



## RSI Inc. Terms & Conditions of Sale



The following is the RSI Inc. ("Seller") and dba CRI, a Division of RSI Inc. Except as otherwise agreed by Seller's authorized agent in writing, the following terms and conditions apply to all orders received and all sales made by the Company specified on the Seller's invoice .

1. **GENERAL:** The terms and conditions set forth herein constitute the sale and entire agreement between Seller and the buyer named on the on the Seller's invoice ("Buyer"). Any term or condition in any order, confirmation or other document furnished by Buyer which is in any way inconsistent with or in addition to the terms and conditions hereof is hereby expressly rejected and Seller's acceptance of any offer or order of Buyer is hereby expressly made in reliance on Buyer's consent to all terms and conditions "hereof" or "herein" or similar language include all terms and conditions on the Seller's invoice. If Buyer objects to any of the terms or conditions hereof, such objection must be made in writing and received by Seller at the address stated on the Seller's invoice within ten (10) days after this document is transmitted to Buyer. Failure to so object shall be conclusively deemed to be acceptance of the terms and conditions hereof. Seller's failure to object to any terms or conditions, in any oral or written communication from Buyer, whether delivered before or after the date hereof, shall not constitute an acceptance thereof or a waiver of any term or condition hereof.

2. **TAXES:** The prices set forth herein are not subject to trade or other discounts and, except as otherwise expressly stated herein, do not include federal, state or local taxes applicable to goods or services involved in this transaction. All such taxes shall be paid by Buyer unless Buyer provides Seller with evidence satisfactory to Seller of exemption from such taxes. When Seller is required by law or regulation to collect such taxes, Seller will add such taxes to the sales price of the goods or services.

3. **PRICES:** The sales price(s) for products will be listed or posted price(s) of Seller in effect at the time of delivery, and will include the cost of Seller's usual factory tests and inspections. The cost of packing and crating in accordance with the standards of Seller is an additional charge and will be added to the sale price(s). Prices applied to this order will be firm for a period of 30 days from the date hereof.

#### 4. DELIVERY, TITLE PASSAGE & INSURANCE:

a. **Delivery:** Delivery or shipping dates, if any, set forth herein are approximate only and merely represent Seller's best estimate of the time required to make delivery or shipment. Time is not of the essence with respect to the transactions covered by these standard Terms and Conditions of Sale, except with respect to Buyer's obligation to make all related payments. Seller will not be liable for any loss or expense (consequential or otherwise) incurred by Buyer as a result of any delay in delivery for any reason other than arbitrary refusal by Seller to perform. Seller reserves the right to make partial deliveries.

b. **General Title Passage:** Notwithstanding delivery and the passing of risk in the goods, or any other provision of these conditions, the ownership of property in the goods shall not pass to THE BUYER until RSI INC. has received payment in full of the price of the goods and all other goods agreed to be sold by RSI INC. to THE BUYER for which payment is then due. RSI INC. shall have absolute authority to retake,



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sell or otherwise deal with or dispose of all or any part of the goods in which title remains vested in RSI INC. This applies especially, but not only, if THE BUYER is in default or fails to fulfill his obligations in other ways. In this case RSI INC. also has the right to demand the transfer of all titles of THE BUYER against third parties to give back or retake the goods. The act of retaking or seizing the goods is not to be considered as cancellation of the contract. Until such time as the property in the goods passes to THE BUYER. THE BUYER shall hold the goods as RSI INC.'s fiduciary agent clearly separated RSI Inc. his or third parties' goods, and shall keep the goods properly stored, protected, insured and marked as RSI INC.'s property. Until that time and as long as he is not in default THE BUYER shall be entitled to resell or use the goods in the ordinary course of business. THE BUYER assigns the proceeds, titles and claims deriving RSI Inc. the sale or any other legal argument concerning the goods - including such RSI Inc. insurance and RSI Inc. compensation for damage by third parties and balances receivable on current account - already now RSI Inc. completely to RSI INC. for security and shall keep all such proceeds separate RSI Inc. any moneys or properties of THE BUYER and third parties. RSI INC. authorizes THE BUYER revocable to collect all such claims on own account and name. THE BUYER is not entitled to pledge or assign goods in which title remains vested in RSI INC. by bill of sale as security.

