MBS DIRECT
Textbooks & Course Materials

Services Agreement

MBS Direct, LLC
&
Palo Verde Community College

This Services Agreement (the "Agreement") between Palo Verde Community College and MBS Direct provides the terms wherein MBS Direct will provide course material distribution services to students of the Palo Verde Community College

Now therefore, the parties agree as follows:

1. *Textbook Adoptions* - MBS Direct, LLC (hereafter referred to as "MBS Direct") will provide a web-based application, "Course Director", for the submission of textbook adoptions from administrative personnel designated by Palo Verde Community College (hereafter referred to as "Palo Verde Community College"). MBS Direct will also accept other formatted textbook adoption data that allows MBS Direct to automatically populate Course Director. Palo Verde Community College agrees that during the term of this Agreement, Palo Verde Community College shall submit textbook adoptions via one of the above methods to MBS Direct Client Services no later than eight (8) weeks in advance of each course term for which textbooks and/or other course materials will be required.

Palo Verde Community College also agrees that during the term of this agreement MBS Direct shall be the exclusive course materials retailer for adopted course materials adopted by Palo Verde Community College and submitted to MBS Direct under this Agreement and that Palo Verde Community College shall submit adoption lists for the courses covered under this Agreement exclusively to MBS Direct.

2. *Acquisitions* -. All course materials adoption lists are first passed against the current MBS inventory and all quantities available are reserved for sale to students that will enroll in that specific course. If the quantity available from MBS inventory is not sufficient to cover the estimated enrollment, the Acquisitions Department places an order for the balance to publishers or other vendors so that sufficient quantities shall be on-hand to sell to students prior to the beginning of each applicable course term.

MBS Direct shall procure the necessary inventory and materials to support the institution's adoption requests, which may include both inventory customized for use at the institution (including packages, bundles or customized textbooks) ("Customized Inventory")as well as items carrying limited returnability to the publisher ("Limited Return Inventory"). Because Customized Inventory and Limited Return Inventory typically cannot be used with other MBS Direct client institutions, MBS Direct requires an extended commitment of use over a longer period to provide adequate time to fully sell through any inventory procured for the institution.

At the beginning of each course term, MBS Direct shall provide to the institution a listing of all Customized Inventory and Limited Return Inventory. Upon receipt of such list, Palo Verde Community

College agrees to provide commitment of continued usage for one additional course term beyond the current course term, or a commitment to change the item for the next term's courses.

Should MBS Direct continue to hold on hand quantities of any Customized Inventory or Limited Return Inventory after the expiration of the adoption period for such items, MBS Direct will use commercially responsible means to dispose of such remaining inventory, including returning to the vendor when available. In the event that the institution has not provided the required commitment of usage, and in situations where the inventory cannot be returned, MBS Direct may at MBS Direct's reasonable discretion, require the institution to participate in the disposal of such inventory, which may include the following:

a) Continued usage for an additional term;
b) Cooperation of the vendor to allow for a return; or
c) Purchase by the institution, at MBS Direct's cost, of any remaining inventory.

Finally, should an adopted course material which constitutes Limited Return Inventory be changed or dropped after procurement by MBS Direct and not allowed to be sold for the adopted course in the quantities provided by the Institution, Palo Verde Community College agrees to purchase any remaining inventory that cannot be returned to the vendor for full credit from MBS Direct at MBS Direct's cost or to reimburse MBS Direct for any restocking fees the vendor imposes for a return.

MBS Direct requires that Palo Verde Community College designate a contact person for the purpose of communicating any factors or issues that may prevent the correct book, in the correct quantity, from being available for student purchase. MBS Direct will assign an Account Manager to Palo Verde Community College with responsibilities of managing the textbook adoption list, maintaining inventory to meet demand, and ensuring adequate promotion of MBS Direct services to Palo Verde Community College and its students.

3. *Orders* - MBS Direct shall provide Palo Verde Community College with print and/or electronic materials for distribution to registered students that outline procedures for ordering, hours of operation, procedures to follow for returns and refunds, how a book may be sold back when the course is complete, and procedures to follow in the event any problems are encountered with an order.

