

TERMS AND CONDITIONS
OF ALL PURCHASE ORDERS
OF EJAY FILTRATION INC.

The following terms and conditions govern the purchase by Ejay Filtration Inc. (Buyer or Customer) from you (Seller or Supplier) of products and/or services via its purchase orders. By accepting a Purchase Order issued to you through this system and delivering the products and/or services described on the purchase order, you accept and agree to be bound by these terms and conditions.

THESE TERMS AND CONDITIONS APPLY UNLESS SUPPLIER HAS SIGNED A SEPARATE AGREEMENT WITH EJAY FILTRATION INC. PERTAINING TO THE SALE OF GOODS, IN WHICH CASE THE TERMS OF THAT AGREEMENT SHALL GOVERN WHEREVER THERE IS A CONFLICT BETWEEN SUCH AGREEMENT AND THESE TERMS AND CONDITIONS. IN THE ABSENCE OF A CONFLICT OF TERMS BETWEEN THAT AGREEMENT AND THESE TERMS AND CONDITIONS, THESE TERMS AND CONDITIONS SHALL APPLY AND BE BINDING ON SELLER AND BUYER.

1.0 MODIFICATIONS TO TERMS: Ejay Filtration Inc. reserves the right, in its sole discretion, to change, modify, or otherwise update these terms and conditions at any time, or to impose new conditions. Such changes, modifications, updates, or additions shall be effective immediately upon notice thereof, which may be given by means including, but not limited to, posting on this site, electronic or conventional mail, or by any other means by which you obtain notice thereof. Your use of this website after such notice shall be deemed to constitute your receipt, understanding, and acceptance of all such changes, modifications, updates, or additions.

If such changes cause an increase (or decrease) in the amount due under this Purchase Order, Seller shall immediately notify Buyer of this change, and Buyer shall then decide whether the adjusted price is agreeable to Buyer. If it is, Buyer shall indicate this in writing to the Seller.

Unless and until Buyer exercises its rights under this provision, this Order, including the terms contained herein, shall constitute the full agreement between the Buyer and Seller.

Only Ejay Filtration Inc. may modify the Order, or provide any specifications, drawings, or instructions regarding its completion. Unless instructed to do so by Buyer in writing, Seller shall not alter or modify this Order, or any specifications, drawings, or instructions pertaining to it, at the direction of, or as a result of communications from, a third party.

2.0 VARIANCE FROM TERMS & CONDITIONS: No terms or conditions in any sales form issued by the Seller shall bind the Buyer unless consented to by separate written instrument, and no such terms or conditions shall constitute a variance, modification, alteration, or addition to any of the terms, conditions, and instructions contained in the Order, or be a waiver or exception thereto, unless specifically agreed to by Buyer through a separate written instrument.

3.0 ACCEPTANCE OF TERMS AND CONDITIONS: Performance in whole or in part by Seller of this purchase order (the Order) shall constitute acceptance of all of the terms and conditions.

4.0 CONFIDENTIALITY: The Purchase Order contains information that is proprietary to Buyer. It may not be used by any recipient for a purpose other than accepting the Order, and delivery of the requested goods and/or services, or declining the Order and taking no further action with regard to the requested goods and/or services. Use of this Order for any other purpose is strictly prohibited.

By accepting any Order from Buyer, Seller agrees not to use any subsequent Order for any purpose other than to provide the requested goods and/or services to Buyer. Seller agrees to tender to Buyer any all amounts received from selling goods or services requested by Buyer, and included in a Purchase Order, to any customer of Buyer, and also tender to Buyer an additional twenty-percent of such amount received. Payments to Buyer under this provision shall be made no later than ten (10) days after Sellers receipt of said funds from Buyers customer.

5.0 OTHER PROPRIETARY INFORMATION: Seller agrees to keep confidential information, not available to the public, furnished to Seller by Buyer, or produced at Buyers expense in connection with the Order.

Special tools, dies, molds, patterns, or other tooling either furnished by Buyer, or purchased from Seller by Buyer, and used to produce articles involving Buyers confidential information, shall be property of Buyer and shall be kept confidential. Such items shall be used only for production of such articles for Buyer, and shall be promptly returned upon completion or termination of the Order.