If the goods are processed or reshaped by THE BUYER and if processing is done with goods that RSI INC. has no property in, RSI INC. shall become co-owner of the goods, but without any legal obligation of RSI INC. The same shall apply, if RSI INC.'s goods are completely reshaped and /or mixed with other goods.

If third parties take up steps to pledge or otherwise dispose of the goods, THE BUYER shall immediately inform this third party about RSI INC.'s title concerning the goods and notify RSI INC. in order to enable RSI INC. to seek a court injunction in If the BUYER fails to do so in due time he will be held liable for any damages caused. Moreover THE BUYER is liable for all cost and expenses incurred by RSI INC. to enforce its titles and claims towards the third party, if reimbursement cannot be obtained RSI Inc. the third party. RSI INC. shall on demand of THE BUYER release any part of the collateral if the value of the collateral held in favor of RSI INC. exceeds the value of the claims being secured for more than 20%. It is to RSI INC.'s decision to release those parts of the collateral suitable to it.

c. Title Passage for Domestic Sales: Except as otherwise expressly stating herein, all deliveries hereunder to destinations in the United States or Mexico will be F.O.B. Seller's plant via a carrier selected by a Buyer at it's option, or otherwise by Seller, freight collect, to Buyer at it's address set forth on the Seller's invoice and will be packed in Seller's standard shipping packages, in all such cases title and risk of loss or damage will pass to Buyer upon Seller's delivery of the products to the carrier for shipment to Buyer and no loss or damage will relieve Buyer of any obligation hereunder, including payment for loss or damaged products. If shipment of any goods is delayed at Buyer's request, Seller may invoice Buyer, for such goods, and risk of loss of such goods will pay to Buyer, on the date that Seller is prepared to make shipment to Buyer. Buyer shall reimburse Seller for any and all costs of storage incurred by Seller after the date that Seller is prepared to make shipment

d. Title Passage for Export Sales: Except as otherwise expressly stated herein, all deliveries hereunder to destinations other than the United States or Mexico will be via a carrier selected by Buyer at it's option,



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or otherwise by Seller, freight collect, to Buyer at its address set forth on the Seller's invoice and will be packaged in Seller's standard shipping packages. In all such cases (regardless of the designated F.O.B. point) title and risk of loss or damage will pass to Buyer on arrival of the products at the point of entry, country of destination (but prior to unloading or customs inspection of such parts) of the port of discharge outside the United States, or thirty (30) days from shipment, whichever first occurs. No loss or damage will relieve Buyer of any obligation hereunder, including payment for loss or damaged products. All risks of transportations, prior to the passage of title, are for the account of Seller. Seller will have exclusive right, as owner, to control the shipment, including the right to take possession of the products from third parties, such as to transport companies, or customs officials, or Buyer at any time and at any point up to the time that title passes to Buyer. Neither (I) the time, method, place or medium of payment provided for herein or any combination of the foregoing (II) the manner of consignment provided for, whether to, or to the order of Buyer or its agent, will in any way limit or modify the rights of Seller, as the owner of the products, to have control over and right to possession of the products until the title thereto passes to Buyer as provided for above, in the event that a bank has, by reason of credit extended to Buyer or for any other reason, in interest in the shipment it is agreed that Seller may consign the products to said bank through the usual channels, in each such case, the full right of ownership of and control over the shipment will remain with Seller until title passes to Buyer as provided herein. The terms "ownership" and "title" as used in these standard Terms and Conditions of Sale mean full beneficial ownership of the products and not merely bare legal title retained for security purposes.

e. Insurance. Buyer will pay, or reimburse Seller for all insurance on the products. Any insurance proceeds collected by Buyer for Seller's account will be promptly remitted to Seller in U.S. dollars. Any insurance policies purchased, whether by Buyer or Seller, will be for the benefit of Seller, whether or not Seller is named as an insured in such policies, until title and risk of loss or damage to the products pass to Buyer. Where possible, all insurance policies will provide that they are for the benefit of Seller and Buyer "as their interests may appear".

