

CONSULTING AGREEMENT

This Agreement, made and entered into effective _____ (date), is by and between _____ (hereinafter referred to as the "Company") and Murdock Taylor dba Electronic Product Design & Development Consulting Services (EPDDCS) (hereinafter referred to as the "Contractor").

WITNESSETH:

WHEREAS, the Company desires to retain the design and development services of the Contractor on the terms and conditions set forth herein; and

WHEREAS, the Contractor is willing to render design and development services to the Company on the terms and conditions set forth herein;

NOW, THEREFORE, the parties hereto agree as follows:

1. AUTHORITY: The individual(s) signing this document on behalf of the Company individually represent that they have the authority to enter into this agreement on behalf of the Company.
2. DUTIES OF THE CONTRACTOR: The Contractor agrees as follows:
 - a. Services: The contractor shall perform design and development services as shall be agreed to by the Contractor and the Company and that are described on Exhibit A of this Agreement. The scope of work to be provided by the Contractor to the Company may be altered from time to time as the parties may mutually agree.
 - b. Personnel: The Contractor reserves the right to select and use subcontractors to assist in and provide some design services. The Contractor reserves the right to select and use vendor services such as machine shops, PC board layout, injection mold makers, engineering services, etc. as required to realize the design goals described in Exhibit A.
 - c. Equipment: The Contractor will provide and maintain a limited amount of equipment as appropriate to provide design and development services, including but not limited to: computer hardware, computer software, printer, and hand tools. Additional equipment specific to the Company's requirements may also be negotiated with the Company and provided as described on Exhibit A or as mutually agreed.
 - d. Office: The Contractor will provide and maintain office space and office equipment as appropriate to provide design and development services.
3. DUTIES OF THE COMPANY: The Company agrees as follows:
 - a. Compensation: The Company agrees to pay the Contractor for the services performed at the rate specified on Exhibit A of this Agreement.
 - b. Out-of-Pocket Expenses: The Company shall reimburse the Contractor for all necessary and reasonable travel and out-of-pocket expenses incurred in connection with the performance of the services for the Company, provided the

Contractor shall obtain prior approval of the Company before incurring any significant expenses.

- c. Payment Terms: The Company shall pay invoices provided by the Contractor within 5 days of receipt thereof except for cases of immediate termination as noted in Provision 7b where upon all unpaid compensation is due immediately upon termination.
 - d. Contract Administrator: The Company shall assign a Contract Administrator to oversee the provisions of this Agreement and monitor the work of the Contractor. The Company's Contract Administrator shall immediately notify the Contractor of any significant concerns with respect to the quality, scope, or costs of the service being provided by the Contractor.
 - e. Support: The Company shall provide the Contractor with access to personnel, documentation, support facilities, and space as may be required to enable the Contractor to properly perform the work specified hereunder.
 - f. Collection Costs: The Company agrees to pay all collection costs incurred by the Contractor relating to the collection of any past due amounts from the Company. Collection costs may include, but are not limited to attorney's fees, filing fees, serving costs, deposition costs, and collection fees.
 - g. Interest: The Company agrees to pay past due interest in the amount of 1.5% per month on any past due unpaid balance.
 - h. Indemnification: The Company agrees to indemnify and hold the Contractor harmless from all claims brought by third parties that may arise from the Contractor's service provided under this Agreement and subsequent agreements.
4. CONFIDENTIALITY: The Contractor and its agents shall keep in confidence and shall not disclose or make available to third parties or make any use of any information or documents relating to the services provided under this Agreement or to the products, trade secrets, processes, business practices or affairs of the Company (other than information in the public domain through no fault of the Contractor or its agents), except with the prior written consent of the Company or to the extent necessary in performing tasks assigned to the Contractor by the Company. Upon termination of this Agreement and at the request of the Company, the Contractor and its agents will return to the Company all documents and other materials related to the services provided hereunder or furnished to the Contractor by the Company. The Contractor's obligation under this Provision 4 shall survive termination of this Agreement for a period of three (3) years.
5. PATENT RIGHTS:
- a. Direct Consequence: The Contractor shall promptly disclose and hereby assigns to the Company all right, title, and interest to all techniques, methods, processes, formulae, improvements, inventions, and discoveries made or conceived or reduced to practice by the Contractor as a direct consequence of providing services hereunder. When requested by the Company, the Contractor will make available to the Company all notes, drawings, data, and other information relating to the above. The Contractor will promptly sign any documents (including US and foreign patent assignments) requested by the Company related to the above assignment of rights and inventions and will cooperate with the Company at the Company's request and expense in preparation, prosecution, and defense of any US or foreign patent

application or resulting patent related to such rights and inventions. The Contractor's obligations under this Provision 5a shall survive termination of this Agreement.

