

Contract Fabrication and Design, LLC

STANDARD TERMS AND CONDITIONS OF SALE

1. **TAXES:** Prices do not include any applicable taxes. Taxes will be added by CFD to the sales price where CFD is required by law to collect them, and will be paid by Buyer unless Buyer provides CFD with a tax-exemption certificate.
2. **PRICE:** Prices shall be as mutually agreed upon between Buyer and Seller and evidenced in a written purchase order signed by both parties.
3. **RELEASES:** Prices apply only if the quantity ordered is released within six (6) months and shipments scheduled no more than ten (10) months from the date CFD received Buyer's order. Otherwise, CFD's standard prices in effect on such release date for the quantity actually shipped shall apply.

In the event of extraordinary increases in the market prices of fuels, metals, raw materials, equipment and other production costs, CFD shall have the right and Buyer shall have the obligation to renegotiate in good faith the price of the goods hereunder not yet shipped, and if agreement is not reached, CFD shall have the right to cancel this contract without liability.

4. **TITLE AND DELIVERY:** Shipments of goods shall be delivered F.O.B. Destination. Title and liability for loss or damage shall pass to Buyer upon CFD's tender of delivery of the goods to the Buyer and any subsequent loss or damage shall not relieve Buyer from any obligation. CFD may deliver the goods in installments. Delivery dates are estimates. CFD shall not be liable for any loss or expense (consequential or otherwise) incurred by Buyer if CFD fails to meet the estimated delivery dates because of unavoidable production or other delays.
5. **TERMS AND METHOD OF PAYMENT:** Where CFD has extended credit to Buyer; terms of payment shall be net thirty (30) days from date of invoice. The amount of credit or terms of payment may be changed or credit withdrawn by CFD at any time for any reason. If the goods are delivered in installments, Buyer shall pay for each installment in accordance with the terms of payment hereof. When Buyer fails to make each payment when it is due, CFD reserves the right to withdraw credit and thereby suspend or cancel performance under any or all purchase orders or agreements in which CFD has extended credit to Buyer. CFD's suspension of performance may result in a rescheduling delay contingent on current product availability.

If in CFD's judgment, Buyer's financial condition does not justify the terms of payment specified herein, CFD may cancel this contract unless Buyer shall immediately pay for all goods which have been delivered and pay in advance for all goods to be delivered.

6. **CONTINGENCIES:** CFD is not liable, either wholly or in part, for nonperformance or a delay in performance due to force majeure or contingencies or causes beyond the reasonable control of CFD, including but not limited to, shortage of labor, fuel, raw material or machinery or technical or yield failure where CFD has exercised ordinary care in the prevention thereof. Production and deliveries may be allocated by CFD in a reasonable manner in the event of shortage of goods.
7. **QUALITY ASSURANCE:** All CFD products are produced according to CFD standard practices. No Mil-Q, Mil-I or any other quality standards are offered for sale or included in any related orders.
8. **WARRANTIES AND RELATED REMEDIES:** THE FOLLOWING ARE IN LIEU OF ALL CONDITIONS OR WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, INCLUDING BUT NOT LIMITED TO, ANY IMPLIED CONDITIONS OR WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND OF ANY OTHER WARRANTY OBLIGATION ON THE PART OF CFD.

CFD, except as otherwise provided below, warrants the goods against faulty workmanship or the use of defective materials and warrants that the goods will conform to CFD's standard production for a period of six months after manufacture. Testing and other quality control techniques are utilized to the extent CFD deems necessary to support this warranty. CFD warrants that at the time of delivery, CFD has title to the goods free and clear of any and all liens and encumbrances. These warranties are the only warranties made by CFD and can be amended only by a written document signed by a CFD officer.

Continued use or possession of the goods after expiration of the applicable warranty period stated above shall be conclusive evidence that the warranty is fulfilled to the full satisfaction of Buyer.