Seller agrees that, without prior formal agreement with Buyer, all information of Seller provided at any time to Buyer shall be submitted without imposing any confidential or proprietary restrictions upon Buyer. Seller hereby releases Buyer from liability for disclosure of such information and, except as may arise under Sellers valid patents, from liability for the manufacture, use, or sale by, or on behalf of, Buyer of any article or service employing, in whole or part, designs or ideas included in such information.

6.0 SUBCONTRACTING AND ASSIGNMENTS: Buyer sent this Purchase Order because of its wish to receive the part(s) and/or service(s) from a particular vendor. No part of the Order may be subcontracted or assigned, by operation of law or otherwise, without Buyers prior written consent.

7.0 CANCELLATION/TERMINATION OF ORDER: Buyer may cancel this Order in its entirety prior to acceptance by Seller. Failure of Seller to deliver within the time specified by the Buyer shall give Buyer the option to terminate the Order, in whole or in part, without penalty.

8.0 CONFLICT OF INTEREST AND AUDIT PRIVILEGE: Seller understands, recognizes, and supports Buyers need for the highest standard of integrity in its purchasing decisions and conduct. Seller therefore agrees not to give any fee, commission, rebate, gratuity, or any other thing of value to an employee of Buyer, nor provide or offer substantial entertainment to any such person(s). Seller, also, shall not knowingly do business with any third party so as to benefit an employee, or relative or any employee of Buyer or its affiliated companies.

At any time during the fulfillment of the Order and for three years thereafter, Buyer shall have the right to audit Sellers books and records, including expense reports of Sellers officers, employees, and agents, to verify compliance with the terms hereof and to verify the correctness of any invoice submitted to Buyer by Seller.

9.0 LACK OF AGENCY: Buyer may be purchasing for resale to another entity or individual. Buyer also may require shipping directly to its customer, or to any other third party. Buyer remains the purchaser of all goods or services listed in its Purchase Order, and is not acting as an agent for any entity of individual in this transaction.

10.0 DELIVERIES: All deliveries shall be made during normal business hours Monday through Friday, unless otherwise specified or agreed. Deliveries are to be made per the scheduled delivery date.

11.0 DELIVERY TIME: Seller understands and agrees that time is of the essence to the Buyer, and that Buyer anticipates, expects, and deserves deliveries made on a timely basis. Seller also recognizes that Buyer's reputation with its customers and business partners is at stake, and is placed at risk when deliveries from suppliers are late. Buyer reserves the right to refuse shipments which are late, as well as to refuse shipments which arrive in advance of a schedule set forth in the Order. The right to refuse such goods or services is in addition to any claim for compensatory damages Buyer may have under law.

12.0 DESTINATION: Goods requested in this Order shall be delivered FOB DESTINATION. Title for all purchased goods shall remain with Seller until goods have reached destination. Seller is responsible for the goods until acceptance by Buyer at the shipping destination.

13.0 FORCE MAJEURE: Seller will not be liable for damages caused by delays in performance where such delays are due to causes beyond its control, and without fault or negligence on its part, provided Seller promptly notifies Buyer in writing as soon as such delay is apparent.

14.0 EXCESS QUANTITIES: Buyer may return quantities in excess or variation from the quantities specified in the Order. Such returns shall be at Seller's expense and risk.

15.0 PACKAGING: Seller shall be responsible for adequate and secure packaging of the goods shipped under this Purchase Order. Seller shall appropriately number all cases, packages, etc., showing the corresponding number(s) on any invoice. No charge shall be made for packaging unless explicitly stated on the Order.

16.0 PAYMENT: The price shown on the Order is final, and is the total amount Ejay Filtration Inc. will pay, or have to pay, for the goods and/or services requested in such Order. Buyer hereby refuses any counter offers to purchase any goods or services listed in a Purchase Order at a price higher than that stated in the Purchase Order.

If there is no price stated on the Order, the price shall be deemed to be the price last quoted to Ejay Filtration Inc., or the prevailing market price, whichever is lower.

Seller shall not add additional amounts for taxes, packing, shipping or any other charge, unless specifically agreed to by Ejay Filtration Inc. in writing. Seller also declines and refuses to pay any additional shipping documentation charges.

17.0 PRICE GUARANTEE: Seller warrants that the price of goods and/or services sold to Ejay Filtration Inc. under the Order is not greater than the price for comparable goods sold in comparable quantities to any other purchaser. Payment by Ejay Filtration Inc. for products and/or services delivered under any Order shall not constitute a waiver of this provision.

