

## MEMBERSHIP AGREEMENT

This Membership Agreement ("Agreement") is made and executed by and between RAMESES SYSTEMS INC. ("Rameses"), a company organized and existing under and by virtue of the laws of the Republic of the Philippines, and the local government unit ("Member") indicated below (collectively the "Parties"). By signing this agreement, the Parties mutually agree to be bound by the terms and conditions hereof:

1. **Background.** Rameses is the developer and owner of Enhanced Tax Revenue Assessment and Collection System ("E-TRACS"), a software offered to local government units as part of international aid or grant. Initially, during the effectivity of this aid or grant, the software is offered with training and maintenance paid for by the donor. The purpose of this Agreement is to provide Members continuity in terms of technical support and software updates after the end of the aid or grant. For an Annual Membership Fee, defined hereunder, a Member enjoys exclusive benefits set forth in this Agreement;
2. **Membership Benefits.** Members shall enjoy the following exclusive services and benefits:
  - a. Access to an online community of E-TRACS users where they can search and download documentations on common issues and fixes, users and developers manuals; open bug reports and post ideas and feature requests; directly interact with E-TRACS developers; and receive announcements of software updates, trainings, and other exclusive offers;
  - b. Enjoy limited use of cloud-hosted content management system;
  - c. Receive regular software updates and fixes ("Software Updates") as defined hereunder; and
  - d. Avail of technical support ("Support Services") as defined hereunder;
3. **Software Updates.** As used in this Agreement, "Updates" shall mean new versions of E-TRACS, if and when available, which Rameses distributes to E-TRACS users to correct errors or to provide other modifications or enhancements to E-TRACS. "Updates" do not include any modifications or enhancements that represent a new product, as determined by Rameses in its sole discretion. From time to time, Rameses may provide to certain of its E-TRACS users free of charge modifications or enhancements which represent a new product as an accommodation; any such accommodations shall not waive, diminish or abrogate Rameses' right to determine in its sole discretion whether or not an enhancement constitutes an Update or a new product. The Member agrees to test, and if operable, accept and use all Updates to E-TRACS furnished by Rameses. Rameses shall be obligated to support only the most current version and up to the last five (5) iterations of E-TRACS. New releases of and patches to any third-party software shall be provided to the Member by Rameses as made available by the third-party software provider and as tested and approved by Rameses for use on E-TRACS. Any Updates, patches and other similar software code provided to the Member pursuant to this Agreement shall be considered part of E-TRACS and are licensed to the Member subject to the terms and conditions of the End User License Agreement ("EULA") between the Parties governing the license of E-TRACS, a copy of which is hereto attached and made integral to this Agreement as Annex "A";

4. **Support Services.** Subject to the terms of the Support Services Agreement, hereto attached as Annex "B" and made integral to this Agreement by this reference, the Member shall be entitled to receive remote technical support by way of email, phone, chat and some other means of communication such as but not limited to Skype, TeamViewer and other similar software; and, if necessary, on-site support by Rameses technicians;
5. **Annual Membership Fee.** The Member shall pay a fixed Annual Membership Fee of SEVENTY-FIVE THOUSAND PESOS (Php75,000.00), exclusive of Value-added Tax and other applicable taxes, if any; which shall be due without need of demand not later than the expiration of the "Term", as defined in the immediately succeeding clause. Subject to mutual agreement in writing by the Parties, this Annual Membership Fee may be adjusted upward by 5% or by the official inflation rate set by the National Economic Development Authority, whichever is higher, at the renewal of the Term. Early payment by the Member shall entitle it a 20% discount. Where applicable and if required, payment of Documentary Stamp Tax shall be for the account of the Member;
6. **Term and Termination.** As used in this Agreement, a Term shall be a duration of 12 months, initially reckoned from the Effective Date, and shall be automatically renewed for another 12 months at the expiration of each Term unless otherwise terminated due to: (a) Material Breach as defined in Clause 7; or (b) either Party gives notice of termination; or (c) the Member gives notice of non-renewal (collectively "Notice") at least thirty (30) days prior to the expiration of the Term. In case the Member decides to re-subscribe after terminating or opting not to renew this Agreement for any number of years, Rameses shall charge the Annual Membership Fees for the years between the last and the new subscription, subject to discounts, if any, which Rameses may grant in its sole discretion. Any termination due to Material Breach shall entitle the Parties as follows: (a) if the Erring Party is the Member, Rameses shall be entitled to the full amount of the Annual Membership Fee or any balance thereof, as the case may be, including any overdue amounts and legal interests; and (b) if the Erring Party is Rameses, the Member shall only be entitled to withhold any remaining balance of the Annual Membership Fee or terminate this Agreement and seek damages from Rameses, but in no case shall such damages exceed the amount set forth in Clause 9;
7. **Material Breach.** The following shall constitute Material Breach by the Member and entitle Rameses to terminate this Agreement, subject to prior notice in accordance with Clause 14:
  - a. Unreasonable delay in the release of the Annual Membership Fee, which for this purpose shall mean a delay of ONE HUNDRED TWENTY (120) days from the Effective Date or start of a new Term;
  - b. Unreasonable refusal by the Member to allow Rameses, its technician, agent, or otherwise authorized representative to access, test, investigate, or perform all necessary procedures in compliance with its obligations set forth in Clause 8;

The following shall constitute Material Breach by Rameses and entitle the Member to terminate this Agreement, subject to prior notice in accordance with Clause 14:

