PURCHASE ORDER FINANCING TERMS AND CONDITIONS

In the course of its business, Reseller will purchase Ingram Micro Products and will sell Ingram Micro Products to customers located in the United States (“End Users”). Reseller has offered to sell and assign to Ingram Micro from time to time such “Receivables” as Ingram Micro may deem acceptable for purchase.

1. Definitions. For purposes of the Purchase Order Financing Agreement including these terms and conditions:
   - **Bill Only Fee**—a fee equal to one percent (1%) of the Receivables generated from the sale of products and/or services that are not Ingram Micro Products with a minimum charge of $25 and a maximum charge of $500 unless otherwise agreed to in writing.
   - **Chargebacks**—returned goods or disputed charges for purchase made via credit card.
   - **Collateral**—(a) all present and future purchased Receivables and general intangibles and proceeds thereof, (b) all monies, securities and other property now or hereafter held or received by, or in transit to Ingram Micro from or for Reseller, whether for pledge, custody, transmission, collection or otherwise, (c) all returned, reclaimed or repossessed goods and the documents evidencing or relating to such goods, (d) all books, records (including computer records and data) and other property at any time evidencing or relating to the purchased Receivables, and (e) all proceeds of any of the foregoing including without limitation the proceeds of any insurance policies covering any of the foregoing.
   - **Division 9 of the California UCC**—(a) the Receivables, (b) all general intangibles relating thereto, (c) all of Reseller’s rights to the goods and property represented by or securing the Receivables, (d) all of Reseller’s rights, security and guaranties with respect thereto, including all right of stoppage in transit, replevin, reclamation and repossession, the right to file mechanics’ and material man’s liens in Ingram Micro’s own name, the right to sue for the unpaid balance due on the Receivables, together with the right, but not the duty, to complete the performance on any contract at Ingram Micro’s option, and all other rights of an unpaid seller of products or services, and (e) any and all proceeds of any of the foregoing including without limitation all proceeds of insurance policies covering any of the foregoing.
   - **Invoice**—document sent to Reseller which includes such payment instructions as Ingram Micro deems necessary, including without limitation, a notice that the Receivables due under the invoice have been assigned to Ingram Micro.
   - **Obligations**—owing to Ingram Micro, fixed or contingent, arising under this Agreement, any other agreement, or by operation of law or otherwise.
   - **Products**—Ingram Micro Products and other products/services sold by Reseller for which Ingram Micro accepts assignment of the Receivables generated by such sale.
   - **Receivables**—all present and future accounts, contract rights, chattel paper, documents, notes, drafts, instruments, general intangibles and other forms of obligations for the payment of money owed to or owned by Reseller arising or resulting from the bona fide sale of Products in the regular course of Reseller’s business to the End User.
   - **Sales Contracts**—Reseller’s contracts for the sale of goods to an End User or acceptances of the End User purchase orders.
   - **Service Fee**—amount equal to two percent (2%) of the End User Invoice.
   - **Set Up Date**—date on which Ingram Micro establishes an account.
   - **Set Up Fee**—a $75.00 charge for each End User account set up by Ingram Micro for which the End User does not purchase at least $10,000 in Ingram Micro Products within forty-five (45) days from Set Up Date.
   - **Shipment**—occurs at the time that Ingram Micro delivers the Ingram Micro Products to the freight carrier, or, in the case of will call purchases, at the time the Ingram Micro Products are transferred from Ingram Micro at Ingram Micro’s warehouse.
   - **UCC**—Uniform Commercial Code.

2. Offer to Sell and Assign. Reseller offers to sell, assign, and transfer to Ingram Micro all Receivables in accordance with these terms and conditions and Ingram Micro shall have the right to purchase such of the Receivables as are acceptable to Ingram Micro in its sole and absolute discretion. Any purchase of Receivables shall include all of the right, title and interest of Reseller as defined pursuant to the provisions of Division 9 of the California Uniform Commercial Code. Ingram Micro shall have in addition to all other rights hereunder, the right to: (i) receive and retain any and all payments and rights thereto under any purchased Receivable; (ii) use or sell and dispose of the goods and property represented by any purchased Receivable; and (iii) apply and use such payments, rights, goods, property and proceeds to satisfy any and all Obligations of Reseller hereunder. Notwithstanding the foregoing and any sale or purchase of any Receivable, Ingram Micro does not assume any of the obligations of Reseller with respect to any Sale contract and shall have no duties in respect thereof.

