

General Terms of Sale

1. **Definitions:**
 - a. "RPM" means Rotating Precision Mechanisms Inc.
 - b. "Seller" means Rotating Precision Mechanisms Inc.
 - c. "Buyer" means corporation executing a purchase order or subcontract for supplies or services with RPM.
2. **Acceptance of Orders:** All orders are subject to acceptance by both Buyer and Seller (collectively, "the parties").
3. **Software License (if applicable):** Subject to these terms and conditions, RPM Grants to Buyer a limited, personal, non-exclusive license ("the "License") for use only with the Product sold directly to that Buyer. This license may be transferred only upon transfer of the Product.
4. **Changes:** Buyer may at any time request changes to the order within the general scope of work called for. If such changes cause an increase or decrease in the price of the items, Buyer shall be notified to this effect, and Seller shall not be obligated to proceed with such changes until Seller receives a written change order, and agrees in writing to accept such change. Seller shall also be entitled to an extension of the delivery schedule as a result of such change(s) as applicable.
5. **Taxes:** Prices stated do not include local, state or federal taxes. The amount of any sales, use or similar tax applicable to the sale of the items herein or to the use of such goods by the Buyer shall be paid by the Buyer, or in lieu thereof the Buyer will provide Seller with a tax exemption certificate acceptable to the taxing authorities.
6. **Title and Risk of Loss:** Title to the material shipped and all risks of loss pass to Buyer upon Seller's delivery to common carrier at Seller's plant. Shipping shall be FOB Seller's facility in Northridge, CA. Pricing is exclusive of any freight, export, setup, installation, integration or other costs not specifically quoted.
7. **Workmanship:** Unless specifically contracted for otherwise, all product will be provided in compliance with J-STD-610 & IPC-WHMA-620, Class 2 and RPM Workmanship Standards.
8. **Packing, Packaging and Marking:** Seller will provide packing, packaging and marking in accordance with best commercial practices at the quoted prices. Seller reserves the right to adjust the quoted price for any unique or special packaging or marking requirements requested by the Buyer.
9. **Disputes:** The parties agree that all disputes in any way relating to, arising under, connected with, or incident to this contract, and over which the federal courts have subject matter jurisdiction, shall be litigated, if at all, exclusively in the state of California, and if necessary, the corresponding appellate courts. The parties also agree that California law, excluding conflicts of law, exclusively shall govern all terms of this contract, including this paragraph. The parties expressly submit themselves to the personal jurisdiction of the State of California.
10. **Delivery:** The Seller shall deliver to the Buyer not more or less than the quantity of goods which have been ordered. The quoted delivery date/schedule is the Seller's best estimate of the date of shipment of items ordered from the Seller. The Seller shall not be liable for loss or damage, direct, consequential or otherwise, for failure to meet this date. Seller reserves the right to deliver early.
11. **Force Majeure:** In no event shall Seller be in default by reason of any failure or delay in its performance under this order arising from any cause beyond Seller's control and without its own fault or negligence, including but not limited to acts or omissions of the Buyer, acts of God or the public enemy, acts of any government agency or authority, fires, floods, epidemics, quarantine restrictions, strikes, labor disturbances, freight embargoes, public disorders, riots or unusually severe weather, or subcontractor delays which are beyond the control of the Seller. To the extent that any of the above circumstances causes a delay in delivery of the items, the date for such delivery shall be extended by a period equal to that of the delay.
12. **Terms of Payment:** Unless quoted differently, and noted on the face of the order, payment terms are net thirty (30) days from date of invoice, with no discount for earlier payment.
 - a. RPM does not accept credit card orders over \$5,000. All credit card orders are subject to a 4% surcharge, and the card on file will be charged prior to material shipment.
 - b. RPM will not acknowledge or accept Purchase Orders placed for less than the minimum PO amount of \$500
 - c. Milestone or Progress payments are required for any Purchase Orders in excess of \$150,000.
 - d. Unless specifically contracted for otherwise, a charge of \$1,500/day, with a 1 day minimum, will be added for all Customer or Government Source Inspections. Source inspections may also cause unforeseen delays in the shipment schedule.
 - e. A finance charge of 1.5% per month will be charged on all invoices that are past due.
 - f. All pricing quoted is in US Dollars
13. **Cancellation:** Orders accepted by Seller are not subject to cancellation by Buyer, except with written consent of Seller. In the event of cancellation, Buyer will be advised of applicable cancellation charges, which may include charges for raw material, work in process and finished goods applicable to the order, together with applicable overhead, general/administrative costs and allowance for profit.
14. **Intellectual Property:** All rights and interest to the inventions, information, technical data or drawings, copyright, patent, trademark, know-how, trade secrets, related intellectual property, intangible and proprietary rights throughout the world, relating to the Product or Software or disclosed to Buyer in connection with any order or proposal, are the exclusive property of Seller ("Owned Assets"). Buyer shall not (a) Decompile, reverse engineer, disassemble, trace or otherwise analyze the Product or Software, their content, operation, or functionality; (b) Modify, adapt, or translate the Product or Software, nor create derivative works based on the Product or Software; or (c) Disclose any proprietary information regarding the Owned Assets to any other persons or companies without Seller's prior written approval.
15. **Inspection and Acceptance:** Acceptance shall occur upon delivery to the FOB point and will be presumed unless Buyer demonstrates within fourteen (14) days thereafter that the Product does not conform to the Warranty set forth herein. Buyer agrees to make inspection of the Products delivered hereunder immediately upon receipt thereof.
16. **Buyer Property:** Seller shall not be liable for loss or destruction or damage to Buyer property, including property which is the subject of this order, whether owned by Buyer, the US Government, or others, except to the extent that Seller is reimbursed or compensated for any loss of or destruction of or damage to such Buyer property or which results from willful misconduct or lack of good faith on the part of Seller managerial personnel.
17. **Export Control:** This Order is subject to all applicable US Laws and regulations relating to the export of the Product. Buyer shall not ship, transfer, export, or use the Product in violation of applicable export laws, regulations or restrictions, including, but not limited to ITAR and EAR regulations.

