

Health, Humor & Hospitals, Inc Licensing Agreement

Terms and Conditions

This Licensing Agreement (“**Agreement**”) is made between Health, Humor & Hospitals, Inc, (“**H3**”) and _____ (“**Subscriber**”), located at _____.

H3 and Subscriber may hereinafter be referred to individually as a “**Party**” or collectively as the “**Parties**”. This Agreement shall include and be subject to all of the following recitals, covenants and other provisions set forth hereinafter.

1. Grant of License. H3 grants to Subscriber a non-exclusive license for use, promotion and distribution of Chuckle Channel® Programming (“**Programming**”), as defined in paragraph 3 below, through Subscriber’s in-house On-Demand Video and CCTV system (“**System**”) located at Subscriber’s address (“**Facility**”) and at any additional buildings listed in paragraph 6 below. As consideration for said license, Subscriber shall pay to H3 the licensing fees set forth in the “**Summary of Fees**” attached hereto and incorporated herein by reference, and paid per paragraph 5 below.

2. Term and Termination. The initial term (“**Initial Term**”) of this Agreement shall commence upon H3’s receipt of Subscriber’s payment for the first year, and shall continue for a 36-month period, at which time it shall automatically renew for a 12-month period (“**Additional Term**”) and shall continue to renew in this manner, unless either of the Parties notifies the other of its intent to terminate this Agreement not less than 90 days prior to the end of the then-current term. During any term, either of the Parties may terminate this Agreement without cause by giving the other Party written notice of such termination not less than 90 days prior to the effective date of termination.

3. Programs. Chuckle Channel® Programming (“**Programming**”) is defined as a minimum of 12 hours of digital video files designed to provide high-quality comedic entertainment and humorous education for Subscriber’s patients, staff and visitors. Programming will be updated annually by H3 with no less than 4 hours of additional or substituted digital video files of like quality. H3 warrants and represents that it has the rights to grant a performance license for all materials used in the Programming, and therefore grants nonexclusive performance rights to use, publicly play and store said Programming to Subscriber pursuant to the provisions in this Agreement. Subscriber shall not duplicate Programming. Subscriber agrees that Programming is being provided under license only and nothing in this Agreement shall imply transfer of title or of ownership of content, trademarks or copyrights.

4. Program Broadcast. Subscriber shall be solely responsible for broadcast of Programming on the System. Subscriber agrees to have installed and in place the equipment necessary to receive, store and play Programming over its System. H3 makes no guarantees or warranties with regard to the recording, storage and playback equipment installed on the System by the Subscriber. Any interruption in service as it pertains to the installed equipment or its inability to deliver the Programming with the anticipated functionality shall not constitute breach of this Agreement.

5. Payments. All sums due H3 are specified in the Summary of Fees and are due and payable net forty-five (45) days of Subscriber’s receipt of invoice for the first year of the Initial Term and annually thereafter, until the end of the Initial Term, and each subsequent Additional Term. H3 shall ship Programming via certified carrier within one week of receipt of payment. Past due sums shall bear interest from 60 days after the due date until paid, at the rate of 12% per annum. After the Initial Term, H3 may not increase the annual subscription fee by more than 5% per year.

trade secrets that exist on the effective date of this Agreement and that arise or are enforceable under the laws of the United States of America.

- (i) If a third party brings an action against Subscriber making allegations that, if true, would constitute a breach of this warranty, then H3 will, at its own expense, defend, indemnify and hold Subscriber harmless in such action, and H3 will pay all settlements, costs, damages and legal fees finally awarded.
- (ii) If such an action is brought or appears to H3 likely to be brought, H3 may, at its sole option and expense, either obtain the right for Subscriber to continue using the allegedly infringing item(s) or replace or modify the item(s) to resolve such action. If H3 finds that neither of these alternatives is available to it on commercially reasonable terms, H3 may require Subscriber to refrain from using the allegedly infringing item(s), in which case Subscriber will receive a refund of the amounts paid for services not provided as a result of having to refrain from using the affected item(s), not to exceed the total fees paid to H3 for the applicable materials.”