MBS Direct will develop an Internet ordering application for students of Palo Verde Community College that will be known as the "MBS Direct Virtual Bookstore". Palo Verde Community College will provide MBS Direct with the necessary artwork, such as institution logo, and/or the licenses and other approvals to use such artwork, for development of the online bookstore. Palo Verde Community College also agrees to insert banners on prominent and appropriate pages within the Palo Verde Community College institutional website so students will be able to conveniently link to the MBS Direct ordering website. MBS Direct will also accept orders from students via toll-free telephone, facsimile, or mail.

Palo Verde Community College agrees, in recognition of the commissions paid on net sales, to reasonably cooperate and support MBS Direct as a collaborative partner with the distribution of promotional materials to students, faculty, and staff of the institution. Promotional activities may include, but are not limited to, the activities described below.

a) Create links from Palo Verde Community College student web portals to the MBS Direct/Palo Verde Community College Virtual Bookstore.
b) Allow for the Integration of MBS Registrar Link into institution student registration applications and web pages as appropriate.

c) Delivery of MBS Direct supplied promotional emails by Palo Verde Community College to appropriate students.

d) Provide MBS Direct on an annual basis all student email addresses, and one month prior to each academic term start any new incoming students, including freshmen or transfers, for promotional emails which advise them of the MBS Direct Virtual Bookstore offerings.

e) Incorporate into any new student orientation program information regarding the MBS Direct/Palo Verde Community College Virtual Bookstore. This includes the addition of materials for on-campus orientation programs, and printed materials to be included in orientation mailings to student and parents at their home address. MBS Direct will provide materials at no cost to the institution.

f) Notification to faculty of the MBS Direct Virtual Bookstore as the endorsed textbook/learning content provider of Palo Verde Community College along with information on services and products of the service delivered by way of institution supplied email addresses.

g) Allow MBS Direct employees to visit on campus faculty for the solicitation and promotion of the MBS Direct/Palo Verde Community College relationship.

h) Allow for the distribution on ground campus locations of MBS produced print materials. This will include posters for on campus bulletin boards, table tents, dorm room door hangers, and other similar promotional items. MBS Direct will provide personnel for material distribution and the cost of materials and distribution will be borne by MBS Direct.

i) Post in virtual campus student web portals information to promote ordering from the Virtual Bookstore and the MBS student textbook buyback. MBS Direct will develop and provide appropriate information for these postings.

All communication with students and faculty will be in accordance with the privacy policies of MBS Direct and Palo Verde Community College.

4. ***Client and Student Vouchers and Payment Terms*** – MBS Direct ordering website will accommodate the ordering and payment of course materials from students receiving financial aid. MBS Direct will cooperate with Palo Verde Community College to develop a procedure for the electronic delivery of voucher data to MBS Direct that will then allow approved students to purchase course materials with a financial aid voucher via the MBS Direct Virtual Bookstore or by phone with dollar amounts determined by Palo Verde Community College.

Financial aid data can be submitted via an Internet form or as an electronic file sent to MBS Direct. It can be forwarded as an e-mail attachment or sent to MBS Direct's FTP site. To ensure timely authorization for students to purchase materials using financial aid, MBS Direct will update financial aid data on a timely basis during the business day.

If an email address for the student is supplied, MBS Direct will notify Palo Verde Community College students with an email letting them know their aid is available to be used for course material purchases at MBS Direct. The email will include the financial aid allocation number assigned by Palo Verde Community College that is used in conjunction with the student identification number to log into the Virtual Bookstore.

Palo Verde Community College is responsible for validating a student's right for a voucher sale and the establishment of a student credit limit for that voucher sale. The client assumes all responsibility for any fraudulent use of vouchers by students. MBS Direct will invoice Palo Verde Community College for all voucher sales, broken out by students, on a weekly basis. Payment of the weekly invoice for voucher sales is due Net 30 Days.

Nonpayment of voucher invoices for more than 30 days after the due date may result in the suspension of all voucher services. MBS Direct may elect to charge one percent (1%) interest penalty, per month, on all outstanding balances over 30 days past due until paid in full.

