

PROPERTY DISPOSITION SERVICES AGREEMENT

PropertyRoom.com, Inc., a Delaware corporation ("PropertyRoom"), enters into this agreement (the "Agreement"), identified below (the "Owner") for the auction and disposition of personal property (the "Disposition Services"), in ac Terms and Conditions and Addenda, if any, attached hereto and listed below.

Beginning December 1, 2007 (the "Start Date") Owner engages the Disposition Services of Prop Agreement will terminate on December 1, 2008 (the "Termination Date"), or at such other tir herein.

OWNER INFORMATION:	SCHEDULES, SUPPLEMENTS AND OTHER ATTACHMENTS: (Mark only if included)
<u>Jonesboro Police Department</u> (Owner Name)	Terms and Conditions
<u>410 W. Washington Ave</u> (Address)	Addendum
<u>Jonesboro, Ar 72401</u>	
<u>(870)935-6710</u> (Phone)	

THIS AGREEMENT INCLUDING ALL OF THE TERMS AND CONDITIONS SET FORTH ON THE ATTACH CONDITIONS, AND ALL OTHER ATTACHMENTS INDICATED IN THE BOX ABOVE, IS THE PARTIES' ENT AND CANNOT BE MODIFIED EXCEPT IN WRITING BY THE DULY AUTHORIZED REPRESENTATIVES OF B EXECUTED on the date(s) indicated below:

Property Room, Inc.

By: _____

Date: _____

PropertyRoom.com, Inc.
26421 Crown Valley Parkway, Suite 200 Mission
Viejo, California 92691
Phone: 800-799-2440

11/20/2007

TERMS AND CONDITIONS

1. **Property to be Sold.** From time to time, Owner will designate items of personal property (the "Property") that it wishes to sell through PropertyRoom for Disposition Services. Property Room retains the right to accept or reject certain items in its sole discretion.

2. **Title.** Owner shall retain legal title to the Property until it is purchased by auction or otherwise disposed of in accordance with the Auction Agreement at which time Owner will be deemed to have transferred title to the purchaser or other acquirer of the Property. To the extent that any Property is sold or disposed of, the Owner appoints Property Room as its attorney-in-fact to sign any and all documents necessary to assign to purchaser all of Owner's right, title and interest in and to Property sold or disposed of. All cash receipts, accounts receivable, notes, general intangibles, and other rights to payment of every kind, arising out of the sales and dispositions of Property (collectively the "Proceeds") belong to Owner, subject to PropertyRoom's right to PropertyRoom's Net Proceeds attributable to Credit Card Costs and other transaction costs. Owner's Property shall, at all times before sale, be subject to the direction and control of Owner.

3. **Method of Selling Property.** PropertyRoom will, on Owner's behalf, list Property for sale by auction to the public on the Wide Web of the Internet on one or more domain names selected by PropertyRoom. To the extent that any Property is sold or disposed of by auction, PropertyRoom may, in any commercially reasonable manner selected by PropertyRoom, dispose of Property. Property Room will determine all aspects, terms and conditions of auctions of Property and dispositions of Property not purchased by auction, subject to the ultimate control of Owner. Property Room will be responsible for all phases of submitting the Property for auction, including, but not limited to, determining when Property will be auctioned, setting the opening and reserve prices, determining the selling price, setting the length of time a Product will be auctioned; creating text and graphics to describe the Property submitted for auction; collecting all purchaser information (such as purchaser's name, billing address, and credit card information); approving purchasers' credit card purchase transactions; and collecting auction proceeds from purchasers. PropertyRoom shall use its best efforts in auctioning and selling the Property on the Internet. Property that does not sell at auction, Property Room shall sell and dispose of all Property "as is" without any liability. PropertyRoom is solely responsible for identifying and resolving sales and use tax collection issues arising from the sale, including the necessity of charging and collecting such taxes.

4. Allocation of Sales Proceeds.

a. The total amount paid by the purchaser shall be called the "Sales Price". The Sales Price shall include the Winning Bid amount (the "Winning Bid") and all costs, shipping and handling charges, taxes, and insurance costs associated with the transaction and paid by the purchaser.

b. For each item of Property, Owner will be credited with 50% of the first \$1,000 of the Winning Bid and 75% of any amount of the Winning Bid that exceeds \$1,000. From this amount, the owner's pro rata share of transaction costs assessed by the credit card processor ("Credit Card Costs") will be deducted.

c. Credit Card Costs will be borne by Owner and Property Room in proportion to the percentage of the net proceeds received by the parties for each underlying transaction.

d. Amounts received by the Owner will be called "Owner's Net Proceeds".

