

# SURELOCK MCGILL, LLC GENERAL CONDITIONS OF SALE

These terms and conditions set on the front and the reverse side hereof (the "General Conditions" or this "Agreement") apply to any sale of products (the "Products") by Surelock McGill, LLC ("Company"), and include LIABILITY AND REMEDY LIMITATIONS AND WARRANTY EXCLUSIONS, INCLUDING WITHOUT LIMITATION LANGUAGE EXCLUDING THE WARRANTY OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

1. General. **THESE GENERAL CONDITIONS, TOGETHER WITH ANY NONCONFLICTING PROVISIONS IN COMPANY'S QUOTATION, ARE INTENDED BY THE PARTIES AS THE FINAL EXPRESSION, AND CONTAIN THE COMPLETE AND EXCLUSIVE STATEMENT, OF THE TERMS AND CONDITIONS OF THIS AGREEMENT SUPERSEDING ALL PREVIOUS OR SIMULTANEOUS COMMUNICATIONS EITHER ORAL OR WRITTEN.** Company's quotations are offers which may only be accepted in full. If Purchaser's order or other form states terms additional to or different from those set forth herein, this writing shall be deemed notification of objection to such additional or different terms. This Agreement is conditioned on Purchaser's acceptance and assent to the terms and conditions contained herein. Acceptance of this Agreement shall be deemed to have occurred at the earlier of (i) 7 days from the date specified on Company's acknowledgment form unless written objection is received by Company during such 7 day period, (ii) Company's identification of existing goods as goods to which this Agreement refers, or (iii) onset of Company's manufacture of future goods. This Agreement cannot be waived, varied, modified or amended in any manner (including subsequent conduct between the parties) except in a writing signed by Company. Any portion deemed invalid or unenforceable shall be struck and the remainder of this Agreement shall continue to be effective and binding. This Agreement shall bind and inure to the benefit of the parties and their respective successors and assigns. This Agreement is made under, and for all purposes shall be construed and enforced in accordance with and governed by, the laws of the Commonwealth of Kentucky, excluding (i) its conflict of laws provisions and (ii) the United Nations Convention for the International Sale of Goods. All actions arising hereunder shall be instituted in Fayette County, Kentucky. Purchaser hereby consents to the jurisdiction of the state and federal courts sitting in Fayette County, Kentucky, appoints the Secretary of State of Kentucky in Frankfort as its agent for service of process and agrees to appear in action upon written notice thereof.

2. Price and Payment. Unless otherwise stated, all prices for the Products are net FOB, Company's facility in Lexington, Kentucky ("FOB Lexington"), with freight and insurance for Purchaser's account, and shall be those prices in effect at the time Company accepts Purchaser's order except as provided below. As Company's prices are based upon costs and conditions existing at time of acceptance, prices are subject to increase as those conditions change, e.g. increase in price of materials and labor and exchange rate fluctuations and may change without notice at Company's sole discretion. Prices exclude all duties, taxes, tariffs, or other charges ("Charges") which may be imposed upon the sale or use of the Products. All Charges paid by Company shall be for Purchaser's account. Any claim for exemption from Charges must be plainly designated on the face of the order and accompanied by all required exemption certificates. Payments are due upon placement of orders in cash, without deductions or set-off. If payment is not made when due, Company may suspend all future delivery or other performance (including performance of warranty obligations hereunder) with respect to Purchaser without liability or penalty and, in addition to all other sums payable hereunder, Purchaser shall pay to Company (i) the reasonable costs and expenses incurred by Company in connection with all actions taken to enforce collection or to preserve and protect Company's rights hereunder, whether by legal proceedings or otherwise, including without limitation reasonable attorneys' fees, court costs and other expenses and (ii) interest on all amounts unpaid after 30 days charged at the monthly rate of 1-1/2% or the highest rate permitted by law, whichever is lower.