Should voucher purchase of course materials be desired, Palo Verde Community College agrees to submit to MBS Direct for review a current financial statement and a completed credit application. Upon review of client financial statement and credit application, MBS may elect to not offer student voucher services or to offer voucher service only when MBS Direct is allowed to establish a credit limit for student voucher orders.

MBS Direct will also provide Palo Verde Community College the option of placing orders for students directly. The online voucher system will allow Palo Verde Community College to access the online bookstore to place a student's order directly. In such case, MBS Direct shall bill the institution directly for each such order.

5. *Shipping and Delivery* - MBS Direct will provide multiple shipping methods including UPS Ground, UPS Second Day Air, UPS Next Day Air, and USPS Priority Mail. Ground shipping orders received Monday through Thursday are shipped by the next business day. Orders received on Friday or the weekend are shipped on the following Monday. Air orders received by 12:00 Noon, Monday through Friday, will ship the same day. Shipping charges are determined from the current published rate chart of the carrier.

6. *Instructor's Desk Copies* - Desk copies should be ordered directly from the publisher by Palo Verde Community College or the instructor. In the event that neither Palo Verde Community College nor the instructor is able to obtain a desk copy from the publisher, MBS Direct should be contacted for assistance.

Schools may purchase discounted desk copies of student edition books through the MBS Direct Desk Copy Program. This program may be utilized at the schools' request and also when the school does not qualify for a complimentary desk copy from the publisher. This service only provides desk copies of student editions; MBS Direct does not carry stock of teacher editions. The desk copies are facilitated by the MBS Direct Account Manager.

The school would purchase a copy of the student text at a 15% discount. MBS provides the school with a prepaid paid shipping label and invoice for the school. If returned within one year, the school will receive a full refund minus the cost of the original shipping.

7. Bulk Orders - Bulk orders made by Palo Verde College for the purpose of direct distribution or resale directly to the school's students and billed to the Palo Verde College will be subject to the following terms and conditions:

i. Determination of the condition of books (new or used) sold for this purpose will be at the sole discretion of MBS Direct;

ii. Payment for orders is due within 30 days of product shipment;

iii. MBS Direct reserves the right to charge a 1.5% monthly finance fee on balances older than 30 days;

iv. Returns will be accepted up to 30 days after product shipment;

v. Should returned product exceed 10% of the total product invoiced, a 10% restocking fee will be assessed on product exceeding the limit.

vi. Pricing for Bulk Ordered items will be at an 11.5% discount from standard retail pricing and, as such, are noncommissionable sales. MBS Direct does not include the price of shipping in the selling price of textbooks or other materials. Shipping charges are calculated separately for each order based on weight and distance. Shipping is invoiced to the School as a separate line item.

8. *Refunds and Customer Service Issues* - MBS Direct offers a full refund for customers returning materials within 14 days of the class start date or within 21 days of the date the materials are shipped, whichever is later. Shipping costs are not refundable and the materials returned must be returned in the same condition in which they were originally received. Additionally, any shrink-wrap or bundling that is present must not be opened or removed to allow for a full refund.

9. *Reselling Textbooks* – Buyback is available through MBS Services Company. Customers who have ordered books that have a buyback value will receive e-mail notification one week prior to the end of their course prompting customers to access an online buyback price quote from the MBS Direct Virtual Bookstore. From the MBS Direct Virtual Bookstore site a customer can generate and print a price quote, valid for a specified period, on any books with buyback value. The site will also provide shipping instructions and notification that an email will be sent to customers from which they can print a prepaid mailing label for shipping textbooks, with price quote, to MBS Services Company. Upon receipt of the book(s) at the MBS Services Company facility, a check will be mailed for the price quoted assuming all course materials are received and are in resalable condition as determined by MBS Service Company.

MBS Service Company will also offer a "Guaranteed Buyback" program. This will allow students to know the buyback price for selected titles at the time of purchase. In order to participate in the Guaranteed Buyback program, the institution must commit to using the MBS service for a minimum of one additional major term start past the one in which Guaranteed Buyback is offered. For example, if Guaranteed Buyback is offered for the Fall term start in 2014, the institution must commit to MBS service for at least the Fall term start in 2015. Should the institution choose to cancel their agreement, all buyback quotes issued in relation to the Guaranteed Buyback program will be null and void of obligation by MBS Service Company.

