



# Corporate Policy SOP0003 Terms and Conditions of Sale

## General

These terms and conditions govern acceptance of purchase orders to Reedholm Systems, referred to as Seller, from customer, referred to as Buyer. Seller must agree to all changes in writing.

## Delivery

All sales are F.O.B. Seller's facility. Title and risk of loss pass to Buyer upon transfer of product to carrier, with carrier acting as Buyer's agent. If Buyer does not provide shipping instructions, Seller will select a carrier and insure shipment at Buyer's expense. Buyer warrants no U.S. laws will be contravened by disposition of goods.

## Shipment

It is understood that factors beyond Seller's control may cause shipment delays. Seller will promptly notify Buyer and use reasonable efforts to reschedule shipment. Buyer may not cancel an order under such circumstances without written permission of Seller. In no event will Seller be liable for special or consequential damages to Buyer.

Seller reserves the right to make partial shipments with consent of Buyer, and invoices will be issued by purchase order line items. In the event Buyer delays shipment, and shipment is ready on scheduled ship date, Seller will store the order for 1% of total purchase price per month. Storage charges will be added to the invoice at time of shipment based on number of days in storage.

## Order Acceptance and Installation

Acceptance will occur upon completion by Seller of order acceptance procedure at Seller's designated facility. Buyer will be notified prior to performance of acceptance procedures. If Buyer fails to attend or designate a representative, Seller will act as agent for Buyer.

## Discounts and Terms of Payment

Standard terms for Systems & Upgrades are 30/60/10 (30% w/Purchase Order, 60% Order Acceptance Prior to Shipment, & 10% N30. Minimum \$500 Purchase Order required. Discounts for multiple orders as shown. Credit card payments available for 5% handling fee.

Type of Order	% Down with PO	% Paid before shipment	%Bal. Net 30	Discount (% of order)
Multiple Systems & Upgrades, Assemblies & Repairs	25	65	10	1
	0	0	100	0
Custom Engineering	50	0	50	0
Training	100	0	0	0
Support Contract	100	0	0	0

## Changes in Basis for Credit

If there is a material change in rating of Buyer that causes delivery on acknowledged terms of payment to be unjustified, Seller may require full or partial payment in advance. In event of bankruptcy of Buyer under bankruptcy laws, Seller may cancel any outstanding order and shall be due reimbursement described in the section on order cancellations.

## Systems and Assemblies Warranty

New systems, refurbished systems, and new assemblies sold by Seller will be repaired at no charge for one year after shipment. Refurbished modules sold by Seller are warranted for 90 days.

## Out of Warranty Systems

Most Buyers order annual service agreements from Seller to receive technical support. Support is also available from Seller without a contract, but the price of repairs and service is higher. Service contract fees are based on number of covered Reedholm systems at a site.

## Recertification

Items purchased from 3<sup>rd</sup> parties and other resellers are not supported unless they have been accepted for a recertification process by the Seller. Use of such items could invalidate other warranties offered by Seller. Fees for recertification are ~25% of list selling price of the items, plus repairs if needed. The recertification process includes, but is not limited to bringing assemblies current, verification of performance of the items, and inspection of the assemblies. recertification services and a complete list of systems and modules model numbers and versions that qualify for the recertification service.

## Taxes

All taxes, which apply to the manufacture or sale of system or other products, shall be added to the purchase price and paid by Buyer. In lieu thereof, where applicable, Buyer shall provide a legal tax exemption certificate.

## Order Cancellations and Charge Backs

Cancellations are only accepted after receiving written notification from Buyer. Receipt date of written cancellation used for calculation of cancellation charges.

Type of Order	Since Order Placement (% of Time Elapsed)	Cancellation Charge (% of Purchase Price)
Systems and Upgrades	Up to 25	20
	25 to 50	50
	50 to 75	70
	75 & Above	90
Re-stocking Assemblies	N/A	15
Custom Engineering	Up to 25	50
	25 & Above	90

## Patents

If any suits are brought against Buyer claiming that Seller's products constitute an infringement of any patent of the United States, Seller shall hold Buyer harmless against expenses and damages awarded in such suit, provided Buyer notifies Seller, in writing, within five days of notice of any such suit and gives authority, information, and assistance for the defense or settlement of same.

In case said product, or any part thereof, is in such suit held to constitute infringement, and use of such product or part is enjoined, Seller shall either procure the right for Buyer to continue using said product, or replace same with non-infringing products or modification, or remove same and refund the purchase price and transportation cost and installation costs thereof. Seller assumes no further liability for patent infringement for said products.

Buyer shall hold Seller harmless against any expense or loss resulting from infringement of patents or trademarks arising from compliance with Buyer's requests or instructions. Seller does not convey license, by implication, estoppels, or otherwise, for any devices or elements.

## Warranty

Seller warrants its manufactured equipment against defective materials or workmanship for one year from shipment. For the warranty period, all defective products and parts of products will be repaired or replaced at Seller's designation service center. Repair work is warranted by the Seller. The Buyer covers shipping to and from the Seller. Warranty does not apply to consumable items such as lamps, fuses, filters, etc.

Standard warranty for module repair or update is 90 days from date of shipment for failures not due to user carelessness, user modification of hardware or software, willful destruction, or acts of God. Warranty applies only to those parts used in update or repair. Seller manufactures and supports products well beyond the life cycles of the components used in Seller's products. As a result, Seller reserves the right to use re-manufactured or re-stocked components at its own discretion. Seller's warranty is not affected by use of such components.

THIS WARRANTY IS EXPRESSED IN LIEU OF ALL OTHER WARRANTIES OR REPRESENTATIONS, EXPRESSED, IMPLIED OR STATUTORY, INCLUDING THE IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE OR MERCHANTABILITY. WARRANTY MAY BE ASSERTED BY BUYER ONLY AND NOT BY BUYER'S CUSTOMERS. IN NO EVENT SHALL SELLER BE LIABLE FOR CONSEQUENTIAL OR SPECIAL DAMAGES.

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**Document History:**

Rev	Date	Author	Description of Change
A	11/14/05	KR	Modified payment terms
B	5/30/06	KR	Terms of payment changed to N30 for domestic customers and 90/10 or 25/65/10 for international customers.
C	6/8/09	KR	Discover card added.
D	2/12/13	KR	Warranty change.
E	2/10/14	KR	Support Policy Added & Terms Amended
F	3/25/15	KR	American Express Added
G	10/19/17	JRR	Recertification added and other adjustments to reflect Reedholm Systems practices.