

Royal Technologies Purchase Order Terms and Conditions

1. Acceptance. (A) This Purchase Order may be accepted only on the terms and conditions stated on the face and reverse sides hereof. Seller's written acceptance or the commencement of any work, performance of any services, or the shipment of goods hereunder by Seller shall constitute acceptance of this Purchase Order and all of its terms and conditions, irrespective of whether Seller shall have returned the acceptance copy hereof. Purchaser specifically objects to the inclusion of any different, additional or inconsistent terms or conditions by Seller in acknowledging and accepting this Purchase Order. If Seller attempts to expressly condition its acceptance of this Purchase Order upon Purchaser's acceptance of such different, additional or inconsistent terms and conditions, neither Purchaser's acceptance of delivery or any part of the goods or payment therefore shall constitute acceptance of such different, additional or inconsistent terms and conditions. (B) If Seller's proposal or other term of offer contains terms additional to, different from or inconsistent with the terms and conditions herein, the Purchaser's acceptance of Seller's proposal or offer is hereby expressly conditioned upon Seller's assent to all of the terms and conditions contained in this Purchase Order. (C) This Purchase Order supersedes and cancels all prior communications between Purchaser and Buyer, except to the extent specifically shown on the face hereof, and, once accepted by Seller, in a manner approved above, constitutes the sole and entire agreement of the parties respecting the subject matter described on the face of this Purchase Order. (D) ANY ATTEMPTED ACKNOWLEDGEMENT OF THE ORDER CONTAINING TERMS AND CONDITIONS INCONSISTENT WITH OR IN ADDITION TO THOSE STATED HEREIN IS NOT BINDING ON BUYER UNLESS SPECIFICALLY ACCEPTED BY BUYER IN WRITING.

2. Prices. The prices shown on the face hereof shall be the total price payable by Purchaser for the goods and/or services shown thereon, and no charge shall be made by Seller for packing, freight, taxes, storage or other extra charges unless and only to the extent that same has been provided for on the face hereof. Purchaser shall be entitled to set off any amount owing at any time from Seller to Purchaser or any of its affiliated companies against any amount payable at any time by Purchaser in connection with this order.

3. Deliveries. Deliveries are to be made to Purchaser's designated plant. Deliveries shall be made only at the times and in the quantities and manner specified on schedules furnished by Purchaser. Purchaser shall have no liability for payment for material or items delivered to Purchaser that are in excess of quantities specified in the delivery schedules and the Seller has no authority to fabricate based on forecasts. Purchaser may from time to time change or temporarily suspend shipping schedules, change means of transportation or otherwise temporarily suspend Seller's performance hereunder, by notifying Seller a reasonable time in advance. Seller shall pay whatever additional costs, expenses, consequential losses or damages Purchaser sustains due to Seller's untimely delivery. All shipments are at the risk of the seller regardless of the F.O.B. point, unless otherwise agreed to in writing by an authorized representative of Purchaser.

4. Packaging and Labeling. All goods must be packaged in the manner specified by Purchaser and shipped in the manner and by the route and carrier designated by Purchaser. Purchaser will not receive material unless it is tagged or marked with Purchaser's part number and quantity on each package. Packing slips should be enclosed with all shipments showing order number, part number and quantity. If Purchaser does not specify the manner in which the goods must be packaged, Supplier shall package the goods so as to avoid any damage in transit. If Purchaser does not specify the manner of shipment, route or carrier, Seller will ship the goods at the lowest possible transportation rates. Any additional freight, cartage or other costs incurred directly or indirectly as a result of Seller's failure to observe the conditions set forth in this paragraph will be for Seller's account.

5. Warranties. All goods supplied and/or performed pursuant to this Purchase Order shall be delivered free and clear of any security interest, lien or encumbrance of any kind, shall conform with all applicable drawings, specifications, descriptions and samples furnished to or supplied by Purchaser, shall be free from defects in material or workmanship, patent and latent, and shall be of merchantable quality and fit for the intended purpose with the meaning of the Uniform Commercial Code. There shall be no exclusions from Seller's liability for incidental and consequential damages on account or failure of Seller's goods or work to conform to the above warranties.

6. Remedies. Nothing herein shall exclude any other rights or remedies to which Purchaser is otherwise entitled by law. Seller shall pay all costs, including reasonable attorney's fees, incurred by Purchaser in enforcing the terms of this Purchase Order.

7. Books and Records. Seller agrees that its manufacturing plant(s) and its books, documents, papers and records, or such part of any manufacturing plant(s) as may be engaged in the performance of this Order shall at all reasonable times be subject to examination and audit by any person designated by the Purchaser.

