



This Agreement is made and entered into on _____, by and between Digital Home Convergence Designs, Inc., a California corporation with offices located in Carmel, CA (hereinafter referred to as “DIHOCO”) and _____ (hereinafter referred to as “Client”). In consideration of the mutual covenants hereinafter contained, the parties hereby agree as follows (the “Agreement”):

1. Installation

DIHOCO shall furnish the materials and perform the labor for the completion of the electronics installation specified in DIHOCO Estimate Number _____, attached to this Agreement as Schedule A (the “Installation”).

2. Installation Fee and Fee Schedule

The fee for the Installation shall be \$_____ (the “Installation Fee”), payable by Client to DIHOCO as follows:

- A. Upon Client’s execution of this Agreement, Client shall pay DIHOCO **Ten Percent (10%) up to \$1500** of the Installation Fee as a good-faith deposit.
- B. After pre-wire is completed and approved by Client, but at least two (2) weeks prior to trim-out stage, **Thirty Percent (30%) of the Installation Fee (less the good-faith deposit in section 2.A)** shall be payable (in addition to the amount specified in subsection 2.A, above).
- C. Upon delivery of equipment for the Installation, **Thirty Percent (30%)** of the Installation Fee shall be payable (in addition to the amounts specified in subsections 2.A-B, above).
- D. Upon substantial completion of programming and customization for the Installation, **Thirty Percent (30%)** of the Installation Fee shall be payable (in addition to the amounts specified in subsections 2.A-C, above).
- E. Upon final Client approval of the Installation, the remaining **Ten Percent (10%)** of the Installation Fee shall be payable (in addition to the amounts specified in subsections 2.A-D, above). Client shall conduct final inspection of the Installation no later than five (5) days following DIHOCO’S notice to Client that the premises are ready for such inspection. Upon Client’s payment pursuant to this subsection 2.E, the Installation shall be considered fully performed by DIHOCO.

Client shall issue all payments due under this Section 2 no later than five (5) days following receipt of invoice from DIHOCO. In the event Client becomes ten (10) days in arrears, DIHOCO may cease performing the Installation and Client’s account shall be considered delinquent. Any past due payments owed by Client to DIHOCO shall bear interest at a rate of 1% per month or the maximum rate allowed by law, whichever is more.

3. Change Orders or Additional Work

No extra or change-order work that alters or deviates from the specifications detailed in Schedule A to this Agreement shall be performed without prior written agreement between Client and DIHOCO. Any change-order forms for changes or extra work shall incur charges in addition to the Installation Fee and such change-order forms, if any, shall be incorporated into and become part of this Agreement. Fees due in connection any change-order forms shall be incorporated into the payment schedule in Section 2, above, unless otherwise agreed to in writing by Client and DIHOCO.

4. Time for Completion and Delays

DIHOCO shall perform work for Client in a timely fashion. Client acknowledges and agrees that change-orders may extend the completion date for the Installation. DIHOCO is not responsible for, and the completion date shall not be extended for any delays caused by acts by God, strikes or actions by labor unions, accidents, acts of Client or Client's agents, delays by carriers, shortages of materials, labor, and other delays unavoidable or beyond DIHOCO's control. DIHOCO's failure, without lawful excuse, to commence work within twenty (20) days from the date specified in this Agreement shall constitute a violation of the Contractor's State License Law. DIHOCO shall be deemed to have substantially commenced work when DIHOCO moves equipment onto the jobsite.

5. Limitation Period on Acceptance

The estimates in Schedule A to this Agreement are made for immediate acceptance and are subject to change unless accepted within twenty (20) business days from the date appearing on the face of Schedule A.

