

CONTRACT
BETWEEN
STREAMLINED SALES TAX GOVERNING BOARD, INC.
AND
(ENTER COMPANY NAME)

This Contract, by and between STREAMLINED SALES TAX GOVERNING BOARD, INC., hereinafter referred to as the "Governing Board" and **(ENTER COMPANY NAME)**, hereinafter referred to as the "Contractor," is entered into effective the 1st day of January, 2015 (the "Effective Date"), and is for the Contractor's provision of services as a Certified Service Provider pursuant to the Streamlined Sales and Use Tax Agreement, as amended, and as further defined in Section B, SCOPE OF SERVICES.

RECITALS

WHEREAS, the Governing Board is a nonprofit corporation incorporated in the State of Indiana with authority to oversee, manage, and implement the Streamlined Sales and Use Tax Agreement, and is located at:

Streamlined Sales Tax Governing Board, Inc.
100 Majestic Drive, Suite 400
Westby, WI 54667

and

WHEREAS, the Governing Board is authorized under the Streamlined Sales and Use Tax Agreement to enter into this Contract on behalf of the Member States, Contingent Member States and Associate Member States, and

WHEREAS, the Contractor is a corporation incorporated in the State of **(ENTER STATE NAME)**, and is located at:

(ENTER CSP NAME AND ADDRESS INFORMATION)

and

WHEREAS, the Governing Board believes that many sellers of goods and services in the United States would benefit from technical assistance in collecting and remitting sales and use taxes to the Member States, Contingent Member States, and Associate Member States that comprise the Governing Board; and

WHEREAS, the Governing Board seeks to facilitate the collection and remittance of sales and use taxes by contracting with entities that can provide technical assistance to sellers who choose to use their services; and

WHEREAS, the Contractor seeks to be designated as a Certified Service Provider under the Streamlined Sales and Use Tax Agreement with authority to provide such technical assistance to sellers of goods and services in Member States, Contingent Member States, and Associate Member States.

Now therefore,

THE GOVERNING BOARD AND THE CONTRACTOR, AS PARTIES TO THIS CONTRACT AND IN CONSIDERATION OF THE MUTUAL PROMISES CONTAINED HEREIN, AGREE AS FOLLOWS:

Upon execution of this Contract by both parties and approval of the Contract by the Governing Board, the Contractor is hereby certified by the Governing Board as a Certified Service Provider as of the Effective Date, having met the certification standards as adopted by the Governing Board and documents issued pursuant thereto.

A. DEFINITIONS:

Except where the context requires otherwise, the following definitions shall apply in this Contract.

A.1. Associate Member State means a state or other governmental authority that has petitioned for membership in the SSUTA and has been designated as an Associate Member State pursuant to Section 801.3 of the SSUTA.

A.2. Central Registration System means the online registration system required by Article IV of the SSUTA.

A.3. Certification Committee means the committee appointed by the Governing Board to advise the Governing Board on matters pertaining to the evaluation, testing, certification and recertification of service providers and automated systems.

A.4. Certified Automated System or CAS means the software system and processes utilized by the Contractor in the performance of the services provided under this Contract.

A.5. Certified Service Provider or CSP means an entity certified as such under this Contract.

A.6. Contingent Member State means a state or other governmental authority that has petitioned for membership in the SSUTA and has been found to be in compliance with the requirements of the SSUTA pursuant to Sections 804 and 805 of the SSUTA, except that the changes to their statutes, rules, regulations or other authorities necessary to bring them into compliance are not yet in effect and therefore has been designated as a Contingent Member State pursuant to Section 801.2 of the SSUTA.

A.7. Member State means a state or other governmental authority that has been admitted into membership in the Governing Board and has not withdrawn from or been expelled by the Governing Board.

A.8. Seller means a person making sales, leases, or rentals of personal property or services who contracts with the Contractor for the performance of services by the Contractor as a Certified Service Provider.

A.9. Seller Taxes means sales and use taxes due and owing to a Member State, Contingent Member State, or Associate Member State from a Seller with whom the Contractor has agreed to perform tax calculating and reporting services.

A.10. SSUTA means the multi-state Agreement known as the Streamlined Sales and Use Tax Agreement adopted November 12, 2002, as subsequently amended (Exhibit A).

B. SCOPE OF SERVICES:

B.1. General. Except as otherwise provided in Section B, the Contractor agrees to and shall perform all of the sales and use tax functions (i.e., CSP Services) of each Seller with whom it contracts as a CSP, other than such Seller's obligation to remit tax on its own purchases, for each Member State, Contingent Member State and Associate Member State in which the Seller is registered to collect sales and use tax. "Certified Service Provider (CSP) services" are those services necessary to:

- (1) Set-up and integrate the Contractor's certified automated system (CAS) with the seller's system, including a product mapping process which is defined as classification of an item or transaction within a certified category as provided in Section 502 of the SSUTA. Such product mapping process will be performed by the CSP, or performed using a method provided by the CSP;
- (2) Calculate the amount of tax due on a transaction at the time of the sale (as provided in Section 501 of the SSUTA) which includes:
 - (a) Determining the jurisdiction to which each of the Seller's transactions is sourced;
 - (b) Determining whether such transaction is or is not subject to tax in the jurisdiction to which it is sourced; and
 - (c) Determining the proper amount of state and/or local sales and/or use tax due on such transaction based on (a) and (b) above;
- (3) Generate and file the required sales and use tax returns (as provided in Section 318 of the SSUTA) which includes:
 - (a) Compiling the required data;
 - (b) Preparing the Simplified Electronic Return (SER) as required by each of the Member States, Contingent Member States and Associate Member States;
 - (c) Filing the required SER(s) as required by each of the Member States, Contingent Member States and Associate Member States; and
 - (d) Making the necessary remittances as provided in Section 319 of the SSUTA and as required by each of the Member States, Contingent Member States and Associate Member States;
- (4) Respond to and provide the supporting documentation with respect to notices and sales and use tax audits by the Member States, Contingent Member States and Associate Member States related to the services described in pars. (1), (2) and (3) above;
- (5) Protect the privacy of tax information it obtains in accordance with Section 321 of the SSUTA; and

- (6) Maintain compliance with the provisions of the Minimum Standards for Certification contained in the SSTGB Rules and Procedures, Appendices C, E, F, G, H and O, attached to this Contract as Exhibit B and as the Governing Board may modify from time to time.

If the Seller has registered pursuant to Article IV of SSUTA through the Central Registration System but is not registered as a Volunteer Seller, as defined in Section D.2(b) of this Contract, in a Member State, Contingent Member State or Associate Member State, the Seller and the Contractor may agree that the Contractor will perform all of the sales and use tax functions pursuant to the contract except, the contractor will not provide CSP Services on behalf of the Seller in that particular Member State, Contingent Member State or Associate Member State. In such case, within ten (10) business days after agreeing with the Seller not to provide the CSP Services, the Contractor shall notify the Executive Director, that it is not providing CSP Services on behalf of that Seller in a particular Member State, Contingent Member State or Associate Member State in which the Seller is already registered and is not a Volunteer Seller in that state. The notification may be through Testing Central by setting the allowance indicator.

B.2. Services of a Certified Service Provider. The Contractor shall undertake, on behalf of each Seller with whom it contracts to provide such services, all functions and services mandated of Certified Service Providers under the terms of the SSUTA, each Member State's, Contingent Member State's or Associate Member State's laws, the Streamlined Sales Tax Governing Board, Inc. Rules and Procedures, all interpretations of the SSUTA issued by the Governing Board pursuant to Section 902 of the SSUTA and Rule 902 of the Streamlined Sales Tax Governing Board, Inc. Rules and Procedures, and this Contract.

The Contractor shall execute a contract with each Seller addressing the services to be performed and shall include in such contract the following statement in capital letters in 12 point type or larger:

_____ HAS ENTERED INTO CONTRACTS WITH THE GOVERNING BOARD ESTABLISHED UNDER THE STREAMLINED SALES AND USE TAX AGREEMENT. AS A PREREQUISITE TO ENTERING INTO THIS CONTRACT _____ HAS CREATED A TAX CALCULATION SYSTEM SATISFACTORY TO AND CERTIFIED BY THE GOVERNING BOARD. IN ADDITION _____ HAS ASSUMED CERTAIN OTHER RESPONSIBILITIES AND OBLIGATIONS AS SET FORTH IN ITS CONTRACTS WITH THE GOVERNING BOARD, THE STREAMLINED SALES AND USE TAX AGREEMENT AND THE LAWS OF THE STATES THAT ARE MEMBERS OF THE GOVERNING BOARD. AS PROVIDED IN THE CONTRACTS BETWEEN _____ AND THE GOVERNING BOARD, _____ IS AUTHORIZED TO REPRESENT ITSELF AS A "CERTIFIED SERVICE PROVIDER" AND SERVE AS AN AGENT FOR SELLERS WHO DESIRE TO REGISTER AND PARTICIPATE IN THE STREAMLINED SALES AND USE TAX AGREEMENT. IN ADDITION, THE SERVICES PROVIDED UNDER THIS CONTRACT BY _____ MAY BE PAID BY THE STATES THAT ARE MEMBERS OF THE STREAMLINED SALES TAX GOVERNING BOARD. NOTHING IN THE CONTRACT BETWEEN THE GOVERNING BOARD AND

OR THE STREAMLINED SALES USE TAX AGREEMENT ESTABLISHES ANY RIGHT OR ENTITLEMENT IN SELLERS CONTRACTING WITH . A SELLER'S RIGHTS AND ENTITLEMENTS WITH RESPECT TO ARE ESTABLISHED AND GOVERNED BY THIS CONTRACT WITH . A SELLER'S RIGHTS AND OBLIGATIONS WITH RESPECT TO ANY OF THE MEMBER STATES ARE DETERMINED BY THE LAWS OF EACH MEMBER STATE.

B.3. Services Not Covered. The Parties recognize that the Contractor may provide services to Sellers beyond those covered in Sections B.1 and B.2 of this Contract. These may include, but are not limited to:

- (a) General accounting services,
- (b) Invoice preparation, billing and accounts receivable collection services,
- (c) Tax calculation or reporting services unrelated to the CSP Services; and,
- (d) Consulting services

Such services are not within the Scope of Services provided in Sections B.1 and B.2 of this Contract and neither the Governing Board nor any Member State, Contingent Member State or Associate Member State certifies, approves, or recommends the Contractor as a provider of such services and the Contractor may not represent or imply that the system is certified, approved or endorsed for such use by the Governing Board.