CFD makes NO WARRANTY as to proto-type products, which are supplied "AS-IS", or as to experimental or developmental goods or goods not manufactured by CFD. For goods not manufactured by CFD, to the extent permitted by CFD's contract with its supplier, CFD shall assign to Buyer any rights CFD may have under any warranty of the supplier.

If CFD breaches its warranties as contained herein, CFD's sole, maximum liability shall be (at CFD's option) to repair, replace, or credit Buyer's account for any goods which are returned by Buyer during the applicable warranty period set forth above, provided that (a) CFD is promptly notified in writing upon discovery by Buyer that the goods failed to conform to this contract with a detailed explanation of any alleged deficiencies, (b) the goods are returned to CFD, F.O.B. CFD's plant from which goods were shipped, and (c) CFD's examination of the goods shall disclose that such alleged deficiencies actually exist and were not caused by accident, misuse, neglect, alteration, improper installation, unauthorized repair or improper testing. If the goods fail to conform to the warranty, CFD shall reimburse Buyer for the transportation charges paid by Buyer for the goods. If CFD elects to repair or replace the goods, CFD shall have a reasonable time to make the repair(s) or replacement. Such repair, replacement or credit shall constitute fulfillment of all liability of CFD to Buyer whether based in contract, tort, indemnity, and statutory provision or otherwise.

CFD MAY PROVIDE TECHNICAL, APPLICATIONS OR DESIGN ADVICE, QUALITY RELIABILITY DATA OR SERVICE IN CONNECTION WITH BUYER'S ORDER. PROVIDING THESE ITEMS SHALL NOT EXPAND OR OTHERWISE AFFECT CFD'S WARRANTIES SET FORTH ABOVE AND NO OBLIGATION OR LIABILITY SHALL ARISE FROM CFD'S PROVISION OF SUCH ITEMS.

9. **INTELLECTUAL PROPERTY:**

9.1 CFD has properly applied for and/or obtained applicable patents for its proprietary hardware. CFD Hardware and Technical Data is protected by US Patents, Trademarks, and Copyright Laws.

9.2 THE SALE BY CFD OF THE GOODS ORDERED HEREUNDER DOES NOT GRANT TO, CONVEY OR CONFER UPON BUYER OR BUYER'S CUSTOMERS, OR UPON ANYONE CLAIMING UNDER BUYER, A LICENSE, EXPRESS OR IMPLIED, UNDER ANY PATENT RIGHT, COPYRIGHT, OR OTHER INTELLECTUAL PROPERTY RIGHT OF CFD COVERING OR RELATING TO ANY COMBINATION, MACHINE OR PROCESS IN WHICH SAID GOODS MIGHT BE OR ARE USED. THE FOREGOING STATES THE SOLE LIABILITY OF THE PARTIES FOR INTELLECTUAL PROPERTY RIGHTS INFRINGEMENT AND IS IN LIEU OF ALL WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, IN REGARD THERETO.

10. **LIMITATION AND DISCLAIMER OF DAMAGES:** If CFD breaches any provisions of this contract other than its warranties as contained in Section 8, CFD's sole liability shall not exceed the total contract price specified herein less the purchase price for any items delivered and accepted hereunder. Remedies for breach of warranty are limited to those stated in Section 8.

IN NO EVENT SHALL CFD BE LIABLE TO ANYONE FOR SPECIAL, COLLATERAL, INDIRECT, EXEMPLARY, INCIDENTAL OR CONSEQUENTIAL DAMAGES FOR BREACH OF ANY OF THE PROVISIONS OF THIS CONTRACT, SUCH DAMAGES TO INCLUDE BUT NOT BE LIMITED TO, COSTS OF REWORK, RETESTING OR REMOVAL AND REINSTALLATION OF GOODS, LOSS OF GOODWILL, LOSS OF PROFITS, OR LOSS OF USE.

