Consignment Inventory Agreement

1) THIS AGREEMENT made on this______ day of_____________, 20____, by and between Axis Electronics under the laws of the state of California, having its principal office at San Clemente, CA. (‘Axis Electronics’) and_______________(supplier), a company registered or corporation incorporated under the laws of the state of ____________, having its principal office at ______________, as follows.

2) APPOINTMENT AND ACCEPTANCE – Supplier appoints Axis Electronics to hold the attached excess/obsolete inventory list for sale/disposition by Axis Electronics. Axis Electronics agrees to market Supplier’s excess/obsolete inventory on consignment basis. All such inventory accepted by Axis Electronics shall remain the property of Supplier until sold by Axis Electronics.

3) SERVICES – Axis Electronics will hold the consigned inventory at its warehouse(s), market, extend credit and collect from customers all funds due for the inventory items on the attached listing. The proceeds of such sale shall be split with Supplier on a _____ / _____ % basis.

4) COMPUTATION AND PAYMENT FOR ITEMS SOLD
   a. Payments for goods sold are due and payable on or before the_____ of the month immediately following the month in which the goods are sold.
   b. Axis Electronics will send Supplier a detailed statement showing the individual invoice activity for the previous period when the product is sold.
   c. “Net Sales Value” shall mean the total price at which an order is invoiced to the customer, including any increase or decrease in the total amount of the order, but excluding shipping and insurance costs, sales, use and excise taxes, testing and upgrading specifications, handling charges, and any tariffs, duties and export fees involved in international shipments.
   d. There shall be a deduction from any sums due Supplier, an amount equal to the amount previously paid should the product be defective and returned to Axis Electronics by the customer.

5) ACCEPTANCE OF ORDERS – All orders are subject to acceptance or rejection by an authorized officer of Axis Electronics and to approval by Axis Electronics Credit Department. Axis Electronics shall be responsible for all credit risks and collections.

6) TERMS OF SALES – All sales shall be at prices and upon terms established by Axis Electronics and it reserves the right to set the price of its service based on the acquisition cost. Axis Electronics shall also have the right to, at its discretion, establish, change, alter or amend the terms and conditions of an individual sale.

7) AXIS ELECTRONICS RELATIONSHIP AND CONDUCT OF BUSINESS
   a. All Supplier’s inventory shall be segregated and accounted for separately from other Supplier’s inventories. A full accounting of such inventories will be provided upon request. All inventory items will be covered by Axis Electronics’ insurance policy for loss from theft and fire.
   b. Axis Electronics shall maintain a regional sales office in the territory and devote such time as may be reasonably necessary to sell and promote Supplier’s inventory.
   c. Axis Electronics will:
      i. Conduct all of its business in its own name and in such manner, as it may seem fit.
      ii. Pay all expenses whatever of its offices and activities.
      iii. Be responsible for the acts and expense of its employees.
   d. Nothing in this agreement shall be constructed to constitute Supplier as the partner, employee or agent of Axis Electronics nor shall either have any authority to bind the other
in any respect, it being intended that each shall remain an independent contractor responsible for its own actions.

8) TERM OF AGREEMENT AND TERMINATION – This agreement shall be effective on the first day of ____________, 20__, and shall continue in force for a ________period, and shall be automatically renewed for additional ________ periods thereafter unless terminated by written notice from either party to the other not less than thirty (30) days prior to the end of the initial or subsequent term. This agreement may also be terminated:
   a. By Axis Electronics immediately upon written notice to Supplier if there is a change of fifty percent (50%) or more in the ownership or control of the Supplier’s business without Axis Electronics written consent.
   b. By either party in the event of the other party’s unreasonable and repeated failure to perform the terms and conditions of the agreement.
   c. By either party upon immediate written notice to the other party that it has filed or had filed against it a petition of bankruptcy (which is not dismissed within thirty (30) days after it is filed) and makes an assignment for the benefit of creditors.
   d. By either party when by mutual written agreement.

9) RIGHT UPON TERMINATION – Upon termination of this agreement for any reason, Supplier shall be entitled to:
   a. Payment of its share on all Supplier’s inventory sales shipped prior to the date of termination.
   b. Return of all consignment inventories remaining with Axis Electronics.
   c. Payments referred to in this provision 9 shall be paid on or before the _____ of the month after Axis Electronics receives payment for the sales(s).

10) GENERAL – This agreement contains the entire understanding, and shall supersede any oral or written agreements, and shall be binding upon and inure to the benefit of the parties’ successors and assigns. It may not be modified in any way without the written consent of both parties. Supplier shall not have the right to assign this agreement in whole or in part without Axis Electronics’ written permission.

11) CONSTRUCTION OF AGREEMENT - This agreement shall be constructed according to the laws of the state of California.

12) DISPUTES AND ARBITRATION – The parties agree that any disputes or questions arising hereunder including the construction or application of the agreement shall be settled by arbitration with the rules of the American Arbitration Association then in force, and that arbitration shall be held in San Clemente, CA. The expense of the arbitrator shall be shared equally by the parties, unless the arbitrator determines that the expense shall be otherwise assessed.

13) NOTICES – All notices, demands or other communications by either party to the other shall be in writing and shall be effective upon personal delivery or if sent by post, seventy two (72) hours after being posted via common carrier. All such notices shall be addressed as follows until such time as another address is given by notice pursuant to this provision.

IN WITNESS WHEREOF – The parties hereto have executed the Agreement on the day and year first above-written in multiple counterparts, each of which will be considered an original.

By: ____________________  _______________________  ___________________  
   Axis Electronics            Title              Print Name

By: ____________________  _______________________  ___________________  
   Supplier      Title               Print Name

* Please read the contract carefully, fill out all the requested information and fax to (949) 276-7899