- c. Unreasonable delay or refusal to fix, repair, or otherwise mitigate any failure, bug, glitch, fault or downtime directly attributable to E-TRACS and not to any other computer or network component, pursuant to its obligation set forth in Clause 8;
8. **Limited Warranty.** Rameses makes no warranty that E-TRACS for the Term of this Agreement and thereafter shall operate without any failure, bugs, glitches, faults or otherwise downtime and that the sole obligation of Rameses is to endeavor, within reasonable time and on "best-effort" basis, to repair, fix, or otherwise mitigate any failure, bug, glitch, fault or downtime by providing patches or temporary workaround. For purposes of this Agreement, "best-effort" shall mean reasonable effort to restore E-TRACS to its last operational status without guaranteeing a permanent fix or solution;
9. **Limitation of Liability.** In no event shall the liability of Rameses under this Agreement exceed SEVENTY-FIVE THOUSAND PESOS (Php75,000.00). Furthermore, in no event shall Rameses be liable for any lost profits, lost data, cost of procurement of substitute goods or services; or any special, consequential, incidental, indirect or punitive damages arising out of or under this Agreement. The limitation of liability set forth in this clause shall apply whether or not Rameses was advised of the possibility of such loss, liability, or damages and notwithstanding any failure or breach by Rameses of its Limited Warranty defined in the preceding clause;
10. **Force Majeure.** Neither Party shall be liable for any delay or failure to perform any of its obligations under this Agreement caused by an event of Force Majeure which, as used in this Agreement, shall mean any acts of nature or people and the effect thereof that neither Party has anticipated nor control and which shall prevent such Party from performing its obligations hereunder. The Party claiming the event of Force Majeure must promptly notify the other in the manner described in Clause 14 the reasons for the delay or stoppage (and the likely duration) and shall take all reasonable steps to overcome the delay or stoppage. Following such notice, the obligation of the Party claiming Force Majeure shall be suspended for the period that the event of Force Majeure continues and the Party shall have an extension of time for performance which is reasonable and in any event equal to the period of delay or stoppage. As regards such delay or stoppage: (a) any costs arising from the delay or stoppage shall be borne by the Party incurring those costs; (b) either Party may, if the delay or stoppage continues for more than thirty (30) continuous days, terminate this Agreement with immediate effect by giving written notice to the other and neither Party shall be liable to the other for such termination; and (c) the Party claiming the event of Force Majeure shall take all necessary steps to bring that event to a close or to find a solution by which this Agreement may be performed despite the event of Force Majeure;
11. **Representation of Parties.** Both Parties warrant that the representatives who signed for and on its behalf are fully authorized to enter and bind both corporate entities to the terms of this Agreement. Furthermore, the Member warrants that the required *Sanggunian* resolution or ordinance approving this Agreement has been duly passed and signed into law by the local chief executive. Moreover, the Member agrees to treat this Agreement as "Direct Contracting" as defined under Section 50 of the Revised Implementing Rules and Regulations of Republic Act No. 9184, otherwise known as the Government Procurement Reform Act, which is hereto made integral to this Agreement by this reference; and for this purpose, Rameses likewise warrants that it is the exclusive dealer or manufacturer of E-

TRACS and does not have sub-dealers selling it at lower prices and for which no suitable substitute can be obtained at more advantageous terms to the Member;

12. **Assignment.** Neither Party may assign or otherwise transfer its rights and obligations under this Agreement without prior written consent of the other Party. Any attempted assignment without the required prior written consent shall be void and of no force and effect;
13. **Dispute Resolution, Jurisdiction and Venue.** All disputes arising out of or relating to this Agreement shall be finally settled by arbitration conducted in Cebu City, Philippines, in accordance with the Philippine Arbitration Law (Republic Act No. 872), by a Board of Arbitrators composed of three members. Each party shall nominate one member and the third member shall be selected by the two members nominated by the Parties. The Parties shall bear equally the cost of arbitration (exclusive of legal fees and expenses of the Parties, all of which each Party shall bear separately). The decision of the Board of Arbitrators shall be final and binding on both Parties and enforceable in any court of competent jurisdiction located in Cebu City, Philippines. Notwithstanding the foregoing, in the event of breach by a party of its obligations hereunder, the non-breaching party may seek injunctive or other equitable relief in any court of competent jurisdiction located in Cebu City, Philippines and the Parties hereby consent to the jurisdiction and venue of such courts. In any action between the Parties to enforce any of the terms of this Agreement, the prevailing Party shall be entitled to recover reasonable expenses, including reasonable attorney's fees;
14. **Notices.** All notices required in this Agreement must be in writing and served at the principal office of the other Party by mail (via public post or private courier) or by personal delivery to its President, CEO, General Manager, Mayor, Municipal/City/Provincial Administrator, or Municipal/City/Provincial Attorney. Such notice is deemed given upon showing of written receipt or by the records of the delivery agent.
15. **Construction.** Singular terms shall be construed as plural and vice versa. Section headings are for convenience only and shall not be considered part of this Agreement. The Parties acknowledge that this Agreement was negotiated at arms length by entities with access to legal counsel, and no term or provision herein shall be construed favorably or unfavorably as to either Party based upon which Party drafted or negotiated such term or provision;
16. **No Waiver.** No delay or failure of any Party to exercise any right under this Agreement, nor any partial exercise thereof, shall be deemed to constitute a waiver of any rights granted hereunder or at law;
17. **Severability.** If any provision of this Agreement is determined by an Arbitrator or any court of competent jurisdiction to be invalid or unenforceable, then the remaining provisions of this Agreement shall nevertheless be given full force and effect and be interpreted as broadly as possible to give full effect to the intentions of the Parties in entering into this Agreement;
18. **Entire Agreement.** This Agreement constitutes the entire agreement between the Parties with respect to this subject matter and supersedes all previous proposals, both oral and written, negotiations, representations, writings and all other communications between Parties and all prior agreements and there are no inducements to enter into this Agreement which are not set forth herein. This

