospectus delivery requirements exists), prior to the Holder's receipt of the notice of a Grace Period and for which the Holder has not yet settled.

4. Obligations of the Holder.

a. At least five (5) Business Days prior to the first anticipated filing date of a Registration Statement, the Company shall notify the Holder in writing of the information the Company requires from such Holder if such Holder elects to have any of such Holder's Registrable Securities included in such Registration Statement. It shall be a condition precedent to the obligations of the Company to complete the registration pursuant to this Agreement with respect to the Registrable Securities of the Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it and the intended method of disposition of the Registrable Securities held by it as shall be reasonably required to effect the effectiveness of the registration of such Registrable Securities and shall execute such documents in connection with such registration as the Company may reasonably request.

b. The Holder, by such Holder's acceptance of the Registrable Securities, agrees to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of any Registration Statement hereunder, unless such Holder has notified the Company in writing of such Holder's election to exclude all of such Holder's Registrable Securities from such Registration Statement.

c. The Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3(g) or the first sentence of 3(f), such Holder will immediately discontinue disposition of Registrable Securities pursuant to any Registration Statement(s) covering such Registrable Securities until such Holder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 3(g) or the first sentence of 3(f) or receipt of notice that no supplement or amendment is required. Notwithstanding anything to the contrary, the Company shall cause its transfer agent to deliver unlegended shares of Common Stock to a transferee of the Holder in accordance with the terms of the Investment Agreement in connection with any sale of Registrable Securities with respect to which the Holder has entered into a contract for sale prior to the Holder's receipt of a notice from the Company of the happening of any event of the kind described in Section 3(g) or the first sentence of 3(f) and for which the Holder has not yet settled.

d. The Holder covenants and agrees that it will comply with the prospectus delivery requirements of the 1933 Act as applicable to it or an exemption therefrom in connection with sales of Registrable Securities pursuant to the Registration Statement.

5. Expenses of Registration.

All reasonable expenses, other than underwriting discounts and commissions, incurred in connection with registrations, filings or qualifications pursuant to Sections 2 and 3, including, without limitation, all registration, listing and qualifications fees, printers and accounting fees, and fees and disbursements of counsel for the Company and one counsel for the Holders (such fees and disbursements of counsel for the Holders shall not exceed \$10,000) shall be paid by the Company.

6. Indemnification.

In the event any Registrable Securities are included in a Registration Statement under this Agreement:

a. To the fullest extent permitted by law, the Company will, and hereby does, indemnify, hold harmless and defend each Holder, the directors, officers, managers, members, partners, employees, agents, representatives of, and each Person, if any, who controls the Holder within the meaning of the 1933 Act or the 1934 Act (each, an "**Indemnified Person**"), against any losses, claims, damages, liabilities, judgments, fines, penalties, charges, costs, reasonable attorneys' fees, amounts paid in settlement or expenses, joint or several, (collectively, "**Claims**") incurred in investigating, preparing or defending any action, claim, suit, inquiry, proceeding, investigation or appeal taken from the foregoing by or before any court or governmental, administrative or other regulatory agency, body or the SEC, whether pending or threatened, whether or not an indemnified party is or may be a party thereto ("**Indemnified Damages**"), to which any of them may become subject insofar as such Claims (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon: (i) any untrue statement or alleged untrue statement of a material fact in a Registration Statement or any post-effective amendment thereto or in any filing made in connection with the qualification of the offering under the securities or other "blue sky" laws of any jurisdiction in which Registrable Securities are offered ("**Blue Sky Filing**"), or the omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus if used prior to the effective date of such Registration Statement, or contained in the final prospectus (as amended or supplemented, if the Company files any amendment thereof or supplement thereto with the SEC) or the omission or alleged omission to state therein any material fact necessary to make the statements made therein, in the light of the circumstances under which the statements therein were made, not misleading, (iii) any violation or alleged violation by the Company of the 1933 Act, the 1934 Act, any other law, including, without limitation, any state securities law, or any rule or regulation thereunder relating to the offer or sale of the Registrable Securities pursuant to a Registration Statement or (iv) any violation of this Agreement (the matters in the foregoing clauses (i) through (iv) being, collectively, "**Violations**"). Subject to Section 6(c), the Company shall reimburse the Indemnified Persons, promptly as such expenses are incurred and are due and payable, for any legal fees or other reasonable expenses incurred by them in connection with investigating or defending any such Claim. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 6(a): shall not apply to a Claim (a) arising out of or based upon a Violation which occurs in reliance upon and in conformity with information furnished in writing to the Company by any Holder expressly for use in connection with the preparation of the Registration Statement or any such amendment thereof or supplement thereto or the omission or alleged omission in such written information to state a material fact required to be stated therein or necessary to make the statements therein not misleading, if such prospectus was timely made available by the Company pursuant to Section 3(d); (b) to the extent such Claim is based on a failure of the Holder to deliver or to cause to be delivered the prospectus made available by the Company, including a corrected prospectus, if such prospectus or corrected prospectus was timely made available by the Company pursuant to Section 3(d); (c) in which amounts are paid in settlement of any Claim and such settlement is effected without the prior written consent of the Company, which consent shall not be unreasonably withheld or delayed; (d) in which a Holder fails to cease all offers and sales of Registrable Securities in accordance with Section 4(c) herein; and (e) arising out of or based upon a breach by any Holder of such Holder's obligations set forth herein. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Indemnified Person and shall survive the transfer of the Registrable Securities by the Holders pursuant to Section 9.

b. In connection with any Registration Statement in which the Holder is participating, such Holder agrees to severally and not jointly indemnify, hold harmless and defend, to the same extent and in the same manner as is set forth in Section 6(a), the Company, each of its directors, each of its officers who signs the Registration Statement and each Person, if any, who controls the Company within the meaning of the 1933 Act or the 1934 Act (each, an "**Indemnified Party**"), against any Claim or Indemnified Damages to which any of them may become subject, under the 1933 Act, the 1934 Act or otherwise, insofar as such Claim or Indemnified Damages arise out of or are based upon any Violation, in each case to the extent, and only to the extent, that such Violation occurs in reliance upon and in conformity with written information furnished to the Company by such Holder expressly for use in connection with such Registration Statement; and, subject to Section 6(c), such Holder will reimburse any legal or other expenses reasonably incurred by an Indemnified Party in connection with investigating or defending any such Claim; provided, however, that the indemnity agreement contained in this Section 6(b) and the agreement with respect to contribution contained in Section 7 shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of such Holder, which consent shall not be unreasonably withheld or delayed. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Indemnified Party and shall survive the transfer of the Registrable Securities by the Holders pursuant to Section 9.

c. Promptly after receipt by an Indemnified Person or Indemnified Party under this Section 6 of notice of the commencement of any action or proceeding (including any governmental action or proceeding) involving a Claim, such Indemnified Person or Indemnified Party shall, if a Claim in respect thereof is to be made against any indemnifying party under this Section 6, deliver to the indemnifying party a written notice of the commencement thereof, and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume control of the defense thereof with counsel mutually satisfactory to the indemnifying party and the Indemnified Person or the Indemnified Party, as the case may be; provided, however, that an Indemnified Person or Indemnified Party shall have the right to retain its own counsel with the fees and expenses of not more than one counsel for such Indemnified Person or Indemnified Party to be paid by the indemnifying party, if, in the reasonable opinion of counsel retained by the indemnifying party, the representation by such counsel of the Indemnified Person or Indemnified Party and the indemnifying party would be inappropriate due to actual or potential differing interests between such Indemnified Person or Indemnified Party and any other party represented by such counsel in such proceeding. In the case of an Indemnified Person, legal counsel referred to in the immediately preceding sentence shall be selected by the Holder. The Indemnified Party or Indemnified Person shall cooperate fully with the indemnifying party in connection with any negotiation or defense of any such action or Claim by the indemnifying party and shall furnish to the indemnifying party all information reasonably available to the Indemnified Party or Indemnified Person which relates to such action or Claim. The indemnifying party shall keep the Indemnified Party or Indemnified Person reasonably apprised at all times as to the status of the defense or any settlement negotiations with respect thereto. No indemnifying party shall be liable for any settlement of any action, claim or proceeding effected without its prior written consent, provided, however, that the indemnifying party shall not unreasonably withhold, delay or condition its consent. No indemnifying party shall, without the prior written consent of the Indemnified Party or Indemnified Person, consent to entry of any judgment or enter into any settlement or other compromise which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party or Indemnified Person of a release from all liability in respect to such Claim or litigation, and such settlement shall not include any admission as to fault on the part of the Indemnified Party. Following indemnification as provided for hereunder, the indemnifying party shall be subrogated to all rights of the Indemnified Party or Indemnified Person with respect to all third parties, firms or corporations relating to the matter for which indemnification has been made. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall not relieve such indemnifying party of any liability to the Indemnified Person or Indemnified Party under this Section 6, except to the extent that the indemnifying party is prejudiced in its ability to defend such action.

d. The indemnification required by this Section 6 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or Indemnified Damages are incurred.

e. The indemnity agreements contained herein shall be in addition to (i) any cause of action or similar right of the Indemnified Party or Indemnified Person against the indemnifying party or others, and (ii) any liabilities the indemnifying party may be subject to pursuant to the law.

7. Contribution.

To the extent any indemnification by an indemnifying party is prohibited or limited by law, the indemnifying party agrees to make the maximum contribution with respect to any amounts for which it would otherwise be liable under Section 6 to the fullest extent permitted by law; provided, however, that: (i) no Person involved in the sale of Registrable Securities which Person is guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) in connection with such sale shall be entitled to contribution from any Person involved in such sale of Registrable Securities who was not guilty of fraudulent misrepresentation; and (ii) contribution by any seller of Registrable Securities shall be limited in amount to the net amount of proceeds received by such seller from the sale of such Registrable Securities pursuant to such Registration Statement.

8. Reports Under the 1934 Act.

With a view to making available to the Holder the benefits of Rule 144 promulgated under the 1933 Act or any other similar rule or regulation of the SEC that may at any time permit the Holders to sell securities of the Company to the public without registration ("**Rule 144**"), the Company agrees to:

- a. make and keep public information available, as those terms are understood and defined in Rule 144;
- b. file with the SEC in a timely manner all reports and other documents required of the Company under the 1933 Act and the 1934 Act so long as the Company remains subject to such requirements and the filing of such reports and other documents is required for the applicable provisions of Rule 144; and
- c. furnish to the Holder so long as such Holder owns Registrable Securities, promptly upon request, (i) a written statement by the Company, if true, that it has complied with the reporting requirements of Rule 144, the 1933 Act and the 1934 Act, (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (iii) such other information as may be reasonably requested to permit the Holders to sell such securities pursuant to Rule 144 without registration.

9. Assignment of Registration Rights.

The rights under this Agreement shall be automatically assignable by the Holder to any transferee of all or any portion of such Holder's Registrable Securities if: (i) the Holder agrees in writing with the transferee or assignee to assign such rights, and a copy of such agreement is furnished to the Company within a reasonable time after such assignment; (ii) the Company is, contemporaneous with such transfer or assignment, furnished with written notice of (a) the name and address of such transferee or assignee, and (b) the securities with respect to which such registration rights are being transferred or assigned; (iii) immediately following such transfer or assignment the further disposition of such securities by the transferee or assignee is restricted under the 1933 Act and applicable state securities laws; (iv) at or before the time the Company receives the written notice contemplated by clause (ii) of this sentence the transferee or assignee agrees in writing with the Company to be bound by all of the provisions contained herein; and (v) such transfer shall have been made in accordance with the applicable requirements of the Investment Agreement.

10. Amendment of Registration Rights.

Provisions of this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the Required Holders. Any amendment or waiver effected in accordance with this Section 10 shall be binding upon each Holder and the Company. No such amendment shall be effective to the extent that it applies to less than all of the holders of the Registrable Securities. No consideration shall be offered or paid to any Person to amend or consent to a waiver or modification of any provision of any of this Agreement unless the same consideration also is offered to all of the parties to this Agreement.

11. Miscellaneous.

a. A Person is deemed to be a holder of Registrable Securities whenever such Person owns or is deemed to own of record such Registrable Securities.

b. Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally, (ii) upon receipt, when sent by facsimile (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party), so long as such facsimile is followed by mail delivery of the same information contained in such facsimile, or (iii) one Business Day after deposit with a nationally recognized overnight delivery service, in each case properly addressed to the party to receive the same. The addresses for such communications shall be:

If to Company:

Asure Software, Inc.
110 Wild Basin Road
Austin, TX 78746
Attn: Chief Financial Officer

with a copy to:

Becker Legal Group, LLC
99 Madison Avenue, Fifth Floor
New York, NY 10016
Attn: David Becker, Esq.

If to a Holder, to its address and facsimile number set forth on the Schedule of Holders attached hereto, with copies to such Holder's representatives as set forth on the Schedule of Holders, or to such other address and/or facsimile number and/or to the attention of such other Person as the recipient party has specified by written notice given to each other party five (5) days prior to the effectiveness of such change. Written confirmation of receipt (A) given by the recipient of such notice, consent, waiver or other communication, or (B) provided by a courier or overnight courier service shall be rebuttable evidence of personal service, or receipt from a nationally recognized overnight delivery service in accordance with clause (A) or (B) above, respectively.

c. Failure of any party to exercise any right or remedy under this Agreement or otherwise, or delay by a party in exercising such right or remedy, shall not operate as a waiver thereof.

d. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in The City of New York, Borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement in that jurisdiction or the validity or enforceability of any provision of this Agreement in any other jurisdiction. **EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION HEREWITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.**

e. This Agreement, the other Transaction Documents (as defined in the Investment Agreement) and the instruments referenced herein and therein constitute the entire agreement among the parties hereto with respect to the subject matter hereof and thereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Agreement, the other Transaction Documents and the instruments referenced herein and therein supersede all prior agreements and understandings among the parties hereto with respect to the subject matter hereof and thereof.

f. Subject to the requirements of Section 9, this Agreement shall inure to the benefit of and be binding upon the permitted successors and assigns of each of the parties hereto.

g. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

h. This Agreement may be executed in identical counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement. This Agreement, once executed by a party, may be delivered to the other party hereto by facsimile transmission of a copy of this Agreement bearing the signature of the party so delivering this Agreement.

i. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as any other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

j. All consents and other determinations required to be made by the Holder pursuant to this Agreement shall be made, unless otherwise specified in this Agreement, by the Required Holders.

k. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent and no rules of strict construction will be applied against any party.

l. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other Person.

m. The Company agrees that any document may be effectively served in connection with any action, suit or proceeding in the United States by service on its agent. Holder consents and agrees that the Company may, in its reasonable discretion, appoint a substitute agent for the receipt of service of process located within the United States with notice to the Secretary of State of Delaware, and that upon such appointment, the appointment of the then current agent may be revoked.

n. Currency. As used herein, "Dollar", "US Dollar" and "\$" each mean the lawful money of the United States.

