

## CLIENT SERVICE AGREEMENT

This CLIENT SERVICE AGREEMENT is made this the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between Laborchex, Inc., a Mississippi Corporation, hereinafter referred to collectively as "Corporation" and \_\_\_\_\_, hereinafter referred to as "Client." Client wishes to contract with the Corporation for, and the Corporation desires to furnish, employment background screening services. Client will use the Corporation's services for the primary purposes, under applicable federal and state laws, of evaluating and confirming details (as listed on job applications, resumes, CVs, etc.) about persons who apply for employment with the Client; or may be current employees under consideration for promotion and/or reassignment; or may be current employees in a position that requires monitoring of certain activities which are vital to the employee's job duties. In consideration of the terms and conditions herein contained, the parties hereto agree as follows:

**1. Employment Background Screening Services.** The Corporation will provide employment background screening services to Client by maintaining an information gathering business that searches/contacts, in accordance with applicable federal and state laws, various data sources, in order to obtain information about the job applicant, including: searches of city, county, state and other public agencies such as courts and other record keeping entities; searches of legally obtainable public records sources; contact of previous employers, educational institutions, and references provided by a job applicant; plus, searching/contacting other legally acceptable entities, such as credit bureaus and a state's worker's compensation history records (when release of such records is legally permitted by a state's laws) based on information provided by the job applicant. These searches/contacts are authorized by the job applicant when he/she signs a 'release/authorization' as is required by federal law, which legally permits the Corporation to complete such searches on behalf of the Client. Results of these searches/contacts are forwarded to the Client in the form of a report. The Corporation will pay fees to all such sources it deems necessary to fulfill its duty to complete reports for the Client in an efficient, timely, and legally compliant manner.

**2. Qualified and Trained Background Screening Staff.** The Corporation will employ qualified, screened, and trained staff members to accept, research, and document all incoming Client background screening requests, and subsequently report results to the Client, as per direction of the Client. The Corporation's staff cannot, under federal law, advise the Client regarding an applicant's worthiness for new employment, continued employment, or promotion, or otherwise advise the Client in any way, spoken, written, or inferred, whether or not the applicant should, or should not, be hired, retained, or promoted. The Corporation cannot, and will not, grade or otherwise categorize the job applicant in any way. Such grading or categorization could be interpreted as a recommendation to the Client, and this is not permitted by the Corporation under federal law.

**3. Confidentiality of Requests.** The Corporation will use its best efforts to maintain complete confidentiality of Client's background screening requests, to the extent permitted under applicable law and via its own security procedures and policies. Except as required by applicable law, the Corporation will not divulge the information obtained by Corporation on Client's behalf nor the contents of the report(s) it prepares to any third parties. In the event that new or existing Clients request background screening reports on applicants who have already been processed for another Client, these original reports cannot, according to federal law, be resold, and a new and separate background screening procedure must be initiated in order to generate a completely new report for the Client. Also, under federal law job applicants who have had background screenings completed by the Corporation on behalf of the Client are entitled to receive copies, from the Client, of the report that was submitted to the Client. And, the Corporation is obligated under federal law to provide a copy of the report to the applicant at no charge upon his/her written and documented request. If a job applicant contacts the Corporation for any reason, the Client will be notified by email or telephone call.

**4. Corporation Reporting and Documentation.** The Corporation will document all search requests pertaining to the completion of the background screening report. These requests will be assigned a unique control number, which will identify the request for reporting, billing, and tracking. An accurate record of all contacts and searches that occur in an effort to complete all background screening reports will be retained in the Corporation's electronic files. Reports will be returned to the Client and its legally designated requestors without editorial or any subjective comments from the Corporation's staff members. The Client will have the option to choose the method by which reports are provided to them. These methods typically include viewing them on the Corporation's website, email and/or FAX. Corporation agrees to provide Client with secure, encrypted access to applicant information utilizing a login and password to gain access to Corporation's website. An Electronic Access Agreement (EAA) is executed by the Client's employee(s) and is on file with the Corporation. Each Client employee, regardless of the number of employees retained by the client, who will have access to the Corporation website will complete and sign his/her own Electronic Access Agreement, on which they will choose their own unique User Name and Password, which must be used only by that specific employee. By signing the EAA the Client employee acknowledges that all requests to the Corporation for background screenings are done in compliance with applicable federal laws and the laws within the Corporation's state(s) of operation.

