

MOLDMAKING/TOOLING TERMS and CONDITIONS

1. Molds and Tooling: (A.) The Buyer shall pay the cost of all molds and/or tooling as specified on the front of this quotation in two equal installments as follows: One half to accompany the first order under this quotation and the balance upon First Article Approval of sample produced by said molds and tooling. All molds and tooling are to be held by Supplier at Buyer's risk, and Buyer hereby waives any right or recovery against Supplier for loss or damage to the molds and tooling while in Supplier's possession. Unless molds or tooling are retained and controlled by the Supplier **{JG Plastics Group, Inc.}** all repairs made necessary by ordinary wear and tear to be for the account of the Buyer. Upon Buyer's request, all molds and dies to be delivered by Buyer at Supplier's plant: required crating to be at Buyer's expense. The acceptance of shipment by common carrier shall constitute delivery to Supplier, and Supplier shall not be responsible for molds and dies damaged or lost in transit. (B.) Molds and tooling supplied by the Buyer for an order shall be subject to Supplier's inspection and approval. Changes required in such molds and dies to permit their use in Supplier's equipment will be at Buyer's expense. Should Supplier find such molds and tooling in poor condition, it reserves the right to request repair at Buyer's expense, or to cancel this order with due notice. The quality of molded pieces from molds supplied by the Buyer shall be the best possible, subject to the condition of the mold. (C.) The Buyer agrees that the Supplier shall have a general lien on the Buyer's molds and tooling for the amount of any unpaid balance owed by the Buyer to the Supplier.

2. Penalty Clauses: Supplier will not accept penalty clauses for late delivery. Delivery dates will be construed to be target dates for contract performance. Supplier will not be responsible for any mold or tooling that has been changed, altered, polished, disassembled or abused in any way by the customer.

3. Production Run: All new tooling is due and payable upon acceptance of First Article Approval. No production will be run until paid in full.

4. Tolerances: When dimensions and tolerances are not otherwise specified and mutually agreed upon, molds and tooling will be constructed to produce goods within the standard tolerance specification of standard molded practices unless otherwise requested and established on Purchase Order.

INJECTION MOLDED PRODUCTS TERMS and CONDITIONS

1. Delivery: All orders shall be delivered F.O.B. Supplier's Plant, Costa Mesa, CA. Delivery of 10 percent (10%) more or less than the quantity specified in any order shall constitute fulfillment of the order, and payment shall be made at the prices specified for the quantity delivered. Quantities delivered will be considered complete at plus or minus 1% of invoiced quantity.

2. Prices: The prices specified are subject to Buyer's immediate acceptance and shall apply only when orders permit uninterrupted runs in the quantity designated. Prices specified are current prices and shall apply to any individual order accepted prior to notification of a price increase. Any new or increased taxes levied by the Federal Government or any State or local government, subsequent to the acceptance of an individual order, on the manufacture, use, transportation or sale of the item ordered, or the molds, tools, and raw materials used in their production, may be passed on to the Buyer by an appropriate separate charge shown on the invoice.

3. Terms of Payment: Unless otherwise expressly agreed in writing, terms of payment shall be net thirty (30) days.

4. Claims: The Supplier makes no express or implied warranties, and more specifically the implied warranty of merchantability of any goods sold to the Buyer, except as specified in this Quotation. The Supplier shall be responsible only for damage the Buyer suffered as a direct result of faulty workmanship. The Supplier's liability shall not in any case exceed the cost to the Buyer of the defective items delivered, and no claim for consequential damage shall be made. The Buyer shall hold the Supplier harmless for any and all claims resulting from the use of the items delivered under this Quotation.

5. Claims Procedure: In accordance with uniform policies and procedures, the Supplier will give prompt attention and consideration to any claim presented by the Buyer under the Claims Clause.

All claims must be presented within ten (10) days after delivery. Claims based on faulty workmanship shall not be paid unless the defective items are returned to the Supplier within thirty (30) days after delivery, freight prepaid, pursuant to the Supplier's written authorization.

6. Finishing Operations: The finish of molded parts shall include only such finish as it obtained directly from the molding process and, unless otherwise specified, shall be as molded and clipped or sawed gate. No tapping, assembling, inserts, machine work, special engraving, or any operation other than molding is included in this Quotation unless specifically stated. If special gauges, fixture, or other small tools are required, they are to be furnished by the customer.

7. Inserts: Inserts or assembly parts required in connection with any order accepted under this Quotation shall be supplied by the Buyer, without cost to the Supplier, and shall exceed by at least 10% the number required to fill the order. The Supplier shall not be liable for the loss of inserts during setup, consumed in rejected or spoiled parts, nor for damage to molds, tools or molded parts caused by defective inserts.

8. Cancellation: In the event of a Purchase Order cancellation, a minimum charge of \$100.00 will be levied. Any materials purchased, or placed on order and are non-cancellable, for the purchase order will be the customer's responsibility.

9. Contingencies: The Supplier shall not be responsible for any failure to comply with the terms of any order accepted under this Quotation due to causes beyond its control. These causes shall include, but not be restricted to: fire, storm, flood, earthquake, explosion, accident, acts of the public enemy, war, rebellion, insurrection, sabotage, epidemic, quarantine restrictions, labor disputes, labor shortages, transportation embargoes or failure or delays in transportation, inability to secure raw materials or machinery for the manufacture of the items specified, acts of God, acts of the Federal government or any agency thereof, acts of any State or local government or agency thereof, and judicial action. Upon the cessation of cause operation to excuse performance, any order shall continue in full force and effect.

10. Indemnification: Buyer agrees to indemnify and hold Supplier harmless from and against any loss, liability, or expense resulting from and against any loss liability or expense resulting from or attributable to alleged infringement of patents or trademarks in the manufacture of the items covered by this Quotation.

11. Taxes: Taxes, if any, are to be paid by the Buyer.

12. Service Charge: In event a balance is due by Supplier for more than 30 days, a service charge of 1.5% per month (18% per annum) will be added to the unpaid balance.

13. Inactive Molds: Any mold that has been inactive for 48 consecutive months shall be considered obsolete and may be returned to the customer. The customer shall be responsible for all mold packaging and freight costs required for the return of obsolete molds.