B.4. Exclusions. The Governing Board recognizes that the Contractor may provide services similar to those described in Sections B.1 and B.2 of this Contract to:

- (a) Sellers collecting taxes for states that are not Member States, Contingent Member States or Associate Member States,
- (b) Persons as defined in Section 208 of the SSUTA that are not registered through the Streamlined Central Registration System, and
- (c) Persons as defined in Section 208 of the SSUTA that are not Model 1 Sellers pursuant to Section 205 of the SSUTA.

Such services are not within the Scope of Services provided in Sections B.1, and B.2 of this Contract and neither the Governing Board nor any Member State, Contingent Member State or Associate Member State certifies, approves, or recommends the Contractor as a provider of such services.

B.5 Tax Remittances. In the event that a state debits the bank account of a Contractor more than once for the same tax payment, the Contractor will be allowed to pursue corrective action with the Contractor's bank to issue an effective stop payment on the duplicate payment, subject to bank National Automated Clearing House Association and other related banking rules. If the Contractor provides prior notice to the state of its intent to pursue such corrective stop payment action, as well as can provide documentation of the duplicate payment, no state will hold a Contractor liable, or issue any fines or penalties, on account of the stopped payment. All parties understand that due to strict banking rules, such prior notice may be provided the same day as the initiation of the stop payment action. In order to assure timely notification, the states will provide the Contractor through the Governing Board's Testing Central (see SSTGB Rule 501.8) with a current list of the appropriate primary and back-up contacts for the Contractor to notify in the event of a duplicate debit or similar payment issue.

C. CONTRACT TERM:

C.1. Contract Term. This Contract shall be effective until December 31, 2017. The Governing Board shall have no obligation for services rendered by the Contractor which are not performed within the specified period. Notwithstanding any provision of this Contract or any previous contract between the Contractor and the Governing Board, all outstanding obligations of the Governing Board and the Contractor arising under any previous contract between the parties shall remain in full force and effect.

Nothing in this contract changes or supersedes any existing state's statute of limitations. The Contractor's liability to a Member State, Contingent Member State or Associate Member State for unpaid taxes, plus any additional charges or amounts that the laws of the Member State, Contingent Member State or Associate Member State impose for the nonpayment of sales and use taxes, under this Contract shall survive the termination of this Contract to the extent allowed by the respective state's statute of limitation.

C.2. Term Extension. Unless either party notifies the other in writing at least 90 days prior to the expiration of this contract, this Contract shall be extended for an additional period of three (3) years not to exceed more than six (6) additional years, provided that the Contractor satisfies the minimum standards for CSP certification then in effect.

C.3. No Obligation to Re-certify or Extend. The Governing Board has no obligation to extend the Contract beyond its initial term or to re-certify the Contractor as a CSP. Decisions whether or not to extend or re-certify are within the sole discretion of the Governing Board and are not subject to review. Under no circumstances shall the Governing Board, Member States, Contingent Member States, or Associate Member States be liable for any claim, liability, loss, damage, or injury to the Contractor or to any other person resulting directly or indirectly from a decision whether or not to extend the Contract or to re-certify the Contractor. The Contractor shall indemnify and hold harmless the Governing Board, Member States, Contingent Member States and Associate Member States, and each of their officers, directors, agents, representatives, and employees from and against any claim or suit arising or resulting from such decisions.

D. COMPENSATION:

D.1. General. The Contractor shall be compensated in accordance with the terms of this Contract and the provisions of compensation set forth in this Section D. The Contractor shall receive compensation only for CSP Services provided to a Volunteer Seller in a Member State, Contingent Member State or Associate Member State. The compensation provided for in this Section D shall be the full and total compensation that the Contractor receives for providing CSP Services to Volunteer Sellers.

D.2. Definitions. The definitions herein are included only for purposes of computing compensation for the Contractor under this Contract. These definitions do not constitute a conclusion or an admission by the Governing Board, Member States, Contingent Member States or Associate Member States that a Seller has or does not have a legal obligation to collect sales or use taxes in any Member State, Contingent Member State or Associate Member State. Compensation under the Contract is for CSP Services rendered by the Contractor and is not payment to a seller for the administration of any state or local sales tax.

(a) Taxes Due means sales and use taxes that are due to a Member State, Contingent Member State or Associate Member State from sales of a Volunteer Seller in the Member State, Contingent Member State or Associate Member State which are processed by the Contractor, net of any debits or credits to the Member State, Contingent Member State or Associate Member State required under applicable law and related to transactions processed by the Contractor after the Effective Date of this Contract.

(b) Volunteer Seller in a Member State, Contingent Member State or Associate Member State means a Seller that has registered pursuant to Article IV of SSUTA through the Central Registration System and:

(1) For Sellers who registered with the Member State, Contingent Member State or Associate Member State on or before November 12, 2002, that did not have a legal requirement to register and in fact did not have a requirement to register in the Member State, Contingent Member State or Associate Member State at the time of registration, regardless of any previous registration the Seller may have made in the Member State, Contingent Member State or Associate Member State; or

(2) The Seller meets all of the following criteria during the twelve (12) month period immediately preceding the date of registration with the Member State, Contingent Member State or Associate Member State:

- a. no fixed place of business for more than thirty (30) days in the Member State, Contingent Member State or Associate Member State;
- b. less than \$50,000 of Property, as defined below, in the Member State, Contingent Member State or Associate Member State;
- c. less than \$50,000 of Payroll, as defined below, in the Member State, Contingent Member State or Associate Member State;
- d. less than twenty-five percent (25%) of its total Property or total Payroll, as defined below, in the Member State, Contingent Member State or Associate Member State;
- e. was not collecting sales or use tax in the Member State, Contingent Member State or Associate Member State as a condition for the seller or an affiliate of the seller to qualify as a supplier of goods or services to the Member State, Contingent Member State or Associate Member State; and
- f. was not required to register and collect sales or use tax in the Member State, Contingent Member State or Associate Member State as a statutory requirement for the seller or an affiliate of the seller to be able to sell, ship or deliver a particular type of product into the Member State, Contingent Member State or Associate Member State.

Notwithstanding subsection D.2.(b)(2) above, any Seller that registered in a Member State, Contingent Member State or Associate Member State in the three years prior to the effective date of such State's membership, is not considered a Volunteer Seller for that Member State, Contingent Member State or Associate Member State, if the Seller had a legal requirement to register as a result of an administrative or judicial action in the state occurring prior to the date of the Seller's registration that was specific to that Seller. A Member State, Contingent Member State or Associate Member State that questions whether or not a seller is a volunteer shall provide

written notice of such question to the Contractor. The Contractor shall have thirty (30) days after receiving such notice to respond in writing to the State. If the State and Contractor do not agree whether the seller is a volunteer within sixty (60) days of the State's notice either the State or the Contractor may submit a written request for a determination by the Executive Committee to the Executive Director. The Executive Committee's determination is final and binding upon the State and Contractor; or

(3) Any seller who meets the criteria of subsection D.2(b)(2) and who becomes legally obligated to register in a Member State, Contingent Member State or Associate Member State solely because of the enactment of federal legislation.

(c) For purposes of subsection D.2.(b)(2), "Property" and "Payroll" are defined as follows:

(1) "Property" is the Average Value of the Seller's real property and tangible personal property owned or rented by the Seller. Property owned by the Seller is valued at its original cost basis. Property rented by the Seller is valued at eight times the net annual rental rate. Net annual rental rate is the annual rental rate paid by the Seller less any annual rental rate received by the Seller from sub-rentals. The "Average Value" of Property shall be determined by averaging the values at the beginning and end of the twelve (12) month period immediately preceding the date of registration with the Member State, Contingent Member State or Associate Member State.

(2) "Payroll" is the total amount paid by the Seller for Compensation during the twelve (12) month period immediately preceding the date of registration with the Member State, Contingent Member State or Associate Member State. "Compensation" means wages, salaries, commissions and any other form of remuneration paid to employees and defined as gross income under Internal Revenue Code §61. Compensation is paid in a Member State, Contingent Member State or Associate Member State if (1) the individual's service is performed entirely within the Member State, Contingent Member State or Associate Member State, (2) the individual's service is performed both within and outside the Member State, Contingent Member State or Associate Member State, but the service performed outside the Member State, Contingent Member State or Associate Member State is incidental to the individual's service within the Member State, Contingent Member State or Associate Member State, or (3) some of the service is performed in the Member State, Contingent Member State or Associate Member State and (a) the base of operations, or if there is no base of operations, the place from which the service is directed or controlled, is in the Member State, Contingent Member State or Associate Member State, or (b) the base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed, but the individual's residence is in the Member State, Contingent Member State or Associate Member State.

D.3. Losing Volunteer Seller Status. A Volunteer Seller shall lose its status as a Volunteer Seller in a Member State, Contingent Member State or Associate Member State if:

(a) as a result of activities the Seller conducts in a Member State, Contingent Member State or Associate Member State after the date of the Seller's registration in

the Member State, Contingent Member State or Associate Member State, the Seller becomes legally obligated to register in that Member State, Contingent Member State or Associate Member State; and

(b) as a result of activities the Seller conducts in a Member State, Contingent Member State or Associate Member State after the date of the Seller's registration in the Member State, Contingent Member State or Associate Member State, the Seller fails to meet one or more of the criteria under subsection D.2(b)(2) above in that Member State, Contingent Member State or Associate Member State. For purposes of determining whether the Seller meets the criteria, the "Average Value" of Property shall be determined by averaging the values at the beginning and end of the last fiscal year of the Seller that terminates at least thirty (30) days before the date the determination is made; and Payroll shall be the total amount paid by the Seller for Compensation during the last fiscal year of the Seller that terminates at least thirty (30) days before the date the determination is made.

