38PTBM02

MASTER AGREEMENT FOR LICENSED SOFTWARE, HARDWARE AND SERVICES

Effective as of the date that this Agreement is last signed by either party (the "**Effective Date**")

By and Between	**And**
MANATRON, INC. 510 E. Milham Avenue Portage, Michigan 49002 ("**Manatron**")	**JAY COUNTY, INDIANA** 120 W. Main Street Portland, Indiana 47371 ("**Customer**")
Attention: Vicky Mergen, Contract Administration Telephone No.: (866) 471-2900 ext. 197 Fax No.: (269) 567-2930 E-mail Address: vicky.mergen@manatron.com	Attention: Ms. Freda Corwin Telephone No.: (260)726-6937 Fax No.: (260)726-6933 E-mail Address: fcorwin@co.jay.in.us

This Master Agreement for Licensed Software, Hardware and Services sets forth the terms and conditions under which Manatron shall license the software programs, sell the hardware and/or provide the support and other services described in the attached Schedule(s)IN2005.008.01, and all future Schedules that reference the Master Agreement #IN2005.008. The term "Agreement" means this Signature Page, the attached General Terms and Conditions, all Schedules attached hereto or subsequently signed by the parties.

The parties have executed this Agreement as of the dates set forth below their respective signatures.

MANATRON, INC.

By: Paul Sylvester
(Signature)

Its: President / CEO
(Type or Print Position)

Date: December 28, 2005

Witnessed: Matthew Henry

By: Matthew Henry

JAY COUNTY, INDIANA

By: Milo M. Miller Jr
(Signature)

Its: Milo M. Miller, Jr. Pres of Bd Commissr
(Type or Print Position)

Date: 12-19-05

By: Gary Theuer
(Signature)

Its: JAY Co. COMMISSIONER
(Type or Print Position)

Date: 12-19-05

By: John D. Parr
(Signature)

Its: JAY CO. COMMISSIONER
(Type or Print Position)

Date: 12-19-05

Witnessed: Freda Corwin

Date: 12-19-05

SIGNATURE PAGE

GENERAL TERMS AND CONDITIONS

1. DEFINITIONS.

As used in this Agreement:

"Acceptance" shall have the meaning set forth in Section 3.2.2.

"Compliance Update" means a change made to the Software to reflect a mandated change in an applicable Law.

"Computer System" means the digital computer processor(s), random access memory, disk subsystem, network software, Database Software, operating system software and other hardware or software components or programs that are used in conjunction with the Hardware and/or Software.

"Customization" means any improvement, derivation, extension or other change to the Software made by Manatron at the request of Customer, including any that result from the joint efforts or collaboration of Manatron and Customer. Manatron may from time to time and in its sole discretion, incorporate Customizations into the Software as "Enhancements".

"Database Software" means relational database management systems (RDMS) such as Microsoft SQL Server, Oracle or similar Third-Party Software that is utilized by the Software to store Customer data on a disk subsystem as part of the operation of the Software.

"Designated Processor" means the computer processing device that provides the primary control for the interpretation and execution of the Software and is designated on the applicable Schedule or, if not so identified, on which the Software is initially installed or, if a software activator device is required, the computer processing device within which the software activator is properly installed.

"Documentation" means any standard operator and user manuals, product specifications, glossary, index, training materials, and other similar materials generally made available and provided by Manatron for use with the Software.

"End User" means the Customer, or any employee(s), affiliate(s) agent(s) representative(s) or any other person under the direction or control of the Customer that uses the Software to perform certain functions or tasks as required by the Customer.

"Enhancement" means any modification or addition that, when made or added to the Software, changes its utility, efficiency, functional capability or application. Manatron may, in its sole discretion, designate an Enhancement as minor or major.

"Error" means any failure of the Software to conform in any material respect to the functional specifications contained in the Documentation, as published from time to time by Manatron.

"Error Corrections" means a modification or an addition that, when made or added to the Software, establishes material conformity of the Software to the Documentation, or a procedure or routine that, when implemented in the regular operation of the Software, eliminates the practical adverse effect on Customer of such nonconformity.

"Hardware" means the Computer System components and equipment, other than the Database Software, Software, and Third-Party Software as listed in the applicable schedule.

"Implementation Plan" means a detailed description of the tasks to be performed by each party in connection with the implementation of the Software, the deliverables for each task and the commencement and completion dates for each task attached hereto as Appendix C.

"Installation" means all preparation, processing and other tasks necessary to install the Database Software, Software or Third-Party Software on the Designated Processor to make it operational.

"Installation Date" means the date on which Manatron completes Installation of the Hardware at a location specified by Customer or the Software or Third-Party Software on the Designated Processor or, in the case where Customer requests or causes a material delay in the performance of installation, the date set forth in the Implementation Plan for commencement of installation (if for Hardware) or acceptance testing (if for Software or Third-Party Software).

"Law" means any applicable state, county or local statute, law, ordinance or code.

"Minimum Requirements" means the minimum requirements for the Computer System as set forth on the associated Schedules. The Software may operate on a Computer System that is below the Minimum Requirements, but such operation is not warranted by Manatron.

"Notice of Completion" means: (a) if Manatron is to provide implementation services, a written notice from Manatron stating that installation and implementation of all Hardware, Software and/or Third-Party Software at Customer's site has been completed and that the Software is available for acceptance testing; or (b) in all other cases, a written notice from Manatron stating that all Hardware, Software and/or Third-Party Software has been delivered.

"Professional Services" means any Installation, Implementation Service(s), Software configuration, training, consulting, Support Service(s), Customization, and other similar service(s) performed by Manatron under the terms of this Agreement.

"Project Management" means the process of planning, scheduling and controlling certain activities in order to meet project objectives.

"Release" means a version of the Software denoted by the number to the left of the decimal point (as compared to a change in the number to the right of the decimal point). For example: 4.x and 4.1 are the same Release; 4.x and 5.x are two different Releases. Releases include major Enhancements and the incorporation of any Version developed after the Release immediately preceding the most current Release.

