

Part II - Bailey Systems Standard Terms and Conditions

Customer agrees to the following terms and conditions to govern the contract between the parties.

1. SERVICES DESCRIPTION

(a) The parties acknowledge and agree that the Bailey systems Standard Terms and Conditions shall apply to the services as described herein, as applicable, and the overall relationship of the parties. If there is a conflict between the terms of any attachments and this Agreement, the terms of this Agreement shall control.

(b) Pricing of services for provision of services shall be as set forth in Part I of this Agreement. Fees for services shall be billed as set forth herein and shall be exclusive of license or registration fees, assessments and taxes. Customer shall be responsible for the payment of all such fees, assessments and taxes, exclusive of taxes based solely on Bailey Systems' income.

(c) Web Hosting – If this agreement provides for web hosting the following provisions apply: (1) Bailey Systems shall provide web hosting services limited to those expressly provided for in Part I of this agreement; (2) Customer acknowledges that it is Customer's responsibility to provide all internet connections and access. Bailey Systems does not control the flow of information to and from Bailey Systems' network and other portions of the internet and such flow depends on large part on the performance of internet services provided or controlled by third parties and Customer acknowledges that Bailey Systems cannot guarantee that disruptions of services will not occur; (3) Customer agrees to provide all appropriate legal and regulatory disclosures to end users, shall assure privacy and security of all data and information for end users and shall comply with all of Customer's legal requirements for web pages and handling of end user information; (4) Bailey System does not monitor or exercise control over content of information transmitted through its facilities. Use of the services provided by Customer shall be at Customer's own risk; (5) Customer acknowledges that use of the web services by end users may be subject to broadband requirements, software requirements, security system compatibility and/or other technical compatibility and that Bailey Systems shall have not responsibility to assuring functionality of the web hosted services with end user capabilities, (6) Bailey Systems does not provide telecommunications service. Important distinctions exist between a telecommunications service and the services provided by Bailey systems and these distinctions may affect Customer's right of redress before regulatory agencies.

2. CUSTOMER RESPONSIBILITIES and REPRESENTATIONS

(a) Customer designates the person identified in Part I as primary contact to work with its implementation team to be responsible for all matters concerning this Agreement or the services, including but not limited to implementation, testing, training and security.

(b) Customer shall timely provide all information that is relevant or necessary to Bailey Systems' performance of services hereunder.

(c) Customer assumes all responsibility for any content, material, message or data made available or transmitted through the service(s) and for its compliance with all applicable federal, state and local laws, regulations, ordinances and codes.

(d) Customer assumes all responsibility for its use, including that of its end-users, of the service, including all transactions, whether commercial or not, and whether completed or not.

Customer assumes all responsibility for end-user access security, network access security and any use of encryption technology.

(e) Customer represents and warrants for the benefit of Bailey Systems that (i) Customer is a Corporation in good standing under the laws of its place of incorporation; (ii) this Agreement and all attachments hereto have been duly authorized, executed and delivered by Customer and constitute a valid, legal and binding agreement of Customer enforceable in accordance with its terms; (iii) the performance of its obligations and the use of the services will not violate any judgment, applicable law or regulation.

3. PAYMENT

Customer accepts and agrees to pay all service fees and related charges, as set forth in Part I of this Agreement, and acknowledges and agrees that its obligation to pay the service fees and other sums payable hereunder, and the rights of Bailey Systems, shall be absolute and unconditional in all events. Bailey Systems further reserves its right to suspend services for nonpayment. In addition, Bailey Systems reserves the right to adjust the service fee if, upon Bailey Systems and Customer's joint determination, the scope of the services provided to, or required from, the Customer has changed from the initial agreed to services.

4. STANDARD and WARRANTY EXCLUSION

Bailey Systems MAKES NO WARRANTIES IN CONNECTION WITH THE SERVICES PROVIDED HEREUNDER, WHETHER WRITTEN OR ORAL, STATUTORY, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. BAILEY SYSTEMS EXPRESSLY DENIES ANY REPRESENTATION OR WARRANTY ABOUT THE ACCURACY OR CONDITION OF DATA OR THAT THE SERVICES, INCLUDING WEB HOSTING SERVICES, WILL OPERATE UNINTERRUPTED OR ERROR-FREE. UNLESS SPECIFICALLY IDENTIFIED IN A SEPERATELY SIGNED SERVICE LEVEL AGREEMENT BAILEY SYSTEMS MAKES NO WARRANTY REGARDING THE AVAILABILITY OF ANY SERVICES, INCLUDING WEB HOSTING SERVICES. Customer agrees and acknowledges that it is solely responsible for determining that the service(s) as ordered and/or implemented will meet its requirements.

5. TERM AND TERMINATION

This Agreement shall commence on its Effective Date and shall terminate as set forth in Part I of this Agreement except as provided in this section entitled "Term and Termination." If no time for termination is set forth in Part I, or unless terminated in accordance with the provisions hereunder, this agreement shall continue for a period of (12) months and shall automatically renew on a monthly basis thereafter.

