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MAY 18 1988

DIVERSIFIED SOFTWARE SYSTEMS, INC.

Agreement

This is a document dated May 18, 1988 (the "Agreement"), by which we, Diversified Software Systems, Inc., a Florida corporation having our principal office at 1211 Semoran Blvd., Suite 251, Casselberry, FL 32707, agree to license certain of our proprietary software to you, CITY OF NEWBERG, Oregon ("Licensee"), having your principal office at 414 E. First Street, Newberg, Oregon 97132.

1. LICENSE

A. We are providing you with a nonexclusive and nontransferable license to use the computer software components (the "System") and related materials listed in *Exhibit A* on the terms and conditions of this Agreement. Additionally, upon its delivery, you are acquiring as the owner the hardware to be used with the computer software components covered by this Agreement. The hardware is specifically described in *Exhibit A*.

B. You may use the Software and related materials only to process your own work. You may not use the Software and related materials as part of a commercial time-sharing or service bureau or in any other resale capacity.

2. MAINTENANCE SERVICES

A. We will provide the maintenance services described in paragraph 2.C. at no additional cost to you for the period of time specified in *Exhibit A* (the "initial maintenance period").

B. At the expiration of the initial maintenance period, you may buy maintenance services for the Software for subsequent 12-month periods at our then current prices. While we are offering maintenance services for the Software, you may obtain such services as long as (i) you have paid the maintenance fee for any and all maintenance periods after the initial maintenance period; and (ii) you incorporate into the Software within 180 days of the issue date all releases relating to the Software which we have made available to you. The initial maintenance period and subsequent maintenance periods are referred to collectively as the "maintenance period."

C. The maintenance services referred to in paragraphs 2.A. and B. are the following:

- (i) We will consult with you for a reasonable amount of time by telephone during our normal business hours to assist you in the use of the Software;
- (ii) We will supply computer program code to correct any errors in the Software which cause it to deviate materially from the specifications for the Software which are contained in the manuals listed in *Exhibit A*; and
- (iii) We will provide you with all enhancements to the Software which we develop and generally make available at no charge to other licensees of the Software ("Enhancements").

D. We will investigate and correct suspected errors at our offices to the extent possible. If we travel to your place of business at your request during the initial or subsequent maintenance period, you will pay us for the reasonable travel and other out-of-pocket expenses of our personnel. If we, in our reasonable judgment, determine that a suspected error is attributable to a cause other than an error in the Software, then you will pay for our work on a time and materials basis at our then prevailing rates.

3. LICENSE FEES

As compensation for the license granted under this Agreement, you will pay us the license fees set forth in *Exhibit A*. You also will pay any taxes arising out of this Agreement, except for taxes based on our net income.

4. NONDISCLOSURE

You agree to protect the confidentiality of all Confidential Information and not to publish or disclose such information to any third party without our written permission. By Confidential Information we mean the Software and related materials, including Enhancements, which we hereby designate as proprietary and confidential trade secrets of Diversified Software Systems, Inc. You will not remove any copyright, trademark and other proprietary rights notice from the Software or related materials.

5. PERMISSION TO COPY OR MODIFY THE SOFTWARE

A. You may copy the Software and manuals listed in *Exhibit A* exclusively for your own use. The original, and any copies which you make of the Software and other materials, in whole or in part, are our property.

B. You agree to reproduce and include our copyright, trademark and other proprietary rights notices on any copies of the Software and other materials provided under this Agreement, including partial copies and copied materials in updated works.

6. WARRANTY

A. We warrant that during the maintenance period performance of the Software will not deviate materially from the specifications contained in the documents referred to in *Exhibit A*.

B. The Software and any other materials delivered to you under this Agreement will not infringe on the copyright, patent or any other proprietary right of any third party. Should the Software or any materials become the subject of any infringement claim or suit, we may obtain for you the right to continue using the Software or other materials or may replace or modify them to resolve such claim or suit. If we do not find either of these alternatives reasonably available to us, we may require you to stop using the Software or other materials, in which case you will receive a refund of the license fee previously paid by you for the Software or other materials you no longer may use.