D.4. Reporting Requirements. At the expiration of the twenty-four (24) month period after the date on which any CSP began remitting Taxes Due from each Seller for whom the Contractor is performing CSP services the Contractor shall obtain from each Seller a statement of its status in each Member State, Contingent Member State and Associate Member State. In addition, each year, on a date chosen by the Contractor, the Contractor shall obtain from each Seller a statement of its status in each Member State, Contingent Member State and Associate Member State, unless the Contractor obtained this statement within the previous 6 months from that Seller. The Contractor has thirty (30) days from the chosen date to receive each Seller's statement of status. If the statement indicates that a Seller is no longer a Volunteer Seller in a Member State, Contingent Member State or Associate Member State, the Contractor shall notify the Governing Board's Testing Central (see SSTGB Rule 501.8) that a change in status has occurred for that Seller. The Contractor shall send such notifications no later than ten (10) business days after receipt of the statement from the Seller. The Contractor shall include in its agreement with Sellers notice that failure to respond to the request may result in the Seller losing its status as a Volunteer Seller. In the Contractor's annual representation (required in subsection E.31(a)(2)(e)) the Contractor shall include the date it chose pursuant to this section and a list of the Sellers for which the Contractor did not receive a response or Sellers that refused to respond. If the Contractor subsequently chooses a different date, it may use that date only after having provided written notice to the Executive Director.

D.5. Compensation Formula. Compensation rates are based upon the volume of Taxes Due from each Volunteer Seller with whom the Contractor agrees to provide CSP services. Compensation to the Contractor shall be paid in accordance with the formula set forth below.

(a) For the first \$250,000 of Taxes Due from each Volunteer Seller to all Member States, Contingent Member States and Associate Member States combined, the Contractor shall be allowed compensation in an amount equal to eight percent (8%) of the Taxes Due. The remainder shall be remitted to the Member States, Contingent Member States and Associate Member States.

(b) For Taxes Due from each Volunteer Seller to all Member States, Contingent Member States and Associate Member States combined that exceed \$250,000 but total no more than \$1,000,000, the Contractor shall be allowed compensation in an amount

equal to seven percent (7%) of the Taxes Due. The remainder shall be remitted to the Member States, Contingent Member States and Associate Member States.

(c) For Taxes Due from each Volunteer Seller to all Member States, Contingent Member States and Associate Member States combined that exceed \$1,000,000 but total no more than \$2,500,000, the Contractor shall be allowed compensation in an amount equal to six percent (6%) of the Taxes Due. The remainder shall be remitted to the Member States, Contingent Member States and Associate Member States.

(d) For Taxes Due from each Volunteer Seller to all Member States, Contingent Member States and Associate Member States combined that exceed \$2,500,000 but total no more than \$5,000,000, the Contractor shall be allowed compensation in an amount equal to five percent (5%) of the Taxes Due. The remainder shall be remitted to the Member States, Contingent Member States and Associate Member States.

(e) For Taxes Due from each Volunteer Seller to all Member States, Contingent Member States and Associate Member States combined that exceed \$5,000,000 but total no more than \$10,000,000, the Contractor shall be allowed compensation in an amount equal to four percent (4%) of the Taxes Due. The remainder shall be remitted to the Member States, Contingent Member States and Associate Member States.

(f) For Taxes Due from each Volunteer Seller to all Member States, Contingent Member States and Associate Member States combined that exceed \$10,000,000 but total no more than \$25,000,000, the Contractor shall be allowed compensation in an amount equal to three percent (3%) of the Taxes Due. The remainder shall be remitted to the Member States, Contingent Member States and Associate Member States.

(g) For Taxes Due from each Volunteer Seller to all Member States, Contingent Member States and Associate Member States combined that exceed \$25,000,000, the Contractor shall be allowed compensation in an amount equal to two percent (2%) of the Taxes Due. The remainder shall be remitted to the Member States, Contingent Member States and Associate Member States.

D.6. Rate Adjustment Process. The combined Taxes Due for all the Member States, Contingent Member States and Associate Member States that will result in a rate adjustment shall include only sales and use taxes generated from sales sourced in accordance with the sourcing rules in Article III of the SSUTA to a Member State, Contingent Member State or Associate Member State in which the Seller is a Volunteer Seller. As the amount of Taxes Due from each Volunteer Seller reaches a rate adjustment level, adjustments to compensation shall be made as soon as is practicable to avoid over compensation, but no later than the next tax remittance to the Member States, Contingent Member States and Associate Member States after the level has been reached. For example, if taxes are remitted monthly and the total amount of Taxes Due from a Volunteer Seller to all Member States, Contingent Member States and Associate Member States combined rises from \$225,000 at the end of one month to \$300,000 at the end of the following month, the Contractor shall receive eight percent (8%) of \$25,000 (\$2,000) and seven percent (7%) of \$50,000 (\$3,500) and the remainder (\$69,500) shall be remitted to the Member States, Contingent Member States and Associate Member States for that month. Sales and use taxes on sales by that Seller sourced to Member States, Contingent Member States or Associate Member States in which the Seller is not a Volunteer Seller shall be disregarded in determining when a rate adjustment level has been reached.

When remitting taxes for a reporting period in which an adjustment has been made, the Contractor shall make its best efforts to adjust the compensation rate in a manner that fairly allocates the rate change among the Member States, Contingent Member States and Associate Member States. Unless the Contractor uses a method that consistently applies the rate change more precisely, the adjustment shall be applied proportionately among the Member States, Contingent Member States and Associate Member States regardless of which individual purchases were made before or after the adjustment level was reached during the period. In the example, unless the Contractor uses a method for a more accurate allocation, the Contractor would charge all Member States, Contingent Member States and Associate Member States eight percent (8%) on one third of the taxes owed to each of them and seven percent (7%) on two-thirds of the taxes owed to each of them for that month.

D.7. Resetting Rates Annually. Rates of compensation shall reset on January 1 of each year for sales made by each Volunteer Seller. Regardless of the total amount of Taxes Due from each Volunteer Seller to the Member States, Contingent Member States and Associate Member States during the previous year, the rate at the beginning of each year shall return to eight percent (8%) on the first \$250,000 of Taxes Due from each Volunteer Seller, and the rate shall adjust according to the formula set forth above.

D.8. Affiliated Sellers. For purposes of determining when a rate adjustment level is reached, affiliated Volunteer Sellers shall be treated as a single Volunteer Seller. Affiliated Volunteer Sellers shall be treated as a single Volunteer Seller if they would qualify as “related persons” under section 267(b) or 707(b) of the Internal Revenue Code.

D.9. Non-Taxable Transactions. The Contractor shall not charge Volunteer Sellers a fee for processing non-taxable transactions unless non-taxable transactions exceed thirty percent (30%) of all transactions processed annually for a Volunteer Seller in a particular state. In its agreement with a Volunteer Seller, the Contractor may require a good faith estimate of the Volunteer Seller’s anticipated non-taxable transactions for the first twelve (12) months. If the anticipated percentage exceeds thirty percent (30%), the Contractor shall notify the Executive Director and may negotiate with the Volunteer Seller to determine a mutually agreeable fee for processing the non-taxable transactions for the first year. For subsequent years, if the actual percentage of non-taxable transactions exceeded thirty percent (30%) in the previous year, the Contractor shall notify the Executive Director and may negotiate with the Volunteer Seller to determine a mutually agreeable fee for processing the non-taxable transactions in the following year.

D.10. Effect of Losing Volunteer Seller Status. If a Volunteer Seller loses its status as a Volunteer Seller in a Member State, Contingent Member State or Associate Member State for any reason, the Contractor shall not be required to refund compensation retained prior to notification of the change in status.

(a) On the first day of the month after receiving notice of a change in status, the Contractor shall no longer be entitled to retain compensation for processing sales and use taxes of such a Seller for the Member States, Contingent Member States and Associate Member States in which the Seller is no longer a Volunteer Seller.

(b) Notwithstanding (a) above, if a Volunteer Seller loses its status as a result of activities it conducts in a Member State, Contingent Member State or Associate Member

State after entering into its first contract with a CSP, the Contractor shall continue to receive compensation for processing sales and use taxes for that Member State, Contingent Member State or Associate Member State for a period of twenty-four (24) months after the date on which the first CSP began remitting Taxes Due for that Seller to the Member State, Contingent Member State or Associate Member State.

(c) A Member State, Contingent Member State or Associate Member State that questions whether or not a seller is a volunteer shall provide written notice of such question to the Contractor. The Contractor shall have thirty (30) days after receiving such notice to respond in writing to the State. If the State and Contractor do not agree whether the seller is a volunteer, within sixty (60) days of the State's notice either the State or the Contractor may submit a written request to the Executive Director for a determination by the Executive Committee. The Executive Committee's determination is final and binding upon the State and Contractor. During the period of time while the State and Contractor are determining whether the Seller is or is not a volunteer, the Contractor may claim the compensation.

D.11. Additional Compensation. Individual Member States, Contingent Member States and Associate Member States may provide, in accordance with their own laws and procedures, compensation that supplements the compensation required under this Contract. Nothing herein suggests or implies that any supplements will be forthcoming.

D.12. Compensation Calculation Reports. The Contractor shall provide electronic reports to the Executive Director as provided in Appendix F of the SSTGB Rules, but no more frequently than on a quarterly basis that shows how the Contractor's compensation was calculated under the formula set forth in Section D. The report shall be due by the fifteenth day of the second month following any period in which the Contractor remitted Seller Taxes to any Member State, Contingent Member States or Associate Member State. Such reports shall be in a form sufficient to allow each Member State, Contingent Member State and Associate Member State to verify that the Contractor received the correct amount of compensation, computed at the correct rate, for services provided to each Seller per Member State, Contingent Member State and Associate Member State for whom the Contractor has collected or remitted taxes during that quarter.

D.13. Effect of a State Becoming a New Member State, Contingent Member State or Associate Member State. If any state or other governmental authority that is not a Member State, Contingent Member State or Associate Member State on the Effective Date of this Contract becomes a Member State, Contingent Member State or Associate Member State during the term of this Contract, the Contractor shall provide CSP services to those Sellers in the new Member State, Contingent Member State or new Associate Member State, in the same manner it provides such CSP services in the existing Member States, Contingent Member States and Associate Member States, from the effective date of the state or other governmental authority becoming a new Member State, new Contingent Member State or new Associate Member State. The Governing Board shall encourage states and other governmental authorities seeking to become a new Member State, new Contingent Member State or new Associate Member State to submit a proposed date of entry pursuant to Section 801 of the SSUTA that allows a reasonable period of time for the Contractor to provide all functions and services set forth in Section B. of this Contract.

The Contractor shall be compensated in the manner set forth in this Contract for services provided from the effective date of the state or other governmental authority becoming a Member State, Contingent Member State or Associate Member State.

