

General Working Agreement

This document defines the terms and conditions of the working relationship between Graphic Mechanic Design Studio and the CLIENT. In this Agreement, the words, "client", "you", and "their", refer to the CLIENT. The words "designer", "Graphic Mechanic", and/or the acronym "GM" refer to Graphic Mechanic Design Studio.

All projects or services that Graphic Mechanic may be contracted to produce or provide to the CLIENT will be subject to the terms of this agreement.

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 the DESIGNER or CLIENT to adjust for such revisions/or halt work before completion if a project is postponed or cancelled.

Any cancelled project is billed only through the phase and/or portions of phases that were actually completed by DESIGNER. For each project, the CLIENT will receive a proposal/estimate outlining the project specifications and Graphic Mechanic's proposed scope of services and working/billing phases. Each proposal/estimate will contain a project budget, which will include estimated fees for professional services and separate itemized costs for anticipated out-of-pocket expenses, (stock photographs, editing, web coding, etc.).

General Requirements Before Getting Started

Graphic Mechanic will begin the design process when (BUT NOT BEFORE) the following items have been received from the CLIENT:

1. Signed approval of the written estimate and this agreement. This written agreement, read signed and returned to Graphic Mechanic will constitute an agreement between the DESIGNER and the CLIENT.

2. Advance payment. The advance payment shall equal to either a. half of the total estimated cost, or b. the total estimated cost of the project. Graphic Mechanic reserves the right to ask for the full estimated cost prior to the start of any project at its discretion.

3. Text. In cases where the CLIENT agrees to create and edit his/her own content, CLIENT must provide text in Microsoft Word and saved according to Graphic Mechanic instructions on how to save text.

4. Images. In cases where the CLIENT agrees to provide his/her own images, CLIENT must provide only high resolution tif, jpeg,, eps, or bitmap images.

Payment

CLIENT agrees to pay Graphic Mechanic in accordance with the terms specified in each proposal/estimate. CLIENT will be required to pay 50% of the project cost before Graphic Mechanic begins work on any project. Or if a payment arrangement has been established and agreed on in writing in lieu of this section.

Final Payment Terms for Print Graphics

Once CLIENT has approved a low resolution version of his/her design from Graphic Mechanic they will pay the remaining balance of the total amount due prior to the delivery of the final print ready version. Payment is required within 5 business days of final approval.

Final Payment Terms for Web Graphics

Once CLIENT has reviewed their web graphics via the GM temporary server, or email. CLIENT will pay the remaining balance of the total amount due prior to the delivery or launch of their final web graphic.

Payment is required within 5 business days of final approval

Other Payment Terms

Payment for consultation, t-shirt graphics, training, printing, web hosting, domain name registration and on projects on which the estimated cost totals \$120.00 or less are all payable in advance of service and service will not be rendered without payment up front.

Unless otherwise specified, all subsequent balances due are payable within 5 business days of art approval by CLIENT. **The interest rate on balances that are more than 30 days past due is 18% per annum or 1.5% per month. Graphic Mechanic reserves the right to refuse completion or delivery of any graphic design work until past due balances are paid.**

Graphic Mechanic reserves the right to retrieve any graphics the company created for that client on which there are unpaid balances by using any user IDs or passwords the client has voluntarily provided.

Balances that are due for more than 30 days will be sent to collections, argued in court and/or reported to Equifax, Experian and/or Trans Union Credit Bureau(s).

EIN, FEIN, TIN, or SSN are required on projects that the total estimated cost is greater than \$100. The total estimated cost of the project **MUST BE PAID** prior to the start of the project if client refuses to provide EIN, FEIN, TIN or SSN.

All projects are subject to credit check prior to initiation. Graphic Mechanic Design Studio reserves the right to refuse any project on the basis of negative credit history.

Estimate

Billing will reflect the actual costs incurred. This estimate is valid for only 30 days from date it has been presented to the client via email, in person or by mail.

Expenses are itemized on each invoice. If consulting or supervision is required on projects on which the GM Designer must travel to a location that is out of state, CLIENT will be billed for lodging, meals, and transportation based on federal per diem rate.

Revisions/Alterations

A set number of edits are agreed on between the CLIENT and Graphic Mechanic or any new work requested by CLIENT and performed by DESIGNER after a proposal/estimate has been approved is considered a revision or alteration..

Any revision/alteration that the CLIENT requests in addition to what has been outlined in this estimate will be charged based on the current GM design rate. The client will be notified of any price changes prior to the start of that revision or alteration.

If the job changes to an extent that substantially alters the specifications described in the original estimate, Graphic Mechanic will submit a new or updated estimate to the CLIENT, and a revised additional fee must be agreed to by both parties before design work is continued. Author's alterations and other copy changes requested after final designs have been approved, saved and/or delivered to the CLIENT are billed at standard hourly rates.

Rush Jobs

Estimates are based on a reasonable time schedule, and may be revised to take into consideration your 'Priority Scheduling' requests requiring that a job is completed in 24 hours or less. Graphic Mechanic reserves the right to apply rush fees as needed on such jobs.

Knowledge of your deadlines is essential to provide an accurate estimate. In addition, outside suppliers such as service bureaus charge a 100% to 200% markup on overtime after 5:30pm and weekends.

Nature of Copy

CLIENT agrees to exercise due diligence in its direction to DESIGNER regarding preparation of materials and must be able to substantiate all claims and representations. The CLIENT is responsible for all trademarks, service mark, copyright and patent infringement clearances. The CLIENT is also responsible for arranging (prior to publication) any necessary legal clearance of materials Graphic Mechanic prepares.

