

Schafer Industries, Inc.
Terms and Conditions

All Goods furnished by Schafer Industries, Inc., Schafer Gear Works Rockford, LLC or any of its subsidiaries or divisions (Seller) to the purchaser (Buyer), under any quotations, order acceptances, or sales by Seller, shall be conditioned on acceptance of these Standard Terms and Conditions, which cannot be varied or waived except by express written agreement signed by an authorized person of the Seller. No modified or other conditions will be recognized by Seller unless specifically agreed to in writing and failure of Seller to object to provisions contained in any purchase order or other communications from a Buyer shall not be construed as a waiver of these conditions or an acceptance of any such provisions.

1. **Prices.** The prices of the Goods shall be the prices most recently quoted to the Buyer for the Goods. Prices quoted are for acceptance within 30 days. The prices are subject to increase at any time, with advanced written notice from Seller of increase, prior to the commencement of shipment to the Buyer. If, at any time, Seller's costs of materials increased, then Seller may increase the price on all affected goods accordingly with respect to existing and future Seller quotations and/or Buyer purchase orders. Prices may also be increased for currency fluctuations for Seller's cost of materials purchased outside the United States. If Buyer accepts delivery, Buyer accepts invoice price.
2. **Payment Terms.** All invoices are due and payable net thirty (30) days from date of invoice. Should the Buyer's responsibility become unsatisfactory to the Seller, cash on delivery (C.O.D.) may be demanded by the Seller and in default of such cash payment, deliveries herein may be discontinued at the option of the Seller and a charge rendered covering the value of any finished or partially finished goods that are being manufactured on this order or contract. Seller retains all other remedies it may have as a result of Buyer's unsatisfactory financial responsibility
3. **Delivery, Title, Risk of Loss.** Delivery shall be Ex Works Seller's facility (INCOTERMS 2010). Title and Risk of Loss shall pass to Buyer at the time of delivery of goods FCA loaded (INCOTERMS 2010) at Seller's facility. All risks of loss or damage in transit shall be borne by Buyer. Delivery promises are based on Seller's best judgement and Seller will attempt to fill orders at the agreed time. However, Seller shall not be liable for any damage claimed to result from any delay in delivery due to any cause whatsoever.
4. **Taxes and Other Charges.** Any manufacturer's tax, retailer's occupation tax, use tax, sales tax, excise tax, duty, custom, inspection or testing fee, or any other tax, or charge of any nature whatsoever, imposed by any governmental authority, on or measured by any transaction between Seller and the Buyer, shall be paid by the Buyer in addition to the prices quoted or invoiced.
5. **Limited Warranty.** We Warrant that all Goods manufactured by Seller meet our standard specifications as furnished to the Buyer, and Seller agrees to repair, or replace without charge

f.o.b. Seller's facility, or at our option to allow credit for, any portion of Goods which prove to be defective in material or workmanship for a period of 90 days from date of shipment by Seller.

WE MAKE NO WARRANTY AS TO MERCHANTABILITY OR AS TO FITNESS OF GOODS FOR A PARTICULAR PURPOSE OR AS TO THE RESULTS TO BE OBTAINED FROM THEIR USE BY BUYER OR OTHERS.

Goods claimed to be defective must be held for our shipping instructions. No claim for Goods alleged to be defective will be allowed until we have had a reasonable opportunity to examine the Goods. Written notice of any claimed defect must be given to Seller within 10 days after such defect is first discovered. Seller will repair, or at its option replace at its facility, the product or component part thereof that is determined by Seller to be other than as herein warranted. The foregoing warranty is exclusive and in lieu of all other express and implied warranties whatsoever, including but not limited to implied warranties of merchantability and fitness for a particular purpose. Seller's obligation with respect to defective Goods is expressly limited to the repair or replacement of, or at Seller's option allowing credit for, any Goods, all as herein provided. "IN NO EVENT SHALL SELLER BE LIABLE FOR CONSEQUENTIAL, ECONOMIC, INDIRECT OR SPECIAL DAMAGES OF ANY KIND WHATSOEVER EVEN IF IT SHALL HAVE BEEN ADVISED, IN ADVANCE, ABOUT THE POSSIBILITY OF THE SAME. Seller's obligations under this warranty shall not extend to situations where the Goods are misused, abused, misapplied, improperly maintained, or where any party has modified or otherwise changed or altered the Goods without Seller's prior written authorization. With respect to Goods not manufactured by Seller, the warranty obligations of Seller shall in all respects conform and be limited to the warranty actually extended to Seller by the supplier.

