

General: The Terms and Conditions of Sale outlined herein shall apply to the sale by Monarch Hardware (hereinafter referred to as Company) of products, equipment and parts relating there to (hereinafter referred to as Equipment). Unless prior written agreement is reached, it shall be understood that the Company's proceeding with any work shall be in accordance with the terms and conditions outlined herein.

The Company will comply with applicable laws and regulations in effect on the date of the Company's proposal as they may apply to the manufacture of the Equipment. Compliance with any local governmental laws or regulations relating to the location, use or operation of the Equipment, or its use in conjunction with other equipment, shall be the sole responsibility of the Purchaser.

Title and Risk of Loss: Title and risk of loss or damage to the Equipment shall pass to the Purchaser upon tender of delivery F.O.B. manufacturing facility unless otherwise agreed upon by the parties, except that a security interest in the Equipment shall remain in the Company, regardless of mode of attachment to realty or other property, until full payment has been made therefor. Purchaser agrees upon request to do all things and acts necessary to perfect and maintain said security interest and shall protect Company's interest by adequately insuring the Equipment against loss or damage from any cause wherein the Company shall be named as an additional insured.

Assignment: Neither party shall assign or transfer this contract without the prior written consent of the other party. The Company however, shall be permitted to assign or transfer, without the prior written consent of the Purchaser, the Company's right to receive all or any portion of the payment due from the Purchaser under this contract.

Terms: 1%—20 days, net 30 days from date of invoice.

Minimum Charge: Minimum invoice is \$50.00 net product value, excluding freight charges. On orders which do not meet the minimum invoice value, the quantity of items on the order will be increased to meet the \$50.00 net where appropriate or a minimum order charge will be applied.

Change Orders and Cancellations: One change or partial cancellation will be allowed at no charge. However, an order processing charge may be assessed for changes or cancellations to orders in fabrication and within ten (10) working days of shipment. Any changes or cancellations must be submitted at least *five (5) working days* prior to acknowledged ship date.

After the first change or partial cancellation to an order, a processing charge of \$50.00 NET will be assessed for each modification request.

Any change, partial or complete cancellation to an order must be made in writing or confirmed in writing or by FAX before they will be processed.

Additions to an order affecting the original shipping schedule will be treated as a separate purchase order unless otherwise specified. When specified, the addition will be considered a change and will be subject to the processing charge.

Order Confirmation: All telephone orders, or changes and, partial or complete cancellations, *must* be confirmed in writing or by FAX before processing.

Delivery and Delays: Delivery dates shall be interpreted as estimated and in no event shall dates be construed as falling within the meaning of "time is of the essence."

The Company shall not be liable for any loss or delay due to war, riots, fire, flood, strikes or other labor difficulty, acts of civil or military authority including governmental laws, orders, priorities or regulations, acts of the Purchaser, embargo, car shortage, damage or delay in transportation, inability to obtain necessary labor or materials from usual sources, faulty forgings or castings, or other causes beyond the reasonable control of the Company. In the event of delay in performance due to any such cause, the date of delivery or time for completion will be adjusted to reflect the actual length of time lost by reason of such delay. The Purchaser's receipt of Equipment shall constitute a waiver of any claims for delay.

Freight: All shipments are F.O.B. Shepherdsville, Kentucky (from factory).

We will allow freight on order shipments of \$5,000.00 net or more to freight terminal nearest destination via route of our selection. Freight allowed will be prepaid. Separate orders cannot be combined for shipment to qualify for freight allowed.

We reserve the right to select the carrier on freight allowed shipments.

When delivered to the carrier, shipments become property of the purchaser who assumes the risk of loss or damage in transit.

On shipments to Alaska and points outside of Continental U.S.A. freight will be allowed, as above, to ocean shipping points.

Non-Standard and Special Items (SOA): Contact factory for availability and price of non-standard finishes and special items

not listed in this price book. Additional charges may be accrued for product modification or engineering services.

Additional charges may be necessary for furnished material for doors, frames, and rabbeted frames, other than standard. Submit door and frame detail if quotation is desired. 1-3/4" is considered standard.

A charge for labor and material costs will be assessed for orders having special finishes or specifications which are changed or cancelled within the production process.

Order Acknowledgements: Order acknowledgements are sent to you for your review at time of entry. Where they do not agree with your understanding, notify the Company at once. Any claims must be made within 30 days of acknowledgement date.

Purchase Authorization: Prior credit approval will be required from all purchasers. Possession of this price book does not imply the right to purchase from the Company. Authorized Company distributors will be required to maintain a minimum of \$25,000.00 in net purchases per year to be maintained as a direct factory account.

Return Goods Policy: Purchased materials may be returned only upon written authorization by authorized personnel of the Company. Written authorization, RGA (Return Goods Authorization) Number and written explanation for return must accompany any return of material for credit. Material found suitable for resale without reconditioning may be credited to customer's account less a handling and reprocessing charge of 50% of the net purchase price. Further charges will be assessed on material requiring rework to

return it to a saleable condition. Obsolete products will not be accepted for return. Items manufactured to a specified finish, size, or pre-assembly configuration are considered special, and are subject to inspection. Incoming transportation charges are to be prepaid by the Buyer. RGA's are valid for a period of 30 days from date of issuance. No RGA's will be issued for merchandise with purchase date over six (6) months.

