



CEF INDUSTRIES, LLC.
ADDISON, ILLINOIS U.S.A.

Document No.: ASW722-1

Revision: C

Document Title: **Standard Terms and Conditions of Sale**

Revision Date: 4/27/2011

Approval: *Mike Berry, Director of Engineering and Quality*

Page 1 of 1

1. **Acceptance** – a) Seller's acknowledgement and acceptance of Buyer's purchase order is expressly made conditional on assent by Buyer to these standard terms and conditions. b) The provisions of this document shall be deemed to control, and take precedence over any condition specified by Buyer in conflict unless accepted in writing by Seller. c) Any terms, conditions, or quality requirements not addressed in this document are subject to SELLER review and acceptance.
2. **Design Change Authority** – If applicable, as a TC/STC holder, Buyer grants Seller design change authority for all "Class II" changes (minor changes, changes that have no impact on form, fit, functions, reliability or weight as defined in 14 CFR 21.93) for the products that Seller has designed, qualified, built and delivered to you. Seller will make available copies of all changes upon request.
3. **Material Review Board Authority** – If applicable, as a TC/STC holder, you grant Seller material review board authority for all minor non-conformances (as defined for all equipment that Seller designed, qualified, built and delivered to you). This authority is limited to minor non-conformances. All non-conformances will be documented, filed and made available upon request in accordance with 14 CFR 21.125.
4. **PMA** – If applicable, as a TC/STC holder, you shall provide Seller with a PMA Assist Letter to pursue the FAA for PMA for all products that Seller has designed, qualified, built, and delivered to you or the end user.
5. **Intellectual Property** – a) All rights in designs and other intellectual property created or used in the performance of the order shall be the sole property of Seller. In no event will Seller be restricted in any way from selling Products to any other customers. b) Buyer must hold any technical data provided by Seller in strict confidence unless released in writing by Seller. c) All of Seller's technical data is company proprietary including the envelope drawing outlining dimensional and performance requirements, a spare parts list and our "Acceptance Test Procedure" (ATP) document. d) All other company proprietary technical data is available for review at the Seller facility only.
6. **Price** – All prices represent those in effect at the time of quotation and are for the term specified at the time of quote. Prices are F.O.B. Seller's warehouse, unless otherwise specified. Unless otherwise agreed in writing, prices are stated in United States dollars, are exclusive of sales, use, excise or similar taxes and are subject to any price adjustment necessitated by Seller's compliance with any act of government. Any tax or other government charge upon the production, sale, shipment or use of the Products which Seller is required to pay or collect from Buyer shall be paid by Buyer to Seller unless Buyer furnishes Seller with a tax exemption certificate acceptable to the appropriate taxing authority. Any changes as may occur on or prior to dates of shipment in applicable tariffs, freight rates or transportation charges and any prepayment by Seller of freight charges shall be for the account of Buyer and shall be paid by Buyer with and in addition to the purchase price.
7. **Packaging** – a) Seller's unit prices include, at "No Additional Charge", best standard commercial packaging practices. b) All packaging materials and procedures are selected by Seller. c) Seller does have the capability of "Bar Coding" and packaging in accordance with Mil-Specifications as well as other methods and would be pleased to provide a quotation for this service upon written request.
8. **Delivery** – Seller ships all new and rebuilt products from plant in Addison, IL. Title and risk of loss passes to Buyer upon placement or pick-up by the carrier specified by the purchase order. The scheduled shipping or delivery date shown on the face of Seller's acknowledgement is the best estimate of the time the order will be shipped and Seller assumes no liability for loss, general damages, or special or consequential damages due to delay. Any products not rejected by Buyer within 30 days of shipment of said products are considered accepted by Buyer.
9. **Payment Terms** – The payment terms are specified by Seller in writing on the quotation and placement of a purchase order will be deemed confirmation by the Buyer. If no payment terms are specified, the default terms will be cash in advance (CIA). An invoice is generated after shipment of the product or completion of our services. When payment is not made in accordance within the specified terms the amount due will be subject to an annual interest charge of 18%. Any overdue payment may be subject to legal action. All attorneys' fees, expenses, court costs and other costs incurred by Seller for such legal assistance to obtain payment will be borne by the Buyer. If the Buyer fails to make payments on this or any other purchase order placed with Seller, Seller may defer further shipments until such payments are made or may, at Seller's option, cancel any unshipped balance without penalty.
10. **Taxes** – Any applicable Federal, State or Local taxes of any nature will be billed separately on our invoice unless Buyer provides the necessary tax exemption certificates thirty (30) days in advance of shipment.