6. Claims. No claim for correction will be allowed except for work done with the written consent of the Seller. Expenses incurred in connection with claims for which the Seller is not liable may be charged to the Buyer. Defects that do not impair service shall not be a cause for rejection. Claims for shortages or other errors must be made in writing to Seller within 10 days after receipt of shipments and failure to give such notice shall constitute unqualified acceptance and waiver of all such claims by Buyer. The Buyer will defend, at his own expense, and hold Seller harmless against any suit that may be brought against Seller by reason of the manufacture or sale of the Goods made to the Buyer's specifications. No claim will be allowed for Goods mutilated by the Buyer or damaged in transit. The Seller shall not be liable for loss of patterns, tooling, or merchandise by reason of circumstances beyond Seller's control.
7. Orders. Acceptance of orders involving long term agreements and/or blanket purchase orders is conditioned upon a rolling 180 day forecast of anticipated purchases by Buyer. Seller will order material in accordance with the forecast.
8. Order Cancellation. Cancellation of orders once placed with and accepted by Seller can be made only with written consent of Seller. Buyer shall be liable for the purchase price of all completed Goods, the cost and expenses in connection with all works in progress, materials and supplies for which commitments have been made by Seller and all costs and expenses incurred by the Seller in connection with Buyer's cancellation. Buyer shall also pay in full the costs of all materials, dies, tools, patterns and fixtures, provided for in this order that are on hand or for which Seller is obligated together with all labor and other expense incurred in connection

therewith. Invoices covering said costs shall be due and payable immediately upon Seller's acceptance of cancellation.

9. Overruns/Underruns. All quotations and order acknowledgments are based on Buyer accepting overruns or underruns, not exceeding 10% of quantity ordered, to be paid or allowed pro rata.
10. Packing. All prices listed provide for packing in accordance with the Seller's standard specifications. Returnable packaging is the responsibility of the Buyer and the Buyer shall pay the cost of new or replacement returnable packaging. Buyer shall be responsible to return the packaging to Seller at Buyer's expense. The Buyer is responsible for preservation, ongoing maintenance and cleanliness of returnable packaging.
11. Development, Drawing, Pattern, and/or Tool Charges. Development, drawing, pattern and/or tool charges quoted in a proposal represent the Buyer's proportionate cost thereof and it is expressly understood that such drawings, patterns, and/or tools remain the property of the Seller, unless otherwise agreed in writing. Any perishable tooling replaced by Seller will also remain the property of Seller.
12. Property and Patent Rights. Seller retains for itself any and all property rights in and to all designs, inventions, and improvements, pertaining to any Goods designed in connection with the quotation and to all patents, trademarks, copyrights, and related industrial property rights arising out of the work done in connection therewith. The Buyer expressly agrees that it will not assert any rights to property rights retained by Seller. Seller shall have no responsibility whatsoever with respect to patent infringement if the infringing Goods shall have been made to the specifications of the Buyer or a third party or if such alleged infringement shall consist of the use of Seller's Goods for purposes other than those for which the same shall have been sold by Seller and Buyer shall indemnify Seller against all claims arising out of alleged infringement of patents, designs, copyrights, or trademarks with respect to any goods manufactured to Buyer's specifications.
13. Assignment. Any assignment by Buyer of the rights of this Quotation, without the prior written consent of Seller, shall be void.
14. Applicable Law. These terms and conditions, the Contract and all agreements that arise from the Sales Quotation shall be construed and governed in accordance with the laws of the State of Indiana.
15. Jurisdiction of Venue. Buyer stipulates any dispute regarding the terms of the parties agreements, or the use or quality of the Goods furnished by Seller shall be brought in a State or Federal Court located in St. Joseph County, Indiana.
16. Miscellaneous. These terms and conditions constitute the entire agreement of Seller and Buyer superseding all prior agreements or understandings, written or oral, and cannot be amended except by a mutually executed writing. No representation, warranty, course of dealing, or trade usage not contained or expressly set forth herein will be binding on Seller. All clerical errors in Seller's quotations, acknowledgments and invoices are subject to correction.