

Vectorall Manufacturing Inc. (VMI)

Standard Terms and Conditions of Purchasing

Vectorall Manufacturing hereunder shall be referred to as VECTORALL MANUFACTURING (buyer). Terms and conditions will be referenced on our website at www.vectorallmfg.com. Buyer reserves the right to maintain and or change terms and conditions.

1. **Acceptance** – Seller’s acceptance of this Order shall be unqualified, unconditional and subject to the terms and conditions herein only. Buyer expressly rejects any additional or different terms and conditions, including those which appear in any quotation, acceptance of this Order. Upon Seller’s acceptance, this Order shall constitute the entire agreement between Buyer and Seller. Time is of the essence of this Order.
2. **Packing, Marking, shipping and Billing** – Shipments shall be routed in accordance with Buyer’s instructions, and Seller will reimburse Buyer for all expense incurred by Buyer as a result of improper packing, marking or routing. Buyer will not pay for goods delivered in excess or advance of its delivery schedules. Seller shall provide 100% on time delivery. If Seller’s acts or omissions result in Seller’s failure to meet Buyer’s requirements through use of Buyer’s stated transport method, Seller shall use a more expeditious method without charge to Buyer. Seller agrees not to charge Buyer for any storage, handling or transportation of the goods or other expense unless otherwise, if applicable, stated in this Order. Buyer’s order number, part number, and Seller’s identification will appear on each package and bill of lading or drawing revision letter. Goods for two or more of Buyer’s locations will be shipped in separate packages for the different locations. Seller shall, when necessary, provide sufficient warnings and any other instructions to advise all foreseeable parties of the presence of any restricted, toxic and hazardous materials. Shipments in excess of those authorized may be returned to Seller, and Seller shall pay the transportation charges both ways for such shipments. Buyer may from time to time change shipping schedules previously furnished Seller, or direct temporary suspension of scheduled shipments. Buyer’s count will be accepted as final on all shipments. Seller agrees to promptly render a complete and correct invoice to Buyer after delivery of the goods or the performance of services, and to accept payment in cash or its equivalent. Time for payment and the period for cash discount privileges shall not begin to run until a proper invoice is received. Any COD terms, require a 2% discount to the buyer. Buyer may withhold payment until proof of the absence of any liens or encumbrances on the goods is given to Buyer’s satisfaction. Seller agrees that all duty and import drawback rights applicable to Buyer shall be transferred to Buyer, and that Seller shall supply all documents requested by Buyer to claim such rights: Buyer may deduct any amounts due or to become due from Seller to VECTORALL MANUFACTURING or any of its subsidiaries from any amounts due or to become due from Buyer to Seller.
3. **Delays** – Neither Seller nor Buyer shall be liable for failure to accept or provide goods or services hereunder if such delays or failure on the part of either are due to causes beyond the control and without the fault or negligence of such party, including acts of God or of a public enemy, acts of the Government of the United States or any state or political subdivision thereof, fire, floods, explosions, or other catastrophes, labor disturbances, freight embargoes, or delays of a supplier due to such causes; provided that notice of such delay is given to the other party within ten (10) days. After such notice is given, the other party may terminate this Order without penalty within thirty (30) days of the delivery date set forth thereon upon written notice to the other party.
4. **Taxes** – Buyer will not pay Seller any state or local sales, use, or similar tax unless Seller is required by law to collect such taxes from Buyer. Federal excise taxes charged to Buyer shall be separately stated or shall be indicated as being included in the unit price. Seller agrees that no tax for which Buyer indicates an exemption hereon, or otherwise, is, or will be, included in the prices stated hereon, nor will they be subsequently charged. Seller agrees to pay any and all personal property and/or ad valorem taxes assessed or otherwise levied against any property placed in the hands of Seller by Buyer for the purpose of fulfilling this Order.
5. **Warranty and Indemnity** – Seller warrants that all goods and services covered by this Order shall conform to the specifications, drawings, samples or other description upon which this Order is based, shall be fit and sufficient for the purpose intended, merchantable, of good material and workmanship and free from defect. This warranty shall run to Buyer, its customers and users of its products. Seller agrees to promptly replace or correct defects of any goods or services not conforming to the foregoing warranty, without expense to Buyer, when notified or such nonconformity by Buyer. In the event Seller fails to promptly correct defects in or replace nonconforming goods, Buyer, after reasonable notice to Seller, may make such corrections or replace such goods and services and charge Seller for costs of materials, labor, transportation or other costs incurred by Buyer. In addition to any other remedies it may have, Buyer may reject nonconforming goods and return them to Seller at Seller’s expense; nonconforming goods may not