11. **TERMINATION AND CANCELLATION:** Buyer may terminate this contract in whole or, from time to time, in part upon thirty (30) days' advance written notice for products in which raw materials have not yet been purchased, and ninety (90) days' advance written notice for all other products. In such event Buyer and Seller may negotiate reasonable termination charges for losses incurred by Seller. Such reasonable terminations charges shall include all costs including MLO (Material, Labor, and Overhead) accrued for the contract and shall be paid by buyer in accord with Federal Acquisition Regulations (FAR) applicable for all contract "Terminations for Convenience" of the Government.

12. **NON-WAIVER OF DEFAULT:** In the event of any default by Buyer, CFD may decline to make further shipments. If CFD elects to continue to make shipments, CFD's action shall not constitute a waiver of any default by Buyer or in any way affect CFD's legal remedies for any such default.

13. **GOVERNING LAW:** The validity, performance and construction of this contract shall be governed by the laws of the State of Texas, except as superceded by Federal contract laws governing FAR applications.

14. **EXPORT CONTROL:** THE GOODS COVERED BY THIS CONTRACT MAY FALL WITHIN THE GROUP OF "STRATEGIC" ELECTRONIC PRODUCTS OR TECHNICAL DATA THAT ARE WHOLLY OR PARTLY OF U.S. ORIGIN OR TECHNOLOGY, THE EXPORT OF WHICH IS SUBJECT TO EXPORT LICENSE CONTROL BY THE U.S. GOVERNMENT. THEREFORE, PRIOR TO EXPORTATION, BUYER IS REQUIRED TO OBTAIN ANY LICENSES WHICH MAY BE REQUIRED UNDER THE APPLICABLE LAWS OF THE U.S., INCLUDING THE EXPORT ADMINISTRATION ACT AND REGULATIONS. BUYER IS FULLY RESPONSIBLE FOR ALL DEPARTMENT OF COMMERCE AND/OR DEPARTMENT OF STATE LICENSES AND TECHNICAL ASSISTANCE AGREEMENTS.
15. **U.S. GOVERNMENT CONTRACTS:** If the goods are to be used in a U.S. Government contract or subcontract, those mandatory clauses, except as noted below, of the applicable U.S. Government procurement regulations shall be incorporated by reference. Unless otherwise agreed upon in writing, certified cost or pricing data will not be provided and Cost Accounting Standards, Defective Pricing, and Audit requirements will not apply.
16. **ASSIGNMENT:** This contract shall not be assignable by either party without the written consent of the other party. Unauthorized assignment shall be void.
17. **MODIFICATION:** THESE TERMS CONSTITUTE THE ENTIRE AGREEMENT BETWEEN THE PARTIES RELATING TO THE SALE OF THE GOODS DESCRIBED ON THE FACE HEREOF AND/OR ON A SPECIFIC PURCHASE ORDER REFERENCED ABOVE AND SIGNED BY BOTH PARTIES. THESE TERMS SUPERSEDE ALL PREVIOUS COMMUNICATIONS, REPRESENTATIONS, OR AGREEMENTS, EITHER ORAL OR WRITTEN, WITH RESPECT TO THE SUBJECT MATTER HEREOF. NO REPRESENTATIONS OR STATEMENTS OF ANY KIND MADE BY ANY REPRESENTATIVE OF CFD, WHICH ARE NOT STATED HEREIN, SHALL BE BINDING ON CFD. NO ADDITION TO OR MODIFICATION OF ANY PROVISION UPON THE FACE OR REVERSE OF THESE STANDARD TERMS & CONDITIONS SHALL BE BINDING UPON CFD UNLESS MADE IN WRITING AND SIGNED BY A DULY AUTHORIZED REPRESENTATIVE OF CFD. NO COURSE OF DEALING OR USAGE OF TRADE OR COURSE OF PERFORMANCE SHALL BE RELEVANT TO EXPLAIN OR SUPPLEMENT ANY TERM EXPRESSED IN THESE TERMS OR ANY RELATED CONTRACT OR PURCHASE ORDER.