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	Approver:	Jeff Lange	Rev:	4

Standard Terms and Conditions of Sale

1. **Terms and Conditions:** All agreements and purchase orders are subject to our standard terms and conditions of sale unless otherwise agreed to in writing and signed by representatives from us and the Customer.
2. **Regular Orders:** Purchase orders for a specific item for a specific delivery date are considered a regular order. The Customer has the flexibility to purchase multiple products (items) on one purchase order, but regular orders are limited to one release per item. Revisions to scheduled items must be negotiated on an item by item basis. An expedite fee may be assessed when the revision creates additional cost to us.
3. **Blanket Orders:** In the event the Customer would like to place purchase orders for an extended period, they may do so under a "Blanket Order" agreement. "Blanket Orders" may be negotiated listing a specific number of parts, sell price and specific release dates. Our sell price is subject to material cost increases on "Blanket Orders" and "SMI Orders" (see item 4). Releases may be scheduled with various quantities provided the quantity is in even multiples consistent with agreed upon packaging criteria. Pricing will be predicated on production of a maximum of 60 days consumption. Blanket order pricing will be reviewed quarterly. Price adjustments may be made to reflect the Customer's actual consumption rates. Finished goods and raw materials liability are extended to a 60-day cancellation policy when implementing a blanket order and will be subject to the Cancellation Policy terms as listed in Item 7 below.
4. **Supplier Managed Inventory (SMI):** Supplier managed inventory may be utilized, where appropriate, when the Customer desires us to maintain a set amount of finished goods that can be released to the Customer with short lead times. Our pricing will reflect the economics of this service. SMI pricing is conditional upon shipping in full box quantities and is subject to material increases. A separate document will be provided listing the negotiated details of an SMI agreement.
5. **Move-out requests:** Request to move orders out will not be allowed within 30 days of the current due date with exception of Blanket Orders (See item 3 above). Move-out request dates that exceed 30 days will be addressed based upon the following: 1) No material/components have been purchased for the order, then the order can be rescheduled without economic impact. 2) Materials/components have been purchased but production has not been started then the customer may be required to purchase the material or pay a restocking fee including return freight if the material supplier will allow for returns. An item(s) cannot be pushed out more than 6 months from the current due date. Excessive changes could result in a service fee(s) being charged.
6. **Move-in requests:** Requests to move orders in will be addressed on a per case basis. Expedite charges may apply for move-in requests.
7. **Cancellations:** In the event that an order is canceled after placing the purchase order, the following will apply: The customer will be responsible for payment of all labor and materials that have accrued to the date of cancellation. There is a minimum cancellation fee of \$250.00 per item,
8. **Expedites:** Charges will be evaluated on a per-item basis for expedites.
9. **Sales Tax:** Quoted prices do not include sales tax.
10. **Raw Material Liability:** There may be a necessity for us to carry inventories of raw materials, hardware or components above what is ordered to fulfill a specific Customer order. Minimum order quantities, imposed by our supplier, may necessitate extra material be acquired for Customer orders. These inventories maintain stability in pricing for repeat purchases and decrease lead-times to secure those materials. Unless we are given adequate advanced notice of part obsolescence so that all inventories can be consumed, the Customer is expected to assume full responsibility for the raw material inventories, hardware or components not used. If the raw material is considered to be "off the shelf" and can be returned to the raw material provider, a 20% restocking fee will be charged to the Customer in addition to other costs such as transportation back to the raw material provider. In the case where the material is unique (custom), the Customer will be responsible for the full amount of the raw material cost at the last purchase price. For multi-operation products it is standard practice to overrun the released quantities to cover in-process losses that may occur in additional operations or outside processing. Unless the Customer has a policy that allows us to ship short the released quantity, we will produce 1% to 10% over released quantity and ship with each release. We will manage over run inventory on repetitive part numbers, however if inventory becomes Obsolete, the Customer is responsible for the over run from the previous order.
11. **Force Majeure:** We shall not be considered in default or liable for any delay or failure to perform its obligations to the extent that such delay or failure arise directly or indirectly out of an act of fire, flood, explosion, war, civil or military authority, strikes, lockouts, slowdowns, picketing boycotts, trade disputes, quarantine restrictions, delays of carriers or suppliers, governmental action, acts of nature, acts of God, or by any other circumstances beyond its reasonable




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control and not involving any fault or negligence of the party affected. Nor will we assume responsibility for damages, which result from failure to deliver at time specified.