3. Sale of Receivables. All Receivables for products and/or services other than Ingram Micro Products are hereby assigned by Reseller and purchased by Ingram Micro with full recourse back to Reseller. Ingram Micro may choose to purchase all, none or only a portion of the Receivables that result from sales by Reseller under any Sales Contract. Ingram Micro’s...
purchase of any Receivable under a specific Sales Contract shall not be deemed its agreement to purchase all or any remaining Receivables under that Sales Contract in the future.

4. Recourse. All Receivables are hereby assigned by Reseller and purchased by Ingram Micro with full recourse back to the Reseller.

5. Credit Approval. Reseller agrees to submit the End User Applications in the form required by Ingram Micro. Reseller hereby waives notice of acceptance of any End User Application by Ingram Micro. Ingram Micro’s agreement to purchase any Receivable shall be contingent upon Ingram Micro’s issuance of an order acknowledgement or duplicate invoice to Reseller at the time of Shipment. Price protections and stock balancing will not be allowed for any Ingram Micro Products purchased in connection with this Agreement.

6. Warranties and Representations. Reseller represents and warrants that: (a) each Receivable represents a bona fide sale of Products to the End User, and will be legally enforceable against the End User in full without any right of set-off, contra-account retention, or other abatement; (b) each Receivable is supported by a written Sales Contract, which is assignable by Reseller, specifies the nature and quantity of the Products, and the terms of payment (terms shall not exceed thirty (30) days from the date of the delivery of the Products unless previously authorized by Ingram Micro); (c) the obligations of the End User to Reseller are not evidenced by any note, chattel paper, or other negotiable instrument; and for leased Products, the End User is a leasing company which has purchased the Products for lease to the ultimate Product user; (d) promptly upon Reseller’s receiving notice from the End User to return Products, Reseller will contact Ingram Micro for the issuance of a credit memorandum in respect thereof; (e) any amount due from Reseller to the End User will be paid by Reseller no later than the due date; (f) Reseller is solvent; (g) the Receivables purchased by Ingram Micro, are free from all claims and liens, have not been assigned or sold to any other person, corporation or entity; Reseller will not sell, assign, pledge or hypothecate the purchased Receivables to any other person, corporation or entity; and Reseller shall defend the purchased Receivables against all other claims and demands; (h) Reseller has no interest, direct or indirect, in the End User’s business, nor has the End User any interest in Reseller; (i) Reseller’s sale of Receivables hereunder, execution of this Agreement and covenants and warranties given hereunder do not violate any other agreement, including without limitation, any financing agreement or arrangement to which Reseller is a party; and (j) Reseller’s sale of Receivables hereunder has been duly approved and Reseller’s execution of this Agreement constitute the valid, legal, binding obligation of Reseller and all required and necessary corporate actions have been duly taken as required by Reseller’s organizational documents and all applicable laws.

7. Reseller Covenants. Reseller covenants to: (a) at all times inform Ingram Micro of any changes of which Reseller may become aware in the status, address or creditworthiness of any End User whose Receivable has been purchased by Ingram Micro; (b) service the Products in accordance with the terms of any agreement made with the End User or any warranty or service guarantee made by advertisement or otherwise; and (c) provide Ingram Micro with a true, complete and correct copy of the following: (i) if Reseller is a corporation, Reseller’s articles of incorporation; (ii) if Reseller is a limited liability company, Reseller’s articles of organization; (iii) if Reseller is a sole proprietorship, Reseller’s business license or assumed name certificate.