8. Inspections. All goods and/or work supplied hereunder shall be subject to Purchaser's rights of inspection and rejection. Rejected materials will be held for Seller's instruction and at Seller's risk and, if requested by Seller, shall be returned for credit or refund at Seller's expense. Rejected goods shall not be replaced except when specifically ordered by Purchaser in writing. Purchaser reserves the right upon request to inspect the material on Seller's premises. Purchaser shall have the right to make use of defective materials in such manner as it deems advisable when necessary to meet Purchaser's contractual obligations to its customers, without waiving any right or remedy which Purchaser may have with respect to such materials. Payment prior to inspection shall not be deemed a waiver of Purchaser's right to inspect and reject or revoke acceptance. Inspection, testing, acceptance, nor use of material (or the absence thereof) shall be deemed a waiver of Purchaser's right to revoke acceptance with respect to goods containing latent defects.

9. Cancellation or Suspension. (A) Purchaser reserves the right by written notice to the Seller at any time prior to delivery to cancel this Order, in whole or in part, without cause. In the event of a cancellation by Purchaser as provided herein, and if the goods which are the subject of this Order are manufactured specifically for Purchaser and are not saleable to others in the ordinary course of the kind of business in which Seller engages, then Purchaser shall reimburse Seller for the costs of direct labor and of materials for all completed items and work-in-process (less salvage value) and costs of materials procured specifically for this Order and which are not standard items usable in other applications (less salvage value). Any claim on account of cancellation must be submitted by Seller within thirty (30) days of the date of the notice of cancellation and must be supported by cost data in such form and detail as may reasonably be required by Purchaser. (B) In the event that Seller is in breach or if Purchaser determines that Seller will not be able to fulfill its obligations under this Order, Purchaser may immediately cancel this Order without any liability beyond the agreed purchase price of any acceptable items delivered to Purchaser prior to cancellation. In such event, Seller shall be liable to Purchaser for damages resulting from the breach, including consequential and incidental damages and reasonable attorney's fees. In no event shall Purchaser's obligations upon termination exceed those Purchaser would have had to Seller in the absence of cancellation.

10. Change. Purchaser may at any time, by written order, make changes in or addition to any one or more of the following: (A) drawings, designs, or specification, (B) method of shipment or packaging; (C) time and place of delivery. If any such change causes an increase or decrease in the cost of, or the time required for performance of any part of the effort under this order, an equitable adjustment shall be made in the price or delivery schedule or both, and this order shall be modified in writing accordingly. Any claim by Seller for adjustment under this clause must be asserted within thirty (30) days from date of receipt by Seller of the notification of change. Where the cost of property made obsolete or excess as the result of a change is included in Seller's claim for adjustment. Purchaser will have the right to take title thereto and to prescribe the manner of disposition of such property.

11. Material Furnished by Purchaser. Any material furnished by Purchaser, on other than a charge basis, in connection with this order, shall be deemed as held by the Seller on consignment, unless otherwise specified. All such material not used in the manufacture of the covered products shall, as directed, be returned to Purchaser at Purchaser's expense and, if not accounted for or so returned, shall be paid for by Seller.

Royal Technologies Purchase Order Terms and Conditions

12. Tools. (A) All dies, tools, gauges, fixtures, molds, patterns and/or like material furnished by the Purchaser for production of the goods or material covered by this order shall remain the sole property of the Purchaser. Seller shall at all times cover said items with full fire and extended coverage insurance and upon request furnish to Purchaser evidence of said coverage. Purchaser reserves the right at any time and, for any reason to demand or visit the premises of Seller to reclaim possession of same. Upon conclusion of order, said items of tooling shall be promptly returned to Purchaser at Purchaser's expense, in as good condition as when received, ordinary wear and tear excepted. (B) Unless otherwise herein agreed, when Seller furnishes special dies, tools gauges, fixtures, molds, patterns and/or like materials that are necessary for the particular production of the goods or materials covered by this order, Purchaser will have the option (but not the obligation) to take possession and title to such items upon paying to the Seller the unamortized cost thereof; provided further that this option shall not apply if the material or goods hereby ordered are the standard product of the Seller, or if substantial quantities of like goods or materials are being sold by Seller to others. (C) Seller shall not employ any dies, tools, gauges, fixtures, molds, patterns and/or like material furnished by Purchaser for Seller's benefit or the benefit of others without Purchaser's prior written consent.

13. Limitation on Purchaser's Liability -- Statute of Limitations. In no event shall Purchaser be liable for anticipated profits or for incidental or consequential damages. Purchaser's liability on any claim of any kind for any loss or damage arising out of or in connection with or resulting from this Purchase Order or from the performance or breach thereof shall in no case exceed the price allocable to the goods or services or unit thereof, which gives rise to the claim. Purchaser shall not be liable for penalties of any description. Any action resulting from any breach on the part of Purchaser as to the goods or services delivered hereunder must be commenced within one year after the cause of action has accrued.