D.14. Effect of Withdrawal or Expulsion of a Member State, Contingent Member State or Associate Member State from the SSUTA. The Governing Board shall promptly notify the Contractor, if any Member State, Contingent Member State or Associate Member State either withdraws from the SSUTA or is expelled from the SSUTA, and the Contractor shall continue to provide CSP Services to those Sellers in that Member State, Contingent Member State or Associate Member State for all transactions prior to the effective date of the withdrawal or expulsion. The Contractor will be compensated as provided in this Contract for CSP Services provided to Sellers prior to the later of (i) the effective date of the withdrawal or expulsion of the Member State, Contingent Member State or Associate Member State, or (ii) fifteen (15) business days after the notice of such withdrawal or expulsion (the later date being the "Last Compensation Date"). For purposes of this section, the filing of a return or remittance of tax made after the Last Compensation Date that includes transactions occurring prior to the Last Compensation Date shall be treated as a service performed prior to the withdrawal or expulsion.

D.15. Exceptions. The Contractor shall not receive compensation under the terms of this Contract for services that are not within the Scope of Services provided in Section B of this Contract. Nor shall the Contractor receive compensation under this Contract for CSP Services otherwise covered under this Contract that the Contractor provides to a Seller for Member States, Contingent Member States or Associate Member States in which the Seller is not a Volunteer Seller.

D.16. Disclaimer. Nothing in this Contract shall be construed to modify any federal or state law regarding a seller's responsibility to collect or remit sales or use tax to a Member State, Contingent Member State or Associate Member State.

E. GENERAL TERMS AND CONDITIONS:

E.1. Liability for Unpaid Taxes. Except as otherwise provided in this Contract, sales and use taxes which are not remitted by the Contractor to the Member States, Contingent Member States or Associate Member States by the due date in each state are delinquent. The Contractor shall not be entitled to compensation under Section D. of this Contract for the delinquent taxes and shall be liable for the payment of the delinquent taxes to the Member State, Contingent Member State or Associate Member State, plus any additional charges or amounts that the laws of the Member State, Contingent Member State or Associate Member State impose for the nonpayment of sales and use taxes. A Member State, Contingent Member State or an Associate Member State which has not received, pursuant to this Contract, full payment of Seller Taxes from the Contractor shall provide written notice of such delinquency to the Contractor.

Except as provided in Sections E.2, E.3 and E.4, if such Member State, Contingent Member State or Associate Member State has not received the delinquent taxes within ten (10) business days after the date of such written notice, the Contractor shall be in Breach of this Contract. Nothing herein shall prohibit the Contractor from providing, in its contracts with Sellers, for indemnification from Sellers to reimburse the Contractor for liability resulting from delinquent taxes, charges or other amounts to the extent that Seller Taxes are delinquent due to the actions or inactions of a Seller.

However, the Contractor shall be entitled to the compensation under Section D of this Contract if the Contractor timely submitted the return and Taxes Due, but the state rejected either the corresponding return or Taxes Due, because of an error by the state.

E.2. Relief from Liability: Seller's Failure to Remit. If the Seller does not remit to the Contractor all or part of the Seller Taxes prior to the due date of the return, the Contractor shall notify the Executive Director and the Seller of the failure to remit within ten (10) business days after the due date of the remittance to the Member State, Contingent Member State or Associate Member State. To the extent that sales and use taxes were not remitted by a Seller and such notice is provided, the Contractor shall be relieved of the obligation for payment of the applicable taxes for that reporting period due to the Member State, Contingent Member State or Associate Member State, plus any additional charges or amounts that the laws of the Member State, Contingent Member State or Associate Member State impose for the nonpayment of sales and use taxes, and the Contractor shall not have breached the Contract. Nothing in this Contract relieves a Seller from its sales and use tax obligations to a Member State, Contingent Member State or Associate Member State to the extent that the Seller has not remitted such taxes to the Contractor by the due date of the return.

Upon notification by a Member State, Contingent Member State, or an Associate Member State that any Seller has failed to remedy the delinquencies for more than one payment period, the Contractor may discontinue providing services for that Seller. In the event services are discontinued, the Contractor shall discontinue providing CSP Services to the Seller for all Member States, Contingent Member States and Associate Member States in which the Contractor is receiving compensation under this Contract. The Contractor shall notify the Executive Director of the Governing Board that the Contractor has discontinued providing services to such a Seller. The Contractor will not be compensated pursuant to Section D. of this Contract for services the Contractor continues to provide to such a Seller beyond sixty (60) days after such notification. If the Seller does not remit the Taxes Due to the Contractor, the Contractor may pursue the lost compensation from the Seller. The Contractor's notice to the Executive Director pursuant to this section shall include which return period(s) are impacted by the Seller's failure to remit.

E.3. Relief from Liability: Erroneous Data. Each Member State, Contingent Member State and Associate Member State shall, pursuant to the terms of SSUTA Sections 306 and 328, relieve the Contractor, and any Seller registered under the SSUTA with which the latter contracts, from liability to the states and their local jurisdictions for having charged and collected the incorrect amount of sales or use tax resulting from the Contractor or any of its SSUTA-registered contracting Sellers relying on erroneous data on tax rates, boundaries, or taxing jurisdiction assignments which have been listed in the state's rates and boundaries databases, and erroneous data provided in the taxability matrix provided by the Member State, Contingent Member State or Associate Member State pursuant to Section 328.

(a) In accordance with the SSUTA, each Member State, Contingent Member State and Associate Member State shall review and certify that the CAS utilized by the Contractor accurately reflects the taxability of the product categories included in the CAS in accordance with each state's law. To the extent allowed by the laws of each Member State, Contingent Member State and Associate Member State, Member States, Contingent Member States and Associate Member States shall relieve the Contractor,

and any Seller registered under the SSUTA with which the latter contracts, from liability to the state and their local jurisdictions for having charged and collected the incorrect amount of sales or use tax resulting from the Contractor or any of its SSUTA-registered contracting Sellers relying on certification of erroneous data on the taxability of a category of items or transactions.

(b) The Contractor shall have ten (10) business days after the date of notification by a Member State, Contingent Member State or Associate Member State to revise the CAS to conform with changes to: the tax rates, boundaries, or taxing jurisdiction assignments which have been listed in the state's rates and boundaries databases; the taxability matrix provided by the Member State, Contingent Member State or Associate Member State pursuant to Section 328 of the SSUTA; and the classification of the taxability of a category of items or transactions pursuant to Section 502 of the SSUTA. In the event the Contractor fails to make such changes, beginning on the eleventh after notification the Contractor shall be liable for failure to collect the correct amount of Seller Taxes owed to the Member State, Contingent Member State or Associate Member State, plus any additional charges or amounts that the laws of the Member State, Contingent Member State or Associate Member State impose for the nonpayment of sales and use taxes, and shall be in Breach of this Contract. Nothing prohibits a state from providing the Contractor additional time to make these changes.

(c) The Governing Board, Member States, Contingent Member States and Associate Member States are not responsible for mapping, which is defined as classification of an item or transaction within a certified category. Regardless of who does the mapping, the Contractor is liable for mapping errors resulting in failure to collect the correct amount of Seller Taxes owed to the Member State, Contingent Member State or Associate Member State, plus any additional charges or amounts that the laws of the Member State, Contingent Member State or Associate Member State impose for the nonpayment of sales and use taxes. Nothing herein shall prohibit the Contractor from providing, in its contracts with Sellers, for indemnification from Sellers to reimburse the Contractor for liability resulting from mapping errors to the extent that such errors are due to the actions or inactions of a Seller.

E.4. Relief from Liability: Certification Compliance. The Contractor shall not be liable for the failure to remit Seller Taxes when due, or for any additional charges or amounts that the laws of the Member State, Contingent Member State or Associate Member State impose for the nonpayment of sales and use taxes, to the extent that (a) the laws of a Member State, Contingent Member State or Associate Member State relieve the Contractor or the Seller from liability to the state and its local jurisdictions for having remitted the incorrect amount of sales or use tax and (b) the incorrect amount resulted from the Contractor's reasonable reliance on an issue made available for review but not discovered in the certification process. If both (a) and (b) are satisfied, the Contractor's sole obligation and liability for such unpaid taxes shall be to correct the issue within a reasonable amount of time (not to exceed ten (10) business days after the date of notification by a Member State, Contingent Member State or Associate Member State unless an extension is granted by the Executive Committee) from receipt of the Member State's, Contingent Member State's and Associate Member State's notice of the incorrect amounts. In the event the Contractor is unable to correct the issue causing the incorrect amounts to be charged and collected, beginning on the first day after the time allotted in the previous sentence the Contractor shall be liable for failure to collect the correct amount of Seller Taxes owed to the Member State, Contingent Member State or Associate Member State, plus any additional charges or amounts that the laws of the

Member State, Contingent Member State or Associate Member State impose for the nonpayment of sales and use taxes, and shall be in Breach of this Contract. Nothing prohibits a state from providing the Contractor additional time to make these changes.

(a) If the incorrect amount resulted from the Contractor's reasonable reliance on an issue made available for review but not discovered in the certification process, but the laws of a Member State, Contingent Member State or Associate Member State do not relieve the Seller from liability to the state and its local jurisdictions for having collected the incorrect amount of sales or use tax, the Contractor shall be liable for failure to collect the correct amount of Seller Taxes owed to the Member State, Contingent Member State or Associate Member State, plus any additional charges or amounts that the laws of the Member State, Contingent Member State or Associate Member State impose for the nonpayment of sales and use taxes. A Member State, Contingent Member State or Associate Member State that has not received the correct amount shall provide written notice to the Contractor. If the Member State, Contingent Member State or Associate Member State has not received the unpaid amount within ten (10) business days after receipt of the notice, the Contractor shall be in Breach of the Contract. Nothing herein shall prohibit the Contractor from providing, in its contracts with Sellers, for indemnification from Sellers to reimburse the Contractor for its liability under this paragraph.

(b) If a Contractor adds additional product categories to its CAS after its initial certification by the Member States, Contingent Member States and Associate Member States, the Member States, Contingent Member States and Associate Member States shall have until the first day of the calendar month that is at least 30 days from the date Testing Central notifies the Member States, Contingent Member States and Associate Member States of the Contractor's request to certify the proposed sales and use tax treatment of these new product categories. If a Member State, Contingent Member State or Associate Member State is not able to certify some or all of the new product categories because inadequate descriptions and citations are provided by the Contractor, the Member State, Contingent Member State or Associate Member State shall request the additional information that is needed and the time period provided for in this section for those items shall not begin until the Contractor resubmits the request with additional information to Testing Central and Testing Central provides such to the Member State, Contingent Member State or Associate Member State.

