TERMS AND CONDITIONS

1. CUSTOMER ACKNOWLEDGMENT
Customer/Buyer acknowledges agreement with these Terms and Conditions by the placement of an order to purchase a Product or Service from Cognetic Networks, Inc. ("Cognetic").

2. TERMS
All orders require a fifty percent (50%) deposit due at time of order. Account balances are due in full within 30 days after delivery and/or, if applicable, installation or services provided. A finance charge of 18% per annum will be assessed on all past due accounts, commencing 30 days after the date of invoice. Buyer is also responsible for any collection costs, including reasonable attorney fees, incurred by Cognetic in collecting a delinquent account.

3. SALES TAX
Cognetic Networks, Inc. is authorized to collect tax in Texas only. For all orders with points of delivery outside of Texas, the customer agrees to pay the sales tax directly to the appropriate government agency and to indemnify Cognetic against any such liability.

4. QUOTES AND ESTIMATES
Quotes, proposals and estimates are based upon our current knowledge of work plans and specifications provided by the Buyer, and are estimates only. Cognetic's consulting fees are based on actual services provided, not on estimates or quotes. We determine our consulting fees by actual time spent, multiplied by our consultant's hourly rate, and bill for our services weekly. If during the course of this agreement, other services are required that are outside the scope (non-work plan hours), we will discuss them with you and request your approval before proceeding. Unless otherwise agreed in writing, each consultant's current hourly rate will be used.

5. ORDERING INSTRUCTIONS
All orders are subject to acceptance by Cognetic in Houston, TX. Receipt by Buyer of Cognetic's order acknowledgement indicates acceptance of Buyer's order subject to the terms set forth herein. The order acknowledgement will be considered the final and exclusive expression of the agreement between the Buyer and Cognetic, except that the order acknowledgement shall be subject to these Terms and Conditions. No orders are binding on Cognetic until execution and delivery of the order acknowledgement to customer.

6. ORDER CHANGES
Cognetic is not required to accept any requested change after order acknowledgement; however, all reasonable requests for changes will be honored. All requests for order changes by the Buyer must be confirmed, in writing, by Cognetic in order to be effective. Any order changes accepted after order acknowledgement are subject to our ability to confirm and will be subject to a charge for materials, labor, and other costs involved in the change depending on the status of the order at the time of the change request.

7. RETURNS AND CANCELLATIONS
Within thirty (30) days of purchase, we will replace or repair, at our sole discretion, any product that we determine is defective. After 30 days, the manufacturer's warranty process must be followed. Customer must obtain a valid Return Material Authorization ("RMA") number from Cognetic for all authorized returns. Items must be returned within 10 days after receiving your RMA and must be packed in the original, unmarked packaging with manuals, software manufacturer documents and registration card intact.
Note: All non-defective returns authorized by Cognetic are subject to a 15% restocking fee, the authorization for which shall be at Cognetic's discretion.

8. LIMITED WARRANTY
You are entitled to any manufacturer's limited express warranty which accompanies the product ordered by you, if any. Cognetic makes no additional or independent warranty with respect to the product or Cognetic's services rendered in connection with the product or otherwise. As to Cognetic, all warranties, express or implied, are disclaimed, including the implied warranty of merchantability and fitness for a particular purpose. Cognetic does not guarantee the manufacturer's performance under its warranty, if any, and Cognetic makes no representation as to the existence or coverage of any manufacturer's warranty.

9. LIMITATIONS OF LIABILITY
Cognetic shall not be liable in any way to customer or any other person or entity with respect to any liability, loss or damage caused or alleged to have been caused directly or indirectly by use or operation of the goods or software sold, licensed or furnished by Cognetic. Under no circumstances shall Cognetic be liable for any interruption of service, loss of business or profits, or indirect, special, incidental, or consequential damages arising out of the failure of any product or service provided by Cognetic, even if it has been advised of the possibility of such damages. Cognetic's liability for all direct damages, if any, arising out of any action shall be determined in accordance with Paragraph 10 below. Cognetic shall not be liable to customer for any damages caused by failure or delay in delivering any goods referred to in this order, including delays caused in whole or in part by Cognetic. Time is not of the essence with respect to any estimated delivery date or the anticipated date of Cognetic's performance of any services for customer.

10. LIQUIDATED DAMAGES
Due to the difficulty of estimating and calculating the actual damages a customer would incur as a result of any negligence by Cognetic (and the parties' desire to fairly allocate responsibility amongst themselves with respect to the performance or non-performance of any product or service provided by Cognetic), the parties agree that, in the event Cognetic is determined by a court of competent jurisdiction to have breached a duty of care owed to customer and such breach is further determined to have been the sole cause of customer's loss, as customer's sole and exclusive remedy, customer shall be entitled to recover liquidated damages from Cognetic equal to the greater of (i) $500.00, or (ii) 75% of the amount paid to Cognetic in connection with the specific service in question (excluding taxes), if applicable, or 110% of the profit received by Cognetic in connection with specific product in question (excluding Cognetic's cost of such item(s) from the manufacturer(s)), if applicable. The foregoing provision is not a penalty. Regardless of the outcome of the litigation or otherwise applicable law, each party shall pay their own costs and attorneys fees in any litigation initiated by customer.

11. INDEMNITY/VENDOR LICENSE AGREEMENTS
Except for damages resulting from Cognetic's sole negligence (which damages are subject to the liquidated damages provision set forth above in Paragraph 10), customer agrees to indemnify and hold Cognetic harmless for all loss, liability or damages incurred by Cognetic (including reasonable attorney's fees) and arising out of the product(s) or service(s) provided to customer by Cognetic, including, but not limited to, liability resulting from customer's failure to abide by all license provisions or end user agreements imposed by the applicable product manufacturer or software publisher. Customer hereby agrees to abide by all license provisions or end user agreements imposed by the applicable product manufacturer or software publisher.

12. SECURITY INTEREST
To secure customer's payment of Cognetic's invoices, the undersigned customer hereby grants Cognetic a security interest in all computer hardware and/or software purchased from Cognetic and/or serviced by Cognetic. With respect to such collateral, Cognetic shall have the rights of a secured party under the Uniform Commercial Code; provided, however, that Cognetic may not exercise its rights in the collateral unless it has first provided customer with no less than three days written notice of Cognetic's intent to exercise such rights. Customer authorizes Cognetic to file a financing statement with the appropriate filing officer.

13. SIGNATURE AUTHORITY.
The undersigned customer and/or representative of a corporate customer represents to Cognetic that he or she is authorized to execute this agreement on behalf of customer.

_____   _____   _____

Customer / Buyer   Printed name   Date