

**PRELIMINARY ACCEPTANCE OF PROJECT
MEMORANDUM OF UNDERSTANDING**

This Memorandum of Understanding is executed by Rose-Hulman Institute of
Technology acting through its Engenius Solutions program ("Engenius Solutions") and
_____ ("Project Applicant")

WITNESSETH:

WHEREAS, Project Applicant has submitted a Project Application to Engenius Solutions for consideration and,

WHEREAS, Engenius Solutions has preliminarily selected for consideration and investigation, the project referred to in the Project Application and needs more time to conduct further due diligence regarding the feasibility, practicality, the educational Benefit and potential for successful commercialization of the project ("Project") described in the Project Application.

NOW THEREFORE,

In consideration of the mutual covenants herein set forth, the parties do hereby agree as follows:

1. The terms and provisions of that Mutual Confidentiality Agreement and/or Engenius Solutions Team Member Agreement as applicable, previously executed by the parties shall remain in full force and effect.
2. Although the Project has been preliminarily selected as a Project for Engenius Solutions to investigate, no final decision has been made and will not be made to pursue further development and commercialization of the Project ("Phase III") at this time. Engenius Solutions will notify Project Applicant if they intend to enter into Phase III at which time a new agreement will be executed. During this period ("Phase II"), the parties agree to cooperate such that Engenius Solutions can conduct such due diligence, investigations, preliminary design concept, consider improvements or enhancements to any inventions, authorship works or other ideas referred to or suggested in the Project Application or the Information provided by the Project Applicant. The decision as to whether or not to enter Phase III remains at the sole discretion of Engenius Solutions. Should Engenius Solutions decide to pursue Phase III development after said due diligence and investigations, Engenius Solutions will so notify the Project Applicant at which time the terms and provisions of a more definitive Inventor's Agreement will be negotiated and entered into which shall define the right, duties and obligations of the parties in pursuing further development and potential commercialization of the Project (as it may have been improved, enhanced or further developed by Engenius Solutions Team Members).

3. Nothing in this Agreement shall require Engenius Solutions to pursue any patent or copyright with respect to any invention or authorship work whatsoever, nor to pursue the protection of any intellectual property rights. This Agreement is for the purpose of authorizing Engenius Solutions to investigate further to determine suitability of the Project as a project for Engenius Solutions to pursue, and Engenius Solutions is under no obligation to accept any project offered by the Discloser nor to pursue any enhancement or development or commercialization of any invention or intellectual property contained in the Project Application or in any Information given by a Discloser to Engenius Solutions.

4. Engenius Solutions will incur expenses such as in connection with its due diligence pursuant to this Memorandum of Understanding which cost will be absorbed by Engenius Solutions if the Project does not proceed to Phase III of the process. If Engenius Solutions decides to pursue Phase III development, these costs are expected to be recouped under the terms of the final Inventor's Agreement between the parties if and when executed. By way of example, if the Project moves to Phase III under the terms of an Inventor's Agreement, additional costs outlined below are likely to be incurred and the sharing of such costs must also be addressed in the Inventor's Agreement. _____

5. It is understood by the parties that Engenius Solutions and its Team Members may make or suggest certain preliminary improvements and enhancements to the invention or work described in the Project Application or conduct some preliminary further designs based upon the information associated with the Project. Any inventions or authorship works (whether copyrighted or not) or Information and intellectual property rights with respect thereto up to the date of this Agreement shall continue to be owned by the rightful Owner(s) thereof. However, any improvements, enhancements or additional designs made by Engenius Solutions or its Team Members hereafter in connection with the Project shall remain and become the exclusive property of Engenius Solutions or its designee, whether patentable or copyrighted or not.

6. Engenius Solutions may terminate this Memorandum of Understanding at any time for any reason upon thirty (30) days written notice to the Project Applicant.

Executed by the parties on this _____ day of _____, 2004.

Rose-Hulman Institute of Technology
(Engenius Solutions)

Project Applicant:

By: _____
Signature

Signature