18. **Flowdowns:** All Quality, FAR or DFARS clauses that are applicable to any Buyer Purchase Order or Sub-Contract must be explicitly listed in the text of the Buyer's Request for Quote, and again in any subsequent PO/Sub-Contract. All Quality, FAR or DFARS clauses that are not explicitly listed in the text of said Request for Quote, Purchase Order and/or Sub-Contract will not be recognized by RPM as applicable to that order, even if they are referenced in the Specification, Statement of Work, Terms and Conditions, generic Quality Clauses and/or other documentation that is otherwise applicable to that order. If any Quality, FAR or DFARS clauses are called out at the time of order placement that were not included in the Request for Quote, this will be considered a change to the scope of the contract and the Changes clause of this document will govern.
19. **Indemnity:** Buyer shall defend, indemnify, and hold harmless RPM, its parents, subsidiaries and affiliates, and their respective directors, officers and employees and representatives, from and against any and all claims, suits, losses, obligations, causes of action, damages, and expenses (including attorney's fees) relating to or arising out of any use of the Product by Buyer to its Customers.
20. **Limitation of Liability:** TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, RPM SHALL NOT BE LIABLE UNDER ANY THEORY AT LAW, IN EQUITY OR OTHERWISE FOR ANY SPECIAL, EXEMPLARY, PUNITIVE, INCIDENTAL, INDIRECT, OR CONSEQUENTIAL DAMAGES (EVEN IF RPM HAS BEEN ADVISED OF SAME) INCLUDING, WITHOUT LIMITATION, LOST PROFITS OR REVENUES, THE ENTIRE LIABILITY OF RPM FOR ANY CLAIM, LOSS, OR DAMAGES UNDER ANY THEORY AT LAW, IN EQUITY, OR OTHERWISE, INCLUDING, BUT NOT LIMITED TO CONTRACT, TORT, (INCLUDING INTELLECTUAL PROPERTY INFRINGEMENT, AND NEGLIGENCE), AND STRICT LIABILITY, ARISING OUT OF THIS AGREEMENT OR ANY INDEMNIFICATION OBLIGATION THEREOF, THE PERFORMANCE OR BREACH THEREOF, OR THE SUBJECT MATTER SHALL NOT IN ANY EVENT EXCEED THE SUM OF PAYMENTS ACTUALLY MADE BY BUYER TO RPM PURSUANT TO THIS AGREEMENT, ANY ACTION AGAINST RPM MUST BE BROUGHT WITHIN ONE (1) YEAR AFTER THE CLAIM AROSE.
21. **Applicable Law:** This Purchase Order shall be governed by the Laws of the State of California, United States of America.
22. **Equipment Warranty:** RPM warrants all equipment supplied to be free of defects, for a period of one year from the date of shipment. This warranty, however is exclusive of any damages, which may occur due to mishandling, misuse, or misapplication, etc. to which the unit was originally intended. Also, this warranty will be void if unauthorized modifications are done to the equipment without specific written approval from RPM. All repairs and replacement of equipment, as required, will be exercised at RPM's facility in Northridge, CA. RPM assumes no responsibility for the removal and reinstallation expenses or any shipping charges. RPM assumes no liability for any injuries or damages resulting from equipment failure past the extent of the equipment warranty. Warranty for batteries is limited to 90 days. Warranty does not extend to any consumable items.
23. **Price Warranty:** RPM warrants that the prices of the items set forth do not exceed those charged by RPM to any other customers purchasing the same items in like or smaller quantities, under similar conditions of purchase.
24. **Obsolescence of Parts:** While Seller intends to provide parts in accordance with original design requirements, Seller reserves the right to make part substitutions provided the substituted part has the same form, fit and function as the item it replaces, without prior authorization from the Buyer.
25. **Assignment:** Buyer shall not assign or otherwise transfer, whether by contract, operation of law or otherwise, this Agreement or any of the rights or duties set forth herein without the prior written consent of RPM, which consent may be withheld by RPM in its sole discretion.
26. **Amendments of These Terms:** These terms can only be changed by mutual written agreement of the parties.
27. **Severability:** The provisions of this Agreement are severable and the invalidity, illegality or unenforceability of any one or more of its provisions shall not affect the validity and enforceability of any other provisions. If any provision of this Agreement is declared to be invalid, illegal, or unenforceable the parties agree that the court of competent jurisdiction should substitute a valid and enforceable provision that, to the maximum extent possible in accordance with all applicable law, preserves the legal and economic positions of each party as intended in this Agreement.
28. **General:** Headings used in this Agreement are for reference purposes only and shall not be deemed a part of this Agreement. A waiver of RPM of any default by Buyer or of any of the terms and conditions shall not be deemed to be a continuing waiver or a waiver of any other default or of any other of these terms and conditions. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes and merges all prior or contemporaneous proposals, negotiations, understandings and agreement, whether oral or written, relating to the subject matter hereof. This Agreement shall not be released, discharged, waived, abandoned or modified, in whole or in part, except by a written instrument duly executed by both parties.