Claims: All claims against the Company, referring to errors in pricing, shortages or for damaged goods, must be submitted in writing within 60 days from date of invoice.

Back Charges: (Set Offs) — Neither Purchaser nor any affiliated company or assignee shall have the right to claim compensation or to back charge against any amounts which become payable to the Company under this contract or otherwise.

Patents: The Company shall defend any suit or proceeding brought against the Purchaser and shall pay any adverse judgment entered therein so far as such suit or proceeding is based upon a claim that the use of the Equipment manufactured by the Company and furnished under this contract constitutes infringement of any patent of the United States of providing the Company is promptly notified in writing and given authority, information and assistance for defense of same; and the Company shall, at its procure for the Purchaser the right to continue to use said Equipment, or to modify it so that it becomes non-infringing, or to replace the same with non-infringing equipment, or to remove said Equipment and to refund the purchase price. The foregoing shall not be construed to include any agreement by the Company to accept any liability whatsoever in respect to patents for inventions including more than the Equipment furnished hereunder, or in respect of patents for methods and processes to be carried out with the aid of said Equipment. The foregoing states the entire liability of the Company with regard to patent infringement.

Warranty: The Company warrants that the products manufactured by it and delivered hereunder will be free of defects in material and workmanship for a period as follows: (1) exit devices and trim for 36 months from the date of placing the product in operation or for 42 months from the date of shipment; and (2) , and electrified exit devices for 12 months from the date of placing the product in operation or 18 months from the date of shipment, whichever shall first occur. The Purchaser shall be obligated to promptly report any failure to conform to this limited warranty, in writing, to the Company within said limited warranty period, whereupon the Company shall, at its option, correct such nonconformity, by suitable repair to such product or, furnish a replacement part F.O.B. point of shipment;, provided the Purchaser has stored, installed, maintained and operated such product in accordance with good industry practices and has complied with specific recommendations of the Company. Accessories or product furnished by the Company, but manufactured by others, shall carry whatever warranty the manufacturers have conveyed to the Company and which can be passed on to the Purchaser. The Company shall not be liable for any repairs, replacements, or adjustments to the product or any costs of labor performed by the Purchaser or others without the Company's prior written approval.

The effects of corrosion, erosion and normal wear and tear are specifically excluded from this limited warranty. Performance warranties are limited to those specifically stated within the Company's proposal. Unless responsibility for meeting such performance warranties are limited to specified shop or field tests, the Company's obligation shall be to correct in the manner and for the period of time provided above.

Please note: Dark Oxidized Satin Bronze oil rubbed (US-10B) finish is designed to wear with use and is not subject to finish claims.

The Company makes no other warranty or representation of any kind whatsoever, expressed or implied, except that of title, and all implied warranties of merchantability and fitness for a particular purpose, are hereby disclaimed. No agent, representative, dealer, or employee of Company has the authority to increase or alter the obligations of this limited warranty.

Correction by the Company of nonconformities whether patent or latent, in the manner and for the period of time provided above, shall constitute fulfillment of all liabilities of the Company for such nonconformities, whether based on contract, warranty, negligence, indemnity, strict liability or otherwise with respect to or arising out of such Equipment.

The Purchaser shall not operate product which is considered to be defective, without first notifying the Company in writing of its intention to do so. Any such use of product will be at the Purchaser's sole risk and liability and will not be covered by this limited warranty.

Limitation of Liability: *The remedies of the Purchaser set forth herein are exclusive, and the total liability of the Company with respect to this contract or the Equipment and services furnished hereunder, in connection with the performance or breach thereof, or from the manufacture, sale, delivery, installation, repair or technical direction covered by or furnished under this contract, whether based on contract, warranty, negligence, indemnity, strict liability or otherwise, shall not exceed the purchase price of the unit of Equipment upon which such liability is based.*

The Company and its suppliers shall in no event be liable to the Purchaser, any successors in interest or any beneficiary or assignee of this contract for any consequential, incidental, indirect, special or punitive damages arising out of this contract or any breach thereof, or any defect in, or failure of, or malfunction of the Equipment hereunder, whether based upon loss of use, lost profits or revenue, interest, lost goodwill, work stoppage, impairment or other goods, loss by reason of shutdown or non-operation, increased expenses or operation, cost of purchase of replacement power or claims of purchaser or customers of Purchaser for service interruption whether or not such loss or damage is based on contract, warranty, negligence, indemnity, strict liability or otherwise.

Nuclear Liability: **In the event that the product sold hereunder is to be used in a nuclear facility, the Purchaser shall, prior to such use, arrange for insurance or governmental indemnity protecting the Company against liability and hereby releases and agrees to indemnify the Company and its suppliers for any nuclear damage, including loss of use, in any manner arising out of a nuclear incident, whether alleged to be due, in which or in part to the negligence or otherwise of the Company or its suppliers.**