"Schedule" and **"Schedules"** shall have the meanings set forth in Section 2.1

"Seat" means a unique physical device such as a terminal, microcomputer, or similar computing device that is part of the Computer System at which an End User has access to some or all of the Software or Third-Party Software.

"Site" means a single physical location and single database for which the Software is licensed. The number of Sites for which Customer is licensed to use the Software shall be specified in the applicable Schedule.

"Software" means the software program(s) (in object code format only) identified on the applicable Schedule and includes Error Corrections, Compliance Updates and new Versions and Releases of such program(s) that may be provided under this Agreement. The term "Software" excludes any Third-Party Software.

"Software Modification" has the same meaning as "Customization" if made at the request of Customer under the terms of this Agreement and "Enhancement" when made by Manatron as part of the development or enhancement of the Software or Third-Party Software.

"Support Services" shall have the meaning set forth in Section 5.1.

"Test Period" means the thirty (30) day period following (a) Customer's receipt of the Notice of Completion or (b) in the case where Customer requests or causes a material delay in the performance of implementation services, the date set forth in the Implementation Plan for commencement of acceptance testing.

"Third-Party Software" means any third-party software program(s) provided to Customer under this Agreement and listed on the applicable Schedule.

"Version" means a new version of the Software that includes minor Enhancements, Error Corrections and/or Compliance Updates, which is indicated by a different number to the right of the decimal point (e.g., "4.1" and "4.2" represent different Versions of Release "4").

"Web Hosting" means providing the infrastructure, such as the hardware, software and communication lines necessary to enable a computer system to communicate with a designated server.

2. SCHEDULES.

2.1 **Schedules.** Manatron shall license the Software, provide the Hardware and perform the services described in the schedules designated on the Signature Page and such additional schedules as the parties may execute from time to time (individually and collectively referred to as the **"Schedule"** and **"Schedules"**).

2.2 **Conflicting Terms.** Each Schedule shall be a part of and governed by the terms and conditions of this Agreement. If there is a conflict between these General Terms and Conditions and any Schedule, the terms of the Schedule shall control.

3. SOFTWARE LICENSE.

3.1 **Grant.** Manatron grants to Customer a perpetual, nontransferable (except as otherwise provided in Section 18.9) nonexclusive license to use the Software and Documentation solely on the terms and conditions set forth in this Agreement.

3.2 Acceptance Testing.

3.2.1 During the Test Period, Customer may test the Software to verify that it conforms in all material respects to the Documentation. If the Software does not so conform, Customer shall promptly notify Manatron in writing and Manatron shall work diligently to correct all nonconformities free of cost to Customer. If after a reasonable period of time Manatron is unable to correct a nonconformity in the Software, Customer may, as its sole and exclusive remedy, return the Software and Documentation to Manatron and receive a refund of any payments received for the license fee.

3.2.2 The Software shall be considered accepted for all purposes (**"Acceptance"**) upon the earlier of: (a) notification by Customer that the Software is in compliance; (b) expiration of the Test Period if Customer fails to notify Manatron of any material nonconformity during that period; or (c) use of the Software by Customer for any purpose other than testing.

3.3 **Scope of Rights.** Customer may:

3.3.1 Install the Software on the Designated Processor and may, upon prior written notice to Manatron, move the Software to a different processor, or, in the event of a disaster, run the Software on a back-up processor.

3.3.2 If the Software is licensed on a Seat basis, use and execute the Software only on the licensed number of Seats designated on the applicable Schedule. Unless otherwise provided on the applicable Schedule, Customer must purchase a license for each Seat that has access to the Software.

3.3.3 If the Software is licensed on a Site basis, use and execute the Software only in connection with the operations of the Site(s). Unless otherwise provided in the applicable Schedule, Customer must purchase a license for each site for which the Software is used.

3.3.4 Make copies of the Software for backup and archival purposes only, provided that (a) no more than two (2) copies of the Software are in existence at any one time, and (b) Manatron's copyright and other proprietary legends are reproduced on each copy. Customer shall keep appropriate records of the number and location of all copies and make such records available to Manatron upon request. All copies that are made by Customer shall be the property of Manatron.

3.3.5 Make copies of the Documentation for Customer's internal use only, provided that Manatron's copyright and other proprietary legends are reproduced on each copy.

3.4 **Restrictions.** In addition to other restrictions set forth in this Agreement, Customer may not:

3.4.1 Use, copy, modify or distribute the Software (electronically or otherwise) or any copy, adaptation, transcription or merged portion thereof except as expressly authorized under this Agreement;

3.4.2 Use the Software for any purpose for the benefit of any third party (including any body of government other than the entity that executes this Agreement) in a commercial, retail, service bureau or similar enterprise;

3.4.3 Translate, reverse engineer, decompile, recompile, update, enhance or create derivations of all or any part of the Software or merge any Software with any other software or program including without limitation, the structure and sequence of any database and/or database files, including those created by Customer under this Agreement; or

3.4.4 Without prior written approval of Manatron, modify or manipulate the data maintained in the standard database structure schema that is documented as part of the Software, except by those provided in the Software.

3.4.5 Without prior written approval of Manatron, modify, extend or add tables including without limitation, the structure and sequence of any database or database files that are used by the Software, including those created by or for Customer under this Agreement; or

3.4.6 Remove the labels or any proprietary legends from the Software or its Documentation.

3.5 **Title.** Manatron reserves all rights not expressly granted to Customer hereunder. Customer understands that the license granted herein transfers neither title nor proprietary rights to Customer with respect to the Software or Documentation. Any data supplied by Customer shall remain the property of Customer.

3.6 **Right to Audit.** Manatron shall have the right, within ten (10) days of Manatron's written request during normal business hours and at times mutually agreed upon by Manatron and Customer, to audit Customer's use of the Software to monitor compliance with this Agreement. If an audit reveals that Customer has exceeded the restrictions on use, Customer shall be responsible for the reimbursement of all costs related to the audit and prompt payment by Customer to Manatron of the underpayment.