(c) If a Member State, Contingent Member State or Associate Member State needs additional time to certify the sales and use tax treatment of the product categories being added to the CAS, the Member State, Contingent Member State or Associate Member State shall notify the Executive Director in writing and be allowed until the first day of the calendar month that is at least 60 days from the date Testing Central notified the Member States, Contingent Member States and Associate Member States of the Contractor's request to certify the proposed sales and use tax treatment of these new product categories.

(d) If a Member State, Contingent Member State or Associate Member State fails to certify the sales and use tax treatment of these new product categories within the time period described in pars. (b) and (c) above, the Contractor shall not be liable to the extent determined by each state for any sales or use taxes due to the Member State, Contingent Member State or Associate Member State for these product categories until the first day of the calendar month that is at least 30 days after the Contractor is notified of the required change in accordance with Section E.3.(b) above.

(e) "Product categories" does not include individual products.

E.5. Relief from Liability: Seller Filed Bankruptcy. The Contractor shall notify the Executive Director upon notice that a seller or former seller for whom it provided CSP Services has filed for bankruptcy. The Contractor shall not be liable to the extent determined by each state for Seller Taxes or for any additional charges or amounts that the laws of the Member State, Contingent Member State or Associate Member State impose for the nonpayment of sales and use taxes that are due as the result of an audit of the transactions the Contractor processed for a Volunteer Seller, if the Volunteer Seller from whom the taxes are due as a result of the audit (i) has filed bankruptcy prior to the date the Member State, Contingent Member State or Associate Member State notified the Contractor of the amount of taxes due as a result of the audit, (ii) has not paid such amounts to the Contractor and (iii) the amount of taxes due as a result of the audit are not due to the Contractor's failure to gather and maintain the information required under this Contract or the SSUTA. The Executive Director shall notify the Member States, Contingent Member States and Associate Member States, of any seller or former seller that has filed for bankruptcy.

Nothing in this Contract relieves a Seller from these sales and use tax obligations to a Member State, Contingent Member State or Associate Member State to the extent that the Seller has not remitted such taxes to the Contractor as applicable under each state's laws.

The Member States, Contingent Member States and Associate Member States, and each of them, shall have the full rights to defend, pay or settle any and all claims resulting from actions against a Bankrupt Seller on their behalf without notice to the Contractor and with full rights to recourse against a Bankrupt Seller for all fees, costs, expenses and payments made or agreed to be paid to discharge said claim(s).

E.6. Relief of Liability: Contractor Not Compensated for Providing CSP Services. The Contractor shall not be liable to the extent determined by each state for Seller Taxes or for any additional charges or amounts that the laws of the Member State, Contingent Member State or Associate Member State impose for the nonpayment of sales and use taxes that are due as the result of an audit of the transactions the Contractor processed for a Seller, if the Seller is not a Volunteer Seller in such Member State, Contingent Member State or Associate Member State, from the date the Contractor notified the Executive Director in writing that the Contractor is not providing CSP services for that Seller for such state. The Executive Director shall notify each Member State, Contingent Member State and Associate Member State of any Sellers to whom a Contractor has indicated they are not providing CSP services. The notification may be through Testing Central by setting the allowance indicator.

E.7. Relief of Liability: Seller Out of Business: The Contractor shall notify the Executive Director upon notice that a seller or former seller for whom it provided CSP Services has gone out of business. The Contractor shall not be liable to the extent determined by each state for Seller Taxes or for any additional charges or amounts that the laws of the Member State, Contingent Member State or Associate Member State impose for the nonpayment of sales and use taxes that are due as the result of an audit of the transactions the Contractor processed for a Volunteer Seller, provided the Volunteer Seller from whom the taxes are due (i) has gone out of business prior to the date the Member State, Contingent Member State or Associate Member State notified

the Contractor of the amount of taxes due, (ii) has not paid such amounts to the Contractor, and (iii) the amount of taxes due as a result of the audit are not due to the Contractor's failure to gather and maintain the information required under this Contract or the SSUTA. The Executive Director shall notify the Member States, Contingent Member States and Associate Member States, of any seller or former seller that has gone out of business based on information received from the Contractor.

(a) This provision does not apply to a Seller that has sold its business or assets, is the subject of a merger, consolidation, reorganization, acquisition or other combination. In addition, this provision does not apply to any Seller that can otherwise be located by the Contractor, Member State, Contingent Member State or Associate Member State.

(b) Nothing in this Contract relieves a Seller from these sales and use tax obligations to a Member State, Contingent Member State or Associate Member State to the extent that the Seller has not remitted such taxes to the Contractor as applicable under each state's laws.

(c) The Member States, Contingent Member States and Associate Member States, and each of them, shall have the full rights to defend, pay or settle any and all claims resulting from actions against an Out of Business Seller on their behalf without notice to the Contractor and with full rights to recourse against an Out of State Seller for all fees, costs, expenses and payments made or agreed to be paid to discharge said claim(s).

E.8. Termination by Mutual Consent. This Contract may be terminated at any time by mutual written consent of the parties, with the writing signed by a person or persons authorized to execute the Contract and bind the party to the Contract termination. Unless the Governing Board otherwise determines, such termination shall not be effective until the first day of the month that is at least sixty (60) days after the Contractor has provided written notice of the intended termination to all Sellers for whom the Contractor is providing services as of the date of written consent. A schedule documenting the date, time, and Seller representative to whom notice was given shall be maintained by the Contractor and made available to the Governing Board upon request.

E.9. Breach. A party shall be deemed to have breached the Contract if any of the following occurs, and for purposes of this Contract, these items shall hereinafter be referred to as a "Breach":

- (a) failure to perform in accordance with any term or provision of this Contract;
- (b) partial performance of any term or provision of the Contract;
- (c) any act prohibited or restricted by the Contract; or
- (d) violation of any warranty.

Notwithstanding the foregoing, neither party shall be deemed in Breach for actions required by changes to the terms of the SSUTA, changes to the membership of the SSUTA, or changes to any state or federal law.

The parties agree that all legal and equitable remedies, including without limitation, termination of this Contract, injunctive relief and specific performance, are appropriate remedies to redress any Breach or threatened Breach of this Contract by the Contractor.

Except for breaches of confidentiality obligations and infringement of intellectual property rights (Section E.37), in the event of Breach by the Governing Board, damages shall not exceed the amount of compensation owed to the Contractor pursuant to Section D. The Contractor shall not be entitled to consequential or exemplary damages for any Breach by the Governing Board.

E.10. Termination for Cause and Opportunity to Cure. If either party commits a Breach of the Contract, the other party shall, in addition to the rights and remedies set forth in Section E.9, have the right to terminate the Contract; provided, however, the Contract shall not be terminated if the party in Breach reasonably notifies the other party of its intention to cure the Breach, the party in Breach had reasonable grounds to believe that its initial performance would be acceptable, the Breach was not a material failure to perform, and the party in Breach cures in a timely manner. For purposes of this Section, a material failure of performance includes, but is not limited to, failure to remit taxes when due to any Member State, Contingent Member State or Associate Member State.

The party in Breach shall be notified in writing of the other party's intent to terminate, and the notice shall specify the effective date of the termination. Within fifteen (15) business days after giving or receiving notification of intent to terminate, the Contractor shall provide written notice to all Sellers for whom the Contractor is providing services that the Contract will be terminated as of the effective date; provided, however, if the party in Breach notifies the other party of its intent to cure within ten (10) business days after receiving notification of intent to terminate, such notices shall not be sent to Sellers. If the party in Breach has a right to cure in accordance with the requirements of this Section E.10 and makes a satisfactory and timely cure, then the Contract shall not be terminated, but the party in Breach may still be liable for damages caused by the Breach.

Notice of intent to cure does not preclude termination if the party in Breach does not have a right to cure or does not cure in accordance with the requirements of this Section E.10. If the party in Breach had a right to cure but does not make a satisfactory and timely cure, the party in Breach shall be notified again in writing of the other party's intent to terminate and the effective date of the termination, and the Contractor shall immediately provide written notice to all Sellers for whom the Contractor is providing services that the Contract will be terminated as of the effective date. The effective date of any termination by the Contractor shall not be less than one hundred eighty (180) days after the Governing Board received notice that its attempt to cure was not satisfactory.

E.11. Assignment and Subcontracting. The Contractor shall not assign this Contract or enter into any subcontract, without prior written approval of the Governing Board, for any services that have a material impact on tax calculation, system security, databases, telecommunications, systems development, systems testing, systems maintenance, systems operation, or any other critical functions of the Contractor.

If any subcontracts are approved by the Governing Board, they shall contain, at a minimum, sections of this Contract pertaining to "Conflicts of Interest", "Debarment and Suspension", "Nondiscrimination", and "Affirmative Action" (Sections E.14, E.40, E.42 and E.43). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor, shall be responsible for all work performed, and shall remain responsible for meeting all of its obligations under the Contract.

The Contractor shall obtain prior written approval of the Governing Board for any assignment or subcontracting that will be performed outside of the United States, whether or not it has a material impact on the services set forth above.

Notwithstanding the foregoing, the Contractor may assign its rights to compensation hereunder to a financial institution or other third party in connection with any transaction to provide financing related to this Contract, and any such assignee may further assign its rights hereunder in connection with such financing. The Contractor shall notify the Governing Board within ten (10) business days of any assignments of the Contractor's right to compensation.

E.12. Merger, Consolidation or Acquisition. If the Contractor is the subject of a merger, consolidation, reorganization or other combination or is the subject of an acquisition, the Contractor's certification and contract as a CSP may transfer to the surviving or acquiring company upon the surviving or acquiring company's successful certification and entering into a contract with the Governing Board. The Contractor shall notify the Governing Board as soon as is practicable if a merger, consolidation, reorganization or other combination or acquisition is anticipated. The surviving or acquiring company must obtain certification from the Governing Board and enter into a Contract with the Governing Board as a CSP. The surviving or acquiring company may continue to provide services as a CSP and shall comply with all terms and conditions of this Contract for a period of up to ninety (90) days after the merger, consolidation or acquisition; provided, the surviving or acquiring company must provide written notice to all Sellers receiving services from the Contractor within ten (10) business days of the merger, consolidation, reorganization or acquisition. The Governing Board shall complete the certification process within ninety (90) days unless the Governing Board agrees in writing to a longer time period. No surviving or acquiring company may continue to act as a CSP past the ninety (90) day period, unless such time period is extended by the Governing Board, without obtaining certification as a CSP and entering into a Contract with the Governing Board. If the surviving or acquiring company does not obtain certification and enter into a contract with the Governing Board by the expiration of the time periods referenced above, the Contractor shall immediately notify all Sellers that the surviving or acquiring company is no longer authorized to provide services as a CSP.

