

## Starting a Business within the CU\*Answers Network Conference

### Examples of Company-to-Company and Shared Resource Agreements

Agreement	Page #	Description
<b>Management Agreement #1</b>	3	The first example outlines an agreement appropriate for a multiple service offering, including the option of shared resources provided by the servicing party of the contract; this particular example outlines the agreement as being between a CUSO and a Credit Union. The agreement outlines the general provisions of and limitations to the offerings, along with costs for the full package or individual cost if the client chooses to pick and choose services a la carte style.
<b>Management Agreement #2</b>	11	The second example is an agreement for one Credit Union to manage the operations of another Credit Union. The agreement outlines the responsibilities that the managing credit union will be responsible for while under this contract for services.
<b>Management Agreement #3</b>	18	The third example is an agreement between a CUSO and a Credit Union to provide management and operational services, including the intent to assign a team manager (at the CUSO's discretion) to act as the CU liaison. The agreement outlines the general provisions and limitations of the agreement, as well as additional exhibits that contain detail on the specific services included and/or exempted from the offering.
<b>Management Agreement #4</b>	31	The fourth example outlines an agreement appropriate for a multiple service offering that is covered under one monthly flat fee; this particular example outlines the agreement as being between a Credit Union and a CUSO and is likely not the first contract for these two parties since it overrides any previous agreements. This is a short agreement that outlines the general provisions of and limitations to the offerings, along with terms that included an automatic renewal.
<b>Management Agreement #5</b>	33	The fifth example is a temporary service agreement between a CUSO and a Credit Union to provide mentoring services to the management staff. This is a much more simplistic agreement intended for services bearing little to no legal implications with regard to the services being provided. In approaching this type of relationship, if any legal implications are identified by the advising attorney(s), then it would be practical to look at one of the other service agreement templates.
<b>Network Protocol Agreement</b>	34	This is a conceptual document that begins to explore the idea of <i>multiple</i> Credit Unions joining together under a Network Agreement to share employee resources. This example is meant to inspire you to start thinking about what areas lawyers would look for in an agreement of this sort, but by no means is this meant to be utilized as is.
<b>Shared Resource Agreement Example</b>	42	This is an agreement between two corporations; a for-profit corporation and a non-profit corporation. This example outlines the use of resources shared by the two corporations, particularly in regards to employees, building space and utilities.

**\*DISCLAIMER\***

This book of “example agreements” is simply that, an example. None of these agreements are to be used by your Credit Union as a replacement to your own individually created agreements, but are meant to get you started and inspire ideas.

CU\*Answers, Inc. does not provide legal advice; we strongly encourage each Credit Union to engage a lawyer for a legal review and opinion of all intended agreements.

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The variation in which a Credit Union may utilize these forms will vary drastically. It is important to understand the difference and uniqueness of each situation in regards to providing services, sharing resources within the network and engaging employees not in a shared resource aspect.

This book provides examples of agreements CU\*Answers has collected. Each agreement in this book also has an explanation of the situational aspect in which it might be used. You will find that some give you a vague idea of structure, leaving specific content out for you to determine, while others are detailed examples of agreements utilized by various companies in the past. Keep in mind the disclaimer above—none of these agreements should be used verbatim; they are intended to give you a jumping off point.

MANAGEMENT AGREEMENT  
BETWEEN  
[INSERT NAME OF CUSO]  
AND  
[INSERT NAME OF CREDIT UNION]

Background

This is an agreement to provide management and operational services by a credit union service organization, [INSERT NAME OF CUSO], a [INSERT STATE] limited liability company, (“CUSO”) and [INSERT NAME OF CREDIT UNION], a [federally] chartered credit union (“Credit Union”). The CUSO offers a variety of services that the Credit Union can elect to use separately or in combination.

In consideration of the mutual promises contained in this Agreement the contracting parties agree as follows:

Agreement

1. Services Offered. The CUSO offers the following Management and Staff Service Options:
  - a. Full Service Option: The CUSO will provide all management and staffing to manage and operate the Credit Union as the Credit Union’s Board of Directors and the CUSO deem appropriate and necessary from time to time. The parties shall review the staffing and needs on a monthly or quarterly basis, as the parties deem appropriate. The parties shall determine whether all employees will be CUSO employees or whether the Credit Union will have employees that will be supplemented by CUSO employees.
  - b. Component Option: The CUSO may also provide specific component services to the Credit Union. The parties may structure the particular services required and arrangements as they deem appropriate and necessary from time to time. Specific component services offered by the CUSO include the following:
    - (i) Collection Services;
    - (ii) Marketing Service;
    - (iii) Internal Auditing Services;
    - (iv) Human Resource Services;
    - (v) Staff Training Services;
    - (vi) Staffing Services;
    - (vii) Record Keeping and Bookkeeping Services;
    - (viii) Lending Services;

- (ix) Asset/Liability Management Services;
  - (x) Data Processing/Technology Management Services;
  - (xi) General Management and Consulting Services.
2. Collection Services. Collection services are divided into three sub-components:
- a. Collector Consulting and Training. The CUSO will provide consulting and /or training to the Credit Union's collectors.
  - b. Collector Staffing. The CUSO will provide a collector as required by the Credit Union. The collector will use his or her best efforts to collect the debts that are provided by the Credit Union for collection.
  - c. Collector Management. The CUSO will provide the management services to manage the Credit Union's collection department. The CUSO shall designate a person that will report to the Credit Union's Management on a monthly basis.
3. Marketing Services. Marketing services will be provided as the Credit Union requests. The services will be billed on a per project basis as the parties agree. Unless the parties agree otherwise, all costs of a marketing project shall be paid in advance by the Credit Union.
4. Internal Auditing Services. The CUSO will provide internal auditing services to the Credit Union as requested. A qualified person will be made available and will report to the Credit Union's Board of Directors and Supervisory Committee.
5. Human Resource Services. Human Resource Services are divided into two components:
- a. Human Resource Consultation and Training. The CUSO will provide consultation and training on human resource issues to Credit Union personnel.
  - b. Human Resource Management. The CUSO will provide personnel to staff the human resource function of the Credit Union. A CUSO representative shall be designated to report to Credit Union Management.
6. Staff Training Services. The CUSO will provide training to staff on issues as requested by the Credit Union. These topics may include regulatory compliance and operational procedures.
7. Staffing Services. The CUSO will recruit or otherwise provide member service representatives, tellers and other employees as requested by the Credit Union.
8. Record Keeping and Bookkeeping Services. The CUSO will provide advice and assistance to the Credit Union in keeping and maintaining financial records consistent with the requirements of the Credit Union's regulator, auditors and good business practices.

9. Lending Services. The CUSO shall provide services to assist the Credit Union in establishing loan policies and underwriting, servicing and selling loans to Credit Union members.
10. Asset/Liability Management Services. The CUSO will provide advice concerning asset/liability management, including adjustments to the loan and dividend rates.
11. Data Processing/Technology Management Services. The CUSO will provide advice and assistance in managing and operating the Credit Union's data processing and technology requirements.
12. General Management and Consulting Services. The CUSO shall provide management and consulting services, as the Credit Union shall require. The CUSO shall make its designated agents and employees available to consult with the Board of Directors, the officers of the Credit Union, and the department heads of the administrative staff, at reasonable times, concerning matters pertaining to the organization of the employees, the fiscal policy of the Credit Union, the relationship of the Credit Union with its employees, general accounting services, marketing services and, in general, the important problems or concern in the business affairs of the Credit Union. The CUSO shall designate from time to time its agents and employees to provide the services herein, including its liaison person with the Credit Union Board of Directors. It is entirely within the discretion of the CUSO to determine which of its agents and employees to so designate and the amount of time each of the respective designated agents and employees shall commit to the service to the Credit Union under this Agreement. Specifically, the CUSO shall provide the services described below.
  - a. The CUSO shall perform an evaluation of the current operations of the Credit Union as well as goals of the officials for future plans of the Credit Union. The evaluation shall address what type of services the Credit Union can cost effectively offer and the level of interest and fees that will be required to be charged.
  - b. The CUSO shall perform an evaluation of the operational management and employees to determine what level and type of operational management is needed and the number and type of staff employees needed to provide services cost effectively while meeting net capital goals of the Credit Union. This evaluation shall also include an evaluation of the quality of the current Credit Union staff and recommendations concerning the same.
  - c. The CUSO shall provide assistance to the Board of Directors in determining office space needs, including whether rental or purchase is appropriate and consistent with meeting the Credit Union's net capital goals and the Federal Credit Union Act and Rules and Regulations.

