

PAYSCHOOLS.COM ELECTRONIC PARTICIPANT AGREEMENT

THIS PARTICIPANT AGREEMENT (the "Agreement"), dated this ____ day of _____, 20___, is entered into by and between Local Government Service, Inc. (LGS), a wholly owned subsidiary of the Iowa Association of School Boards (IASB), both with offices at 6000 Grand Avenue, Des Moines, Iowa, 50312-1417, and _____, a Michigan public school district, whose address is _____ (the "Customer")(collectively the "Parties").

Whereas, LGS has created the PaySchools program (the "Program"), which is an online payment processing system that processes electronic payments for incidental students charges for participating students of the Customer (the "Users"); and

Whereas, LGS is willing to make the Program available to the Customer and its Users; and

Whereas, the Customer is willing to participate in the Program under the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the mutual promises of the Parties and for other good and valuable consideration, the receipt and adequacy of which are acknowledged, the Parties agree as follows:

1. The Customer agrees to participate for an initial period beginning _____, 20__ and ending June 30, 2012 (the "Term"). The Term shall be automatically renewed annually for an additional twelve (12) month period unless terminated by either Party by giving the other written termination notice sixty (60) days prior to the end of the Term. Notwithstanding the foregoing, Customer is not responsible for any minimum participation level by its Users.
2. The Customer shall remain solely responsible for all administrative fees relating to its participation and use of electronic payment provided by LGS. Administrative fees shall not exceed three and half percent (3.5%) of gross transactions,.
3. By signing below, the Customer recognizes that it is signing a written agreement for LGS to act as the Customer's agent for electronic payment. The Customer understands and agrees to be bound by and comply with all of the terms, conditions and obligations set forth by PayPal, Inc, and any other Merchant Servicers designated by LGS ("Bank"), as provided to Customer by LGS.
4. Customer shall assume total responsibility for charge backs and checks refused for insufficient funds. Neither LGS, IASB, nor nor PayPal, Inc. or any other Merchant Servicers selected by LGS shall be liable for any damages or for any loss, regardless of the legal theory under which such liability is asserted, and regardless of whether they have been advised of the possibility of such liability, loss, or damage for charge backs. However, Customer shall have no additional fee assessed for processing charge backs or for any fees for processing electronic checks returned for insufficient funds, though LGS reserves the right to charge a fee to Users who make an ACH payment with insufficient funds.
5. Customer is solely responsible for the products and services purchased via the Program. LGS makes no warranty as to the quality or safety of said products and services. To the extent allowed by law, customer shall indemnify and hold harmless LGS for any liability, including attorney's fees, relating to any such cause of action brought by any user for any purchase made through the Customer's web site.
6. LGS shall indemnify, defend and hold the Customer, its employees, administrators and Board of Education, from and against any liabilities, including reasonable attorneys fees, relating to any cause of action brought by any person provided such cause of action relates directly to LGS obligations under this Agreement.
7. LGS agrees to indemnify, defend and hold the Customer, its employees, administrators and board of education, in the official and individual capacity harmless from and against any and all damages, costs and expenses, including reasonable attorney fees and reasonable expert witness fees, incurred in connection with any claim or suit brought against Customer, its employees, administrators and board of education, in the official or individual capacity, arising from claims of violation of U.S. copyright, patent or trade secret by any third party resulting from LGS's or Customer's or User's use of any LGS-branded equipment, software, technology, and/or documentation in connection with the Program described herein; provided that LGS is notified in writing within thirty (30) days from the date the Customer knew of such claim, Customer is not the cause of the claim, and further provided that LGS has sole control over its defense or settlement, and Customer provides reasonable assistance at the expense of LGS in the defense of the same. In the event that a third party is successful in prosecuting a U.S. copyright, patent or trade secret infringement claim against LGS related to any LGS-

branded equipment, software, technology, and/or documentation in connection with the Program described herein, as reflected by an order, judgment, or decree of a Court of competent jurisdiction, LGS shall either (i) procure for Customer the right to continue to use the infringing LGS-branded products; or (ii) replace, modify or provide substitute LGS-branded products to Customer, which LGS-branded products are functionally comparable or superior to the Program, and which replacement, modification, or substituted LGS-product is approved Customer, such approval not to be unreasonably withheld; or (iii) facilitate the transition to an alternative non-LGS product comparable or superior to the Program, and which has a price to the Customer not to exceed 3.5% the Customer's gross transactions under the product, and which non-LGS product is approved by Customer, such approval not to be unreasonably withheld.

8. Should a User deposit any monies into an account for use under the Program, and should LGS or the Bank misappropriate or misapply the credit to the User's account accurately, LGS shall be liable to the Customer and User for those amounts misappropriated, provided the condition for addressing the misappropriation or misapplication is not otherwise addressed. This provision is not applicable to fraud, returns for insufficient funds, chargebacks, or other events outside the control of LGS. .

9. Either Party may terminate this Agreement if the other Party is in breach of any term, condition or obligation of this Agreement and has not cured such breach or defect within seven (7) days of written notice of such breach or defect.

10. The Customer certifies it is a member in good standing of its state school board association and shall remain a member in good standing of the Association for the Term of this Agreement.

11. The Parties expressly agree that the Users are third-party beneficiaries of this Agreement.

IN WITNESS WHEREOF, the Customer and LGS have each caused this Agreement to be executed by their duly authorized representatives.

Local Government Services, Inc.

Customer

Signature

Signature

Title

Title

Date

Date

RETURN TO:

Local Government Services, Inc.
Attn: PaySchools
6000 Grand Avenue
Des Moines, IA 50312

Name of School

Street

City, State, Zip

CUSTOMER INFORMATION

Name of School: _____

Address: _____

City, State, Zip: _____

Phone number: (_____) _____ - _____ Fax Number: (_____) _____ - _____

Website URL: _____

Bank Information (for ACH deposits and ACH monthly fee withdrawal)

Bank ABA Routing number _____

Account number _____

Website User Information

PaySchools Global Administrator- Has access to all areas of the PaySchools account.
 Name _____
 Email Address _____

PaySchools Business Administrator- Has access to the financial areas of the site, but no access to master profiles.
 Name _____
 Email Address _____

PaySchools Website/IT Administrator- Has access to the webcode and technical areas of the site, but no access to financials or master profiles.
 Name _____
 Email Address _____
 Phone number _____

Customer Service Contact email _____

PaySchools offers integration capability with many point of sale, student information, and accounting software programs. Please let us know which programs you use.

Lunch System JMC MealTracker MicroCheck QSP SDS Winsnap Other: _____

Student Information System Infinite Campus PowerSchool Skyward Other: _____

Accounting Software SmartFinance Other: _____

1. What type of Operating System does your server use? (Please circle or write in)
 Windows 2000 Windows 2003 Linux Unix Novell Other: _____
2. What type of Web Server do you use? Apache IIS Other: _____
3. What Database Software do you use? SQL Server Oracle Other: _____