The Contractor shall ensure that the succeeding entity resulting from any merger, consolidation, reorganization or other combination or acquisition shall assume any liability attributable to the Contractor.

E.13. Public Documents. This Contract and the exhibits attached thereto constitute public documents which are open to public inspection.

E.14. Conflicts of Interest. The Contractor warrants that no part of the compensation or any other resources available to it shall be paid, given or transferred directly or indirectly to any employee or official of the Governing Board, any delegate to the State and Local Advisory Council, or any Member State, Contingent Member State or any Associate Member State as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed related to this Contract.

E.15. Independent Contractor. The parties hereto shall not act as employees, partners, joint ventures, agents or associates of one another. It is expressly

acknowledged that the parties are independent contracting entities and that nothing in this Contract shall be construed to create an employer/employee relationship or to allow either party to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.

The Contractor represents that it has secured, or will secure at its own expense, all personnel required to perform the services under this Contract. Such personnel shall not be employees of, or have any individual contractual relationship with the Governing Board, the Member States, Contingent Member States or the Associate Member States.

The Contractor, being an independent contractor and not an employee of the Governing Board, the Member States, Contingent Member States or the Associate Member States, agrees to carry public liability and other appropriate forms of insurance, including workers compensation insurance on the Contractor's employees, in an amount satisfactory to the Governing Board, and to provide written proof of such insurance to the Governing Board. The Contract further agrees to pay all applicable taxes incident to this Contract.

E.16. Governing Board Liability. The Governing Board shall have no liability except as specifically provided in this Contract.

E.17. Force Majeure. Except as provided below, neither party shall be liable for damages or be subject to Contract termination for any delay or default in performing its obligations under this Contract if such delay or default is due to *force majeure* events beyond either party's control that could not be avoided by the exercise of due care. For purposes of this section, *force majeure* events include a war, riot, terrorist acts, fire, any natural disaster such as a flood, tornado, hurricane, earthquake, lightning, or other acts of God. *Force majeure* does not include: increased cost of materials; any failure or inability to pay any sum of money when due and payable; death, job change or departure of an essential person; change in management or ownership of a company or facility; governmental travel advisories; embargos, curtailment of transportation facilities, labor strikes, lockouts, go slow movements or other labor disputes; threats of terrorism or similar acts, as distinguished from actual terrorist acts; accidents; inability to obtain materials, supplies, permits, labor or services; late delivery of any software, equipment, machinery, or materials, except late delivery resulting directly from a *force majeure* event specifically included as such under this provision; delay in the performance of any contractor or supplier except delay in performance resulting directly from a *force majeure* event specifically included as such under this provision; normal wear and tear or random flaws in software, equipment, machinery, or materials, or any failure or breakdown of machinery, equipment or software, except failures or breakdowns resulting directly from a *force majeure* event specifically included as such under this provision; and any event or condition that can be generally expected to occur in a typical year, e.g., snow, rain, or summer heat, that is not a *force majeure* event as defined above.

Notwithstanding the foregoing, this section shall not prohibit the Governing Board from terminating this Contract for failure to remit Seller Taxes to the Member States, Contingent Member States and Associate Member States; nor shall the Contractor be excused from remitting Seller Taxes to the Member States, Contingent Member States and Associate Member States within a reasonable time after the *force majeure* event no longer prevents performance.

E.18. Compliance with Laws. The Contractor shall comply with all laws, ordinances, codes, rules, regulations, and licensing requirements that are applicable to the conduct of its business, including those of federal, state, and local agencies having jurisdiction and/or authority.

E.19. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Indiana. The Contractor agrees that the Governing Board will only be subject to the exclusive jurisdiction of the courts of the State of Indiana in actions that may arise under this Contract. The Contractor agrees that it will be subject to the jurisdiction of the Member States, Contingent Member States and the Associate Member States for actions by Member States, Contingent Member States or Associate Member States to enforce their rights under this Contract.

E.20. Communications and Contacts. All instructions, notices, consents, requests, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by electronic data transmission (e-mail), by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate e-mail address or mailing address as set forth below or to such other party, e-mail address or mailing address as may be hereafter specified by written notice.

To The Governing Board:

Craig Johnson, Executive Director
Streamlined Sales and Use Tax Governing Board, Inc.
100 Majestic Drive, Suite 400
Telephone Number – (608) 634-6160
E-mail Address – craig.johnson@sstqb.org

To The Contractor:

(ENTER COMPANY INFORMATION)

All instructions, notices, consents, requests, demands, or other communications shall be considered effectively given as of the day of delivery. The day of delivery for facsimile transmission is the day on which (a) the notice is received mechanically by the facsimile machine at the receiving location and (b) receipt is confirmed by the recipient by e-mail or telephone, whichever is later. Any communication by facsimile transmission shall also be sent by United States mail on the same date of the facsimile transmission.

When electronic data transmissions are required for the performance of the Contract, including communications made in connection with testing and sampling under Section E.29, secure and appropriate modes of data transmission, along with appropriate encryption mechanisms, shall be used. Electronic data transmissions shall be made in the form and manner appropriate for their intended purpose, and shall be directed to the person or body responsible for receiving such transmissions as contemplated under this Contract.

E.21. Communications with Member States, Contingent Member States and Associate Member States. All instructions, notices, consents, requests, demands or other communications with the Member States, Contingent Member States and Associate Member States are subject to the same conditions set forth in Section E.20. All such

communications to Member States, Contingent Member States and Associate Member States shall be directed to the individuals listed as the contact person for each Member State, Contingent Member State or Associate Member State in the Governing Board's Web site. Within ten (10) business days of the Effective Date of this Contract, the Contractor shall provide to the Executive Director of the Governing Board the name, address, telephone and facsimile number of person(s) it has designated to receive communications from Member States, Contingent Member States and Associate Member States.

E.22. Mutual Cooperation. The parties acknowledge that the success of this Contract depends upon mutual cooperation between the Contractor, the Governing Board, the Member States, the Contingent Member States and the Associate Member States. Therefore, to enable the efficient and timely performance of the Contract, the Governing Board and the Contractor agree to: cooperate with each other by providing timely approvals, acceptances, consents and information; participate in meetings upon appropriate notice; and provide each other with (i) timely notice of changes in policies and procedures; (ii) timely clarification of policies and procedures upon reasonable request; and (iii) timely provision of any other information or resources that may affect each other's performance under the Contract. The Governing Board further agrees to assist the Member States, Contingent Member States and Associate Member States in acting in a like manner when dealing with the Contractor as it performs its obligations under this Contract.

E.23. Renegotiation. The parties agree to renegotiate in good faith to make such adjustments and modifications to the Contract as may be reasonably necessary to reach an equitable result, under the following circumstances:

If Federal legislation is enacted on the subject of sales and use taxes, or if changes in Federal law materially affect any provision of this Contract or the obligations of the parties under this Contract, the Contract shall be renegotiated no later than six (6) months after passage of such Federal legislation, to address matters affected by such Federal legislation.

If the Governing Board adopts certification standards or imposes requirements that materially affect the Contractor's performance of its obligations under the Contract, the Contract shall be renegotiated to address matters affected by such standards or requirements.

Until the renegotiation process has concluded, the parties shall perform the Contract in accordance with its then existing terms.

E.24. Contracts with Non-Member States. If the Contractor enters into a contract with a state or government authority that is not a Member State, Contingent Member State or Associate Member State ("Non-Member State Contract"), to provide sales tax collection and remittance services for that state or government authority, the Contractor shall provide a copy of that contract to the Governing Board within ten (10) business days of the execution date of that contract. If the Governing Board, in its sole discretion, determines that the terms of the Non-Member State Contract are more favorable than the terms provided to the Governing Board under this Contract, the Contractor shall, at the election of the Governing Board, modify this Contract to provide services on the same terms as the Non-Member State Contract.

E.25. Third Party Beneficiaries. The parties agree that the Member States, Contingent Member States and Associate Member States are the only intended third party beneficiaries of this Contract. Member States, Contingent Member States and Associate Member States, whether acting collectively or individually, may avail themselves of any and all remedies at law and equity to enforce their rights herein.

E.26. Systems Location. The Contractor shall maintain all computer systems, data files and back-up sites related to the performance of this Contract in the United States.

E.27. Records. The Contractor shall maintain documentation for all Seller Taxes under this Contract on behalf of the Member States, Contingent Member States and Associate Member States. The books, records, systems documentation and logs, and other documents of the Contractor ("Records"), insofar as they relate to work performed or money received under this Contract, shall be maintained in the United States for a period of time not less than the longest statute of limitation period for any Member State, Contingent Member State or Associate Member State for which the Contractor is providing services. The Records shall be subject to audit at any reasonable time and upon reasonable notice by the Governing Board, or its duly appointed representatives and representatives of Member States, Contingent Member States and Associate Member States. The Contractor shall maintain such Records electronically. The financial statements shall be prepared in accordance with generally accepted accounting principles. Notwithstanding the foregoing, the Contractor shall not be required to disclose or provide access to its internal cost information that constitutes confidential trade secret information of the Contractor.

To the extent permitted by the laws of the Member States, Contingent Member States and Associate Member States, the Contractor shall also provide access to the Governing Board, the Member States, the Contingent Member States and the Associate Member States to all records of the Sellers with whom it contracts and serves as a CSP, insofar as they relate to the collection of sales and use taxes and services that the Contractor performs or is obligated to perform under this Contract. In its contracts with Sellers, the Contractor shall include a provision requiring Sellers to provide such records electronically upon request by the Governing Board, the Member States, the Contingent Member States or the Associate Member States.

E.28. Tax Compliance, Contract Compliance, and Re-Certification Audits. The Contractor shall comply with all requirements for tax compliance, contract compliance, and re-certification audits as established by the Member States, the Contingent Member States the Associate Member States, or Governing Board (pursuant to its Rules and Procedures 501.4 and 806.3). To facilitate the ongoing tax and contract compliance process, the Contractor shall provide the delivery street level addresses of sales as required in Appendix F of the SSUTA.

