



## TERMS AND CONDITIONS OF SALE

1. **ACCEPTANCE.** All orders are subject to approval by an officer or other authorized official of RENC O ENCODERS, INC. (hereinafter referred to as "Seller") at its offices in Goleta. Orders submitted on Buyer's own purchase order forms, which forms may contain statements, clauses, or conditions modifying, adding to, repugnant to, or inconsistent with the terms and provisions of the Seller herein contained will be accepted by the Seller only upon condition and with the express understanding that notwithstanding any such statements, clauses, or conditions contained in any order forms of the Buyer the liabilities of the Seller shall be determined solely by its own terms and conditions of sale, and in accepting and consummating such order the Seller shall be deemed not to have in any way changed, enlarged or modified its liabilities or obligations as fixed by such terms and conditions of sale as stated by the Seller herein.
2. **PRICES AND TERMS OF PAYMENT.** This order is accepted subject to Seller's selling prices in effect as of date of shipment. Remittances are to be made in funds collectible at par in Goleta, California. Unless otherwise specifically agreed to by Seller in writing, the terms of sale shall be net thirty (30) days based on the date of invoice. All prices are F.O.B. Seller's plant, Goleta, California. Published prices and discounts are subject to change without notice. All written quotations expire after thirty (30) calendar days from the date of quotation unless withdrawn in writing, at an earlier date, except when a quotation expressly provides otherwise.
3. **TAXES.** Prices on the products specified herein are exclusive of all City, State and Federal Taxes, including without limitation, Federal, State or Municipal Taxes on manufacture, sale, receipts, gross income, occupation, use, and similar taxes. Such tax or taxes are not included in either our net catalog or quoted price and will be added to the invoice as a separate charge and paid by Buyer.
4. **CREDIT.** Buyer agrees to make prompt payment in accordance with the terms hereof. Seller reserves the right to modify, change, or withdraw credit terms at any time without notice and to require guarantees, security or payment in advance of the amount of credit involved.
5. **PACKAGING.** Seller reserves the right to select the manner in which the product is packaged. Special requirements for packing will be subject to extra charges unless otherwise agreed to by Seller in writing.
6. **TRANSPORTATION.** In ordering, state explicitly whether shipment is to be made by freight, express, parcel post, or otherwise. If Buyer prefers a certain forwarding agent to handle the shipments, complete instructions must be given. In the absence of specific directions before date of shipment, products will be shipped by the method and by the carrier or delivered to a forwarding agent selected by Seller.
7. **DAMAGE OR DELAY IN TRANSIT.** Seller assumes no liability beyond delivery to the carrier or forwarding agent of the product in good order, and is not liable for loss, damage, or delay occurring thereafter. All claims for breakage and damage should be made to the carrier, but Seller will render Buyer all reasonable assistance in securing satisfactory adjustment of such claims.
8. **SHIPPING SCHEDULE.** Seller will establish shipping schedules as closely as possible in accordance with the Buyer's expressed needs, will state expected shipping dates when requested and will exercise diligence in meeting these estimated dates. However, Seller shall not be liable for delays in the performance of any purchase order or default in delivery arising out of causes beyond the control and without the fault or negligence of Seller. Should shipments be held beyond scheduled shipping date at the request of Buyer, products will be billed as of scheduled shipping date and charges will be made for warehousing, trucking, and other expenses incident to such delay.
9. **DELAYS.** Seller will not be liable for any delay in the performances hereof or for any damages suffered by the Buyer by reason of such delay if caused or arising directly or indirectly from fires, floods, earthquakes, substantial damage to its plant, accidents, riots, acts of God, open hostilities, declarations of national emergencies, war, governmental interferences or embargoes, strikes, labor difficulties, shortage of labor, fuel power, materials, or supplies, or any other cause or causes (whether or not similar in nature to any of those hereinabove specified) beyond its control.
10. **CANCELLATION AND ALTERATION.** Orders accepted by Seller cannot be countermanded or deliveries deferred by Buyer except with Seller's prior written consent and then only upon such items as shall be acceptable to Seller. Orders for special items or for standard catalog items not normally produced or stocked in quantity may be canceled or altered by the purchaser only upon payment of reasonable charges based upon expenses already incurred by Seller, including reasonable profit. Cancellation charges on such completed items will be 100% of the selling price. Seller reserves the right to manufacture ahead of the shipping schedule whenever it is deemed necessary and such advanced manufacturer shall not void Buyer's responsibility for cancellation or alteration.
11. **INSPECTION AND ACCEPTANCE.** The products covered hereby shall be deemed finally inspected and accepted within ten (10) days after receipt thereof unless notice of claim is given in writing to the Seller within that period.
12. **WARRANTY.** Seller warrants that all products will be free under normal use and service from substantial defects in material or workmanship and that all products manufactured or furnished by Seller to Buyer's special order or to specifications furnished or approved by Buyer will conform within reasonable tolerances to such specifications. THERE ARE NO WARRANTIES, EXPRESS OR IMPLIED, EXCEPT AS PROVIDED IN THE PRECEDING SENTENCE. SELLER EXPRESSLY EXCLUDES ANY WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE, APPLICATION OR USE. BEFORE PURCHASING, BUYER SHALL DETERMINE THE SUITABILITY OF THE PRODUCTS FOR ITS INTENDED USE, AND BUYER ASSUMES ALL RISK AND LIABILITY THEREFOR.
13. **LIMITATION OF SELLER'S LIABILITY.** If any product fails within two (2) years from the date of manufacture or within such other time as is specified by the Seller on the face hereof, to be as warranted herein, Seller agrees, provided Seller is notified promptly upon discovery of such defect, at Seller's option, to repair or replace the same without charge to Buyer, provided the product is returned to Seller's factory or designated agent with transportation charges prepaid and the product upon examination is found not to have been as warranted herein. This warranty is applicable only when the product has been properly installed, maintained and operated within the limits of rated and normal usage. All recommendations and representations as to the working accuracy of a system or device are based upon test and performance of the unit at the Seller's plant. Such recommendations and applications are not applicable to any loss of performance of the unit resulting from misuse or any variation in the environment from the standard conditions at Seller's plant in Goleta, California existing prior to shipment. THE REMEDY PROVIDED IN THE PRECEDING SENTENCES SHALL BE THE SOLE AND EXCLUSIVE REMEDY OF THE BUYER. SELLER'S LIABILITIES SHALL IN NO EVENT EXCEED THE PURCHASE PRICE OF THE PRODUCT. SELLER SHALL NOT BE LIABLE IN ANY EVENT FOR ANY SPECIAL INCIDENTAL OR CONSEQUENTIAL DAMAGES RESULTING FROM LATE OR NON-DELIVERY, FROM USE, SALE, HANDLING OR POSSESSION OF THE PRODUCT OR FROM ANY OTHER CAUSE WHATSOEVER.
14. **PATENTS.** Seller will defend any suit or proceeding brought against its vendors, mediate or immediate, so far as based upon a claim that any product, or any part thereof or any normal and necessary use thereof constitutes an infringement of any United States patent, if notified in reasonable time and given authority, information and assistance (at Seller's expense) for the defense of same, and Seller shall pay all legal and court costs and expenses and court assessed damages awarded therein against said vendors and resulting from or incident to such suit or proceeding. If at any time Seller determines there is a substantial question of infringement or in case any such product or any part thereof or use thereof is judicially held to constitute infringement and the use of such product or part is expired Seller shall, in addition to the foregoing, at its own expense, either procure for said vendors the right to continue using and selling the product or part or replace the product or part with non-infringing apparatus; or modify it so it becomes non-infringing or remove the product and refund the purchase price and the transportation and installation cost thereof. In no case does Seller agree to pay any recovery based upon its vendors saving or profit through use of Seller's products whether the use be special or ordinary. The foregoing states the entire liability of Seller for patent infringement.