The following example illustrates how proceeds of a sale are to be allocated. Assume an item of Property is sold with a Winning Bid of \$100; the buyer pays shipping and handling of \$10, insurance of \$2, and sales tax of \$8. The buyer pays a total Sales Price of \$118.00 by credit card, and the Credit Card Costs are 2% of the Sales Price. The Credit Card Cost is therefore \$2.36 (2% of \$118.00). The Owner and PropertyRoom each share 50% of the underlying Winning Bid, therefore Credit Card Costs are split equally (\$1.18 each). The Owner's Net Proceeds are \$48.82 (\$50.00 less \$1.18).

5. **Payment Terms.** Not less than once every month, Property Room will pay to Owner the amount of Owner's Net Proceeds for completed sales during the preceding month. Sales are deemed completed when all items comprising a line item on the manifest or other list of Property are sold. With each payment of Owner's Net Proceeds, PropertyRoom will make a detailed report setting forth the following information for the immediately preceding month: (i) the completed sales during the month, including the total amount of related proceeds collected, the Owner's and Property Room's share of Credit Card Costs; (ii) other dispositions of Property during the month; (iii) the Property, if any, inventoried by PropertyRoom at the end of the month.

6. **PropertyRoom's Obligations Concerning Property in Its Possession.** With respect to Property in PropertyRoom's possession: (i) PropertyRoom will exercise due care in the handling and storage of any Property; (ii)

PropertyRoom shall keep the Property free of liens, security interests, and encumbrances, and shall pay when charges with respect to the Property; (iii) PropertyRoom shall sign and deliver to Owner any UCC-1 financing statement documents reasonably requested by Owner; (iv) PropertyRoom shall obtain and maintain insurance in an amount (Property Room) not less than the replacement value of Property in its possession. The insurance will cover the Property from theft, and extended coverage risks ordinarily included in similar policies. PropertyRoom shall give Owner a certificate of insurance upon Owner's request.

7. Owner's Obligations. Owner will use its best efforts to provide to PropertyRoom such Property as becomes available to the public. Owner will complete paperwork reasonably necessary to convey custodial possession of the Property to PropertyRoom, including a written manifest or list that describes the item of Property in sufficient detail for identification. Owner agrees that it will not provide Property that is illegal or hazardous, including but not limited to explosives, firearms, unauthorized copyrighted material ("knock-offs"), poisons or pharmaceuticals.

8. Restrictions on Bidding. PropertyRoom and its employees and agents may not directly or indirectly bid for or purchase auctioned Property on the PropertyRoom web site.

9. Representations and Warranties of Owner. Owner hereby represents, warrants and covenants as follows: (i) the Property to PropertyRoom is available for sale to the general public without any restrictions or conditions whatever; and (ii) all required actions under applicable law that are conditions precedent to Owner's right to transfer title to the Property (the "Conditions Precedent").

10. Books and Records. Property Room will keep complete and accurate books of account, records, and other documents in respect to this Agreement (the "Books and Records") for at least three years following expiration or termination. Upon reasonable notice, the Books and Records will be available for inspection by Owner, at Owner's expense, at the time the Books and Records are regularly maintained, during normal business hours.

11. Term and Termination. Unless terminated earlier, the term of this Agreement will begin on the Start Date and end on the Termination Date. This Agreement may be terminated if there is a breach by either party of any obligation, representation or warranty contained in this Agreement, upon thirty days prior written notice to the other party unless the breach is cured within the thirty day period, provided, however, if the breach is not capable of being cured within thirty days, the breaching party will specify the precise nature of the breach. The rights of the parties to terminate this Agreement are not exclusive and remedies available at law or in equity, and such rights will be cumulative. The exercise of any such right will not preclude the exercise of any other rights and remedies. Notwithstanding any termination by either party, PropertyRoom will continue to remit amounts due to Owner under this Agreement in connection with any sale effective as of the date of the termination. At the time of termination, any unsold inventory shall continue to be auctioned by PropertyRoom and returned to Owner, at owner's election and cost.

12. Indemnification. Subject to the limitations specified in this Section 12, each party will indemnify, hold harmless and defend the other party and its agents and employees from and against any and all losses, claims, damages, liabilities, and reasonable expenses (including reasonable legal fees and expenses), judgments, fines and other amounts paid in settlement or awarded by a court of law, suffered by any such person or entity arising out of or in connection with (i) the inaccuracy of any representation or warranty made by the party hereunder, (ii) any breach of this Agreement by the party, or (iii) any negligent act or omission by the party or its agents in connection with the performance by the party or its employees or agents of obligations hereunder, provided that such negligent act or omission was not done or omitted at the direction of the other party.