Remainder of Page Intentionally Left Blank.

IN WITNESS WHEREOF, the Holder and the Company have caused their respective signature page to this Registration Rights Agreement to be duly executed as of the date first written above.

COMPANY:

ASURE SOFTWARE, INC.

By: /s/ PATRICK GOEPEL

Name: Patrick Goepel
Title: Chief Executive Officer

IN WITNESS WHEREOF, each Holder and the Company have caused their respective signature page to this Registration Rights Agreement to be duly executed as of the date first written above.

Holder: The Rhino Fund

By: /s/ JAMES T HECKER

Name: James T Hecker
Title: VP of GP

IN WITNESS WHEREOF, each Holder and the Company have caused their respective signature page to this Registration Rights Agreement to be duly executed as of the date first written above.

Holder: Patrick Goepel

By: /s/ PATRICK GOEPEL

Name: Patrick Goepel
Title:

IN WITNESS WHEREOF, each Holder and the Company have caused their respective signature page to this Registration Rights Agreement to be duly executed as of the date first written above.

Holder: Red Oak Fund, LP

By: /s/ DAVID SANBERG

Name: David Sandberg
Title: Managing Member Red Oak Partners, LLC

IN WITNESS WHEREOF, each Holder and the Company have caused their respective signature page to this Registration Rights Agreement to be duly executed as of the date first written above.

Holder: Abby Flamholz

By: /s/ ABBY FLAMHOLZ

Name: Abby Flamholz

Title:

IN WITNESS WHEREOF, each Holder and the Company have caused their respective signature page to this Registration Rights Agreement to be duly executed as of the date first written above.

Holder: Daniel & Stephanie Martin Living Trust Ltd

By: /s/ DANIEL MARTIN

Name: Daniel Martin

Title: Trustee

IN WITNESS WHEREOF, each Holder and the Company have caused their respective signature page to this Registration Rights Agreement to be duly executed as of the date first written above.

Holder: John Ransom

By: /s/ JOHN RANSOM

Name: John Ransom

Title:

EXHIBIT 4.8

CHASE



Credit Agreement

This agreement dated as of September 28, 2011 is between JPMorgan Chase Bank, NA. (together with its successors and assigns, the "Bank"), whose address is 221 West 6th Street, Austin, TX 78701, and Asure Software, Inc. (individually, the "Borrower" and if more than one, collectively, the "Borrowers"), whose address is 108 Wild Basin road, Austin, TX 78746.

1. Credit Facilities.

1.1 Scope. This agreement governs Facility A, and, unless otherwise agreed to in writing by the Bank and the Borrower or prohibited by any Legal Requirement (as hereafter defined), governs the Credit Facilities as defined below. Advances under any Credit Facilities shall be subject to the procedures established from time to time by the Bank. Any procedures agreed to by the Bank with respect to obtaining advances, including automatic loan sweeps, shall not vary the terms or conditions of this agreement or the other Related Documents regarding the Credit Facilities.

1.2 Facility A (Line of Credit). The Bank has approved a credit facility to the Borrower in the principal sum not to exceed \$500,000.00 in the aggregate at any one time outstanding ("Facility A"). Credit under Facility A shall be repayable as set forth in a Line of Credit Note executed concurrently with this agreement, and any renewals, modifications, extensions, rearrangements, restatements thereof and replacements or substitutions therefor.

Commitment Fee. The Borrower shall pay to the Bank a commitment fee calculated on the average daily unused portion of Facility A at a rate of 0.50% per annum, payable in arrears within fifteen (15) days of the end of each calendar quarter for which the fee is owing. The Bank may begin to accrue the foregoing fee on the date the Borrower signs or otherwise authenticates this agreement.

Acquisition Financing Conversion to Term Loan. So long as no event of default then exists under the Related Documents, the then outstanding principal balance of Facility A which consists of acquisition financing, within thirty (30) days of the final advance for such purpose, shall be converted to a term loan with monthly payments to be based on a two (2) year fully amortizing basis with monthly payments of principal plus interest and at an interest rate of the CB Floating Rate with an Applicable Margin of 1.50% (as such terms are defined in the Line of Credit Note). The principal sum of the Line of Credit Note shall be then reduced by the amount of the term note. Borrower shall execute a new Line of Credit Note and a term note and such other related documents as may be satisfactory to Bank,

1.3 Borrowing Base. The aggregate principal amount of advances outstanding at any one time under the Line of Credit Note (and any and all renewals, modifications, extensions, rearrangements, restatements thereof and replacements or substitutions therefor) evidencing Facility A (the "Aggregate Outstanding Amount") shall not exceed the Borrowing Base or the maximum principal amount then available under Facility A, whichever is less (the "Maximum Available Amount"). If at any time the Aggregate Outstanding Amount exceeds the Maximum Available Amount, the Borrower shall immediately pay the Bank an amount equal to such excess. "Borrowing Base" means the aggregate of 80% of the book value of all Eligible Accounts.

2. Definitions and Interpretations.

2.1 Definitions. As used in this agreement, the following terms have the following respective meanings:

A. "Account" means a trade account, account receivable, other receivable, or other right to payment for goods sold or leased or services rendered.

"Account Debtor" means the Person obligated on an Account.

C. "Affiliate" means any Person which, directly or indirectly Controls or is Controlled by or under common Control with, another Person, and any director or officer thereof. The Bank is under no circumstances to be deemed an Affiliate of the Borrower or any of its Subsidiaries.

D. "Authorizing Documents" means certificates of authority to transact business, certificates of good standing, borrowing resolutions, appointments, officer's certificates, certificates of incumbency, and other documents which empower and authorize or evidence the power and authority of all Persons (other than the Bank) executing any Related Document or their representatives to execute and deliver the Related Documents and perform the Person's obligations thereunder.

E. "Collateral" means all Property, now or in the future subject to any Lien in favor of the Bank, securing or intending to secure, any of the Liabilities.

F. "Control" as used with respect to any Person, means the power to direct or cause the direction of the management and policies of that Person, directly or indirectly, whether through the ownership of Equity Interests, by contract, or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

G. "Credit Facilities" means all extensions of credit from the Bank to the Borrower, whether now existing or hereafter arising, including but not limited to those described in Section 1, if any, and those extended contemporaneously with this agreement.

H. "Distributions" means all dividends and other distributions made to any Equity Owners, other than salary, bonuses, and other compensation for services expended in the current accounting period.

I. "Eligible Accounts" means, at any time, all of the Borrower's Accounts in which the Bank has a first priority continuing perfected Lien and which are earned and invoiced within thirty (30) days of being earned and which contain selling terms and conditions satisfactory to the Bank, are payable on ordinary trade terms, and are not evidenced by a promissory note, other instrument or chattel paper. The net amount of any Eligible Account against which the Borrower may borrow shall exclude all returns, discounts, credits, and offsets of any nature. Unless otherwise agreed to by the Bank in writing, Eligible Accounts do not include Accounts: (1) which are not owned by the Borrower free and clear of all Liens, constructive trust, statutory priorities not in favor of the Bank, and claims of Persons other than the Bank; (2) with respect to which the Account Debtor is an Affiliate of the Borrower or otherwise affiliated with or related to the Borrower, including without limitation, any employee, officer, director, Equity Owner or agent of the Borrower; (3) with respect to which goods are placed on consignment, guaranteed sale, bill-and-hold, sale-and-return, sale on approval, cash-on-delivery or other terms by reason of which the payment by the Account Debtor may be conditional; (4) with respect to which the Account Debtor is not a resident of the United States, except to the extent such Accounts are otherwise Eligible Accounts and are supported by insurance, bonds or other assurances satisfactory to the Bank; (5) subject to the U.S. Office of Foreign Asset Control Special Designated Nationals and Blocked Person's List, or with respect to which the Account Debtor is otherwise a Person with whom the Borrower or the Bank is prohibited from doing business by any applicable Legal Requirement; (6) which are not payable in U.S. Dollars; (7) with respect to which the Borrower is or may become liable to the Account Debtor for goods sold or services rendered by the Account Debtor to the Borrower; (8) which are subject to dispute, counterclaim, deduction, withholding, defense, or setoff; (9) with respect to which the goods have not been shipped or delivered, or the services have not been rendered, to the Account Debtor, or which otherwise constitute pre-billed Accounts; (10) which constitute retainage, or are bonded Accounts; (11) with respect to which the Bank determines the creditworthiness, financial or business condition of the Account Debtor to be unsatisfactory; (12) of any Account Debtor who is the subject of any state or federal bankruptcy, insolvency, or debtor-in-relief acts, or who has had appointed a trustee, custodian, or receiver for the assets of such Account Debtor, or who has made an assignment for the benefit of creditors or has become insolvent or fails generally to pay its debts (including its payrolls) as such debts become due; (13) with respect to which the Account Debtor is the United States government or any department or agency of the United States; (14) otherwise determined to be ineligible by the Bank (15) which have not been paid in full within ninety (90) days from the invoice date; and (16) due from any one Account Debtor to the extent such Accounts constitute more than 15% of all Eligible Accounts. In no event will the balance of any Account of any single Account Debtor be eligible whenever the portion of the Accounts of such Account Debtor which have not been paid within ninety (90) days from the invoice date is in excess of 20% of the total amount outstanding on all Accounts of such Account Debtor.

J. "Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

K. "Equity Owner" means a shareholder, partner, member, holder of a beneficial interest in a trust or other owner of any Equity Interests.

L. "GAAP" means generally accepted accounting principles in effect from time to time in the United States of America, consistently applied.

M. "Legal Requirement" means any law, ordinance, decree, requirement, order, judgment, rule, regulation (or interpretation of any of the foregoing) of any foreign governmental authority, the United States of America, any state thereof, any political subdivision of any of the foregoing or any agency, department, commission, board, bureau, court or other tribunal having jurisdiction over the Bank, any Pledgor or any Obligor or any of its Subsidiaries or their respective Properties or any agreement by which any of them is bound.

N. "Liabilities" means all indebtedness, liabilities and obligations of every kind and character of the Borrower to the Bank, whether the obligations, indebtedness and liabilities are individual, joint and several, contingent or otherwise, now or hereafter existing, including, without limitation, all liabilities, interest, costs and fees, arising under or from any note, open account, overdraft, credit card, lease, Rate Management Transaction, letter of credit application, endorsement, surety agreement, guaranty, acceptance, foreign exchange contract or depository service contract, whether payable to the Bank or to a third party and subsequently acquired by the Bank, any monetary obligations (including interest) incurred or accrued during the pendency of any bankruptcy, insolvency, receivership or other similar proceedings, regardless of whether allowed or allowable in such proceeding, and all renewals, extensions, modifications, consolidations, rearrangements, restatements, replacements or substitutions of any of the foregoing.

O. "Lien" means any mortgage, deed of trust, pledge, charge, encumbrance, security interest, collateral assignment or other lien or restriction of any kind.

P. "Notes" means all promissory notes, instruments and/or contracts now or hereafter evidencing the Credit Facilities.

Q. "Obligor" means any Borrower, guarantor, surety, co-signer, endorser, general partner or other Person who may now or in the future be obligated to pay any of the Liabilities.

R. "Organizational Documents" means, with respect to any Person, certificates of existence or formation, documents establishing or governing the Person or evidencing or certifying that the Person is duly organized and validly existing in accordance with all applicable Legal Requirements, including all amendments, restatements, supplements or modifications to such certificates and documents as of the date of the Related Document referring to the Organizational Document and any and all future modifications thereto approved by the Bank.

S. "Permitted Investments" means (1) readily marketable direct obligations of the United States of America or any agency thereof with maturities of one year or less from the date of acquisition; (2) fully insured (if issued by a bank other than the Bank) certificates of deposit with maturities of one year or less from the date of acquisition issued by any commercial bank operating in the United States of America having capital and surplus in excess of \$500,000,000.00; and (3) commercial paper of a domestic issuer if at the time of purchase such paper is rated in one of the two highest rating categories of Standard and Poor's Corporation or Moody's Investors Service.

T. "Person" means any individual, corporation, partnership, limited liability company, joint venture, joint stock association, association, bank, business trust, trust, unincorporated organization, any foreign governmental authority, the United States of America, any state of the United States and any political subdivision of any of the foregoing or any other form of entity.

U. "Pledgor" means any Person providing Collateral.

V. "Property" means any interest in any kind of property or asset, whether real, personal or mixed, tangible or intangible.

W. "Rate Management Transaction" means any transaction (including an agreement with respect thereto) that is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option, derivative transaction or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices or other financial measures.

X. "Related Documents" means this agreement, the Notes, applications for letters of credit, all loan agreements, credit agreements, reimbursement agreements, security agreements, mortgages, deeds of trust, pledge agreements, assignments, guaranties, and any other instrument or document executed in connection with this agreement or with any of the Liabilities.

Y. "Subordinated Debt" means debt subordinated to the Liabilities in manner and by written agreement satisfactory to the Bank.

Z. "Subsidiary" means, as to any particular Person (the "parent"), a Person the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of the date of determination, as well as any other Person of which fifty percent (50%) or more of the Equity Interests is at the time of determination directly or indirectly owned, Controlled or held, by the parent or by any Person or Persons Controlled by the parent, either alone or together with the parent.

