



Contract Manufacturing Terms and Policies Effective May 1st, 2004

PAYMENTS TERMS: All new accounts must provide proper credit information and a complete Customer information package, before being considered for open account terms prior to shipment of any merchandise on open account status. All orders require a valid Purchase Order duly signed by an authorized individual of the account. All orders will be acknowledged in writing by Fibernetics and require a signed acceptance by the Customer prior to any production. Normal payment terms are Net 30 Days from date of Invoice with prior credit approval. All past due accounts are placed on Shipment Hold until account is brought current.

All Past Due invoices are subject to an interest charge of 18% per annum if payment is not received within 7 working days of invoiced payment terms. In the event that a third party involvement is required for collection purposes on past due accounts, all costs of collection, interest, attorney's fees, and other related collection costs, will be the responsibility of the Customer. Customer is responsible for all cost incurred in the processing of a returned check. Submission of a NSF check will be cause for termination of open account status.

FREIGHT POLICY: All orders will be shipped freight collect via a Customer specified carrier. The Customer is responsible for all packaging costs unless otherwise stated in writing by Fibernetics. The Customer will be responsible for all charges incurred by a refused shipment.

DROP SHIPMENTS: Orders for drop shipments will be charged a \$25.00 handling charge. All freight charges will be invoiced to the Customer. The Customer will be responsible for all charges incurred by a refused shipment. **LIFT GATE OR RESIDENTIAL TRUCK FREIGHT DELIVERIES INCUR ADDITIONAL CHARGES THAT ARE THE RESPONSIBILITY OF THE CUSTOMER.**

DAMAGES OR SHORTAGES: It is the responsibility of the Customer to inspect all shipments received from Fibernetics. Fibernetics' responsibility for shipment ceases when the carrier accepts the shipment. **Damages or shortages claims that occur in transit must be made directly to the freight carrier. Fibernetics Molded Products will not process freight carrier.** It is the responsibility of the Customer and the carrier to rectify claims. Concealed damage or claims for shortage must be made to Fibernetics within three **(3)** business days of receipt of product.

RETURNS: Fibernetics will not accept returns on items manufactured specifically for Customer.

BACKORDERS: Backorders will be produced and shipped unless directed otherwise by Customer.

TOOLING: All design, pattern and tooling orders require a non-refundable deposit of 50% of the quoted price and a purchase order for the minimum production quantity before the start of the project. The remaining 50% is due and payable upon acceptance of the first article. Full payment of all tooling charges, including additional charges for changes made that exceed the original Customer specification, is required prior to any production runs. All tooling is subjected to state tax and remains the property of Fibernetics until such time as the original purchase order for parts has been completed and all open invoices are paid in full.

In the event that the Customer fails to meet its obligation to accept the quantity of parts on the initial purchase or is delinquent in payment (open invoices over 90 days), Fibernetics reserves the right to market, sell, and/or distribute said products to other parties without recourse from Customer with regard to patent or other trade infringement. In the event that Fibernetics choose to exercise the right stated above, no commission, royalties or other payments will be owed to Customer.

PURCHASE ORDER: All orders must meet the minimum established production requirements. All orders for Vacuumed Formed products are accepted on the condition that the Customer will accept a +/- variance of 10% of the original order quantity. All orders for Fiberglass and Urethane products are accepted on the condition that the Customer will accept a +/- variance of 2% of the original order quantity. Orders are non-cancelable if specific raw material is required and has been ordered from the supplier. All components that are job specific (i.e., brackets, framework, hinges, packaging, etc.) that remain in our inventory after completion of an order will be billed and shipped to the Customer.

WARRANTY POLICY: Fibernetics will manufacture and inspect in accordance with industry standards and the Customer's specific engineering requirement, and does not assume any liability arising from the purchase or use of this product. Products are warranted to be free from defects in material and workmanship for a period of three (3) years or 36,000 miles (on automotive applications) from the date of the original invoice. **This warranty shall be limited solely to the repair, adjustment and/or replacement of defective product.**

No other express warranty is given, and no person or representative is authorized to make any warranty or assume any liability, by word or action, which shall constitute a warranty other than what is contained herein. **Fibernetics Molded Products will not be responsible for transportation or labor costs, other expenses or inconveniences, or consequential damages occasioned by the product.**

This warranty becomes void if the product shows evidence of shipping damage, mishandling, improper installation, negligence, (including the lack of normal maintenance based on general acceptable industry standards), modification, secondary operations, (e.g. painting or assembly) or any repairs performed by unauthorized personnel or agencies. An authorized Fibernetics representative must evaluate all defective parts under this warranty and written authorization obtained before any product can be returned.

ACCEPTANCE: Issuance of a purchase order for design, pattern, and production tooling or product will indicate acceptance of the above conditions of this policy.

