

TERMS AND CONDITIONS

Agreement between KREHSO and business or individual identified on this agreement

The client/individual listed below is subject to the following terms and conditions

GENERAL WORKING AGREEMENT - This document defines the terms and conditions of our working relationship. All projects or services that KREHSO may be contracted to produce or provide for CLIENT will be subject to the following:

WORKING/BILLING PHASES - Based on our experience with long-term design communications projects, we have found that it is mutually advantageous to handle each project in logical working/billing phases.

Concept revisions, extensive alterations, or a switch in marketing objectives sometimes makes it impossible to accurately estimate in advance the total cost of a project. Planning the work, cost estimating, and billing in several phases permits KREHSO or CLIENT to adjust for such revisions/or halt work before conclusion if a project is postponed or cancelled. Any cancelled project is billed only through phases and/or portions of phases that were actually completed by KREHSO. For each project, CLIENT will receive a proposal/estimate outlining the project specifications and our proposed scope of services and working/billing phases. Each proposal estimate will contain a project budget, which includes estimated fees for professional services and separate itemized costs for anticipated out-of-pocket expenses.

We will begin work upon CLIENT'S approval of the written estimate. Your approval (written or oral) will constitute an agreement between us.

PAYMENT/ESTIMATES - CLIENT agrees to pay KREHSO in accordance with the terms specified in each proposal/estimate. On accounts that have not submitted a credit application and been approved by our credit department, will be required to pay 30% of the project cost before work can begin.

Unless otherwise specified, all subsequent balances due are payable upon art approval. Interest on past due balances is 18% per annum or 1.5% per month. We reserve the right to refuse completion or delivery of work until past due balances are paid.

Estimate - Billing will reflect the actual costs incurred. Valid for 30 days from the date estimated. Client request for changes will be billed additionally. The client will be notified of any price changes.

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OUT-OF-POCKET EXPENSES - Fees for professional services do not include outside purchases such as, but not limited to, printing, photography, colour printouts, laminating, illustrations, separations, shipping and handling or courier service. Expenses are itemized on each invoice. Expenses are subject to Australian sales tax unless 1) You are a non-profit organization; or 2) the work is for resale and you have submitted a resale certificate to KREHSO. If consultant or supervisory services are required in out-of-town locations, we will bill lodgings, meals, and transportation at cost. Reimbursement for mileage is calculated at current allowable rates.

REVISIONS AND ALTERATIONS - New work requested by CLIENT and performed by KREHSO after a proposal/estimate has been approved is considered a revision or alteration. If the job changes to an extent that substantially alters the specifications described in the original estimate, we will submit a proposal revision memo to you, and a revised additional fee must be agreed to by both parties before further work proceeds.

Author's alterations and other copy changes requested after layouts or mechanicals are completed are billed at standard hourly rates.

OVERTIME - Estimates are based on a reasonable time schedule, and may be revised to take into consideration your "Priority Scheduling" requests requiring overtime and weekends. Knowledge of your deadlines is essential to provide an accurate estimate. In addition, outside suppliers such as service bureaus charge a 100% to 200% mark-up on overtime after 5:30pm and weekends.

NATURE OF COPY - CLIENT agrees to exercise due diligence in its direction to us regarding preparation of materials and must be able to substantiate all claims and representations. You are responsible for all trademarks, service mark, copyright and patent infringement clearances. You are also responsible for arranging, prior to publication, any necessary legal clearance of materials we prepare.

ERRORS AND OMISSIONS - It is the CLIENT'S responsibility to check proofs carefully for accuracy in all respects, ranging from spelling to technical illustrations. KREHSO is not liable for errors or omissions. Your signature or that of your authorized representative is required on all mechanicals or artwork prior to release for printing or other implementation.

TELECOMMUNICATIONS - CLIENT shall pay for all transmissions charges. KREHSO is not responsible for any errors, omissions or extra costs resulting from faults in the telephone, cable,

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satellite network or from incompatibility between the sending and receiving equipment.

OVER RUNS AND UNDER RUNS - The CLIENT will accept over runs or under runs that do not exceed 10% of the quantity ordered on all jobs. KREHSO will bill for actual quantity delivered within this tolerance. If the CLIENT requires a guaranteed quantity, the percentage of tolerance must be stated at the time of quotation.

