

STANDARD TERMS AND CONDITIONS OF SALE (Order Acknowledgment/Invoice)

1. **Acceptance.** SELLER'S ACCEPTANCE OF BUYER'S PURCHASE ORDER IS EXPRESSLY MADE CONDITIONAL ON BUYER'S ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS OF SALE, WHICH ARE IN LIEU OF ANY ADDITIONAL OR DIFFERENT TERMS CONTAINED IN BUYER'S PURCHASE ORDER OR OTHER DOCUMENT OR COMMUNICATION PERTAINING TO BUYER'S ORDER OR THE GOODS. BUYER'S ASSENT TO THE TERMS AND CONDITIONS CONTAINED IN THIS DOCUMENT SHALL BE CONCLUSIVELY PRESUMED FROM BUYER'S ACCEPTANCE OF ALL OR ANY PART OF THE GOODS OR FROM PAYMENT BY BUYER FOR ALL OR ANY PART OF THE GOODS. NONE OF THESE TERMS AND CONDITIONS MAY BE ADDED TO, MODIFIED, SUPERCEDED OR OTHERWISE ALTERED, EXCEPT BY A WRITTEN INSTRUMENT SIGNED BY AN AUTHORIZED EXECUTIVE OF SELLER. FAILURE OF SELLER TO OBJECT TO ANY TERMS OR CONDITIONS WHICH MAY BE CONTAINED IN ANY DOCUMENT OR FORM OF BUYER SHALL NOT BE CONSTRUED AS A WAIVER OF THESE CONDITIONS, NOR AS AN ACCEPTANCE OF ANY SUCH TERMS AND CONDITIONS.
2. **Payment Terms.** Payment terms are 30% downpayment of the total balance is due to begin the order, the remaining 70% of the total balance amount is due upon arrival to the to the destination port of entry. No shipments shall be released into the destination country before the complete and full balance of the total order amount has been collected. Any payments not made within thirty (30) days of the date the carrier vessel docks at the destination port shall be subject to a late payment charge of 1½% per month (compounded) on the unpaid balance of any amount then passed due.
3. **Taxes.** The quoted purchase price may be increased to the extent that Seller's cost of the product sold hereunder may be increased as a result of (1) any agreements, codes, or legislative enactments made or enacted pursuant to federal, state or municipal legislation; and (2) increase in the cost of labor or raw materials. In addition to paying the quoted purchase price, Buyer is solely liable for any excises, levies or taxes which Seller may be required to pay or collect, under any existing or future law, upon or with respect to the sale, purchase, delivery, storage, processing, use, consumption or transportation of any of the goods covered hereby, and Buyer agrees to pay the amount thereof on the same terms as it shall pay the quoted purchase price.
4. **Warranty.** Seller warrants that the goods supplied under this invoice (the "Goods") shall conform to the description stated on the reverse side hereof. THE FOREGOING WARRANTY IS SELLER'S SOLE WARRANTY WITH RESPECT TO THESE GOODS. ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, ARE HEREBY
5. **DISCLAIMED.** SELLER'S LIABILITY FOR BREACH OF WARRANTY HEREUNDER IS LIMITED SOLELY TO THE REPLACEMENT OF THE DEFECTIVE GOODS, WHICH SHALL BE RETURNED TO SELLER'S PLANT, TRANSPORTATION CHARGES PREPAID BY BUYER; AND THE FAILURE TO GIVE NOTICE OF A WARRANTY CLAIM WITHIN THIRTY (30) DAYS FROM DATE OF DELIVERY SHALL CONSTITUTE A WAIVER BY BORROWER OF ALL CLAIMS IN RESPECT TO SUCH GOODS. THE FOREGOING SHALL CONSTITUTE THE SOLE REMEDY OF BUYER AND THE SOLE LIABILITY OF SELLER UNDER THIS WARRANTY.
6. **LIMITATION OF LIABILITY.** SELLER'S LIABILITY TO BUYER, WHETHER IN CONTRACT, IN TORT, UNDER ANY WARRANTY, IN NEGLIGENCE OR OTHERWISE, SHALL NOT EXCEED IN ANY CASE THE RETURN OF THE AMOUNT OF THE PURCHASE PRICE PAID BY BUYER AND UNDER NO CIRCUMSTANCES SHALL SELLER BE LIABLE FOR SPECIAL, IN DIRECT OR CONSEQUENTIAL DAMAGES. THE PRICE STATED FOR THE GOODS IS CONSIDERATION FOR LIMITING SELLER'S LIABILITY. NO ACTION, REGARDLESS OF FORM, ARISING OUT OF THE TRANSACTIONS UNDER THIS INVOICE MAY BE BROUGHT BY BUYER MORE THAN ONE (1) YEAR AFTER THE DATE OF THIS INVOICE. WITHOUT LIMITATION OF THE FOREGOING, IN NO EVENT WILL SELLER BE RESPONSIBLE OR LIABLE FOR (A) PENALTIES OR PENALTY CLAUSES OF ANY DESCRIPTION, OR (B) INDEMNIFICATION OF BUYER OR OTHERS FOR COSTS, DAMAGES OR EXPENSES ARISING OUT OF OR RELATED TO THE GOODS.
7. **Claims.** Claims by Buyer for shortages or errors in delivery must be made within five (5) days after the delivery of the Goods. Goods are sold subject to the standard manufacturing practices of Seller's suppliers. Goods purchased on the basis of weight are subject to customary quantity variations recognized by practice in the industry.
8. **Returns.** No Goods shall be returned for credit without first obtaining written consent from an executive officer of Seller.
9. **Shipment.** Delivery terms are F.O.B., as specified on the reverse side of this document. Buyer shall assume all risk of loss or damage upon delivery by Seller to the carrier at the point of shipment. Scheduled dates of delivery are determined from the date of Seller's acceptance of any order or orders placed by Buyer and are estimates of approximate dates of delivery, not a guaranty of a particular date of delivery. Seller shall not be liable for any damages caused by failure or delay in shipping the goods described herein, if such failure or delay is due to any war, embargo, riot, fire, flood, accident, mill condition, strike or other labor difficulty, an act of Buyer, an act of God, an act of