6. Retention of Title and Remedies of DIHOCO

DIHOCO shall retain title to any materials that DIHOCO supplies, including electronics equipment (the "Materials"). Title for the Materials shall not pass to Client until full payment of the Installation Fee is made, including payment for extra work and/or change-orders. If Client becomes ten (10) days in arrears on the Installation Fee, DIHOCO, in addition to any other remedies or processes available, may terminate this Agreement and enter Client's premises to remove any portion of, or all, Materials installed at or affixed to the premises under this Agreement to the extent that the Materials or portion thereof represent the amount of the Installation Fee then in default. Any removal of the Materials by DIHOCO shall not substantially interfere with any materials or goods installed outside of this Agreement.

7. Remedies of Client

If DIHOCO becomes incapable of continuing performance under this Agreement, whether due to circumstances within or outside of DIHOCO's control, or voluntarily delays of performance for an unreasonable period of time when another contractor engaged in the same specialty work might be available and capable of continuing the work, Client may terminate this Agreement.

8. DIHOCO's Technology

DIHOCO shall retain all rights, title and ownership in and to DIHOCO's Technology. "DIHOCO's Technology" means information, tools, utilities, concepts, designs, work product, know-how, processes, or technology that are owned by or licensed to DIHOCO or which DIHOCO develops during the performance of the Installation.

9. Warranties

At no additional charge, DIHOCO shall guarantee the wiring, equipment installation and programming services performed by DIHOCO for one (1) year from the time of performance of such services, except where noted. Warranties and/or guarantees on any Materials installed by DIHOCO are the duty and responsibility of the manufacturer. Should Client, after installation, require DIHOCO to remove and reinstall any Materials installed under this Agreement in order to facilitate manufacturer's repair of such Materials, Client shall pay DIHOCO an additional fee for such services.

10. Existing and Pre-Existing Conditions

DIHOCO shall not be responsible for any preparation to the premises done by others. DIHOCO shall not be responsible for pre-wiring unless otherwise agreed to pursuant to this Agreement. All Materials dimensions provided by DIHOCO to Client or Client's representatives, subcontractors, employees or agents are not exact and are approximations that may vary due to the manufacturers' design. DIHOCO shall not be responsible for any cabinet dimensions made in preparation for the Installation by Client or by others, to accommodate equipment to be installed by DIHOCO pursuant to this Agreement. DIHOCO shall not be responsible for any damages to Client's premises caused by any Materials installed under this Agreement, unless otherwise agreed upon herein.

11. Waiver

Client has a statutory right to cancel this Agreement within three (3) days of execution of this Agreement for a full refund of the good-faith deposit described in subsection 2.A, above, as more fully described in the Notice of Cancellation in Section 20, below. Should Client require DIHOCO to commence work within three (3) days of signing this Agreement, Client waives all right to a full refund and must pay DIHOCO for all time, labor, material and opportunity costs.

12. Insurance By Client

While work is being performed under this Agreement, Client shall continuously provide, entirely at Client's own expense, adequate property damage and public liability insurance to cover the scope of all contemplated activities in connection with the Installation and the value of all services, labor, materials, and goods involved in the Installation, as well as all reasonable claims that could potentially occur during the course of the work. Such insurance policy shall name DIHOCO and any and all of its employees as additional insureds, and Client shall present DIHOCO with a certificate of such insurance prior to commencement of work under this Agreement.

13. Insurance By DIHOCO

While work is being performed under this Agreement, DIHOCO shall continuously provide, entirely at DIHOCO's own expense, appropriate workers compensation coverage and liability insurance to protect against any results of DIHOCO's own negligence.

14. Indemnification

DIHOCO shall indemnify, defend and hold harmless Client from any and all claims, losses, expenses, damages, injuries, suits and liabilities arising from the death or injury of any person or persons, or from the damage or destruction of any property or properties, caused by or connected with the grossly negligent performance of this Agreement by DIHOCO or DIHOCO's agents or employees.

Client shall indemnify, defend and hold harmless DIHOCO from any and all claims, losses, expenses, damages, injuries, suits and liabilities arising from the death or injury of any person or persons, or from the damage or destruction of any property or properties, caused by or connected with the Client or Client's representatives, subcontractors, employees or agents.