3. Shipment; Delivery; Inspection. Unless otherwise agreed in writing, shipment and delivery of the Products shall be FOB Lexington. All shipment, insurance or similar charges shall be borne by Purchaser. Delivery of the Products shall occur when the Products are made available to Purchase at Company's facility in Lexington, Kentucky, whereupon risk of loss is transferred to Purchaser, and all claims for loss or damage in transit or for non-delivery shall be made by Purchaser against the carrier. At Company's option, Products may be shipped in advance of the requested shipment date or in installments. Unless agreed to otherwise in writing on the face of the applicable purchase order by an authorized representative of Company (the "Company Representative"), all delivery information (including time for shipment) is approximate. Company's sole responsibility is to use reasonable commercial efforts to meet specified shipment dates. Purchaser expressly absolves Company from any liability for any loss or damage resulting from a failure to deliver or delays in delivery caused by any conditions related to, or caused by, failure to process or inaccurate processing of time-sensitive information and/or mechanisms, a labor dispute (e.g. strike, slowdown or lockout), fire, flood, governmental act or regulation (e.g. denial of export licenses), riot, inability to obtain supplies or shipping space, plant breakdown, power failure, delay or interruption of carriers, accidents, acts of God or other causes beyond Company's control. **NOTWITHSTANDING THE ABOVE, COMPANY SHALL NOT BE LIABLE FOR ANY DAMAGE OR PENALTIES WHATSOEVER, WHETHER INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL, RESULTING FROM COMPANY'S FAILURE TO DELIVER OR DELAY IN DELIVERY FOR ANY REASON.** Within 5 business days of receipt, Purchaser shall inspect the Products. Unless Purchaser notifies Company in writing of any nonconformities within 10 business days of receipt, Purchaser shall be deemed to have accepted the Products without qualification, and cannot, thereafter, reject any Products. Once used, Products are deemed to be fully conforming to this Agreement.

4. Cancellation, Failure to Take Delivery. This Agreement and any order, once accepted by Company, cannot be canceled or postponed by Purchaser except with Company's consent and upon terms that will indemnify Company against loss.

5. Warranty. Subject to the warranty limitation set forth in Section 6, Company warrants that the Products sold hereunder will substantially conform to the applicable specifications and will be free from defects in material and workmanship for one year after shipment from Company, under normal and proper use and service.

6. Warranty Limitation. The warranty and remedies for breach of warranty provided for in these General Conditions extend only to the original installation and do not cover, and Company shall not be liable for, (i) abnormal wear and tear or damage caused by installation, maintenance, or use which is improper or contrary to the instructions published by Company, (ii) storage of Products in a wet or damp area or unprotected from weather and other job conditions, (iii) any cause beyond the control of Company, including without limitation conditions caused by movement, settlement or structural defects of the environment in which the Products are installed, fire, wind, hail, flood, lightning or other acts of God, any conditions related to, or caused by, failure to process or inaccurate processing of time-sensitive information and/or mechanisms, intentional acts, accidents, negligence or exposure to harmful chemicals, pollutants or other foreign matter or energy, or (iv) repair or damage caused by anyone except personnel authorized by Company. Items repaired or replaced and designs corrected under warranty are warranted only for the remainder of the original warranty period. All Product literature is for illustrative purposes only and does not contain a warranty of any kind. **THE WARRANTY SET FORTH IN SECTION 5 IS STRICTLY LIMITED TO ITS TERMS AND IS IN LIEU OF ALL OTHER WARRANTIES, GUARANTEES, EXPRESS OR IMPLIED, ARISING BY OPERATION OF LAW, COURSE OF DEALING, USAGE OF TRADE OR OTHERWISE, SPECIFICALLY EXCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.**

7. Remedy. Purchaser's sole and exclusive remedy, and Company's only obligation for breach of warranty hereunder, shall be, at Company's option in its sole discretion, to (i) repair or replace the defective Product which fails within the one year warranty period, free of charge, provided that Purchaser promptly notifies Company of such failure and, after receipt of prior written authorization from Company, returns such Product to the place requested by Company, freight prepaid, and thereupon Company finds such to be defective or (ii) issue a credit equal to the price of the defective Product which fails within the one year warranty period. Purchaser must pay all related costs of repair or replacement, including removal, installation or reinstallation costs. Company's personnel must be granted access to inspect the Products claimed to be defective at the site of their installation or use.

