

Oreco Systems[®], Inc. Terms and Conditions

1. Agreement; Acceptance

This document contains all of the terms and conditions with respect to the sale and purchase of the merchandise ordered by Purchaser and sold by Oreco Systems[®] Inc. ("Oreco"), unless a separate written agreement executed by duly authorized representatives of Purchaser and Oreco explicitly supersedes these Terms and Conditions.

Acceptance of this offer by Purchaser is expressly limited to the exact terms contained herein, and any attempt by Purchaser to alter or omit any such terms shall be deemed a rejection and a counteroffer. Purchaser's acknowledgment, acceptance, or purchase order form that stipulates different conditions shall not effect a modification of these Terms and Conditions. Unless Purchaser notifies Oreco in writing to the contrary prior to its receipt of the merchandise, or a separate written agreement explicitly supersedes these Terms and Conditions, Purchaser's acceptance of the merchandise shall conclusively evidence Purchaser's acceptance of these Terms and Conditions.

2. Custom Products

Merchandise not listed in Oreco's catalogs or standard price lists, or that must be custom built to the specifications of Purchaser, shall be considered "Custom Products" within this document. Custom Products do not include standard merchandise that requires minor modifications, such as being cut to a specified length. If Purchaser orders a Custom Product, and Oreco is agreeable to manufacturing and/or selling it, Purchaser agrees to defend Oreco at its cost and expense, and shall indemnify and hold Oreco harmless from and against any United States or foreign patent infringement suit related to the Custom Product brought upon Oreco by third parties. In addition, Purchaser assumes all responsibility for (a) ensuring that components it provides Oreco for use in the Custom Product meet the designer's functional requirements and/or specifications, (b) the compatibility of the Custom Product for its intended use, and (c) the adequacy of the engineering, design or specifications furnished by Purchaser to Oreco.

Prior to releasing an order for a Custom Product for manufacturing, Oreco shall submit its drawings, schematics, and/or other documentation of the critical elements of the Custom Product to the designer for review, to ensure that it will be manufactured to meet the designer's functional requirements and/or specifications. Oreco will only manufacture the Custom Product once it has received confirmation that the designer has reviewed and approved any such submittal documents.

3. Delivery

Oreco agrees to deliver all merchandise ordered by Purchaser for shipping within 30 days of the date Oreco receives and accepts a written purchase order, unless Oreco notifies Purchaser prior to the expiration of the 30-day period of any reasonable, foreseeable delays.

Merchandise shall be delivered when it is staged for shipping from Oreco's facilities (FOB Origin [Shipping]), and Purchaser shall assume the risk of loss for the merchandise at that time.

In the event Purchaser requests expedited delivery of merchandise, and Oreco is agreeable to the request, Purchaser shall be charged an Expedite Fee equal to the greater of \$50.00 or 10% of the merchandise price.

4. Shipping

Purchaser is responsible for shipping its merchandise from Oreco's facilities. Purchaser may transport the merchandise itself, arrange for transportation of the merchandise with carriers of its choosing, or have Oreco arrange transportation of the merchandise on its behalf. If Purchaser fails to clearly identify which party it chooses to make the arrangements on a purchase order, Oreco will arrange the transportation of the merchandise associated with the order on Purchaser's behalf.

Purchaser shall be responsible for all costs associated with transporting the merchandise from Oreco's facilities, including all freight and insurance costs, as follows:

- (a) **Will-Call; Collect.** If Purchaser transports the merchandise itself or arranges transportation of the merchandise with a third-party carrier, Purchaser shall pay Oreco a commercially-reasonable fee for each pallet, crate, container, or other packaging provided by Oreco.

In addition, if Purchaser arranges transportation with a third-party carrier, Purchaser will arrange to pay for the service directly.

- (b) **Prepaid and Add.** If Purchaser elects to have Oreco arrange transportation of the merchandise on its behalf, Oreco shall pay for the service directly. Purchaser shall pay Oreco for both Shipping and Handling, as itemized on a quotation or invoice, as follows: (i) "Shipping" shall consist of reimbursement of all freight and insurance costs paid by Oreco, including all accessorial charges from the carrier for items such as residential or construction site deliveries or use of lift gates, as well as any other fees, duties, tariffs, or taxes that may be applied on the merchandise by third parties after they are delivered, including storage fees and import, export, and transportation fees, duties, tariffs, and taxes. (ii) "Handling" shall consist of a fee equal to 5% of the Shipping costs paid by Oreco as identified above, and a commercially-reasonable fee for each pallet, crate, container, or other packaging provided by Oreco.

Large or special merchandise may require cranes or special equipment for unloading after transport. In instances where Oreco arranges for the transportation of this type of merchandise on Purchaser's behalf, Oreco shall immediately notify Purchaser of any delay in the scheduled delivery of the merchandise for shipping, or of any information it receives from a carrier indicating a delay in the scheduled arrival of the transport, and Purchaser agrees to ensure that the equipment necessary to unload the merchandise is present at the carrier's destination, and shall reimburse and indemnify Oreco against any back charges or other fees charged by the carrier for delivery delays caused by failing to have the necessary equipment present at the agreed-upon destination and delivery time.

5. Taxes

Purchaser shall be responsible for the payment of all federal, state, provincial, county, local, or government taxes, including but not limited to, sales tax, use tax, value-added tax, goods and services tax, or other excise tax that may be applied on the merchandise ("Taxes"), and shall indemnify and hold Oreco harmless from those Taxes. Oreco shall be responsible for any tax based solely upon its net income. Purchaser may supply Oreco with a valid Resale Certificate or other form certifying an exemption from the payment of Taxes from the taxing authority having proper jurisdiction over the order.

