

# RONN MOTOR COMPANY

## RESERVATION AGREEMENT

This Reservation Agreement (this “**Agreement**”) is entered into effective as of the Effective Date between Company and Purchaser. Capitalized terms used but not otherwise defined in the main body of this Agreement are defined in Appendix A, which is attached and incorporated by reference.

### Recitals

A. Company is currently in pre-production of the Scorpion HX and is accepting reservations for the right to purchase a Scorpion HX.

B. Company will sell the Scorpion HX for a base price of \$250,000 USD (“**Base Price**”). Purchaser will have the right to select certain finish options, and will be responsible for the additional cost of such options over and above the Base Price, together with all taxes, title, and fees (collectively, “**Purchase Price**”).

C. Company desires to grant to Purchaser the right to purchase a Scorpion HX for the Purchase Price pursuant to the terms of this Agreement.

D. Purchaser desires to reserve the right to purchase a Scorpion HX for the Purchase Price pursuant to the terms of this Agreement.

Based upon the above recitals and mutual promises in the Agreement, the parties agree as follows:

### Article 1

#### Right to Purchase a Scorpion HX

1.01. **Right to Purchase.** As of the Effective Date and upon and in consideration of Purchaser’s payment of the Initial Deposit, the Company grants to Purchaser the right to reserve production of and purchase a Scorpion HX pursuant to the terms of this Agreement and all Closing Documents, and upon Purchaser’s ultimate payment of the Purchase Price. Entry into this Agreement does not constitute or consummate a sale of a Scorpion HX but only the non-transferable right to acquire the automobile.

### Article 2

#### Reservation Deposits and Final Payment

2.01. **Step One: Initial Deposit.** Purchaser will pay an initial deposit of \$75,000 USD to Company by wire transfer, cashier’s check, or such other form as Company may accept in its sole discretion (“**Initial Deposit**”). The Initial Deposit reserves Purchaser’s right to purchase a Scorpion HX subject to the terms of this Agreement and the Closing Documents. The Initial Deposit will be paid in two installments, one of \$5,000 USD and the other of \$70,000 USD, as follows.

(a) **Installment Due Dates.**

(1) The first installment of \$5,000 USD is due and will be paid on the Effective Date concurrent with and as a condition to the full execution of this Agreement in consideration of Company's grant of rights to Purchaser as provided in this Agreement.

(2) The second installment of \$70,000 USD is due within 30 days after the Effective Date of this Agreement.

(b) **Production Number.** In consideration of Purchaser's payment of the Initial Deposit, Purchaser will have the right to receive a production number pursuant to the terms of this Agreement ("**Production Number**").

(1) **General Right.** Purchaser's payment of the first installment of \$75,000 USD reserves Purchaser's right to receive a Production Number, but does not guarantee any specific Production Number. Purchaser's right to obtain a production number will terminate in the event Purchaser fails to deliver the second installment of \$70,000 USD to Company within 30 days after the Effective Date of this Agreement.

(2) **Assignment of Production Number.** Upon Purchaser's payment of the Initial Deposit in full, Company will assign a specific Production Number to Purchaser.

(3) **Scope of Rights.** The Production Number represents Purchaser's priority for delivery of a Scorpion HX as compared with other purchasers, but does not guarantee any particular delivery date.

(4) **Basis for Assignment.** Production Numbers will be assigned based on the date and time at which Company received each installment of Purchaser's Initial Deposit, and will be assigned subject to Company's need to build and distribute Scorpion HXs for purposes of in-house and third-party testing, evaluation, and display prior to fulfilling client purchase orders.

(c) **Initial Deposit Non-Refundable.**

(1) The first payment of \$5,000 USD is a non-refundable payment that the Company will use for general corporate purposes as it elects in its sole discretion.

(2) If the Company timely receives Purchaser's Initial Deposit in full, Company will be entitled to immediately use such funds toward the production of the Scorpion HX. Any interest earned on the Initial Deposit will be retained by and become the property of the Company.

(d) **Refundability of Initial Deposit.** Purchaser's \$70,000 USD payment will be refunded only in the event the Company determines that it is unable to assign a Production Number due to an Impossibility of Production. The Company will issue such refund to Purchaser within 30 days after Company submits written notice of such determination to the Purchaser.