13. Limitations on Liability. UNDER NO CIRCUMSTANCES WILL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR EXEMPLARY DAMAGES (EVEN IF THAT PARTY IS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES), ARISING FROM BREACH OF THE AGREEMENT OR FROM THE SALE OF PROPERTY, OR ARISING FROM ANY OTHER PROVISION OF THIS AGREEMENT, SUCH AS, BUT NOT LIMITED TO, LOSS OF REVENUE OR ANTICIPATED PROFITS OR LOST BUSINESS (COLLECTIVELY, "DISCLAIMED DAMAGES"). EACH PARTY WILL REMAIN LIABLE TO THE OTHER PARTY TO THE EXTENT ANY SUCH DAMAGES ARE NOT DISCLAIMED BY A THIRD PARTY AND ARE SUBJECT TO INDEMNIFICATION PURSUANT TO SECTION 12. LIABILITY UNDER THIS AGREEMENT WILL BE LIMITED TO DIRECT, OBJECTIVELY MEASURABLE DAMAGES. THE MAXIMUM LIABILITY OF ONE PARTY TO THE OTHER PARTY FOR ANY CLAIMS ARISING IN CONNECTION WITH THIS AGREEMENT SHALL NOT EXCEED THE AGGREGATE AMOUNT OF PAYMENT OBLIGATIONS OWED TO THE OTHER PARTY BY THAT PARTY IN THE YEAR IN WHICH LIABILITY ACCRUES; PROVIDED THAT EACH PARTY WILL REMAIN LIABLE FOR THE FULL AMOUNT OF ANY PAYMENT OBLIGATIONS OWED TO THE OTHER PARTY PURSUANT TO THIS AGREEMENT. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, OWNER'S LIABILITY IS NOT

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LIMITED UNDER THIS AGREEMENT WITH RESPECT TO LIABILITY ARISING FROM OWNER'S FAILURE TO S
ALL CONDITIONS PRECEDENT.

14. **Notices.** Any notice under this Agreement must be in writing. Initially the addresses of the parties will be a Property Room: PropertyRoom.com, Inc. Attn: Steven Lupinacci, President, 26421 Crown Valley Parkway, Suite 2 California 92691; and (ii) If to Owner: At the address stated below Owner's Signature block on the first page of this parties may, from time to time and at any time, change their respective addresses and each will have the right address any other address by at least ten days' written notice to the other party.

15. **Severability.** Whenever possible, each provision of this Agreement will be interpreted in such a manner as to be valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under any applicable provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of the remaining provisions of this Agreement.

16. **Complete Agreement.** This Agreement and any related documents delivered concurrently herewith, constitute the entire agreement between the parties relating to the subject of this Agreement and supersede any prior understandings, oral or written representations by or between the parties, written or oral, which may be related to the subject matter hereof in any way.

17. **Attorneys' Fees and legal Expenses.** If any proceeding or action is brought to recover any amount under this Agreement or on account of any breach of, or to enforce or interpret any of the terms, covenants, or conditions of this Agreement, the prevailing party will be entitled to recover from the other party, as part of the prevailing party's costs, reasonable attorneys' fees and expenses which will be fixed by the court, and will be made a part of any judgment rendered.

18. **Further Assurances.** Property Room and Owner will each sign such other documents and take such actions as the other party reasonably request in order to effect the relationships, services and activities contemplated by this Agreement and to execute and document those activities.

19. **Governing law.** The internal law, and not the law of conflicts, of the state in which the Owner is located will govern the construction, validity and interpretation of this Agreement and the performance of the obligations under this Agreement. The proper venue for any proceeding at law or in equity will be the state and county in which the Owner is located. The parties waive any right to object to the venue.

20. **Relationship of the Parties.** The relationship created hereunder between Owner and Property Room will be that of independent contractors entering into an agreement. No representations or assertions will be made or actions taken that could imply or establish any agency, joint venture, partnership, employment or trust relationship between the parties to the subject matter of this Agreement. Except as expressly provided in this Agreement, neither party will have the power whatsoever to enter into any agreement, contract or commitment on behalf of the other, or to create any liability whatsoever on behalf of the other, to any person or entity. Whenever Property Room is given discretion in this Agreement, Property Room may exercise that discretion solely in any manner PropertyRoom deems appropriate.

21. **Force Majeure.** Neither party will be liable for any failure of or delay in the performance of this Agreement if such failure or delay is due to acts of God, public enemy, war, strikes or labor disputes, or any other cause beyond a party's reasonable control (each a "Force Majeure"), it being understood that lack of financial resources will not be considered a Force Majeure. Each party will notify the other party promptly of the occurrence of any Force Majeure event and will resume performance of this Agreement as promptly as practicable after such Force Majeure is terminated. The existence of any Force Majeure event will not constitute a breach of the term of this Agreement.

22. **Counterparts.** This Agreement may be signed in any number of counterparts.

11/20/2007

Jonesboro, AR 72403
(870)935-0305

11/20/2007