

2010 OUTSOURCING CONTRACT FOR FORM 1098-T

Services Provided by 1099 Pro, Inc.

- Forms 1098-T printed per IRS specifications.
- Student Copy B and Instructions mailed via first-class post on or before Monday, 1/31/2011.
- Optional E-Delivery for Student Copy B and Instructions on or before Monday, 1/31/2011.*
- 1099 Pro® 2010 software for generating reprints and corrections.
- Revised Forms 1098-T Filed Electronically with the IRS on or before Thursday, 3/31/2011.
- IRS confirmation of acceptance of upload.

Costs – (Valid through 10/29/10)

1099 Pro® 2010 Software	\$199 repeat user/ \$269 first-time user plus \$14.95 shipping
Service Bureau	\$250 setup fee + \$0.72 per student (subject to postage increases if applicable)
Volume Discount	5% for 50,000-99,999 student records, 10% for 100,000+ records

Responsibilities of Educational Institution

- Submit this signed contract to 1099 Pro, Inc. by 10/29/10. Contracts received after 10/29/10 may incur higher costs. Limited space is available and 1099 Pro, Inc. reserves the right to refuse contracts.
- **A deposit of 50% of the Educational Institution's total estimated costs will be invoiced upon receipt.**
- Final invoices are issued once forms are printed/mailed to students. **Payment is due by 2/28/11.**
- **Deliver data to 1099 Pro, Inc. by 1/14/11.** Failure to submit data in a timely fashion may result in higher rates. Acceptable format is a "Service Bureau Upload File" generated via 1099 Pro® software.
- Minimum system requirements: Windows 2000/XP/2003/Vista, 64MB RAM, Pentium Processor.
- IRS Corrections are the responsibility of the Educational Institution. Corrections may be generated and filed on paper via 1099 Pro® software or uploaded to the Service Bureau for filing at a nominal fee.
- The Educational Institution warrants and is responsible for the accuracy of the data submitted to 1099 Pro, Inc. 1099 Pro, Inc. does not dispense tax or legal advice and recommends the Educational Institution consult their CPA or attorney for counsel or refer to "2010 General Instructions for Certain Information Returns" and/or "2010 Instructions for Forms 1098-E and 1098-T" and/or "Pub. 970 Tax Benefits for Higher Education". These publications will be available within the 1099 Pro® software via the "Forms and Printing" tab under "More IRS Forms & Info".
- The Educational Institution must approve or disapprove in writing, Control Totals generated from the 1099 Pro® software for the initial mailing (January) and for the Electronic upload to the IRS (March).

By signing below, the Educational Institution and 1099 Pro, Inc. agree to fully comply with the terms of this contract and the attached *Addendum to Outsourcing Contract for Form 1098-T*.

EDUCATIONAL INSTITUTION

Signature: _____ Date: _____

Educational Institution: _____

Contact Name & Title: _____

1099 PRO, INC. (866 444-3559)

Signature: _____ Date: _____

Stephen P. Hughes, Service Bureau Manager (signature must be present for contract to be valid)

**Additional Fees may Apply*

1099 PRO, INC. AGREEMENT

Addendum to Outsourcing Contract for Form 1098-T

1. Educational Institution ("Customer") offers to purchase the products and services ("Products") described on the face of this Agreement from 1099 Pro, Inc. (1099 Pro) subject to the terms and conditions set forth herein. Acceptance may be made by 1099 Pro at its facility either by written acceptance of the Agreement or shipment of the Products.
2. The prices for the Products are set forth on the attached Schedule and incorporated herein by reference. These prices are F.O.B. 1099 Pro's facility. All sales taxes and other taxes or fees imposed or increased by any governmental authority that may be applicable to the production, sales, use, storage, delivery, or transportation of the Products shall be added to the price and paid by Educational Institution.
3. Customer shall pay all invoices within thirty (30) days of the date of invoice. Whenever any payment is not made when due, Customer shall pay interest at the rate of 18 percent per annum or the maximum allowable rate of interest permitted by law, whichever is less. Customer shall reimburse 1099 Pro for all costs incurred by 1099 Pro (including reasonable attorneys fees) if 1099 Pro commences collection efforts with respect to this Agreement.
4. All dates of performance by 1099 Pro, including the mailing, shipment, or delivery of Products, are based upon 1099 Pro's best estimates. 1099 Pro shall not be liable for any delay or default in delivery due to occurrences beyond 1099 Pro's control, which prevent 1099 Pro from performing in the normal and usual course of its business. In the case of shipment of Products, the delivery shall be made F.O.B. 1099 Pro's facility.
5. (A) 1099 Pro warrants that the Products are free from defects in material or workmanship and conform substantially to any specifications that are a part of this Agreement. 1099 Pro does not warrant that its products are fit, legally or otherwise, for their intended purpose or use. 1099 Pro, at its option, shall replace or re-work any defective Product or return that portion of the purchase price applicable to the defective Products. (B) 1099 Pro shall use due care in processing all data submitted to it and in performing and providing services. Data will be processed in accordance with generally accepted data processing procedures. If computer services are interrupted or delayed for any reason, 1099 Pro will resume the computer services as soon as reasonably practical. In the event that errors or omissions in computer services are the direct fault of 1099 Pro, 1099 Pro will correct any errors of which 1099 Pro receives timely notice. Where correction is impossible or impractical, Customer shall be entitled to a refund for that portion of the computer services or Products which contain the errors. (C). 1099 Pro warrants that provided that the data supplied to 1099 Pro by Customer is Year 2000 compliant and is in the form requested by 1099 Pro, the date data 1099 Pro receives will process in the hardware and software used by 1099 Pro to provide "Services and Products so that (i) data involving dates, including single-century formulas and multi-century formulas will not cause an abnormally ending scenario within the application or result in the generation of incorrect values involving such dates, (ii) the date-related Customer interface functions and data fields include the indication of the century, and (iii) date related functions will include the indication of century. There will be redesign charges if 1099 Pro's programs need to be changed to accommodate Customer's changes resulting from Customer data that is not Year 2000 compliant. (D) 1099 Pro warrants that to the best of its knowledge no portion of the proprietary hardware or software that it uses to provide the Services and Products contains either any programs that self-replicate without manual intervention, instructions programmed to activate at a pre-determined time or upon a specified event, and/or programs purported to do a meaningful function but designed for a different function (i.e., disabling code) so that, as a result of the Services and Products provided by 1099 Pro pursuant to this Agreement, such disabling code can migrate to Customer's computer software programs. (E) THE FOREGOING COMPRISES 1099 Pro's SOLE AND ENTIRE WARRANTY. ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, AND INCLUDING, BUT NOT LIMITED TO, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE ARE EXPRESSLY EXCLUDED.