8. Security Interest. As collateral security for all Obligations, Reseller hereby grants to Ingram Micro a continuing security interest in, and right of set-off with respect to Collateral which shall secure payment and performance of all of Reseller’s Obligations. Recourse to the Collateral herein provided shall not be required, and Reseller shall at all times remain liable for the payment and performance of the Obligations upon demand by Ingram Micro. Reseller shall execute and deliver to Ingram Micro such other documents and instruments, including, without limitation, UCC, financing statements or amendments, executed notices of assignment from End Users, and/or executed subordination or intercreditor agreements from Reseller’s secured lenders, as Ingram Micro may request from time to time. In addition, Ingram Micro is hereby authorized to file financing statements under the UCC, with respect to the above Collateral, signed only by Ingram Micro. Reseller also grants Ingram Micro a power of attorney, which shall be deemed coupled with an interest and shall be irrevocable, to sign Reseller’s name on any UCC financing statement or any amendment thereto. Notwithstanding anything to the contrary set forth in this Section 8 or in this Agreement, Reseller acknowledges and agrees that Ingram Micro may, at its discretion and from time to time during the Term of this Agreement require additional forms of security from Reseller, including but not limited to additional guarantees, blanket UCC filings, shipment-to-end user only and product-only purchases. In such event and conditioned upon prior notice to Reseller by Ingram Micro, Reseller agrees to complete and execute all such documentation as may be provided by Ingram Micro and required to implement and make effective such additional forms of security.
9. Breach of Agreement. If any warranty, representation or covenant herein, express or implied shall be broken or violated, whether caused by the act or fault of Reseller, Reseller’s End Users, or others, Ingram Micro shall be entitled to recover from Reseller (including personal assets of Reseller’s officers and/or directors to the extent such violation is reasonably alleged to be an act of fraud or misrepresentation) or any of the Reseller’s guarantors the damages thereby sustained, including, but not limited to, all attorneys’ fees, court costs, collection charges, and all other expenses that may be incurred by Ingram Micro to enforce payment of any Receivable, either as against Reseller, the End User, or any of Reseller’s guarantors, or in the prosecution or defense of any action or proceeding related to the subject matter of this Agreement. In addition, upon any default by Reseller hereunder, Ingram Micro shall have all of the rights of a secured party under the California Uniform Commercial Code.

10. End User’s Payments Received. Any check, draft, note, acceptance, or other money, instrument or cash in payment of the Receivables purchased by Ingram Micro which is received by Reseller or to Reseller's order will be received by Reseller in trust for Ingram Micro and immediately turned over to Ingram Micro. In the event Reseller fails to transmit such payment to Ingram Micro and/or is notified by Ingram Micro that Ingram Micro has a reasonable belief based upon sufficient facts from End User that Reseller has engaged in fraud or misrepresentation with regard to such failure to pay, Reseller’s principal operating officers (including Reseller’s officers and/or Directors) agree that this Agreement shall suffice as a Personal Guaranty of payment in an amount equal to the payment in question and shall remit to Ingram Micro the funds within 10 (ten days) from date of written notice.

11. Account Fees. Ingram Micro may charge and deduct from the amounts due Reseller, the following: any Bill Only Fees, Service Fees, and Set Up Fees. Further, if an End User does not purchase through the End User Account at least $10,000 in Ingram Micro Products within ninety (90) days from the Set Up Date, Ingram Micro will delete the End User account. All Fees are subject to change without notice.

12. Invoice and Delivery. Invoice and Delivery. Reseller shall designate the address to which Ingram Micro ships the Ingram Micro Products. Ingram Micro will forward an Invoice (“Ingram Micro Invoice”) to Reseller. Reseller shall forward either the Ingram Micro Invoice or Reseller’s invoice (“Reseller Invoice”) to the End User within 5 days of Reseller’s receipt of the Ingram Micro Invoice. If Reseller chooses to send the End User a Reseller Invoice, the Reseller Invoice shall include such payment instructions as required by Ingram Micro, including without limitation, a notice that the Receivables due under the invoice have been assigned to Ingram Micro. Reseller shall forward a copy of each Reseller Invoice to Ingram Micro at the time Reseller forwards an invoice to End User. Reseller warrants to Ingram Micro that (a) Reseller shall not forward any other invoices to the End User without Ingram Micro’s prior written authorization; (b) Reseller shall not advise, direct or instruct the End User to pay any Invoice in any manner contrary to the payment instructions stated on the Invoice.

13. Interest. Reseller agrees to pay Ingram Micro interest for each day that the Receivables or any portion thereof remains outstanding. Interest shall accrue commencing fifteen (15) days from the Invoice due date and continue until Ingram Micro receives payment in full of the Receivable. Interest shall accrue at the rate of Prime Rate plus two percent (2%) per annum (based on actual days/365) or the highest rate allowable by law, whichever is lower.