C. THESE WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

7. LIMITATION OF REMEDIES

Our entire liability and your exclusive remedy for damages to you from any work under this Agreement, for any cause whatsoever, and regardless of the form of action, whether in contract or in tort, including negligence, shall be as follows:

A. If the Software does not perform as warranted, our obligation will be to modify the Software to make it perform as warranted; or, if after repeated efforts, we are unable to make the Software operate as warranted, you will be entitled to recover your actual money damages to the limits set forth in this section.

B. Damages shall not exceed the total fees received by us under this License Agreement.

8. TERMINATION

When this Agreement terminates for any reason, within five business days thereafter you must either deliver to us or, at our option, destroy the original and all copies of the Software and related materials, including Enhancements and derivative works.

9. GENERAL PROVISIONS

A. You may not assign or otherwise transfer this Agreement and the license it provides without our prior written consent. This Agreement shall be binding upon our respective successors and assigns.

B. If either of us waives or modifies any term or condition of this Agreement, this will not void, waive or change any other term or condition. If either of us waives a default by the other, this does not mean that we will waive future or other defaults.

C. If any part of this Agreement, for any reason, is declared to be invalid, it shall be deemed omitted. The remainder of this Agreement shall continue in effect as if the Agreement had been entered without the invalid portion.

D. This Agreement will be governed by the laws of the State of Florida, as such laws are applied to contracts between Florida residents which are entered into and to be performed entirely within Florida.

E. This Agreement sets forth the full understanding between us and may only be changed in writing.

F. *Exhibit A* attached to this Agreement is made a part of it as if fully included in the text.

G. Any monies not paid when due shall bear interest at the rate of 1 1/2 percent per month from due date until paid.

Each of us has signed this agreement as of the date indicated at the beginning of this document.

CITY OF NEWBERG, OREGON

(Licensee)

By:

B. H. H. H.
Finance Director
Name and Title

Diversified Software Systems, Inc.

By:

Lon L. Garber
Lon L. Garber, President
Name and Title

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EXHIBIT A
to
Diversified Software Systems, Inc.
Agreement

1. We are licensing to you the following standard software components:

. CORNERSTONE - Single User System Software

Permits Module, Inspections Module, Fee Module, Control Module

2. You are acquiring from us the following standard hardware components:

None

We are also providing the following additional services:

None

4. The above components will perform according to the specifications described in the following manuals and related materials:

. CORNERSTONE User Manual

5. You agree to pay the standard price of \$6,500 plus a customization fee of -0-. The fees are payable as follows:

LICENSE	MAINTENANCE	
<u>\$3,250</u>	<u> </u>	Upon signing this agreement
<u>\$3,250</u>	<u>\$910.00</u>	Upon delivery of standard hardware and software
<u> </u>	<u> </u>	45 days after the signing of this agreement
		Upon delivery of customization options.

6. Expense reimbursements, and fees for training, assistance and support which we provide on a time and material basis at our standard rates, are due on receipt of monthly billing. Reasonable travel and living expenses are billed at Diversified Software Systems, Inc., cost.

7. The initial maintenance period shall begin: Delivery of Software

Date initial maintenance period shall end: 90 Days After Delivery of Software

Maintenance payment of \$910 is for the first year after the initial maintenance period ends. Maintenance includes: * Unlimited phone support
* Program fixes * Enhancements and future releases to the CORNERSTONE
System * Documentation updates * Input to future releases

8. Additional provisions:

- A. 2 days training at our Casselberry office within 45 days of the purchase date.
- B. If during the initial maintenance period the CORNERSTONE Software does not operate properly or does not satisfy the needs of Newberg, Newberg may return the items listed in No. 1 and No. 4 of this Exhibit A and Diversified Software Systems shall refund all license and maintenance fees paid to it by Newberg.

Agreed to and initialed for identification by:

B. H. Haid

(Licensee)

Lon L. Gail

(Diversified Software Systems, Inc.)

This proposal is valid until: June 15, 1988