

TERMS AND CONDITIONS OF SALE

1. **DEFINITIONS.** As used herein, "Seller" means FERWOOD USA CORPORATION, "Customer" means the company or person signing this Sales Agreement or Order Confirmation.
2. **PROPOSAL.** The delivery of this Sales Agreement or Order Confirmation by Seller to Customer constitutes a proposal to sell the goods & services described and is not binding upon the Seller until (1) Seller receives a copy of the Sales Agreement or Order Confirmation executed by Customer; and (2) the executed Sales Agreement or Order Confirmation is approved in writing by an authorized officer of the Seller. Prices and specifications quoted are subject to change without notice. Notwithstanding the foregoing, the Customer's acceptance of delivery of any part of the goods or services sold hereunder, or the acceptance of a payment by Customer of any sum due under this Sales Agreement or Order Confirmation, not seasonably returned by Seller, shall constitute the offer and acceptance of this Sales Agreement or Order Confirmation by the parties.
3. **PLANS AND SPECIFICATIONS.** Plans, specifications, samples, drawings or other design documents prepared or furnished by Seller, when approved by the Customer, shall be deemed the correct interpretation of the goods to be furnished and shall remain the property of Seller. Customer assumes all liability for any infringement of applicable patents, registered trademarks, royalties or other intellectual property rights. Title to all tools and designs used by Seller in the manufacture of goods shall remain in the Seller and shall not be considered part of the goods. Failure of Customer to timely provide approved plans, specifications or drawing within a reasonable time shall constitute a breach of this Agreement.
4. **CHANGE ORDERS.** All requests by Customer for changes to the goods & services or to the plans and specifications for the goods, shall be in writing and delivered to Seller. Within fifteen (15) days of receipt of a request for change Seller shall advise the Customer in writing the additional cost of the changes and the estimated additional time for delivery of the goods, if any, caused by the request for changes. Unless Customer objects in writing within ten (10) days the contract shall be modified to incorporate the changes, and Customer shall pay for any additional charges. Notwithstanding the foregoing, the Customer's acceptance of delivery of any part of the goods or services sold hereunder with the change, or the acceptance of a payment by Customer of any sum due for the changes, not seasonably returned by Seller, shall constitute the offer and acceptance of a request for changes by the parties.
5. **TOOLING.** Unless otherwise specified in the Sales Agreement or Order Confirmation, Customer agrees to pay to Seller all tooling costs connected with the goods
6. **PRICE INCREASES.** Unless otherwise specified in the Sales Agreement or Order Confirmation, Customer agrees to pay to Seller any increase in price charged to Seller by its suppliers for any item to be incorporated in the goods which occurs between the date of delivery of this Sales Agreement or Order Confirmation to Customer until the date of arrival at port of entry of any of the goods in which the item is to be incorporated.
7. **CURRENCY FLUCTUATIONS.** Unless otherwise specified in the Sales Agreement or Order Confirmation, Customer agrees to pay any increase in the cost of goods which Seller obtains from suppliers in foreign countries which results from changes in the exchange rate for U.S. dollars between the date of delivery of the Sales Agreement or Order Confirmation to Customer, until payment is due from Seller to the supplier.
8. **TAXES AND DUTIES.** Unless otherwise specified in the Sales Agreement or Order Confirmation, Customer agrees to pay all privilege, occupation, personal property, sales, excise, use and other taxes applicable to the sale, purchase, storage, erection, use or ownership of the goods covered hereby, regardless of whether such taxes are invoiced by Seller, as well as all export and import duties, tariffs or other governmental charges imposed upon the goods.
9. **SHIPPING, DELIVERY AND STORAGE.** Unless otherwise specified in the Sales Agreement or Order Confirmation, Customer agrees to pay all costs for shipping, delivery and storage of the goods, or any part of them from port of origin to Customers final point of installation. All risk of loss during shipping, delivery or storage shall be borne solely by Customer. Unless otherwise specified in the Sales Agreement or Order Confirmation, Customer shall at its election obtain and shall pay the cost of any insurance

covering loss of the goods during shipping, delivery or storage. If Customer is unable to accept delivery of the goods when ready for delivery, Seller, at its option and after three (3) days' written notice to Customer, may place them in storage; Customer shall pay Seller for all expenses which it incurs in storing, handling and disposing of the goods, prior to shipping from storage to Customer, regardless of the invoice date. Failure of Customer to accept delivery of the goods within a reasonable time shall constitute a breach of this Agreement.

