

12. **Defective Title(s):** Distributor shall not pay Vendor for any defective Title(s) received from Vendor. Distributor shall inform Vendor of receipt of defective Title(s) and shall return defective Title(s) to Vendor for verification and credit. All returns shall be shipped at Vendor's expense at normal ground rate. If Vendor does not reply to a notice of a receipt of defective Title(s) within thirty (30) days, Distributor may destroy the defective Title(s).

13. **Excess Title(s) and Title(s) Recall:** In the event Title(s) sales are ten (10) units or less per month for six (6) consecutive months, Distributor may recall the Title(s), terminate this Agreement and return all unsold Title(s) to Vendor. In the event Vendor chooses to recall Title(s) or retail stores return the Title(s) for whatever reason, Vendor shall pay Distributor one dollar (\$1) for every piece of Title(s) returned to Vendor to cover additional shipping charges incurred by Distributor. In the event any Title(s) is returned from Distributor to Vendor, Vendor shall pay for all shipping and related charges. At Distributor's request, Vendor shall make this payment prior to shipment. It is Vendor's responsibility to notify Distributor of current contact and payee information. From the date of recall it may take nine (9) months or more to return unsold units to Vendor. If after forty-five (45) days following termination of this Agreement Distributor is unable to reach Vendor, or Vendor refuses shipments made to Vendor, Distributor may dispose of excess or recalled Title(s) at its complete discretion.

14. **Title(s) Placement and Promotions:** Distributor often uses special Title(s) promotions such as pricing and positioning, special display, listening station, in-store play, banners, cooperative advertising and other promotions to promote Title(s). In such event and only with Vendor's approval Distributor shall charge Vendor for amounts paid for such promotions, subject to Vendor's prior approval.

15. **Retail Discount:** In the event that Distributor offers customers a discounted price, Vendor agrees to reduce Distributor's Cost by a discount of up to fifteen percent (15%). This applies to volume discounts and early payment discounts offered to customers who commit to pre-sale buys and early payments.

16. **Retail Price:** Distributor shall notify its retailers of Vendor's suggested retail price. Vendor acknowledges that Distributor does not control the retailers' actual selling price of Title(s).

17. **Duplication and Repackaging:** In the event Distributor requires more Title(s), which Vendor cannot or chooses not to supply as requested by Distributor, Distributor shall hereby be authorized by Vendor to manufacture any quantities of said Title(s) as Distributor may deem reasonable to fill demand by customers, and such pressing costs shall be charged back to Vendor. If Distributor is required to repackage Title(s) (recycling of returns from retail, etc.), Vendor shall pay per unit \$0.25 for shrink-wrap and \$0.25 for jewel boxes as necessary. Vendor can choose to replace damaged Title(s) with salable Title(s) as an alternative to repackaging.

18. **Vendor's Representation and Warranty:** Vendor represents and warrants that (a) Vendor has valid legal right, title and interest in and to the Title(s) and all copies of the subject Title(s) including but not limited to copyright ownership and the right to exploit the names, images, and likeness of all talents listed or associated with said Title(s) including but not limited to full copyright ownership interest of all compositions and performances of any nature embodied in the sound recording, and full copyright ownership of any attendant artwork delivered, and the right to exploit; (b) Vendor's delivery of Title(s) or permission which is granted herein to Distributor to manufacture Title(s), and Distributor's distribution of these copies shall not violate any contract Vendor is bound by or any applicable Federal or State law or regulation; and (c) distribution of these copies shall not infringe, violate or misappropriate any copyright or other intellectual property rights of any third party. (d) Vendor has paid all applicable mechanical licenses and statutory royalties including producer fees/royalties, coupling fees and recording costs as may be applicable (and shall be solely responsible for payment of any such royalties). (e) Vendor shall indemnify and hold Distributor harmless from and against any and all claims, damages, and expenses (including, without limitation, attorney fees) arising from this Agreement and any representations and warranties, express or implied, by Vendor. (f) Vendor shall use its best efforts to market and promote its Title(s) and Artist, and undertake promotions as may reasonably be requested by Distributor.

19. **Choice of Law and Jurisdiction:** Vendor consents that the laws of the United States of America and the State of Texas govern this Agreement. Any action related to this Agreement must be brought in the federal or state courts in Harris County, Texas.

20. Licensing for Promotional Use of Sound Clips, Artist Likeness, Artwork:

Vendor has the right and hereby grants Distributor the right to use individual tracks or sound clips of recordings, making compilations, using artist likeness and photographs, artwork, and other similar items supplied by Vendor or obtained from public domain (Promotional items) to promote the artist over the Internet, at retail locations, to other distributors .or to consumers. By supplying these items to Distributor and consumers, Vendor warrants that Vendor owns and possesses the necessary rights to assign to and allow Distributor to use such items in appropriate marketing and sales applications.

21. **Entire Agreement:** This document represents the entire Agreement by these parties. There are no promises, terms, conditions, or obligations other than those contained in this document. This written contract supersedes all prior communications, representations, or agreements, either verbal or written, between the parties. Agreements by Vendor with third parties do not have any bearing on this Agreement and do not affect the obligations or liabilities of Distributor. Distributor has attempted to make this document consistent with all other informational materials and shall publish this document on the Internet on Distributor's website. The parties hereto agree that this Agreement may only be modified in a writing signed by all parties, and the parties further agree that to the extent any modifications or addenda to this Agreement are later deemed to contradict or be at odds with the terms herein, then the terms of this Agreement shall control. By submitting Title(s) to Distributor you agree to the terms and conditions set forth herein. Your signature below indicates that you have read understand and agree to these terms

Vendor Name / Title / Signature

Date (month / day / year)

Distributor Name / Title / Signature