2.2 Interpretations. Whenever possible, each provision of the Related Documents shall be interpreted in such manner as to be effective and valid under applicable Legal Requirements. If any provision of this agreement cannot be enforced, the remaining portions of this agreement shall continue in effect. In the event of any conflict or inconsistency between this agreement and the provisions of any other Related Documents, the provisions of this agreement shall control. Use of the term "including" does not imply any limitation on (but may expand) the antecedent reference. Any reference to a particular document includes all modifications, supplements, replacements, renewals or extensions of that document, but this rule of construction does not authorize amendment of any document without the Bank's consent. Section headings are for convenience of reference only and do not affect the interpretation of this agreement. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP. Whenever the Bank's determination, consent, approval or satisfaction is required under this agreement or the other Related Documents or whenever the Bank may at its option take or refrain from taking any action under this agreement or the other Related Documents, the decision as to whether or not the Bank makes the determination, consents, approves, is satisfied or takes or refrains from taking any action, shall be in the sole and exclusive discretion of the Bank, and the Bank's decision shall be final and conclusive.

3. Conditions Precedent to Extensions of Credit.

3.1 Conditions Precedent to Initial Extension of Credit under each of the Credit Facilities. Before the first extension of credit governed by this agreement and any initial advance under any of the Credit Facilities, whether by disbursement of a loan, issuance of a letter of credit, or otherwise, the Borrower shall deliver to the Bank, in form and substance satisfactory to the Bank:

A. Loan Documents. The Notes, and as applicable, the letter of credit applications, reimbursement agreements, the security agreements, the pledge agreements, financing statements, mortgages or deeds of trust, the guaranties, the subordination agreements, and any other documents which the Bank may reasonably require to give effect to the transactions described in this agreement or the other Related Documents;

B. Organizational and Authorizing Documents. The Organizational Documents and Authorizing Documents of the Borrower and any other Persons (other than the Bank) executing the Related Documents in form and substance satisfactory to the Bank that at a minimum: (i) document the due organization, valid existence and good standing of the Borrower and every other Person (other than the Bank) that is a party to this agreement or any other Related Document; (ii) evidence that each Person (other than the Bank) which is a party to this agreement or any other Related Document has the power and authority to enter into the transactions described therein; and (iii) evidence that the Person signing on behalf of each Person that is a party to the Related Documents (other than the Bank) is duly authorized to do so; and

C. Liens. The termination, assignment or subordination, as determined by the Bank, of all Liens on the Collateral in favor of any secured party (other than the Bank).

3.2 Conditions Precedent to Each Extension of Credit. Before any extension of credit governed by this agreement, whether by disbursement of a loan, issuance of a letter of credit or otherwise, the following conditions must be satisfied:

A. Representations. The representations of the Borrower and any other parties, other than the Bank, in the Related Documents are true on and as of the date of the request for and funding of the extension of credit;

B. No Event of Default. No default, event of default or event that would constitute a default or event of default but for the giving of notice, the lapse of time or both, has occurred in any provision of this agreement, the Notes or any other Related Documents and is continuing or would result from the extension of credit;

C. Additional Approvals, Opinions, and Documents. The Bank has received any other approvals, opinions and documents as it may reasonably request; and

D. No Prohibition or Onerous Conditions. The making of the extension of credit is not prohibited by and does not subject the Bank, any Obligor, or any Subsidiary of the Borrower to any penalty or onerous condition under, any Legal Requirement.

4. Affirmative Covenants. The Borrower agrees to do, and cause each of its Subsidiaries to do, each of the following:

4.1 Insurance. Maintain insurance with financially sound and reputable insurers, with such insurance and insurers to be satisfactory to the Bank, covering its Property and business against those casualties and contingencies and in the types and amounts as are in accordance with sound business and industry practices, and furnish to the Bank, upon request of the Bank, reports on each existing insurance policy showing such information as the Bank may reasonably request.

4.2 Existence. Maintain its existence and business operations as presently in effect in accordance with all applicable Legal Requirements, pay its debts and obligations when due under normal terms, and pay on or before their due date, all taxes, assessments, fees and other governmental monetary obligations, except as they may be contested in good faith if they have been properly reflected on its books and, at the Bank's request, adequate funds or security has been pledged or reserved to insure payment.

4.3 Financial Records. Maintain proper books and records of account, in accordance with GAAP, and consistent with financial statements previously submitted to the Bank.

4.4 Inspection. Permit the Bank, its agents and designees to: (a) inspect and photograph its Property, to examine and copy files, books and records, and to discuss its business, operations, prospects, assets, affairs and financial condition with the Borrower's or its Subsidiaries' officers and accountants, at times and intervals as the Bank reasonably determines; (b) perform audits or other inspections of the Collateral, including the records and documents related to the Collateral; and (c) confirm with any Person any obligations and liabilities of the Person to the Borrower or its Subsidiaries. The Borrower will, and will cause its Subsidiaries to cooperate with any inspection or audit. The Borrower will pay the Bank the reasonable costs and expenses of any audit or inspection of the Collateral (including fees and expenses charged internally by the Bank for asset reviews) promptly after receiving the invoice.

4.5 Financial Reports. Furnish to the Bank whatever information, statements, books and records the Bank may from time to time reasonably request, including at a minimum:

A. Within forty-five (45) days after each quarterly period, the consolidated 10Q financial statements of the Borrower and its Subsidiaries prepared and presented in accordance with GAAP, including a balance sheet as of the end of that period, and income statement for that period, and, if requested at any time by the Bank, statements of cash flow and retained earnings for that period, all certified as correct by one of its authorized agents.

B. Within forty-five (45) days after and as of the end of each of its fiscal years, the 10K consolidated financial statements of the Borrower and its Subsidiaries prepared and presented in accordance with GAAP, including a balance sheet and statements of income, cash flow and retained earnings, such financial statements to be audited by an independent certified public accountant of recognized standing satisfactory to the Bank. Ernst & Young LLP is satisfactory to Bank.

C. Within thirty-five (35) days after and as of the end of each calendar month in which there was an outstanding principal balance under Facility A on the last day of such calendar month, and if none of the following lists have been provided or are otherwise due as of the end of the immediately preceding calendar month, with any request for an advance under the Credit Facilities, a list of Accounts, aged from date of invoice and certified as correct by one of its authorized agents.

D. A borrowing base certificate, in form and detail satisfactory to the Bank, along with such supporting documentation as the Bank may request, at the following times: (A) within thirty-five (35) days after and as of the end of each fiscal quarter in which there was an outstanding principal balance under Facility A on the last day of such fiscal quarter, and (B) if no borrowing base certificate has been provided or is otherwise due as of the end of the immediately preceding fiscal quarter, with any request for an advance under the Credit Facilities.

4.6 Notices of Claims, Litigation, Defaults, etc. Promptly inform the Bank in writing of: (1) all existing and all threatened litigation, claims, investigations, administrative proceedings and similar actions or changes in Legal Requirements affecting it which could materially affect its business, assets, affairs, prospects or financial condition; (2) the occurrence of any event which gives rise to the Bank's option to terminate the Credit Facilities; (3) the institution of steps by it to withdraw from, or the institution of any steps to terminate, any employee benefit plan as to which it may have liability; (4) any reportable event or any prohibited transaction in connection with any employee benefit plan; (5) any additions to or changes in the locations of its businesses; and (6) any alleged breach by the Bank of any provision of this agreement or of any other Related Document.

- 4.7 Other Agreements. Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between it and any other Person.
- 4.8 Title to Assets and Property. Maintain good and marketable title to all of its Properties, and defend them against all claims and demands of all Persons at any time claiming any interest in them.

4.9 Additional Assurances. Promptly make, execute and deliver any and all agreements, documents, instruments and other records that the Bank may request to evidence any of the Credit Facilities, cure any defect in the execution and delivery of any of the Related Documents, perfect any Lien, comply with any Legal Requirement applicable to the Bank or the Credit Facilities or describe more fully particular aspects of the agreements set forth or intended to be set forth in any of the Related Documents.

- 4.10 Employee Benefit Plans. Maintain each employee benefit plan as to which it may have any liability, in compliance with all Legal Requirements.

- 4.11 Banking Relationship. Establish and maintain its primary banking depository and disbursement relationship with the Bank.

4.12 Compliance Certificates. Provide the Bank, within forty-five (45) days after the end of each fiscal quarter, with a certificate executed by its chief financial officer, or other officer or an individual satisfactory to the Bank, certifying that, as of the date of the certificate, no default exists under any provision of this agreement or the other Related Documents.

5. Negative Covenants.

- 5.1 Unless otherwise noted, the financial requirements set forth in this section will be computed in accordance with GAAP applied on a basis consistent with financial statements previously submitted by the Borrower to the Bank.

- 5.2 Without the written consent of the Bank, the Borrower will not and no Subsidiary of the Borrower will:

A. Debt. Incur, contract for, assume, or permit to remain outstanding, indebtedness for borrowed money, installment obligations, or obligations under capital leases or operating leases, other than (1) unsecured trade debt incurred in the ordinary course of business, (2) indebtedness owing to the Bank, (3) indebtedness reflected in its latest financial statement furnished to the Bank prior to execution of this agreement and that is not to be paid with proceeds of borrowings under the Credit Facilities, (4) indebtedness outstanding as of the date hereof that has been disclosed to the Bank in writing and that is not to be paid with proceeds of borrowings under the Credit Facilities, (5) indebtedness incurred with regard to the acquisition of ADI Time, LLC; (6) capital leases existing at the time of closing; and (7) real estate leases. Borrower may issue debt that may be converted to equity in connection with the acquisition of ADI Time, LLC.

B. Guaranties. Guarantee or otherwise become or remain secondarily liable on the undertaking of another, except for endorsement of drafts for deposit and collection in the ordinary course of business.

C. Liens. Create or permit to exist any Lien on any of its Property except: existing Liens known to and approved by the Bank; Liens to the Bank; Liens incurred in the ordinary course of business securing current non-delinquent liabilities for taxes, worker's compensation, unemployment insurance, social security and pension

D. Use of Proceeds. Use, or permit any proceeds of the Credit Facilities to be used, directly or indirectly, for: (1) any personal, family or household purpose; or (2) the purpose of "purchasing or carrying any margin stock" within the meaning of Federal Reserve Board Regulation U. At the Bank's request, it will furnish a completed Federal Reserve Board Form U-1.

E. Continuity of Operations. (1) Engage in any business activities substantially different from those in which it is presently engaged; (2) cease operations, liquidate, merge, transfer, acquire (except for the acquisition of ADI Time, LLC) or consolidate with any other Person, change its name, dissolve, or sell any assets out of the ordinary course of business; (3) enter into any arrangement with any Person providing for the leasing by it of Property which has been sold or transferred by it to such Person; or (4) change its business organization, the jurisdiction under which its business organization is formed or organized, or its chief executive office, or any places of its businesses.

F. Limitation on Negative Pledge Clauses. Enter into any agreement with any Person other than the Bank which prohibits or limits its ability to create or permit to exist any Lien on any of its Property, whether now owned or hereafter acquired.

G. Conflicting Agreements. Enter into any agreement containing any provision which would be violated or breached by the performance of its obligations under this agreement or any of the other Related Documents.

H. Limitation on Loans, Advances to and Investments in Others and Receivables from Others. Purchase, hold or acquire any Equity Interest or evidence of indebtedness of, make or permit to exist any loans or advances to, permit to exist any receivable from, or make or permit to exist any investment or acquire any interest whatsoever in, any Person, except: (1) extensions of trade credit to customers in the ordinary course of business on ordinary terms; (2) Permitted Investments; and (3) loans, advances, investments and receivables existing as of the date of this agreement that have been disclosed to and approved by the Bank in writing and that are not to be paid with proceeds of borrowings under the Credit Facilities.

I. Organizational Documents. Alter, amend or modify any of its Organizational Documents.

J. Debt Service Coverage Ratio. Permit its "Debt Service Coverage Ratio" (hereinafter defined in this subsection) for any "Test Period" (hereinafter defined in this subsection) to be less than 1.20 to 1.00. As used in this subsection, the term "Debt Service Coverage Ratio" means its ratio of (i) net income, plus tax expense, plus interest expense, plus depreciation expense, plus amortization expense, minus Distributions made, minus income tax expense, plus up to \$300,000.00 in one-time acquisition costs related to the ADI Time, LLC, acquisition, all computed for the Test Period, to (ii) interest expense, plus scheduled principal payments on debt that is not Subordinated Debt, plus scheduled capital lease payments, plus principal payments made on Subordinated Debt, all computed for the Test Period. As used in this subsection, the term "Test Period" means each period of four consecutive fiscal quarters.

K. Liquidity. Beginning December 31, 2011, permit at any time its total of cash and marketable securities to be less than \$300,000.00, with at least \$150,000.00 to be held in the United States and with the balance to be held in Canada and India financial institutions, preferably with Bank Affiliates in those countries.

L. EBITDA. Permit its net income plus interest expense, plus depreciation expense, plus amortization expense, plus income tax expense, plus up to \$300,000.00 in one-time acquisition costs related to the ADI Time, LLC, acquisition, and plus stock compensation, all computed for the Test Period, to be less than \$100,000.00. As used in this subsection, the term "Test Period" means each fiscal quarter.

M. Government Regulation. (1) Be or become subject at any time to any Legal Requirement or list of any government agency (including, without limitation, the U.S. Office of Foreign Asset Control list) that prohibits or limits the Bank from making any advance or extension of credit to it or from otherwise conducting business with it, or (2) fail to provide documentary and other evidence of its identity as may be requested by the Bank at any time to enable the Bank to verify its identity or to comply with any applicable Legal Requirement, including, without limitation, Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318.