3.7 **Third-Party Software.** Customer acknowledges and agrees that each Third-Party Software product is the property of the respective third-party owner or licensor and that Customer has no right or title, nor will it assert any right or title, in the same except as expressly granted in writing by the terms and conditions of such third-party license or purchase agreement. All Third-Party Software provided to Customer under this Agreement shall be used only in accordance with the applicable license agreement from the third-party owner or licensor.

3.8 **Tools; Customizations.** Customer shall not have any right to independently make such changes to the underlying code of the Software. Customer may develop, and shall retain ownership of, hooks, interfaces or similar tools for use with the Software, provided that the hook, interface or tool does not use any part of the Software or require any modification or alteration of the underlying code of the Software. Manatron shall own all right, title and interest (including all associated intellectual property rights) in and to any Customizations to the Software.

4. HARDWARE.

4.1 **Delivery.** If Hardware is provided to Customer under this Agreement, Manatron shall coordinate delivery of the Hardware to Customer. Manatron shall deliver all Hardware to Customer FOB Customer's location.

5. SUPPORT SERVICES.

5.1 **Scope.** Provided that Customer is current in the payment of the applicable support fee, Manatron shall provide the following support services (collectively referred to as "**Support Services**"):

5.1.1 **Telephone Support.** Manatron shall provide Customer with telephone support services for Hardware and Software from 8:00 a.m. to 5:00 p.m. Eastern Standard Time (EST), Monday through Friday, excluding the following holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and the immediately succeeding Friday, Christmas Eve and Christmas Day. Manatron may from time to time amend its holiday schedule upon at least sixty (60) days' prior written notice to Customer.

5.1.2 **Web Site.** Manatron shall maintain a web site that contains information concerning the Software and Support Services.

5.1.3 **Error Corrections.** Manatron will respond to any Errors reported by Customer in accordance with its response policy attached hereto as Appendix A. Manatron may from time to time amend its response policy upon at least sixty (60) days' prior written notice to Customer.

5.1.4 **Compliance Updates.** Manatron shall exercise due diligence and, in accordance with the highest professional standards and provide Customer, in a timely manner, with Compliance Updates provided that Customer actively monitors changes in applicable laws and provides Manatron with timely written notification of such changes. Customer understands and agrees that Manatron's ability to meet its obligations under this Section 5.1.4 is contingent upon publication of the change by the applicable regulatory agency and notification to Manatron in a manner that provides Manatron sufficient time to prepare and distribute the Compliance Update before the effective date of the change. Manatron shall not be responsible and assumes no liability for any failure by any agency to provide sufficient advance notice of any change or any errors or omissions contained in any information provided by any agency. Some compliance updates may require more than one-half of a man-year of technical effort by Manatron. In such case, the additional fee shall be spread on an equitable basis across Manatron's affected customer base.

5.1.5 **Versions.** Manatron shall provide Customer with new Versions of the Software. Customer understands that its implementation of a new Version may require Customer to upgrade its Computer System.

5.2 **Supported Software.** Manatron's obligation to provide Support Services shall extend only to the current Release and prior Versions whose Release number begins with the same number or immediately preceding number. For example, if the current Release is 4.5, Manatron will support only those Versions between 3.x and 4.5. If Customer desires support for earlier Versions of the Software, such support may be treated by Manatron as additional consulting services for which Customer will be billed at Manatron's then-current time-and-material rates.

5.3 Customer Obligations.

5.3.1 Customer shall designate one or more persons, depending on the size and complexity of Customer's application, through whom requests by Customer for Support Services shall be made. Manatron shall not be required to accept calls or requests from anyone other than a designated contact person. Customer may change its designated contact person at any time upon notice to Manatron.

5.3.2 Customer shall implement and follow the reasonable written instructions of Manatron regarding operation of the Software.

5.3.3 Customer shall purchase, install and maintain a Computer System that complies with the Minimum Requirements.

5.4 **Third-Party Software Support.** Manatron shall provide Customer with telephone assistance for the Third-Party Software during the hours set forth in Section 5.1.1. If Manatron is unable to resolve a problem with the Third-Party Software, it shall contact the appropriate vendor on Customer's behalf and coordinate and monitor correction efforts by the vendor.

5.5 **Hardware Maintenance.** Manatron may provide maintenance services for Hardware or third-party hardware and equipment as set forth in the applicable Schedule ("Hardware Maintenance"). Hardware Maintenance shall not include standard supplies such as ribbons, paper, forms, media, printheads, toner or laser drums. Manatron is not responsible or liable for any problems associated with Customer's installation or use of any third-party hardware, equipment, system or application software not purchased by Customer from Manatron or the attachment of third-party hardware or equipment to the Customer's Computer System. Manatron is not obligated to repair damage to any Hardware or third-party hardware or equipment caused either directly or indirectly by nuclear radiation, accident, negligence or abuse, electrical power fluctuation, fire, windstorm, acts of terrorism, or acts of God.

5.6 **Services Outside Scope.** The exclusions set forth in Section 10.4 shall apply to Manatron's obligations to provide Support Services under this Section 5. Services provided by Manatron that are not within Manatron's obligations under this Agreement shall only be performed after the execution of, or an amendment to, a Professional Services Schedule or an approved change control and shall be billed at Manatron's then-current time-and-material charges, including travel and all other out-of-pocket expenses. Manatron shall bill Customer a minimum charge of two (2) hours for all services provided under this Section 5.6.

6. OTHER SERVICES.

6.1 **Description.** Manatron shall provide Services (other than Support Services) as set forth in the applicable Schedule.

6.2 **Implementation Services.** The terms set forth in this Section shall apply if the applicable Schedule provides for the provision of implementation services by Manatron:

6.2.1 **Joint Development.** Manatron and Customer shall jointly develop the Implementation Plan using Manatron's standard implementation methodology. The Implementation Plan shall be made part of the applicable Schedule without any further action.

6.2.2 **Amendments.** Manatron and Customer contemplate that the Implementation Plan will from time to time be amended during the project. All amendments to the Implementation Plan shall be made in writing on a change control request form and signed by the Project Manager for each party (as defined below). Services requested of and provided by Manatron that are not within Manatron's obligations under this Agreement shall be subject to the payment provisions set forth in Section 8.3.