18.0 **CASH DISCOUNT PERIOD:** The cash discount period shall begin when the goods/services are received by Ejay Filtration Inc..

19.0 **SET-OFF:** Buyer shall have the right, at any time, to set off any amount owing from Seller to Buyer (including any affiliates of Buyer).

20.0 **TAXES:** Seller accepts responsibility and liability for payment of any payroll taxes or employment benefits applicable to Sellers employees. As part of this obligation, Seller shall promptly reimburse Buyer for any of said taxes and employment benefits which, by law, Buyer may be required to pay.

21.0 **USE OF COURIER SERVICES:** Buyer may, at its option, elect to instruct (or invite) Seller to ship goods via FedEx, UPS, or another courier service. Buyer also may elect to provide Seller with its FedEx, UPS, or another courier service account number, allowing shipping costs to be billed directly to Buyer. Providing shipping instructions (or invitations) to use one of these couriers, or offering to use the Buyers account with these couriers, or offering to pay the cost of using one of these couriers, does not affect or alter that these goods are shipped FOB Destination, and does not waive or alter any of the terms herein, including, but not limited to, Sellers responsibility to adequately insure all shipped goods.

22.0 **INSPECTION & REJECTION:** Products/services furnished under the Order shall, at all times, be subject to Buyers inspection and approval prior to acceptance and/or payment. If, in Buyers opinion, such products/services fail to conform to specifications, or be otherwise defective, whether for material, workmanship, fabrication, quality, or other reasons, Buyer has the right to reject the same and require Sellers prompt replacement thereof. Rejections may, at Buyers option, be returned to Seller at Sellers expense.

In the event that Ejay Filtration Inc. receives goods/services whose defect(s) or nonconformity(ies) are not apparent on initial inspection, Buyer may subsequently reject such goods/services within a reasonable period of time after such defects or nonconformities become apparent.

23.0 **DAMAGE TO AND INSURANCE ON THE GOODS:** Seller assumes all of the risk and responsibilities for any loss or damage to any items during their transportation to Buyer, regardless of the means chosen for shipment, and regardless of the quantity or nature of the goods shipped.

Seller shall secure and maintain adequate insurance on any goods shipped under this Purchase Order, as Seller maintains full responsibility for any damages to such goods unless and until such goods are accepted by Buyer at Destination. Adequate insurance shall include, but not be limited to, insurance to cover the full replacement value of any goods shipped under this Order. Seller further agrees to pursue any remedy or claim with any insurance company retained to provide insurance coverage under this Provision. However, the initiation, ongoing status, or resolution of any such claim shall not relieve Seller of its obligation to promptly replace any lost or damaged goods.

24.0 INDEMNITY AND LIABILITY INSURANCE: Seller shall perform all work under the Order as an independent contractor. Seller agrees to protect, defend, indemnify, and hold Buyer harmless from and against all loss, liability, claims, demands, and causes of action of every kind and character (including all costs thereof as well as attorneys fees), without limit and without regard to the cause thereof, and without regard to any negligence or other fault in whole or in part of Buyer, arising out of or in connection with performance of services or labor, or provision of products or materials, by Seller under the Order.

Sellers indemnity obligations hereunder shall reach not only Buyer, but also Buyers affiliated companies, and their respective officers, directors, and employees.

Sellers indemnity obligation hereunder shall also be supported by appropriate liability insurance furnished by Seller at Sellers expense. Such liability insurance shall contain a contractual indemnity endorsement. Buyer and its affiliated companies shall be named as additional insured on Sellers insurance policies, other than its workmen's compensation insurance, while all premiums and deductible shall be for the account of the Seller. Sellers insurers shall waive all rights of subrogation against Buyer, its affiliated companies, and their respective officers, directors, and employees.

25.0 LIENS: Seller shall ensure that no material liens or workmen's lien are attached to any product or materials provided under the Order, and shall defend, indemnify, and hold Seller harmless there from.

26.0 FORECASTS: From time to time, Ejay Filtration Inc. may, in its sole discretion, provide forecasts with regards to its expectations for usage of certain parts within a given time frame. Such forecasts are provided for informational purposes only, may be revised at Ejay Filtration Inc. discretion, and shall not be binding upon Ejay Filtration Inc.. Seller agrees that it shall not use these forecasts for any other purpose, including as a reason or instruction to manufacture product in advance of a specific Purchase Order issued by Buyer.