15. Governing Law and Venue

This Agreement is entered into, and shall be construed and interpreted in accordance with, the laws of the State of California for all matters possibly governed thereunder, and all parties agree to the County of Monterey as the venue for any disagreement they may have concerning this Agreement.

16. Attorneys' Fees

If DIHOCO or Client brings any action to enforce the terms or conditions of this Agreement, or if DIHOCO or Client is called upon to defend any action brought to enforce these terms or conditions, the prevailing party shall be entitled to a reasonable sum for attorneys' fees and costs incurred as a result of that action.

17. Arbitration of Disputes

If any dispute arises concerning the project, any provision of this Agreement or any provision of a subcontract that is subject to this Agreement, the dispute shall be settled by arbitration held in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association in effect at the time a demand for arbitration is filed with the Association. Any party to the dispute may file, in the manner provided by the Construction Industry Arbitration Rules of the Association, a demand for arbitration. The written decision of the arbitrator or arbitrators appointed by the Association shall be final and conclusive as to all parties to the dispute. If any party fails or refuses to appear or participate in the arbitration proceedings, the arbitrator(s) may decide the dispute on the evidence presented in the proceedings by the other party or parties to the dispute. The arbitrator(s) shall have the power to award to any party or parties to the dispute any sums for costs, expenses, and attorneys' fees that the arbitrator(s) deem(s) proper. Judgment may be entered on the award in any court of competent jurisdiction. This provision shall be binding on Client, DIHOCO, and any sub-contractor or sub-sub-contractor who signs this Agreement or another contract that incorporates this Agreement by reference. The arbitration panel shall consist of three persons, one each appointed by DIHOCO and Client, and the appointees of DIHOCO and Client shall jointly appoint the third. The arbitration shall be conducted in compliance with Code of Civil Procedure Sections 1280 through 1294.2 relating to arbitration. The cost of the arbitration shall be divided evenly between DIHOCO and Client.

NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE BUSINESS AND PROFESSIONS CODE OR OTHER APPLICABLE LAWS. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.

Client's Initials

DIHOCO's Initials

18. NOTICE TO CLIENT

Under the California Mechanics Lien Law, any contractor, sub-contractor, laborer, supplier, or other person who helps to improve your property, but is not paid for his/her work or supplies, has a right to enforce a claim against your property. This means that after a court hearing, a court officer could sell your property and the proceeds of the sale used to satisfy the indebtedness. This can happen even if you have paid contractor in full if the sub-contractors, laborers, or suppliers remain unpaid.

To preserve their rights to file a claim or lien against your property, certain claimants such as sub-contractors or material suppliers are required to provide you with a document entitled "Preliminary Notice." Original (or prime) contractors and laborers for wages do not have to provide this notice. A Preliminary Notice is not a lien against your property. Its purpose is to notify you of persons who may have a right to file a lien against your property if they are not paid. (Generally, the maximum time allowed for filing a claim or lien against your property is 90 days after completion of your project.)

TO INSURE EXTRA PROTECTION FOR YOURSELF AND YOUR PROPERTY, YOU MAY WISH TO TAKE ONE OR MORE OF THE FOLLOWING STEPS:

- A. Require that your contractor supply you with a payment and performance bond (not a license bond) that provides that the bonding company shall either complete the project or pay damages up to the amount of the bond. This payment and performance bond as well as a copy of the construction contract should be filed with the county recorder for your further protection.
- B. Require that payments be made directly to sub-contractors and material suppliers through a joint control. Any joint control agreement should include the addendum approved by the Registrar of Contractors.

- C. Issue joint checks for payment, made out to both your contractor and sub-contractors or material suppliers involved in the project. This shall help to insure that all persons due payment are actually paid.