14. Patents. Seller shall indemnify Purchaser and its customers against and hold them harmless from all demands, claims, suits, liabilities, damages, judgments, costs and expenses, including attorney's fees resulting from any alleged infringement of any United States or foreign patent with respect to the goods or work supplied hereunder.

15. Services. If this order covers the performance of labor or the rendering of a service for or to the Purchaser (including installation), Seller agrees to indemnify and protect Purchaser against all liability, claims, suits, damages, judgments, or demands, including attorneys fees, for injuries or damages to any person or property growing out of the performance of work by Seller. Seller further agrees to provide insurance coverage with limits satisfactory to Purchaser for workmen's compensation, employers liability, general liability (bodily injury and property damage) and automotive liability (bodily injury and property damage) and to provide evidence of such coverage to Purchaser. The providing of such insurance coverage and evidence of the same shall not be in satisfaction of Seller's liability hereunder, or in any manner modify Seller's indemnification of Purchaser.

16. Compliance with Laws. Seller represents and warrants that all goods supplied and/or services provided hereunder shall be manufactured, transported, delivered, and performed in compliance with all applicable Federal, State and Local statutes, ordinances, and regulations, as amended from time to time, including, without limitation, the Fair Labor Standards Act, the Occupational Safety and Health act, the Vietnam Era Veterans Readjustment Act, the Rehabilitation Act of 1973, 41 C.F.R. Section 1.13 relating to the Utilization of Minority Business Enterprises and all statutes, executive orders and regulations relative to equal employment opportunity and product safety. Seller specifically agrees not to discriminate against any employee or applicant for employment based on race, religion, sex, age, marital status, sexual orientation, or natural origin.

17. Confidentiality. All specifications, documents, and prototype articles delivered by Purchaser to Seller are the property of Purchaser. They are delivered solely for the purpose of Seller's performance of this Order and on the express condition that neither they nor the information contained therein shall be disclosed to others nor used for any purpose other than in connection with this Order without the prior express written consent of the Purchaser. Such specifications, documents, and articles are to be returned to Purchaser promptly upon its written request. Such request may be made at any time during or after completion of Seller's performance. The obligations under this clause will survive the cancellation, termination, or completion of any order.

18. Indemnification. Seller shall defend, indemnify and hold harmless Purchaser (including shareholders, directors, officers, employees, and agents) against all damages, claims or liabilities and expenses (including attorney's fees) arising out of or resulting in any way from any defect in the goods or services purchased hereunder, or from any act or omission of Seller, its agents, employees or subcontractors. This indemnification shall be in addition to the warranty obligations of Seller.

19. Title and Security Interests. If full or partial payment is made to Seller prior to the delivery of all goods or the performance of all services hereunder, title to all goods identified to this Order at the time of such payment or thereafter shall pass to Purchaser, and Seller shall be deemed a bailee of all goods remaining in its possession, but in no event shall the risk of loss pass to Purchaser until the goods are delivered to the destination specified herein and accepted. Seller agrees to maintain insurance coverage in types and amount satisfactory to buyer for all goods that are or become so identified at any time to this Order. Additionally, Seller grants to Purchaser a security interest in all goods that are or may become so identified, which security interest shall be in addition to all other rights of Purchaser under this Order or applicable laws, and Seller agrees to execute financing statements or such other documents as Purchaser may reasonably require to perfect and protect that interest.

20. Subcontracts and Resales. If the face of this Purchase Order indicates that this Order is being issued pursuant to the terms and conditions of a specific obligation between Purchaser (as a Vendor) and another party, Seller shall be subject to such terms and conditions to the same extent as Purchaser, including, without limitation, the matters of delivery time, specifications, liquidated damages, payment and warranties. If the goods shown on the face hereof are completed products which are to be resold by Purchaser in the condition purchased, without further processing, assembly or other manufacture, Seller shall indemnify, defend and hold Purchaser harmless from all demands, claims, suits, liabilities, damages, judgments, costs and expenses, including attorney's fees, with respect to any injury to or death of any person or property damage based upon an allegation that such products are defective in materials, workmanship or design, or in any other respect.

21. Causes beyond Purchaser's Control. This Order is subject to modification or cancellation by Purchaser in the event of fires, accidents, strikes, labor disputes, governmental acts, or any other conditions, whether of the class of causes enumerated above or otherwise beyond Purchaser's control. In such event, Purchaser shall have no obligation or liability of any kind to Seller on account of such cancellation or modification. Causes beyond Purchaser's control shall include (but is not limited to) governmental action or failure of the government to act where such actions is required, strike or other labor trouble, fire, or unusually severe weather.

22. Assignment. Seller may not delegate its duties nor assign its obligations hereunder without the prior written consent of Purchaser.

23. Governing Law. This Purchase Order shall be governed by and interpreted in accordance with the laws of the State of Michigan.