- d. The CUSO shall perform a review of the Credit Union's computer and data processing system and make recommendations concerning the same.
  - e. The CUSO shall provide assistance to the Board of Directors in developing or revising a business plan for the Credit Union. The plan shall include budgets for the current and future years showing the plan to meet the capital goals.
  - f. From time to time, the Credit Union may deem it advisable to enter into agreements with third parties. With regard to these agreements, the CUSO shall assist the Credit Union in the negotiation of the terms and conditions of the agreements, as the Credit Union shall request. The CUSO shall not have the power to bind the Credit Union to these agreements.
  - g. The CUSO shall advise the officers of the Credit Union on all matters pertaining to the purchase of equipment and supplies necessary for operation of the Credit Union, including advice as to sources of supply and quantitative purchases, as the Credit Union shall request.
  - h. The parties to this Agreement understand and agree that the services to be performed by the CUSO do not include any acts or services normally performed by public accountants. If requested by the Credit Union, the CUSO shall advise and assist the Credit Union in obtaining, in the name of and for the account of the Credit Union, certified public accounting firm to perform the duties of external auditors. The CUSO will assist the Credit Union in the preparation of financial statements.
  - i. The CUSO shall be available, as the Credit Union directs, to interview and make recommendations to the Board concerning personnel actions (hiring, terminations and discipline).
  - j. The CUSO shall make recommendations concerning the insurance requirements of the Credit Union.
  - k. The CUSO, as the Credit Union shall request, shall provide liaison services with the Credit Union's regulator and consultation regarding examination issues.
13. Term. The respective duties and obligations of the contracting parties as to the entire Agreement or as to a component part shall continue until and unless terminated by either party upon giving sixty (60) days written notice to the other party at the main offices of the party.
14. Option Election, Fees and Costs. The Credit Union shall pay to the CUSO the fees set forth in Exhibit "A", attached hereto and made a part hereof, for the services requested. The fees will be modified from time to time as the level of service and personnel changes dictate. The fee for personnel shall include the cost to the CUSO of the CUSO personnel

supplied for the time devoted to the Credit Union plus overhead and profit factors. The parties shall negotiate the fees and pay them monthly or by project, as the parties shall agree. The CUSO will also be billed on a monthly basis for the fees and direct costs incurred by the CUSO in the performance of the CUSO's duties hereunder. The parties shall confirm the scope of the services provided as the level or type of services provided changes.

15. Credit Union Control. The Credit Union and not the CUSO shall have the absolute and complete authority over all matters pertaining to the supervision and operation of the Credit Union, including the decision to employ (on terms and for compensation as the Credit Union deems proper), discharge, direct, supervise, and control each and every employee of the Credit Union.
  
16. Limited Liability and Indemnification.
  - a. The CUSO shall hold the Credit Union harmless from any obligations, costs, claims, judgments, attorney's fees, and attachments arising from or growing out of the services rendered to the Credit Union pursuant to the terms of this Agreement and within the scope of duties solely and expressly assumed by the CUSO provided the liability is due to the willful misconduct or negligence of the CUSO.
  
  - b. The Credit Union shall hold the CUSO harmless from any obligations, costs, claims, judgments, attorney's fees, and attachments, except when the same are within the sole and expressed duties assigned to the CUSO and arise due to the willful misconduct or negligence of the CUSO. The CUSO is solely owned by [INSERT NAME OF CREDIT UNION] ("Owner Credit Union"). The parties acknowledge that the Owner Credit Union is not a party to this Agreement and, the Credit Union shall hold the Owner Credit Unions harmless from any obligations, costs, claims, judgments, attorney's fees and attachments arising from or growing out of the services rendered to the Credit Union pursuant to the terms of this Agreement or in any way connected with the rendering of services.
  
  - c. The indemnifying party shall assume the defense of any third party claim when timely tendered by the indemnified party. As long as the indemnifying party is not prejudiced by any delay in the tender of the claim, the claim shall be deemed timely tendered.
  
17. Bonding Requirement.
  - a. The Credit Union shall obtain a bond and errors and omissions insurance coverage for the CUSO employees or agents when the CUSO employees or agents are performing duties for the Credit Union under the terms of this Agreement. Such coverage shall be in the same scope and amounts as if the employees or agents of the CUSO were the employees of the Credit Union. The CUSO shall be relieved of liability as to the Credit Union to the extent the bond and/or errors and omission policy covers an act or omission of the CUSO. This release of liability does not relieve the individual CUSO employees or agents if the employees would

not otherwise be released if they were Credit Union employees. The Credit Union will endeavor, in good faith, to have a waiver of subrogation as to the CUSO from the bonding company and insurance company.

- b. If the Credit Union is not able to obtain a bond and errors and omissions insurance coverage for the CUSO employees or agents when the CUSO employees or agents are performing duties for the Credit Union under the terms of this Agreement, the CUSO shall obtain the bond and/or insurance coverage and the Credit Union will pay the premium(s).
18. Access to Records. In order to perform its functions, the Credit Union agrees to give the CUSO access to all of the Credit Union's books and records, including but not limited to member/loan files, financial records, auditors' work papers, final auditors' reports, management letters and financial statements. The CUSO will keep such information confidential except as may be required to be disclosed to the Credit Union's regulator.
19. Confidentiality of Terms. The parties agree to keep the terms of this Agreement confidential and shall not disclose the same unless the disclosure is made to a party's regulator/examiner, to a professional hired by a party to review this Agreement and who agrees not to disclose the terms to a third party, or pursuant to a properly issued court subpoena.
20. Limitation of CUSO Resources. The CUSO will make every effort to meet the needs of the Credit Union on a timely basis. The parties understand that the CUSO's ability to deliver the services herein will depend upon the availability of personnel and the personnel used by the CUSO will have responsibilities with other credit unions as well. If the Credit Union has needs which cannot be met with the current resources of the CUSO, the CUSO will acquire other personnel and resources in as expeditious a manner as possible consistent with good business practices.
21. Not a Joint Venture. The parties are not engaged in a joint venture. The use of CUSO employees to perform some of the Credit Union's duties herein shall not be construed to create a joint venture.
22. Governing Law and Arbitration. This Agreement shall be construed under and in accordance with the laws of the State of \_\_\_\_\_, and all obligations of the parties created under it are performable at the Credit Union's location. All disputes that cannot be resolved amicably shall be resolved in accordance with the rules of the American Arbitration Association at the office closest to the CUSO's main office.
23. Assignment This Agreement shall not be assigned by either party without the expressed written consent of the other party.
24. Legal Construction. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any



respect, the invalidity, illegality, or unenforceability shall not affect any other provision thereof, and this Agreement shall be construed as if the invalid, illegal, or unenforceable provision had never been contained in it.

- 25. Parties Bound. This Agreement shall be binding on and inure to the benefit of the contracting parties and their respective heirs, executors, administrators, legal representatives, successors, and assigns when permitted by this Agreement.
- 26. Effective Date. This Agreement is effective on \_\_\_\_\_ and supersedes any existing agreement, whether oral or written.
- 27. Data Processing Agreement Condition. Due to the fact that the CUSO's management and operational support depends upon using its data and loan processing system, requiring a high level of efficiency, the management and consulting services set forth in this Agreement are contingent upon the CUSO being able to use its designated data and loan processing system. The Credit Union will be required to convert to the CUSO's data and loan processing effective no later than \_\_\_\_\_.

Executed the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, with intent to be legally bound.

[INSERT NAME OF CREDIT UNION]

Attest: \_\_\_\_\_ (SEAL)      By: \_\_\_\_\_

[INSERT NAME OF CUSO]

Witness: \_\_\_\_\_      By: \_\_\_\_\_

SCHEDULE "A"  
OPTION SELECTION AND FEE SCHEDULE

[The Parties shall initial the options selected]

		<b>Initial</b>	
		Credit Union	CUSO
Full Service:	If the parties have elected the full service option, the monthly fee shall be \$_____. The fee will be reviewed by the parties on a (monthly/quarterly) basis	\$_____	\$_____
Component Services:	If the full service option is not elected, the parties elect that the CUSO will provide the following component services as designated for the monthly fee. The fee will be reviewed by the parties on a quarterly basis.		
Collection Services			
Collector Consulting and Training	\$_____	_____	_____
Collector Staffing	\$_____	_____	_____
Collector Management	\$_____	_____	_____
Marketing Services	\$_____	_____	_____
Internal Auditing Services	\$_____	_____	_____
Human Resource Services			
Human Resource Consultation and Training	\$_____	_____	_____
Human Resource Management	\$_____	_____	_____
Staff Training Services	\$_____	_____	_____
Staffing Services	\$_____	_____	_____
Record Keeping and Bookkeeping Services	\$_____	_____	_____
Asset/Liability Management Services	\$_____	_____	_____
Data Processing/Technology Management Services	\$_____	_____	_____
General Management and Consulting Services	\$_____	_____	_____
Other: _____	\$_____	_____	_____

The parties may also agree as to an hourly or per diem rate for particular CUSO employees for services in excess of the scope of services established for the monthly fee which shall be billed in addition to the monthly fee as the additional services are provided.