5. BUYER'S CONDITION: This agreement and all shipments made hereunder shall at all times be subject to the approval by Seller of Buyer's financial condition. If the financial condition of Buyer at any time becomes unsatisfactory to Seller or if Buyer fails to make any payment when due, in addition to any other rights, Seller may have or Seller may defer or decline to make any shipment of shipments hereunder or may condition any such shipment upon receipt of satisfactory security or cash payment in advance.

6. PAYMENT TERMS: Except as otherwise expressly stated wherein, Seller shall invoice Buyer at the time of shipment of each installment on payment terms of cash on delivery, except where open account credit is established and maintained to Seller's satisfaction, in which case payment terms shall be net thirty (30) days from date of shipment. Buyer shall make all payments as provided herein without regard to whether Buyer had made or may make any inspection or use of any goods delivered hereunder. Any invoiced amount which is not paid when due shall bear interest at the rate of one and one-half percent



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(1.5 %) per month or at the highest rate then permitted by law, whichever is less. On orders for shipment to countries other than the U.S.A. payment on all sales over Five Thousand U.S. Dollars (U.S. \$5,000) will be made through the medium of a Letter of Credit to be established by the Buyer at its expense including any bank confirmation charges. All Letter of Credit will be in favor of and acceptable to Seller, will be maintained in sufficient amount and for the period necessary to meet all payment obligation, will be irrevocable and issued or confirmed, by a bank in the State of Texas satisfactory to Seller within fifteen (15) days after acceptance of any order, will permit partial deliveries and will provide for pro rata payments upon presentation of Seller's invoices and Seller's certificates of delivery F.O.B. Seller's factory, or of delivery into storage with certification of cause therefore, and for the payment of any termination charges.

7. SECURITY INTEREST: Seller retains a security interest in all goods delivered hereunder and proceed and products thereof until all amounts due or to become due hereunder have been paid. Any repossession and removal of goods shall be without prejudice to any of Seller's other remedies at law or in equity. Buyer agrees without further consideration, at any time, to do or cause to be done, executed and delivered all such further acts and instruments (including without limitation, financing statements appropriate for filing) as Seller may reasonably request an order to perfect Seller's security interest.

8. CONTINGENCIES: Seller shall not be liable for delay in performance or nonperformance of any of its obligations hereunder, in whole or in part, if such performance is rendered impracticable by the occurrence of any contingency or condition beyond the control of either Seller or Seller's suppliers, including without limitation war, sabotage, embargo, failure or delay in transportation, action of any government or any courts or administrative agency there of (whether or not such action proves to be invalid), labor dispute (whether or not involving Seller's employees), accident, fire, explosion, flood or other casualty, shortage of labor, fuel, energy, raw materials or machinery or technical failure. If any such contingency or condition occurs, Seller may eliminate production and deliveries in any reasonable manner, whether or not then under contract, and Seller's own requirements. If, as a result of any such contingency, Seller's performance is delayed by more than six (6) months, the prices set forth hereto shall be subject to appropriate adjustment by Seller.

9. SUBSTITUTIONS AND MODIFICATIONS: Seller may substitute or modify goods or Services provided the substituted or modified goods or Services comply with applicable specifications. Seller may overship or undership up to ten percent (10 %) on any order; invoices shall be based on the quantity actually shipped.

### 10. WARRANTY; SUITABILITY:

a. Seller warrants good delivered hereunder against faulty workmanship and use of defective material for a period of three (3) months (unless a longer warranty period is stated in writing as is typical for CRI Division and Value-Added manufacturing products) from the date of shipment. Faulty workmanship and/or use of defective material shall be hereafter referred to as a "deficiency." The foregoing warranty shall not be enlarged, or affected by, and (except as expressly provided below in this Section 10) no



