

PEP Elements of Terms and Conditions

Each business unit should publish the terms and conditions for their business but at a minimum must comply with the following. Terms and Conditions for each business unit may be more stringent on the other party, but cannot allow higher levels of liability for PEP than specified below.

Standard Terms and Conditions – Product Sales

1. Payment terms are FOB our plant, net 30 days.
2. Customer purchase orders are effective upon a written acknowledgement from the PEP business unit which invokes the business units standard terms and conditions. (The business unit should not sign the customer's acknowledgement which no doubt binds us to their terms and conditions.)
3. Pricing and fluctuations due to metal markets, etc. should be described.
4. PEP will not be liable for any delay in shipment for any reason.
5. Claims for shortages or damaged shipments in transit (where applicable) will be valid only if made in writing within 30 days of receipt of shipment.
6. Cancellations shall be allowed only by mutual agreement and the customer is responsible for any cost already incurred.
7. Shipping dates are approximate with no liability for late shipments.
8. The business unit warrants all goods sold to be free from defects in material and workmanship when normally used and serviced. However it assumes no liability beyond its billing price, nor does it assume any liability or claims for expenses or consequential damages incurred as a result of using its products.
9. The business unit will, at its option, repair, replace or credit any product rejected by the customer because it is not to specification. Such rejection must be in writing no more than 30 days after receipt of our product.
10. The validity, construction and effect of any order shall be governed by the laws of (the state of the business unit).
11. Taxes or other Government charges regarding this order are the responsibility of the buyer.
12. If there is a tooling charge, payment terms should be 1/3 with order, 1/3 with tool completion, and 1/3 upon approval.

13. The default tooling terms will be that the charge covers part of the cost of producing the tool and does not include the design cost. The tool would remain our property for the customer's exclusive use. Alternative tooling ownership can be negotiated at an additional charge, but whenever possible, we should retain ownership of the tool.

Standard Terms and Conditions – Purchase of Material, Services, Components

1. By accepting this order, the Seller agrees to all terms, conditions and instructions on the front and reverse side hereof.
2. Our purchase order and terms and conditions constitute the entire contract between Seller and Buyer.
3. Payment terms are 60 days after receipt of goods or services unless a longer period is agreed upon.
4. If a cash discount is offered, the Buyer reserves the right to withhold payment until merchandise is received and checked and the time limit for the discount will begin upon acceptance of the goods or 3 days after receipt whichever is shorter.
5. All Federal and State laws must be in compliance regarding this purchase order.
6. No changes may be made by the Seller without written acceptance by Buyer.
7. Buyer may make changes by written or oral notice at any time. The consequences of those changes may be discussed by Buyer and Seller.
8. If the Seller is in default of any of Buyer's terms and conditions or purchase order provisions, then the Buyer may cancel or change the order without any liability whatsoever.
9. Seller warrants that all articles, materials and services supplied or performed by Seller under this Purchase Order conform to the requirements, specifications, drawings, samples or other descriptions furnished or adopted by buyer and that they are merchantable, of good material and workmanship. If any item furnished or services rendered by Seller do not comply with the terms of this contract, Buyer shall have the right, in addition to all legal and equitable remedies, to replace the item or have comparable services rendered, charging the Seller with the cost of replacement or substituted performance

- together with all incidental and consequential damages. All articles and material are subject to Buyer's inspection and acceptance without time restrictions. Payment shall not constitute acceptance of non-conforming articles, materials or services.
10. All articles, materials and workmanship, as well as facilities where they are produced and facilities of sub-contractors will be subject to inspection and tests by Buyer.
 11. The Seller shall attest that all goods purchased by Buyer will be produced in the Seller's facilities unless otherwise stated in writing.
 12. Over shipments of more than 5% should not be allowed unless approved by us in advance.
 13. Seller must comply with the PEP unit's Quality Manual.

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