10. Remedies. If either of the Parties defaults in any of its material obligations, the other Party will have, in addition to other remedies, the right to terminate this Agreement. If H3 defaults, H3 will give Subscriber a pro-rata refund of the license fee for the remainder of the then-current term. If Subscriber defaults, notwithstanding such termination, H3 shall be entitled to payment of the licensing fee for the entire term.

11. Action upon Termination. Upon termination of this Agreement for any reason by either of the Parties, and pursuant to a written request from H3, Subscriber will, at the end of the paid term, cease using the Programming and erase all Programming loaded onto the Facility System and in Additional Buildings as listed in paragraph 6, and will warrant in writing that all use of Programming has been permanently discontinued. If termination is as a result of Subscriber default, Subscriber will, pursuant to a written request from H3, immediately cease using the Programming and erase all Programming loaded onto the Facility System and in Additional Buildings as listed in paragraph 6, and will warrant in writing that all use of Programming has been permanently discontinued. If said warranty is not received by H3, H3 will provide Subscriber with written notice to provide written warranty, and Subscriber shall have 30 days to cure.

12. Successors and Assigns. H3 may assign this Agreement and any of its rights and may delegate any of its obligations hereunder with prior written notice to Subscriber. Subscriber may assign this Agreement to a successor operating out of the Facility and Additional Buildings as listed in paragraph 6 with prior written notice to H3. This Agreement is binding upon and inures to the benefit of the Parties and their respective successors and permitted assigns.

13. Force Majeure. Failure of either of the Parties to perform its obligations will not be a default or breach if the failure is the result of acts of God, any government or regulatory agency, common carrier, equipment manufacturer, or cause beyond the reasonable control of H3 or Subscriber, such as but not limited to fire, explosion, flood, strike, riot, communications or power supply interruption, delay in delivery, or failure or malfunction of equipment.

14. Governing Law. This Agreement is to be construed, enforced and governed by the laws of the state of Hawaii without reference to its choice of law principles.

15. Entire Agreement. This Agreement constitutes the entire Agreement between H3 and Subscriber and supersedes all prior agreements and negotiations, written or oral, relating to this subject matter. No change or waiver of the provisions of this Agreement will be valid or enforceable unless in writing and executed by the Parties.

16. Compliance With All Laws. H3 shall observe and comply with all laws, ordinances, rules, codes and regulations of the federal, state, municipal or county governments with jurisdiction over itself and Subscriber. Furthermore, H3 shall observe and comply with the applicable bylaws, rules and regulations of Subscriber.

17. Corporate Compliance. H3 represents and warrants to Subscriber that neither H3 nor any of its officers, directors, managing employees or any individual with a direct or indirect ownership or controlling interest of at least 5% of H3 has (i) been convicted of any criminal offense related to the delivery of an item or service under any government health care program, (ii) had civil monetary penalty assessed against it pursuant to 42 U.S.C., 1320a-7a, or 42 U.S.C., 1320a-8, or (iii) been excluded from participation in any government health care program. It shall be the responsibility of H3 to promptly notify Subscriber in writing of any changes in its status relative to the foregoing representation and/or warranty. Notwithstanding any term of this Agreement to the contrary, Subscriber reserves the right to terminate this Agreement immediately by providing written notice to H3, based upon a determination in Subscriber's reasonable discretion that H3 has (i) materially failed to comply with federal or state legal requirements applicable to H3 or (ii) been convicted, sanctioned or excluded in the manner described above.

18. Medicare Disclosure. The Parties agree to conform to the Medicare Disclosure requirements as set forth in section 952 of P.L. 96-499 and Section 1861(v)(1) of the Social Security Act, 42, U.S.C. Section 1395x(v)(1)(I) as amended from time to time. Subscriber and H3 agree to make available upon request of the Secretary of the U.S. Department of Health and Human Services or the Comptroller General of the United States or any other duly authorized representative the contracts, books, documents, and records that are necessary to certify the nature and extent of the cost associated with this Agreement for a period of four (4) years from delivery date of the Programming provided under this Agreement.”

Subscriber's Name/Title

Subscriber's Signature

Date

Hob Osterlund/President Health, Humor & Hospitals, Inc

Signature

Date