N. Subsidiaries. Form, create or acquire any Subsidiary (except for ADI Software, LLC).

5.3 Financial Statement Calculations. The financial covenant(s) set forth in the Section entitled "Negative Covenants" or in any subsection thereof shall, except as may be otherwise expressly provided with respect to any particular financial covenant, be calculated on the basis of the Borrower's financial statements prepared on a consolidated basis with its Subsidiaries in accordance with GAAP. Except as may be otherwise expressly provided with respect to any particular financial covenant, if any financial covenant states that it is to be tested with respect to any particular period of time (which may be referred to therein as a "Test Period") ending on any test date (e.g., a fiscal month end, fiscal quarter end, or fiscal year end), then compliance with that covenant shall be required commencing with the period of time ending on the first test date that occurs after the date of this agreement (or, if applicable, of the amendment to this agreement which added or amended such financial covenant).

6. Representations.

6.1 Representations and Warranties by the Borrower. To induce the Bank to enter into this agreement and to extend credit or other financial accommodations under the Credit Facilities, the Borrower represents and warrants as of the date of this agreement and as of the date of each request for credit under the Credit Facilities that each of the following statements is and shall remain true and correct throughout the term of this agreement and until all Credit Facilities and all Liabilities under the Notes and other Related Documents are paid in full: (a) its principal residence or chief executive office is at the address shown above, (b) its name as it appears in this agreement is its exact name as it appears in its Organizational Documents, (c) the execution and delivery of this agreement and the other Related Documents to which it is a party, and the performance of the obligations they impose, do not violate any Legal Requirement, conflict with any agreement by which it is bound, or require the consent or approval of any other Person, (d) this agreement and the other Related Documents have been duly authorized, executed and delivered by all parties (other than the Bank) and are valid and binding agreements of those Persons, enforceable according to their terms, except as may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by general principles of equity, (e) all balance sheets, profit and loss statements, and other financial statements and other information furnished to the Bank in connection with the Liabilities are accurate and fairly reflect the financial condition of the Persons to which they apply on their effective dates, including contingent liabilities of every type, which financial condition has not changed materially and adversely since those dates, (f) no litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) is pending or threatened against it, and no other event has occurred which may in any one case or in the aggregate materially adversely affect it or any of its Subsidiaries' financial condition, properties, business, affairs or operations, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by the Bank in writing, (g) all of its tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being contested by it in good faith and for which adequate reserves have been provided, (h) it is not an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended, (i) it is not a "holding company", or a "subsidiary company" of a "holding company" or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended, (j) there are no defenses or counterclaims, offsets or adverse claims, demands or actions of any kind, personal or otherwise, that it could assert with respect to this agreement or the Credit Facilities, (k) it owns, or is licensed to use, all trademarks, trade names, copyrights, technology, know-how and processes necessary for the conduct of its business as currently conducted, (l) the execution and delivery of this agreement and the Notes and the performance of the obligations they impose, if the Borrower is other than a natural Person (i) are within its powers, (ii) have been duly authorized by all necessary action of its governing body, and (iii) do not contravene the terms of its Organizational Documents or other agreement or document governing its affairs; and (m) with respect to the Borrowing Base, (i) each asset represented by it to be eligible for Borrowing Base purposes of this agreement conforms to the eligibility definitions set forth in this agreement (ii) all asset values delivered to the Bank will be true and correct, subject to immaterial variance; and be determined on a consistent accounting basis; (iii) except as agreed to the contrary by the Bank in writing, each asset is now and at all times hereafter will be in its physical possession and shall not be held by others on consignment, sale or approval, or sale or return; (iv) except as reflected in schedules delivered to the Bank, each asset is now and at all times hereafter will be of good and merchantable quality, free from defects; and (v) each asset is not now and will not at any time hereafter be stored with a bailee, warehouseman, or similar Person without the Bank's prior written consent, and in such event, it will concurrently at the time of bailment cause any such bailee, warehouseman, or similar Person to issue and deliver to the Bank, warehouseman receipts in the Bank's name evidencing the storage of the assets.

7. Default/Remedies.

7.1 Events of Default/Acceleration. If any of the following events occurs, the Notes shall become due immediately, without notice, at the Bank's option, and the Borrower hereby waives notice of intent to accelerate the maturity of the Notes and notice of acceleration of the Notes upon the occurrence of any of the following events:

A. Any Obligor fails to pay when due any of the Liabilities or any other debt to any Person, or any amount payable with respect to any of the Liabilities, or under any Note, any other Related Document, or any agreement or instrument evidencing other debt to any Person.

B. Any Obligor or any Pledgor: (i) fails to observe or perform or otherwise violates any other term, covenant, condition or agreement of any of the Related Documents; (ii) makes any materially incorrect or misleading representation, warranty, or certificate to the Bank; (iii) makes any materially incorrect or misleading representation in any financial statement or other information delivered to the Bank; or (iv) defaults under the terms of any agreement or instrument relating to any debt for borrowed money (other than the debt evidenced by the Related Documents) and the effect of such default will allow the creditor to declare the debt due before its stated maturity.

C. In the event (1) there is a default under the terms of any Related Document, (ii) any Obligor terminates or revokes or purports to terminate or revoke its guaranty or any Obligor's guaranty becomes unenforceable in whole or in part, (iii) any Obligor fails to perform promptly under its guaranty, or (iv) any Obligor fails to comply with, or perform under any agreement, now or hereafter in effect, between the Obligor and the Bank, or any Affiliate of the Bank or their respective successors and assigns.

0. There is any loss, theft, damage, or destruction of any Collateral not covered by insurance.

E. Any event occurs that would permit the Pension Benefit Guaranty Corporation to terminate any employee benefit plan of any Obligor or any Subsidiary of any Obligor.

F. Any Obligor or any of its Subsidiaries or any Pledgor: (i) becomes insolvent or unable to pay its debts as they become due; (ii) makes an assignment for the benefit of creditors; (iii) consents to the appointment of a custodian, receiver, or trustee for itself or for a substantial part of its Property; (iv) commences any proceeding under any bankruptcy, reorganization, liquidation, insolvency or similar laws; (v) conceals or removes any of its Property, with intent to hinder, delay or defraud any of its creditors; (vi) makes or permits a transfer of any of its Property, which may be fraudulent under any bankruptcy, fraudulent conveyance or similar law; or (vii) makes a transfer of any of its Property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid.

G. A custodian, receiver, or trustee is appointed for any Obligor or any of its Subsidiaries or any Pledgor or for a substantial part of their respective Property.

H. Any Obligor or any of its Subsidiaries, without the Bank's written consent: (i) liquidates or is dissolved; (ii) merges or consolidates with any other Person; (iii) leases, sells or otherwise conveys a material part of its assets or business outside the ordinary course of its business; (iv) leases, purchases, or otherwise acquires a material part of the assets of any other Person, except in the ordinary course of its business; or (v) agrees to do any of the foregoing; provided, however, that any Subsidiary of an Obligor may merge or consolidate with any other Subsidiary of that Obligor, or with the Obligor, so long as the Obligor is the survivor.

I. Proceedings are commenced under any bankruptcy, reorganization, liquidation, or similar laws against any Obligor or any of its Subsidiaries or any Pledgor and remain undismissed for thirty (30) days after commencement; or any Obligor or any of its Subsidiaries or any Pledgor consents to the commencement of those proceedings.

J. Any judgment is entered against any Obligor or any of its Subsidiaries, or any attachment, seizure, sequestration, levy, or garnishment is issued against any Property of any Obligor or any of its Subsidiaries or of any Pledgor or any Collateral.

K. Any individual Obligor or Pledgor dies, or a guardian or conservator is appointed for any individual Obligor or Pledgor or all or any portion of their respective Property, or the Collateral.

L. Any material adverse change occurs in: (i) the reputation, Property, financial condition, business, assets, affairs, prospects, liabilities, or operations of any Obligor or any of its Subsidiaries; (ii) any Obligor's or Pledgor's ability to perform its obligations under the Related Documents; or (iii) the Collateral.

7.2 Cure Periods. Except as expressly provided to the contrary in this agreement or any of the other Related Documents, the Bank shall not exercise its option to accelerate the maturity of the Notes upon the occurrence of a default unless the default has not been fully cured within ten (10) days after its occurrence, if the condition, event or occurrence giving rise to the default is of a nature that it cannot be cured solely by the payment of money.

Provided, however, that the Borrower shall have no cure rights if the condition, event or occurrence giving rise to the default: (a) is described in any of clauses C(ii), (F), (0), (H), (I), or (K) of the section captioned Events of Default/Acceleration above; or (b) constitutes a breach of any covenant in any of the Related Documents prohibiting the sale or transfer of (i) any Property of any loan party or (ii) any of the Collateral; or (c) during the twelve (12) month period immediately preceding the occurrence of the default either (A) the same default has occurred or (B) three (3) or more other defaults of any nature have occurred. Notwithstanding the existence of any cure period, the Bank shall have no obligation to extend credit governed by this agreement, whether by advance, disbursement of a loan or otherwise after the occurrence of any default or event which with the giving of notice or the passage of time or both could become a default or during any cure period. The inclusion of any cure period in this agreement shall have no bearing on the due dates for payments under any of the Related Documents, whether for purposes of calculating late payment charges or otherwise.

7.3 Remedies. At any time after the occurrence of a default, the Bank may do one or more of the following: (a) cease permitting the Borrower to incur any Liabilities; (b) terminate any commitment of the Bank evidenced by any of the Notes; (c) declare any of the Notes to be immediately due and payable, without notice of acceleration, intention to accelerate, presentment and demand or protest or notice of any kind, all of which are hereby expressly waived; (d) exercise all rights of setoff that the Bank may have contractually, by law, in equity or otherwise; and (e) exercise any and all other rights pursuant to any of the Related Documents, at law, in equity or otherwise.

A. Generally. The rights of the Bank under this agreement and the other Related Documents are in addition to other rights (including without limitation, other rights of setoff) the Bank may have contractually, by law, in equity or otherwise, all of which are cumulative and hereby retained by the Bank. Each Obligor agrees to stand still with regard to the Bank's enforcement of its rights, including taking no action to delay, impede or otherwise interfere with the Bank's rights to realize on any Collateral.

B. Expenses. To the extent not prohibited by applicable Legal Requirements and whether or not the transactions contemplated by this agreement are consummated, the Borrower is liable to the Bank and agrees to pay on demand all reasonable costs and expenses of every kind incurred (or charged by internal allocation) in connection with the negotiation, preparation, execution, filing, recording, modification, supplementing and waiver of the Related Documents, the making, servicing and collection of the Credit Facilities and the realization on any Collateral and any other amounts owed under the Related Documents, including without limitation reasonable attorneys' fees (including counsel for the Bank that are employees of the Bank or its Affiliates) and court costs. These costs and expenses include without limitation any costs or expenses incurred by the Bank in any bankruptcy, reorganization, insolvency or other similar proceeding involving any Obligor, Pledgor, or Property of any Obligor, Pledgor, or Collateral. The obligations of the Borrower under this section shall survive the termination of this agreement.

C. Bank's Right of Setoff. The Borrower grants to the Bank a security interest in the Deposits, and the Bank is authorized to setoff and apply, all Deposits, Securities and Other Property, and Bank Debt against any and all Liabilities. This right of setoff may be exercised at any time from time to time after the occurrence of any default, without prior notice to or demand on the Borrower and regardless of whether any Liabilities are contingent, unmatured or unliquidated. In this paragraph: (a) the term "Deposits" means any and all accounts and deposits of the Borrower (whether general, special, time, demand, provisional or final) at any time held by the Bank (including all Deposits held jointly with another, but excluding any IRA or Keogh Deposits, or any trust Deposits in which a security interest would be prohibited by any Legal Requirement); (b) the term "Securities and Other Property" means any and all securities and other personal Property of the Borrower in the custody, possession or control of the Bank, WMorgan Chase & Co. or their respective Subsidiaries and Affiliates (other than Property held by the Bank in a fiduciary capacity); and (c) the term "Bank Debt" means all indebtedness at any time owing by the Bank, to or for the credit or account of the Borrower and any claim of the Borrower (whether individual, joint and several or otherwise) against the Bank now or hereafter existing.

8. Miscellaneous.

8.1 Notice. Any notices and demands under or related to this agreement shall be in writing and delivered to the intended party at its address stated in this agreement, and if to the Bank, at its main office if no other address of the Bank is specified in this agreement, by one of the following means: (a) by hand; (b) by a nationally recognized overnight courier service; or (c) by certified mail, postage prepaid, with return receipt requested. Notice shall be deemed given: (a) upon receipt if delivered by hand; (b) on the Delivery Day after the day of deposit with a nationally recognized courier service; or (c) on the third Delivery Day after the notice is deposited in the mail. "Delivery Day" means a day other than a Saturday, a Sunday or any other day on which national banking associations are authorized to be closed. Any party may change its address for purposes of the receipt of notices and demands by giving notice of the change in the manner provided in this provision.

8.2 No Waiver. No delay on the part of the Bank in the exercise of any right or remedy waives that right or remedy. No single or partial exercise by the Bank of any right or remedy precludes any other future exercise of it or the exercise of any other right or remedy. The making of an advance during the existence of any default or subsequent to the occurrence of a default or when all conditions precedent have not been met shall not constitute a waiver of the default or condition precedent. No waiver or indulgence by the Bank of any default is effective unless it is in writing and signed by the Bank, nor shall a waiver on one occasion bar or waive that right on any future occasion.

8.3 Integration. This agreement, the Notes, and the other Related Documents embody the entire agreement and understanding between the Borrower and the Bank and supersede all prior agreements and understandings relating to their subject matter. If any one or more of the obligations of the Borrower under this agreement or the Notes is invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining obligations of the Borrower shall not in any way be affected or impaired, and the invalidity, illegality or unenforceability in one jurisdiction shall not affect the validity, legality or enforceability of the obligations of the Borrower under this agreement, the Notes and the other Related Documents in any other jurisdiction.

8.4 Joint and Several Liability. Each party executing this agreement as the Borrower is individually, jointly and severally liable under this agreement.