Notwithstanding any other provision of this Agreement, either party may terminate this Agreement, upon written notice to the other party, in the event the other party becomes insolvent, makes an assignment for the benefit of creditors, or files or has filed against it a petition under the United States Bankruptcy Code, including a petition for Chapter 11 reorganization as set forth in the Code.

Bailey Systems may terminate this Agreement at any time for any cause it deems appropriate. Except as otherwise provided herein, Customer may terminate this Agreement upon thirty (30) days prior written notice.

6. LIMITATION OF LIABILITY

IN NO EVENT SHALL BAILEY SYSTEMS BE LIABLE TO CUSTOMER FOR INDIRECT, CONSEQUENTIAL, SPECIAL, INCIDENTAL, OR RELIANCE LOSSES OR DAMAGES, INCLUDING BUT NOT LIMITED TO INTERRUPTION OF SERVICE, LOSS OF BUSINESS, OR SUBSTITUTE SERVICES LOSS OF PROFITS, LOSS OF REVENUE, LOSS OF DATA, LOSS OF USE, OR INCREASED EXPENSE OF USE, LOST DATA OF ANY KIND, REGARDLESS OF THE FORSEEABILITY THEREOF AND REGARDLESS OF THE CAUSE OF ACTION UNDER ANY LEGAL OR EQUITABLE THEORY. Bailey Systems is not responsible for problems that occur as a result of the use of software or hardware that Bailey Systems does not provide under the services of this agreement.

7. RELATIONSHIP OF THE PARTIES

(a) The relationship created hereunder between the parties shall be solely that of independent contractors entering into an agreement. No representations or assertions shall be made or actions taken that could imply or establish any agency, joint venture, partnership, employment or other relationship between the parties with respect to the subject matter of this Agreement.

(b) Bailey Systems reserves the right to subcontract with other individuals and businesses for the performance of services pursuant to this Agreement.

8. DEFAULT AND REMEDIES

(a) The occurrence of any of the following events shall constitute an event of default ("Event of Default") under this Agreement: (i) nonpayment by Customer of any service fee or any other sum payable hereunder by its due date; (ii) failure by Customer to perform or observe any other term, covenant or condition of this Agreement, or any Exhibit hereto, which is not cured within thirty (30) days after notice thereof from the other party.

(b) Upon the occurrence of an Event of Default and at any time thereafter, Bailey Systems may, in its sole discretion declare immediately due and payable all sums due under the Agreement including any costs, and expenses associated with the Event of Default. Customer agrees to pay all reasonable legal costs including reasonable attorney's fees incurred by Bailey Systems in enforcement of this agreement or in defense of any dispute or legal action related to this agreement.

(c) No remedy referred to in this Section is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to either party at law or in equity.

9. GENERAL PROVISIONS

(a) This Agreement contains the complete agreement of the parties relating to the subject matter hereof and supersedes any prior understandings, agreement or representations by or between the parties, written or oral.

(b) This Agreement may be amended in writing by authorized representatives of the parties. The waiver of any default, or the remedying of any default, shall not operate as a waiver of any other prior or subsequent default.

(c) This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without giving effect to its conflict of laws provisions, and the parties hereby agree that the federal and state courts of Virginia shall have exclusive jurisdiction over all disputes and other matters relating to the interpretation and enforcement of this Agreement or any other document entered into by the parties. The parties further agree that venue in Virginia state and federal courts shall be proper.

(d) The parties hereto waive, and to the extent permitted by law, all right to a jury trial in any action or proceeding to enforce or defend any rights hereunder.

(e) If any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, and the remaining provisions of the Agreement shall not be affected thereby.

(f) Customer shall not, without the prior written consent of Bailey Systems, assign this Agreement or any of its obligations hereunder. Any such attempted assignment shall be void.

(g) During the term of this Agreement, Customer agrees that it will not directly or indirectly solicit or attempt to solicit for employment any persons employed by Bailey Systems or contracted by Bailey Systems to provide services to Customer hereunder, without Bailey Systems prior consent. If for any reason the client hires, directly or indirectly, any current employee of Bailey Systems or any ex-Bailey Systems employee within 6 months of that employee's termination from Bailey Systems, who worked on any project performed for you by Bailey Systems within 1 year of the date of completion or the termination of this agreement, you agree that Bailey systems will be damaged but that the amount of this damage will be difficult to determine, accordingly, you agree that for every Bailey Systems employee directly or indirectly employed or retained in any capacity by you within this one year period, you will pay Bailey Systems \$45,000 as liquidated damages per employee.

(h) This Agreement does not transfer to Customer, and Bailey Systems shall retain ownership of, any of Bailey Systems pre-existing intellectual property including, but not limited to, patentable and unpatentable discoveries and ideas, including methods, techniques, know-how, concepts or products that relate to any of the products or services provided hereunder. Bailey Systems retains ownership of all passwords and computer access codes until work on this Agreement is completed and Bailey Systems is paid in full for all sums owed pursuant to this Agreement and Purchase Order.