

PRODUCT DEVELOPMENT AGREEMENT

AGREEMENT made _____, between _____, with principal offices at _____, hereinafter called "**Client**", and **Piton Engineering**, with principal offices at 5312 Seashore Dr. Suite A, Newport Beach, CA hereinafter called "**Piton**".

1.SERVICES. **Piton**, as an independent contractor, agrees to perform, during the term of this agreement, the following services:

Engineering, design and prototyping performed by Donald Graham and other employees and subcontractors of Piton. Services will be performed at the offices of Piton.

2.COMPENSATION.

(a) Engineering services: **Client** shall pay **Piton** at the rate of _____ for each hour that **Piton** shall perform services during the term of this Agreement;

3.TERM. The initial term of this Agreement shall commence on _____ and end on _____, provided however that either party may terminate this agreement at any time during the initial term or any extension term by giving the other party 14 days notice.

This Agreement may be extended beyond the initial term or any extension term only by the written agreement of both parties prior to the expiration of the initial term or any extension.

4.DESIGNATION OF DUTIES. **Piton** shall receive its requests for services to be performed from:

5.RESTRICTIVE COVENANT. During the term of the Agreement, **Piton** shall not make its services available to any competitor of **Client** in the specific field in which it is performing services for **Client**.

6.CONFIDENTIALITY. **Piton** shall not disclose, publish or authorize others to publish design data, drawings, specifications, reports or other information pertaining to the work assigned to it by **Client**, without the prior written approval of **Client**. Upon expiration of or sooner termination of this Agreement, **Piton** agrees to return to **Client** all drawings, specifications, data and other material obtained by **Piton** from **Client**, or developed by **Piton**, in connection with the performance of this Agreement.

7.REIMBURSABLE EXPENSES. The following expenses will be billed in addition to labor and material costs:

- (a)Shipping charges
- (b)Material handling charges equal to 12% of material costs
- (c)Plotting and duplication charges
- (d)Special equipment rental as approved by **Client**

8.WARRANTY. **Piton** services will be performed in accordance with generally and currently accepted consulting principles and practices. This warranty is in lieu of all other warranties either expressed or implied.

9.PAYMENT TERMS. Terms of payment are as follows: _____ will be due on the signing of this Agreement. At **Piton's** discretion this deposit will be credited to any outstanding invoices. **Client** will be billed every 14 days starting 7 to 14 days after the signing of this agreement. Payment terms will be NET 10 days. If **Piton** does not receive payment within 10 days, services will no longer be performed. Piton may, at its discretion, charge a monthly interest rate of 1.5% on overdue balances. In the event **Piton** shall be successful in any suit for non-payment, **Piton** shall be entitled to recover all reasonable legal costs and expenses for bringing and maintaining this suit as a part of damages.

IN WITNESS WHEREOF, the parties have signed this agreement.

Donald S. Graham
Owner
Piton Engineering

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