8.5 Governing Law and Venue. This agreement shall be governed by and construed in accordance with the laws of the State of Texas (without giving effect to its laws of conflicts). The Borrower agrees that any legal action or proceeding with respect to any of its obligations under this agreement may be brought by the Bank in any state or federal court located in the State of Texas, as the Bank in its sole discretion may elect. By the execution and delivery of this agreement, the Borrower submits to and accepts, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of those courts. The Borrower waives any claim that the State of Texas is not a convenient forum or the proper venue for any such suit, action or proceeding.

8.6 Survival of Representations and Warranties. The Borrower understands and agrees that in extending the Credit Facilities, the Bank is relying on all representations, warranties, and covenants made by the Borrower in this agreement or in any certificate or other instrument delivered by the Borrower to the Bank under this agreement or in any of the other Related Documents. The Borrower further agrees that regardless of any investigation made by the Bank, all such representations, warranties and covenants will survive the making of the Credit Facilities and delivery to the Bank of this agreement, shall be continuing in nature, and shall remain in full force and effect until such time as the Liabilities shall be paid in full.

8.7 Non-Liability of the Bank. The relationship between the Borrower on one hand and the Bank on the other hand shall be solely that of borrower and lender. The Bank shall have no fiduciary responsibilities to the Borrower. The Bank undertakes no responsibility to the Borrower to review or inform the Borrower of any matter in connection with any phase of the Borrower's business or operations.

8.8 Indemnification of the Bank. The Borrower agrees to indemnify, defend and hold the Bank, its parent companies, Subsidiaries, Affiliates, their respective successors and assigns and each of their respective shareholders, directors, officers, employees and agents (collectively, the "Indemnified Persons") harmless from any and against any and all loss, liability, obligation, damage, penalty, judgment, claim, deficiency, expense, interest, penalties, attorneys' fees (including the fees and expenses of any attorneys engaged by the Indemnified Person) and amounts paid in settlement ("Claims") to which any Indemnified Person may become subject arising out of or relating to the Credit Facilities, the Liabilities under this agreement or any other Related Documents or the Collateral, including any

Claims resulting from any Indemnified Person's own negligence, except to the limited extent that the

Claims are proximately caused by the Indemnified Person's gross negligence or willful misconduct. The indemnification provided for in this paragraph shall survive the termination of this agreement and shall not be affected by the presence, absence or amount of or the payment or nonpayment of any claim under, any insurance.

8.9 Counterparts. This agreement may be executed in multiple counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts, taken together, shall constitute one and the same agreement.

8.10 Advice of Counsel. The Borrower acknowledges that it has been advised by counsel, or had the opportunity to be advised by counsel, in the negotiation, execution and delivery of this agreement and any other Related Documents.

8.11 Recovery of Additional Costs. If the imposition of or any change in any Legal Requirement, or the interpretation or application of any thereof by any court or administrative or governmental authority (including any request or policy not having the force of law) shall impose, modify, or make applicable any taxes (except federal, state, or local income or franchise taxes imposed on the Bank), reserve requirements, capital adequacy requirements, Federal Deposit Insurance Corporation (FDIC) deposit insurance premiums or assessments, or other obligations which would (A) increase the cost to the Bank for extending, maintaining or funding the Credit Facilities, (B) reduce the amounts payable to the Bank under the Credit Facilities, or (C) reduce the rate of return on the Bank's capital as a consequence of the Bank's obligations with respect to the Credit Facilities, then the Borrower agrees to pay the Bank such additional amounts as will compensate the Bank therefor, within five (5) days after the Bank's written demand for such payment. The Bank's demand shall be accompanied by an explanation of such imposition or charge and a calculation in reasonable detail of the additional amounts payable by the Borrower, which explanation and calculations shall be conclusive in the absence of manifest error.

8.12 Expenses. The Borrower agrees to pay or reimburse the Bank for all its out-of-pocket costs and expenses and reasonable attorneys' fees incurred in connection with the preparation and execution of this agreement, any amendment, supplement, or modification thereto, and any other Related Documents.

8.13 Reinstatement. The Borrower agrees that to the extent any payment or transfer is received by the Bank in connection with the Liabilities, and all or any part of the payment or transfer is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid or transferred by the Bank or paid or transferred over to a trustee, receiver or any other entity, whether under any proceeding or otherwise (any of those payments or transfers is hereinafter referred to as a "Preferential Payment"), then this agreement and the Notes shall continue to be effective or shall be reinstated, as the case may be, even if all those Liabilities have been paid in full and whether or not the Bank is in possession of the Notes and whether any of the Notes has been marked, paid, released or cancelled, or returned to the Borrower and, to the extent of the payment, repayment or other transfer by the Bank, the Liabilities or part intended to be satisfied by the Preferential Payment shall be revived and continued in full force and effect as if the Preferential Payment had not been made. The obligations of the Borrower under this section shall survive the termination of this agreement.

8.14 Assignments. The Borrower agrees that the Bank may provide any information or knowledge the Bank may have about the Borrower or about any matter relating to the Notes or the other Related Documents to JPMorgan Chase & Co., or any of its Subsidiaries or Affiliates or their successors, or to any one or more purchasers or potential purchasers of the Notes or the Related Documents. The Borrower agrees that the Bank may at any time sell, assign or transfer one or more interests or participations in all or any part of its rights and obligations in the Notes to one or more purchasers whether or not related to the Bank.

8.15 Waivers. Each Obligor waives (a) any right to receive notice of the following matters before the Bank enforces any of its rights: (i) any demand, diligence, presentment, dishonor and protest, or (ii) any action that the Bank takes regarding any Person, any Collateral, or any of the Liabilities, that it might be entitled to by law or under any other agreement; (b) any right to require the Bank to proceed against the Borrower, any other Obligor or any Collateral, or pursue any remedy in the Bank's power to pursue; (c) any defense based on any claim that any Obligor's obligations exceed or are more burdensome than those of the Borrower; (d) the benefit of any statute of limitations affecting liability of any Obligor or the enforcement hereof; (e) any defense arising by reason of any disability or other defense of the Borrower or by reason of the cessation from any cause whatsoever (other than payment in full) of the obligation of the Borrower for the Liabilities; and (f) any defense based on or arising out of any defense that the Borrower may have to the payment or performance of the Liabilities or any portion thereof. Each Obligor consents to any extension or postponement of time of its payment without limit as to the number or period, to any substitution, exchange or release of all or any part of any Collateral, to the addition of any other party, and to the release or discharge of, or suspension of any rights and remedies against, any Obligor. The Bank may waive or delay enforcing any of its rights without losing them. Any waiver affects only the specific terms and time period stated in the waiver. No modification or waiver of any provision of the Notes is effective unless it is in writing and signed by the Person against whom it is being enforced. To the extent not prohibited by any Legal Requirement, each Obligor waives (a) all of its rights under Rule 31, Texas Rules of Civil Procedure, chapter 34 of the Texas Business and Commerce Code, and Section 17.001 of the Texas Civil Practice and Remedies Code; (b) to the extent it is subject to the Texas Revised Partnership Act ("TRPA") or Section 152.306 of the Texas Business Organizations Code ("BOC"), compliance by the Bank with Section 3.05(d) of TRPA and Section 152.306(b) of BOC; and (c) if the Liabilities are secured by an interest in real Property, all of its rights under Sections 51.003, 51.004, and 51.005 of the Texas Property Code (as amended from time to time).

8.16 Time is of the Essence. Time is of the essence under this agreement and in the performance of every term, covenant and obligation contained herein.

9. USA PATRIOT ACT NOTIFICATION. The following notification is provided to the Borrower pursuant to Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318:

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each Person that opens an account, including any deposit account, treasury management account, loan, other extension of credit, or other financial services product. What this means for the Borrower: When the Borrower opens an account, if it is an individual the Bank will ask for its name, taxpayer identification number, residential address, date of birth, and other information that will allow the Bank to identify it, and, if it is not an individual the

Bank will ask for its name, taxpayer identification number, business address, and other information that will allow the Bank to identify it. The Bank may also ask, if the Borrower is an individual, to see its driver's license or other identifying documents, and if it is not an individual, to see its Organizational Documents or other identifying documents.

10. WAIVER OF SPECIAL DAMAGES. THE BORROWER WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT THE UNDERSIGNED MAY HAVE TO CLAIM OR RECOVER FROM THE BANK IN ANY LEGAL ACTION OR PROCEEDING ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES.

11. JURY WAIVER. THE BORROWER AND THE BANK (BY ITS ACCEPTANCE HEREOF) HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED ON CONTRACT, TORT, OR OTHERWISE) BETWEEN THE BORROWER AND THE BANK ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT. THIS PROVISION IS A MATERIAL INDUCEMENT TO THE BANK TO PROVIDE THE FINANCING DESCRIBED HEREIN.

THIS AGREEMENT AND THE OTHER WRITTEN RELATED DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Address(es) for Notices:

110 Wild Basin Road Austin, TX 78746

Attn: Dave Scoglio, CFO

Address for Notices:

221 West 6th Street Austin, TX 78701

Attu:

Borrower:

Asure Software, Inc.

By: /s/ David Scoglio

David Scoglio, CFO

Date Signed: 9/30/11

Bank:

JPMorgan Chase Bank, NA.

By: /s/ Daryl Parrish

Daryl Parrish, Vice President

Date Signed: 9/30/11

Dated as of September 28, 2011

Grant of Security Interest. Asure Software, Inc. (whether one or more, the "Borrower", individually and collectively if more than one) grants to JI³Morgan Chase Bank, N.A., whose address is 221 West 6th Street, Austin, TX 78701 (together with its successors and assigns, the "Bank") a continuing security interest in, pledges and assigns to the Bank all of the Collateral (as hereinafter defined) owned by the Borrower, all of the collateral in which the Borrower has rights or power to transfer rights and all Collateral in Which the Borrower later acquires ownership, other rights or rights or power to transfer rights to secure the payment and performance of the Liabilities.

"Liabilities" means all obligations, indebtedness and liabilities of the Borrower whether individual, joint and several, absolute or contingent, direct or indirect, liquidated or unliquidated, now or hereafter existing in favor of the Bank, including without limitation, all liabilities, all interest, costs and fees arising under or from any note, open account, overdraft, letter of credit application, endorsement, surety agreement, guaranty, credit card, lease, Rate Management Transaction, acceptance, foreign exchange contract or depository service contract, whether payable to the Bank or to a third party and subsequently acquired by the Bank, any monetary obligations (including interest) incurred or accrued during the pendency of any bankruptcy, insolvency, receivership or other similar proceedings, regardless of whether allowed or allowable in such proceeding, and all renewals, extensions, modifications, consolidations, rearrangements, restatements, replacements or substitutions of any of the foregoing. "Rate Management Transaction" means any transaction (including an agreement with respect thereto) that is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option, derivative transaction or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices or other financial measures. The Borrower and the Bank specifically contemplate that Liabilities include indebtedness hereafter incurred by the Borrower to the Bank.

The term "Collateral" means all of the Borrower's "accounts"; "chattel paper"; "deposit accounts" and other payment obligations of financial institutions (including the Bank); "documents"; "equipment", including any documents and certificates of title issued with respect to any of the equipment; "general intangibles" and any right to a refund of taxes paid at any time to any governmental entity; "instruments"; "inventory", including any documents and certificates of title issued with respect to any of the inventory; "investment property"; "financial assets"; "letter of credit rights"; all as defined in the UCC, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located. In addition, the term "Collateral" includes all "proceeds", "products" and "supporting obligations" (as such terms are defined in the UCC) of the Collateral, including but not limited to all stock rights, subscription rights, dividends, stock dividends, stock splits, or liquidating dividends, and all cash, accounts, chattel paper, "instruments," "investment property," "financial assets," and "general intangibles" (as such terms are defined in the UCC) arising from the sale, rent, lease, casualty loss or other disposition of the Collateral, and any Collateral returned to, repossessed by or stopped in transit by the Borrower, and all insurance claims relating to any of the Collateral. The term "Collateral" further includes all of the Borrower's right, title and interest in and to all books, records and data relating to the Collateral, regardless of the form of media containing such information or data, and all software necessary or desirable to use any of the Collateral or to access, retrieve, or process any of such information or data. Where the Collateral is in the possession of the Bank or the Bank's agent, the Borrower agrees to deliver to the Bank any property that represents an increase in the Collateral or profits or proceeds of the Collateral.

The term "UCC" means the Uniform Commercial Code of Texas, as in effect from time to time.