(e) **No Right to Cancel.** Subject to applicable law, upon paying an Initial Deposit, Purchaser will have no right to cancel Purchaser's reservation and will be required to make all further payments under this Agreement and consummate the purchase of Purchaser's reserved Scorpion HX. Purchaser's failure to make all further payments under this Agreement or to consummate the purchase will constitute a breach of this Agreement subject to the remedies provided in this Agreement and otherwise available to the Company at law or in equity.

2.02. **Step Two: Production Deposit and Options Selection.** Company will deliver written notice to Purchaser approximately 30 days prior to the anticipated initiation of production of the Scorpion HX, which notice will include an Options Selection Form ("**Production Notice**"). Within 15 days after the date of the Production Notice, Purchaser must pay an additional deposit of \$75,000 USD to Company by wire transfer, cashier's check, or such other form as Company may accept in its sole Discretion ("**Production Deposit**"). Purchase must return a completed Options Selection Form to the Company before actual production can commence. Company reserves the right to add, discontinue, or change the price of available options at any time prior to the Company's delivery of an Options Selection Form.

(a) **Options Selection.** Upon its receipt of the Production Deposit and completed Options Selection Form, the Company will confirm in writing to the Purchaser the total cost of all options selected by Purchaser, which sum will be required to be paid as part of the Final Payment as provided below in Section 2.03. Unless otherwise permitted by the Company in its discretion, Purchaser will not be entitled to change its selection of options as specified on the completed Options Selection Form.

(b) **Refundability of Production Deposit.** Purchaser will be entitled to a refund of the Production Deposit only in the event of an Impossibility of Production. The Company will issue such refund to Purchaser within 30 days of Company's issuance of written notice to the Purchase of its determination of the Impossibility of Production. Otherwise, the Production Deposit will not be refunded in whole or in part for any reason or under any circumstances. Under no circumstances will Purchaser be entitled to any interest on the Production Deposit. Refund of the Production Deposit will be Purchaser's sole and exclusive remedy in the event of an Impossibility of Production.

(c) **Failure to Pay Production Deposit.** If Purchaser fails to deliver the Production Deposit and a completed Options Selection Form within 30 days after the date of the Production Notice, Purchaser will be in breach of this Agreement. As a result of such breach, Purchaser will lose its Production Number, and will have no right to any refund of any funds previously paid to the Company for any reason under any circumstances. Notwithstanding and without limiting the foregoing, the Company will have the right, but under no circumstances the obligation, to accept, in Company's sole discretion, a Production Deposit and completed Options Selection form more than 30 days after the date of the Production Notice. In the event of such acceptance by the Company, Purchaser will retain its Production Number.

2.03. **Step Three: Final Payment.** The Company will deliver written notice to Purchaser when production of the Purchaser's Scorpion HX is 75% complete ("**Completion Notice**"). Within 15 days after Purchaser's receipt of the Completion Notice, Purchaser must pay to Company by wire transfer, cashier's check, or such other form as Company may accept in its sole Discretion, the sum of \$100,000 USD plus the total cost of all options selected by Purchaser as confirmed by the Company pursuant to Section 2.02(a) above ("**Final Payment**"). Within the same time period, Purchaser must also satisfy all other conditions of and take delivery of the Scorpion HX.

(a) **Delivery.** Final Payment is due prior to delivery of Purchaser's Scorpion HX, regardless of when or whether delivery is consummated. In addition to the Company's receipt of Purchaser's Final Payment, prior to and as conditions of delivery the Company will require Purchaser to execute Closing Documents. Purchaser will also be required to pay, either prior to or at the time of delivery, all applicable taxes, destination charges, and state and local fees (including but not limited to title fees), which sums are not included as part of the Final Payment. Purchaser may acquire the Scorpion HX only for delivery and use within the continental United States. Sales will be finalized by and in accordance with requirements of applicable law, any licenses held by the Company, and the terms and conditions of the Closing Documents.

