

CLS Technology, Inc. Terms and Conditions of Contract and Sale

PAYMENT

Payment terms are net cash upon receipt of invoice, except where satisfactory open account credit is established by CLS Technology, in which case, terms are net 30 days from the date of the invoice. CLS Technology reserves the right to terminate said credit status at sole discretion of CLS Technology. Invoices will be issued prior to start date of agreement, and subsequent renewal dates thereafter, Customer agrees to pay such invoices in accordance with the above terms and conditions regardless of other scheduled deliveries or services. Customer agrees to pay all taxes, including state or local taxes however designated, levied or based on the service charges pursuant to this agreement.

BREACH OR DEFAULT

If Customer does not pay the amounts due hereunder or breaches any of the terms or conditions of the agreement, or if the Customer ceases doing business as a going concern, or if CLS Technology deems this agreement in jeopardy, CLS Technology, in addition to any legal remedies it may have, may terminate this agreement. Customer agrees to pay CLS Technology all reasonable attorney's fees and legal expenses incurred in exercising any of its rights and remedies upon breach of the agreement by Customer. If Customer cancels a service call or quoted work after equipment has been ordered and or labor expended, the total amount of work performed is due and payable. For special order equipment and materials, no credit is available on returned items or if the work is cancelled after ordering. For stock items, a restocking fee of 25% of the price of the items will apply.

CANCELLATION

After the commencement date, Customer shall have the right to cancel this agreement upon 30 days prior written notice to CLS Technology at the end of this initial or any subsequent renewal period. All Cancellation Notices are to be sent via Certified Mail, Return Receipt Requested to:

CLS Technology, Inc. Attention: Sales Manager 5206 E. 3rd Street, Katy, TX 77493

Any and all monies owed under this agreement shall be due and payable including services performed but not yet completed for any reason. CLS Technology reserves the right to inspect and evaluate all systems, and in its sole discretion, terminate the agreement at the end of any term.

LENGTH OF PLAN

After execution of agreement by an authorized representative of CLS Technology and CLS Technology management, the term of this agreement shall be 12 months. Unless cancelled with 30 days prior written notice, the agreement shall be renewed for successive term(s) at the prices and under the terms and

conditions in effect at the time of renewal. Fees paid hereunder are not refundable once this agreement is in effect.

FORCE MAJEURE

CLS Technology shall not be responsible for failure to render services due to causes beyond its control, including but not limited to work stoppages, fires, civil disobediences, riots, rebellions, acts of God and similar occurrences.

LIMITATION OF LIABILITY

CUSTOMER AGREES THAT COMPANY SHALL NOT BE LIABLE UNDER ANY CIRCUMSTANCES FOR ANY LOSS OR DAMAGE DUE TO (I) A FAILURE OF THE COMPANY OR ITS AGENTS, ASSIGNS, OR EMPLOYEES TO PERFORM ANY OF THE OBLIGATIONS HEREIN, INCLUDING BUT NOT LIMITED TO INSTALLATION, MAINTENANCE, MONITORING, OR SERVICE; (II) THE FAILURE OF THE SYSTEM OR EQUIPMENT IN ANY RESPECT WHATSOEVER WHETHER OR NOT CAUSED BY COMPANY'S NEGLIGENCE, ACTS OF GOD, THEFT, DESTRUCTION OR UNAUTHORIZED ACCESS; (III) CUSTOMER'S ACTS OR OMISSIONS; OR (IV) THE ACTS OR OMISSIONS OF THIRD PARTIES.

CUSTOMER AGREES THAT COMPANY'S MAXIMUM LIABILITY UNDER THIS AGREEMENT FOR ALL DAMAGES, LOSSES, COSTS AND CAUSES OF ACTIONS FROM ANY AND ALL CLAIMS (WHETHER IN CONTRACT, TORT OR OTHER LEGAL THEORY) SHALL BE LIMITED TO THE LESSER OF (A) THE TOTAL AMOUNT CUSTOMER HAS PAID UNDER THIS AGREEMENT AT THE TIME OF THE LOSS AND/OR DAMAGE OR (B) TWO THOUSAND FIVE HUNDRED DOLLARS (\$2,500.00) AS LIQUIDATED DAMAGES/LIMITATION OF LIABILITY AND NOT AS A PENALTY AND THIS LIABILITY SHALL BE EXCLUSIVE.