10. **PERFORMANCE.** Seller shall not be liable for any type of loss or damage due to delay, suspension of performance or impossibility of performance resulting from any cause beyond the Seller's reasonable control or force majeure, including without limitation Acts of God, labor difficulties, war, riot, national emergencies, embargoes, governmental acts, regulations, delays by transportation companies (including carrier(s) chosen by FerWood for this shipment if applicable), shortages of energy, fuel, supplies or material, or delays in obtaining material from usual sources of supply, or failure of the Customer to provide complete, final and approved design and shop drawings or samples, and specifications, as required from time to time. If, during the period of any such delay, Seller's costs are increased, Customer shall pay such increase in addition to the purchase price. If any such cause shall prevent performance by the Seller in whole or in part for a period of twelve consecutive months, either the Seller or the Customer (if delay is also beyond the Customer's reasonable control) may cancel the unperformed portion of this Sales Agreement or Order Confirmation.

11. **INSPECTION AND CLAIMS.** Customer shall inspect the goods immediately on receipt and shall, within one (1) day thereafter, give written notice to the Seller of any claim that the goods do not conform to the terms of the contract. If such notice is not given, the goods shall be deemed to conform and the Customer shall be bound to accept and (if payment has not already been made) to pay Seller therefore as specified. Seller shall not be liable for any claim for damages resulting from the installation or use by the Customer of nonconforming, damaged or defective goods.

12. **SETTING UP AND STARTING GOODS.** Upon request Seller will provide personnel approved by Seller to supervise the setting up and starting of the goods by Customer. Customer shall pay Seller for the services and all travel and lodging expenses of the supervisor.

13. **LIMITATION OF LIABILITY: TO THE FULLEST EXTENT PERMITTED BY LAW, SELLER SHALL NOT BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING FROM THE SET UP, USE OR INABILITY TO USE ANY OF THE GOODS, INCLUDING WITHOUT LIMITATION (1) LOSS OF USE; (2) LOSS OF OPPORTUNITY; (3) LOSS OF MARKET VALUE; (4) LOSS OF INCOME; (5) PERSONAL OR BODILY INJURY OF ANY KIND (INCLUDING PHYSICAL OR MENTAL PAIN AND SUFFERING AND EMOTIONAL DISTRESS), MEDICAL, HOSPITAL, OR REHABILITATION EXPENSES; OR (6) DAMAGE TO PERSONAL PROPERTY, EVEN IF SELLER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. BECAUSE SOME STATES/JURISDICTIONS DO NOT ALLOW THE EXCLUSION OR LIMITATION OF LIABILITY FOR CONSEQUENTIAL OR INCIDENTAL DAMAGES, THE ABOVE LIMITATIONS MAY NOT APPLY. THE SOLE REMEDY OF THE CUSTOMER FOR ANY BREACH OF THIS AGREEMENT BY SELLER, SHALL BE FOR THE REFUND OF ANY SUMS PAID FOR GOODS AND SERVICES NOT DELIVERED BY SELLER; AND AS PROVIDED UNDER THE LIMITED WARRANTY IF PROVIDED. SELLER SHALL NOT BE LIABLE FOR ANY OTHER DAMAGES WHATSOEVER.**

