

Standard Conditions of Sale

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Unless otherwise stated, all sales proposals shall remain open for thirty (30) days and, in the meantime, may be changed or withdrawn. The terms of the proposal shall exclusively govern any sale and Purchaser's acceptance of this proposal is expressly limited to said terms. **WaterSmart Environmental, Inc.** hereby gives notice it objects to any additional or different terms that may be contained in an order by Purchaser. This proposal is for information purposes only and Purchaser's order is subject to acceptance by our credit department.

Standard Terms of Payment

The following represents the company's standard terms of payment for domestic orders. If other terms have been agreed upon, or when export terms are required, they are listed elsewhere in the proposal, and to the extent so listed, those terms supersede these standard terms.

1. Warranty, Remedy, Disclaimer

WaterSmart Environmental, Inc., hereinafter called the SELLER, warrants for a period of five (5) years from the date of shipment the equipment of its own manufacture as well as equipment manufactured by others and incorporated by SELLER into its design against defects in material and workmanship, under normal use and service, when used and maintained in accordance with instructions supplied by SELLER. This is SELLER'S sole and exclusive warranty. If such a defect appears within five (5) years from the date of shipment and Purchaser has given SELLER immediate written notice of same, SELLER will repair the part, or at its option, replace the part, to include all shipping and installation costs associated with the repair. The replacement or repair (including costs of parts and labor) of those items normally consumed in service, such as pump seals, oil, grease, packing, chemicals, etc., shall be considered as part of routine maintenance and equipment upkeep. No allowance will be made for repairs without SELLER'S written consent or approval. Any descriptions of the equipment, any specifications, and any samples, models, bulletins, or engineering drawings used in connection with this sale are for the sole purpose of identifying the equipment and are not to be construed as express warranties. Unless, during the warranty period, all repairs or replacements of parts or components for SELLER'S equipment are made with SELLER'S approved parts or components, and unless all warranty servicing is performed by SELLER or its authorized distributor or repre-

On all orders under \$5,000:

1. Net cash within thirty (30) days of shipment date(s), or
2. Net cash within thirty (30) days of notification that shipment is ready when equipment is held on request of the Purchaser.

Note: *The above terms apply to partial as well as complete shipments.*

On all orders \$5,000 and above:

1. 35% of order amount to accompany Purchase Order, Letter of Intent, or Written Authorization, whichever bears the earliest date.
2. 55% of order amount upon completion of manufacturing and prior to shipment. Purchaser's inspection of product prior to shipment is encouraged.
3. 10% of order amount net thirty (30) days from shipment date(s), or at time of startup, whichever first occurs.

sentative, the warranty responsibility of SELLER shall immediately terminate. SELLER MAKES NO OTHER WARRANTY OF ANY KIND WHATSOEVER, EXPRESSED OR IMPLIED; AND ALL WARRANTIES OR MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE ARE HEREBY DISCLAIMED BY SELLER AND EXCLUDED FROM THESE TERMS OF SALE. The Purchaser's sole and exclusive remedy, whether based upon warranty, contract, or tort, including negligence, will be to proceed under this warranty. All liability of SELLER shall terminate five (5) years from the date of shipment of the equipment.

2. Limitation of Liability

SELLER shall not in any event be liable for special, indirect, incidental, or consequential damage. SELLER's liability on any claim of any kind, including negligence, for any loss or damage arising out of, connected with, or resulting from this contract, or the performance or breach thereof, or the design, manufacture, sale, delivery, resale, installation, inspection, repair, operation, or use of any equipment covered by or furnished under this contract shall in no case exceed the price paid by the Purchaser for the equipment. SELLER also disclaims all liability, whether in contract, tort, warranty, or otherwise, to any party other than Purchaser.

3. Shipping Dates

The time for shipment given herein is approximate and is estimated from the date of receipt of order and complete manufacturing information and approval drawings as may be

necessary. SELLER shall not be liable for any loss or damage for delay or non-delivery due to the acts of civil or military authorities, acts of the Purchaser, or by reason of "force majeure", which shall be deemed to mean all causes whatsoever not reasonably within the control of SELLER including, but not limited to acts of God, war, riot or insurrection, blockades, embargoes, sabotage, epidemics, fires, strikes, lock-outs, or other industrial disturbances, delays of carrier, and inability to secure materials, labor or manufacturing facilities.

4. Payments

The prices specified are in U.S. currency free of all expenses to SELLER for collection charges. Pro rata payments shall be made for partial shipments. If delivery is prevented or postponed at the Purchaser's request, or by reason of any other cause set forth specifically or by implication in paragraph 3 above, then all dates of payment related to delivery shall relate instead to the date of completion of manufacture. Letters of credit or other credit instruments established to provide payment for the equipment specified in this proposal shall make provision for payment as set forth above where delivery is prevented or postponed under such circumstances. Storage of such equipment will be at the Purchaser's expense and risk. When in the opinion of SELLER the financial condition of the Purchaser renders it necessary, SELLER may require cash payment or satisfactory security before shipment. Interest at the highest rate permitted by law, but not to exceed 1-1/2% per month, will apply to all invoices not paid when due.

5. Changes and Drawings

Seller reserves the right to change or modify the design and construction of equipment and to substitute other suitable material. If drawings are furnished, they are submitted to show general style and arrangement of the equipment offered.

6. Cancellation

The Purchaser may cancel his order only upon written notice and payment to Seller of reasonable cancellation charges specified by Seller. As a minimum, these charges will include costs of raw materials ordered and commitments made for manufacture of the equipment.

7. Suspension

If SELLER'S performance of the work is delayed for a period of more than six (6) months, either by reason of the request or acts of the Purchaser, acts of civil or military authorities, or by reason of "force majeure", upon removal of the cause of any such delay, performance shall be resumed, and delivery will be rescheduled, and the purchase price shall be adjusted to that in effect at the time of resumption of performance subject to such price adjustment clause as may then be applicable or notified by SELLER to Purchaser. If Purchaser is unwilling to accept the adjustment price and projected delivery date, he may cancel his order by giving written notice thereof to SELLER at any time within thirty (30) days after he has been informed of SELLER'S adjusted price and projected delivery date and upon payment of reasonable cancellation charges specified by SELLER.

8. Risk of Loss, Security

The Purchaser shall bear all risk of loss of or damage to the equipment after release to a transportation carrier at manufacturing site(s). Purchaser agrees that SELLER shall retain a security interest in the equipment only until the purchase price has been paid and Purchaser agrees to perform all acts necessary to perfect and assure SELLER'S security interest.

9. Taxes

The Purchaser shall pay to SELLER, in addition to the purchase price, the amount of all Sales, Use, Privilege, Occupation, Excise, other taxes, Federal, state, local, or foreign which SELLER may be required to pay in connection with furnishing goods or services to the Purchaser.

10. Proprietary and Confidential Technology

Technical Information contained in engineering drawings, bulletins, proposals, company publications, installation, operation and maintenance manuals, and related communications are confidential and contain trade secret information proprietary to and the property of SELLER. Said information may not be used to our competitive disadvantage, may not be reproduced in whole or in part, and may not be discussed with or disclosed to others not having a need to know consistent with the reason for its transmittal, without the specific written consent of **WaterSmart Environmental, Inc.**