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obligation or liability shall arise or grow out of Seller's rendering of systems design, drawings, technical advice, Services or instructions in connection with the goods furnished hereunder. Such warranty is the only warranty made by Seller and it can be amended only by a written instrument signed by a duly authorized officer of Seller. If the goods furnished by Seller hereunder are determined to contain a deficiency, Buyer's exclusive remedy shall be to have Seller repair such goods or supply replacement goods or credit Buyer's account for such goods and accept their return, whichever Seller may elect in its sole discretion. Notwithstanding the foregoing sentence in no circumstances shall Seller have any liability or obligation with respect to expenses, liabilities, or losses associated with the installation or removal of any goods or the installation of replacement good or for any inspection, testing or redesign occasioned by any deficiency or by the repair or replacement of goods. Seller's obligations are subject to the further conditions that Seller shall have no liability whatsoever for any deficiency unless (I) Seller is notified in writing promptly (and in no event later than 30 days) after discovery by Buyer of the alleged deficiency, which notice shall include a detailed explanation of the alleged deficiency, (II) the goods containing the alleged deficiency the alleged deficiency are promptly returned to Seller F.O.B. Seller's plant, and (III) Seller's examination of such goods discloses to Seller's satisfaction that such alleged deficiency actually exists and occurred in the course of proper and normal use and was not caused by accident, misuse, neglect, alteration, or improper installation, repair or testing. If any goods so prove to contain a deficiency and Seller elects to the repair or replace them, Seller shall have a reasonable time to make such repairs or replacements. If the contract calls for systems design, drawings, technical advice, Services, or instructions (collectively "Services") by Seller in connection with the goods, Seller further warrants for the above stated warranty period solely that such Services will be undertaken in accordance with Seller's reasonable technical judgment based on Seller's understanding of the pertinent technical data as of the date of performance of such Services. THE FOREGOING WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES EXPRESSED OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NONINFRINGEMENT, AND OF ANY OTHER OBLIGATION ON THE PART OF SELLER.

b. It shall be the responsibility of Buyer to determine, on the basis of the most current written technical data, the suitability of the goods and of any system design or drawings for the intended use and their compliance with applicable laws, regulations, codes and standards and the Buyer assumes all risks pertaining thereto.

11. LIMITATION OF LIABILITY AND INDEMNITY: Notwithstanding any other procession herein or in any other document or communication, (a) Seller's liability and obligations with respect to any claim(s) resulting or arising from or relating to this agreement, whether in contract, strict liability, tort or otherwise, shall in no event exceed in the aggregate total purchase price reserved by Seller for the goods delivered hereunder for in the case of obligations arising from or relating to particular goods delivered hereunder or Services considered in connection herewith, the purchase price of such goods or amount received by Seller for such Service, respectively, and (b) Seller shall in no event be liable to Buyer or any other person or entity, whether as contract, strict liability, tort or otherwise, for loss of or damage to or loss of use of facilities or other property, loss of revenue, loss of use of revenue, loss of



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anticipated profits, cost of replacement fuel or other incidental, indirect or consequential damages of any kind whatsoever, or claims of any customers of Buyer or other claimants, resulting or arising from or relating to this agreement or Seller's performance of its obligations hereunder. By accepting delivery of the products ordered, Buyer agrees that it identifies and holds harmless Seller from and against all claims, loss, damage and liability, including without limitations for personal injury, property damage or commercial loss of whatever kind, directly or indirectly arising from or relating to the hazards inherent in the Buyer's facilities or activities.

12. ACCEPTANCE: All goods and services delivered or rendered hereunder shall be conclusively deemed accepted unless, within thirty (30) days after the date of delivery of goods or tendering of Services, Seller receives written notice of rejection. Acceptance as aforesaid shall constitute acknowledgement of full performance by Seller of all its obligations hereunder.