**5. Payment Procedures & Collection Policies.** Corporation will invoice Client weekly. Billing is cutoff at the close of business on Thursday, and invoices are generated and mailed on Friday. Invoices are due upon receipt. Balances are carried forward on subsequent invoices. Monthly statements are provided if needed, but are for Client management use, and are not to be used for payment purposes. Several forms of payment are accepted: Credit cards, ACH (electronic funds transfer), bank drafts, prepayment (per purchase order), and checks. If a check is returned due to insufficient funds, a returned check fee up to the amount permitted by law will be charged to Client's account. Any credits due will appear on future invoices. A service charge of twelve percent (12%) ARP will be added to invoices which remain unpaid on the 30<sup>th</sup> day. Services will be

suspended on the 45<sup>th</sup> day for non-payment. Corporation will make customary efforts to obtain timely payment from clients, which may include contact by phone, email, or FAX. Should client misplace an invoice or not receive one which was expected, the Client should immediately contact the Corporation by phone or email. If Client wishes to dispute any charges, such dispute should be made immediately by phone and/or in writing via email or FAX to Corporation. Disputes will not be considered for charges on invoices over ninety (90) days old.

6. This agreement is in effect as long as the Client requires the services of the Corporation. The Client is under no obligation to utilize the Corporation's services in any specific volume, and does not have any minimum order requirements. Occasionally, changes to the Corporation's policies and procedures may occur, as well as amendments to this original agreement. In such cases, the Client will receive sufficient notice of such changes/amendments, and be provided a reasonable amount of time to respond to the Corporation.

7. Termination. This Agreement may be terminated by either party ("non-breaching party"), upon written notice of termination, in the event that the other party ("breaching party") fails to perform or observe any material term or provision of this Agreement, and does not cure such breach in all material respects within thirty (30) days following written notice from the non-breaching party demanding correction of such breach. Such notice shall describe the breach in sufficient detail to permit the breaching party to correct such breach. This Agreement may be terminated by Corporation without notice to Client if Corporation has sufficient reason to believe that Client has ordered, used or disseminated any report on any applicant or individual, in whole or in part, contrary to this Agreement or in violation of any federal, state, or local law or regulation.

8. No Warranty. The Corporation agrees to use its best and most precise efforts to furnish Client with accurate, current, complete, and reliable information based on such information as it is reasonably available and obtained via sources referred to in 1. The Corporation, however, does not guarantee the accuracy, timeliness, or completeness of such information reported to it from such sources, and does not guarantee that all details requested by the Client will be obtained. Corporation cannot guarantee that the outcome of the background screening process will be the outcome desired by the Client. Accordingly, the Corporation's sole obligation and Client's exclusive remedy for nonconformity in the services provided to Client shall be, at Corporation's election, re-performance of the nonconforming activity or refunding to Client the amounts paid by Client for the nonconforming activity. Corporation shall not be liable to Client for lost profits, business goodwill, direct, indirect, special, consequential or other similar types of damages, arising out of or in any way connected with Corporation's breach of this agreement, except as to those matters wherein the Corporation is finally adjudicated liable for gross negligence or willful misconduct.

9. Indemnification. Client agrees that it shall be responsible for all actions, employment or otherwise, it takes based on any reports provided to it by Corporation. Each party shall defend, indemnify and hold the other harmless from any and all losses, claims, demands, liability, causes of action, judgments, costs and attorney's fees arising out of the indemnifying party's negligence.

10. Performance Assurance Provisions. In consideration of Corporation agreeing to render services to Client pursuant to this Agreement, all the undersigned, hereby jointly and severally, guarantee(s) the performance by Client of all the covenants, terms, and conditions of such Contract to be performed by Client hereunder. The undersigned hereby jointly and severally agree to indemnify and hold Corporation, its successors, and assigns, harmless from and against all liability and expense, including reasonable attorney's fees, sustained by Corporation by reason of the failure of Client to fully conform and comply with the terms and conditions of this Agreement. Corporation may agree to allow Client to modify its performance under this Contract without notice to the undersigns and without affecting the undersigns' liability under this guaranty. This guaranty and indemnity shall survive the death or incapacity of the undersigns, and this Agreement should be signed by the President, or Chief Executive Officer, or Managing Partner of Client, or by any owner representing more than ten percent (10%) ownership of Client, or by an officially designated Client representative or officer.

11. Duties of Client. Client agrees that it shall order, receive and use information provided by the Corporation in compliance with all federal and state statutes and regulations including, but not limited to, the Fair Credit Reporting Act (FCRA) and its states' analogues, the Americans with Disabilities Act (ADA) and its states' analogues, and the Drivers Privacy Protection Act (DPPA) and its states analogues and statutes and regulations governing fair information practices, and such information will be requested specifically for employment purposes only, as outlined in the preface to this agreement and in 1. Such requests, when FAXed to the Corporation, must be accompanied by a 'release/authorization' signed by the applicant in its written form, acknowledging his/her understanding that his/her background may be investigated (based on details of the job application and/or resume provided by the applicant). When making requests for employment background screening via the Corporation's website, the Client must electronically acknowledge that it possesses the applicant's signed release/authorization and can produce it if required by the Corporation and/or any other entity that can legally request it. Client agrees that it has reviewed the sensitive and private nature of background screening reports with its employees who will have access to them, and has reviewed applicable federal and state laws by which such reports are obtained and ultimately used. All such information shall be maintained by the Client in strict confidence and in accordance to its security procedures and policies and disclosed only to employees whose duties are reasonably related to the legitimate business purposes for which the information is requested. Client agrees not to sell, publish, disseminate or otherwise distribute, in whole or in part, information provided by the Corporation to any third party. Client shall order, receive, and use information provided by the Corporation solely as an End User. If Client denies employment or takes other adverse actions fully based or in part based on information provided by the Corporation, Client will do so in accordance with provisions of the FCRA, and include in its "adverse action" statement notification that the Corporation did not take or recommend the adverse action and is unable to provide the applicant with any reasons as to why the adverse action