## MANAGEMENT AGREEMENT EXAMPLE #2

THIS MANAGEMENT AGREEMENT is made and entered into on this 1st day of January, 1997, by and between [CREDIT UNION] ("Manager"), and [CREDIT UNION] (The "Affiliated Credit Union").

### Recitals

A. The Affiliated Credit Union is a credit union organized and existing under the laws of the U.S. Federal Government.

B. Manager is also a credit union organized and existing under the laws of the U.S. Federal Government and is experienced in the business of operating and managing similar credit unions.

C. The Affiliated Credit Union desired to engage the services of the Manager to operate The Affiliated Credit Union, and Manager desires to provide such services on the terms and subject to the conditions set forth in this Agreement.

ACCORDINGLY THE PARTIES AGREE AS FOLLOWS:

1. Employment of Manager. The Affiliated Credit Union employs Manager, and Manager accepts such employment, as the exclusive agent of the Affiliated Credit Union to operate and manage the Affiliated Credit Union.

2. Duties of Manager. Manager, pursuant to authority granted by and under the direction of the Board of Directors of The Affiliated Credit Union, shall perform the following duties on behalf of the Affiliated Credit Union:

a) Act as the General Manager of The Affiliated Credit Union through an employee appointed by Manager and approved by the Board of Directors of The Affiliated Credit Union. Such approval may be withdrawn by the Board of Directors of The Affiliated Credit Union in its reasonable discretion upon thirty (30) days written notice to the Manager. In accordance with the Bylaws of The Affiliated Credit Union, such General Manager shall report to and be under the control of the Board of Directors of The Affiliated Credit Union. Subject to such limitations and contracts as may be imposed by the Board of Directors of The Affiliated Credit Union, the General Manager shall:

i) have custody of the funds, securities, valuable papers, assets, books and records of The Affiliated Credit Union, except the record of the minutes of the Board Meetings in the possession of the secretary, all of which shall be available at all times for inspection by the Board of Directors, the credit committee, and other such authorities as may be provided by law and/or regulation;

ii) maintain full and complete records and accounts of all assets and liabilities, and all financial transactions of The Affiliated Credit Union in accordance with generally accepted accounting procedures, and applicable rules and regulations promulgated by the National Credit Union Administration and other regulatory authorities;

iii) within ten (10) days following the close of each month, prepare a financial statement showing the financial condition of The Affiliated Credit Union, including the number and amount of delinquent loans, as of the close of the last business day of the month. This statement shall be displayed in a conspicuous place in the home office of The Affiliated Credit Union, where it shall remain until replaced by the financial statement for the following month. A copy of each statement shall be submitted to the Board of Directors at its next regular meeting and it shall be made a part of the minutes of the meeting;

iv) sign all notes evidencing borrowing and other obligations including certificates of deposits, of The Affiliated Credit Union, and

v) deposit, within forty-eight (48) hours after receipt, in a depository or depositories as authorized by law, and designated by the Board of Directors, all funds paid into The Affiliated Credit Union, except an amount to be determined by the Board of Directors as necessary for the normal functioning of The Affiliated Credit Union business.

b) Select one or more employees to act as loan officers on behalf of The Affiliated Credit Union. Such loan officers shall be appointed by and act in accordance with authority delegated to them by the Board of Directors or Credit Committee of The Affiliated Credit Union, and subject to any statement of limitations on loan approvals adopted by the Board of Directors or Credit Committee. The loan officers shall submit to the Credit Committee of The Affiliated Credit Union a report of each loan application and extension agreement approved within thirty (30) days from the filing of the application. The loan officers shall be authorized by the Board of Directors or Credit Committee of The Affiliated Credit Union to approve, in writing on the application, loans, extension agreements, releases and substitution of security.

c) To make available to the members of The Affiliated Credit Union such financial and marketing services as are available from time to time the members of Manager with the approval of the Board of Directors of The Affiliated Credit Union.

d) To provide all non-personalized office supplies which may be necessary in the performance of its duties under this Agreement.

e) To prepare and file all tax returns and governmental reports required under applicable laws and regulations.

f) To prepare and mail periodic statements and newsletters to the members of The Affiliated Credit Union.

g) To attend meetings of the Board of Directors of The Affiliated Credit Union.

h) To use its best efforts to collect loan payments and other amounts owing in The Affiliated Credit Union as such amounts become due; provided, however, that Manager does not guarantee the collection of such accounts. Manager shall,, in the name of The Affiliated Credit Union, execute and serve such notices and demands on delinquent borrowers as Manager may deem necessary or proper. Manager, in the name of The Affiliated Credit Union, shall institute, settle or compromise any legal action and make use of such methods of legal process against a delinquent borrower as may be necessary to enforce the collection of loan payments and other amounts owing to The Affiliated Credit Union. No other form of legal action will be instituted and no settlement, compromise or adjustment of any matters involved therein shall be made without the approval of the Board of Directors of The Affiliated Credit Union, except when Manager reasonably determines that immediate action is necessary.

i) To perform such other services as are reasonably necessary and proper in connection with the operations and activities of The Affiliated Credit Union

3. Compensation of Manager. In consideration for the services to be performed under this Agreement, Manager shall receive a fee equal to twenty-five percent (25%) of the gross income of The Affiliated Credit Union. For purposes of this Agreement, the "gross income" of The Affiliated Credit Union shall include all revenues earned, without any deduction for the costs or expense of The Affiliated Credit Union. Such management fee shall be paid to Manager on the tenth (10th) day of each month based upon the gross income of The Affiliated Credit Union for the previous month.

4. Reimbursement of Expenses. In addition to the fee provided for under Paragraph 3 above, The Affiliated Credit Union shall pay directly or reimburse Manager for all of the following costs and expenses incurred by or on behalf of The Affiliated Credit Union:

a) Personalized office supplies.

b) Postage costs related to all mailings directed to members of The Affiliated Credit Union, including, but not limited to, the mailings of statements and promotional materials.

c) All premiums, costs and expenses related to bonds and insurance coverage maintained by or on behalf of The Affiliated Credit Union.

d) All telephone and long distance charges billed to any separate telephone line maintained by or on behalf of The Affiliated Credit Union.

e) All data processing and other charges for computer services rendered on behalf of The Affiliated Credit Union by Manager or any third-party service bureau.

f) All out-of-pocket expenses paid to third parties in connection with the collection of loan payments and other amounts owing to The Affiliated Credit Union, including, but not limited to, attorney's fees.

g) All examination and other fees and expenses paid to the National Credit Union Administration or any other federal agency in connection with the operations and activities of The Affiliated Credit Union.

h) All fees and expenses paid to third parties for an independent audit of The Affiliated Credit Union's books and records.

i) All out-of-pocket expenses paid to third parties in connection with promotional literature and marketing activities are also intended to benefit Manager of any other credit union managed by Manager; such expenses shall be prorated among such credit unions in a reasonable and equitable manner.

j) All out-of-pocket expenses paid to third parties in connection with the activities and operations of The Affiliated Credit Union.

5. Policies and Procedures. In accordance with the Bylaws of The Affiliated Credit Union, the Board of Directors shall have general management over the affairs, funds, and records of the Credit Union, and shall take all measures necessary for the

interest of the Credit Union. The Board of Directors and Credit Committee shall have the responsibility and authority to establish policies and procedures concerning the operations and activities of The Affiliated Credit Union in accordance with its Bylaws, the Federal Credit Union and any other applicable acts, rules and regulations governing the operation of credit unions.

6. Insurance. Manager shall obtain the following bonds and insurance coverage on behalf of The Affiliated Credit Union, the cost of which shall be paid directly by The Affiliated Credit Union or reimbursed to Manager in accordance with Paragraph 4 above:

a) Comprehensive public liability insurance with a combined single limit of not less than Three Hundred Thousand Dollars (\$300,000) for bodily injury, death and property damage, and umbrella liability insurance with a limit of not less than One Million Dollars (\$1,000,000).

b) A CUMIS 581 Blanket Coverage Bond or equivalent with the following coverage, endorsement and liability limits of not less than:

Coverage or Endorsement	Limit
Basic Coverage	\$1,000,000
Forgery	\$1,000,000
Plastic Card	\$1,000,000
Share Draft	\$1,000,000
Consumer Legislation	\$ 500,000
IRA	\$1,000,000
Directors' & Officers' Liability	\$1,000,000
Errors and Omissions	\$ 10,000
Officers' & Staff Liability	\$ 500,000
Litigation	\$ 25,000
Financial Records	Amount reasonably required by Manager

c) Such other bonds and insurance coverage as Manager may deem reasonably necessary in connection with the operations and activities of The Affiliated Credit Union and the duties of Manager under this Agreement, with The Affiliated Credit Union Board of Directors approval.