13. PATENTS: Seller agrees to settle or defend any suit or proceeding brought against Buyer insofar as such suit proceeding is based on a claim that any goods supplied by Seller to Buyer hereunder constitute direct infringement of any issued United States patent. Seller shall pay all damages and cost finally awarded therein against Buyer, provided Seller is informed by Buyer in writing within ten (10) days after receipt by Buyer and furnished a copy of each communication, notice or other action relating to the alleged infringement and is given all authority (including the right to exclusive control of the defense of any suit or proceeding), information and assistance necessary to settle or defend such suit or proceeding. In the event such goods or any parts thereof, in such suit, held to constitute infringement and the use of such goods or part thereof is enjoined. Seller shall, by its own election and at its own expense, either procure for Buyer the right to continue using such goods, or part thereof, or modify them so that they become non-infringing or remove such goods, or part thereof, and grant Buyer a credit thereon and accept their return. Seller shall not be obligated to settle, or defend any suit or proceeding, or be liable for any costs of damages, if the alleged infringement arises out of compliance with Buyer's specifications or any addition to or modification of the goods after delivery thereof or from use of the goods or any part thereof in conjunction with other goods or in the practice of a process. Seller's obligations hereunder shall not apply to any alleged infringement occurring after Buyer has received notice of such alleged infringement unless Seller thereafter gives Buyer express written consent for such continuing alleged infringement. Seller shall not be bound in any manner by any settlement hereunder made without its prior express written consent, nor shall Seller be liable for any incidental or consequential damages arising out of patent infringement. Seller's liability hereunder shall not exceed the purchase price paid by Buyer for the allegedly infringing goods, if infringement is alleged prior to completion of delivery of the goods. Seller may decline to make further shipments without being in breach of this agreement. THE FOREGOING STATES THE SOLE AND EXCLUSIVE LIABILITY OF SELLER FOR PATENT INFRINGEMENT AND IS IN LIEU OF ANY AND ALL WARRANTIES EXPRESSED OR IMPLIED, IN REGARD THERETO. Buyer agrees, at its expense, to settle or defend and to pay costs and damages finally awarded in any suit or proceeding against Seller based on an allegation that any goods furnished hereunder according to designs or specifications furnished by Buyer infringe any United States patent, provided Buyer is promptly notified in writing or such suit or proceeding and is given all



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authority (including the right to exclusive control of the defense of any suit or proceeding), information and assistance necessary to defend or settle any such suit or proceeding.

14. **PROPERTY FURNISHED BY BUYER:** If Buyer furnishes any tools, dies, jigs or other property or facilities to Seller in connection with the performance of this agreement, Buyer shall bear all risk of loss or damage with respect to such property or facilities and shall indemnify and hold Seller harmless from and against all loss, cost, expense or liability resulting from or arising in connection with its use of any such property or facilities. Seller shall not be responsible for any delay in performance hereunder or the failure of any goods to conform to applicable specifications resulting, in whole or in part, from Seller's use of property or facilities furnished by Buyer.

15. **PROPRIETY INFORMATION:** As used herein, the term "Proprietary information" includes any information of a confidential or proprietary nature obtained from Seller and any information obtained from Seller which is not readily available to Seller's competitors and which, if known by a competitor of Seller, might lessen any competitive advantage of Seller or give such competitor a competitive advantage. Seller retains ownership of all Proprietary information and all documentation which contains Proprietary information. Buyer shall not disclose, duplicate or reproduce any Proprietary information nor shall Buyer use any Proprietary information other than in course of performing its obligations hereunder. Buyer shall take all reasonable steps to prevent the disclosure, duplication or reproduction of any Proprietary information. Notwithstanding the foregoing, Buyer shall not be required to refrain from disclosing or using any Proprietary information which has become known to Buyer if the original source of such Proprietary information was not Seller or any person or party affiliated with Seller or having relationship of confidentiality of Seller.

16. **CANCELLATIONS, RETURNS:** Neither this agreement nor any release hereunder is subject to cancellations by Buyer, nor are any goods delivered and accepted hereunder subject to return, excepted upon (a) written approval of Seller, and (b) the payment to Seller of a fair and equitable cancellation or return charge based upon actual costs including overhead and other indirect cost(s) incurred to the date of approval of cancellation or return, together with a reasonable allowance for profit, which shall not be less than fifteen (15%) of such costs. Seller reserves the right, by written notice of default, to cancel this order, without liability to Seller, in the event of the happening of any of the following insolvency of Buyer, the filing of voluntary petition of Bankruptcy by Buyer, the filing of involuntary petition to have Buyer declared bankrupt, the appointment of a receiver or trustee for Buyer, the execution by Buyer of an assignment for the benefits of creditors, the discontinuance of business by Buyer or the sale by Buyer of the bulk of it's assets other than in the usual course of business.

