

PRICES:

1. Prices are based on wages, cost of raw materials, product design, and any other customer specified requirement prevailing at the date of this term sheet, and therefore, are subject to increased costs on written notice, prior to final acceptance of order by Seller.
2. This term sheet is based on continuous production of the quantity specified. Any customer-caused interruptions and/or split shipments (exceeding 30 days), will result in increased prices.
3. All quotations are subject to change or withdrawal by Seller at any time prior to final acceptance of the order.
4. The prices and terms on this term sheet are not subject to verbal changes or other agreements unless approved in writing by Seller.
5. All quotations and agreements are contingent upon accidents, fires, availability of materials and all other delays or causes, which shall not be the responsibility of Seller

TERMS:

6. Unless otherwise specified on the face of this term sheet:
 - A. Molds and tools net – 50% of price quoted for molds to be paid down with the order; balance on approval of samples. "Approval" is defined as meeting print specifications and other visual or functional requirements agreed to at acceptance of order or specified on the face of this term sheet. In the event a written rejection or acceptance is not received within 30 days, an invoice will be prepared for the final amount due, payable immediately upon receipt.
 - B. All production orders – net 30 days. If remittance is not received within 60 days, then all shipments will be held until the outstanding balance is paid in full and further shipments will be sent C.O.D. until credit can be re-established.

CANCELLATIONS/CHANGE-ORDERS:

7. Orders may be canceled only upon written notice of Buyer to Seller, and the condition that Buyer assume immediate liability for and make payment for costs and profit on work in process as of the date Seller receives such cancellation; and further that Buyer take shipment of same within 30 days and assume liability for commitments made by Seller relating to the order.
8. A maximum of two change orders will be accepted by Seller at any point prior to commencement of work on any order. Seller will at no point accept "hold" on shipments as stated verbally or in writing by Buyer.

DELIVERIES:

9. Unless otherwise specified, prices quoted cover bulk packing only, F.O.B. Seller's plant.
10. Unless otherwise stated on order, Seller's best judgment will be used in routing shipments.
11. Shipments will be subject to a quantity variation of plus or minus 10%, same to be accepted by Buyer as compliance with order.
12. Seller shall not be responsible for any damages directly or indirectly resulting from delays in delivery. When molded parts are broken or damaged in transit from the Seller to Buyer, Seller shall not be responsible, and Buyer shall file a claim with carrier for said breakage or damage.

DEFECTIVE PARTS:

13. Claims for shortage or rejections must be made in writing within 30 days after receipt of goods. Seller agrees to repair, replace or, at Seller's option, issue credit for all defective parts which have not been altered, machined or finished after authority is given, provided they are returned to Seller's factory properly packed within 30 days after shipment, and after Seller has had an opportunity to inspect them. Seller's warranty is limited to such repair, replacement, or credit, and Seller shall not be responsible for any other damages.

TOOLING:

14. Seller agrees to absorb normal maintenance costs during normal tool life while in Seller's possession. Normal tool life will be considered terminated when Buyer no longer accepts parts produced from that tool because of defects caused by tool wear. At that time quotations will be submitted by the Seller covering:
 - A. Cost of reworking or replacing tooling as needed.
 - B. Cost of any secondary operations that may be required to produce acceptable parts.
15. Buyer agrees to pay for changes in molds and tools made necessary by changes in specifications accepted by Seller, such changes to be made at Buyer's risk.
16. Seller cannot guarantee parts produced from Buyer supplied tooling.
17. Tooling is not insured and Seller shall not be responsible or liable for any loss or damage thereto or to any materials, or equipment owned or furnished by Buyer.
18. Before customer's tooling can be removed from Seller's possession all costs incurred from previous or current orders must be paid in full.
19. When for a period of three (3) years, if no orders are received for parts to be produced from tooling, Seller may notify Buyer in writing at Buyer's last known address in Seller's files that disposition must be made of tooling. If return notice is not received within thirty (30) days, tooling shall become the property of Seller. If Buyer wishes Seller to retain possession of the inactive mold, a storage charge may be applied. A mold purchased by Buyer, or furnished by Buyer will not be used to produce parts for any other buyer without the written consent of that Buyer.

INDEMNITY/WAIVER:

20. Buyer hereby agrees to protect, defend, indemnify, and hold harmless Seller and its employees, shareholders, agents, attorneys, and/or other representatives from any and all claims, demands, liabilities, causes of action, and damages of any and every kind, nature, and character which in any way arise from, or are related to, this transaction including, but not limited to, all matters relating to the condition of the goods supplied from Seller to Buyer. Additionally, Buyer hereby releases and forever discharges Seller and its employees, shareholders, agents, attorneys, and/or other representatives (these parties are hereinafter collectively referred to as the "Released Parties") from any and all claims, demands, liabilities, causes of action, and damages of any and every kind, nature, and character, known and unknown, that Buyer now has, or ever has had, or in the future may have against the Released Parties with respect to any act, omission, event, conduct, condition, defect, or occurrence in connection with this transaction including, but not limited to, all matters relating to the condition of the goods supplied from Seller to Buyer.