Errors and Omissions

It is CLIENT's responsibility to check proofs carefully for accuracy in all respects, ranging from spelling to technical illustrations. DESIGNER is not liable for errors or omissions. The CLIENT's signature or email

of confirmation, or that of the CLIENT's authorized representative is required on all mechanicals or artwork prior to release for printing, launch or other implementation.

Telecommunications

CLIENT shall pay for all transmissions charges. DESIGNER is not responsible for any errors, omissions or extra costs resulting from faults in telephone, cable, satellite network or from incompatibility between the sending and receiving equipment.

Property and Supplier's Performance

DESIGNER will take all reasonable precautions to safeguard the property the CLIENT entrusts to Graphic Mechanic. In the absence of negligence on the part of GM, 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 (offset, silk-screened, embossed or otherwise reproduced) pieces. Although we may use our best efforts to perform in accordance with their commitments, DESIGNER is not responsible for failure on their part.

CLIENT gives Graphic Mechanic permission to access any host account for which GM has been asked to create a web site for at any time during the production process, until the the web site is fully approved by the CLIENT, completed and PAID IN FULL by the CLIENT.

If the CLIENT selects his/her own vendors, other than those recommended by Graphic Mechanic, they may request that GM assists in coordinating that print job. Graphic Mechanic will do so at a 15% mark-up (if DESIGNER is asked to fully manage the project GM will do so at a 18% mark-up. However, GM will not in any way be held responsible for quality, price, performance, or delivery of that print job.

Lien

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

Rights of Ownership

Once a project has been fully paid for by CLIENT, DESIGNER will relinquish the reproduction rights of the design for the use(s) described in the proposal to the CLIENT.

We reserve the right to photograph, distribute and/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 six (6) months beyond the delivery of a job. Thereupon, we reserve the right to discard them.

Items for Resale

An additional royalty fee will be charged on custom illustrations and artwork created for resale and include such items as decor (dishes, lamps, prints,), character illustrations and any other items excluding food and beverage items that are to be mass marketed or marketed to any one person for sale or paid distribution.

Term and Termination

The term of this agreement will continue for work in progress until terminated by the DESIGNER and the CLIENT upon thirty (30) days written notice. If CLIENT should direct DESIGNER at any time to cancel, terminate or "put on hold" any previously authorized purchase, the DESIGNER will promptly do so, provided the CLIENT holds DESIGNER harmless for any cost incurred as a result. Upon early termination of this agreement, all relative designs will remain property of DESIGNER

CLIENT will indemnify and hold DESIGNER harmless for any loss or expense (including attorney's fees), and agree to defend DESIGNER

in any actual suit, claim or action arising in any way from our working relationship. This includes, but is not limited to assertions made against CLIENT and any of its products and services arising from the publication of materials that DESIGNER prepares for CLIENT.

Cancellation/Kill Fee

A "kill fee" of 25% of the total estimated cost will be paid by the CLIENT to the DESIGNER if the CLIENT terminates the project prior to the completion of the project for any reason including but not limited to the following:

- a. Cancellation of the design by the CLIENT before it has been completed, when the design satisfies the client's stated requirements but the client, for reasons outside of the artist's control, does not use it.
- b. Rejection of the design by the CLIENT before the full project has been completed, when the design satisfies the client's stated requirements but the client, for reasons outside of the artist's control, does not use it.

Discount Termination:

Any early termination of a project by a CLIENT renders all discount rates null and void. Any refunds made to the CLIENT will be based on the current hourly rate multiplied times the number of hours performed to the point of termination by the CLIENT. As of October 1, 2006, Graphic Mechanic Design Studio's current minimum hourly rate for small businesses is \$60. For government and publicly traded corporate entities the current minimum rate is \$125.

Discounts

Unless otherwise specified any discount that has been applied to this estimate cannot exceed \$250.

No refunds will be issued on any services 30 days after this agreement has been signed and returned.

Production Schedules

Production schedules will be established and adhered to by both CLIENT and DESIGNER, provided that neither shall incur any liability, penalty or additional cost due to delays caused by a state of war, riot, civil disorder, fire, labor 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 CLIENT or DESIGNER. Where production schedules are not adhered to by CLIENT, final delivery date or dates will be adjusted accordingly.

Likewise, if DESIGNER fully terminates the project for any reason and the project is rendered incomplete or unusable, the DESIGNER will provide CLIENT with a full refund of his/her payment for the specific service that has not been rendered.

Additional Provisions

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

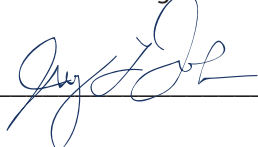
In the event that a client attempts to sue Graphic Mechanic Design Studio for any reason, in the event that Graphic Mechanic Design Studio, LLC wins the case the client will be liable for all attorney fee paid by Graphic Mechanic Design Studio, LLC relative to that case.

If Graphic Mechanic Design Studio must retain attorneys or a collection agency to collect our invoices, CLIENT will be liable for attorney's fees, court costs, and interest at the maximum rate permitted by law relative to that case.

Client Signature _____ Date _____

TIN/EIN/FEIN or SSN _____

All projects with a total estimated cost is greater than \$250 are subject to credit check prior to initiation. **The total estimated cost of the project MUST BE PAID prior to the start of the project if client refuses to provide EIN, FEIN, TIN or SSN.** Graphic Mechanic Design Studio reserves the right to refuse any project on the basis of negative credit history.

Designer Signature  _____