

GENERAL TERMS AND CONDITIONS OF SALE

1. **ACCEPTANCE OF PURCHASE ORDERS:** All requests for product or services from Standby Power System Consultants Inc. {"Seller"} must have a purchase order submitted by an authorized agent of the Buyer. Notwithstanding any contrary language in Buyer's purchase order, each purchase order shall be subject to acceptance by an authorized employee of Seller and each transaction shall be governed exclusively by these Terms and Conditions of Sale. Any additional or different terms proposed by Buyer or Seller are automatically rejected unless expressly accepted to in writing by Buyer and Seller.
2. **ADMENDMENTS:** The parties agree that an order, including these Terms and Conditions of Sale together with any documents containing specifications, drawings, and data necessary for order execution attached or incorporated by reference, contains the complete and final contract between Buyer and Seller, and no agreement or understanding to modify the order shall be binding upon both Buyer and Seller unless in writing and signed by Buyer and Seller's authorized representatives.
3. **CHANGES:** Prior to Seller Shipping Deadlines, the Buyer reserves the right to make written changes in any one or more of the following: a) methods of shipment, b) place of delivery, and c) manner of delivery. Any additional cost associated with changes will be borne by the buyer.
4. **DELIVERY:** Lead-times are for reference only and are subject to change. Design and/or specification changes are subject to review for possible adjustments to delivery. Order quantities subject to scheduled delivery dates must be mutually agreed upon.
5. **PAYMENT TERMS:** Buyer agrees to payment terms of Net 30 days from date of invoice if Seller has approved Buyer's credit. Payments made by credit card are subject to a 3% service charge. Wire transfers or ACH payments may be subject to additional bank fees payable by the Buyer. Payments made after 30 days may be subject to a late fee service charge up to 3% of invoice value.
6. **COLLECTION:** Buyer agrees to indemnify Seller against any and all costs of collection, including reasonable attorneys' fees.
7. **CANCELLATION:** Changes and/or cancellations to existing schedules or orders are subject to Seller's acceptance and any applicable cancellation charges (and possible increase in per piece price due to reschedules or reduced quantities). Cancellation charges will be determined by the type of product and the stage of completion. Cancellation charges for special products will be based on the selling price less amounts saved at the time of cancellation. Seller will not accept temporary holds on orders for rescheduling purposes for a period that exceeds ninety (90) days. All reschedule requests are subject to manufacturer's approval. If at that time a reschedule is not received, Seller reserves the right to recommence shipments in accordance with the original

schedule or cancel the order.

* All Custom orders and Integration Projects are NCNR (non-cancelable non-returnable.)

8. **RETURNS:** No products shall be returned to Seller, whether for inspection, repair, replacement, or any other reason without prior approval from Seller (see RMA Policy below). Products and parts must be returned in new or like-new condition in original packaging with complete identification in accordance with our instruction or the shipment may not be accepted. All returns must be sent to Seller freight prepaid FOB Destination unless otherwise instructed. Where authorization has been obtained to return products and parts for reasons beyond warranty, a minimum 15% restocking fee will be applied. Custom products may be subject to a 30%-100% restocking fee.
9. **CURRENCY:** Unless otherwise indicated on the invoice, all payments are to be made in United States currency.
10. **TAXES:** Any and all sales or other permissible taxes assessed upon any sale or products sold shall be added to the purchase price of the products and is the Buyer's responsibility to pay. Sales tax will be charged to the order and paid by the Buyer unless Seller has a valid state sales tax exemption certificate on file.
11. **DESIGN AND TECHNICAL INFORMATION:** Seller claims proprietary rights in the items and information associated with this order. Drawings and technical information are issued with confidence for engineering information and mutual assistance only and may not be publicly disseminated, reproduced or used by Buyer without Seller's prior written consent and shall be returned when its purpose has been served.
12. **SHIPMENT TERMS:** Unless Seller agrees otherwise all shipments shall be Freight Prepaid and Add FOB Origin (shipping point). Seller shall also be entitled to impose additional charges for completion, at Buyer's request, of forms with respect to shipping. Unless otherwise agreed, shipment may be made by any reasonable commercial size as Seller deems appropriate.
13. **PACKAGING:** The cost of standard bulk packaging for shipment in the United States and Canada may not be included in the Seller's prices, unless Buyer requests the same. Additional charges may be imposed for special domestic packaging, overseas packaging, or special marking performed at Buyer's request and agreed to by Seller.
14. **TITLE AND RISK OF LOSS:** Risk of loss or damage in transit shall be borne entirely by Buyer at all times after the products are delivered to the carrier for shipment (FOB Origin) according to the Shipping Terms and Conditions below. However, the right to stop delivery in transit shall remain with Seller until payment in full has been received by Seller. Shipping insurance, increased limits of carrier liability and other handling provisions are available upon request for a pre-determined fee. If the goods are damaged under FOB Origin terms of shipment, the Buyer is responsible for paying the Seller's invoice in full per Payment Terms noted above. Until payment is received in full Buyer grants to Seller a security interest in the goods delivered with all rights and remedies available under the Uniform Commercial Code ("UCC") as adopted by the State of Minnesota.