14. **EXCLUSIVE LIMITED WARRANTY:** For a time period as specified in the Sales Agreement or Order Confirmation, starting with the date of delivery to customer, Seller shall replace any materially defective part, excluding electrical motors, bearings, chains, limit switches, sprockets and any consumable part (including, but not limited to, cutting blades, cutting heads, bits, belts, clutches, friction components, and motor contactors). The cost of labor and shipping are not included. Parts damaged by the Customer, its employees or agents are excluded from this warranty. No oral or written information or advice given by Seller, its employees, distributors, dealers or agents shall increase the scope of the warranty or create new warranties. In the event a court of competent jurisdiction shall determine that this

warranty has failed in its essential purpose, the sole remedy of the Customer shall be a return of the purchase price upon the redelivery of the goods to Seller at Customer's sole expense. Seller shall be entitled to set off from the sum due Customer any diminishment in value of the goods caused by the use, shipping and handling of the goods by Customer.

15. NO OTHER WARRANTIES: THIS WARRANTY IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES. TO THE MAXIMUM EXTENT PERMITTED BY LAW, SELLER DISCLAIMS ALL OTHER WARRANTIES INCLUDING BUT NOT LIMITED TO: (1) AS TO THE FITNESS, DESIGN, OR CONDITION OF THE GOODS OR SERVICES; (2) AS TO THE MERCHANTABILITY OF THE GOODS AND SERVICES OR FITNESS FOR ANY PARTICULAR PURPOSE; (3) AS TO THE QUALITY OR CAPACITY OF THE GOODS OR SERVICES, THE MATERIALS IN THE GOODS, OR WORKMANSHIP IN THE GOODS AND SERVICES; (4) AS TO ANY LATENT DEFECTS IN THE GOODS; (5) AS TO ANY PATENT INFRINGEMENT; AND (6) AS TO THE COMPLIANCE OF THE GOODS AND SERVICES WITH ANY REQUIREMENTS OF ANY LAW, RULE, SPECIFICATION, OR CONTRACT PERTAINING THERETO.

16. GENERAL. These terms and conditions of sale shall control in the event any printed terms on Customer's documents are inconsistent herewith unless Seller specifically and affirmatively accepts such variation in writing within ten days of receipt. All invoices for good sold and services performed under this agreement are due upon receipt. Customer shall pay a service charge of 1 1/2% per month from the date due on any unpaid principal balance which is not paid within fifteen (15) days of the date of mailing of the invoice. Customer shall pay all costs of collection of the sums due Seller under this Agreement including the reasonable attorneys fees incurred by Seller, whether or not an action is filed, and including any attorneys fees incurred in the appeal or rehearing of any matter, or incurred with respect to any bankruptcy proceeding relating to the Customer. Customer hereby submits to the jurisdiction of the Courts of Michigan, whose laws shall govern this Agreement. Venue for any action of the Seller and its assigns shall be in Kent County, Michigan, or any other county Seller designates for collection or enforcement of its remedies against Customer.

17. INTEGRATION CLAUSE. This Agreement, along with any exhibits, appendices, addenda, schedules, and amendments hereto, encompasses the entire agreement of the parties, and supersedes all previous understandings and agreements between the parties, whether oral or written. The parties hereby acknowledge and represent, by affixing their hands and seals hereto, that said parties have not relied on any representation, assertion, guarantee, warranty, collateral contract or other assurance, except those set out in this Agreement, made by or on behalf of any other party or any other person or entity whatsoever, prior to the execution of this Agreement. The parties hereby waive all rights and remedies, at law or in equity, arising or which may arise as the result of a party's reliance on such representation, assertion, guarantee, warranty, collateral contract or other assurance, provided that nothing herein contained shall be construed as a restriction or limitation of said party's right to remedies associated with the gross negligence, willful misconduct or fraud of any person or party taking place prior to, or contemporaneously with, the execution of this Agreement

18. UCC-1 FILING AUTHORIZATION. Debtor ("Customer") hereby authorizes Secured Party ("Seller") or its agent or assigns to sign and execute in its behalf any and all necessary UCC-1 forms to perfect the Purchase Money Security Interest, which is hereby granted to Secured Party for the equipment listed on the Sales Agreement or Order Confirmation and the proceeds thereof.