All of such bonds and policies shall be obtained from CUMIS or another insurance company elected by Manager with the approval of The Affiliated Credit Union Board of Directors and shall name Manager and The Affiliated Credit Union as insured parties. The Affiliated Credit Union shall cooperate with Manager and any insurer in preparing and delivering any report, notice or

other documents required in connection with any of such bonds or insurance policies. Manager shall also maintain bonds and insurance coverage in its own name with coverage, endorsements and liability limits equal to or greater than those required of The Affiliated Credit Union.

7. Use of Funds. From the funds deposited in the depository accounts maintained by The Affiliated Credit Union, Manager shall pay all costs and expenses incurred in connection with operations and activities of The Affiliated Credit Union, including, but not limited to the management fee provided for under Paragraph 3 above and the costs and expense described in Paragraph 4 above.

8. Term and Renewal. The term of this Agreement shall begin on the date hereof and shall continue for a period of three (3) years and thereafter until terminated by either party upon one (1) year's prior written notice to the other party. This agreement may be terminated at any time without notice in the event that a voluntary or involuntary case in bankruptcy, receivership or insolvency shall at any time be instituted by or against the other party. Termination shall be without prejudice to any rights or obligations which have accrued prior to the effective date of termination.

9. Liability Limit. MANAGER SHALL NOT BE LIABLE FOR SPECIAL, CONSEQUENTIAL OR EXEMPLARY DAMAGES, nor for nonperformance, delay or failure to provide services due to any cause beyond its reasonable control, including failure to pay public utility services, fire, disaster, act of God, or computer or equipment failure. The liability of Manager arising out of or related to its performance under this Agreement or the operations and activities of The Affiliated Credit Union shall, in any event, be limited to damages in an amount not to exceed the total amount of fees actually received by Manager for services rendered under this Agreement during the preceding six (6) months. Notwithstanding the foregoing, the liability of Manager shall not be limited to the extent of any coverage provided under the CUMIS bonds and insurance maintained by the parties under Paragraph 6 above.

10. Assignment. Neither this agreement nor interest created hereunder may be assigned by The Affiliated Credit Union or Manager without express written consent of the other party.

11. Entire Agreement. This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof, and supersedes all prior agreements, negotiations, representations and proposals, written or oral, related to the subject matter hereof.

12. Modification. This agreement may be modified or amended only by written agreement, signed by duly authorized



representatives of both parties.

13. Notice. Any notice or communication required or permitted under this Agreement shall be in writing. Any such notice or communication shall be deemed to have been duly given when mailed by certified or registered mail, postage prepaid, to the party to be notified at the following address, or at such other address as either party may from time to time designate in writing:

**If to Manager:**

Credit Union  
Address  
City, State, Zip  
ATTENTION: President

**If to The Affiliated Credit Union:**

Credit Union  
Address  
City, State, Zip  
ATTENTION: President

14. This Agreement shall be governed by and construed in accordance with the laws of the U.S. Federal Government.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written.

CREDIT UNION

by

Its President

("The Affiliated Credit Union")

by

Its President

### MANAGEMENT AGREEMENT EXAMPLE #3

This **MANAGEMENT SERVICES AGREEMENT** (this "Agreement") is dated as of \_\_\_\_\_, 2009, by and between **CU\*Answers, Inc.**, a Michigan corporation ("CUA") and \_\_\_\_\_, a \_\_\_\_\_ chartered credit union (the "Participating CU").

#### Recitals

A. CUA is able to support the activities of credit unions through the provision of management and operational services.

B. Participating CU has a need for the services provided by CUA and CUA desires to provide these management and operational services to Participating CU pursuant to the terms of this Agreement.

#### Agreement

**NOW, THEREFORE**, each party agrees as follows:

1. Services.

(a) Statement of Operating Intent. CUA has developed a team to facilitate the management services to be provided to Participating CU by CUA under the terms of this Agreement. Services provided under this Agreement will be primarily delivered by a team manager selected by CUA. The team manager will coordinate all Services (as defined below) to Participating CU and will act as the primary liaison between CUA and Participating CU. CUA's executive management team and its knowledge base, and the extended network of affiliated CUSO relationships of CUA will also be utilized by the CUA team manager as resources for collaboration and consultation to achieve the Participating CU's strategic business goals.

(b) Provision of Services. Pursuant to the terms of this Agreement, CUA may provide, or cause to be provided, to Participating CU the services described on Exhibit A. In addition, CUA will deliver the services described in Exhibit B for an additional fee, as described below, in conjunction with a specific work plan (collectively, services listed on Exhibits A and B will be called the "Services"). The parties may amend the Exhibits from time to time by mutual written agreement.

(c) Excluded Services. The parties to this Agreement understand and agree that the Services to be performed by CUA do not include those services as described on Exhibit C (collectively, the "Excluded Services").

(d) Additional Services. If, after the execution of this Agreement, Participating CU determines that it desires a service not included on Exhibit A, then CUA and Participating CU agree to discuss the terms and conditions upon which any such

additional service may be added by amendment to Exhibit A to this Agreement, it being agreed that the charges for such additional service will be determined in good faith by the parties on the basis consistent with the terms of this Agreement.

(e) Standards for Services. Services provided by CUA will be provided in good faith, with the commercial efforts and diligence that CUA would apply to its own business, and in accordance with the terms of this Agreement, all applicable laws and regulations, and the Bylaws and Board-approved policies of Participating CU, as provided to CUA.

(f) Nature of Services. The relationship between CUA and Participating CU will be that of independent contracting parties. CUA will determine its own methods and manner for performing the Services required by this Agreement, as the same may be amended from time to time. No party shall at any time represent itself to be an agent of the other party, except when expressly authorized.

2. Payment.

(a) Fees. For Services provided under this Agreement, Participating CU will pay to CUA an annual fee of \$\_\_\_\_\_, to be paid in monthly installments of \$\_\_\_\_\_. In addition, Participating CU will also pay any additional fee required for optional or additional services as set forth on Exhibit B to this Agreement or any related work plan (collectively, the "Fee").

(b) Direct Costs. Participating CU will pay all of the following (the "Costs"):

(i) Any and all payments required under any contract executed by Participating CU and which are billed to CUA.

(ii) Amounts billed by independent third party providers for services retained by CUA in accordance with this Agreement on behalf of Participating CU.

(iii) All reimbursable expenses incurred by CUA for travel or other out-of-pocket expenses during performance of included or additional services under this Agreement. These expenses include lodging, mileage, food and event registration fees. CUA will not incur more than \$\_\_\_\_\_ of expenses subject to this Section 2(b)(iii) without prior approval of Participating CU.

(iv) Amounts billed or paid for materials, equipment, software, supplies, and similar items acquired or procured by CUA in accordance with this Agreement on behalf of Participating CU that are not included in the Fee contemplated by this Agreement.

(c) Taxes. There will be added to the Fee payable by Participating CU under this Agreement any and all sales, use, or similar taxes which are applicable to the

Services. CUA will use its best efforts to utilize, to the extent allowable under law, Participating CU's federal tax exemption to minimize any tax burden to Participating CU.

(d) Invoices. CUA will invoice Participating CU monthly in arrears for the Fee, Costs, taxes, and all other amounts accrued and payable in accordance with this Section 2. All amounts payable to CUA are due within 20 business days of receipt of the invoices.

3. Representations and Warranties.

(a) By Participating CU. Participating CU represents and warrants to CUA as follows:

(i) It has all requisite power and authority to enter into this Agreement and to carry out and perform all of its obligations under this Agreement.

(ii) This Agreement is, when executed and delivered in accordance with the terms of this Agreement, a valid and binding obligation of Participating CU, enforceable against Participating CU in accordance with the terms of this Agreement, subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and general principles of equity.

(b) By CUA. CUA represents and warrants to Participating CU as follows:

(i) It has all requisite power and authority to enter into this Agreement and to carry out and perform all of its obligations under this Agreement.

(ii) This Agreement is, when executed and delivered in accordance with the terms of this Agreement, a valid and binding obligation of CUA, enforceable against CUA in accordance with the terms of this Agreement, subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and general principles of equity.

(iii) It has the resources and capacity to provide the Services required by this Agreement.

4. Operating Collaboration. In order to fully implement the Services contemplated by this Agreement, CUA and Participating CU will take the necessary actions to appropriately integrate operations, including, but not limited to, the following:

(a) Participating CU will enter into an agreement to obtain user rights to \_\_\_\_\_ System, and will be obligated for all direct expenses associated with the deconversion and conversion to \_\_\_\_\_ System, including licensing fees and other third party costs. CUA, however, will provide consulting Services to Participating CU to enable it to efficiently and effectively deconvert and convert to implement \_\_\_\_\_ System for data and loan processing.

(b) Participating CU will grant access to CUA, subject to required legal safeguards, of all books and records of Participating CU.

(c) Each party will fully cooperate on all other matters as necessary to fully implement the terms of this Agreement.

