

CREDIT TERMS AND CONDITIONS

I. Agreement to Buy and Sell.

Buyer agrees to buy and HOS agrees to sell the goods identified and ordered by Buyer (the "Goods"). Buyer will accept the Goods and pay for them in accordance with these Terms and Conditions of Sale. If any check is dishonored, Buyer shall pay a fee of \$100.00. Buyer will pay for the Goods in accordance with the price set forth on Seller's invoice. Any invoice not disputed in writing by Buyer within 15 (fifteen) days of the Invoice Date shall be deemed accepted.

Payment is due in full at the time the Goods are delivered to Buyer, unless Buyer has filed and HOS has approved a Credit Application. Thereafter, payment is due no later than fifteen (15) days from the Invoice Date. The failure of Buyer to pay any outstanding balance within 15 days of the Invoice Date will result in the imposition of a handling fee of 10% of the outstanding amount or \$50.00, whichever is greater, plus interest at 1.5% per month or the maximum rate allowed by law, whichever is greater, on the outstanding balance from the due date to the date paid.

II. Ownership, Risk of Loss and Insurance.

Until the purchase price for the Goods has been paid in full, the Parties agree that ownership and title to the Goods shall remain vested in HOS, and Buyer hereby grants HOS a security interest in the Goods until the full amount of the purchase price has been paid to HOS. Buyer expressly grants HOS the right to take all steps necessary to protect its security interest in the Goods, including, but not limited to the right to file a UCC financing statement. Until the purchase price for the Goods has been paid in full, Buyer shall, at all times: (i) bear the risk of loss and damage to the Goods; (ii) keep the Goods insured against all risks of damage and loss in an amount equal to the replacement cost of the Goods, with HOS named as sole "loss payee" on any applicable insurance policy; and (iii) carry liability insurance covering bodily injury and property damage in an amount acceptable to HOS, with HOS named as an Additional Insured on said policy. Buyer shall provide HOS with evidence of such insurance containing other terms acceptable to HOS within 5 days of the date on which the Goods were delivered to Buyer. *If Buyer fails to provide HOS with the required evidence of insurance, or if such insurance terminates for any reason, then: (a) HOS shall have the right, but not the obligation, to obtain such insurance in such forms and amounts from an insurer of HOS's choosing ("Other Insurance"); and (b) Buyer agrees to pay a periodic charge for such Other Insurance.* This periodic charge will include reimbursement for premiums advanced by HOS, billing and tracking fees, charges for HOS processing and related fees, and a finance charge of up to 18% per annum (or the maximum rate allowed by law, whichever is greater) on any advances HOS makes for premiums (collectively, the "Insurance Charge"). HOS and/or one or more of its affiliates and/or agents may receive a portion of the Insurance Charge, which *may include a profit*. HOS is not obligated to obtain, and may cancel, Other Insurance at any time without notice to Buyer. Any Other Insurance need not name Buyer as insured or protect Buyer's interests, if any. The Insurance Charge may be higher than the cost to Buyer if Buyer was to obtain insurance on Buyer's own.

III. Disclaimer of Warranties.

BUYER IS PURCHASING THE GOODS "AS IS." HOS HEREBY DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. Buyer agrees that: (i) the supplier of the Goods (the "Supplier") is not HOS's agent and that no statement by the Supplier is binding on HOS; (ii) if Buyer has a maintenance or other contract with the Supplier, such contract is not a part of this Agreement (even though HOS may, on behalf of the Supplier, bill Buyer for monies owed by Buyer to Supplier); (iii) no breach of contract or other act or omission on the part of the Supplier will excuse Buyer's obligations to HOS; and (iv) if the Goods are unsatisfactory for any reason, Buyer shall continue to make all payments due to HOS as both parties work together in good faith to resolve any dispute. Buyer shall indemnify and defend HOS against, and hold HOS harmless for, any and all claims (including claims for personal injuries), actions, damages, liabilities, losses and costs (including but not limited to reasonable attorneys' fees) made against HOS, or suffered or incurred by HOS, arising out of, or relating to, the delivery, installation, possession, ownership, use, loss of use, defect in or malfunction of the Goods.

IV. Default.

If Buyer fails to comply with these terms and conditions or any other agreement between Buyer and HOS, Buyer agrees that HOS may: (i) cancel Buyer's order for the Goods; (ii) enter Buyer's premises and take possession of the Goods; (iii) require Buyer to pay to HOS on demand all amounts then due hereunder; and/or (iv) exercise any other remedy available under law. Buyer agrees to pay all of HOS's reasonable enforcement costs (including, without limitation, reasonable attorney's fees, and repossession and remarketing expenses). If HOS is able to remarket the Goods, HOS will give Buyer a credit in an amount equal to the present value of the proceeds to be received therefrom, minus the above-mentioned costs. However, this shall not be construed as granting Buyer any ownership interest in the Goods.

V. Governing Law.

The Parties agree that this Agreement is subject to the laws of the State of Texas, and that venue for any dispute relating or pertaining to this Agreement will be in a court of competent jurisdiction in Midland County, Texas.

VI. Integrated Agreement.

These Terms and Conditions of Sale, along with any Maintenance Agreement or Technology Support Agreement between the Parties hereto, are intended by the Parties as a final expression of their agreement with respect to the purchase of goods and services, and also as a complete and exclusive statement of such agreement, and as such, supercede all prior and contemporaneous agreements, representations, warranties and understandings of the Parties, whether oral, written or implied. HOS reserves the right to change any of the terms and conditions herein, and will communicate material changes to Buyer. Buyer's continued use of HOS's services thereafter will be deemed acceptance thereof.