be replaced without Buyer's written authorization. Seller agrees to indemnify and save harmless Buyer, its agents and customers and the users of any goods or services covered by this Order from any and all liability, loss, damage, or expense which may be incurred by them or any of them arising out of or in connection with or related to any claim of defect in the design, materials, manufacture or sale of such goods or services or in any way related to Seller's performance of its obligations under this Order except for claims arising out of the sole negligence of Buyer.

6. **Modification of Waiver** – Buyer may at any time modify all terms of this Order, including the drawings, designs or specifications, method of shipping or packing, and the place of delivery of any goods and/or work covered hereby, at any time, by issuing a purchase order amendment. The failure of any party to enforce any provision of their Order will not at any time constitute a waiver in any manner.
7. **Patterns, Tools and Dies** – All patterns, tools, dies, or other material furnished by buyer to seller, or which are specifically paid for by buyer, and the replacement thereof, or anything affixed or attached thereto, shall be and remain buyer's personal property. Such property shall be plainly marked or otherwise adequately identified by Seller as "Property of VECTORALL MANUFACTURING." And shall be safely stored separate and apart from Seller's property. Seller shall not substitute any property for such and shall not use such property except for filling Buyer's Order. Seller will not dispose of or grant any interest in the above property to any party while in Seller's custody or control, such property shall be held at Seller's risk, and shall be subject to removal or inspection at Buyer's request. Tooling invoices to buyer are accepted after 1st article approval. If a process capability is not established, tooling invoices may be revoked.
8. **Work on Buyer's or its Customers' Premises** – If Seller's work under this Order involves operations by Seller on the premises of Buyer or one of its customers, Seller shall take all necessary precautions to prevent the occurrence of any injury to person or property during the progress of such work. Seller agrees to indemnify and protect Buyer against all liabilities, claims, or demands for injuries or damage to any person or property growing out of the performance of this Order, and to pay Buyer's cost and expenses in connection with any of this Order, and to pay Buyer's cost and expenses in connection with any thereof. Seller shall maintain such public liability, property damage, and employer's liability and worker's compensation insurance as will protect Buyer from said risks and from any claims under any applicable worker's compensation insurance as will protect Buyer from said risks and from any claims under any applicable worker's compensation, occupational disease, or similar act. Seller shall furnish certificates of insurance to Buyer at Buyer's request.
9. **Intellectual Property** – Seller warrants that the goods sold hereunder, and the use of the goods sold hereunder, will not infringe any U.S. or foreign patent, and Seller shall defend, indemnify and save Buyer harmless from and against any and all loss, damage, expense, or liability that may result by reason of any patent infringement or alleged infringement. Seller assigns to buyer all right, title and interest in and to all trademarks, patents, copyright and mask work rights in any material, machine, equipment or process created or designed for buyer under this Order.
10. **Use and Protection of Information** – Seller shall secure written approval from Buyer before any specifications, records, drawings, data, computer programs, program documentation, or any other technical information relating to this Order (other than relating to Seller's own standard commercial items) are released to anyone other than those requiring the information for the performance of work under this Order. Any information of the type described above which is furnished by Buyer shall remain Buyer's property, shall be kept confidential by Seller, and shall be returned to Buyer at its request. Seller shall not advertise that is a supplier of Buyer, and shall not use Buyer's trademarks in any manner. Seller agrees that any breach of this provision is material and will cause irreparable injury to Buyer.
11. **Compliance with Laws** – Seller agrees to comply with all applicable federal, state and local laws and to indemnify Buyer against all liability for Seller's failure so to comply. The provisions of Section 202, Part II of Executive Order 11246 relating to equal employment Opportunity, the Vietnam Era Veterans Readjustment Assistance Act of 1974, 38 USC 2012, and Section 503 of the Rehabilitation Act of 1973 relating to handicapped persons, all as amended, are made a part of this Order by reference. If this Order relates to a government contract, all relevant Federal Acquisition Regulations, the Department of Defense F.A.R. Supplement, and any required attachments or amendments there under are also hereby incorporated into this contract. The Seller shall satisfy current governmental and safety constraints on restricted, toxic and hazardous materials; as well as environmental, electrical and electromagnetic considerations applicable to the country of manufacture and sale. All component parts, detailed assemblies, etc. procured herein shall conform to the United States Customs regulations as stated in title 19 of the code of Federal Regulations. Specifically, the requirements for identification of the Country of Origin, Part Marking and Invoicing must be followed.
12. **Relationship** – Neither Seller nor its subcontractors, or the employees or agents of any of them, shall be deemed to be Buyer's employees or agents. Seller and its subcontractors are independent contractors for all purposes at all times, and Seller shall be wholly responsible for withholding and payment of their Federal, State and local income and other payroll taxes and all other employment matters. Neither party shall have

