

Etech Terms and Conditions of Sale

PURPOSE: This document serves as an integral attachment to Etech Controls Corporation (ECC) issued 'Quotations', 'Proposals', 'Sales Orders' and other pricing documents that may be issued to customers (quotations). The original associated ECC quotation to Customer, as well as this document and its verbiage, shall be deemed an integral part of any contract or purchase order that is subsequently issued by Customer to ECC based upon such quotation, and the terms and conditions of sale contained herein shall supersede any conflicting contract language or terms referenced in the associated Customer issued contract or purchase order.

MERGER & INTEGRATION: This Agreement and the documents specifically referenced above contain the entire agreement between the parties with respect to the subject matter of this Agreement, and supersede all prior negotiations, agreements and understandings with respect thereto. This Agreement may only be amended by a written document duly executed by all of the parties.

SEVERABILITY: If any provision in this Agreement is held unenforceable, then such provision will be modified to reflect the parties' intention. All remaining provisions of this Contract shall remain in full force and effect.

MANUFACTURING: The products sold by Etech Controls Corporation (ECC), including its Secure-Tech (ST) product line, are factory assembled, custom configured high-security control systems. These systems are factory engineered, assembled and tested to meet Order requirements. Individual Secure-Tech Modules are available for service replacement or systems' integration use by qualified integrators. ECC strives to assist its customers by providing technical information and/or know-how, however, ECC provides no warrant and assumes no responsibility that its products meet the Customers plans and specifications, unless specifically quoted as such. Customer remains responsible for compliance with project requirements, including, but not limited to all take-off counts, differences, omissions, additions, changes, etc. Unless Etech has explicitly quoted to meet project specifications, Customer agrees to indemnify ECC, its officers, managers and employees, from any claim relating to the materials, products or systems provided to Customer, for ECC's failure to perform to project specifications.

SCOPE OF WORK: This Purchase Agreement (Agreement) specifically incorporates the attached Technical Specifications and takes precedent over all third-party contracts, specifications, drawings or other Customer contract documents.

SECURE-TECH: ECC provides control products manufactured under the Secure-Tech and Secure-Tech.com brand (ST). Customer is responsible for obtaining approval for Secure-Tech brand products and ECC will not provide other manufacturer's products should ECC/ST products not be approved. ECC reserves the right to cancel or modify its Agreement Price (Price) upon a change in scope or a delay to production.

LABOR:

Site Service Work - Site service and system repair work is available on a time-and-material basis with reasonable notice. Please request our 'Detention Service Rates Sheet'. Discounted Maintenance Contract rates are available.

Site Installation Work - Although ECC does not provide field installation services, ECC may make available to Customer one of its technicians to assist with field installation. If not part of ECC's scope of work, these services are available on a time-and-material basis with reasonable notice.

Factory Bench Repair Work - Available on a time and material basis. Please request our 'Detention Service Rate Sheet'. For ST product repairs, please call for a quotation and an RMA number prior to returning equipment for repair.

PRICES: All prices quoted are for completed systems or systems components and may contain discounts provided by ECC. Discounts quoted are based upon the Customers credit, order history, industry experience and licensing, experience with the systems provided, technical ability and/or an executed Dealer Agreement - discount levels are subject to change by ECC without notice. ECC reserves the right to require full payment prior to production. All ECC prices quoted are valid for 30 days unless noted otherwise on the quotation.

CANCELLATION: Many products ordered from ECC are for custom or discontinued products - all orders for such products is on a Non-Cancellable-Non-Returnable ('NCNR') basis once order is placed and production work has commenced. Additionally, certain Secure-Tech products are 'manufactured to order' ('MTO') and are subject to restocking charges (minimum rate of 10%) if order is cancelled once production work has commenced. Payment for NCNR and MTO items is due in full upon completion of manufacturing and prior to delivery of the completed system/products. Applicable charges assessed by ECC for order cancellations involving NCNR and/or MTO products will be deducted from any Customer deposits on hand prior to issuing a refund. Products that have applicable NCNR, MTO or other special charges will be noted on provided ECC quotations.

PAYMENT: Payment to ECC is not contingent upon receipt of funds from any third-party.

FINAL PAYMENT: Unless NET Credit Terms are pre-approved, **final payment must be made prior to final delivery of systems/products.** ECC will issue an invoice for completed manufacturing work that must be paid in full prior to delivery of the manufactured equipment. Failure to make final payments will delay the shipment of such materials.

INVOICING: Invoices will be issued for completed work. All invoices are due and payable on NET-15 day terms unless alternate credit terms have been pre-established. Past due accounts are subject to a monthly service charge of 1.5% of the balance due, in addition to any Cash on Delivery charges that may be incurred by ECC for material deliveries. Failure to make payments according to these terms and conditions may subject the system/product to delivery delays and additional costs of production. ECC reserves the right to cancel any order and for any reason.

TAXES: Systems and/or equipment are quoted variously by ECC to include, or not-include, sales-tax depending upon Customer type and/or per Customer request. If Sales Tax is not explicitly listed as 'Taxes Included' on your order quotation, it is not included. Customer shall be solely responsible for all taxes, duties and other government fees not explicitly included in the ECC quotation.

SECURITY INTEREST: Customer grants to ECC, and ECC retains a security interest in all documents, equipment, products, modules or other material delivered manufactured pursuant to this Agreement. Customer agrees that upon default in payment to ECC pursuant to this Agreement, ECC has the right to take possession of the equipment immediately, wherever it may be found, and remove it, with or without process of law or notice to Customer.