- D. After making payment on any completed phase of the project, and before making any further payments, require your contractor to provide you with unconditional "Waiver and Release" forms signed by each material supplier, sub-contractor, and laborer involved in that portion of the work for which payment was made. The statutory lien releases are set forth in the exact language in Section 3262 of the California Civil Code. Most stationary stores shall sell the "Waiver and Release" forms if your contractor does not have them. The material suppliers, sub-contractors, and laborers that you obtain releases from are those persons or entities who have filed preliminary notices with you. If you are not certain of the material suppliers, sub-contractors, and laborers working on your project, you may obtain a list from your contractor. On projects involving improvements to a single-family residence or a duplex owned by individuals, the persons signing these releases lose the right to file a claim against your property. In other types of construction this protection may still be important, but may not be as complete. To protect yourself under this option you must be certain that all material suppliers, sub-contractors, and laborers have signed the "waver and release" form. If a mechanics' lien has been filed against your property, it can only be voluntarily released by a recorded "Release of Mechanics' Lien" signed by the person or entity that filed the mechanics' lien against your property unless the lawsuit to enforce the lien was not timely filed. You should not make any final payments until any and all such liens are removed. You should consult an attorney if a lien is filed against your property.

Read and Acknowledged

Date

Client's Signature

19. NOTICES

All legal notices or other communications to either party shall be in writing and shall be sent by mail (return receipt requested) all charges prepaid, or personal delivery as follows:

If to DiHoCo:

DIGITAL HOME CONVERGENCE DESIGNS, INC.

PO Box 7060

Carmel-by-the-Sea, CA 93921

(831) 244-4494

(831) 244-4495 (fax)

If to Client:

20. NOTICE OF CANCELLATION

Client may cancel this Agreement, without any penalty or obligation, within three (3) business days from full execution of this Agreement. If Client cancels this Agreement, any property traded in, any payments made by Client under the Agreement or sale, and any negotiable instrument executed by Client shall be returned within ten (10) days following receipt by DIHOCO of your cancellation notice, and any security interest arising out of the transaction shall be canceled provided DIHOCO has not started work.

If Client cancels, Client must make available to DIHOCO at Client's residence, in substantially as good conditions when received, any goods delivered to you under this Agreement or sale, or Client may, if Client wishes, comply with instruction of DIHOCO regarding the return shipment of the goods at DIHOCO's expense and risk.

If Client does make the goods available to DIHOCO and DIHOCO does not pick them up within twenty (20) days of the date of Client's notice of cancellation, Client may retain or dispose of the goods without any further obligation. If Client fails to make the goods available to DIHOCO, or if Client agrees to return the goods to DIHOCO and fails to do so, Client shall remain liable for performance of all obligations under the contract.

To cancel this transaction, deliver via overnight mail or courier service a signed and dated copy of this Section 20 to DIHOCO at the address specified in Section 19 above later than midnight of the third day after full execution of this Agreement.

Date of Cancellation

Client's Signature

21. Severability

Should any word, phrase or provision of this Agreement be rendered invalid or contrary to applicable provisions of law, that word, term or phrase shall be deemed stricken and severed from this Agreement and shall not in any way or manner affect the enforceability of the other provisions of this Agreement and the remainder shall remain in full force and effect.

22. Captions

The captions used herein are for references only and are not a part of this Agreement.

23. Entire Agreement

This Agreement constitutes the complete understanding between DIHOCO and Client and supersedes any and all prior agreements, promises, representations, or inducements, no matter its or their form, concerning its subject matter. No promises or agreements made subsequent to the execution of this Agreement by these parties shall be binding unless reduced to writing and signed by authorized representatives of these parties.

AGREED TO AND EXCEPTED:

[CLIENT]

DIGITAL HOME CONVERGENCE DESIGNS, INC.

By: _____

By: _____

Name: _____

Name: Carl Gadener

Title: _____

Title: Chief Executive Officer

Date: _____

Date: _____