5. Restrictions.

(a) Limitations of Authority. In the course of providing certain Services, it may be desirable for Participating CU to enter into agreements with third parties. In such circumstances, CUA will assist Participating CU solely with a review and negotiation of such third party agreements, and will not have the power to bind Participating CU to such agreements, unless specifically authorized by Participating CU. Participating CU will retain the sole authority to enter into such contracts with unrelated third parties.

(b) Authority of CUA Team Manager. The team manager for CUA will have no agency or officer authority with respect to the operations of Participating CU, except as specifically authorized by the board of directors of Participating CU and as approved by CUA. However, the parties may agree to assign selected authority to the team manager as part of the Services contemplated by this Agreement.

(c) No Merger. This Agreement is not intended to cause or function as a merger of Participating CU with any other credit union or with CUA. Participating CU will retain its separate identity and governance.

6. Insurance. CUA and Participating CU each agree to the coverage amount and scope of liability insurance each must obtain and maintain in place during the term of this Agreement prior to the commencement of Services under this Agreement. The agreed upon coverage will be set forth in a separate agreement, signed by both parties as an addendum to this Agreement.

7. Term and Termination; Default.

(a) Term and Termination. This Agreement will commence on \_\_\_\_\_ and continue through \_\_\_\_\_. Upon the written agreement of both parties, the Agreement may be renewed for additional one-year periods. Additionally, either party may terminate this Agreement upon 60 days' prior written notice to the other party.

(b) Default. In the event that either CUA or Participating CU commits a material breach of or material default of its respective obligations under this Agreement, which breach or default is not cured by the breaching/defaulting party within 30 days from its receipt of written notice of the breach or default from the other party, then the non-breaching/non-defaulting party may terminate this Agreement in its discretion at any time after 30 days' further notice. The written notice must describe the breach or default in reasonable detail.

(c) Continuing Obligations. Participating CU will be obligated to make all payments required under this Agreement even after termination of this Agreement, except when such termination (i) is made by Participating CU due to a material breach of this Agreement by CUA, and the failure of CUA to cure said breach as described above in Section 7(b); or (ii) is due to the exercise by CUA of its right to terminate this Agreement without cause as described in Section 7(a), in which case Participating CU must still pay all fees applicable to the period prior to the termination.

8. Confidentiality; Non Disclosure; Privacy; Security; and Disposal of Information.

(a) General Obligation. The parties acknowledge that certain information relating to business and operations of the other which each acquires, learns or has learned prior to the term of this Agreement from the other which is not commonly or currently known in the marketplace is valuable property of the applicable party ("Confidential Information"). Each of the parties acknowledges the need to preserve the confidentiality of such Confidential Information and agrees that during the term of this Agreement, it will not use or disclose the Confidential Information of the other party, except to the extent expressly provided in this Agreement in order to carry out the purpose for which the information is disclosed or as may be required by law, regulation or judicial order. The obligations of this Section 8 will survive the termination or cancellation of this Agreement.

(b) Intent of Confidentiality. It is the intent of the parties to protect the privacy and confidentiality of nonpublic personal information of the members and non-member consumers of the Participating CU obtained by CUA during the performance of this Agreement, and to comply with all applicable regulations related to privacy, including Title V of the Gramm-Leach-Bliley Act and Parts 716 and 748 of the National Credit Union Administration Rules and Regulations. CUA agrees to maintain the strictest level of confidentiality regarding the Nonpublic Personal Information (as defined below) of the members and non-member consumers of the Participating CU, and specifically agrees to implement appropriate measures designed to meet the objectives of NCUA Rules and Regulations Part 748 and its Appendices A and B. "Nonpublic Personal Information" means personally identifiable financial information, and any list, description, or other grouping of consumers (and publicly available information pertaining to them) that is derived using any personally identifiable financial information, and as otherwise more specifically defined at Part 716 of Title 12 of the Code of Federal Regulations, and as may be amended from time to time by the National Credit Union Administration.

(c) Unauthorized Disclosures. CUA must fully disclose to the Participating CU any breach in security resulting in unauthorized intrusions into CUA's systems that may materially affect Participating CU or its members as a result of the disclosures. CUA must report to the Participating CU when such intrusions occur, the effect on the Participating CU, and corrective action taken to respond to the intrusion.

(d) Information Disposal. Participating CU acknowledges that it is subject to Part 717 of the NCUA Rules and Regulations, and CUA acknowledges that it is subject to Part 682 of Title 16 of the Code of Federal Regulations (16 CFR 682), both of which address requirements under federal law regarding the Disposal of Consumer Information and Records Rule. CUA agrees to implement policies and procedures designed to protect against unauthorized or unintentional disposal of consumer information and to dispose of such information in accordance with the provisions specified in 16 CFR 682.3(a) and 682.3(b), including any revisions of same.

9. Indemnification and Limitation of Liability.

(a) Limited Liability. Except as expressly set forth in this Agreement, neither party will have any liability to the other party arising out of the terms and conditions of this Agreement for any amount in excess of the fees paid under this Agreement.

(b) Indemnification of CUA. Participating CU agrees to indemnify, hold harmless, and defend CUA, its members, affiliates, and subsidiaries, and their directors, officers, employees, and representatives from and against any claims, actions, charges, or damages from any third party arising out of or based upon this Agreement, or the performance by CUA of the Services, so long as any act or conduct by CUA giving rise to any such claim, action, charge, or damage is not knowingly unlawful or committed or performed in a manner that constitutes gross negligence or willful misconduct.

(c) Indemnification of Participating CU. CUA agrees to indemnify, hold harmless, and defend Participating CU, its directors, officers, employees, and representatives, from and against any claims, actions, charges, or damages from any third party arising out of or based upon this Agreement, or the use by Participating CU of the Services to the extent any such claims, actions, charges, or damages result from any act or conduct by CUA that is knowingly unlawful or committed or performed in a manner that constitutes gross negligence or willful misconduct.

(d) Indemnification Procedures. Promptly upon the occurrence of any event potentially giving rise to an indemnity obligation (but in no event later than 10 days after discovery), the party having knowledge of the occurrence will notify the other party. The party having indemnification obligations must notify the benefited party if it intends to provide a defense or otherwise provide indemnity within 30 days.

10. Miscellaneous.

(a) Successors and Assigns. This Agreement will inure to the benefit of and be binding upon the parties, their respective representatives, successors, and permitted assigns. Neither this Agreement nor any of the rights, interests, or obligations under this Agreement may be assigned directly or indirectly, including by operation of law, by CUA or Participating CU without the prior written consent of the other party.

(b) Notices. Any notice, payment, demand, or communication required or permitted to be given pursuant to any provision of this Agreement will be in writing and

will be (i) delivered personally, (ii) sent by postage prepaid, certified mail, (iii) transmitted by facsimile, or (iv) delivered by nationally recognized overnight courier, addressed as follows, or to such other address as may from time to time be specified by written notice:

If to CUA, at:

CU\*Answers, Inc.  
6000 28th Street SE, Suite 100  
Grand Rapids, Michigan 49546  
Attn: \_\_\_\_\_

If to Participating CU, at:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_

(c) Counterparts: Headings. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which will constitute one and the same instrument. The section headings are inserted for convenience only and are not to be construed as part of this Agreement.

(d) Entire Agreement. This Agreement constitutes the entire agreement and understanding between the parties and supersedes all other agreements and understandings, both written and oral, of the parties relating to the subject matter of this Agreement.

(e) Subsequent Agreements; Amendments. The parties anticipate that they may enter into amendments of this Agreement or further written agreements for Services. No amendment will be considered invalid or unenforceable due to lack of consideration. This Agreement may not be amended or modified, except by an instrument in writing signed by each party. All terms, conditions, and provisions of this Agreement, unless specifically modified, will apply to any such subsequent agreement.

(f) Severability of Terms. If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any law or public policy, all other terms, conditions, and provisions of this Agreement will nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated in this Agreement are not affected in a manner materially adverse to any party.

(g) Governing Law; Arbitration. This Agreement will be governed by and construed in accordance with, the laws of the State of Michigan, without giving effect to its choice of law principles. Any dispute which may arise under the this Agreement will be settled by final and binding arbitration in Kent County, Michigan, in accordance with the rules of the American Arbitration Association then in effect and the award rendered by the arbitrators will be binding as between the parties and judgment on such award may be entered in any court having jurisdiction over the parties.



(h) Force Majeure. Neither party will be responsible for any failure to perform any of its duties if the failure to perform such Services is directly caused by circumstances beyond the control and without the fault or negligence of the party and that could not have been avoided by the diligence of the party or its use of reasonable efforts (referred to as "Force Majeure"), including, without limitation, acts of God, insurrections, riots, strikes, floods, interruptions to transportation, embargoes or acts of military authorities.