14. Credit Cards: Ingram Micro approved Credit Cards may be used by End User pursuant to the following conditions: (a) Reseller is deemed to warrant the true identity of the cardholder and will not present for purchases, on behalf of Enduser, any card which appears to be invalid or expired. In the event of Reseller negligence, Ingram Micro will look solely to Reseller to reimburse Ingram Micro for the amount of the Enduser invoice charged plus any associated fees and/or fines related to the fraudulent transaction; (b) If Enduser's Chargebacks are, at Ingram Micro’s sole discretion, deemed excessive, Ingram Micro reserves the right to refuse acceptance of future credit card purchases for Reseller's individual Enduser or all associated Endusers if excessive Chargebacks are the result of Reseller's non-performance; (c) At its sole discretion, Ingram Micro reserves the right to refuse acceptance of any credit card for any purchase; (d) Ingram Micro will charge a Service Fee for any items being purchased with a credit card. Such charges will be calculated monthly at the end of each month for credit card purchases made during the month and deducted from the next profit check.

15. Accounting Procedure. Accounting Procedure. For Receivables purchased hereunder, upon receipt of payment in full of each Ingram Micro Invoice, Ingram Micro will remit to Reseller, the face amount of the Receivables purchased by Ingram Micro, minus the following: (a) any freight, insurance, and interest due Ingram Micro; (b) the unpaid balance owed Ingram Micro on the financed Products; (c) any applicable Bill Only Fee; (d) any Set Up Fees due from Reseller; and (e) the amount of any credit memoranda issued by Ingram Micro on Reseller’s behalf. Ingram Micro may, based upon its
16. Guarantee and Indemnity. Guarantee and Indemnity. Notwithstanding anything contained in section 4 above, Reseller shall not be responsible for payment of any Receivable until such Receivable remains unpaid for at least sixty (60) days from the date due pursuant to the Invoice evidencing such Receivable. Any sum received by Ingram Micro with respect to such Receivable after Reseller’s payment will be remitted to Reseller or, at Ingram Micro’s sole option, applied to any of Reseller's Obligations then due Ingram Micro. Ingram Micro shall be entitled, without in any way discharging Reseller's liability to Ingram Micro under this paragraph to grant time or other indulgence to or enter into any compromise with the End User. Ingram Micro's reasonable exercise of or failure to exercise any rights or remedies under this Agreement or failure to collect any amounts due on the purchased Receivables shall not relieve Reseller of Reseller's Obligations.

17. Disputes with End Users and Deduction Notices. Should an End User dispute its liability to pay a purchased Receivable or any part thereof on its due date, Ingram Micro may send Reseller a letter describing the End User's dispute (except in cases where the End User’s dispute arises from Ingram Micro’s failure to perform its obligations under the Resale Agreement). If the dispute remains unresolved for thirty (30) calendar days following the date of Ingram Micro's letter, Ingram Micro may, (a) credit the End User's account and Reseller shall repurchase such Receivable from Ingram Micro and/or (b) take whatever steps it deems appropriate to resolve the dispute with the End User, and Reseller shall reimburse Ingram Micro of all costs and expenses incurred in so doing. Reseller shall also immediately remit to Ingram Micro the amount of any credits or adjustments given by Reseller to the End User.

18. Power of Attorney and Resolution. Reseller grants Ingram Micro a Power of Attorney to collect, receive, demand, sue for, and give an effectual discharge of any sum payable by an End User in respect of the Receivables purchased by or otherwise assigned to Ingram Micro, to endorse in Ingram Micro's favor any negotiable instrument drawn in Reseller's favor in payment of the Receivables purchased by or otherwise assigned to Ingram Micro, to submit insurance claims, to prosecute any proceedings at law or elsewhere for Receivables due, and to supply any omitted information and correct obvious errors in any documents executed by or for Reseller, and agrees to execute a separate document, in a form satisfactory to Ingram Micro, evidencing Ingram Micro's Power of Attorney.

19. Waivers. Any waiver or apparent waiver by either party of any breach of any Obligation or provision contained in this Agreement, or in any amendment, will not be deemed a general waiver or be construed as implying or establishing consent to any subsequent breach. EACH PARTY HERETO WAIVES THE RIGHT TO A TRIAL BY JURY IN ANY COURT AND IN ANY ACTION OR PROCEEDING OF ANY KIND IN WHICH RESELLER OR INGRAM MICRO OR ANY OF THEIR RESPECTIVE AFFILIATES, SUCCESSORS OR ASSIGNS ARE PARTIES AS TO ALL MATTERS AND THINGS ARISING DIRECTLY AND INDIRECTLY OUT OF THIS AGREEMENT AND THE RELATIONS AMONG THE PARTIES HERETO.