(b) **Failure to Make Final Payment or Take Delivery.** Failure of Purchaser to remit Final Payment to the Company or take delivery of Purchaser's Scorpion HX within 15 days after Purchaser's receipt of the Completion Notice constitutes a breach of this Agreement and results in Purchaser's loss of its exclusive right to purchase the Scorpion HX previously reserved for Purchaser. Purchaser may still purchase the Scorpion HX previously reserved for it, but the price for such purchase may be increased to the greater of (1) the Purchase Price plus \$25,000 USD, or (2) the then-current market price for a Scorpion HX as determined by the Company in its sole discretion.

(c) **Company's Right to Sell.** In the event of a breach by Purchaser as described above in Section 2.03(b), the Company will have the uninhibited right to seek to mitigate its damages by offering the Scorpion HX previously reserved for Purchaser for sale to any other person or entity at a price determined by Company in its sole discretion ("**Mitigated Sale Price**").

(d) **Deficiency or Refund Upon Sale.**

(1) In the event the Company consummates the sale of the Scorpion HX previously reserved for Purchaser to another buyer and the Mitigated Sale Price is less than the Purchase Price, the Purchaser shall remain liable to the Company for the difference between the Purchaser's Purchase Price (inclusive of all deposits previously paid by the Purchaser) and the Mitigated Sale Price. The Company shall also be entitled to an additional disposal fee of the greater of \$25,000 USD or the actually costs incurred by the Company in securing another buyer for the car.

(2) In the event the Company consummates the sale of the Scorpion HX previously reserved for Purchaser to another buyer and the Mitigated Sale Price is higher than the Purchaser's Purchase Price (inclusive all deposits previously paid by Purchaser), the Company will remit to the Purchaser the difference between the Mitigated Sale Price and the Purchase Price after factoring in an additional disposal fee of the greater of \$25,000 USD or the actually costs incurred by the Company in securing another buyer for the car. The Company will remit an itemized schedule of costs incurred and amounts received and pay any excess amount received in connection with the Mitigated Sale within 30 days of consummation of the Mitigates Sale.

(3) **Right to Recover.** Nothing in this Section 2.03(b) will limit or inhibit the Company's rights to pursue legal action or otherwise recover from Purchaser for any breach of this Agreement by Purchaser, including Purchaser's failure to remit Final Payment or take delivery of Purchaser's Scorpion HX within the timeframe specified above in Section 2.03(b), to the extent Company is not made whole for such breach pursuant to the terms of this Section 2.03(c).

2.04. **Company's Right to Cancel.** Notwithstanding anything to the contrary in this Agreement, the Company may cancel this Agreement and refund all monies actually paid by Purchaser (except for the initial \$5,000 USD deposit) for the Initial Deposit, Production Deposit, and Final Payment, exclusive of any interest, in the event Company deems such cancellation necessary due to Impossibility of Production or any other reason. The Company will issue a refund to Purchaser under this Section 2.04 within 30 days after Company's issuance of written notice to Purchaser concerning cancellation of this Agreement. The refund issued to Purchaser under this Section 2.04 will be Purchaser's sole and exclusive remedy in the event of cancellation of this Agreement by the Company.

2.05. **Use of Deposits.** Company reserves the rights to use deposit funds for operating capital and for purposes determined by the Company in its sole discretion.

### Article 3

#### Purchaser's Representations and Warranties

3.01. **Representations and Warranties.** Purchaser represents and warrants to the Company the following as of the Effective Date:

(a) **Authority.** The making, execution, delivery, and performance of this Agreement by Purchaser constitute valid and binding obligations enforceable in accordance with the terms of this Agreement. Purchaser has obtained all necessary authority, consents, and approvals required to enter into this Agreement and carry out the transactions contemplated in this Agreement.

(b) **Counsel.** PURCHASER HAS HAD AN OPPORTUNITY TO CONSULT LEGAL AND TAX COUNSEL REGARDING THIS AGREEMENT.