(i) No Third Party Rights. Except as specifically set forth or referred to in this Agreement, the provisions of this Agreement are intended to bind CUA and Participating CU to each other and are not intended and do not create rights in any other person, including any employee of Participating CU or CUA, and no person is intended to be or is a third party beneficiary of any of the provisions of this Agreement.

(j) No Partnership. Nothing in this Agreement will be construed to constitute a legal partnership between or joint venture by, the parties or to make CUA an employee, franchisee or agent of Participating CU.

(k) Mutual Non-Solicitation of Employees. CUA and Participating CU each agree that neither will solicit for employment any employees of the other entity during the term of this Agreement, including any renewals of this Agreement, or for up to 12 months following the termination of this Agreement or any renewal of this Agreement.

IN WITNESS WHEREOF, the parties to this Agreement have executed this Agreement effective as of the date first set forth above.

**CU\*ANSWERS, INC.**

By \_\_\_\_\_  
Randy Karnes  
Its Chief Executive Officer

\_\_\_\_\_  
By \_\_\_\_\_  
Its \_\_\_\_\_

## EXHIBIT A

### INCLUDED SERVICES

1. CUA will work with the board of directors of Participating CU to plan, develop and implement strategic goals and objectives set forth by the board of directors of Participating CU. The parties will develop and agree upon a specific plan for these services.
2. The CUA team manager assigned to Participating CU will support and foster teamwork between Participating CU staff, management and the board of directors. The parties agree that the team manager will spend a minimum of two full working days per week working on the premises of Participating CU until such time as the parties mutually agree that less time will be sufficient.
3. The CUA team manager will provide counsel and guidance for all administrative functions, including accounting, facilities management, human resource management, the investment of excess funds, collection, lending and member services.
4. CUA will assist Participating CU in the evaluation and/or review of its financial statements and NCUA quarterly Call Reports. As part of assisting the board of directors of Participating CU to achieve its strategic objectives, CUA will assist in the preparation of an annual budget for Participating CU.
5. During the first 90 days following the commencement of this Agreement, CUA will perform the following specific evaluations:
  - a. CUA will perform an evaluation of the current operations of Participating CU as well as the strategic goals of the board of directors for Participating CU. This evaluation will address the timetable for services CUA can provide Participating CU affordably.
  - b. CUA will perform an evaluation of the current contracts and agreements of Participating CU to determine what services have been contracted for, the length of these obligations, whether the obligation compliments or hinders the future strategic business goals of Participating CU and recommendations concerning the same.
  - c. CUA will provide the Participating CU board of directors with an assessment of the skill sets of operational employees in order to evaluate whether Participating CU has the staff competency levels that Participating CU strategic business goals call for.
6. When requested by either party, and agreeable to both parties, CUA will provide assistance to the board of directors of Participating CU in developing, reviewing or

modifying a strategic business plan of action to ensure the long-term success of Participating CU.

7. CUA will report monthly to the Participating CU board of directors on the performance of Participating CU, in relation to the goals and objectives established by the board of directors. The CUA team manager will be responsible for apprising the board of directors of any noteworthy situations which may impact the success of Participating CU. The team manager would attend all meetings of the board of directors of Participating CU.
8. CUA will provide assistance, as Participating CU directs, to interview and make recommendations to the board of directors concerning personnel hiring, if and should it become necessary.
9. CUA will provide recommendations concerning the coordination of insurance requirements of Participating CU and CUA.
10. CUA will review and make recommendations regarding regulatory compliance policies and will share existing policies, unless otherwise prohibited from disclosure. CUA will also assist with updating forms required in connection with compliance policies.
11. CUA will assist the Participating CU with the development of a succession plan for executive management of Participating CU.
12. CUA will provide liaison assistance and consultation, as Participating CU requests, with the auditors and NCUA regarding audit and examination issues.
13. CUA will assist the board of directors with the creation of, or changes to the policies and daily processes used in the day-to-day running of Participating CU, if requested.
14. CUA will consult on, review and report to Participating CU on current issues and recommended modifications for improvement for the following specific services or activities of Participating CU:
  - a. collection services of Participating CU, and will provide limited training for collection services.
  - b. consultation and support for plan development concerning advertising and promotion activities of Participating CU.
  - c. human resource management.
  - d. data processing and technology management services
15. The CUA team manager will provide selected staff training services on a periodic basis using in-house resources.

16. CUA will present two educational seminars to members of Participating CU, on topics mutually selected by CUA and Participating CU.
17. CUA will assist Participating CU develop a plan and system to implement participation lending strategies and services.
18. CUA will, if requested by Participating CU, assist in developing and implementing a courtesy pay program and corresponding training.
19. CUA, when requested by and in consultation with the board of directors of Participating CU, will assist in evaluating asset and liability management or the selection and supervision of an ALM service provider.
20. CUA will assist Participating CU in implementing strategies, to the extent feasible, to enable Participating CU to obtain the services currently available to other credit unions, including investment trading, business services, business lending and retail direct services.
21. The CUA team manager will participate in direct business development and sales and marketing activities by conducting visits to offices of members of Participating CU. Generally, no more than one day per week will be committed to these activities.

## **EXHIBIT B**

### **ADDITIONAL SERVICES**

The parties to this Agreement understand and agree that the services described on this Exhibit B will be performed by CUA for an additional fee as agreed between the parties and specifically approved by the board of directors of Participating CU and pursuant to a specific work plan addressed the specific additional service.

1. Additional support personnel for administrative functions, including accounting, facilities management, human resource management, investment management, collection, lending and member services.
2. Direct collector supervision and collector staffing.
3. Direct advertising and promotion activities, including additional staff support and outside materials.
4. Staff training services provided by third party service providers.
5. Direct support for asset/liability management services.
6. CUA will provide on a short-term basis additional staff members for typical credit union functions.
7. CUA will implement a new member signup and online switch kit to assist new members of Participating CU. The additional fee will be based on a per transaction model.

## **EXHIBIT C**

### **EXCLUDED SERVICES**

The parties to this Agreement understand and agree that the services to be performed by CUA do not include:

1. Management of the day-to-day activities required for business and customer activity for Participating CU;
2. The auditing of the books of Participating CU;
3. The preparing of any tax returns or other documents required to be prepared by any governmental body having jurisdiction to tax;
4. Any other acts or services normally performed by public accountants; or
5. Directly providing human resource services, such as conducting employee reviews or evaluations or other routine human resource administrative activities.

If requested by Participating CU, CUA will advise and assist Participating CU in obtaining, in the name and for the account of Participating CU, one or more or a firm of certified public accountants or other service providers to perform for Participating CU the services listed in this Exhibit B.

**MANAGEMENT AGREEMENT EXAMPLE #4**

This Agreement is made as of the [DATE], by and between [CREDIT UNION] of [ADDRESS, CITY, ST, ZIP], hereinafter referred to as "Credit Union," and [CUSO], [ADDRESS, CITY, ST, ZIP], hereinafter referred to as "CUSO." This agreement modifies, and completely replaces, the one currently in effect.

Credit Union leases space to CUSO. CUSO desires to have the Credit Union perform certain services, and the Credit Union is willing to do so, on the terms and conditions set forth in this Agreement.

**Credit Union and CUSO agree as follows:**

**1.** Credit Union agrees to perform for CUSO various management services as requested by CUSO. Services will be performed by, but not limited to, the Credit Union's Marketing Specialist, Accounting Supervisor, Accounting Specialist, Information Systems Analyst, Technology Specialist, and President.

**2.** The duration of the initial term of this Agreement shall be [BEGINNING DATE] to [ENDING DATE]. Subsequent renewals will be for a period of one year, commencing [1ST RENEWAL DATE]. This agreement shall automatically renew unless either party gives a 30-day written cancellation notice. No early terminations shall be allowed unless mutually agreed upon by both parties.

**3.** In consideration of such services, CUSO shall pay to the Credit Union the sum of \$ \_\_\_\_\_ per month for both the initial term and subsequent renewals. Payments are due and payable in advance, on or before the day of each month.

**4.** No provision of this Agreement may be modified except by a written document signed by the duly authorized representatives of the parties.

**5.** This Agreement embodies the entire understanding and agreement of the parties with respect to the subject matter hereof. This Agreement shall be binding upon and shall inure only to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

[CREDIT UNION]

[CUSO]

By: \_\_\_\_\_  
Its \_\_\_\_\_

By: \_\_\_\_\_  
Its \_\_\_\_\_

STATE OF )

COUNTY OF )

On this the \_\_\_\_\_ day of \_\_\_\_\_, before me, the undersigned officer, personally appeared, who acknowledged him self to be the President of [CREDIT UNION], a corporation, and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public,  
My commission expires:

STATE OF )

COUNTY OF )

On this the \_\_\_\_\_ day of \_\_\_\_\_, before me, the undersigned officer, personally appeared, who acknowledged himself to be the Chief Financial Officer (CFO) of [CUSO] a corporation, and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as CFO.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public,  
My commission expires:



# TEMPORARY SERVICE CONTRACT

*Between*

**CU\*Answers, Inc.**  
**6000 28<sup>th</sup> Street SE, Suite 100**  
**Grand Rapids, MI 49546**

*and*

**Credit Union**  
**Address**  
**City, State, Zip**

*Purpose:* To provide a Mentoring Program for the Leadership Team at the Credit Union.