15. **SELLER'S WARRANTIES:** Seller hereby further warrants that the items furnished hereunder shall conform to all representations, affirmations, promises, descriptions, samples, or mode forming the basis of this order. Seller agrees that these warranties shall survive acceptance of the items. Seller passes through the warranty of the respective manufacturer. Seller further warrants that all services performed for or on behalf of the Buyer will be performed in a competent, workmanlike manner and shall be free from faults and defects for one (1) year after the date of performance of the services. Said warranties shall be in addition to any warranties of additional scope given by Seller to Buyer.
16. **LIMITATION OF LIABILITY.** (a) In no event shall Seller be liable to Buyer or any third party for any loss of use, revenue or profit or for any consequential, indirect, incidental, or special, exemplary or punitive damages whether arising out of breach of contract, tort or otherwise; (b) in no event shall Seller's aggregate liability arising out of or relating to any transaction, whether arising out of or related to breach of contract, tort or otherwise, exceed the total of the amounts paid to Seller for the goods sold; (c) the limitation of liability set forth in (b) above shall apply to liability resulting from Seller's gross negligence or willful misconduct.
17. **COMPLIANCE WITH APPLICABLE LAWS:** Seller agrees that, in performance of this order, it will comply with applicable laws, statutes, rules, regulations, or orders of that jurisdiction where work performed under this order is carried out, as well as all applicable laws of the United States of America, including but not limited to the US Foreign Corrupt Practices Act, Trading With The Enemy Act, Arms Export of Executive Order 11246, as amended: 47 CFR Section 60-1.40; and for workers with disabilities act for the 41 CFR Sections 741.4 and 60-741.5 for special disabled veterans of the Vietnam Era as set forth in 41 C1 Section 60-250.4; as well as Executive Order 13201 (Beck Notice) are herein incorporated by reference.
18. **WAIVER:** The failure of Buyer to insist, in any one or more instances upon the performance of any of the terms and covenants or conditions of this order or to exercise any right hereunder, shall not be construed as a waiver or relinquishment of the future performance of any such terms, covenants or conditions or the future exercise of said right, but the obligation of Seller with respect to such future performance shall continue in full force and effect.
19. **REMEDIES:** The remedies provided for herein shall be cumulative and in addition to any or further remedies provided by law or equity. Buyer shall have the right to set off against any amounts payable by Buyer. In the event of any disputes arising under this order, Buyer and Seller shall proceed diligently with the performance required hereunder pending resolution of any such dispute. If any portion of an order is invalid or unenforceable, the remaining portions of the order shall remain valid and enforceable.
20. **PREVAILING LANGUAGE:** This agreement shall be governed, interpreted and construed in the English language hereof, regardless of any translations that may be made into any other language.
21. **APPLICABLE LAW:** These Terms and Conditions shall be governed by and construed in accordance with the internal laws of the State of Minnesota, without regard to conflict of law provisions thereof. All litigation related to these Terms and Conditions shall be brought in a court located in the State of Minnesota, Hennepin County, and each party, for the purposes of any such litigation, hereby submits to the exclusive jurisdiction and venue of that court.

22. **COUNTERPARTS:** These Terms and Conditions may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. The exchange of copies of these Terms and Conditions and of signature pages by facsimile or electronic transmission shall constitute effective execution and delivery of these Terms and Conditions by the parties and may be used in lieu of the original Terms and Conditions for all purposes. Signatures of the parties transmitted by facsimile or electronic transmission shall be deemed to be their original signatures for any purpose whatsoever.

SHIPPING TERMS AND CONDITIONS

TITLE TRANSFER AND RISK OF LOSS

FOB, Free On Board, is a transportation term that indicates that the price for goods includes delivery at the Seller's expense to a specified point and no further. The FOB term is used with an identified physical location to determine 1) the responsibility and basis for payment of freight charges, 2) the point at which title for the shipment passes from Seller to Buyer, and 3) where liability for damages takes place.

Standby Power System Consultants (SPSC) ships freight by default as FOB Origin.