(c) **Age.** Purchaser is a legal resident of the United States of at least 18 years

(d) **Domestic Delivery and Use.** Purchaser will take delivery of Purchaser's Scorpion HX in the United States for use only in the United States. If Purchaser takes, operates, or causes to be taken or operated, the Scorpion HX outside the United States, in addition to any other remedy available for such breach of this Agreement, Purchaser is solely liable for any and all consequences of such action, including but not limited to payment of all applicable taxes, tariffs, and fees, and violation of any applicable law or regulation (whether domestic or foreign) and for any and all licenses, permits, fees, approvals, modifications and refinements necessary for certification in any country outside the United States. The Company's representations and warranties concerning the Scorpion HX shall become immediately terminated, null and void in the event the Scorpion HX is modified in any way that is not performed by or under the specific written authority and approval of the Company.

**Article 4**

**General Provisions**

4.01 **Notices.** Notices will be in writing and will be deemed delivered in person when delivered by courier or mailed postage prepaid by certified or registered mail, return receipt requested, to the person and address designated below. Notice will be deemed given on the date of receipt, as evidenced in the case of certified or registered mail by return receipt. Notice of any change of address by either Company or Purchaser will be given sufficiently in advance of such change and will include the date on which such change will be effective.

**COMPANY**

Ronn Motor Company  
4305 Highway 2147  
Cottonwood Shores, Texas 78657

**PURCHASER**

4.02 **Assignment.** This Agreement may not be assigned by Purchaser without the express prior written consent of the Company. Subject to the forgoing, this Agreement and its terms and provisions inure to the benefit of and are binding upon the Purchaser and Purchaser's respective successors, heirs, and permitted assigns.

4.03 **Governing Law and Venue.** As a material inducement to the Company to enter into this Agreement, this Agreement will be construed in accordance with and governed by the internal law of the State of Texas (without reference to its rules as to conflicts of law). The parties irrevocably submit to the exclusive jurisdiction of any state or federal court in Dallas County, Texas, with respect to any action or proceeding arising out of or relating to this Agreement. The parties consent to and grant to any such court jurisdiction over the persons of such parties and over the subject matter of any such dispute.

4.04 **Waiver of Trial by Jury.** THE PARTIES EXPRESSLY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING ANY DISPUTE, CONTROVERSY OR CLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

4.05 **Interpretations in Writing.** Despite the possibility that one party or its representatives may have prepared the initial draft of this Agreement or played a greater role in the preparation of subsequent drafts, the parties agree that neither of them will be deemed the drafter of this Agreement and that, in construing this Agreement, no provision will be construed in favor of one party on the ground that such provision was drafted by the other. If any claim is made by a party relating to any conflict, omission, or ambiguity in the provisions of this Agreement, no presumption or burden of proof or persuasion will be implied because this Agreement was prepared by or at the request of either party or its counsel.

4.06 **Amendment.** Any alteration, modification, or amendment of a provision of this Agreement will not be binding unless such alteration, modification, or amendment is in writing and signed by authorized representatives of each party.

4.07 **Limitations of Liability.** The Company will not be liable, under any circumstances, for any damages, including but not limited to any incidental, special, exemplary, or consequential damages, arising out of Purchaser's reservation or any services provided under this Agreement, even if the Company or its representative has been advised of the possibility of such damages. In the event the Company is held liable for any damages related to this Agreement, Purchaser's sole and exclusive remedy will be limited to reimbursement of monies actually paid under this Agreement, subject to the other limitations on remedies contained in this Agreement as related to refunds of the various deposits.

4.08 **Waiver.** A waiver by a party of any provision of this Agreement in any instance will not be deemed a waiver of such provision, or any other provision of this Agreement, as to any future instance or occurrence. All remedies, rights, undertakings, and obligations contained in this Agreement will be cumulative and none of them will be in limitation of any other remedy, right, undertaking, or obligation of a party.

4.09 **Relationship of Parties.** The parties hereto are independent contractors and this Agreement does not create any other relationship between the parties hereto.

4.10 **Entire Agreement.** This Agreement contains the entire understanding of the parties and supersedes all previous verbal and other written agreements between the parties with respect to the subject matter of the foregoing, except any additional documents to be executed which are contemplated by this Agreement, such as Closing Documents.

