

## **TERMS AND CONDITIONS OF SALE**

### **Hydro Systems International, Inc. (HSI) / January 1, 2005**

**Terms and conditions of sale:** All descriptions, offers, quotations, and sales of HSI products are subject exclusively by the terms and conditions stated herein. A Buyer's acceptance of any offer by HSI to sell is limited by these terms and conditions. Any terms and conditions proposed by the Buyer that are inconsistent with or in addition to the terms and conditions herein, are hereby objected to.

**Order acceptance:** HSI reserves the right to accept or reject any order. HSI sells its products wholesale only and does not sell to end users. Possession of a product catalog or price list shall not be construed as an offer to sell the product listed. These terms and conditions shall be considered a part of all accepted purchase orders, unless otherwise noted. Orders will not be processed on delinquent accounts until all past due amounts are paid, unless other arrangements have been made with our credit department.

**Prices:** HSI's products are sold at prices in effect at time of shipment, and are FOB the shipping point. All shipping charges are the customer's costs. The right is reserved to change prices without notice.

**Shipping:** Stock items are generally shipped within two (2) days after receipt of order. Special orders, large orders or items not in stock require additional lead time. All delivery dates quoted are approximate and HSI has no liability for delays in delivery for any reason. Most items are shipped via prepaid UPS or truck, common carrier freight collect, unless special arrangements are made. Items out of stock are automatically backordered and shipped when received. HSI shall not be responsible for incidental or consequential damages resulting from shipment delays.

**Billing:** Credit approval and non-delinquent account status are necessary before shipping on open account. General open account terms are net 30 days. Delinquent accounts will be shipped COD or charged to a credit card until brought current or order may be put on hold, at our option. Delinquent accounts are subject to a 1-1/2% per month service charge on the unpaid balance. Minimum billing is \$25.00.

**Open account:** A completed credit check is required prior to shipping on an open account basis. This requires correspondence between us and your suppliers and your bank. The time involved depends on the response from the references which you gave us. You will be notified when your credit is approved. In the interim, all orders must be shipped COD with cashier's check or on a credit card. "COD customer check acceptable" requires a credit check. Right to title of purchased goods does not transfer from seller to buyer until payment of monies in full are received by HSI. Responsibility of goods is the buyer's when purchased goods are shipped.

**Warranty and Suitability for use:** HSI warrants that items sold are free of defects in workmanship and materials at the time of shipment. Certain products may carry an extended limited warranty which will be so disclosed with the product. HSI makes no specific warranty of fitness for use. It is the customer's responsibility to determine if a product meets all functional and performance requirements. HSI reserves the right to make changes in product design at any time to standard products. We will make reasonable effort to inform users of major product revisions when these changes could affect product function. HSI is not liable for any incidental or consequential damages resulting from the use of its product. Any alteration, modification, abuse, or use inconsistent with that for which the product was intended, voids warranty.

**Damaged merchandise:** HSI is not responsible for damage or loss of a shipment by a freight carrier. Check shipments for damage before acceptance or note on freight bill "*subject to inspection for concealed damage*". Consignee is responsible for filing a claim with the freight carrier for any and all damage or loss.

**Errors and returned goods:** HSI will correct its errors at no charge to the customer. Only new and marketable items with the original invoice (or a copy) and with a returned goods authorization may be returned for credit within 30 days of invoice date. Call HSI for a return goods authorization. We reserve the right to assess a re-stocking charge of 20% on all returned goods. Special order or custom goods will only be accepted for return at HSI's option. Returned goods are to be returned with freight/shipping costs prepaid.

**Defective goods/warranty processing:** HSI reserves the right to repair or replace defective merchandise. If in-warranty replacement merchandise has been sent and the warranted goods are repairable, the repaired product will be returned to you at our expense and the in-warranty invoice will be for your account. If the warranted product is not repairable, an offsetting credit invoice will be issued to your account. If the warranty consideration is denied, all expenses are for your account.

**Cancellation or change order:** Orders are processed as they are received. Once they are put into production, additions may hold up shipment of the original order, or may be shipped as a separate order. Cancellations and/or change orders are subject to acceptance by HSI.

**The parties acknowledge that by submitting a credit application, guaranteeing payment of any credit account, or by ordering any products from HSI, all obligations and rights pertaining to the sale of products or extension of credit for the same are performable in the state of Connecticut, and further agree and acknowledge that the laws of the state of Connecticut will govern the rights and duties of HSI and the customer.**

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