

ILCO INDUSTRIES, INC. STANDARD TERMS AND CONDITIONS OF SALE

- 1. Entire Agreement.** This document including both front and back pages and all attachments, is a confirmation of an order placed by the Purchaser (as identified on a Sales Document) with ILCO Industries, Inc. ("Seller"), and constitutes the contract between Purchaser and Seller for the purchase of the goods and/or services set forth herein. It also contains all of the terms and conditions of the agreement between Purchaser and Seller. Any inconsistent or additional terms printed on Purchaser's order, acknowledgment or other documents are hereby expressly rejected by Seller. Purchaser shall be deemed to have accepted the terms and conditions hereof (a) Purchaser submits an order based on Seller's quotation, (b) when Purchaser receives and retains an invoice without written objection for ten (10) days, or (c) when Purchaser accepts delivery of all or any part of the goods or services covered hereby. No statement or representations by Seller or its agents shall be binding upon Seller and/or its successors or assigns except as set forth in writing.
- 2. Seller.** Seller shall be defined as ILCO Industries, Inc. and/or its successors or assigns.
- 3. Price.** Unless otherwise indicated on a Sales Doc. (quotation, pur. order, contract, or invoice), prices are based on delivery F.O.B. at Seller's facility and do not include expenses attributable to storage, loading or pay to Seller on demand any charges made by Seller or others for storage, export packaging, loading or shipping the goods on behalf of Purch.
- 4. Payment: Warranty of Solvency.** The amount shown on Seller's invoice shall be due and payable in cash within thirty (30) days of the date thereof, unless otherwise stated on a Sales Document. If not timely paid, interest shall be added to the unpaid balance thereof on a monthly basis at the rate of 1½ percent per month. Purchaser warrants that it is solvent and able to pay for the goods and/or services being purchased hereunder in accordance with the state payments terms.
- 5. Taxes.** Any taxes that Seller may be required to pay or collect, upon or with respect to the manufacture, sale, purchase, delivery, or storage of the goods or any material relating thereto, shall be for the account of Purchaser, which shall promptly pay such to Seller upon demand.
- 6. Force Majeure.** Seller will not be liable for any delay in the performance of orders or contracts, or in the delivery or shipment of goods, or for any damages suffered by Purchaser by reason of such delay, when such delay is directly or indirectly caused by, or in any manner arises from storms, fires, floods, accidents, earthquakes, acts of terrorism, natural disasters, insurrections, riots, acts of God, war, acts of war (whether declared or not), governmental embargoes, strikes, lockouts, labor difficulties, equipment breakdowns, shortage of labor, fuel power, materials and supplies, transportation delays or any other cause or causes (whether or not similar in nature to any of these herein specified) beyond Seller's control or beyond the control of Seller's suppliers. Seller will promptly notify Purchaser of the occurrence of a force majeure event.
- 7. Risk of Loss; Damage in Transit.** Purchaser assumes all risk of loss or damage to goods from the time the goods leave Seller's facilities unless otherwise stated on a Sales Doc.
- 8. Defects; Inspection; Notification.** Purchaser must notify Seller in writing of any claimed shortage or visible nonconformity or defect in the goods within thirty (30) days of Purchaser's receipt of the goods. Purchaser must notify Seller in writing of any other claimed shortage, non-conformity, or defect in the goods within ninety (90) days of receipt. Failure to notify Seller of a claimed shortage, non-conformity or defect within the time period set forth above will be deemed to be a waiver of Purchaser's right to seek any remedy from Seller.
- 9. Technical Assistance.** Unless otherwise agreed by Seller (a) any technical advice provided by Seller with respect to the use of the goods or services furnished to Purchaser shall be without charge, (b) Seller assumes no obligation or liability for any such advice, or for any results occurring as a result such advice, and (c) Seller shall bear no responsibility for selection and specification of the goods or services appropriate for the end use of such goods or services.
- 10. Manufacturing Standards.** Except as expressly agreed to in writing by Seller, the goods furnished hereunder shall be supplied and produced in accordance with AS 9100 and NADCAP standards. All products, however, including those produced to meet an exact specification shall be subject to mill tolerances and variations, consistent with good mill practices in respect to dimension, weight, straightness, section, composition and mechanical properties, and to certifications as provided by the manufacturer, if any, for the goods herein. Certification will be supplied by Purchaser upon written request, therefore.