6. Payment Terms

Purchaser shall promptly pay Oreco for merchandise, and any Taxes, Shipping, Handling, or other costs associated with the merchandise, in accordance with the terms below:

- (a) **Prepayment.** Purchaser may pay Oreco prior to delivery for merchandise, Taxes, estimated Shipping and Handling, and other costs associated with the purchase order. However, Purchaser must pay Oreco prior to delivery in the following circumstances: (i) If Purchaser does not have a credit account with Oreco, Purchaser must pay 100% of the full price of the merchandise, plus estimated Shipping and Handling, and other associated costs, before Oreco will accept a purchase order and release it for manufacturing. (ii) If Purchaser does not have available credit remaining on its credit account with Oreco, it must pay all amounts in excess of its available credit, up to 100% of the full price of the merchandise, Taxes, estimated Shipping and Handling, and other associated costs, before Oreco will accept a purchase order and release it for manufacturing.
- (b) **On Account.** If Purchaser has a credit account with Oreco, has available credit on its account, and has not prepaid, Oreco shall invoice Purchaser for amounts owed for delivered merchandise, Taxes, Shipping, Handling, and other associated costs. Purchaser shall pay each invoice in full within 30 days from the date of the invoice ("Net 30"). Past due invoices shall bear a finance charge of 1.5% per month. Daily accrual of the finance charge shall begin on the 31st day from the date of the invoice. If Oreco employs a collection agency to collect any amount not paid by Purchaser under these terms, Purchaser shall pay all of Oreco's reasonable collection expenses. If any suit, action, or proceeding is instituted by Oreco to collect any amount not paid by Purchaser in accordance with these terms, Purchaser

shall pay all of Oreco's investigation and litigation costs, including reasonable attorneys' fees, whether incurred before, during, or after trial or appeal.

7. Limited Warranty

Subject to the exclusions, limitations, and conditions contained herein, Oreco warrants that all merchandise will be free from defects in materials and workmanship for a period of 1 year after delivery of such merchandise to Purchaser, except as may be otherwise provided in a separate written warranty instrument between Oreco and Purchaser or from another manufacturer. If a separate written warranty instrument exists, the terms and conditions of said instrument control.

Exclusive Remedy. The exclusive remedy for any claim under this Limited Warranty shall be the obligation of Oreco to repair or replace, at its discretion, any defective merchandise. Labor is not covered under this Limited Warranty.

In the event Oreco determines that returned merchandise is defective in materials or workmanship and covered by this Limited Warranty, Oreco will credit or reimburse Purchaser for all reasonable transportation charges incurred in returning the merchandise, and will be responsible for all transportation charges to return repaired or replacement merchandise to Purchaser. Such repaired or replacement merchandise shall continue to be warranted under the Limited Warranty of the original purchase. In the event Oreco determines that returned merchandise is not defective in materials or workmanship, or is not covered by this Limited Warranty, Oreco shall charge Purchaser a testing fee and all reasonable transportation charges required to return the merchandise to the Purchaser.

ORECO SHALL NOT BE LIABLE FOR ANY LOSS, INJURY, OR DAMAGES TO PERSONS OR PROPERTY RESULTING FROM FAILURE OF, OR ANY DEFECT IN, THE MERCHANDISE. NOR SHALL ORECO BE LIABLE FOR ANY INCIDENTAL, CONSEQUENTIAL, SPECIAL, OR INDIRECT DAMAGES OF ANY KIND. IN NO EVENT SHALL THE LIABILITY OF ORECO UNDER THIS LIMITED WARRANTY EXCEED THE TOTAL INVOICED PRICE OF THE MERCHANDISE.

Disclaimer. EXCEPT AS SPECIFIED IN THIS LIMITED WARRANTY, ALL EXPRESS OR IMPLIED CONDITIONS, REPRESENTATIONS, AND WARRANTIES INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY OR CONDITION OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, SATISFACTORY QUALITY, ACCURACY OF INFORMATIONAL CONTENT, OR THOSE ARISING FROM A COURSE OF DEALINGS, LAW, USAGE, OR TRADE PRACTICE, MAY ONLY BE CLAIMED DURING THE WARRANTY PERIOD, AND THEREAFTER ARE HEREBY EXPRESSLY DISCLAIMED AND EXCLUDED TO THE EXTENT ALLOWED BY LAW.

8. Return of Merchandise

Purchaser may not return merchandise without the prior approval of Oreco. Merchandise must be securely packed to reach Oreco without damage. Merchandise accepted for return is subject to a restocking fee and all transportation charges. Oreco, in good faith, will determine the restocking fee and the amount that will be credited or refunded to Purchaser for the returned merchandise.

9. Waiver

The failure of either Party on any occasion to exercise a right granted hereunder shall not operate as a waiver of such right as to subsequent occasions, and shall not effect a modification of these Terms and Conditions.

10. Governing Law

The laws of the state of Oregon shall govern these Terms and Conditions, together with all rights, obligations, and disputes arising out of or related thereto. The Parties hereby expressly disclaim any and all rights, obligations, or procedural or jurisdictional requirements granted or imposed by the United Nations Convention on Contracts for the International Sale of Goods ("CISG"). Any dispute or legal action arising out of or relating to these Terms and Conditions shall be brought in and decided by State Courts of Oregon. In any such dispute or action, Purchaser consents to the jurisdiction and venue of the Circuit Court of the State of Oregon for Douglas County.