27.0 HAZARD COMMUNICATIONS: State employees right-to-know laws and OSHA Hazard Communication Standard (29 CFR §§ 1910, 1200) require manufacturers, importers, and suppliers to label containers of toxic substances or hazardous chemicals with the applicable chemical name and hazard warning. Manufactures, importers, distributors, and suppliers also must provide Material Safety Data Sheets (MSDS) for these substances. Appropriate labels and MSDS shall be provided by Seller for all shipments.

28.0 Infringement OF RIGHTS: Seller agrees that it will, at its own expense, defend any and all actions or proceedings charging infringement of any patent, trademark, or other corresponding right.

Additionally, Seller shall indemnify the Buyer and all persons claiming under it, and hold each or all of them harmless from and against all claims, loss, damage, and expense, including reasonable counsel fees, arising from or by reason of any actual or claimed patent, copyright, or trademark infringement, or any litigation based thereon, with respect to any part of the merchandise covered by the Order, except to the extend that such part is of a design originating with Buyer and is made in accordance with Buyers specifications and drawings. Sellers obligation hereunder shall survive acceptance of articles delivered and payment thereof by Buyer.

29.0 COMPLIANCE WITH LAW: Buyer is an equal employment opportunity employer. Unless exempt, Seller shall comply with equal employment provisions of all applicable civil rights laws and regulations, including, but not limited to:

- The Civil Rights Act of 1964 (as amended)
- Executive Orders 112146 and 11375 (as amended)
- The Age Discrimination in Employments Act of 1967
- The Rehabilitation Act of 1973
- The Vietnam Era Veterans Readjustment Act of 1974
- Any other applicable law, order, or regulation relative to wages and hours of labor.

30.0 RENUNCIATION OF WAIVERS: No claim or right arising out of breach of any or all the Terms and Conditions herein, can be discharged, in whole or in part, by a waiver, renunciation, or failure to enforce any such claim or right, unless expressly provided thereof by a separate writing executed by Buyer. The reference in any particular section of this document to waivers does not alter this renunciation of all waivers.

31.0 WARRANTIES: In addition to all of the warranties Buyer is entitled to under federal or state statutes, or the common law, Seller further warrants that all products/services delivered under the Order will be free from defects in material workmanship, that all items will conform to specifications, be free from defects in design, and that all items will be suitable for their intended purposes. The warranties of Seller, together with its Service Warranties and Guaranties, if any, shall run to Buyer. Acceptance of said products, articles, or materials by Buyer shall not constitute a waiver of any of the Warranties of Seller, either express or implied, and shall not be deemed to alter or affect the obligations of Seller, or rights of Buyer, under any of such warranties, whether expressed or implied. Similarly, no payment for any such products, articles, or materials constitutes a waiver of any of the conditions herein contained.

32.0 PRODUCT SUPPORT: Seller warrants to Buyer that the goods shipped under the Purchase Order shall be available to Buyer and Buyers customers during the entire operational life of said goods. In the event that Seller discontinues the manufacture of any of the items listed in this Purchase Order, and does not provide for a reasonable alternative source, Seller shall make available to Buyer all drawings, specifications, data, and information will which enable Buyer or its customers to manufacture or procure such items, sub assemblies, or spare parts, under a license free of any royalty obligations to Seller or any other party.

33.0 REMEDIES: Buyer may, in addition to any specific right set forth in these Terms, may terminate all or any part of a Purchase Order in the event of a breach by the Seller. The remedies specified herein are cumulative to all other remedies provided in law, whether federal, state, or regulatory, or in equity.

34.0 DISPUTES: Buyer and Seller wish to avoid, when possible, the expense and hassle of litigation. Buyer and Seller therefore mutually agree to mediate such disputes before filing an action with any court. Said mediation shall occur in Riverside County, California, using the services of a qualified mediator in this county.

35.0 **VALIDITY:** Both Buyer and Seller wish to enforce these Terms and Conditions to the maximum extent permitted by law. If a court of competent jurisdiction finds that these terms, in whole or in part, are invalid or cannot be enforced, the remaining terms shall remain in effect as if such ruling had not occurred.

36.0 **HEADINGS:** The headings and subheadings used in these Terms are for convenience of the parties only, and shall not be used in interpreting the terms herein, and shall have no legal effect.

37.0 **APPLICABLE LAW:** This contract shall be construed in accordance with the laws of the State of California.

Revised: 03/26/09