11. **Warranty** – a) Seller warrants products for one year from the date of shipment from Seller's facility for defects in materials and workmanship. We do not expressly or impliedly warrant against defects in workmanship or materials or parts or materials furnished by the Buyer. In such case we only warrant that we will properly install such parts or materials so as not to degrade the performance of the defect within thirty (30) days after discovery thereof and we determine, in Seller's sole discretion, that the product is defective and (i) has not been subject to accident, abuse, misuse or combat damage, (ii) has been operated and maintained in accordance with our recommendations and/or specifications, and (iii) there has been no accident, abuse, misuse or mismanagement of the system into which the product has been incorporated. THE WARRANTY CONTAINED HEREIN IS IN LIEU OF ALL OTHER WARRANTIES, GUARANTEES OR PROMISES ARISING BY LAW OR OTHERWISE (INCLUDING WITHOUT LIMITATION WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A SPECIFIC PURPOSE), AND WHETHER OR NOT ARISING IN CONTRACT OR TORT. BY AGREEING TO PURCHASE PRODUCTS FROM SELLER, YOU WAIVE ANY AND ALL OTHER WARRANTIES, GUARANTEES, PROMISES OR REPRESENTATIONS. OUR WARRANTY MAY NOT BE MODIFIED IN ANY WAY EXCEPT BY A WRITTEN INSTRUMENT SIGNED BY ONE OF OUR OFFICERS. b) Any unit in question must be returned to Seller, transportations prepaid, for our evaluation and determination of responsibility. c) Any unit, which Seller determines to be Seller's responsibility, will be repaired or replaced at "No Charge," which will be the sole remedy. d) Seller must make all repairs, modifications or alterations. Any repairs, modifications or alterations made by the Buyer void this warranty unless authorized in writing by Seller. e) A Return Material Authorization (RMA) number must be obtained from Seller's Sales Department prior to returning the products to our facility to prevent shipment refusal at our Shipping & Receiving dock. f) Buyer assumes the risk and expense of the returned unit until delivered to Seller's dock and the unit will be subject to Seller's receiving inspection. g) This is Seller's warranty policy in full. Seller is not liable for any additional charges called out in the Buyer's associated paragraphs. This Warranty does not cover liability for loss, damage or injury to third parties or to property. Seller has no liability for liquidated damages or for punitive, collateral, consequential or special damages, including but not limited to loss of profits or loss of use, whether resulting from delays in delivery or performance. Seller's aggregate total liability shall in no event exceed the contract price of the individual product or services supplied to you. Buyer agrees to indemnify and hold Seller harmless from all claims by third parties which extend beyond these limitations on Seller's liability.
12. **Stop Work** – Seller will not charge the Buyer for a "Stop Work" for a period "Not-to-Exceed" four (4) months unless Seller incurs additional costs as a result of the "Stop Work". Seller will advise any applicable charges at the time of occurrence.
13. **Cancellation** – This sale is not subject to cancellation, change reduction in amount or suspension or deferment of deliveries, except with Seller's consent and upon terms which indemnify Seller against loss, which will include lost profit. Change orders, including cancellation, division or rescheduling, must be in writing and may be subject to a service charge. The typical "frozen window" when orders cannot be changed is 90 days or the product's lead time, whichever is greater. Seller requires at least ten (10) working days from receipt of any change order to implement the requested change. Seller is not liable for any additional charges called out in Buyer's associated paragraphs.
14. **Designs** – All top level designs made by Seller in the processing of the order will be approved by Buyer. Seller is pleased to assist Buyer with suggestions on design, construction and materials. However, Seller cannot and will not be liable or responsible for any loss, cost or damage resulting from or connected with the use of such suggestions. Any design made and used by Seller in processing this order shall be the sole property of Seller.
15. **Insurance** – Seller does not amend insurance policies to specifically name Buyers.
16. **Import/Export** – Seller does not direct import or export at this time and all correspondence, customs clearances, documentation, licenses and associated costs are handled by the Buyer. The Buyer will be required to specify the following: (i) The name of the U.S. freight forwarder, (ii) The carrier to pick-up the products from our facility, (iii) The Buyer's account number for this carrier to handle the associated shipping charges to the U.S. freight forwarder, (iv) If product is regulated by ITAR then an end use statement is required. Items (i) through (iv) must be specified on the purchase order.
17. **Assignment** – Buyer shall not assign this Agreement or any rights therein, without the prior written consent of the Seller.
18. **Waivers** – No waiver of any breach of any term, condition, or obligation thereof shall be deemed a waiver of similar terms in the future, nor shall the waiver of any breach be deemed a waiver of any subsequent breach of the same or other nature.
19. **Governing Law** – This sales order is made and entered into and shall be governed by the laws of the State of Illinois.
20. **U.S. Government Contracts** – If the products to be furnished under this sales order are to be used in the performance of a U.S. Government contract or subcontract and a U.S. Government contract number appeared on your order, those clauses of the applicable U.S. Government procurement regulations that are required by federal statute to be included in U.S. Government subcontracts of this size and nature, taking into account any applicable exception, such as the commercial item exception, shall be incorporated herein by reference.