- 11. Patent Infringement.** Purchaser warrants to Seller that the manufacture or other processing by Seller of any goods sold to Purchaser for which Purchaser has provided the plans specified or design, will not infringe upon the patent or other property rights of any person. Purchaser shall indemnify and hold Seller harmless from all losses, damages, costs and causes of action arising out of the inaccuracy of such warranty.
- 12. Warranty; Disclaimer.** Seller warrants to purchaser, but not to anyone else, that the goods will conform to the express specification shown on a sales doc. Or to such other specification as seller shall have agreed to in writing. Seller makes no other warrant of any kind, express or implied (including no warranty of merchantability, fitness for a particular purpose, usage of trade) to any person or entity with regard to the goods and/or services covered hereby.
- 13. Exclusivity of Purchaser's Remedy; Limitation of Damages.** Purchaser's sole and exclusive remedy for defective goods for service under paragraph 8 above, if any, shall be at seller's option, repair, replacement or refund of purchase price for defective goods, seller shall not be liable under any circumstances, including, but not limited to any claim for breach of warranty (express or implied), tort (including negligence) or strict liability, for any actual, incidental, contingent, special, or consequential damages arising from or out of this agreement or the goods and/or services or other items furnished to purchaser here under. Seller shall no liability for loss of profits or revenue, loss of use of goods or services or other items to be furnished to purchaser hereunder, cost of capital, cost of substitute equipment, additional costs incurred by purchaser at its plant or in the field (whether by the way of correction or otherwise) or claims of purchaser's customers or other third parties for damages.
- 14. Seller's Remedies.** Seller shall have the right at any time it deems itself insecure or upon Purchaser's default or threatened default, to withhold shipments, without the necessity of any other proceedings. Purchaser hereby agrees that all goods so recalled, retaken or repossessed shall be the absolute property of Seller. In the event that Purchaser defaults in the performance of any of the terms or conditions hereof, or in the event of a proceeding in bankruptcy, an assignment for the benefit of creditors, insolvency, receivership, or re-organization being instituted by or against Purchaser or Purchaser's property or business. Seller may, at its option, terminate a Sales Document upon written notice to Purchaser and the entire purchase price shall become immediately due and payable. If at the time of any default, bankruptcy or insolvency of the Purchaser, the Purchaser is entitled to any credit or payment or payment from Seller. Seller shall have the right to set off against such obligations any amounts then due and Seller shall have the right to set off against such obligations any amounts then due and owing to Seller from Purchaser. In case of Purchaser's breach, Seller may recover, in addition to all sums due and unpaid under this invoice, all costs and expenses of collection, including reasonable attorney's fees. Nothing herein stated shall be construed as limiting in any manner any of the rights or remedies available to Seller because of any default of Purchaser under the Uniform Commercial Code or other law in effect on the date hereof.
- 15. Assignment.** Purchaser agrees that it will not assign its right under any Sales Documents to any other person without the express written consent of Seller.
- 16. Security Interest.** Seller hereby retains and Purchaser hereby grants to Seller, a purchase money security interest in all goods described on the reverse side hereof, which shall continue until seller has been paid the full amounts due hereunder.
- 17. Limitation of Action.** Any action by Purchaser against Seller for any breach of any Sales Document must be commenced with one (1) year of such breach.
- 18. Applicable Law.** The terms, conditions and covenants contained herein shall be governed by and construed in accordance with the laws of the state of California, as they apply to transactions between merchants. In any provision or provisions hereof are declared to be void, such provision or provisions shall be deemed served from this document, which shall otherwise remain in full force and effect.
- 19. Dispute Resolution.** If a dispute arises regarding the interpretation or performance of this Agreement, the dispute shall be mediated by a single neutral mediator not affiliated with any of the parties (the "Neutral"). Such Mediation shall take place in Los Angeles County, California. In the event the parties are not successful in resolving the dispute through mediation the dispute shall be resolved by binding Arbitration in accordance with the rules of the American Arbitration Association governing commercial transaction. Such arbitration shall take place in Low Angeles County, California.
- 20. Shipping Tolerance.** All orders are subject to shipping tolerances of +/- 10%.
- 21. Quotations.** Unless otherwise stated, quoted prices are valid only for a period of thirty (30) days from the quotation date. Any orders placed shall be subject to Seller's Standard Terms and Conditions of Sale. Shipping dates (if stated) are based on Seller's best estimate of the time required to process the order covered by this Invoice. Seller shall not be responsible for loss or damages incurred as a result of a change in shipping date.
- 22. Cancellation.** Buyer agrees that an order shall in no event be subject to cancellation except upon the prior written consent of Seller.