6.2.3 **Performance Dates.**

6.2.3.1 **Interdependencies of Dates.** Each party understands that any variation from the performance dates set forth in the Implementation Plan may adversely impact project milestones and completion dates, including, without limitation, the date of completion of the project.

6.2.3.2 **Efforts.** Each party agrees to use all commercially reasonable efforts to fulfill its obligations under the Implementation Plan and to meet the performance dates set forth in the Implementation Plan.

6.2.3.3 **Adjustments.** To the extent that either party fails to perform its obligations in accordance with the performance schedule that is set forth in the Implementation Plan, the parties may negotiate an adjustment to the schedule in accordance with Section 6.2.2.

6.2.4 **Manatron Project Manager.** Manatron shall, as soon as practicable following the execution of the applicable Schedule, assign a project manager (the "Manatron Project Manager") who shall have the principal responsibility for overseeing and managing the performance of obligations of Manatron under the Schedule and who shall be the primary point of contact for Manatron. Manatron may not substitute other persons in this position without the prior written approval of Customer, which approval shall not be unreasonably withheld. Manatron agrees that the Manatron Project Manager shall dedicate such time as needed to perform the services in

accordance with the performance schedule set forth in the Implementation Plan.

6.2.5 **Customer Project Manager**. Customer shall, as soon as practicable following the execution of the Schedule, assign a project manager (the "Customer Project Manager") who shall have the principal responsibility for overseeing and managing the performance of obligations of Customer under the Schedule and who shall be the primary point of contact for Customer. Customer may replace the person serving as its Customer Project Manager upon prior written notice to Manatron.

7. INSURANCE

7.1 **Insurance Coverage**. During the term of this Agreement, Manatron shall maintain insurance coverage covering its operations as follows:

Insurance Type	Maximum Coverage Amount (per occurrence)
Workers' Compensation and Employer' Liability.	No less than the limits of liability required by law.
Automobile Liability.	No less than $1,000,000
Data Processing Errors & Omissions.	$3,000,000
Commercial General Liability:	
General Aggregate	$ 2,000,000
Products	2,000,000
Personal/Advertising Injury	1,000,000
Each Occurrence	1,000,000
Fire Damage	1,000,000
Medical Expenses	10,000

7.2 **Certificate**. Upon request by Customer, Manatron shall provide Customer with certificate(s) of insurance. Manatron shall use all commercially reasonable efforts to provide Customer with at least thirty (30) days written notice prior to the expiration or cancellation of coverage afforded under the applicable policies.

8. FEES AND PAYMENT TERMS.

8.1 **License Fees**. Customer shall pay Manatron the license fees set forth in the applicable Schedule. Unless otherwise provided in the applicable Schedule, the license fees shall be payable in full by Customer upon the earlier of: (i) execution of this Agreement, (ii) execution of the applicable Schedule, or (iii) delivery of Software to Customer.

8.2 **Support Fees**. Customer agrees to pay Manatron the support fees set forth in the applicable Schedule. Unless otherwise stated in the applicable Schedule, support fees shall be invoiced annually, in advance, commencing on the first day of the month next following the date of installation. Manatron shall have the right to increase the annual support fees for existing Software Releases upon prior written notice to Customer provided that such increase shall not exceed the adjustment to the Consumer Price Index (CPI) over the preceding period plus three percent (3%). In the event Manatron provides Customer with any new software product or Release, Manatron may publish and apply a revised Support Services fee schedule that shall not be subject to the aforementioned price increase limitations. The annual support fee shall be adjusted to reflect any purchases of additional Seat licenses by Customer.

8.3 **Other Services Fees**. Unless otherwise stated in the applicable Schedule, Customer shall pay all fees for Services (other than Support Services) on a time-and-material basis based on Manatron's then-current rates and charges for the Services. Manatron will bill other Services as used.

8.4 **Hardware Fees**. Customer agrees to pay Manatron the fees for Hardware set forth in the applicable Schedule. Unless the applicable Schedule states otherwise, Hardware fees shall be due and payable in full by Customer upon Customer's receipt of the Hardware.

8.5 **Reimbursable Expenses**. Customer agrees to reimburse Manatron for all reasonable and customary out-of-pocket expenses, including, but not limited to, travel, tolls, parking, lodging and communication expenses incurred by Manatron in connection with the performance of Services. Meal expenses shall not exceed Manatron's then-current per-diem amount.

8.6 **Invoices/Acceptance**. All invoices shall be paid in accordance with the terms set forth in the applicable Schedule. If Customer delays an invoice payment for any reason, Customer shall promptly notify Manatron in writing the reasons for such delay. Unless otherwise agreed by both parties, Manatron may apply any payment received to any delinquent amount outstanding.

8.7 **Taxes**. The fees set forth in this Agreement do not include any amounts for taxes. Unless Customer provides Manatron with proof of exemption therefrom, Customer shall pay all applicable taxes levied by any tax authority based upon this Agreement, the Software, Hardware and/or any Professional Services performed by Manatron, excluding any taxes based upon Manatron's income. It shall be Customer's sole obligation to challenge the applicability of any tax. If Customer shall become subject to tax at any time following the execution of this Agreement, Manatron shall have the right to assess the tax liability applicable under this Agreement to Customer and Customer agrees to pay Manatron for such tax liability within thirty (30) days after receiving written notice of such tax liability from Manatron.

8.8 **Penalties for Delay**. Neither Customer nor Manatron shall be subject to any delay penalty, contract fee adjustment, offset or liquidated damages as a result of any delay, except for the delay of payment(s) as set forth in Section 8, unless specifically set forth in the applicable Schedule.

8.9 **Price Changes**. If Manatron utilizes a third-party Hardware Maintenance services provider, Manatron shall be entitled to change any price charged to Customer for Hardware Maintenance services upon thirty (30) days prior (to the next invoicing cycle) written notice in order to pass through to the Customer any price increases or decreases which the Hardware Maintenance services provider may from time to time make. Manatron shall be entitled to increase any price charged to Customer for Third-Party Software and/or Hardware Maintenance services provided by Manatron upon thirty (30) days prior written notice to Customer, no more than once every twelve (12) month period under this Agreement.