- 12. **Customer Property Liability:** When we retain possession of a Customer's property (i.e. molds, tools, fixtures, materials, etc.) for the convenience of the Customer, Company will take reasonable steps to protect such mold or tool from theft, damage or destruction from any cause. However, the Customer is responsible for such loss and is expected to insure their property against any potential loss. Company agrees to maintain all molds for the life span as defined by a mold classification. Company will store property for the customer provided production is active. Seller reserves the right to assess a storage fee for property that has been inactive for more than six (6) consecutive months (See: 21. Mold Storage)
- 13. **Design Input:** We will provide suggestions concerning design and construction of product and will suggest various types of materials but will not assume any responsibility or liability for these design or material suggestions if adopted by the Customer.
- 14. **Product Liability:** The Customer agrees to indemnify and hold us harmless against any loss resulting from infringement of patents or trademarks, or other liability due to use of supplied products or services.
- 15. **Quality Standards:** We do not guarantee warp free or sink free product relative to deviations of standard design practices for injection molding. However, we will make every effort to minimize these defects through processing wherever possible.
- 16. **Injection Mold Texturing:** Mold texturing and related costs are not included in the quote unless otherwise noted.
- 17. **First Article Acceptance:** First article samples submitted shall be deemed approved if written notice of rejection is not received within two weeks after date of submittal.
- 18. **Shipping Terms:** All sales shall be FOB unless there is written agreement stating otherwise. Therefore, all claims for breakage, damage and losses should be made directly to the Transportation Company.
- 19. **Payment Terms:** All terms are net 30 unless otherwise stated on Customer purchase order and agreed to by us. A service charge of 1-1/2% per month will be applied to past due amounts.
- 20. **Tooling Transfers:** In the event that a tool is transferred from us during the first year of its production a 10% engineering fee will be assessed based on the sell price of the tool and 5% for the second year. In the event the Customer has provided a tool to us, a \$1,500 per tool fee will be assessed for the first year, and \$1,000 fee will be applied for the second year.
- 21. **Mold Storage:** We agree to maintain all molds for their Industry Standard life Expectancy free of charge, providing that they were built inside by us or procured outside either overseas or domestically and managed by us. All tools that are transferred to Company that were managed and built by someone else will be assessed individually. Company will store all tooling free of charge for the Customer so providing production of parts is current (manufactured within the last six months). We will assess a storage fee for molds that have not been active for 6 months. The monthly service charge that will be applied for the following sizes:
 - 1) Inserts 5x8x6 through 8x8x11 \$10.00 per month per insert.
 - 2) Small Molds 11x11x11 through 17x17x17 \$15.00 per month per mold.
 - 3) Medium Molds 18x18x18 through 28x28x28 \$25.00 per month per mold.
 - 4) Large Molds 30x30x30 through 40x40x40 \$35.00 per month per mold.
 - 5) Extra Large 40x40x40 \$50.00 per month per mold.
 - 6) Extra Large 48x48x48 or larger \$65.00 per month or more depending on size. Storage fees will be billed quarterly.
- 22. **Mold (Tooling) Life:** Molds or tooling are typically quoted to an SPI/SPE Class, (e.g. Class 101). These classifications provide an approximation of cycles for each type of mold EXCLUDING wear caused by material abrasion, poor mold maintenance, and improper technique.
- 23. **Jurisdiction:** In the event of a dispute or litigation between Lightning Tool & Manufacturing, Inc. and the Customer, the Customer agrees such litigation shall be held in the Kootenai County Superior Court, State of Idaho.

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DOCUMENT REVISION HISTORY

Date	Revision	Description of Changes	Approver
5-20-2015	1	First approval	Jeff Lange
6-02-2015	2	Add cancellation, clarify move-in/move-out and expedite and added State of Idaho	Jeff Lange
1-29-2020	3	Added Customer supplied materials to 12. Customer Property Liability	Jeff Lange
3-10-2020	4	Updated Blanket Order section. Added Mold (Tooling) Life	Jeff Lange