PLACEMENT OF ADVERTISING - At your request, we will purchase media space on your behalf through our media division. Space will be billed to you at current rates plus the standard agency commission.

INSPECTION OF BOOKS - Upon reasonable notice, any and all invoices from our vendors, time sheets and other documentation relating to your account will be available to you. Inspection at our studio by your authorized representative may be arranged during normal business hours.

PROPERTY AND SUPPLIER'S PERFORMANCE - KREHSO will take all reasonable precautions to safeguard the property you entrust to us. In the absence of negligence on our part, however, we are not responsible for loss, destruction or damage or unauthorized use by others of such property. We will use our best efforts to ensure quality and timely delivery of all printed media. Although we may use our best efforts to guard against any loss to you through the failure of our vendors, media, or others to perform in accordance with their commitments, KREHSO is not responsible for failure on their part.

If you select your own vendors, other than those recommended by us, you may request that we coordinate their work. If at all possible, we will attempt to do so, but we cannot in anyway be held responsible for quality, price, performance or delivery.

LIEN - All materials or property belonging to the CLIENT, as well as work performed, may be retained as security until all just claims against the CLIENT are satisfied.

RIGHTS OF OWNERSHIP - Once a project has been delivered by us and is fully paid for by CLIENT, KREHSO will assign the reproduction rights of the design for the use(s) described in the proposal.

According to the Copy right Law of 1976, the rights to all design and art work, including but not limited to photography and or illustration created by independent photographers or illustrators retained by KREHSO, or purchased from a stock agency on your behalf, remain with the individual designer, artist, photographer or illustrator. Unless a purchase of "All

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Rights" (A Buyout) is negotiated with KREHSO and/or his/her authorized representative, you may not use or reproduce the design or the images therein for a purpose other than the one(s) originally stipulated. If you wish to use the design we have created and/or the images within it for another purpose or project, including a reprint or exhibition, you must contact us to arrange the transfer of rights and any additional fees before proceeding. If printing or other implementation is done through your vendors, you agree to return to us all our original mechanicals and artwork (slides, prints, drawings, separations, etc.) within two weeks, and to provide us with printed samples of each project.

We reserve the right to photograph and/or distribute or publish for our firms promotional and marketing needs any work we create for you, including mock-ups and comprehensive presentations, as samples for our portfolio, firm newsletter, brochures, slide presentations and similar media. We agree to store mechanical boards and computer disks for a period of 6 months beyond the delivery of a job. There upon, we reserve the right to discard them.

TERM AND TERMINATION - The term of this agreement will continue for work in progress until terminated by either of us upon thirty (30) days written notice. If you should direct us at any time to cancel, terminate or "put on hold" any previously authorized purchase, we will promptly do so, provided you hold us harmless for any cost incurred as a result.

Upon termination of this agreement, KREHSO will transfer to CLIENT all your property and materials in our control and for which you have paid. CLIENT will indemnify and hold KREHSO harmless for any loss or expense (including attorney's fees), and agree to defend KREHSO in any actual suit, claim or action arising in any way from our working relationship. This includes, but is not limited to assentation made against CLIENT and any of its products and services arising from the publication of materials that we prepare and you approve before publication.

PRODUCTION SCHEDULES - Production schedules will be established and adhered to by both C L I E N T and KREHSO, provided that neither shall incur any liability, penalty or additional cost due to delays caused by a state of war, riot, civil disorder, fire, labour trouble or strike, accidents, energy failure, equipment breakdown, delays in shipment by suppliers or carriers, action of government or civil authority, and acts of God or other causes beyond the control of the Client or by KREHSO. Where production schedules are not adhered to by the

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Client, final delivery date or dates will be adjusted accordingly.

ADDITIONAL PROVISIONS - The validity and enforceability of this agreement will be interpreted in accordance with the laws of Australia applicable to agreements entered into and performed in Australia. This agreement is our entire understanding and may not be modified in any respect except in an executed agreement.

If we must retain attorneys to collect our invoices, we will be entitled to reasonable attorney's fees, court costs, and interest at the maximum rate permitted by law.

Company/Individual

Signature

Date