17. **NO LICENSE:** Neither this agreement nor purchase of goods hereunder shall be constructed to confer upon Buyer or its customers any license under and patent or other proprietary rights of Seller, except the right to the right of such goods for the purposes for which they are sold.



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18. SERVICE CALLS: Except as otherwise expressly stated herein, any Service calls or other Service work performed by Seller shall be at the expense of Buyer in accordance with Seller's standard rate for such services.

19. SOURCE INSPECTION: Except as otherwise expressly stated herein Buyer shall have no right to enter Seller's premises to conduct source or other inspections. If Seller permits any such inspection, all agents of Buyer entering Seller's premises shall be subject to Seller's usual security requirements, including without limitation the execution and delivery of appropriate nondisclosure agreements.

20. NON-WAIVER OF DEFAULT: No failure by Seller to insist on strict performance of any term or condition hereof shall constitute a waiver of such term or condition of any breach thereof, nor shall such failure in any way affect Seller's legal remedies with respect to any default by Buyer hereunder.

21. APPLICABLE LAW: The agreement shall be governed by and construed in accordance with the laws of the State of Texas, U.S.A. applied to contracts entered into and to be performed entirely within the State of Texas, U.S.A.

22. ASSIGNMENT: Buyer may not transfer or assign this agreement or any interest herein, by operation of law or otherwise, without the prior express written consent of Seller and any attempted transfer or assignment of this agreement or any rights or duties hereunder without such consent shall be void. Seller may assign its rights and delegate its duties hereunder.

23. ENTIRE AGREEMENT; MODIFICATION: This agreement supersedes all prior written and oral agreements and understandings between Seller and Buyer with respect to goods and Services specified herein. No representation or statement not contained herein shall be binding upon the Seller as a warranty or otherwise. No addition to waiver, modification or cancellation of any provision hereof shall be binding upon Seller unless in writing and signed by a duly authorized representative of Seller. Without limiting the generality of foregoing, no addition hereto or modification hereof shall be affected by Seller's receipt or acceptance of Buyer's purchase orders, confirmations or other documents or communications or by manufacture of shipment of good or performance of Services.

24. NOTICES: All policies and other communications hereunder shall be in writing and shall be mailed by first class, registered or certified mail, postage prepaid, to the parties hereto at their respective addresses set forth on the reverse side hereof, subject to the right of either party to change such address upon ten (10) days' prior written notice.

25. EXPENSES OF SUIT: If legal action is commenced to enforce the performance of any part of the agreement, including without limitation any order or release made hereunder, the prevailing party shall be paid by the other party reasonable attorneys' fees and expenses.

26. TITLES: The articles preceding the sections of these terms and conditions are for reference only, and shall be disregarded in the construction hereof.





### 27. GENERAL:

(a)

Seller's obligations hereunder will be dependent upon Seller's ability to obtain the necessary raw materials.

(b)

All correspondence pertaining to this order, or to any of the terms and conditions covered by this order, will be in the English language.

(c)

All quotations of Seller are subject to change any time prior to acceptance of an order and expire thirty (30) days from the date hereof.

(d)

All prices are subject to change without notice and may be subject to any increase which may be in effect of the date of shipment.

(e)

Any provision in any purchase order, quotation, acknowledgement or other forms of contract documents applicable to sale of Seller's products which are inconsistent or in conflict, with any of the provisions herein will be deemed to be inapplicable to such sales.

28. EXPORT TERMS: As title to these products passes to the buyer at our facility, the buyer is the exporter of record for U.S. export formality purposes, if these products are being exported. If these products/commodities are being (will be) exported, these products/commodities must be exported from the United States in accordance with the US export laws. Exporters are responsible for their own compliance. Diversion contrary to US law is prohibited. Forwarding Company is not authorized to list RSI Inc. as the exporter of record pursuant to the terms of sale.