8. Disclaimer; Limitation of Liability, Time For Claims. Purchaser agrees that Company shall not be liable for INCIDENTAL, SPECIAL, INDIRECT OR CONSEQUENTIAL OR OTHER SIMILAR DAMAGES including but not limited to loss of profit or revenues, damage for loss of use of the Products, damage to property, claims of third parties, including personal injury or death on account of use of the Products or failure of Company to warn against or instruct on, or adequately warn against or instruct on, the dangers of the Products or the safe and proper use of the Products, whether or not Company has been advised of the potential for such damages. Company's total liability hereunder from any cause whatsoever (except liability from personal injury caused by Company's negligence), whether arising under contract, warranty, tort (including negligence), strict liability, products liability or any other theory of liability, will be limited to the lesser of Purchaser's actual damages or the price paid to Company for the Products that are the subject of Purchaser's claim. All claims against Company must be brought within one year after the cause of action arises, and Purchaser expressly waives any longer statute of limitations.

9. Specifications, Intellectual Property. Company retains all copyrights, trademarks, patents and other ownership and intellectual property rights with respect to all drawings, models, plans, software, samples, and other documentation (collectively "Company Documentation"). Company Documentation may not be copied or disclosed to others without Company's express written consent and must be promptly returned to Company (i) if an order is not placed or (ii) at Company's request. Purchaser shall also execute the *Company's Confidentiality and Non Disclosure Agreement*.

10. Orders and Change Orders. The Company shall not accept any responsibility for any inaccuracies in orders placed by telephone, facsimile, email or otherwise. All orders must be confirmed in a written purchase order signed by the Company and an authorized representative of the Purchaser. In the event of a discrepancy in orders placed by telephone, facsimile, email or otherwise and the written purchase order, the Company will comply with the written purchase order. Any changes to an order requested by the Purchaser shall only be effective upon the written consent thereto, signed by the Company Representative.

11. Quotations. Quotations issued by the Company are estimates only and are not binding on the Company. The Company may at any time alter the quotation to reflect by way of example only, increases in price of materials, duties, taxes, packaging and the like.

12. Payment and Security Interest. Unless otherwise stated, orders are taken subject to payment being effected within thirty (30) days from the invoice date. The Company shall have the right to submit interim invoices as work proceeds. Payment of such invoices shall be effected within twenty eight days from the interim invoice date. All payments shall be made in U.S. Dollars and shall

be paid in full without any set-off, deduction or counterclaim. Time for payments shall be of the essence of the Contract and, if the Purchaser shall fail to pay the price (including interim payment) when due, the Company may treat the Contract with the Purchaser as repudiated and, in addition, without prejudice to such right, the Company shall be entitled to interest on the outstanding amount of the price from the due date of payment until the price is paid in full at the rate of five per cent above the prime rate published by the Wall Street Journal from time to time until fully paid. The Company shall also be entitled to recover its reasonable legal costs and attorneys' fees incurred as a result of the Purchaser's failure to pay and the Company's collection efforts, including litigation. Company shall have a security interest in and to the Products until such time as payment is made in full. Purchase expressly consents to the filing of a UCC-1 in any applicable jurisdiction.

13. Advertising and Promotional Materials. All descriptive advertising and other material issued by the Company is based on the Company's experience and tests and is believed to be reliable, but no responsibility is accepted for errors or for infringement of trade marks, service marks, copyright or design copyright. All descriptions and illustrations contained in the Company's Sales Literature, catalogues, price lists and advertisements or otherwise communicated to the Purchaser are intended merely to represent a general idea of the Products described therein, and nothing contained therein shall form any part of the Contract. The Purchaser acknowledges that there are no representations outside these terms which have induced Purchaser to enter into the Contract and these Conditions and any Specifications or Drawings specifically incorporated in the Contract shall constitute the entire understanding between the parties for the sale of the Products.

14. Export. Purchaser shall be responsible for compliance with all laws, regulations and treaties, whether local, state or federal, governing the import or export of the Products into or out of any country and indemnifies Company fully for the violation of any such law, regulation or treaty.

15. Promotion of Products. The customer shall sell and promote the Products in a manner which will enhance the image and good will of Company, its customer and the Products. The use of Company's trademarks and name is strictly prohibited without prior written consent of Company.