was taken. In addition, when such adverse action is taken, Client agrees to provide the applicant with a copy of the Consumer Bill of Rights, which includes the Corporation's telephone number and address. Applicants who choose to dispute details provided by the Corporation in the report given to the Client have a right to do so, and should contact the Corporation directly to review their questions/concerns. Client warrants that it has accurately represented the type and nature of its business, and specifically warrants that it is not in business as a private investigative agency, a detective agency, insurance agency, or any business that would use Corporation's reports for non-employment purposes. Client also agrees that its representatives will accurately and correctly enter all information when placing orders over the Corporation's website, and will take appropriate measures to ensure that information forwarded to the Corporation via the website, email, or FAX about persons who are to be screened is accurate so the Corporation can process the Client's requests effectively. Client will be responsible for any charges resulting from the processing of inaccurate or incorrect information that was submitted to the Corporation by their designated representatives.

12. Violations. Any violation of the Fair Credit Reporting Act, or any other applicable local, state or federal law by the Client with respect to requests for, use of, or dissemination of information, will result in the suspension of Corporation's services to the Client. Violations of the Fair Credit Reporting Act giving rise to immediate suspension of Corporation's services to the Client include, but are not limited to the following:

- a. Requesting a consumer report without a permissible purpose. NOTE: The only permissible purposes are for the evaluation of an applicant the Client is considering for employment; or evaluation of a current employee being considered for continued employment, promotion, or reassignment.
- b. Requesting a consumer report without a 'release/authorization' signed by the applicant.
- c. Failure to disclose to applicant(s) if a consumer report was instrumental in the decision to not employ the applicant(s).
- d. Reselling or otherwise distributing the consumer report to another party.

13. Proprietary Rights and Confidentiality. Corporation regards, and hereby identifies as proprietary and confidential those methods and processes for collecting, decoding, assembling and assessing its services. Client agrees to exercise due and reasonable care in protecting the Corporation's confidential and proprietary information from unauthorized use, disclosure, or distribution. The existence of this Agreement shall not be considered confidential, but the terms and conditions of this Agreement, including price information, shall be kept confidential and shall not be disclosed by either party to any third party, excluding an affiliate or subsidiary of such party, without the prior written consent of the other party, except pursuant to proper judicial process. The obligations of this section shall survive any termination of this Agreement.

14. Legal Notices. All legal notices under this Agreement shall be sent by certified mail to the Client's billing address and to: Ms. Debbie Holmes, Owner/President, LABORCHEX Companies, 2506 Lakeland Dr. #200, Jackson, MS 39232.

15. Force Majeure. Neither party shall be responsible for any delay or failure in performance resulting from acts beyond the control of such party.  
Such acts shall include but not be limited to: an act of God; an act of war; a riot; an epidemic, fire, flood or natural disaster; an act of government; a terrorist act; an unexpected interruption of internet, electrical, or telephone service not caused as a result of Corporation's negligence, or a strike or  
lockout.

16. Entire Agreement. This Agreement constitutes the entire Agreement between the parties and supersedes all prior Agreements and understandings with respect to the matters contained in it. This Agreement may be amended or modified in whole or part by agreement, in writing, and executed in the same manner as this Agreement and making specific reference thereto.

17. Counterparts. This Agreement may be executed simultaneously in one or more counterparts with the same effect as if the parties executing the several counterparts had executed one counterpart; provided, however that the several executed counterparts shall together constitute one and the same instrument.

18. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Mississippi, without regard to its conflict of rules. Any and all actions brought to enforce the provisions of this Agreement shall be brought in a court of competent jurisdiction located in Rankin County, Mississippi.

19. Attorneys Fees. Should any court action be filed by any party as a result of the breach of any terms of this Agreement, the prevailing party in such action shall be entitled to reimbursement of attorneys fees incurred by that party in such action.

IN WITNESS THEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written.

**LABORCHEX, INC.**

**FOR CLIENT**

By: Debbie Holmes, Owner/President

Client Signature

Printed Name/Title