SUBMITTALS: If required as a part of the Order, and upon receipt of a signed Agreement and prerequisite documents, ECC will prepare and provide Control Panel and Control Electronic drawings in the form of (1) one CD of Product Data sheets from catalog or on-line, including Control Panel parts, Pushbuttons, power supply, data sheets, etc. within 30 days of receipt. Upon receipt of written approval of the submittals and/or written Direction to Proceed from Customer ECC will manufacture/provide the contracted systems/products in approximately 90 calendar days of receipt of written direction to proceed. Customer bears all risk associated with written direction to proceed. Note: If Order is cancelled after ECC has begun the submittal engineering and drafting work, any labor and materials involved will be charged to customer on a T&M basis per our standard rate sheet.

ECC WARRANTY: ECC warrants all ECC manufactured products to be free from defects in material and workmanship for a period of one year from the date of this Agreement, for all and any part of the provided equipment. ECC does not warrant that its products are fit for any particular use. This Warranty is limited to the repair or replacement of any product, or parts thereof, which ECC determines to be defective. Secure-Tech brand modules are warranted, FOB Factory, against defects in material and workmanship for a period of two years from the date of this Agreement. OEM products supplied by ECC are limited to the OEM warranty. This Warranty does not apply to any products which have been subjected to abuse, mishandling, improper use or have failed to function due to normal wear and fair use. This Warranty is in lieu of all other warranties, expressed or implied, including the any implied warranty of merchantability or fitness of a particular use. Warranty service will be performed at ECC's Rocklin, California facilities at no charge to Customer during normal working hours. Written authorization from ECC must be obtained prior to returning materials.

CUSTOMER WARRANTY: Customer warrants that it will not sell, mortgage, pledge or lease said equipment, prior to full payment being made to ECC, without prior written permission of ECC. Further, Customer warrants that it in purchasing a system from ECC, Customer will install the ECC system as per manufacturer's directions. Violation of these conditions breaches any and all warranties granted by ECC under this Agreement.

INTELLECTUAL PROPERTY: Customer agrees that the products and systems provided by ECC are proprietary in nature, involving copyright, trademark and patent rights. Customer will not alter, amend or change system connections and or installation once the com and ECC or its subsidiary products or systems without the express written permission of ECC. A system is defined as one or more ECC modules or products that are required to communicate with another ECC module or product.

TIME: Time is of the essence for the completion of the work described in this Agreement. It is anticipated by the parties that all work described herein will be completed by the above referenced Delivery Date and that any delay in the completion of the work described herein shall constitute a material breach of this contract.

DELIVERY DATE: The Delivery Date referenced herein is an estimate and under no circumstances will ECC be liable for loss or damage resulting from delay or inability to deliver by the above referenced Delivery Date. ECC does not guarantee delivery dates but will make every reasonable effort to comply with Customers needs.

SHIPPING: All freight shipments are F.O.B. Rocklin, California. Unless otherwise noted, shipments will be insured and delivered per Customer's written direction with freight invoiced at actual cost (\$20 freight charge minimum on all orders). Final shipment of ordered equipment is contingent upon ECC receipt of any payments due under the terms of the order.

DELIVERY INSPECTION: Upon receipt of products, Customer will immediately inventory and perform any tests required to assure Customer that the products have been received in good working order. Problems with product shipments or obvious damage will be reported in writing to ECC within 5 calendar days of receipt. Replacement of damaged products, when properly reported and verified, will be made as soon as practical.

INDEMNIFICATION: Customer agrees that ECC shall not be liable for any indirect, incidental, economic or consequential loss or damage to Customer or user of this equipment arising out of the failure of the equipment to operate. The Customer agrees to indemnify and hold harmless ECC and its officers, employees and subsidiaries against loss or threatened loss or expense by reason of the liability or potential liability of the Customer for or arising out any claims for damages.

USE/INSTALLATION: The products supplied with this order are highly technical in nature and are only to be installed or serviced by qualified technical personnel experienced with these type of electronic systems/equipment. ECC recommends that all Secure-Tech brand systems and equipment be installed and serviced by Secure-Tech factory trained certified technicians. In addition, engineering and fabrication work involving Secure-Tech modules is very specialized, requiring special product and assembly skills, knowledge, tools, hardware, connectors and test equipment to fabricate a working end-product. Customers purchasing individual Secure-Tech modules (rather than engineered/assembled systems), with the intent to integrate these products into larger systems, hereby assert and declare that they are familiar with the technical interface requirements of the Secure-Tech modules being purchased and that they possess the requisite technical knowledge, skills, tools and hardware to successfully engineer and fabricate electronic control systems using Secure-Tech products. Etech Controls Corporation assumes no warranty or liability responsibility for Secure-Tech products that have been damaged, or have caused damage, as a result of improper engineering, fabrication, installation or service work by others.

DISPUTE RESOLUTION: Any dispute or difference arising out of or in connection with this Agreement, including, but not limited to product warranty or scope of work issues shall be determined by appointment of a single arbitrator to be agreed between the parties, or failing agreement within fourteen days, after either party has given the other a written request to concur in the appointment of an arbitrator, by an arbitrator to be appointed by a managing member of the American Arbitration Association. The venue for any dispute, arbitration or legal proceeding shall be Sacramento, California.