Representations, Warranties and Covenants. The Borrower represents, warrants, and covenants to the Bank that each of the following is true and will remain true until termination of this agreement and payment in full of all Liabilities and agrees with the Bank that:

1. At its own expense, it shall maintain comprehensive casualty insurance on the Collateral against such risks, in such amounts, with such deductibles and with such companies as may be satisfactory to the Bank. Each insurance policy on the Collateral shall contain a lender's loss payable endorsement satisfactory to the Bank and a prohibition against cancellation or amendment of the policy or removal of the Bank as loss payee without at least thirty (30) days' prior written notice to the Bank. In all events, the amounts of such insurance coverages on the Collateral shall be in such minimum amounts that the Borrower will not be deemed a co-insurer. The policies on the Collateral, or certificates evidencing them, shall, if the Bank so requests, be deposited with the Bank.
 2. It shall permit the Bank, at the Borrower's expense, to inspect and examine the Collateral and to check and test the same as to quality, quantity, value, and condition.
 3. It shall maintain the Collateral in good repair; use the Collateral in accordance with law and in compliance with any policy of insurance thereon; and exhibit the Collateral to the Bank on demand.
 4. Until the Bank gives notice to the Borrower to the contrary or until the Borrower is in default, it may use the funds collected in its business. Upon notice from the Bank or upon default, the Borrower agrees that all sums of money it receives on account of or in payment or settlement of the accounts, chattel paper, certificated securities, negotiable certificates of deposit, documents, general
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intangibles and instruments shall be held by it as trustee for the Bank without commingling with any of the Borrower's other funds, and shall immediately be delivered to the Bank with endorsement to the Bank's order of any check or similar instrument. It is agreed that, at any time the Bank so elects, the Bank shall be entitled, in its own name or in the name of the Borrower or otherwise, but at the expense and cost of the Borrower, to collect, demand, receive, sue for or compromise any and all accounts, chattel paper, certificated securities, negotiable certificates of deposit, documents, general intangibles, and instruments, and to give good and sufficient releases, to endorse any checks, drafts or other orders for the payment of money payable to the Borrower and, in the Bank's discretion, to file any claims or take any action or proceeding which the Bank may deem necessary or advisable. It is expressly understood and agreed, however, that the Bank shall not be required or obligated in any manner to make any demand or to make any inquiry as to the nature or sufficiency of any payment received by it or to present or file any claim or take any other action to collect or enforce the payment of any amounts which may have been assigned to the Bank or to which the Bank may be entitled at any time or times. All notices required in this paragraph will be immediately effective when sent. Such notices need not be given prior to the Bank's taking action. The Borrower irrevocably appoints the Bank or the Bank's designee as the Borrower's attorney-in-fact to do all things with reference to the Collateral as provided for in this agreement including without limitation (1) to sign the Borrower's name on any invoice or bill of lading relating to any Collateral, on assignments and verifications of account and on notices to the Borrower's customers, and (2) to do all things necessary to carry out this agreement or to perform any of the Borrower's obligations under this agreement, (3) to notify the post office authorities to change the Borrower's mailing address to one designated by the Bank, and (4) to receive, open and dispose of mail addressed to the Borrower. The Borrower ratifies and approves all acts of the Bank as attorney-in-fact. This power of attorney appointment is irrevocable, coupled with an interest, and shall survive the death or disability of Borrower. The Bank shall not be liable for any act or omission, nor any error of judgment or mistake of fact or law, but only for its gross negligence or willful misconduct. This power being coupled with an interest is irrevocable until all of the Liabilities have been fully satisfied. Immediately upon its receipt of any Collateral evidenced by an agreement, "instrument," "chattel paper," certificated "security" or "document" (as such terms are defined in the UCC) (collectively, "Special Collateral"), it shall mark the Special Collateral to show that it is subject to the Bank's security interest, pledge and assignment and shall deliver the original to the Bank together with appropriate endorsements and other specific evidence of assignment or transfer in form and substance satisfactory to the Bank.

5. It will not, sell, lease, license or offer to sell, lease, license, grant as security to anyone other than the Bank, or otherwise transfer the Collateral or any rights in or to the Collateral, without the written consent of the Bank, except for the sale of inventory in the ordinary course of business; or change the location of the Collateral from the locations of the Collateral disclosed to the Bank, without providing at least ten (10) days' prior written notice to the Bank.
6. No financing statement or similar record covering all or any part of the Collateral or any proceeds is on file in any public office, unless the Bank has approved that filing.
7. When the Collateral is located at, used in or attached to a facility leased by the Borrower, the Borrower will, at the request of the Bank, obtain from the lessor a consent to the granting of this security interest and a release or subordination of the lessor's interest in any of the Collateral, in form and substance satisfactory to the Bank.

Remedies Regarding Collateral. The Bank shall have the right to require the Borrower to assemble the Collateral and make it available to the Bank at a place to be designated by the Bank which is reasonably convenient to both parties, the right to take possession of the Collateral with or without demand and with or without process of law, and the right to sell and dispose of it and distribute the proceeds according to law. The Borrower agrees that upon default the Bank may dispose of any of the Collateral in its then present condition, that the Bank has no duty to repair or clean the Collateral prior to sale, and that the disposal of the Collateral in its present condition or without repair or clean-up shall not affect the commercial reasonableness of such sale or disposition. The Bank's compliance with any applicable state or federal law requirements in connection with the disposition of the Collateral will not adversely affect the commercial reasonableness of any sale of the Collateral. The Bank may disclaim warranties of title, possession, quiet enjoyment, and the like, and the Borrower agrees that any such action shall not affect the commercial reasonableness of the sale. In connection with the right of the Bank to take possession of the Collateral, the Bank may take possession of any other items of property in or on the Collateral at the time of taking possession, and hold them for the Borrower without liability on the part of the Bank. The Borrower expressly agrees that the Bank may enter upon the premises where the Collateral is believed to be located without any obligation of payment to the Borrower, and that the Bank may, without cost, use any and all of the Borrower's "equipment" (as defined in the UCC) in the manufacturing or processing of any "inventory" (as defined in the UCC) or in growing, raising, cultivating, caring for, harvesting, loading and transporting of any of the Collateral that constitutes "farm products" (as defined in the UCC). If there is any statutory requirement for notice, that requirement shall be met if the Bank sends notice to the Borrower at least ten (10) days prior to the date of sale, disposition or other event giving rise to the required notice, and such notice shall be deemed commercially reasonable. Without limiting any other remedy, the Borrower is liable for any deficiency remaining after disposition of the Collateral. The Bank is authorized to cause all or any part of the Collateral to be transferred to or registered in its name or in the name of any other person or business entity, with or without designating the capacity of that nominee. At its option the Bank may, but shall be under no duty or obligation to, discharge taxes, liens, security interests or other encumbrances at any time levied or placed on the Collateral, pay for insurance on the Collateral, and pay for the maintenance and preservation of the Collateral, and the Borrower agrees to reimburse the Bank on demand for any such payment made or expense incurred by the Bank with interest at the highest rate at which interest may accrue under any of the instruments evidencing the Liabilities. The Borrower authorizes the Bank to endorse on the Borrower's behalf and to negotiate drafts reflecting proceeds of insurance of the Collateral, provided that the Bank shall remit to the Borrower such surplus, if any, as remains after the proceeds have been applied, at the Bank's option, to the satisfaction of all of the

Liabilities (in such order of application as the Bank may elect) or to the establishment of a cash collateral account for the Liabilities. The Bank shall have the right now, and at any time in the future in its sole and absolute discretion, without notice to the Borrower to (a) prepare, file and sign the Borrower's name on any proof of claim in bankruptcy or similar document against any owner of the Collateral and (b) prepare, file and sign the Borrower's name on any notice of lien, assignment or satisfaction of lien or similar document in connection with the Collateral.

Miscellaneous. A carbon, photographic or other reproduction of this agreement is sufficient as, and can be filed as, a financing statement or similar record. The Borrower authorizes the Bank to file one or more financing statements or similar records covering the Collateral or such lesser amount of assets as the Bank may determine, or the Bank may, at its option, file financing statements or similar records containing any collateral description which reasonably describes the Collateral, and the Borrower will pay the cost of filing them in all public offices where filing is deemed by the Bank to be necessary or desirable. In addition, the Borrower shall execute and deliver, or cause to be executed and delivered, such other documents as the Bank may from time to time request to perfect or to further evidence the pledge, security interest and assignment created in the Collateral by this agreement. If any provision of this agreement cannot be enforced, the remaining portions of this agreement shall continue in effect. Time is of the essence under this agreement and in the performance of every term, covenant and obligation contained herein.

THIS AGREEMENT REPRESENTS THE FINAL AGREEMENT OF THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Borrower:

Asu e Software, Inc. By:

Printed Name

Title

Date Signed:

The Bank is executing this agreement for the purpose of acknowledging and agreeing to the notice given under §26.02 of the Texas Business and Commerce Code and the Bank's failure to execute or authenticate this agreement will not invalidate this agreement.

Bank:
.113Morgan Chase Bank, N.A. By:

Printed Name

Title

CHASE

Continuing Guaranty

Dated as of September 28, 2011

Guaranty. To induce WMorgan Chase Bank, N.A., whose address is 221 West 6th Street, Austin, TX 78701 (together with its successors and assigns, the "Bank"), at its option, to make financial accommodations, make or acquire loans, extend or continue credit or some other benefit, including letters of credit and foreign exchange contracts, present or future, direct or indirect, and whether several, joint or joint and several, to Asure Software, Inc. (whether one or more, the "Borrower", individually and collectively, if more than one), and because the undersigned (the "Guarantor") has determined that executing this Guaranty is in its interest and to its financial benefit, the Guarantor absolutely and unconditionally guarantees to the Bank, as primary obligor and not merely as surety, the performance of and full and prompt payment of the Liabilities when due, whether at stated maturity, by acceleration or otherwise. The Guarantor will not only pay the Liabilities, but will also reimburse the Bank for any fees, charges, costs and expenses, including reasonable attorneys' fees (including fees and expenses of counsel for the Bank that are employees of the Bank or its affiliates) and court costs, that the Bank may pay in collecting from the Borrower or the Guarantor, and for liquidating any Collateral (collectively, "Collection Amounts"). The Guarantor's obligations under this Guaranty shall be payable in lawful money of the United States of America.

Liabilities. The term "Liabilities" in this Guaranty means all debts, obligations, indebtedness and liabilities of every kind and character of the Borrower, whether individual, joint and several, contingent or otherwise, now or hereafter existing in favor of the Bank, including, without limitation, all liabilities, interest, costs and fees, arising under or from any note, open account, overdraft, credit card, lease, Rate Management Transaction, letter of credit application, endorsement, surety agreement, guaranty, acceptance, foreign exchange contract or depository service contract, whether payable to the Bank or to a third party and subsequently acquired by the Bank, any monetary obligations (including interest) incurred or accrued during the pendency of any bankruptcy, insolvency, receivership or other similar proceedings, regardless of whether allowed or allowable in such proceedings, and all renewals, extensions, modifications, consolidations, rearrangements, restatements, replacements or substitutions of any of the foregoing. The Guarantor and the Bank specifically contemplate that Liabilities include indebtedness hereafter incurred by the Borrower to the Bank. The term "Rate Management Transaction" in this Guaranty means any transaction (including an agreement with respect thereto) that is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option, derivative transaction or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices or other financial measures.

Limitation. The Guarantor's obligation under this Guaranty is -UNLIMITED.

Continued Reliance. This Guaranty shall remain in effect until payment in full of the Remaining Liabilities, as defined below, following termination of this Guaranty by the Guarantor in accordance with this paragraph. This Guaranty will continue to be in effect until final payment and performance in full of all Liabilities and the termination of any commitment of the Bank to make loans or other financial accommodations to the Borrower. The Guarantor may terminate the Guarantor's liability for Liabilities not in existence or for which the Bank has no commitment to advance or acquire by delivering written notice to the Bank as set forth in the paragraph below captioned "Notice." After the Guarantor's termination of this Guaranty, the Guarantor will continue to be liable for the following amounts (the "Remaining Liabilities"): (i) all Liabilities existing on the effective date of termination, (ii) all Liabilities to which the Bank has committed to advance or acquire prior to the effective termination date (whether or not the Bank is contractually obligated to advance or acquire the loans or extensions of credit), (iii) all subsequent renewals, extensions, modifications, consolidations, rearrangements, restatements, replacements and amendments (but not increases) of those Liabilities, (iv) all interest accruing on those Liabilities after the effective termination date and (v) all Collection Amounts incurred with respect to those Liabilities, on or after the effective termination date. The Bank may continue to permit the Borrower to incur Liabilities and to issue commitments to the Borrower to advance or acquire Liabilities in reliance on this Guaranty until the effective date of termination, regardless of whether at any time or from time to time there are no existing Liabilities nor commitment by the Bank to advance or acquire Liabilities.

Security. The term "Collateral" in this Guaranty means all real or personal property described in all security agreements, pledge agreements, mortgages, deeds of trust, assignments, or other instruments now or hereafter executed in connection with any of the Liabilities. If applicable, the Collateral secures the payment of the Liabilities.

Bank's Right of Setoff. In addition to the Collateral, if any, the Guarantor grants to the Bank a security interest in the Accounts, and the Bank is authorized to setoff and apply, all Accounts, Securities and Other Property, and Bank Debt against any and all Liabilities of the Borrower and all obligations of the Guarantor under this Guaranty. This right of setoff may be exercised at any time and from time to time, and without prior notice to the Guarantor. This security interest in the Accounts and right of setoff may be enforced or

exercised by the Bank regardless of whether or not the Bank has made any demand under this paragraph or whether the Liabilities are contingent, matured, or unmatured. Any delay, neglect or conduct by the Bank in exercising its rights under this paragraph will not be a waiver of the right to exercise this right of setoff or enforce this security interest in the Accounts. The rights of the Bank under this paragraph are in addition to other rights the Bank may have by law. In this paragraph: (a) the term "Accounts" means any and all accounts and deposits of the Guarantor (whether general, special, time, demand, provisional or final) at any time held by the Bank (including all Accounts held jointly with another, but excluding any IRA or Keogh Account, or any trust Account in which a security interest would be prohibited by law); (b) the term "Securities and Other Property" means any securities entitlements, securities accounts, investment property, financial assets and all securities and other property of the Guarantor in the custody, possession or control of the Bank, JPMorgan Chase & Co. and their respective subsidiaries and affiliates (other than property held by the Bank in a fiduciary capacity); and (c) the term "Bank Debt" means all indebtedness at any time owing by the Bank to or for the credit or account of the Guarantor and any claim of the Guarantor (whether individual, joint and several or otherwise) against the Bank now or hereafter existing.

Remedies/Acceleration. If the Guarantor fails to pay any amount owing under this Guaranty, the Bank shall have all of the rights and remedies provided by law or under any other agreement. The Bank is authorized to cause all or any part of the Collateral to be transferred to or registered in its name or in the name of any other person or business entity with or without designation of the capacity of that nominee. The Guarantor is liable for any deficiency in payment of any Liabilities whether of principal, interest, fees, costs or expenses remaining after the disposition of any Collateral. The Guarantor is liable to the Bank for all reasonable costs and expenses of any kind incurred in the making and collection of this Guaranty, including without limitation reasonable attorneys' fees and court costs. These costs and expenses include without limitation any costs or expenses incurred by the Bank in any bankruptcy, reorganization, insolvency or other similar proceeding. All obligations of the Guarantor to the Bank under this Guaranty, whether or not then due or absolute or contingent, shall, at the option of the Bank, without notice or demand, become due and payable immediately upon the occurrence of any default or event of default under the terms of any of the Liabilities or otherwise with respect to any agreement related to the Liabilities (or any other event that results in acceleration of the maturity of any Liabilities, including without limitation, demand for payment of any Liabilities constituting demand obligations or automatic acceleration in a legal proceeding) or the occurrence of any default under this Guaranty.