a governmental authority, transportation shortage or failure, inability to obtain sufficient fuel, labor, materials or manufacturing facilities, or any other cause beyond the reasonable control of Seller.

10. **Security Interest.** Shipments, deliveries and performance of work by Seller shall at all times be subject to the approval of and requirements of the credit department of Seller, including the requirement that Buyer pay part or all of the purchase price in advance. Seller retains a purchase money security interest in all Goods not paid for in full, notwithstanding that the goods have been delivered to Buyer, and Buyer hereby authorized Seller to execute and file financing statements describing the Goods, and other document which may be requested by Seller to evidence its security interest.
11. **Cancellation.** Orders accepted by Seller are subject to cancellation by Buyer only upon the express written consent of Seller. Upon such cancellation and consent, Seller shall cease work and hold for Buyer all completed and partially completed articles and work in progress and Buyer shall pay Seller: for all work and materials that have been committed to and/or identified to Buyer's order plus a cancellation charge as prescribed by Seller, in addition to a reasonable profit to Seller on the entire contract.
12. **Indemnification.** In addition to the foregoing, Buyer agrees to save and hold Seller harmless from any claims, demands, liabilities, costs, expenses or judgments arising in whole or in part, directly or indirectly, out of the negligence or lack of care by Buyer or Buyer's customers, agents, employees or invitees involving the use of the goods supplied by Seller. This indemnification shall include all costs, attorney's fees and other expenses paid or incurred by or imposed upon Seller in connection with the defense of any such claim.
13. **Governing Law.** Any agreement arising out of this transaction shall be deemed to have been made in Santa Ana, Orange County, California. The parties agree that the validity, interpretation and performance of any agreement arising out of this transaction shall be governed by the laws of the State of California without regard to conflicts of interest laws. Buyer and Seller hereby submit to the exclusive jurisdiction for the resolution of any disputes here under, to the Orange County Superior Court, Orange County, California. This shall be the sole and exclusive jurisdiction and venue for the purpose of adjudication of any rights and liabilities hereunder.
14. **Default.** In the case of default or breach by Buyer in the performance of any or all of the provisions of this agreement, Seller may cancel any outstanding order from Buyer and declare all obligations immediately due and payable, and shall in addition have all remedies afforded by the Uniform Commercial Code as enacted in California, and any other applicable law. Buyer shall in addition, be liable for Seller's expenses incurred in exercising any remedies available to it, including reasonable attorney's fees and legal expenses. All unpaid obligations shall bear interest

at the contract rate provided under terms of payment above.

15. **Delay.** If Buyer requests deferral of deliveries, Seller's agreement to defer delivery shall not excuse Buyer from its obligation to pay for the goods at the same times and in the same quantities as the original delivery schedule, including interest due pursuant to these terms and conditions. In addition to adhering to the original payment schedule, Buyer shall pay such storage charges as Seller may assess for storing the goods awaiting delivery. If Buyer requests deferral prior to commencement of production, Seller may require progress payments in connection with expenses for materials and services incurred by Seller in anticipation of production.