CUSTOMER RESPONSIBILITIES

Customer agrees to provide free access to the equipment to perform services listed in the agreement. Keys for all areas including mechanical, electrical, telephone and rooftop areas shall be provided to allow access to areas where peripheral devices may be located. If keys are not available, Customer agrees to provide the necessary equipment to reach inaccessible equipment and peripheral devices. Customer agrees to provide suitable electrical service. If applicable, blueprints, wiring diagrams or as-built drawings shall be provided showing locations of all devices connected to the main fire control pane.

CLS TECHNOLOGY RESPONSIBILITIES

CLS Technology agrees to perform the type and frequency of inspections listed in the agreement. CLS Technology agrees to maintain all documentation relating to the test and inspection in CLS Technology files, and an Inspection Certificate will be issued to the Customer upon completion of the scheduled

inspections. CLS Technology agrees to provide trained and qualified technical representatives for the inspections. All testing and inspection shall be performed during CLS Technology's normal business hours, unless otherwise stated.

SERVICE

Customer agrees that in the event of an emergency or system failure, Customer will take reasonable safety precautions to protect life and property during the period of time that CLS Technology is first notified of the emergency or failure and until such time as CLS Technology notifies the Customer that the system is operational and/or the emergency has cleared. Customer agrees to provide all necessary information pertaining to events leading up to the failure or emergency, including but not limited to time logs, emergency response personnel records, or other information pertaining to the situation causing the system failure or emergency. The unserviceability of equipment will be solely determined by CLS Technology and all replaced parts become the property of CLS Technology in lieu of a core equipment charge.

SECURITY INTEREST

The Purchaser grants to the Seller and the Seller retains a security interest in all equipment shipped or ordered per signed quotation or customer PO pursuant to this contract and the proceeds thereof until the Purchaser shall have made full payment for the equipment. In the event of failure to make payment on the due date in accordance with the terms designates, the entire balance shall become due and payable at once. In case of default of payment, the Seller shall have the right to take possession of the equipment immediately, wherever it may be found, and remove it with or without process of law and may retain all money paid hereunder as liquidated damages and rental for said equipment. The Purchaser shall not sell (except in the ordinary course of business), mortgage, pledge or lease said equipment without the prior permission of the Seller.

WARRANTIES

Seller warrants all products to be free from defects in material and workmanship, provide, however, that the Seller's liability under such warranty shall be limited to repair or replacement of any products which the Seller's inspection shall disclose to have been defective. This warranty does not apply to any equipment or products which have been subjected to abuse, mishandling, or improper use; nor to products that have been altered or repaired after shipment to you by anyone except our authorized employees or agents. Seller will no be liable in any event for alterations or repairs except those made with its written consent. Purchaser shall be solely responsible for determining suitability for use and Seller shall in no event be liable in this respect. The equipment or parts manufactured by others but furnished by us will be repaired or replaced only to the extent of the original manufacturer's guaranty. Our obligations and liabilities hereunder shall not be enforceable until such equipment has been fully paid for. Purchaser agrees that if the products sold hereunder are resold by Purchaser, he will include in the contract for resale, provisions which limit recoveries against us in accordance with this section.

IN NO EVENT WILL THE SELLER BE LIABLE FOR SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES. NO OTHER EXPRESS WARRANTY IS GIVEN AND NO AFFIRMATION OF THE SELLER OR ITS REPRESENTATIVES BY WORD OR ACTION SHALL CONSTITUTE A WARRANTY.

OTHER THAN WARRANTY OF TITLE, NO IMPLIED WARRANTIES, INCLUDING THE WARRANTIES OF MERCHANTABILITY AND FITNESS, APPLY IN REPECT TO PRODUCTS OF CLS TECHNOLOGY THERE ARE NO WARRANTIES THAT EXTEND BEYOND THE PRODUCT DESCRIPTION.