*Duration:* Commencing on BEGINNING DATE  
Expires on ENDING DATE

*Schedule:* One day per week for the duration of this contract plus any special events as necessary.

*Payment:* \$\$\$ for one day per week.  
\$\$\$ per hour for additional days or special events as necessary  
Mileage paid at a rate of \$\$\$ per mile

*Terms:* CU\*Answers will assign a consultant to work directly with the leadership team at the Credit Union.

CU\*Answers will provide the Credit Union with a monthly invoice.

*Conditions:* Contract may be terminated by CU\*Answers, Inc. or the Credit Union with thirty (30) days written notice by either party.

*Signed:*

---

Robert J. Frizzle, CFO, CU\*Answers, Inc.

---

Credit Union Representative

---

Date

---

Date

## **Network Protocol Agreement**

This is an Agreement to establish the terms under which the Network and its Members operate.

### **I. Definitions**

Agreement – The Network Agreement.

Board – The Board of Managers of the Network.

Confidential Information – Information that contains the non-public personal information of credit union members as that term is described in Part 716 of the NCUA Regulations.

Employee Provider – A Person who is an employee of a Member who is loaned to a User to provide services to the User upon agreed terms.

Employer – A Member that is an employer of an Employee Provider.

Intellectual Capital – The policies, procedures, regulatory compliance expertise and all operational knowledge that can be of general applicability to credit unions and which does not include any Confidential Information.

Majority Consent – The consent of at least 51% of those eligible to vote and present at a meeting with a Quorum.

Manager- A Board Member. A Manager must be the CEO of a Member.

Member – A credit union that is a signatory to this Agreement. A Member may be a User, an Employer and/or an Organization Provider.

Network – The collaboration of Members that exchange services and share employees and information under this Agreement.

Organization – A natural person credit union, corporate credit union, credit union service organization, corporation, limited liability company, independent contractor, general partnership or limited partnership.

Person – A natural person.

Project Services - Services that are provided by an Organization Provider with a described scope of work and specific deliverables.

Notice – Notice must be in writing and can be by hand delivery, mail, fax or email at the contact information provided by the Member, provided that there is no message that the Notice has not been delivered.

Operating Procedures – The procedures the Board establishes for the operation of the Network.

Organization Provider – An Organization that provides services to a User. The Organization can be a Member or a non-Member approved by the Board.

Providers – Employee Providers and Organization Providers.

Super Majority Consent – The consent of at least 75% of those eligible to vote and present at a meeting with a Quorum.

Quorum – The presence of at least 51% of those eligible to vote.

User – A Member that uses the services of an Employee Provider or an Organization Provider.

Written Consent in Lieu of Meeting – The written consent containing the Majority Consent or Super Majority Consent of all eligible votes as is necessary for the action in question.

## II. Governance

### A. Board

The Board shall have five (5) Managers and act by Majority Consent. The Board shall elect a Chairperson, Vice-Chairperson, Secretary and Treasurer. The Board shall meet at the direction of the Chairperson of the Board or a majority of the Board upon five (5) days Notice. The meetings may be attended in person or by telephone so that all can hear one another. The Managers shall have two (2) year terms which shall be staggered so that each year there is as equal number of seats as possible up for election as possible (e.g. two (2) seats one year and three (3) seats the next year). Ballots shall be cast by mail or through email with procedures established by the Board. The initial Board is set forth in Schedule "B". The annual elections shall take place in January of each year. A Manager shall cease to be a Manager when a new Manager is elected to his/her seat or if the Manager dies, resigns, is disabled to a point where the Manager cannot fulfill his/her duties, or is no longer a CEO of a Member. In the case of a vacancy, the remaining Board shall elect a Manager to fill the vacancy until the expiration of the term. Action may be taken by Written Consent in Lieu of Meeting.

### B. Member Meetings

The Members shall meet at the direction of the Chairperson of the Board or a majority of the Board or Members upon ten (10) days notice. The meetings may be attended in person or by telephone so that all can hear one another. There is no requirement for an annual meeting. Action may be taken by Written Consent in Lieu of Meeting.

C. Amendment of the Network Agreement

This Agreement shall be modified upon the Super Majority vote of the Members.

III. Membership and Fees

A. Member Admission

Members must be approved by the Board. The Board may establish the conditions for admission to the Network which can include criteria to insure that the Network has Members that will enable the Network to act with efficiency and compatibility.

B. Membership Termination

Members may voluntarily withdraw upon thirty (30) days written notice to the Board. A Member may be required to involuntarily withdraw by the Board if a Member has breached the terms of this Agreement or if the conduct of the Member is deemed by the Board to be detrimental to the Network, provided the Member shall be given written notice of the reasons for the Board's proposed action and an opportunity to cure the reason prior to the Board's action.

C. Fees

The Board may approve fees for the operation of the Network. The fees may be charged to Users, Employers and/or Organization Providers.

IV. Information

A. Shared Intellectual Capital

Members shall cooperate with the Network and each other to share their Intellectual Capital so that each Member may discover best practices among the Members.

B. Protection of Member Information

No Confidential Information shall be used or shared unless such using or sharing complies with the applicable privacy laws and the privacy policies of the Member involved. No Employee Provider or Organization Provider shall use or disclose the Confidential Information for any purpose other than to carry out their obligations under this Agreement and their specific engagement, except as required or permitted under the applicable privacy laws. If the applicable privacy laws change, the parties shall conform their conduct accordingly. Each party shall protect the confidentiality of the Confidential Information disclosed by the other party to the same degree as the party protects its own Confidential Information. An Organization Provider will permit a Member to review the policies and procedures that the Organization Provider uses to protect the Member's Confidential Information. At the termination of the engagement, the Employee Provider and Organization Provider will return the Confidential Information disclosed. If there is

an unauthorized disclosure or the suspicion of an unauthorized disclosure, the Member will be notified to enable the Member to take action to remediate the situation.

## V. Duty of Care and Indemnification

### A. Employers

Employers shall not have any responsibility for the services provided by its employee, the Employee Provider, to the User. The Employer's sole duty is to provide accurate information to a User concerning the services the Employee Provider has performed for the Employer and to permit the Employee Provider the time to provide services to a User. The Employer makes no representations or warranties as to the services the Employee Provider delivers to the User. The User shall have the responsibility to supervise the Employee Provider to the same degree and manner as the User supervises its employees. The Employer indemnifies and holds harmless the User from any claims or damages sustained as a result of Employer providing untrue information to User regarding the services the Employee Provider has provided to Employer, including reasonable attorneys fees and costs. User understands that there may be unforeseen circumstances that will require the Employee Provider to return to serving Employer sooner than expected and that the needs of the Employer supersede those of the User. There is no liability for the Employer recalling the Employee Provider at any time.

### B. Employee Providers

Employee Providers are supervised by the Users to the same degree as the User supervises its employees. The Employee Providers will be advised by the User as to its employee policies, including policies concerning discrimination and sexual harassment and the Employee Provider will adhere to the same when serving the User. If the Employee Provider breaches a procedure or policy, the Employee Provider bears the same responsibility as any other employee of the User.

### C. Organization Providers

Organization Providers that provide Project Services shall provide the services to Users in a non-negligent and commercially reasonable manner and in compliance with all applicable laws. An Organization Provider shall indemnify and hold harmless Users from any claims and damages sustained due to their failure to provide the services in a non-negligent, commercially reasonable or illegal manner, including reasonable attorneys fees and costs.

### D. Users

A User is responsible for obtaining insurance for the consequences of the actions of the Employee Providers as it does for the consequences of the actions of its employees. Users shall interact with the Employee Providers and Organization Providers in a manner that does not create liability to the Employee Providers and Organization Providers due to the negligent, intentional or illegal actions of the Users. A User shall indemnify and hold harmless Employee Providers, Employers and Organization Providers from any claims

and damages sustained due to the negligent, intentional or illegal actions of the User, including reasonable attorneys fees and costs.

VI. Operating Procedures

The Operating Procedures are attached hereto as Schedule "A". The Operating Procedures may be modified from time to time by the Board.