The preceding paragraph does not apply to modifications made by buyer to products furnished by Seller or to special products or parts thereof manufactured to Buyer's design or specifications and as to special products Buyer shall hold Seller harmless as if the Seller in the preceding paragraph.
15. **COMPLIANCE WITH LAWS.** Seller will comply with all Federal and State laws and regulations governing the Seller's performance. Seller hereby certifies that all products covered by this contract were produced in compliance with (a) applicable requirement of Sections 6, 7, and 12 (A) of the Fair Labor Standards Act of 1938 as amended, and of regulations and orders of the United States Department of Labor issued under Section 14 thereof, and (b) all non-discrimination provisions because of race, color, creed, or national origin as set forth in Title VII of Civil Rights Act of 1964 and Executive Order #1248 to insure equality of opportunity in all aspects of employment.
16. **RETURNS.** No product may be returned for credit without the prior written authorization of the Seller. Authorized return shipments must be returned in good order to Seller's factory from which initially shipped, must be accompanied by a packing slip, and must have transportation charges prepaid. Correspondence concerning all returned products should be addressed to our Goleta, California office. Seller reserves the right to deduct an adequate service charge to cover inspection, testing and handling from any credit.
17. **REPAIRS.** All repairs are made on an F.O.B. factory basis. All transportation charges on products returned for repairs must be prepaid by the Buyer.
18. **WEIGHTS AND DIMENSIONS.** Published weights are actual or careful estimates but are not guaranteed. Dimensions in catalogs and quotations are normally accurate but are not to be used for construction. Upon specific request, details for construction purposes will be furnished.
19. **CERTIFICATE OF COMPLIANCE.** RENC O Encoders, Inc., certifies that the materials listed on this document comply, in all respects, with all of our material/workmanship standards and engineering specifications.