

TERMS AND CONDITIONS



- 1.** The following provisions shall be the sole and exclusive terms and conditions governing Precision Optics Corporation, Inc. (Seller) purchase-sale transactions with a Purchaser, unless otherwise provided for in express written form from authorized personnel of the Seller in quotations and Purchaser purchase orders properly acknowledged and accepted by Seller. In the case that any one or more of the terms or conditions contained herein or in any accepted purchase order are defaulted, waived or held to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or otherwise impaired thereby.
- 2.** Purchase orders are not binding on Seller until acknowledged and accepted in writing, and Seller expressly reserves the right to reject any and all purchase orders.
- 3.** Seller will use its best efforts to make deliveries as close as possible to the agreed to delivery date. The sole remedy available to Purchaser for the failure of Seller to make timely delivery pursuant to an accepted order shall be, at the Purchaser's option, to accept a revised delivery schedule or, notwithstanding item 7. Below, cancel the order. Delivery within ten (10) business days from the agreed upon delivery date shall be deemed timely delivery.
- 4.** Delivery of merchandise shall be F.O.B. Seller's warehouse. Title and risk of loss shall pass to the Purchaser at the time Seller delivers the ordered merchandise to a common carrier for delivery to the Purchaser or its designee. Prices do not include any Federal, State or local taxes unless Seller is obligated legally to include such tax. Prices and accepted purchase orders are for the goods and service described on the face hereof and do not include license, right, title or ownership in any prior or future inventions, products, designs, technical data, proprietary rights of any kind, trademarks, trade-names, copyrights, patents, processes, know-how, qualification, validation or environmental test data.
- 5.** Upon delivery of merchandise under an accepted purchase order, the Purchaser shall, at its own expense, inspect the merchandise within thirty (30) days of its arrival at the Purchaser's place of business. Each such shipment shall be deemed as finally and irrevocably accepted unless Purchaser provides Seller with written notice of rejection, along with sufficient evidence of the cause for the rejection within ten (10) days after the inspection of merchandise.
- 6.** Payment terms are net (30) days from date of Seller's invoice. Purchaser agrees to reimburse Seller for all reasonable costs incurred in connection with its efforts to collect past due amounts, including but not limited to, attorney and agency fees and court costs. Seller also reserves the right to interest on amounts at rates maximum rated allowed by the applicable state(s).
- 7.** Any order for non-standard products or services (those without published list prices) may not be cancelled by Purchaser except by mutual agreement in writing and subject to the following:
 - (1) Purchaser will pay, at quoted contract prices, for all product and services seller has completed, at cancellation date;
 - (2) Purchaser will pay all costs, direct or indirect, which have been incurred by Seller in regard to products and services which are started but incomplete at time of cancellation. Purchaser will pay one hundred (100%) of the normal profit on the contract for those started but incomplete products and services;
 - (3) Purchaser will pay a cancellation fee on all other contract products and services equal to twenty-five (25%) of contract amounts.
- 8.** Seller conditionally warrants products manufactured by Seller to be free from defect in materials or workmanship for a period of twelve (12) months from date of shipment. For any products or components furnished by third-party vendors and resold to Purchaser by Seller, the warranties available to Purchaser are limited to the original warranties provided by such third-party vendors. In order to be covered by this warranty, a defect must be significant enough to make the unit unusable for its intended purpose. Failures due to abuse including disassembly, mechanical damage, thermal shock, autoclaving, and similar misuse are not covered by this warranty. Seller's total obligation under this warranty will be limited to replacement or repair of the returned unit, at Seller's sole discretion. Seller shall not be responsible for consequential damages for breach of any provision of any purchase order.
- 9.** Merchandise delivered to the Purchaser may not be returned to Seller without a prior, properly authorized Sales Return Authorization (SRA). All returns must reference the SRA number in order to be accepted at Seller's warehouse. Freight costs for returned merchandise are the responsibility of the Purchaser. When a return of merchandise is authorized because it is said to be defective and is subsequently found not to be defective, the return will be subject to a fifteen percent (15%) restocking charge.
- 10.** Neither party shall be responsible or liable in any way for failure or delay in performing its obligations under any purchase-sale transaction, other than obligations to pay money, when such failure or delay is directly or indirectly due to an act of God, war, strikes or other labor problems, inability to obtain or manufacture goods, accident, fire, government order or regulation or any other cause that is beyond its reasonable control.
- 11.** Each party represents to the other that the information supplied to the other is fairly and accurately presented. Further, each party agrees to protect and not to disclose any confidential or proprietary information of the other party.
- 12.** Either party may cancel an accepted purchase order in the event either of the following occurs: the other party has become insolvent or has otherwise failed to meet its obligations as they come due; or the other party files or has filed against it a petition of bankruptcy or other assignment for the benefit of its creditors.
- 13.** Seller assumes no liability or responsibility and Purchaser agrees to defend, protect indemnify and hold harmless Seller and its officer, directors, employees and agents from all product liability and regulatory liability including but not limited to attorney fees, damages and awards resulting from any claims by third parties for loss, damage or injury (including death) allegedly caused by any product or services purchased from Seller.