VII. Dispute Settlement

All effort shall be made to settle the disputes amicably. If the matter cannot be settled amicably among the Members, the Board or its designees shall be appointed to mediate the dispute. If the dispute cannot be mediated successfully within sixty (60) days of commencement of the mediation, the dispute shall be submitted to binding arbitration upon Notice by one of the parties. Each party to the arbitration shall appoint an arbitrator who is a CEO of a Member not involved in the dispute. If that is not possible then the parties shall appoint a credit union CEO not a Member. The Chairperson of the Board shall serve as an arbitrator and Chair the arbitration. If the Chairperson is not eligible or willing to serve, then the Vice-Chairperson shall serve and if not, then the Secretary shall serve and if not, the Treasurer shall serve and if not then another Manager selected by the appointed arbitrators shall serve. The parties will cooperate so that the arbitration can be resolved as soon as possible under the circumstances. The arbitration award shall be binding and capable of being entered as a judgment in a court of competent jurisdiction by any party. Absent the parties' contrary consent, the Rules of the American Arbitration Association shall be followed.

IX. Non-Member Organization Provider

There may be Non-Member Organization Providers that the Board determines bring value as an available resource to the Members. Non-Member Organization Providers need not be credit unions or CUSOs. The Non-Member Organization Provider must be approved by the Board. The Board may establish the conditions and criteria for the inclusion of a Non-Member Organization Provider. The Non-Member Organization Provider will not have any User privileges or access to any information shared by the Members and is only present in the Network to augment the choices the Users have for Organization Providers.

SCHEDULE "A"  
OPERATING PROCEDURES

1. Establishment of Intranet Site  
There shall be an intranet site established to facilitate the connection of Users and Providers.
2. Posting of Provider Offerings  
Employee Providers and Organization Providers will be able to post information available to Users which will include:
  - a. The services offered.
  - b. In the case of Employee Providers, their time and travel availability.
  - c. Due diligence information.

Users may contact the Providers directly and engage them based on viewing their Provider Posting.

3. Posting of Requests for Proposals  
Users may post requests for proposals to which Providers can respond.
4. Statement of Work  
Each engagement shall be subject to the terms of the Network Agreement. Before each engagement, the parties shall sign a Scope of Work Statement that sets forth the scope of services to be provided, the expected time period for the work, any special conditions required by the parties and the compensation arrangement.
5. Joint Proposals  
The parties are able to make proposals on an individual or joint basis. If there are any joint work proposals, the Providers will execute a document that sets forth the division of work and fees between them.
6. Payment for Services  
Payment for services by an Organization Provider shall be paid directly to the Organization Provider by the User. Payment for services by an Employee Provider shall be paid to the Employer of the Employee Provider.
7. User Feedback  
Users and Providers understand that Users will be asked to provide feedback on the services provided by Providers to enable Users to gauge the value of using a particular Provider. While Providers have the ability to object to misstatements of objective facts and pejorative remarks that are inappropriate, opinions of Users are appropriate and Providers waive any claims or actions against Users that state their opinions based on their experiences with the Providers. If the Provider deems a posting by a User to be untrue or inappropriate, the Provider may submit the objection in writing to the Board

and the Board has the right to edit or remove the remarks of the User if the Board finds merit in the objection.

8. **Sharing of Intellectual Capital**

The Members will make available its policies, procedures and documents to share with other Members as Intellectual Capital.



SCHEDULE "B"  
THE INITIAL BOARD

Name

Member Name

1.

2.

3.

4.

5.

# RESOURCE SHARING AGREEMENT

This Resource Sharing Agreement (the "Agreement") is made as of March 3, 2003 (the "Effective Date"), by and between Salesforce.com, Inc. ("SFDC"), a Delaware corporation, having its principal place of business at The Landmark @ One Market, Suite 300, San Francisco, California 94105, and salesforce.com/foundation (the "Foundation"), a non-profit California corporation, having its principal place of business at The Landmark @ One Market, Suite 300, San Francisco, California 94105.

## RECITALS

- A. The Foundation is a non-profit entity, exempt from federal income tax under Internal Revenue Code §501(c)(3) and corresponding provisions of state law, and is classified as a public charity under Internal Revenue Code §509(a)(1).
- B. SFDC is the primary contributor to the Foundation and provides, during the term of this Agreement, certain office space, furniture, equipment, facilities, services and other resources (collectively, the "Resources") to the Foundation.
- C. SFDC and the Foundation desire to enter into a contractual relationship regarding their relationship, including their sharing of the Resources.

NOW, THEREFORE, SFDC and the Foundation agree as follows:

1. Employees. Each party shall hire, compensate, supervise, discipline and discharge its own full-time and part-time employees, who shall be under the sole control and ultimate supervision of its own board of directors. Part-time employees of either party may also be part-time employees of the other party. Full-time employees of SFDC may from time to time perform services for the Foundation. The Foundation shall not be required to reimburse SFDC for such services. Each party shall be responsible for employee benefits for its own employees. To the extent SFDC pays premiums or other amounts for employee benefits for Foundation employees, the Foundation shall reimburse SFDC for such amounts.

2. Office Space. SFDC leases office space at The Landmark @ One Market, San Francisco, California 94105 (the "Premises"), a portion of which SFDC has assigned, and shall continue to assign, to the Foundation for its direct use (the "Dedicated Space"). In addition to its use of the Dedicated Space, the Foundation also makes use of a proportionate share of common space within the Premises (the "Shared Common Space"). The Foundation's use of the Dedicated Space and the Shared Common Space shall be rent-free. However, for tax and accounting purposes, the Foundation's fair share of the rent specified in SFDC's lease agreement for such use of the Premises shall be calculated, from time to time at SFDC's discretion, by multiplying SFDC's total rental obligation by a fraction whose numerator is the number of Foundation personnel generally making use of the Premises and whose denominator is the total number of SFDC and Foundation personnel generally making use of the Premises (such ratio to be referred to as the "Foundation Ratio").

3. Utilities, Insurance and Similar Items of Facility Overhead. The Foundation shall not be required to reimburse SFDC for its share of SFDC's utilities, insurance and similar items of facility overhead arising from the Foundation's use of the Premises. However, for tax and accounting purposes, the Foundation's fair share of such utilities, insurance and other items of overhead shall be calculated, from time to time and at SFDC's discretion, by multiplying the total cost to SFDC of such items by the Foundation Ratio.

4. Furniture and Equipment. The Foundation shall not be required to reimburse SFDC for use of office furniture and equipment (including chairs, desks, phones, computers, printers, fax machines, copiers and the like) in connection with the Foundation's use of the Premises. However, for tax and accounting purposes, the Foundation's fair share of expenses relating to such use shall be calculated, from time to time and at SFDC's discretion, by multiplying the total cost to SFDC of use of such items by the Foundation Ratio. To the extent possible, the Foundation shall use its own fax machines and color printers.

5. Software. The Foundation shall not be required to reimburse SFDC for use of basic office productivity software (including Microsoft Office and Microsoft Outlook) licensed to SFDC. However, for tax and accounting purposes, the Foundation's fair share of expenses relating to the use of such software shall be calculated, from time to time and at SFDC's discretion, by multiplying the total cost to SFDC of use of such software by the Foundation Ratio. The Foundation shall be responsible for purchasing and maintaining any additional software it may need, including graphics and layout programs such as Adobe PhotoShop.

6. Supplies and Miscellaneous Goods and Services. The Foundation shall not be required to reimburse SFDC for normal use of office supplies or other miscellaneous consumable goods and services, including supplies and expenses relating to incidental printing and mailing. The Foundation shall bear its own expenses for creating and distributing specialized marketing materials, mass mailings, and messenger and express delivery services.

7. Travel and Transportation. Each party shall separately bear its own travel and transportation expenses. Expenses relating to travel or transportation by employees, contractors or volunteers where work is performed on behalf of both parties shall be allocated to each party in proportion to the hours of work performed on the trip by the traveler, for that party, as compared to the total number of hours of work performed on the trip by the traveler.

8. Telecommunications. The Foundation shall not be required to reimburse SFDC for use of network and telecommunications equipment and facilities licensed or owned by SFDC, including networking equipment, software, bandwidth, ISP and hosting services, and the like. However, for tax and accounting purposes, the Foundation's fair share of expenses relating to the use of such equipment and facilities shall be calculated, from time to time and at SFDC's discretion, by multiplying the total cost to SFDC of use of such equipment and facilities by the Foundation Ratio.

9. Tracking, Billing and Payment. SFDC shall be responsible for tracking, calculating, allocating and billing any amounts that may be charged to the Foundation under this Agreement.

10. Term and Termination. This Agreement shall continue until terminated by either party with thirty (30) days prior written notice.

11. General.

(a) Governing Law. This Agreement shall be governed by the internal laws of the State of California.

(b) Entire Agreement. This Agreement represents the entire agreement of the parties with respect to its subject matter and supersedes any prior or contemporaneous agreements, proposals or representations, written or oral, concerning its subject matter.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

SALESFORCE.COM, INC.

By: /s/ Steve Cakebread

Name: Steve Cakebread

Title: CFO

SALESFORCE.COM/FOUNDATION

By: /s/ Illegible

Name: Illegible

Title: Executive Director