- **FOB Origin** means that the title of the goods and all risk of damage is transferred to the Buyer once the shipment is tendered to the carrier at the Seller's location
 - *Fees:* No additional fee is added for FOB Origin shipments
 - The Buyer is responsible for filing claims for loss or damage
 - In the event of a damage claim, the Buyer remains responsible for paying the Seller for the invoice value of the goods per Payment Terms noted above
- **FOB Destination** means that the title of the goods and all risk of damage remains with the Seller until it is delivered free and clear to Buyer's shipment location.
 - *Fees:* A 3% of invoice value adder will be applied to orders shipped as FOB Destination
 - The Seller selects the carrier and is responsible for the risk of transportation
 - The Seller is responsible for filing claims for loss or damage

TRANSPORTATION PAYMENT TERMS

The FOB location terms, Origin and Destination, may be qualified by payment modifiers. The modifier determines the payment of the transportation charges and is to be noted on the purchase order from the Buyer and the quotation from the Seller. *Modifiers denote nothing about the title of the goods or filing of claims.* The most three common modifiers are: Collect, Prepaid & Add, and Prepaid & Allow.

- Collect:** The carrier collects the transportation charges from the Buyer at time of delivery
- Prepaid & Add:** The Seller prepays the transportation charges, but adds the charges to the invoice for reimbursement from the Buyer
- Prepaid & Allow:** The Seller prepays the transportation charges and they are already included in the contract price

SHIPPING TERMS & FEES

- SPSC routes outbound shipments through a network of pre-selected house carriers.
 - Routing via other carriers or third-party logistics companies per the Buyer's request can result in lost efficiency and increased warehouse and transportation costs.
 - The following charges may apply for use of non-SPSC House Carriers
 - \$2 per 100 lbs of freight
- *Special Services* for non-routine warehousing and administrative functions including but not limited to providing additional packaging and labeling, pictures of product prior to

shipping, or transmittal of shipment specifications to a third-party provider is subject to a Seller per hour charge up to \$75 per hour

FREIGHT CLAIMS

Upon receipt of shipment, the Buyer must visually inspect the shipment for any and all damage prior to signing the carrier bill of lading. If damage is noted:

- Do not refuse the shipment
- Make note of the damage(s) on the carrier bill of lading before signing,
- As appropriate, have the carrier driver make note of the damage on the bill of lading as well,
- Take photos of the damage, and
- Keep the original packaging until the freight claim and / or product return is resolved.

It is the Buyer's responsibility to file and complete an applicable freight claim with the carrier including all paperwork, notifications and supporting documentation (assuming FOB Origin)

PAYMENT TERMS FOR DAMAGED SHIPMENTS (FOB ORIGIN)

It remains the Buyer's responsibility to pay the Seller for the Sales Invoice related to the order per the terms of sale (typically Net 30 days)

Credit will be issued (less applicable damage charges for FOB Origin shipments) should the product be returned per the Seller's RMA Policy (see below RMA Policy)

RETURNED MERCHANDISE AUTHORIZATION (RMA) POLICY

All requests for returns must be pre-authorized. Unless explicitly agreed in advance, only new, unused equipment will be considered for return.

Requests for returns must be initiated within 30 days of shipment. Original invoice number, product part number, product serial number and reason for return are needed for the approval process.

All returns are subject to a minimum 15% restocking fee for standard items. Return shipment charges are the responsibility of the Buyer. (see Returns Policy above)

All RMA requests must be submitted to Customer Service at SPSC:

- Via fax at (630)769-1174, or
- Via email at info@standbypowersys.com

Upon approval, return documents will be issued to the Buyer for product return processing.

The customer is responsible for returning product as per the direction of SPSC within 30 days of the RMA being issued.

Unless explicitly agreed in advance, all returned items must be in new, complete, undamaged condition with the original packaging and in accordance with issued return instructions to receive credit. Items not adhering to this policy may result in RMA cancellation without a credit being issued.

Credit will be issued within two weeks after the product has been received by the Seller according to the terms of this RMA Policy.

GENERAL TERMS AND CONDITIONS OF SALE ACKNOWLEDGMENT

I, _____, on behalf of _____ {"Buyer"}
have read, understand and agree to the Terms and Conditions of Sale for SPSC described herein. By
signing below, I hereby agree to adhere to these Terms and Conditions of Sale unless noted in advance in
writing by an authorized representative of SPSC. If I have any questions on these terms and polices, I
know that I can contact a representative of SPSC at (630) 769-1138 or at
accounts.receivable@hmcragg.com at any time. Please return this fully executed form to
accounts.receivable@hmcragg.com.

Customer Name _____

Signature _____ Print Name _____

Date _____

GUARANTY AGREEMENT. In consideration of the sale of goods and the extension of credit to
Buyer, the undersigned Guarantor, UNCONDITIONALLY GUARANTEES PAYMENT of the unpaid
balance of the purchase price to the Seller or its assigns. The undersigned agrees to make such payment in
full on demand by the Seller of the unpaid amount of the purchase price at the time of demand together
with interest at 6% from the date the payment was due. The Guarantor waives any right to notice of any
extensions of time or modification of the contract for sale along with all common law surety defenses.
This is a guaranty of payment and not merely of collection and no action need be commenced against the
Buyer prior to a demand being made upon the Guarantor.

Customer Name _____

Signature _____ Print Name _____

Date _____