Palo Verde Community College will be provided a listing of Guaranteed Buyback titles prior to the term start, and may choose specific titles for which Guaranteed Buyback will not be offered because Palo Verde Community College cannot commit to future usage. Guaranteed Buyback will not be offered on titles meeting the following criteria: new-only titles or adoptions, non-textbook items, consumable titles, including study guides, working papers, and workbooks, old editions, out-of-print titles, titles with new editions pending, and low-priced mass market titles. The number of Guaranteed Buyback quotes offered on specific titles may be limited.

Students who purchase course materials from MBS Direct are rewarded with a "loyalty" bonus that can help them realize buyback values of up to 45% of new book price. The MBS Direct Loyalty program would be turned on for all Palo Verde College students during the initial buyback prior to the Spring 2015 start.

10. *Distribution of Related Course Materials* - MBS Direct shall, in cooperation with Palo Verde Community College, to develop a program for the acquisition and distribution of non-textbook course materials such as e-content, CD-ROM's, photocopied material, videotapes, audio tapes, etc.

Related course materials without copyrighted items:
In the case where these related materials are available for purchase from established vendors/publishers in the necessary quantities, the materials can simply be specified as an adopted course material item. MBS Direct will then acquire these materials from the vendor/publisher and make them available for sale as companion items with the required textbooks. MBS Direct will provide publication services for client-

produced related course materials as well. Palo Verde Community College will provide MBS Direct an original, electronic or camera-ready copy of these materials from which MBS Direct will produce the necessary quantities. Palo Verde Community College agrees to indemnify and hold MBS Direct harmless from any liability resulting from the failure of Palo Verde Community College to obtain any necessary copyright clearances on these materials.

Related course materials with copyrighted items:
When copyright clearance service is required on materials submitted by Palo Verde Community College for duplication, MBS Direct will employ the services of a third-party publishing service to obtain permissions prior to producing the materials in the necessary quantities. MBS Direct will indemnify and hold Palo Verde Community College harmless for any liabilities for which the service provider has cleared permissions.

MBS Direct shall publish each year on January 1, a fee schedule that will be in effect for the following twelve months on the cost of services provided by MBS Direct in publishing and providing non-copyright related course materials to your students. The MBS Direct fee schedule will cover all production costs, services charges and other costs, which may be associated with both print and electronic delivery of the related course materials. The fee schedule is available upon request.

MBS Direct reserves the right to offer the option to students for sale and delivery, any related course material item traditionally delivered as a photocopied course pack via digitized eContent. Typically, items under 100 pages in length may be delivered as eContent. eContent will be offered at a lower price point than the print version of the same item.

11. *STUDYtactics* - MBS Direct shall provide Palo Verde Community College students with access to "STUDYtactics", a comprehensive product that MBS Direct created to provide additional service to your students. STUDYtactics simplifies and accelerates the ability of students to aid in completing their education goals. Students will have access to free, web-based services and the opportunity to purchase carefully screened tools and materials relevant to the course subject. And the adopted textbooks through publisher produced ancillary materials, and/or additional academic reference products appropriate for the student's career path. Palo Verde Community College will assist MBS Direct with promotional activity that includes, but is not limited to, allowing MBS Direct to contact students, with whom MBS Direct has had a previous transaction. All communication with users will be in accordance with the privacy policy of MBS Direct and Palo Verde Community College. MBS Direct shall pay to Palo Verde Community College a commission for participating in STUDYtactics as described in Schedule A of this Agreement.

12. *Commissions* - MBS Direct will pay to Palo Verde Community College a commission for items sold under this Agreement as set forth in Schedule A and in accordance with this Agreement.

13. *Audit and Inspection of Records* - Palo Verde Community College has the right to inspect and audit the records of MBS Direct for the purpose of determining the accuracy and completeness of MBS Direct commission payments. Any inspection or audit will be at the expense of the client institution. Reasonable written notice of intention to conduct such inspection or audit is required.