9. ADDITIONAL CUSTOMER RESPONSIBILITIES.

9.1 **Communications Equipment.** Customer shall, at its sole expense, install and maintain communications equipment that will permit Manatron to have direct dial-up access to Customer's Computer System, including without limitation, modems and a dedicated, voice-grade phone line (no operator interface). The equipment shall meet Manatron's published specifications. Customer acknowledges that maintenance of the appropriate communications equipment is a condition precedent to Manatron's provision of Support Services.

9.2 **Site Condition**. Customer shall maintain site conditions that conform to common industry standards for all computer systems and/or media devices.

9.3 **Records**. Customer shall create and maintain timely, accurate and readable electronic back-ups of all data, program and system files.

9.4 **Computer Virus Protection**. Customer shall, at its own expense, install and periodically update a computer virus program to protect its Computer System and database from computer viruses that may from time-to-time be transmitted or downloaded. Manatron shall not be responsible for any computer virus and expressly disclaims any liability for loss or damage caused by any computer virus on Customer's computer platform or database.

9.5 **Security**. Customer shall, at its own expense, protect the security of its Computer System and to prohibit unauthorized access to the Computer System. Manatron shall not be responsible for any security breach and expressly disclaims any liability for loss or damage caused by the unauthorized access to Customer's Computer System.

10. WARRANTIES.

10.1 **Software**. Manatron warrants that the Software will conform in all material respects to the functional specifications contained in its then-current Documentation for a period of thirty (30) days after the Acceptance Date.

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MANATRON CONFIDENTIAL INFORMATION

Manatron agrees to correct or replace, at no charge, any nonconformity of which it receives notice during the warranty period. In addition, Manatron warrants that any Enhancement, Customization, Compliance Update and/or Error Correction will conform in all material respects to the functional specifications contained in the then-current Documentation. The warranty for any Enhancement, Compliance Update and/or Error Correction shall expire simultaneously with the expiration of the Software warranty. Manatron's sole obligation to Customer and Customer's exclusive remedy for breach of warranty under this Section 10.1 is the correction or replacement of any nonconformity. Customer shall provide Manatron with written notice that a nonconformity exists, and Manatron shall have a reasonable period of time, based on the severity of the nonconformity, to correct the Software. Manatron warrants that the Software does not contain any disabling devices that would allow Manatron to terminate operation of the Software. Manatron further warrants that to the best of its knowledge, the Software does not contain any viruses.

10.2 **Services.** Manatron warrants that all Services provided under this Agreement will be performed in a workmanlike manner. Customer shall notify Manatron in writing of any breach of this warranty within thirty (30) days after completion of the Service. Manatron's sole obligation to Customer, and Customer's exclusive remedy for breach of this warranty is re-performance of the Service.

10.3 **Third-Party Software; Hardware.** MANATRON MAKES NO WARRANTY WITH RESPECT TO ANY HARDWARE OR THIRD-PARTY SOFTWARE, AND WHATEVER WARRANTY MAY APPLY TO ANY HARDWARE OR THIRD-PARTY SOFTWARE PRODUCT, IF ANY, IS ONLY AS IS EXPRESSLY STATED BY THE THIRD-PARTY MANUFACTURER, OWNER OR LICENSOR OF THE HARDWARE OR THIRD-PARTY SOFTWARE. MANATRON EXPRESSLY DISCLAIMS ALL WARRANTIES FOR THE HARDWARE AND THIRD-PARTY SOFTWARE, WHETHER EXPRESSED OR IMPLIED, INCLUDING THE WARRANTIES OF MERCHANTABILITY, NON-INFRINGEMENT AND FITNESS FOR A PARTICULAR PURPOSE.

10.4 **Exclusions.** Manatron's warranty obligations and other obligations under this Agreement with respect to the Hardware and Software are expressly conditioned upon Customer's proper use and do not include:

10.4.1 Support or correction of errors or increases in service time that result from (a) accident, neglect, misuse or use other than ordinary use; (b) failure of electrical power, air conditioning, or humidity controls that cause a computer failure; and (c) modifications made to the Software by other than a representative of Manatron;

10.4.2 Problems and errors that Manatron and/or Customer cannot reproduce;

10.4.3 Problems relating to or caused by (a) any hardware, third-party software, Internet Service Provider (ISP) or software that was not supplied by Manatron or (b) use of a Computer System that does not meet the Minimum Requirements; or

10.4.4 Problems relating to or caused by changes in, or modifications to, the operating characteristics of any computer hardware or operating system for which the Software is procured.

10.5 Errors, defects, and malfunctions that are traceable to any of the foregoing or any Customer errors or system changes, any ISP, or any third-party hardware and/or software shall be billed at Manatron's then-current time-and-material rates, including out-of-pocket expenses.

10.6 **Disclaimer.** THE WARRANTIES SET FORTH IN THIS SECTION 10 ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED. MANATRON EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, WHETHER EXPRESSED OR IMPLIED, INCLUDING THE WARRANTIES OF MERCHANTABILITY, TITLE AND FITNESS FOR A PARTICULAR PURPOSE.

11. CONFIDENTIAL INFORMATION.

11.1 **Defined.** As used in this Section 11, "Confidential Information" includes the Software and Customizations in any embodiment, the terms, conditions and pricing of this Agreement, and either party's technical and business information relating to inventions or software, research and development, future product specifications, engineering processes, costs, profit or margin information, marketing and future business plans as well as any and all internal customer and employee information, and any information exchanged by the parties that is clearly marked with a confidential, private or proprietary legend. Information that is conveyed orally shall be designated as confidential at the time of disclosure and shall be reduced to writing within ten (10) business days. Notwithstanding any provision in this Section 11.1, Customer specifically acknowledges that the Software, including without limitation the database architecture and sequence and Documentation comprise Confidential Information and know-how that are the exclusive property of Manatron.