TAXES:

21. All sales are subject to such Local, State and Federal taxes as may properly apply and no such taxes are included in any price quoted.

INSERTS:

22. Inserts supplied by Buyer shall exceed by 10% the number required to fill the order for molded pieces, and shall be delivered F.O.B. Seller's plant-all charges paid; said inserts are subject to approval of design by Seller; must be uniform, accurate and free from burrs.
23. Seller assumes no liability for damages to molds or tools caused by defective inserts, nor for molded parts in which inserts were purchased by Buyer and found defective after molding. Buyer assumes such liability.

PRINTS AND APPROVED SAMPLES:

24. Seller agrees that parts are acceptable when variation from print dimensions occur, if they are made to and unchanged from approved samples with respect to dimension, finish and analysis, functionality and/or fitness for use, when the buyer has specified or approved the design.
25. Samples of new tooling or modifications will be accompanied by a customer's approval sheet. Approvals must be signed by Buyer and received by Seller along with payment for balance of tooling before production can commence.

QUALITY STANDARDS:

26. Prices are based on SPI, NADCA, and other general commercial quality standards. If Buyer desires a higher quality level, Seller will render a quotation based upon those requirements.

RE-ORDERS:

27. Re-orders, if accepted by Seller, are considered as placed under the same terms and conditions as this order, when such orders are not placed pursuant to a formal written proposal and acceptance.

CLERICAL ERRORS:

28. Stenographic and clerical errors are subject to correction.

ATTORNEY'S CLAUSE:

29. If either party is required to take legal action for the enforcement of any of the terms and conditions of this agreement, the prevailing party shall be entitled to reasonable attorney's fees and costs.

GOVERNING LAW:

30. This transaction shall be construed in accordance with, and governed by, the laws of the State of California. The venue for any action related to this Agreement shall be in Butte County.

DISCLAIMER:

31. SELLER EXPRESSLY DISCLAIMS ANY RESPONSIBILITY FOR ANY DAMAGE, INJURY, HARM, COST, EXPENSE, OR LIABILITY ARISING OUT OF OR RELATED TO THIS TRANSACTION OR THE PRODUCTS SUPPLIED BY SELLER. PRODUCTS SUPPLIED BY SELLER ARE PROVIDED ON AN AS-IS BASIS AND WITHOUT WARRANTY OF ANY KIND, WHETHER EXPRESS, IMPLIED, OR STATUTORY, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, ACCURACY, NON-INFRINGEMENT, OR QUALITY. SELLER SHALL NOT BE LIABLE TO BUYER UNDER ANY LEGAL THEORY, WHETHER IN WARRANTY, CONTRACT, STRICT LIABILITY, TORT, OR NEGLIGENCE, FOR ANY DAMAGES, CLAIMS, INJURIES, JUDGMENTS, COSTS, OR LIABILITIES OF ANY KIND ARISING OUT OF OR RELATED TO THIS TRANSACTION OR PRODUCTS SUPPLIED BY SELLER, INCLUDING, BUT NOT LIMITED TO, PERSONAL INJURY, DAMAGE TO PROPERTY, LOSS OF BUSINESS, LOSS OF INCOME, SPECIAL DAMAGES, INCIDENTAL DAMAGES, CONSEQUENTIAL DAMAGES, PUNATIVE DAMAGES, OR EXEMPLARY DAMAGES, WHETHER FORESEEABLE OR UNFORESEEABLE. IN NO EVENT SHALL SELLER'S LIABILITY EXCEED THE VALUE OF THE PRODUCT(S) PROVIDED FROM SELLER TO BUYER. AS A MATERIAL INDUCEMENT FOR SELLER TO AGREE TO THIS TRANSACTION, BUYER HEREBY UNDERSTANDS, ACCEPTS, AND AGREES TO BE BOUND BY THE TERMS OF THIS PARAGRAPH.

ASSIGNMENT:

32. Buyer shall not assign Buyer's interest in this transaction without Seller's written consent. This term sheet shall be binding on and shall inure to the benefit of the heirs, executors, administrators, successors, and permitted assigns of the parties hereto.

SURVIVAL:

33. Any terms of this term sheet that expressly extend, or by their nature should extend beyond termination or expiration of this term sheet, shall survive and continue in full force and effect after any termination or expiration of this term sheet.

SEVERABILITY:

34. This term sheet is severable and, if any portion of the term sheet is found to be unenforceable, the remaining portions of the term sheet shall be unaffected and enforced to the maximum extent allowable by law.

Seller: Wrex Products, Inc.