Educational Institution Initials _____
1099 Pro, Inc. Initials _____

6. 1099 Pro's maximum liability for any and all claims owing directly or indirectly from the performance of its obligations herein, whether resulting from 1099 Pro's negligence or otherwise, shall not in the aggregate exceed the purchase price of the Products affected. UNDER NO CIRCUMSTANCES SHALL 1099 PRO BE LIABLE TO CUSTOMER OR ANY THIRD PARTY FOR A LOSS OF BUSINESS OR PROFIT OR ANY OTHER ECONOMIC LOSS, OR ANY INCIDENTAL, INDIRECT, SPECIAL, OR CONSEQUENTIAL DAMAGES.
7. 1099 Pro agrees not to permit unauthorized access and to take reasonable steps to protect the confidentiality of Customer's data and resultant output that is designated as confidential by Educational Institutional. 1099 Pro shall not, however, be liable for the unauthorized use of such confidential information by its employees or others beyond limitations established in Section 6 of this Agreement. Customer agrees to treat as confidential information all processes and machinery observed at 1099 Pro's facilities. All materials and data used or furnished by 1099 Pro under this Agreement are the sole property of 1099 Pro and shall be kept confidential by Customer. Such materials and data have been developed at great expense and they contain trade secrets of 1099 Pro.
8. Any materials furnished by Educational Institution, including computer tapes, will remain the exclusive property of Customer. However, Customer agrees to allow 1099 Pro to use such materials in a manner consistent with its performance of the Agreement. Unless otherwise agreed in writing, all information, programs, software, computer lists, artwork, films, molds, plates, dyes, negatives, positives, and all other items, machinery, or materials developed by 1099 Pro in providing the Products shall remain 1099 Pro's exclusive property. Customer accepts Sole responsibility for the accuracy of all data and other items provided by it, and 1099 Pro shall not be responsible for errors or omissions resulting from the inaccuracy or defect in any Customer supplied data or materials. Customer shall pay 1099 Pro, its standard rates, for any processing re-runs or any other additional work performed by 1099 Pro due to incorrect or incomplete Customer data. 1099 Pro will not be responsible for loss or destruction of Customer data or materials unless due to the negligence of 1099 Pro, and 1099 Pro's liability is limited to restoring same provided such restoration can be reasonably performed by 1099 Pro and Customer provides 1099 Pro with all source data in readable form for such restoration, it being presumed conclusively that any data delivered to 1099 Pro has been backed up by duplicate material retained by Customer. 1099 Pro shall have the right to copy and retain all *such* material for its files as it deems necessary for internal processing use only.
9. Either party may terminate this Agreement (a) upon ninety (90) days written notice to the other, or (b) upon thirty (30) days written notice to the other in the event the other party is in breach or default of its obligations herein which is not remedied within such thirty (30) day period. Upon the expiration or earlier termination of this Agreement, 1099 Pro shall deliver to Customer any and all remaining Products, completed or in process, in 1099 Pro's possession and any raw materials specifically produced or acquired in connection with this Agreement. 1099 Pro shall issue a final invoice for all such items which shall be paid by Customer in accordance with this Agreement.
10. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Neither party shall assign or otherwise transfer this Agreement without the prior express written consent of the other party, such consent not to be unreasonably withheld. 1099 Pro hereby reserves the right, in its sole discretion, to subcontract any portion or all of this Agreement. This Agreement supersedes and merges all prior proposals, understandings, and agreements, oral and written, between the parties relating to the subject matter of this Agreement and may not be modified or altered except by written instrument duly executed by both parties signing this Agreement. Customer agrees that this Agreement exclusively governs and controls the rights of the parties so that any purchase order or other writing Customer may submit to 1099 Pro shall be for Customer's convenience.

Educational Institution Initials _____
1099 Pro, Inc. Initials _____