

1. **CONTROLLING:** All terms and conditions of this Terms and Conditions document shall be controlling over any Purchase Order Terms and Conditions or any other contract or agreement, unless amended in writing and executed by an authorized representative of Sanks Machining, Inc. (**SMI**). Upon acceptance of the Purchase Order, the Purchase Order shall be subject to the terms and conditions of this Terms and Conditions and in the event, it conflicts with the Purchase Order, this Terms and Conditions shall be controlling. Furthermore, this Terms and Conditions shall supersede any and all previous communications and negotiations and unless specifically agreed to in writing by SMI, and duly authorized by SMI's President, no additional or different term or provision of any quotation, acknowledgment, invoice or other form supplied by the Customer, shall become part of the contract.
2. **QUOTATIONS:** Stenographic and clerical errors are subject to correction. Orders / contracts are subject to acceptance by the SMI's President. Performance of our part of the quotation is expressly conditional on the Customer's acceptance of the terms and conditions linked to the quotation. We reject any other terms and conditions unless otherwise approved in writing by SMI's President.
3. **PRICES:** Prices are based on our costs of raw materials and/or outside processes at the time the order is entered. Generally, pricing is good for (30) days except where considerable pricing volatility and supply of raw materials is prevalent including outside vendor price increases. Orders that are delivered over (3) months are subject to price increases due to raw material and/or outside process increases or surcharges placed over the life of the order. Production delayed by the Customer more than (3) months from the Purchase Order acknowledgement date are subject to re-quote based on current raw material, outside processes and production costs (See 9 SAMPLES clause). Price quoted is best price based on submitted requirements. Undocumented requirements not submitted and acknowledged at time of initial contract review will be charged as cost plus unless expressly waived by SMI's President.
4. **GOVERNING PROVISION:** The agreement of sale resulting from the acceptance of this order shall be construed and interpreted in accordance with the internal laws of the State of Illinois.
5. **CANCELLATIONS:** Purchase Order Orders may be cancelled by the Customer only upon condition that the Customer assumes immediate liability and makes payment for all work completed and in process. Such charges shall include raw material, unamortized tooling, engineering, handling, overhead and production costs. Such charges to be determined at time of cancellation or deferment.
6. **DELIVERY / SHIPMENTS:** Unless otherwise agreed in writing, all prices are FOB Sanks Machining, Staunton Illinois. SMI shall use all reasonable efforts to comply with the timely delivery of the Purchase Order quantity(s) as requested in the Purchase Order. However, if any deliveries are not made at times (and quantities agreed upon), SMI shall not be liable for damages for default or delay in production or delivery for causes beyond its control including (but not limited to) catastrophic loss or breakdown of equipment, labor disputes, embargoes, acts of God, supplier delays, government restrictions, riots, or carrier delays. Bulk packaging is standard unless otherwise specified in writing during the quoting process. Any release delay more than (90) days from the original release date is subject to a (1.5%) monthly carrying charge. With exception to some small quantities, total shipments may vary (+/- 5%) from the total quantity. SMI reserves the right to hold shipments to any Customer that has open past due invoices until payment is received.
7. **CLAIMS:** In all claims for weight / part count discrepancies, the Customer must notify SMI within (3) business days of receipt of shipment.
8. **TAXES:** All sale and/or use taxes and Custom duties imposed by Federal, State, County or municipal authority upon SMI's transfer and delivery of merchandise hereunder shall be paid by the Customer.
9. **SAMPLES:** If requested, SMI will submit samples for approval when starting production upon any order. These samples will be sent overnight to the Customer. The Customer shall have (2) business days to review the samples and submit verbal acceptance or rejection of samples, followed by written confirmation within (10) business days of receipt of samples. Failure of the Customer to contact SMI within (2) business days will be interpreted as acceptance of samples "as is". It is understood that SMI machines are to run immediately upon acceptance of samples unless otherwise specified in the Purchase Order. Any changes in the original specifications will be made only at the Customer's direction and expense.
10. **TOOLS / FIXTURING:** Tools, dies, gauges, and fixtures are part of the manufacturing process. As a proprietary item, payment by the Customer, whether separately quoted or not, does not convey ownership or the right of removal such items from any SMI locations.
11. **PATENTS:** The products hereunder are manufactured in accordance with the Customer's specifications and design. Accordingly, Customer shall defend and save harmless SMI from all damages, claims, actions or suits based upon actual or alleged infringement of any patent registered in the U.S. or elsewhere. Indemnity shall include attorney's fees and any other costs associated with the defense of such a claim.
12. **LIMITED WARRANTY AND REMEDIES:** SMI shall be limited to the amount of the Purchase Order price of the component for any defective components. The preceding states SMI's entire and exclusive liability. In no event will SMI be liable for consequential or special damages arising from any defect or use of their products. SMI will replace defective

---

parts for up to (3) months after said parts are delivered. SMI shall not be obligated for any labor or other costs incurred by the Customer's exclusive remedy in the event SMI's parts fail to conform to the specifications. SMI will replace said parts pursuant to the terms and conditions of this paragraph.

13. **RISK OF LOSS:** All risk of loss and/or damage to products Purchase Orders shall be upon Customer as delivery and shipment shall be FOB Sanks Machining, Staunton Illinois.
14. **CONTRACT:** Customer and SMI agree that the laws of the State of Illinois shall govern the validity, interpretation and enforcement of this order and its acceptance.
15. **BANKRUPTCY:** In the event of (a) any proceedings, voluntary or involuntary, in bankruptcy or insolvency by or against Customer, or (b) the appointment with or without the Customer's consent, of an assignee for benefit of creditors or of a receiver, or (c) Customer's ceasing to conduct its operations in accordance with accepted business practices (including inability to meet its obligations as they mature), then SMI shall be entitled to elect to cancel any unfilled part of this order without any liability whatsoever.
16. **WAIVER:** Neither the waiver by SMI, nor SMI's failure to insist on performance of any term, condition or provision hereof, nor SMI's failure to exercise any right or privilege, nor SMI's waiver of any breaches, shall be or be construed as a waiver of any other term provision, conditions, rights, privilege or breach nor a waiver of any subsequent breach of the same term, condition or provision, nor shall it be or be deemed to be a waiver of any provisions of any subsequent order. SMI's rights and remedies provided hereunder and by law shall be cumulative.
17. **SUBCONTRACTS:** In the acceptance of this Purchase Order, it is agreed that all subcontracts will be subject to all the terms and conditions contained herein.
18. **SPECIFICATIONS:** The Customer shall be required to provide specifications to SMI. There shall be no changes made to this part or subcomponent, processes and/or manufacturing location without approval from SMI. All requests for change shall include the reason for change and written assurance that the change will not affect the cost. All costs incurred by SMI for unauthorized changes will require Customer to pay for said additional costs.
19. **COSTS OF COLLECTION:** In the event Customer fails to pay SMI within agreed payment terms from receipt of the product/goods, SMI shall be entitled to twelve percent (12%) interest per annum on the outstanding balance and the Customer shall be responsible for all costs of collection, including, but not limited to, attorneys' fees and costs.

**Thank you for your cooperation – Contact us with any questions**