If a tax compliance or re-certification audit shows that the Contractor has not remitted sales or use taxes to any Member State, Contingent Member State or Associate Member State that should have been remitted, such taxes shall be considered delinquent and the Contractor shall be held liable in accordance with Section E.1 (Liability for Unpaid Taxes), except to the extent that the Contractor is relieved from liability in accordance with Sections E.2 (Relief from Liability: Seller's Failure to Remit), E.3 (Relief from Liability: Erroneous Data) or E.4 (Relief from Liability: Certification Compliance). The Contractor is not liable for tax due resulting from transactions (i) outside the scope of CSP services, or (ii) where the Seller committed fraud or made a

material misrepresentation, including transactions not sent to the Contractor for calculation. The Contractor shall use the provisions of E.2 to report to the Executive Director if the Seller does not pay these liabilities upon demand.

E.29. Testing and Sampling. The Contractor shall allow periodic and random testing and sampling of the CAS, as well as the Contractor's other processes and systems used in performing its obligations under this Contract. The Contractor shall maintain procedures and mechanisms to provide persons authorized by the Governing Board, Member States, Contingent Member States and Associate Member States with timely and reasonable access (either onsite or remote) to any documentation, system, database or system component needed to perform such tests or sampling.

The Governing Board shall maintain a Testing Central (TC) program for the purpose of monitoring and communicating information regarding system changes and for communicating with the Contractor regarding changes to CSP requirements. The Contractor shall comply with all requirements and procedures established by TC for the performance of TC's responsibilities and functions.

The parties understand that system performance and/or availability may be affected by testing and sampling activities, and the Governing Board, Member States, Contingent Member States and Associate Member States shall cooperate with the Contractor in establishing procedures designed to minimize those effects. The Contractor releases the Governing Board and persons authorized by the Governing Board, Member States, Contingent Member States and Associate Member States from any and all liability for damages that may arise from system availability restrictions and other disruptions caused by such activities, unless such damages are the result of gross negligence or intentional misconduct. If the Contractor establishes that testing and sampling activities are directly responsible for the Contractor's failure to perform its obligations under this Contract, the Contractor shall not be deemed in Breach, so long as the Contractor undertakes timely and appropriate measures to mitigate the adverse effects caused by the failure.

The Governing Board, Member States, Contingent Member States and Associate Member States shall cooperate in protecting any proprietary, trade secret, or other confidential information accessed during testing and sampling activities, including the execution of reasonable confidentiality agreements submitted by the Contractor and approved by the Executive Director of the Governing Board.

In cases where the Governing Board, Member States, Contingent Member States, or Associate Member States require access to the Contractor's computer source code, the Contractor shall have the right to limit the inspection of the source code to the Contractor's own location or another secure location selected by the Contractor.

E.30. Trust Account. The Contractor shall administer a sales and use tax trust bank account to process all Seller Taxes due and owing to the Member States, Contingent Member States and Associate Member States ("Taxes Collected"). The trust account may also contain taxes due and owing to non-member states and governmental entities. The trust account shall be a separate bank account established at a banking institution approved by the Governing Board no later than the first day of the month in which the contractor begins remitting taxes due for its first seller. The trust account shall be established as an account that requires the deposit of all Taxes Collected and the segregation of all Taxes Collected from the Contractor's own funds. The corresponding

general ledger account on the Contractor's accounting system shall provide a clear audit trail of all deposits and remittances of Taxes Collected, all deposits and remittances of taxes to for non-member states and other governmental entities, all transfers of Contractor compensation from the trust account to the Contractor's general business accounts, and all other account transactions. The trust account shall be secured through FDIC and/or other appropriate bank collateral agreements that provide comparable coverage to that of FDIC. In the event the Contractor proposes an alternative method for securing the trust account, it shall request an exception from the Executive Director in writing and shall not use the alternative method until the Executive Director has approved the method in writing. The account shall also be administered with generally accepted practices for the segregation of duties among account administrators, and shall have in place adequate electronic and other controls, including any controls deemed necessary or appropriate by the Governing Board, to prevent unauthorized access to and transfers from the account.

The trust account shall be maintained as a fiduciary account for the states and other taxing jurisdiction as beneficiaries of the trust account, with detail of each state and taxing jurisdiction interest maintained in the Contractor's records. The Contractor shall ensure that the fiduciary nature of the account is disclosed in the bank's deposit account records (e.g., "XYZ CSP, Inc., tax account in trust for the Streamlined Sales Tax Governing Board member states, their local taxing jurisdictions and all state and local taxing jurisdictions processed by the Contractor"). The Contractor shall make arrangements with its bank to establish the proper account name and ensure adequate recordkeeping to establish the ownership interest of each state and other taxing jurisdiction.

All costs incurred in the creation and maintenance of the bank trust account shall be borne by the Contractor, and any interest earned on deposited funds may be retained by the Contractor.

E.31. Performance Bond and Security. In order to assure performance of its obligations under this Contract, including but not limited to liability for taxes under Sections E.1 and E.28 of this Contract, the Contractor shall cause sufficient security to be deposited with the Governing Board or with a surety or financial institution approved by the Governing Board within thirty (30) days after the Contractor enters into its first contract with a seller. Security shall name the Governing Board as the beneficiary or obligee who may draw on the security or make a claim on behalf of the Member States, Contingent Member States and Associate Member States. Security shall be in the manner and form prescribed by the Governing Board. Adequate security shall be in the form of: an irrevocable letter of credit issued by a financial institution acceptable to the Governing Board; certificates of deposit issued by financial institutions acceptable to the Governing Board (with a maximum of \$100,000 each); surety bonds issued by an insurance and/or surety company acceptable to the Governing Board; or direct obligations of the United States of America (e.g., United States Treasury Bills, Notes and Bonds).

(a) The amount of required security coverage shall be determined as follows:

(1) The initial security shall be one hundred thousand dollars (\$100,000).

(2) The Executive Committee may decide, in its sole discretion, to increase the amount of required security at any time based upon an evaluation of the following criteria ("Control Criteria"):

- (a) controls over the Contractor's collection and remittance procedures;
- (b) controls over the trust account described in Section E.30;
- (c) collection and remittance experience of the Contractor;
- (d) the Contractor's compliance with the provisions of this Contract;
- (e) annual representations, submitted to the Executive Director no later than March 31, from any two officers or employees of the Contractor otherwise authorized to bind the Contractor and make representations on its behalf regarding internal controls, compliance with trust account policies, and reconciliations of the trust account; and
- (f) the financial soundness of the Contractor.

Before deciding to increase the amount of security, the Executive Committee shall provide the Contractor with an opportunity (not less than ten (10) business days) to respond to the concerns that the Executive Committee has with Contractor's Control Criteria ("Control Criteria Deficiencies"). Should the Executive Committee decide to increase the amount of security after the Contractor has had an opportunity to respond to those concerns, the Executive Committee shall provide the Contractor with written notification of its decision, and, if the Control Criteria Deficiencies are capable of being cured, provide the Contractor with thirty (30) days to cure the Control Criteria Deficiencies, which period may be extended by the Executive Committee if the Contractor shows good cause and that it is actively addressing the Control Criteria Deficiencies. If the Executive Committee decides to increase the amount of security after any period of cure, it shall send a final written notification to the Contractor. Said increase shall reasonably reflect the Control Criteria Deficiencies, but in no event may the amount of security be increased to an amount that exceed three times the average monthly Seller Taxes due and owing to all Member States, Contingent Member States and Associate Member States under this Contract.

(3) To assist the Executive Committee in deciding whether to increase the amount of required security, the Contractor shall cooperate with an audit team or committee that the Executive Director may appoint to evaluate the Control Criteria listed in subsection (2). The Executive Director shall make a recommendation regarding an increase to the Executive Committee, which shall make a final decision regarding the amount of the security under the procedures set forth in subsection (2).

(4) If the Executive Committee decides to increase the amount of required security, the Contractor shall increase the amount within ten (10) business days after final written notification has been sent to the Contractor. After the Contractor has increased the amount of security, the Executive Committee shall reduce the amount if it determines that the Contractor has satisfactorily addressed the Control Criteria Deficiencies, or under other circumstances that it shall deem appropriate. In no event, however shall the security be reduced to an amount that is less than one hundred thousand dollars (\$100,000).

(b) The Contractor shall provide the Governing Board with copies of all financial information, financial statements, and any other materials supplied to the issuing surety or financial institution in connection with the Contractor's application for initial coverage

and all requests for adjustments in coverage thereafter. The Contractor shall notify the Governing Board of any material changes that may detrimentally affect its financial soundness throughout the duration of the Contract. Two officers or employees of the Contractor otherwise authorized to bind the Contractor and make representations on its behalf shall annually verify in writing to the Executive Director that the Contractor is in compliance with all requirements related to security, the trust account, and the Contractor's other obligations under this Contract.

(c) In the event that the amount or terms of security change for any reason without the prior written approval of the Governing Board, the Contractor and the issuing surety or financial institution providing the security shall immediately send written notification of the change to the Governing Board. Notification of any change shall not relieve the Contractor from its obligations under this Section.

(d) The Governing Board may terminate this Contract, pursuant to Section E.10 (Termination for Cause and Opportunity to Cure), if the Contractor fails to furnish or maintain security in accordance with the terms hereof or otherwise fails to perform its obligations under this section.

At the termination of this Contract for any reason, the security then in place shall remain in effect for a period of six (6) additional months and for an additional period of time, as reasonably determined by the Governing Board, sufficient to allow the Governing Board, Member States, Contingent Member States and Associate Member States to obtain audit records of the Contractor and evaluate the performance of the Contractor's obligations under this Contract.

E.32. Proprietary Rights. Documentation, policies, records, or any other information that the Contractor would consider as trade secrets or other proprietary information that it does not wish to be disclosed to persons other than the Governing Board and its authorized representatives, Member States, Contingent Member States and Associate Member States shall be identified conspicuously on each page as "CONFIDENTIAL". The Governing Board, Member States, Contingent Member States and Associate Member States shall keep such information confidential to the extent permitted by the law of any state and the Governing Board's Rules and Procedures.

