

# Source Distribution, Inc. Terms and Conditions of Sale

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All sales of goods or services by Source Distribution, Inc. ("Seller") are made according to the following Terms of Sale. In these Terms of Sale "Buyer" refers to the person or company to whom Seller contracts to sell goods or services.

**Agreement and Terms of Sale:** The Terms of Sale contained herein are exclusive and in lieu of all other, including any previously proposed, Terms of Sale or Conditions which may appear on Buyer's purchase order or elsewhere, and shall govern all sales of goods or services by Seller to Buyer regardless of the form or medium of Buyer's purchase order. Seller's order acknowledgment is Seller's revocable offer to sell goods or services to Buyer. By accepting shipment of or paying for goods or services, Buyer accepts Seller's Terms of Sale. These Terms of Sale shall prevail over any previously offered terms or conditions by Buyer.

**Payment:** The terms of payment are stated on Seller's order acknowledgement and unless Seller agrees otherwise in writing, payment is due in full within thirty days from the date of shipment. Seller reserves the right to limit or revoke credit terms to Buyer at any time and for any reason. Any payment not made when due shall accrue a late charge of 1.5% per month. Seller retains a security interest in the goods to secure payment of the price as well as any and all other indebtedness that Buyer now or in the future owes to Seller and Seller reserves all rights to reclaim goods delivered and not paid for upon determination (at seller's sole discretion) of Buyer's potential insolvency.

**Delivery:** Delivery dates specified are only best estimates of when product will be shipped. Seller assumes no liability for loss, damage, consequential damage, or fees due to delays. Seller reserves the right to make delivery in installments, including but not limited to back orders unless Buyer expressly states otherwise in the body of Buyer's purchase order. Any such installment shall not relieve Buyer of its obligation to accept remaining deliveries and shall be invoiced separately and paid when due without regard for subsequent deliveries. Seller shall be excused for delays in delivery due to circumstances beyond Seller's control. Unless Seller agrees otherwise in writing, Seller shall deliver goods F.O.B (Uniform Commercial Code term) Seller's shipping point.

**Inspection:** Buyer shall inspect goods immediately. Any and all claims for alleged defects in goods are waived unless Seller is notified in writing of the claim within thirty days of receipt of shipment delivery. No claim shall be made if made after the goods have been altered or used. Buyer shall provide Seller prompt and reasonable opportunity to inspect all goods to which any claim is made and to cure any non-conformance. No goods shall be returned to Seller without Seller's written consent, return goods authorization, and return shipping instructions. Risk of loss of non-conforming goods remains with the Buyer until proper return to Seller as described herein.

**Termination:** Buyer has no right to terminate after receipt of this order acknowledgment and failure to object within forty-eight hours. If Seller agrees in writing to terminate, Buyer shall immediately pay to Seller a cancellation charge equal to all Seller's costs and expenses incurred in connection with Seller's performance (including without limitation labor, material, and overhead) and all additional costs and expenses incurred by Seller due to termination. Seller reserves all rights and remedies available by law. Any termination by Buyer must be in writing.

**Title and Risk of Loss:** Title of goods passes to Buyer upon full payment to Seller for the goods. All risk of loss passes to Buyer as goods are loaded onto freight carrier, and Seller is not responsible for damage or loss occurring in transit. Buyer must obtain adequate insurance covering goods from the time risk of loss has passed from Seller.

**Warranty:** Seller, and, in some cases, Seller's supplier, warrants goods to be free from defects in material and workmanship for one year after date of shipment. Other than stated in the previous sentence, Seller disclaims, and does not make any, additional representations or warranties of any kind with respect to the goods. Seller will not be held liable for any claims or statements of, but not limited to suitability for use, compatibility for use, and performance of goods made by their respective manufacturers. Seller makes no warranty of merchantability or fitness for any particular purpose or damage caused by improper use, lack of lubrication, improper assembly, abuse, alteration, or damage caused by accident, neglect, or negligence. Buyer is solely responsible for determining the proper application and use of the goods. Seller will not be held liable for any allowance for, freight or transportation charges, removal or installation costs, outside labor involved, or any liability for direct, indirect, or consequential damages or delay.

**Indemnification:** To the maximum extent allowed by law, Buyer shall defend and indemnify Seller and its employees and agents against all costs, expenses, liabilities, losses, and claims incurred by Seller as a result of (1) Buyer's negligence, use, ownership, maintenance, transfer, modification, transportation or disposal of the goods, (2) any claimed unfair competition of patent, trademark, or copyright infringement or any claim that results from Seller's manufacture of goods to Buyer's specifications, (3) Buyer's violation or alleged violation of any federal, state, county, or local law, rule, ordinance, or regulation.

**Confidentiality:** All information, property, and rights regarding the goods and services of Seller, its suppliers, and its partners, including drawings, documents, procedures, samples, and pricing, shall be confidential information belonging solely to the Seller.

**Statute of Limitations:** Any claim or action against seller Seller as to the goods or services delivered or performed hereunder must be brought within one year after such claim or action accrues.

**Complete Agreement:** This document comprises the complete and final agreement between Seller and Buyer and supersedes all prior offers, negotiations, proposals, understandings, or agreements between Seller and Buyer. No modifications to this agreement are binding unless provided by Seller and signed by Seller's authorized agent.

**Applicable Law:** This contract shall be considered to have been constructed in the State of Michigan and shall be governed and interpreted by Michigan Law. Either party may bring any action that arises out of or relates to this contract only in a court of competent jurisdiction in Kent County Michigan. The United Nations Convention on Contracts for the International Sale of Goods does not apply to this contract.

**Severability:** If any provision of these Terms of Sale is held by a court of law and jurisdiction to be contrary to law or public policy, the remaining provisions of these Terms of Sale remain in full force and effect.