the authority to create or assume any obligation for the other, nor neither will hold itself out as possessing such authority. Seller may not assign or delegate its obligations under this Order without Buyer's prior written consent, and any assignment made in derogation of this paragraph shall be ineffective, null and void.

13. **Termination** – At its option, Buyer may terminate by notice in writing to Seller all or part of the work under this Order at any time for any reason without any liability except as provided in this Order. Upon termination, buyer will only pay for deliveries previously made and accepted and not paid for and goods completed at termination and subsequently delivered under this Order. In no event shall Buyer be liable for prospective or anticipated profits, unabsorbed overhead or other costs from such termination.
14. **Enforcement and Severability** – This order is to be governed by and construed under the laws of the State of Buyer's address as shown on this Order. In the event that any one or more of the provisions contained herein shall for any reason be held unenforceable in any respect, such unenforceability shall not affect any other provision of this Order, but this Order shall then be construed as if such unenforceable provision(s) had never been contained herein. Rights and remedies in this Order are cumulative and in addition to all other remedies at law or equity.
15. **Quality** – Seller shall institute and maintain a quality control and inspection system, which conforms to the standards and procedures, set forth by Buyer in any publication. Seller agrees that buyer shall have the right to enter Seller's facility at reasonable times to inspect the facility, goods and materials relating to this Order, and that any inspection shall not constitute acceptance or affect Buyer's rights in any manner whatsoever. VECTORALL MANUFACTURING and VMI expect that all appropriate vendors comply with QS 9000/ISO 9002 standards. Companies, which are to comply with QS 9000 standards, include but are not limited to chemical, raw material, perishable tooling, replacement parts, plastic molders, foundries, software, electrical, and die casting companies. All vendors are expected to certify materials as compliant to drawing and/or material certification with each lot. Material certifications are considered inherent to the quality process and systems and therefore cannot be line item invoiced unless otherwise stipulated. Damages experienced by Buyer due to poor quality and delivery may be debited to the Seller for their reasonable contribution to the problem, i.e.: a casting may leak causing on OEM to issue a line call debit. This line call debit will be passed on to Seller as foundry related defect of workmanship. Sellers are responsible for inbound freight and potential expedited costs for replacement parts.