4.11 **Severability.** The provisions of this Agreement are severable. The invalidity, in whole or in part, of any provision of this Agreement will not affect the validity or enforceability of any other of its provisions. If one or more provisions of this Agreement are declared invalid or unenforceable, the remaining provisions will remain in full force and effect and will be construed in the broadest possible manner to effectuate the purposes of this Agreement. The parties further agree to replace such void or unenforceable provisions of this Agreement with valid and enforceable provisions that will achieve, to the extent possible, the economic, business, and other purposes of the void or unenforceable provisions.

4.12 **Captions.** The headings and captions of this Agreement are inserted for reference convenience and do not define, limit, or describe the scope or intent of this Agreement or any particular section, paragraph, or provision of this Agreement. Unless otherwise expressly provided, the words "include(s)," "included," or "including" do not limit the preceding words or terms. Pronouns will refer to the masculine, feminine, neuter, singular, or plural as the context will require.

4.13 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which may be executed by less than all of the parties, each of which will be enforceable against the parties actually executing such counterparts, and all of which together will constitute one instrument.

4.14 **Litigation Expense.** In any suit or action brought to enforce any term, condition or covenant of this Agreement or to recover damages arising from any breach of this Agreement, the losing party will pay the substantially prevailing or successful party's reasonable attorneys' fees and all other reasonable costs and expenses that may be incurred by the successful party in any suit, action or in any reviews or appeals, including those fees and costs incurred in any bankruptcy case or proceeding.

4.15 **Additional Documents**. The parties agree to execute any further instruments and perform any acts that are or may become reasonably necessary to carry out the intent of this Agreement, including the execution of the Closing Documents and any other documents deemed by Company to be necessary or appropriate to complete the sale of a Scorpion HX to Purchaser.

4.16 **Survival**. The terms of Article 3 and Article 4 will survive indefinitely.

4.17 **Company Signature Required**. This Agreement is not effective unless and until it has been executed by an authorized representative of Company and the Initial Deposit has been paid by Purchaser and received by Company.

The parties have executed this Agreement effective as of the Effective Date.

**COMPANY**

**Ronn Motor Company**

By: \_\_\_\_\_

Name:

Title:

**PURCHASER:**

By: \_\_\_\_\_

Name:

Title:

## Appendix A

### Definitions

As used in this Agreement, the following defined terms have the meanings set forth below. The definition of a term applies to all variants of the term. Where a plural term is defined, reference to a singular form refers to a single member of the group defined by the plural term. If the group defined by a plural term consists of one member, it is equivalent to the singular.

(a) “**Agreement**” means this Reservation Agreement dated effective as of the Effective Date, as it may be amended from time to time, including all appendixes, exhibits, addendums, and other attachments that are incorporated into this Agreement.

(b) “**Closing Documents**” means any and all documentation, including but not limited to any sales contract or bill of sale, containing terms and conditions deemed necessary and appropriate by the Company in its sole discretion and as may be required by law in order to consummate the sale of a Scorpion HX to Purchaser.

(c) “**Company**” means Ronn Motor Company, a Delaware corporation.

(d) “**Effective Date**” means \_\_\_\_\_ April, 2009.

(e) “**Impossibility of Production**” means the occurrence or existence of an event, condition, or circumstance that makes it impossible for the Company to complete production of the Purchaser’s Scorpion HX, as determined in the Company’s sole discretion or as finally adjudicated by a court of competent jurisdiction, including but not limited to labor disturbances or disputes, accidents, failure of any governmental approval required for full performance or production of the Scorpion HX, civil disorders or commotions, acts of aggression, terrorist activities, war, acts of God, energy or other conservation measures, explosions, failure of utilities, mechanical breakdowns, material shortages, disease, or other such events, occurrences, or similar circumstances.

(f) “**Party**” and “**Parties**” means Company and/or Purchaser, as applicable.

(g) “**Purchaser**” means , a duly organized, validly existing, and in good standing entity under the laws of the State of \_\_\_\_\_, and its successors and permitted assigns; or an individual resident of the State of \_\_\_\_\_, and his/her heirs, successors, and permitted assigns

(h) “**Scorpion HX**” means the premium, hand-built, eco-exotic sports car designed and to be produced by Ronn Motor Company upon its specifications and pursuant to the Purchaser’s selected options.