- b. Indirect Consequence: The Contractor hereby assigns to the Company the right to use all techniques, methods, processes, formulae, improvements, inventions, and discoveries made or conceived or reduced to practice by the Contractor or its agents or employees as an indirect consequence of providing services hereunder. The Contractor retains the right to patent these inventions and license them to third parties.
6. NO ASSIGNMENTS: This Agreement may not be assigned by either party, except by mutual agreement and consent. Upon assignment by either party, at the option of the other party, the Agreement may be deemed terminated or continued upon the other terms and conditions of this Agreement.
7. TERMINATION: This Agreement shall continue until terminated as set forth below in Provisions 7a and 7b. The Contractor is entitled to compensation from the Company for services rendered through the date of termination of this Agreement. Any unpaid compensation is due immediately upon termination of this Agreement and shall continue to be due until paid in full.
 - a. 30 Day Notice: Either the Contractor or the Company may terminate this Agreement before the end of its term by giving at least thirty (30) days prior written notice to the other party.
 - b. Immediate Termination: This Agreement shall terminate immediately upon any of the following occurrences:
 - (1) The declaration of bankruptcy, assignment for the benefits of creditors, or the declaration of insolvency by either party.
 - (2) Assignment as noted in Provision 6.
 - (3) A substantial and material breach of the Agreement.
8. INDEPENDENT CONTRACTOR: The relationship of the Contractor and its contractors and/or agents providing services to the Company shall be that of independent contractors and any contractors and/or agents of the Contractor providing services under this Agreement will not be considered employees of the Company. As such it is understood and agreed that:
 - a. No Benefits: Nothing contained herein shall entitle the Contractor and its contractors and/or agents providing services to the Company to be eligible to participate in any employee benefit programs sponsored by the Company.
 - b. Tax Withholding Responsibility: The Contractor is responsible for any federal or state income tax withholding, FICA withholding, Medicare withholding, or other withholding obligation. The Company shall not make any deductions for any taxes, insurance, or other withholding obligations from payments to the Contractor.
 - c. Contractor Authority on Behalf of the Company: Neither the Contractor nor its contractors and/or agents providing service to the Company under this agreement

shall have authority to enter into contracts that bind the Company or create obligations on the part of the Company without the prior authorization of the Company.

9. LIABILITY: The Contractor shall not be liable to the Company for any loss or damage sustained by the Company in connection with the Contractor's performance of this Agreement except to the extent such loss or damage results from gross negligence or willful misconduct of the Contractor or its contractors and/or agents.
10. NON-WAIVER: No waiver of any term or condition of this Agreement by either party shall be deemed a continuing or further waiver of the same term or condition or a waiver of any other term of this Agreement.
11. GOVERNING LAW: This Agreement is made and entered into in the State of North Carolina and shall be governed and construed in accordance with the laws of North Carolina.
12. VENUE: The venue for any litigation between the parties hereto arising out of or resulting from this Agreement is Wake County, North Carolina and the parties hereto irrevocably submit themselves to the jurisdiction of the General Court of Justice in Wake County, North Carolina, and waive any right that they have or may have to any other jurisdiction.
13. ARBITRATION: Notwithstanding the provision of paragraph 12, the parties may mutually agree to resolve any disputes between them by the rules of the American Arbitration Association. Venue for arbitration shall be exclusively Wake County, North Carolina. In the event the parties do not mutually agree to arbitrate and one party files a lawsuit against the other, the Defendant may file a Motion Compelling Arbitration within thirty (30) days of being served with the Summons and Complaint. So long as the Motion to Compel Arbitration is filed within the thirty (30) days of the Defendant receiving its Summons and Complaint, arbitration will be proper. Should the Defendant fail to request arbitration within thirty (30) days of receiving a Summons and Complaint, the dispute shall be settled through the General Court of Justice in Wake County, North Carolina.
14. NOTICE: Any notice permitted or required under this Agreement shall be deemed to be given if such notice shall be in writing and personally served or mailed, postage prepaid, to the address specified hereafter or to such other address as shall have been changed by either party to the other in writing in accordance with this Provision 14.

The Company:

(company name)
(company address)
(company address)

The Contractor:

Murdock Taylor
103 - 1A Marbury Ct.
Cary, NC 27513
(919) 460-0081
murdock.taylor@EPDDCS.com

15. INVALID PROVISION: In the event that any portion of this agreement shall be determined to be invalid or unenforceable, the remainder of this Agreement shall be deemed to continue to be binding upon the parties hereto in the same manner as if the invalid or unenforceable provision were not a part of this Agreement.
16. PRECEDENCE: This Agreement contains the entire agreement between the Contractor and the Company for the services described in Exhibit A of this Agreement and supersedes any prior agreements between the Contractor and the Company for these services.
17. AMENDMENT: This Agreement may be amended at any time by a written agreement signed by the Contractor and the Company.
18. BINDING AGREEMENT: Subject to Provision 6 above, this Agreement shall be binding on the parties, successors, and assigns.

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

THE CONTRACTOR:

Date: _____

Murdock Taylor

THE COMPANY:

Date: _____

(sign)

Company Officer: (print)

Title: (print)

EXHIBIT A

Description of Services, Company Specific Equipment, Fees, and Terms

Company's Contract Administrator:

name:

title:

Contract Duration:

Until ended by either party. Verbal notification of stoppage from either party must be followed up by written confirmation via FAX within 24 hours.

Services to be performed by the Contractor:

- Design and product development services performed shall be specified by the contract administrator and may include project management, project planning, product design, risk analysis, research, specification development, circuit design, component selection, vendor recommendation, software/firmware development, software/firmware integration & test, hardware development, documentation, schematic capture, PCB layout, drawings, assembly and test procedures.
- Work log will be provided with each invoice
- Subcontractors may be utilized.

Company Specific Equipment to be provided by the Contractor:

None

Company Specific Equipment to be provided by the Company:

None

Contract Fees:

- \$_____/hour + direct expenses incurred
- Any single direct expense greater than \$50 will be subjected to verbal approval by the Contract Administrator prior to being incurred.
- \$_____ retainer is required to start work. No interest will be paid on the retainer. The retainer will be applied against the last invoice of the project.

Terms:

- NET 5 days, billable weekly
- Invoices will be emailed or FAXed to the Contract Administrator and payment is expected within 5 working days
- If invoices are not paid on time per the above terms, work may not continue on the project and there is no guarantee that the subcontracted independent consultants will still be available or willing to continue on the project.