E.33. Prohibited Advertising. In any advertising, marketing, or other communication, whether public or private, for services provided to Sellers, the Contractor may represent, in a form and manner approved by the Governing Board, that it has been designated as a Certified Service Provider. The Contractor shall not, in any such advertising, marketing, or communication, represent or imply that its services provided to Sellers are favored or preferred by the Governing Board, Member State, Contingent Member State or Associate Member State over services provided by any other person designated as a CSP by the Governing Board. In no case shall the Contractor state or imply in any advertising, marketing, or communication that any services it provides, other than those specified in section B.2 of this Contract, have been certified by the Governing Board, nor shall it misrepresent its status as a CSP in any such advertising, marketing or communication.

If at any time the Governing Board adopts or registers a trademark for use in connection with this Contract or the Streamlined Sales Tax Project, the Contractor shall use the trademark only in a manner authorized by the Governing Board and in accordance with policies adopted by the Governing Board for trademark use.

If the Executive Committee of the Governing Board determines that any advertising, marketing, or communication made by the Contractor violates the provisions of this Section, or that the Contractor has made unauthorized use of a Governing Board trademark, the Executive Director of the Governing Board shall notify the Contractor in writing. Upon receipt of such notice, the Contractor shall promptly cancel or withdraw any such advertising, marketing or communication, discontinue any unauthorized use of the trademark, and shall take other corrective action required by the Executive Committee of the Governing Board.

E.34. Confidentiality of Records. Strict standards of confidentiality of records shall be maintained in accordance with the law of each Member State, Contingent Member State and Associate Member State and the Rules and Procedures of the Governing Board. All material and information regarding the transactions, property, business, or tax liability of any Seller or consumer, regardless of form, medium or method of communication, provided to the Contractor by the Governing Board, a Member State, Contingent Member State or an Associate Member State or acquired by the Contractor in its performance of this Contract, shall be regarded as confidential information in accordance with the provisions of applicable law and ethical standards and shall not be disclosed. The Contractor shall take all necessary steps to safeguard the confidentiality of such material or information in conformance with applicable law and ethical standards.

The obligations set forth in this section shall survive the termination of this Contract.

E.35. Contractor's Representations. In entering into this Contract, the Governing Board has relied upon the information submitted and representations made by the Contractor in connection with its application, and the Governing Board has assumed them to be complete and accurate. If any submitted information or representations prove to be materially incomplete or inaccurate, the Contractor will be in Breach and the Governing Board may pursue any remedy for Breach as provided in this Contract.

E.36. Warranty. By Signing this Contract, the Contractor warrants that there have been no material changes in the Contractor's systems or operations between the time the Certification Committee appointed by the Governing Board completed its review of the Contractor's application and the Effective Date of this Contract, except as communicated to Testing Central in writing.

E.37. Intellectual Property. Each party will retain all rights in any software, ideas, concepts, know-how, development tools, techniques or any other proprietary material or information that it owned or developed prior to the date of this Contract, or acquired or developed after the date of this Contract without reference to or use of the intellectual property of the other party. All software that is licensed by a party from a third party vendor will be and remain the property of such vendor.

Notwithstanding anything to the contrary in this Contract, the Contractor (i) will retain all right, title and interest in and to all know-how, intellectual property, methodologies, processes, technologies, algorithms, software or development tools used in performing the Contractor services which are based on trade secrets or proprietary information of the Contractor, are developed or created by or on behalf of Contractor without reference to or use of the intellectual property of the Governing Board, Member States, Contingent Member States or Associate Member States or are otherwise owned or licensed by Contractor (collectively, "Tools"), (ii) subject to the confidentiality obligations set forth in

this Contract, will obtain all right, title and interest in and to and be free to use the ideas, concepts, methodologies, processes and know-how which the Contractor has developed or created in the course of performing the Contractor's services, whether in tangible or intangible form, all of which constitute substantial rights on the part of Contractor in the technology developed as a result of the Contractor services performed under this Contract, and (iii) will retain ownership of any Contractor-owned software or Tools that are used in producing the developed software and become embedded in the therein. No licenses will be deemed to have been granted by either party to any of its patents, trade secrets, trademarks or copyrights, except as otherwise expressly provided in this Contract. All know-how, intellectual property, methodologies, processes, technologies, algorithms, software or development tools, ideas, concepts, inventions (whether or not patentable), discoveries, improvements, reports, programs, specifications, designs, documentation, and all other information or output prepared, authored, developed by Contractor or its employees, agents and representatives, either alone or in collaboration with third parties, in connection with the performance of its services hereunder (the "Intellectual Property") will become and remain Contractor's exclusive property, and title thereto shall at all times be in Contractor. The Governing Board agrees that it will not seek patent, copyright, trademark, registered design or other protection for any rights in the Contractor's Intellectual Property. The Governing Board agrees that it shall, at Contractor's expense, do all things and execute all documents as Contractor may reasonably require to vest in Contractor or its nominees any protection, the Contractor deems appropriate, for the Contractor's Intellectual Property.

Nothing herein shall preclude the Governing Board, Member States, Contingent Member States and Associate Member States from obtaining any information or data embedded in the Automated System or other software, system, or process that relates to the Contractor's performance of its obligations under this Contract. The information or data must be provided in a format that does not require the use of propriety software other than that of the Contractor to which the Governing Board, Member States, Contingent Member States and Associate Member States have access to under the terms of this Contract.

In cases where the Governing Board, Member States, Contingent Member States or Associate Member States require access to the Contractor's computer source code, the Contractor shall have the right to limit the inspection of the source code to the Contractor's own location or another secure location selected by the Contractor.

E.38. Patents, Trademarks, and Copyrights. The Contractor agrees to indemnify and hold harmless the Governing Board, the Member States, the Contingent Member States, the Associate Member States, and each of their officers, directors, agents, representatives, and employees from and against any and all claims, liabilities, losses, and suits which may be brought against them for infringement of any laws regarding patents, trademarks, and copyrights which may arise from the Contractor's performance of this Contract. In any such action, the Contractor shall satisfy and indemnify for the amount of any judgment for infringement, and shall be liable for the court costs and reasonable fees of attorneys, including costs and fees in the event that legal proceedings are initiated to enforce the terms of this Contract or otherwise to enforce the obligations of the Contractor. The Governing Board shall give the Contractor prompt written notice of any such claim or suit, sole right and opportunity to conduct the defense or settlement thereof, and reasonable assistance (at Contractor's expense) in the defense or settlement or such claim or suit.

E.39. Indemnity and Hold Harmless. The Contractor agrees to indemnify and hold harmless the Governing Board, the Member States, the Contingent Member States, the Associate Member States, and each of their officers, directors, agents, representatives, and employees from and against any and all claims, liabilities, losses, and suits which may arise, accrue, or result from any person, firm, corporation, or other entity that may be injured or damaged as a result of acts, omissions, or negligence on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the court costs and reasonable fees of attorneys in the event that legal proceedings are initiated to enforce the terms of this Contract or otherwise to enforce the obligations of the Contractor.

The Governing Board shall give the Contractor prompt written notice of any such claim or suit that it receives, sole right and obligation to conduct the defense and settlement thereof, and reasonable assistance (at Contractor's expense) to enable Contractor to do so.

E.40. Debarment and Suspension. The Contractor warrants and certifies, to the best of its knowledge and belief, that it and its principals:

(a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal or state department or agency;

(b) have not within the preceding three years been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offense in connection with obtaining or attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;

(c) are not presently indicted for or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed in subsection (b) of this Section;

(d) have not within the preceding three years had one or more public transactions (federal, state, or local) terminated for cause or default; and

(e) are not delinquent or in arrears on any federal, state, or local tax obligations.

In the event that, after the signing of this Contract, one or more of the aforementioned representations ceases to be accurate, the Contractor shall immediately notify the Governing Board of the change. Any such change shall be deemed a Breach of this Contract.

E.41. Interpretation of SSUTA. The Contractor may bring before the Governing Board questions of interpretation regarding its obligations, as provided in the SSUTA, Sections 902 and 903. Responses to such requests shall be made as provided in the SSUTA and in accordance with the Rules and Procedures of the Governing Board.

E.42. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment

practices of the Contractor on the grounds of disability, age, race, color, religion, sex, national origin, marital status, sexual orientation, or any other classification protected by Federal law or the laws of any Member State, Contingent Member State or Associate Member State. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

E.43. Affirmative Action. The Contractor shall take affirmative action in complying with all federal and state requirements concerning fair employment and employment of people with disabilities, and concerning the treatment of employees without regard to discrimination by reason of age, race, color, religion, sex, marital status, national origin, sexual orientation or disability.

E.44. No Collusion. Under penalty of perjury, the Contractor warrants that its offer to contract with the Governing Board to become certified as a Certified Service Provider and provide services as required in this Contract has not been arrived at collusively or otherwise in violation of either federal antitrust laws or the antitrust laws of any Member State, Contingent Member State or Associate Member State.

E.45. Modification and Amendment. This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Governing Board officials in accordance with the SSUTA and applicable bylaws of the Governing Board which shall be attached hereto.

E.46. Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.

E.47. Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral. The parties agree that if there are inconsistencies between the terms of this Contract and the representations or statements of any party or person, whether authorized or not, the terms of this Contract shall control.

E.48. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.

E.49. Delegation. To aid in the efficient administration of this Contract, the Governing Board may delegate its rights and obligations to committees, officers, and other persons who are authorized to act on behalf of the Governing Board in accordance with its Rules and Procedures. Delegation shall not relieve the Governing Board of any contractual obligations to the Contractor.

E.50. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

E.51. Exhibits. Attached to this Contract are the following Exhibits:

Exhibit A: Streamlined Sales and Use Tax Agreement adopted November 12, 2002, as subsequently amended and in effect as of the Effective Date (SSUTA).

Exhibit B: Minimum Standards for Certification and Re-Certification provided in Appendices C, E, F, G, H and O of the SSTGB Rules and Procedures as subsequently amended and in effect as of the Effective Date.

E.52. Ability to Execute Contract. Each of the parties to this Contract certifies that the person signing the Contract on its behalf is authorized by applicable law to execute the Contract and bind the party to the Contract's terms and conditions.

E.53. Required Approvals. The Governing Board is not bound by this Contract until it is approved by the Governing Board in accordance with the SSUTA and applicable bylaws of the Governing Board.

IN WITNESS WHEREOF:

By _____

Date _____

Streamlined Sales Tax Governing Board, Inc.:

By Diane Hardt, President

Date _____