



Corporate Policy SOP0003

Terms and Conditions of Sale

General

These terms and conditions govern acceptance of purchase orders to Reedholm, 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. A/E, MC, VISA, & Discover accepted as described in [AM0001](#).

Type of Order	% Down with PO	% Paid before shipment	%Bal. Net 30	Discount (% of order)
Multiple Systems & Upgrades, Assemblies & Repairs	30	60	10	1
Custom Engineering	0	0	100	0
Training	50	0	50	0
Support Contract	100	0	0	0

Support Contracts

New Systems and Assemblies Warranty

New systems and new assemblies will be repaired at no charge for one year after shipment. Phone, email, and on-line support will be provided, as long as fees are current for previously installed systems, if any.

Out of Warranty Systems

A Support Service Contract is required to receive unlimited phone and e-mail support. Fees are based on the total number of Reedholm systems at a site.

Fees:

- For a single-system site, annual fee is \$6,000.
- For multiple-systems:
 - 1) 2 Systems \$ 8,000
 - 2) 3 Systems \$10,000
 - 3) 4 Systems \$12,000

Fees can be used to pay for any repairs, spares, training, or service trips required. Once the balance has reached zero, service will be charged as usual, but unlimited phone and e-mail support will continue for the duration of the contract.

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 previous section on order cancellations.

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. Modules may be returned within 30 days for a restocking fee.

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	25
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	11/10/21	JD	Terms of payment changed to 30/60/10 for Systems and Upgrades and updated Service Contract Pricing.
H	12/17/21	JD	Updated the return policy.