14. *Term of Agreement* – The initial term of this Agreement shall commence upon signing by both parties and conclude on November 15, 2017. Thereafter, this agreement will be extended automatically on an annual basis. Upon the conclusion of the initial term, the Agreement may be terminated by either party upon written notice if the other party is in default of or has breached any other provision of this Agreement or not met the other parties customer service expectations and such default or breach has not been cured within thirty days of the written notice thereof given to the other party. The College may terminate the contract at any time by providing MBS Direct ninety (90) days written notice.

15. ***Publicity*** **-** MBS Direct may publicize the relationship between the parties in accepted and standard advertising and promotional channels with express permission is granted by the College.

16. ***No Waiver*** **-** The failure of either party to enforce at any time or for any period of time the provisions hereof shall not be construed to be a waiver of such provisions or the right of such party thereafter to enforce each and every such provision.

17. ***Indemnification*** **-** To the fullest extent permitted by law, the contractor shall defend, indemnify and hold harmless the College, its agents, representatives, officers, directors, officials and employees from and against all claims, damages, losses and expenses (including but not limited to attorney fees, court costs, and the cost of appellate proceedings), relating to, arising out of, or alleged to have resulted from the acts, errors, mistakes, omissions, work or services of the contractor, its employees, agents, or any tier of subcontractors in the performance of the contract. The contractor's duty to defend, hold harmless and indemnify the College, its agents, representatives, officers, directors, officials and employees shall arise in connection with any claim, damage, loss or expense that is attributable to bodily injury, sickness, disease, death, or injury to, impairment, or destruction of property including loss of use resulting there from, caused by any acts, errors, mistakes, omissions, work or services in the performance of this contract including any employee of the contractor or any tier of subcontractor or any other person for whose acts, errors, mistakes, omissions, work or services the contractor be legally liable. The amount and type of insurance coverage requirements set forth herein will in no way be construed as limiting the scope of the indemnity in this paragraph.

The contractor shall hold the District, its officers and employees, harmless from liability of any nature or kind on account of use of any copyrighted or non-copyrighted composition, secret process, patented or unpatented invention, article or appliance furnished or used under this request.

18. ***Governing Law*** **-** This agreement shall be construed as having been made in and subject to the laws of the State of California

19. ***Notices*** **-** All notices required or permitted to be given under this agreement shall be deemed given if sent by registered or certified mail, return receipt requested, postage prepaid, addressed to the parties as follows:

Palo Verde College One College Drive Blythe, CA 92225	MBS Direct, LLC 2711 West Ash - P. O. Box 637 Columbia, MO 65203

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20. ***Entire Agreement*** **-** This agreement constitutes the entire Agreement and understanding between the parties, cannot be amended, changed, or supplemented except by an instrument in writing signed by the parties and shall be binding and inure to the benefit of the successors and assigns of the parties hereto.

For Palo Verde Community College	***For MBS Direct, LLC***
_____	_____
Signature	Signature
_____	Robert K. Pugh
Printed Name	Printed Name
_____	CEO, MBS Textbook Exchange, Inc., Its sole member
Title	Title
_____	July 30, 2014
Date	Date

Schedule A: Institution Incentive

Institution Incentive:

MBS Direct will provide to Palo Verde Community College multiple commission allowances based on net sales as described below:

1) A commission allowance of Seven percent (7%) on net sales of adopted print course materials sold to students on the Virtual Bookstore.

2) A commission allowance of Two percent (2%) on net sales of digital course materials sold to students on the Virtual Bookstore..

3) A commission allowance of Five percent (5%) on net sales of materials purchased through STUDYtactics.

4) MBS will pay a fifteen percent (15%) commission on purchases of wholesale titles from students during on campus buybacks.

Any request for change in commission must be made in writing and acknowledged by MBS Direct. Sales to Palo Verde Community College under Section 7, Bulk Ordering, are non-commissionable.

Net sales are defined as gross sales minus returns from customers and further reduced by (i) shipping charges, (ii) sales taxes, and (iii) sales of any materials on which MBS Direct realizes no markup.

Commissions due will be paid quarterly on the 15th day of the month following the end of each calendar year quarter. MBS Direct shall have the right to offset any commissions due and owing to Palo Verde Community College against any outstanding receivable from Palo Verde Community College which is more than 30 days delinquent.