11.2 **Nondisclosure.** The parties agree, unless otherwise provided in this Agreement or required by law, not to use or make each other's Confidential Information available to any third party for any purpose other than as necessary to perform under this Agreement. The recipient shall protect the Confidential Information from disclosure by using the same degree of care, but no less than a reasonable degree of care, that it uses to protect its own confidential information of a like nature to prevent its unauthorized use, dissemination or publication by its employees or agents. Customer further agrees that it will not allow any form or variation of the Software to enter the public domain. Both parties acknowledge that any breach of its obligations with respect to Confidential Information may cause the other irreparable injury for which there are inadequate remedies at law and that the non-disclosing party shall be entitled to equitable relief in addition to all other remedies available to it. Customer shall not disclose the results of any performance or functionality tests of the Software to any third party without Manatron's prior written approval.

11.3 **Exceptions.** A party's Confidential Information shall not include information that: (a) is or becomes publicly available through no act or omission of the recipient; (b) was in the recipient's lawful possession prior to the disclosure and was not obtained by the recipient either directly or indirectly from the disclosing party; (c) is lawfully disclosed to the recipient by a third party without restriction on recipient's disclosure, and where recipient was not aware that the information was the confidential information of discloser; (d) is independently developed by the recipient without violation of this Agreement; or (e) is required to be disclosed by law.

12. INTELLECTUAL PROPERTY INDEMNIFICATION.

12.1 **Scope.** Manatron agrees to indemnify and defend Customer against any claim or action brought by any third-party for actual or alleged infringement of any United States patent, copyright, or trade secret based upon Customer's own internal use of the Software in accordance with this Agreement and to pay any damages and costs finally awarded against Customer or paid in settlement. Manatron shall have the sole right to conduct the defense of any claim or action and all negotiations for its settlement, unless the parties to this Agreement agree otherwise in writing.

12.2 **Notice.** Customer shall give Manatron prompt written notice of any threat, warning, or notice of any claim or action that could have an adverse impact on Manatron's rights in the Software.

12.3 **Alternatives.** Manatron shall not be responsible for any settlement entered into without its consent. In the event of a claim or action under Section 12.1, Manatron may, in its sole discretion, (a) procure for Customer the right to continue using the Software; (b) provide a substitute, non-infringing Software; or (c) terminate this Agreement and refund the license fees paid by Customer, less depreciation using a five-year, straight-line method of calculation.

12.4 **Exclusions.** Manatron shall have no obligations under this Section 12 with respect to any claim or action that is based upon (a) Customer's use of the Software in breach of any term or condition of this Agreement; (b) the use or combination of the Software with any third-party product, software, hardware or system; (c) modification of the Software other than by a

representative of Manatron; (d) use of a Version of the Software other than the most current Version of the Software, where use of the most current Version would have avoided the claim of infringement.

12.5 **Sole Remedy**. This Section 12 states Manatron's sole responsibility and obligation, and Customer's sole and exclusive remedy for any infringement claim.

13. LIMITATIONS OF LIABILITY.

13.1 **Limitation and Disclaimer**. MANATRON'S LIABILITY FOR DAMAGES OF ANY KIND, REGARDLESS OF THE FORM OF ACTION OR THEORY OF LIABILITY, SHALL NOT EXCEED MANATRON'S INSURANCE COVERAGE. TO THE EXTENT THAT A CLAIM IS NOT WITHIN MANATRON'S INSURANCE COVERAGE, MANATRON'S LIABILITY SHALL NOT EXCEED: (A) IN THE EVENT OF DAMAGES ASSOCIATED WITH A SERVICE OR HARDWARE PRODUCT, THE FEE PAID BY CUSTOMER FOR THAT SERVICE OR HARDWARE PRODUCT UNDER THE APPLICABLE SCHEDULE; OR (B) IN ALL OTHER CASES, THE LICENSE FEE PAID BY CUSTOMER FOR USE OF THE SOFTWARE. IN NO EVENT SHALL MANATRON BE LIABLE UNDER ANY CONTRACT, NEGLIGENCE, STRICT LIABILITY OR OTHER LEGAL OR EQUITABLE THEORY FOR ANY SPECIAL, INCIDENTAL, PUNITIVE, EXEMPLARY, OR EXCESS COSTS OF REPROCUREMENT ("COVER COST") INDIRECT OR CONSEQUENTIAL DAMAGES OF ANY KIND, INCLUDING DAMAGES RESULTING FROM INTERRUPTION OF USE, LOSS OR CORRUPTION OF DATA, LOST REVENUE, LOSSES RESULTING FROM SYSTEM SHUTDOWN, FAILURE TO ACCURATELY TRANSFER READ OR TRANSMIT INFORMATION, FAILURE TO UPDATE OR PROVIDE CORRECT INFORMATION, STOLEN OR MISUSED PASSWORDS, SYSTEM INCOMPATIBILITY OR PROVIDING INCORRECT COMPATIBILITY INFORMATION, OR BREACHES IN SYSTEM SECURITY, WHETHER OR NOT MANATRON HAS, OR SHOULD HAVE HAD, ANY KNOWLEDGE, ACTUAL OR CONSTRUCTIVE, OF THE POSSIBILITY OF SUCH DAMAGES, AND NOTWITHSTANDING ANY FAILURE OF ESSENTIAL PURPOSE OF ANY REMEDY, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT.

14. THIRD-PARTY SERVICE DISCLAIMER. Unless otherwise stated in the applicable Schedule, Manatron shall not be liable for, and Customer hereby assumes the risk of and shall indemnify and hold harmless Manatron against, any claim, injury, loss, damage or expense (including attorneys' fees), either direct or indirect, incurred, made or suffered by Customer in connection with or in any way arising out of the furnishing, performance or use of services provided by any third party contracted by Customer to perform services in connection with the Software.

15. TERM.

15.1 **Agreement**. This Agreement shall begin on the Effective Date and shall remain in full force and effect until the last Schedule has expired or has been terminated, unless sooner terminated in accordance with the terms of this Section 15.