Permissible Actions. If any monies become available from any source other than the Guarantor that the Bank can apply to the Liabilities, the Bank may apply them in any manner it chooses, including but not limited to applying them against obligations, indebtedness or liabilities which are not covered by this Guaranty. The Bank may take any action against the Borrower, the Collateral, or any other person liable for any of the Liabilities. The Bank may release the Borrower or anyone else from the Liabilities, either in whole or in part, or release the Collateral, and need not perfect a security interest in the Collateral. The Bank does not have to exercise any rights that it has against the Borrower or anyone else, or make any effort to realize on the Collateral or any other collateral for the Liabilities, or exercise any right of set-off. The Guarantor authorizes the Bank, without notice or demand and without affecting the Guarantor's obligations hereunder, from time to time, to: (a) renew, modify, compromise, rearrange, restate, consolidate, extend, accelerate, postpone, grant any indulgence or otherwise change the time for payment of, or otherwise change the terms of the Liabilities or any part thereof, including increasing or decreasing the rate of interest thereon; (b) release, substitute or add any one or more endorsers, sureties, Guarantor or other guarantors; (c) take and hold Collateral for the payment of this Guaranty or the Liabilities, and enforce, exchange, impair, substitute, subordinate, waive or release any Liabilities or any Collateral for the Liabilities; (d) proceed against such Collateral and direct the order or manner of sale of such Collateral as the Bank in its discretion may determine; (e) apply any and all payments from the Borrower, the Guarantor or any other obligor on the Liabilities, or recoveries from such Collateral, in such order or manner as the Bank in its discretion may determine; and (f) to accept any partial payment of Liabilities or collateral for the Liabilities. The Guarantor's obligations under this Guaranty shall not be released, diminished or affected by (i) any act or omission of the Bank, (ii) the voluntary or involuntary liquidation, sale or other disposition of all or substantially all of the assets of the Borrower, or any receivership, insolvency, bankruptcy, reorganization, or other similar proceedings affecting the Borrower, any other obligor or any of their respective assets, (iii) any change in the composition or structure of the Borrower, the Guarantor or any other obligor on the Liabilities, including a merger or consolidation with any other person or entity, or (iv) any payments made upon the Liabilities. The Guarantor hereby expressly consents to any impairment of Collateral, including, but not limited to, failure to perfect a security interest and release Collateral and any such impairment or release shall not affect the Guarantor's obligations hereunder.

Nature of Guaranty. This Guaranty is an absolute guaranty of payment and performance and not of collection. Therefore, the Bank may insist that the Guarantor pay immediately, and the Bank is not required to attempt to collect first from the Borrower, the Collateral, or any other person liable for the Liabilities. The obligation of the Guarantor shall be unconditional and absolute even if all or any part of any agreement between the Bank and the Borrower is unenforceable, void, voidable or illegal or uncollectible due to incapacity, lack of power or authority, discharge or for any reason whatsoever, and regardless of the existence of any defense, setoff, discharge or counterclaim (in any case, whether based on contract, tort or any other theory) which the Borrower may assert. If the Borrower is a corporation, limited liability company, partnership or trust, it is not necessary for the Bank to inquire into the powers of the Borrower or the officers, directors, members, managers, partners, trustees or agents acting or purporting to act on its behalf, and any of the Liabilities made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder. Without limiting the foregoing, the Guarantor's liability is absolute and unconditional irrespective of and shall not be released, diminished or

affected by: (a) any present or future law, regulation or order of any jurisdiction (whether of right or in fact) or of any agency thereof purporting to reduce, amend, restructure, render unenforceable or otherwise affect any term of any Liabilities; or (b) any war, riot or revolution impacting multinational companies or any act of expropriation, nationalization or currency inconvertibility or nontransferability arising from governmental, legislative or executive measures affecting any obligor or the property of any obligor on the Liabilities.

Other Guarantors. If there is more than one Guarantor, the obligations under this Guaranty are joint and several. In addition, each Guarantor under this Guaranty shall be jointly and severally liable with any other guarantor of the Liabilities. If the Bank elects to enforce its rights against fewer than all guarantors of the Liabilities, that election does not release the Guarantor from its obligations under this Guaranty. The compromise or release of any of the obligations of any of the other guarantors or the Borrower shall not serve to impair, waive, alter or release the Guarantor's obligations.

Rights of Subrogation. The Guarantor waives and agrees not to enforce any rights of subrogation, contribution or indemnification that it may have against the Borrower, any person liable on the Liabilities, or the Collateral, until the Borrower and the Guarantor have fully performed all their obligations to the Bank, even if those obligations are not covered by this Guaranty.

Waivers. The Guarantor waives (a) to the extent not prohibited by applicable law, all rights and benefits under any laws or statutes regarding sureties, as may be amended, and (b) any right the Guarantor may have to receive notice of the following matters before the Bank enforces any of its rights: (i) the Bank's acceptance of this Guaranty, (ii) incurrence or acquisition of any Liabilities, any credit that the Bank extends to the Borrower, Collateral received or delivered, default by any party to any agreement related to the Liabilities or other action taken in reliance on this Guaranty, and all notices and other demands of any description, (iii) diligence and promptness in preserving liability against any obligor on the Liabilities, and in collecting or bringing suit to collect the Liabilities from any obligor on the Liabilities or to pursue any remedy in the Bank's power to pursue; (iv) notice of extensions, renewals, modifications, rearrangements, restatements and substitutions of the Liabilities or any Collateral for the Liabilities; (v) notice of failure to pay any of the Liabilities as they mature, any other default, adverse change in the financial condition of any obligor on the Liabilities, release or substitution of any Collateral, subordination of the Bank's rights in any Collateral, and every other notice of every kind that may lawfully be waived; (vi) the Borrower's default, (vii) any demand, intent to accelerate, diligence, presentment, dishonor and protest, or (viii) any action that the Bank takes regarding the Borrower, anyone else, the Collateral, or any of the Liabilities, which it might be entitled to by law or under any other agreement, (c) any right it may have to require the Bank to proceed against the Borrower, any other obligor or guarantor of the Liabilities, or the Collateral for the Liabilities or the Guarantor's obligations under this Guaranty, or pursue any remedy in the Bank's power to pursue, (d) any defense based on any claim that the Guarantor's obligations exceed or are more burdensome than those of the Borrower, (e) the benefit of any statute of limitations affecting the Guarantor's obligations hereunder or the enforcement hereof, (f) any defense arising by reason of any disability or other defense of the Borrower or by reason of the cessation from any cause whatsoever (other than payment in full) of the obligation of the Borrower for the Liabilities, and (g) any defense based on or arising out of any defense that the Borrower may have to the payment or performance of the Liabilities or any portion thereof. The Bank may waive or delay enforcing any of its rights without losing them. Any waiver affects only the specific terms and time period stated in the waiver. No modification or waiver of this Guaranty is effective unless it is in writing and signed by the party against whom it is being enforced.

Additional Waivers. To the extent not prohibited by applicable law, the Guarantor waives (a) all rights of the Guarantor under Rule 31, Texas Rules of Civil Procedure, Chapter 34 of the Texas Business and Commerce Code, and Section 17.001 of the Texas Civil Practice and Remedies Code; (b) to the extent the Guarantor is subject to the Texas Revised Partnership Act ("TRPA") or Section 152.306 of the Texas Business Organizations Code ("BOC"), compliance by the Bank with Section 3.05(d) of TRPA and Section 152.306(b) of BOC; and (c) if the Liabilities are secured by an interest in real property, all rights of the Guarantor under Sections 51.003, 51.004, and 51.005 of the Texas Property Code (as amended from time to time).

Cooperation. The Guarantor agrees to fully cooperate with the Bank and not to delay, impede or otherwise interfere with the efforts of the Bank to secure payment from the assets which secure the Liabilities including actions, proceedings, motions, orders, agreements or other matters relating to relief from automatic stay, abandonment of property, use of cash collateral and sale of the Bank's collateral free and clear of all liens.

Reinstatement. The Guarantor agrees that to the extent any payment or transfer is received by the Bank in connection with the Liabilities, and all or any part of the payment or transfer is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be transferred or repaid by the Bank or transferred or paid over to a trustee, receiver or any other entity, whether under any bankruptcy act or otherwise (any of those payments or transfers is hereinafter referred to as a "Preferential Payment"), then this Guaranty shall continue to be effective or shall be reinstated, as the case may be, and whether or not the Bank is in possession of this Guaranty, or whether the Guaranty has been marked paid, released or canceled, or returned to the Guarantor and, to the extent of the payment, repayment or other transfer by the Bank, the Liabilities or part intended to be satisfied by the Preferential Payment shall be revived and continued in full force and effect as if the Preferential Payment had not been made.

Information. The Guarantor assumes all responsibility for being and keeping itself informed of the Borrower's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Liabilities and the nature, scope and extent of the risks that the Guarantor assumes and incurs under this Guaranty, and agrees that the Bank does not have any duty to advise the Guarantor of information known to it regarding those circumstances or risks.

Financial Information. The Guarantor further agrees that the Guarantor shall provide to the Bank the financial statements and other information relating to the financial condition, properties and affairs of the Guarantor as the Bank requests from time to time.

Severability. The provisions of this Guaranty are severable, and in any action or proceeding involving any state corporate law, or any state, federal or foreign bankruptcy, insolvency, reorganization or other law affecting the rights of creditors generally, if the obligations of the Guarantor under this Guaranty would otherwise be held or determined to be avoidable, invalid or unenforceable on account of the amount of the Guarantor's liability under this Guaranty, then, notwithstanding any other provision of this Guaranty to the contrary, the amount of such liability shall, without any further action by the Guarantor or the Bank, be automatically limited and reduced to the highest amount that is valid and enforceable as determined in such action or proceeding.

Representations and Warranties by Guarantor. The Guarantor represents and warrants that the following statements are true and will remain true until termination of this Guaranty and payment in full of all Liabilities: (a) the execution and delivery of this Guaranty and the performance of the obligations it imposes do not violate any law, do not conflict with any agreement by which it is bound, or require the consent or approval of any governmental authority or any third party; (b) this Guaranty is a valid and binding agreement, enforceable according to its terms; (c) all balance sheets, profit and loss statements, and other financial statements furnished to the Bank in connection with the Liabilities are accurate and fairly reflect the financial condition of the organizations and persons to which they apply on their effective dates, including contingent liabilities of every type, which financial condition has not changed materially and adversely since those dates; (d) the Guarantor has filed all federal and state tax returns that are required to be filed, has paid all due and payable taxes and assessments against the property and income of the Guarantor and all payroll, excise and other taxes required to be collected and held in trust by the Guarantor for any governmental authority; (e) the Guarantor has determined that this Guaranty will benefit the Guarantor directly or indirectly; (f) the Guarantor has (i) without reliance on the Bank or any information received from the Bank and based upon the records and information the Guarantor deems appropriate, made an independent investigation of the Borrower, the Borrower's business, assets, operations, prospects and condition, financial or otherwise, and any circumstances that may bear upon those transactions, the Borrower or the obligations, liabilities and risks undertaken in this Guaranty with respect to the Liabilities; (ii) adequate means to obtain from the Borrower on a continuing basis information concerning the Borrower and the Bank has no duty to provide any information concerning the Borrower or any other obligor to the Guarantor; (iii) full and complete access to the Borrower and any and all records relating to any Liabilities now and in the future owing by the Borrower; (iv) not relied and will not rely upon any representations or warranties of the Bank not embodied in this Guaranty or any acts taken by the Bank prior to and after execution or other authentication and delivery of this Guaranty (including but not limited to any review by the Bank of the business, assets, operations, prospects and condition, financial or otherwise, of the Borrower); and (v) determined that the Guarantor will receive benefit, directly or indirectly, and has or will receive fair and reasonably equivalent value for, the execution and delivery of this Guaranty; (g) by entering into this Guaranty, the Guarantor does not intend to incur or believe that the Guarantor will incur debts that would be beyond the Guarantor's ability to pay as those debts mature; (h) the execution and delivery of this Guaranty are not intended to hinder, delay or defraud any creditor of the Guarantor; and (i) the Guarantor is neither engaged in nor about to engage in any business or transaction for which the remaining assets of the Guarantor are unreasonably small in relation to the business or transaction, and any property remaining with the Guarantor after the execution or other authentication of this Guaranty is not unreasonably small capital. Each Guarantor, other than a natural person, further represents that: (1) it is duly organized, validly existing and in good standing under the laws of the state where it is organized and in good standing in each state where it is doing business; and (2) the execution and delivery of this Guaranty and the performance of the obligations it imposes (A) are within its powers and have been duly authorized by all necessary action of its governing body, and (B) do not contravene the terms of its articles of incorporation or organization, its by-laws, or any agreement or document governing its affairs.

Notice. Except as otherwise provided in this Guaranty, any notices and demands under or related to this document shall be in writing and delivered to the intended party at its address stated herein, and if to the Bank, at its main office if no other address of the Bank is specified herein, by one of the following means: (a) by hand, (b) by a nationally recognized overnight courier service, or (c) by certified mail, postage prepaid, with return receipt requested. Notice shall be deemed given: (i) upon receipt if delivered by hand, (ii) on the Delivery Day after the day of deposit with a nationally recognized courier service, or (iii) on the third Delivery Day after the notice is deposited in the mail. "Delivery Day" means a day other than a Saturday, a Sunday, or any other day on which national banking associations are authorized to be closed. Any party may change its address for purposes of the receipt of notices and demands by giving notice of such change in the manner provided in this provision. Notice of terminations, as provided above, will not be deemed received until actually received by the Manager of Commercial Loan Documentation Division, KY1-4340, P.O. Box 33035, Louisville, KY 40232-3035, Attn: Manager of Commercial Loan Documentation Division under written receipt and shall be effective at the opening of the Bank for business on the third Delivery Day after receipt of the notice.