CREDIT AND PAYMENT

In the event credit is applied for and granted, terms shall be net 30 days from the date of invoice. In the event payment is not received according to terms Seller may, at its discretion, assess interest at the maximum rate allowed by law. Seller will charge \$25.00 for each check returned by the bank. The purchaser also agrees to pay reasonable and customary legal fees or agency commissions sustained by Seller in pursuit of payment that is past due. Seller reserves the right at any time to alter, suspend credit, or to change credit terms provided herein, when in its sole opinion the financial condition of the Purchaser so warrants. In such a case, in addition to any other remedies herein or by law provided, cash payment or satisfactory security for the Purchase may be required by Seller before shipment, or, the due date of payment by the Purchaser under this contract may be accelerated by Seller. Failure to pay any invoice at maturity date at the election of Seller makes all subsequent invoices immediately due and payable irrespective of terms, and Seller may withhold all subsequent deliveries until the full account is settled, and we may terminate this contract. Acceptance by Seller of less than full payment shall not be a waiver of any of its rights. The purchaser represents by sending each purchase order to Seller that he is not insolvent as that term is defined in applicable state or federal statutes. In the event, the Purchase becomes insolvent before delivery of any products purchased hereunder; it will notify Seller in writing. Failure to notify Seller of insolvency before delivery shall be construed as a reaffirmation of the Purchaser's solvency at that time. Irrespective of whether the products purchased hereunder are delivered directly to the Purchase, or to a customer of the Purchase, and irrespective of the size of the shipment, Seller shall have the right to stop delivery of the goods by a bailee if the Purchaser becomes insolvent, repudiates, or fails to make a payment due before deliver, or if for any other reason Seller has a right to withhold or reclaim goods under the applicable state and federal statutes. Unapplied credits for any reason on accounts will be written off unless refund requests are made in writing via certified mail within one year of the credit.

TAXES

The Purchaser agrees to pay any tax, however designated, levied or based on the sales price or payable by the Seller in respect thereto.

SHIPPING

Unless you specify otherwise in writing (a) goods will be boxed or crated as we may deem proper for protection against normal handling, and extra charge will be made for preservation, waterproofing and

similar added production of goods: (b) routing and manner of shipment will be at our discretion, and may be insured at your expense, value to be stated at order price.

INDEMNITY

The Purchaser agrees to indemnify and hold the Seller harmless for any expense or loss arising out of or resulting from the faulty or negligent installation of the equipment by the Purchaser or Installer or by the failure of the Purchaser or Installer to install the same according to any written instructions furnished by the Seller.

Purchaser further agrees to indemnify and hold the Seller harmless for any expense or loss, including expense or loss to third parties, arising out of or resulting from the failure to maintain, modify, or replace the equipment in accordance with federal, state, local, or municipal codes, regulations, or ordinances governing the equipment, its installation, or maintenance.

LIABILITY

The Seller shall not be liable for loss or damage of any kind resulting from delay or inability to deliver on account of Acts of God, fire, labor troubles, accidents and acts of civil or military authorities, fuel, labor, or materials shortages, or other such conditions beyond the Seller's control.

RECORDS, AUDITS & PROPRIETARY DATA

Unless otherwise specifically agreed in writing and signed by two authorized officers, neither you nor any representative of yours, nor any other person shall have any right to examine or audit our cost accounts, books or records of any kind or any matter, or be entitled to, or have control over, any engineering or production prints, drawings or technical data which we, in our sole discretion, may consider in whole or in part proprietary to ourselves.

GENERAL

This contract is subject and shall be interpreted according to the laws of the State of Texas, and all rights and remedies of the Seller hereunder are cumulative and are in addition to every remedy now and hereafter given or existing at law or in equity or by statute. Any provision of this contract prohibited by the law of the state shall, as to such state, be ineffective to the extent of such prohibition without invalidating the remaining provisions of the contract. The Seller shall not be bound by statements or promises made by any representative of the Seller which are not stated and made a part of this contract.

****Customer must be in contract with our maintenance program to receive these benefits****