20. Indemnification and Hold Harmless. Reseller shall at all time defend, indemnify and hold Ingram Micro and Ingram Micro’s successors and assigns (each, an “Indemnitee”) harmless against all actions, proceedings, defenses, claims, demands, losses, outlays, damages, or expenses, including legal fees (collectively, “Losses”), that any Indemnitee may incur in any way in defending or prosecuting, settling, or discontinuing any proceedings, actions, or claims in consequence of or arising in any way out of claims, whether for breach of contract, failure to deliver Products or services, rejection of Products or services for any reason whatsoever, damage, destruction or loss of Products (partial or total), breach of warranty (express or implied), or claims arising out of purchase, sale, transportation, collection on insurance, care, or custody of such Products or services sold by Reseller, unless such Losses are a direct result of Ingram Micro’s gross negligence or willful misconduct. Reseller shall also indemnify the Indemnitees against any loss or liability resulting from any acts or omissions of Reseller or Reseller’s agents or employees in connection with the Products and services, or the sales thereof. Reseller agrees that each Indemnitee shall in no way be liable for any damage to or loss of any Products in Reseller’s possession, whatever may be the cause of such damage or loss.
21. Inspection of Books and Records. Ingram Micro shall have the right, but not the obligation, from time to time, to verify that all Receivables have been properly accounted for and this Agreement complied with, and to examine, check and make copies of Reseller's books, records and files (including without limitation, records and files maintained on Reseller's computers and computer systems). Reseller agrees that immediately upon Ingram Micro's purchase of any Receivables, Reseller will make appropriate entries upon Reseller's books disclosing such purchases, and will execute and deliver all papers and instruments and do all things necessary to effectuate this Agreement.

22. Complete Agreement. This Agreement contains the complete agreement concerning the sale and purchase of Receivables. It can be varied only by a document signed by Ingram Micro's and Reseller's authorized representatives. If any provision of this Agreement or its application is invalid or unenforceable, the remainder of the Agreement will not be affected. If Reseller is a corporation, this Agreement is executed with the authority of Reseller's Board of Directors and, if required, with shareholder approval. This Agreement, except as otherwise provided herein, shall be subject to the Resale Agreement and Ingram Micro’s standard Sales Terms and Conditions (“Sales Terms”), and may be amended from time to time without notice at Ingram Micro’s sole discretion. Reseller acknowledges that it has reviewed and can review the Sales Terms in effect at any time on Ingram Micro’s website at www.ingrammicro.com. This Agreement shall protect and bind Ingram Micro's and Reseller's respective successors and assigns.

23. Termination. This Agreement shall be effective from the date of its acceptance at Ingram Micro’s offices. Reseller acknowledges receipt of a copy and waives formal acceptance of it. If Ingram Micro advances funds under this Agreement, Ingram Micro shall have accepted it whether Ingram Micro shall have signed it or not. This Agreement shall remain in force until one party gives notice of (not less than thirty (30) days) to the other that this Agreement is terminated. Upon termination, all Reseller’s Obligations to Ingram Micro shall be immediately due and payable, even if they are not yet due under their terms. If this Agreement is terminated, Reseller shall not be relieved from any Obligation arising out of Ingram Micro’s advances or commitments made before the effective date of such termination. Ingram Micro’s rights under this Agreement and Ingram Micro’s security interest in Reseller’s present and future assets shall not be affected until all of Reseller’s debts to Ingram Micro are paid in full.

24. Paragraph Titles. The paragraph titles used in this Agreement are for convenience only and do not define or limit the contents of any paragraph.

25. Further Assurances. Reseller shall, at its expense and without expense to Ingram Micro, do such acts and execute and deliver such documents as Ingram Micro from time to time reasonably requires to assure and confirm the rights hereby created or intended now or hereafter to be created or for carrying out the intention or facilitating the performance of the terms hereof, or for assuring the validity, perfection and priority or enforceability of any security interest of Ingram Micro in the Collateral and the ownership interest of Ingram Micro in any purchased Receivable.