15.2 **Software and Third-Party Software Support Services**. Unless otherwise provided in the applicable Schedule, Support Services for Software and Third-Party Software shall commence on the first of the month next following Installation and shall continue for an initial period of thirty-six (36) months ("Software Support Services"). Software Support Services shall renew automatically for additional terms of twelve (12) months unless either party provides the other written notice of termination ninety (90) days prior to the expiration date of the initial term or any subsequent twelve-month term. If Software Support Services are discontinued by Customer or terminated for any period, and Customer desires to reinstate such services, Customer shall pay all annual support fees in arrears, in addition to the then-current annual support fee.

15.3 **Hardware Maintenance Services**. Unless otherwise provided in the applicable Schedule, maintenance services for Hardware shall commence on the first of the month next following Installation and shall continue for an initial period of thirty-six (36) months ("Hardware Maintenance Services"). Hardware Maintenance Services shall renew automatically for additional terms of twelve (12) months unless either party provides the other written notice of termination ninety (90) days prior to the expiration date of the initial term or any subsequent twelve-month term. If Hardware Maintenance Services are discontinued by Customer or terminated for any period, and Customer desires to reinstate such services, Customer shall pay all annual support fees in arrears, in addition to the then-current annual support fee.

15.4 **Other Services**. The term for Services (other than Support Services) provided under this Agreement, excluding support services, shall terminate upon completion of the services or shall remain in effect for the period specified in the applicable Schedule.

16. TERMINATION.

16.1 **By Either Party**. Either party may at its option terminate a Schedule immediately upon written notice to the other party if the other party:

16.1.1 Breaches its confidentiality obligations under this Agreement.

16.1.2 Breaches any obligation set forth in this Agreement and fails to cure the breach or develop a plan to cure the breach within thirty (30) days after written notice of the breach from the other party.

16.1.3 Ceases conducting business in the normal course, admits its insolvency or makes an assignment for the benefit of creditors.

16.1.4 Becomes the subject of any judicial or administrative proceedings in bankruptcy, receivership or reorganization and such proceeding is not dismissed within ninety (90) days after it is commenced.

16.2 **By Customer.** In the event the proper appropriation of funds for the continuation of this Agreement is not available for any fiscal year after the first fiscal year, then this Agreement may be terminated. To effect the termination of this Agreement, Customer shall, within thirty (30) days following the beginning of the fiscal year for which the proper appropriation is not available, provide Manatron with written notice of the failure to obtain the proper appropriation of funds. Such notice shall be accompanied by the payment of all sums then owed Manatron under this Agreement, if any. No penalty shall accrue to Customer in the event of exercise of termination due to non-appropriation. If this Agreement is terminated pursuant to this Section 16.2, Customer agrees to grant Manatron a right of first refusal to continue under the terms of this contract for a period of two (2) years from the date of exercising this Section 16.2. If funds should not become available with two (2) years of said date, Customer shall be free to contract with Manatron or any other available source when they do become available.

16.3 **Effect of Termination**. The termination of this Agreement shall not effect the Customer's rights to the Software pursuant to Section 3.1 provided that Customer has paid all Software license fees set forth in the applicable Schedule(s) and Customer is not in breach of any provision of this Agreement or the Schedules. If Customer terminates this Agreement prior to the payment of all Software license fees, or if Customer is in breach of this Agreement, Customer shall immediately cease using the Software and shall either destroy or return the original and all copies, in whole or in part, in any form, of the Software and related materials. Customer shall certify such action in writing to Manatron within one (1) month after the termination date. If Customer terminates a Schedule for Support Services under Section 16.1 above, Customer shall receive a prorated credit of the annual support fee paid for the then-current term to be applied to future services. Upon termination of a Schedule, Customer shall, within thirty (30) days of termination, pay all amounts due and owing under that Schedule. Upon termination of the applicable Schedule and upon request by Customer, Manatron shall return all data supplied by Customer in a format reasonably requested by Customer (other than Manatron's proprietary format) upon payment of Manatron's then current fee for this service.

16.4 **Survival of Certain Obligations**. Obligations and rights in connection with this Agreement which by their nature would continue beyond the termination of this Agreement, including without limitation, Section 11, shall survive termination of this Agreement.

17. DISPUTE RESOLUTION.

17.1 **Informal Dispute Resolution**. If a dispute, controversy or claim arises between the parties relating to this Agreement, the parties shall promptly notify one another of the dispute in writing. Each party shall promptly designate a representative to resolve the dispute. The representatives shall meet within ten (10) days following the first receipt by a party of such written notice and shall attempt to resolve the dispute within fifteen (15) days.

18. GENERAL.

18.1 **Customer List; Publicity**. Customer authorizes Manatron to use Customer's name in its list of Customers. The parties agree that either party or both may issue a mutually acceptable news release regarding Customer's use of the applicable Software and Support Services. Each party's approval of such news release will not be unreasonably withheld or delayed. Once a press release has been issued, Manatron may publicly refer to Customer (by name only) as being a customer of Manatron, and only in relation to this Agreement except as otherwise authorized by Customer.

18.2 **Amendments**. No provision of this Agreement may be amended or modified except by a written document signed by duly authorized representatives of both parties.

18.3 Notices.

18.3.1 **Delivery**. Except as otherwise provided herein, any notice or other communication between the parties hereto regarding the matters contemplated by this Agreement may be sent by United States mail (first class, airmail or express mail), commercial courier, facsimile or electronic mail, in each case delivered to the address set forth below for the recipient. Any written notice required to be sent under Section 16 ("Termination") or Section 17 ("Dispute Resolution") must be sent by U.S. mail (first class, airmail or express) or commercial courier.

18.3.2 **Receipt**. Communications shall be deemed received, if by mail, on the earlier of receipt or the third calendar day after deposit in the mail with postage prepaid; if by courier, when delivered as evidenced by the courier's records; if by facsimile, upon confirmation of receipt by the sending telecopier; and if by electronic mail, when first available on the recipient's mail server. If received on a day other than a business day, or on a business day but after 4:30 p.m., recipient's local time, the communication will be deemed received at 9:00 a.m. the next business day.

18.3.3 **Contact Person**. Notices shall be addressed to the attention of the contact person listed on the Signature Page. Any party may change its contact person or address for purposes hereof by delivering a notice thereof to each other party hereto; but any element of such party's address which is not specified in that notice shall not be deemed changed.