Governing Law and Venue. This agreement shall be governed by and construed in accordance with the laws of the State of Texas (without giving effect to its laws of conflicts). The Guarantor agrees that any legal action or proceeding with respect to any of its

obligations under this agreement may be brought by the Bank in any state or federal court located in the State of Texas, as the Bank in its sole discretion may elect. By the execution and delivery of this agreement, the Guarantor submits to and accepts, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of those courts. The Guarantor waives any claim that the State of Texas is not a convenient forum or the proper venue for any such suit, action or proceeding.

Miscellaneous. The Guarantor's liability under this Guaranty is independent of its liability under any other guaranty previously or subsequently executed by the Guarantor or any one of them, singularly or together with others, as to all or any part of the Liabilities, and may be enforced for the full amount of this Guaranty regardless of the Guarantor's liability under any other guaranty. This Guaranty binds the Guarantor's heirs, successors and assigns, and benefits the Bank and its successors and assigns. The Bank may assign this Guaranty in whole or in part without notice. The Guarantor agrees that the Bank may provide any information or knowledge the Bank may have about the Guarantor or about any matter relating to this Guaranty to JPMorgan Chase & Co., or any of its subsidiaries or affiliates or their successors, or to one or more purchasers or potential purchasers of this Guaranty or the Liabilities guaranteed hereby. The use of headings does not limit the provisions of this Guaranty. Time is of the essence under this Guaranty and in the performance of every term, covenant and obligation contained herein.

WAIVER OF SPECIAL DAMAGES. THE GUARANTOR WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT THE UNDERSIGNED MAY HAVE TO CLAIM OR RECOVER FROM THE BANK IN ANY LEGAL ACTION OR PROCEEDING ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES.

JURY WAIVER. THE GUARANTOR AND THE BANK (BY ITS ACCEPTANCE HEREOF) HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED ON CONTRACT, TORT, OR OTHERWISE) BETWEEN THE GUARANTOR AND THE BANK ARISING OUT OF OR IN ANY WAY RELATED TO THIS DOCUMENT. THIS PROVISION IS A MATERIAL INDUCEMENT TO THE BANK TO PROVIDE THE FINANCING DESCRIBED HEREIN.

THIS GUARANTY REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES WITH RESPECT TO THE GUARANTOR'S GUARANTY OF THE LIABILITIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Guarantor:

Address: 108 Wild Basin Road

ADI Software, LLC Austin, TX 78746

By:

Printed Name

Title

Date Signed:

The Bank is executing this Guaranty for the purpose of acknowledging and agreeing to the Jury Waiver, the notice given under §26.02 of the Texas Business and Commerce Code and to comply with the waiver requirements of TRPA and BOC, and the Bank's failure to execute or authenticate this Guaranty will not invalidate this Guaranty.

Bank:

WMorgan Chase Bank, N.A. By:

Printed Name

Title

[Missing Graphic Reference]

CHASE

Line of Credit Note

5500,000.00 Date: September 28, 2011

Promise to Pay. On or before September 29, 2012, for value received, Asure Software, Inc. (the "Borrower") promises to pay to WMorgan Chase Bank, N.A., whose address is 221 West 6th Street, Austin, TX 78701 (the "Bank") or order, in lawful money of the United States of America, the sum of Five Hundred Thousand and 00/100 Dollars (\$500,000.00) or so much thereof as may be advanced and outstanding, plus interest on the unpaid principal balance computed on the basis of the actual number of days elapsed in a year of 360 days unless that calculation would result in a usurious interest rate, in which case interest will be calculated on the basis of a 365 or 366 day year, as the case may be at the rate of 1.00% per annum (the "Applicable Margin") above the CB Floating Rate (the interest rate of this Note on any day is referred to herein as the "Note Rate"), and at the rate of 3.00% per annum above the Note Rate, at the Bank's option, upon the occurrence of any default under this Note, whether or not the Bank elects to accelerate the maturity of this Note, from the date such increased rate is imposed by the Bank.

In no event shall the interest rate exceed the maximum rate allowed by law. Any interest payment that would for any reason be unlawful under applicable law shall be applied to principal.

Interest will be computed on the unpaid principal balance from the date of each borrowing.

Until maturity, the Borrower will pay consecutive monthly installments of interest only commencing October 29, 2011.

The Borrower shall make all payments on this Note and the other Related Documents, without setoff, deduction, or counterclaim, to the Bank at the Bank's address above or at such other place as the Bank may designate in writing. If any payment of principal or interest on this Note shall become due on a day that is not a Business Day, the payment will be made on the next succeeding Business Day. Payments shall be allocated among principal, interest and fees at the discretion of the Bank unless otherwise agreed or required by applicable law. Acceptance by the Bank of any payment that is less than the payment due at that time shall not constitute a waiver of the Bank's right to receive payment in full at that time or any other time.

Interest Rate Definitions. As used in this Note, the following terms have the following respective meanings:

1. "Adjusted One Month LIBOR Rate" means, for any day, the sum of (i) 2.50% per annum plus (ii) the quotient of (a) the interest rate determined by the Bank by reference to the Page to be the rate at approximately 11:00 a.m. London time, on such date or, if such date is not a Business Day, on the immediately preceding Business Day for dollar deposits with a maturity equal to one (1) month, divided by (b) one minus the Reserve Requirement (expressed as a decimal) applicable to dollar deposits in the London interbank market with a maturity equal to one (1) month.
 2. "Business Day" means (i) with respect to the Adjusted One Month LIBOR Rate, a day (other than a Saturday or Sunday) on which banks generally are open in Texas and/or New York for the conduct of substantially all of their commercial lending activities and on which dealings in United States dollars are carried on in the London interbank market and (ii) for all other purposes, a day other than a Saturday, Sunday or any other day on which national banking associations are authorized to be closed.
 3. "CB Floating Rate" means the Prime Rate; *provided* that the CB Floating Rate shall, on any day, not be less than the Adjusted One Month LIBOR Rate. The CB Floating Rate is a variable rate and any change in the CB Floating Rate due to any change in the Prime Rate or the Adjusted One Month LIBOR Rate is effective from and including the effective date of such change in the Prime Rate or the Adjusted One Month LIBOR Rate, respectively.
 4. "Page" means Reuters Screen LIBOR01, formerly known as Page 3750 of the Moneyline Telerate Service (together with any successor or substitute, the "Service") or any successor or substitute page of the Service providing rate quotations comparable to those currently provided on such page of the Service, as determined by the Bank from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market,
 5. "Prime Rate" means the rate of interest per annum announced from time to time by the Bank as its prime rate. The Prime Rate is a variable rate and each change in the Prime Rate is effective from and including the date the change is announced as being effective. THE PRIME RATE IS A REFERENCE RATE AND MAY NOT BE THE BANK'S LOWEST RATE.
- 2
6. "Regulation re means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor thereto or other regulation or official interpretation of said Board of Governors relating to reserve requirements applicable to member banks of the Federal Reserve System.
 7. "Reserve Requirement" means the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed under Regulation D.

Authorization for Direct Payments (ACII Debits). To effectuate any payment due under this Note or under any other Related Documents the Borrower hereby authorizes the Bank to initiate debit entries to Account Number at the Bank and to debit the same to such account. This authorization to initiate debit entries shall remain in full force and effect until the Bank has received written notification of its termination in such time and in such manner as to afford the Bank a reasonable opportunity to act on it. The Borrower represents that the Borrower is and will be the owner of all funds in such account. The Borrower acknowledges: (1) that such debit entries may cause an overdraft of such account which may result in the Bank's refusal to honor items drawn on such account until adequate deposits are made to such account; (2) that the Bank is under no duty or obligation to initiate any debit entry for any purpose; and (3) that if a debit is not made because the above-referenced account does not have a sufficient available balance, or otherwise, the payment may be late or past due.

Late Fee. Any principal or interest which is net paid within 10 days after its due date (whether as stated, by acceleration or otherwise) shall be subject to a late payment charge of five percent (5.00%) of the total payment due, in addition to the payment of interest, up to the maximum amount of One Thousand Five Hundred and 00/100 Dollars (\$1,500.00) per late charge. The Borrower agrees to pay and stipulates that five percent (5.00%) of the total payment due is a reasonable amount for a late payment charge. The Borrower shall pay the late payment charge upon demand by the Bank or, if billed, within the time specified.

Purpose of Loan. The Borrower acknowledges and agrees that this Note evidences a loan for a business, commercial, agricultural or similar commercial enterprise purpose, and that no advance shall be used for any personal, family or household purpose. The proceeds of the loan shall be used only for the Borrower's general corporate purposes.

Credit Facility. The Bank has approved a credit facility to the Borrower in a principal amount not to exceed the face amount of this Note. The credit facility is in the form of advances made from time to time by the Bank to the Borrower. This Note evidences the Borrower's obligation to repay those advances. The aggregate principal amount of debt evidenced by this Note is the amount reflected from time to time in the records of the Bank. Until the earliest to occur of maturity, any default, event of default, or any event that would constitute a default or event of default but for the giving of notice, the lapse of time or both, the Borrower may borrow, pay down and reborrow under this Note subject to the terms of the Related Documents.

Usury. The Bank does not intend to charge, collect or receive any interest that would exceed the maximum rate allowed by law. If the effect of any applicable law is to render usurious any amount called for under this Note or the other Related Documents, or if any amount charged or received with respect to this Note, or if any prepayment by the Borrower, results in the payment of any interest in excess of that permitted by law, then all excess amounts collected by the Bank shall be credited to the principal balance of this Note (or, if this Note and all other indebtedness arising under or pursuant to the other Related Documents shall have been paid in full, refunded to the Borrower), and the provisions of this Note and the other Related Documents shall immediately be deemed reformed and the amounts thereafter collectable reduced, without the necessity of the execution of any new document, so as to comply with the then applicable law. All sums paid, or agreed to be paid, by the Borrower for the use, forbearance, or detention of money under this Note or the other Related Documents shall, to the maximum extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such indebtedness until payment in full so that the rate or amount of interest on account of such indebtedness does not exceed the usury ceiling from time to time in effect and applicable to such indebtedness for so long as such indebtedness is outstanding. To the extent federal law permits the Bank to contract for, charge or receive a greater amount of interest, the Bank will rely on federal law instead of the Texas Finance Code. To the extent that Chapter 303 of the Texas Finance Code is applicable to this Note, the "weekly ceiling" specified in Chapter 303 is the applicable ceiling.

Inability to Determine Interest Rate. If the Bank determines on any day that quotations of interest rates for the relevant deposits referred to in the definition of Adjusted One Month LIBOR Rate are not being provided for purposes of determining the interest rate on any advance on any day, then each advance evidenced by this Note shall bear interest at the Prime Rate plus the Applicable Margin until the Bank determines that quotations of interest rates for the relevant deposits referred to in the definition of Adjusted One Month LIBOR Rate are being provided.

Miscellaneous. This Note binds the Borrower and its successors, and benefits the Bank, its successors and assigns. Any reference to the Bank includes any holder of this Note. This Note is subject to that certain Credit Agreement by and between the Borrower and the Bank, dated September 28, 2011, and all amendments, restatements and replacements thereof (the "Credit Agreement") to which reference is hereby made for a more complete statement of the terms and conditions under which the loan evidenced hereby is made and is to be repaid. The terms and provisions of the Credit Agreement are hereby incorporated and made a part hereof by this reference thereto with the same force and effect as if set forth at length herein. No reference to the Credit Agreement and no

provisions of this Note or the Credit Agreement shall alter or impair the absolute and unconditional obligation of the Borrower to pay the principal and interest on this Note as herein prescribed. Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement, Time is of the essence under this Note and in the performance of every term, covenant and obligation contained herein.

THIS NOTE AND THE OTHER RELATED DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES_ THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Address: 108 Wild Basin Road Austin, TX 78746

Printed Name Title

The Bank is executing this Note for the purpose of acknowledging and agreeing to the notice given under §26.02 of the Texas Business and Commerce Code and the Bank's failure to execute or authenticate this Note will not invalidate this Note.

Bank:
JPMorgan Chase Bank, N.A. By:

Printed Name Title

EXHIBIT 31.1

**CERTIFICATION OF PERIODIC REPORT
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Patrick Goepel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Asure Software, Inc. (the "Company");
2. Based on my knowledge, the report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in the report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in the report;
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and we have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within these entities, particularly during the period in which the report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principals;
 - (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in the report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by the report based on such evaluation; and
 - (d) Disclosed in the report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the quarter ended September 30, 2011) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and to the Audit Committee of the Board of Directors:
 - (a) All significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: November, 14 2011

By: /s/ PATRICK GOEPEL
Patrick Goepel
Chief Executive Officer

**CERTIFICATION OF PERIODIC REPORT
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, David Scoglio, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Asure Software, Inc. (the "Company");
2. Based on my knowledge, the report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in the report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in the report;
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and we have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within these entities, particularly during the period in which the report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principals;
 - (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in the report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by the report based on such evaluation; and
 - (d) Disclosed in the report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the quarter ended September 30, 2011) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and to the Audit Committee of the Board of Directors:
 - (a) All significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date November 14, 2011

By: /s/ DAVID SCOGLIO
David Scoglio
Chief Financial Officer

EXHIBIT 32.1

**CERTIFICATION OF PERIODIC REPORT
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, the undersigned, Patrick Goepel, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The quarterly report on Form 10-Q of Asure Software, Inc. for the period ended September 30, 2011 (the "Report") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended, and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date November 14, 2011

By: /s/ PATRICK GOEPEL

Patrick Goepel
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Asure Software, Inc. and will be retained by Asure Software, Inc. and furnished to the Securities and Exchange Commission or its staff upon request. The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

EXHIBIT 32.2

**CERTIFICATION OF PERIODIC REPORT
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, the undersigned, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The quarterly report on Form 10-Q of Asure Software, Inc. for the period ended September 30, 2011 (the "Report") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended, and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date November 14, 2011

By: /s/ DAVID SCOGLIO

David Scoglio
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Asure Software, Inc. and will be retained by Asure Software, Inc. and furnished to the Securities and Exchange Commission or its staff upon request. The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