18.4 **Technology Life Expectancy**. Customer understands, acknowledges and agrees that the technology upon which the Hardware, Software and Third-Party Software is based changes rapidly. Customer further acknowledges that Manatron will continue to improve the functionality and features of the Software to improve legal compliance, accuracy, functionality and usability. As a result, Manatron does not represent or warrant that the Hardware, Software and/or Third-Party Software provided to Customer under this Agreement or that the Computer System recommended by Manatron will function for an indefinite period of time. Rather, Manatron and Customer may, from time to time, analyze the functionality of the Hardware, Software, Third-Party Software and Computer System in response to changes to determine whether Customer must upgrade the same. Customer upgrades may include without limitation, the installation of a new Release, additional disk storage and memory, and workstation and/or server upgrades. Customer upgrades may also include the installation and/or removal of Third-Party Software. Customer is solely responsible for all costs associated with future resources and upgrades.

18.5 **Excusable Delays**. Neither party shall incur liability to the other party on account of any loss or damage resulting from any delay or failure to perform all or any part of this Agreement, excluding payment obligations, where such failure is caused in whole or in part by events, occurrences, or causes beyond the reasonable control of the party, provided that such party has taken reasonable steps to mitigate the effects of such delay.

18.6 **Statute of Limitations**. No party may commence an action under this Agreement more than two (2) years after the expiration of its term, or, in the event of a breach, more than two (2) years after the occurrence of the breach, or, in the event the breach is not discovered by the injured party when it has occurred, more than two (2) years after the breach could, in the exercise of due diligence, have been discovered by such party.

18.7 **Injunctive Relief**. Manatron and Customer agree that in the event of any breach of Section 11, monetary damages may not be a sufficient remedy or protection for the aggrieved party, and that the aggrieved party shall be entitled to injunctive or other relief as may be deemed proper or necessary by a court of competent jurisdiction.

18.8 **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of Customer's state of domicile.

18.9 **Assignment**. Customer shall not assign, sublicense or otherwise transfer its rights, duties or obligations under this Agreement, in whole or in part, without the prior written consent of Manatron, which consent shall not be unreasonably withheld or delayed.

18.10 **Severability**. If any provision of this Agreement is prohibited or unenforceable by any applicable law, the provision shall be ineffective only to the extent and for the duration of the prohibition of unenforceability, without invalidating any of the remaining provisions.

18.11 **Counterparts**. This Agreement may be executed simultaneously, in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

18.12 **Subcontractors**. Manatron reserves the right to subcontract work, as it deems necessary, to perform the Services under this Agreement. Manatron shall be fully responsible for the acts of all subcontractors to the same extent it is responsible for the acts of its own employees.

18.13 **Independent Contractor**. The relationship of Manatron to Customer shall be that of an independent contractor. No principal-agent or employer-employee relationship is created by this Agreement.

18.14 **Waiver**. No failure by either party to take any action or assert any right hereunder shall be deemed to be a waiver of such right in the event of the continuation or repetition or the circumstance giving rise to such right.

18.15 **Executable by Facsimile.** Any signature of this Agreement or any Schedule through facsimile shall constitute execution of the Agreement or Schedule by such party.

18.16 **Non-Discrimination**. Manatron, to the extent required by law, shall not discriminate against an employee or applicant for employment with respect to the hire, tenure, terms, conditions or privileges of employment, or a matter directly or indirectly related to employment because of race, color, religion, national origin, age, sex, or disability that is unrelated to the individual's ability to perform the duties of a particular job or position.

18.17 **Entire Agreement**. This Agreement embodies the entire agreement and understanding between Manatron and Customer with respect to the subject matter of this Agreement and supersedes all prior oral or written agreements and understandings relating to the subject matter of this Agreement. No statement, representation, warranty, covenant or agreement of any kind not expressly set forth in this Agreement shall affect, or be used to interpret, change or restrict, the express terms and provisions of this Agreement. The terms and conditions of any purchase order or other instrument issued by Customer which are in addition to or inconsistent with this Agreement shall be of no effect and shall not be binding on Manatron.

APPENDIX A

RESPONSE POLICY

Manatron shall respond to any Errors reported by Customer based on the priority code assigned to such Error. Customer shall identify the priority code when it initially reports the Error to Manatron. Manatron may, in its reasonable discretion, re-classify the Error after its initial investigation. If Customer requests, in writing, that the Error be resolved with a priority code higher than the assigned level, Customer will pay Manatron for that support on a time and materials basis at Manatron's then current rates. The priority codes and responses are as follows:

Priority	Definition/Impact	Manatron's Responses
1	The problem causes an immediate major impact on Customer's business. The problem has caused Customer's use of the Software, or a significant component thereof, to stop or substantially deviate from the Documentation. No timely workaround exists.	Manatron will use all commercially reasonable efforts to: (i) respond to Customer within one hour, indicating that Manatron has received the report of the Error; (ii) provide an initial status report to Customer within 2 hours, and regularly communicate thereafter the status of a reported Incident; and (iii) provide the appropriate modifications, bug fixes and other changes to the Software as soon as reasonably possible.
2	The problem causes an impact on Customer's business. A workaround is not available; however, processing can still continue but in a restricted manner.	Manatron will use all commercially reasonable efforts to: (i) acknowledge receipt of the Error within four (4) hours of the report; (ii) verify the reported Error and regularly communicate the status to Customer; and (iii) provide the appropriate modifications, bug fixes and other changes to the Software within ten (10) days, or to continue its efforts indefinitely beyond this period when an Error remains unresolved.
3	The problem has a minor impact on Customer's business. The problem does not prevent operation of the Software.	Manatron will use all commercially reasonable efforts to: (i) acknowledge receipt of the Error within one business day of the report; and (ii) respond to the Error within thirty (30) days.
4	The problem has no business impact.	Manatron will use all commercially reasonable efforts to: (i) acknowledge receipt of the Error within one business day of the report; and (ii) consider addressing the issue in a future Version or Release.

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