



**AMERICAN GFM CORPORATION  
PURCHASE ORDER TERMS AND CONDITIONS**



**1. Acceptance of Contract:**

AGFM shall not be bound by this Purchase Order until Seller executes and returns to AGFM the confirmation of this Purchase Order. Seller shall be bound by all the terms and conditions of this Purchase Order when it executes and returns the confirmation, or delivers or renders to AGFM any of the items or services ordered. The items and conditions herein set forth shall prevail in the event of conflict with the terms and conditions of the Seller's acceptance of this Purchase Order. This Purchase Order contains the entire agreement between AGFM and the Seller, and no contract shall exist except as herein above provided.

**2. Specifications, Amendments, Governing Law**

All specifications, drawings, and data submitted to Seller with the Purchase Order are hereby incorporated by reference. No agreement or understanding to modify this Purchase Order or its terms and conditions shall be binding upon AGFM unless it is in writing and signed by AGFM's authorized agent. This Purchase Order and any contract resulting there from shall be governed by the laws of Virginia.

**3. Shipping**

All material shall be suitably packed, marked and shipped in accordance with the requirements of common carriers in a manner to secure the lowest transportation cost. Seller shall properly mark each package with AGFM's order number. Order number and package numbers must be shown on packing slips, bills of lading and invoices. Typed packing slips must accompany each shipment and packing slip description shall be in accordance with Purchase Order description. Any additional charges accruing from deviation from AGFM's routing instructions will be charged to Seller's account.

**4. Deliveries and Cancellation**

Time is of the essence. AGFM's production schedules are based upon the agreement that materials will be delivered to AGFM on the date or dates specified on the face of this Purchase Order. If deliveries are not made at the time agreed upon or if Seller fails to make satisfactory performance under this Purchase Order and such failure endangers its entire performance of the work and Seller does not correct such failure within 10 days after receipt of written notice from AGFM specifying such failure or if the quantities shipped are less than the amount ordered by AGFM, AGFM reserves the right to cancel at no cost to AGFM and to hold the Seller accountable. Therefore AGFM reserves the right to reject and return at Seller's expense early deliveries or excess or short shipments or to defer payments for early deliveries until the specified delivery date.

**5. Inspection**

Materials or equipment purchased hereunder are subject to inspection and acceptance at AGFM's destination, notwithstanding any previous inspection. AGFM reserves the right to reject in whole or in part, or require prompt cure, of merchandise which does not conform with the instructions, specifications, drawings, data or other terms of this Purchase Order. Samples not accepted will be returned to Seller at Seller's expense and Seller agrees to refund any payment which it may have received from AGFM including original shipment expense. Partial or full payment for any materials ordered shall not be deemed an acceptance thereof.

6. Warranty

Seller warrants all materials or services delivered hereunder to be free from defect of material workmanship, or design and to conform strictly to the specifications, drawings, or sample specified or furnished. This warranty shall survive any inspection, delivery, acceptance, or payment by AGFM for the materials or services, and shall be in addition to any express or implied warranties of additional scope given to Seller by AGFM or implied by law. Seller further warrants that it has good title to the materials or parts purchased and that title to the materials and equipment purchased passes to AGFM free of any liens and encumbrances. Breach of any of these warranties will entitle AGFM to return to Seller at Seller's cost any or all of the materials or parts purchased.

7. AGFM's Property

All materials, including patterns dies, molds, tools, models, tracing jigs, core boxes, drawings, specifications, test reports, and other technical and advertising material, furnished or specifically paid for by AGFM shall be the property of AGFM, shall be subject to removal at any time without additional cost upon demand by AGFM, shall be used only in filling Purchase Orders from AGFM, shall be kept separate from other materials, and shall be clearly identified as the property of AGFM. Seller shall not disclose these materials to any person, firm, or corporation (other than AGFM's or Seller's employees, subcontractors, or government inspectors, as necessary). The Seller assumes all liability for loss or damage of these materials, normal wear and tear excepted and agrees to supply detailed statements of inventory at monthly intervals or as otherwise agreed upon. Seller shall insure these materials at Seller's expense in an amount at least equal to their replacement cost, with loss payable to AGFM. Certificates of such insurance will be furnished to AGFM upon request.

8. Patents

The Seller undertakes and agrees to defend at Seller's own expense all suits, actions or proceedings brought against AGFM, any of AGFM's distributors, dealers, sales representatives and agents, customers, the users of the materials or products furnished by the Seller hereunder, and the users of products of AGFM, for actual or alleged infringement of any United States or foreign letters patent because of or on account of the use or sale of material or products furnished by the Seller hereunder except such materials or products that are requested by AGFM to be specifically constructed in exact accordance with AGFM's designs or technical specifications which constitute the basis for such actual or alleged infringement in any other than the above excepted situation. Seller further agrees to pay and discharge any and all judgments or decrees which may be rendered in any such suit, action, or proceeding against the defendants therein.

9. Prices

AGFM shall not be billed at prices higher than stated on this Purchase Order unless authorized by a "Revision of Purchase Order" issued and signed by AGFM. Seller represents that the price charged for the items or services covered by this Purchase Order is the lowest price charged by the Seller to buyers of a class similar to AGFM under conditions similar to those specified in this Purchase Order and that prices comply with any applicable government laws and regulations in effect at time of quotation, sale or delivery. Seller agrees that any price reduction made in items or services covered by this Purchase Order subsequent to the placement of this Purchase Order but prior to shipment , or rendering thereof, will be applicable to this Purchase Order. No payment will be made by AGFM for transportation, freight, insurance, boxing, packing, crating, carriage, or other added charge unless provided on this Purchase Order or on a revision thereto. Except as may be otherwise provided in this Purchase Order, the contract price includes all applicable federal, state and local taxes in effect on the date of this Purchase Order.

10. Terms

Terms of payment are set forth on the face of this Purchase Order under "Terms". Any discount or payment period shall be calculated from the date each correct invoice reaches AGFM. Seller shall forward to AGFM with the invoice either the express receipt or the bill of lading, signed by the carrier which shows that shipment has been made.

11. Indemnification and insurance

Seller agrees to indemnify, defend, and hold harmless AGFM, its directors, officers, employees and agents, from and against any and all claims and demands of any nature whatsoever including cost, litigation expenses, counsel fees and liabilities incurred in connection therewith, arising out of injury to, or death of any person whatsoever, or damage to property of any kind by whomsoever owned, caused in whole or in part by the acts or omissions of Seller, its agents, or employees or by the materials and products furnished by the Seller hereunder.

Prior to any entry on AGFM's property, Seller shall obtain and maintain the following insurance with not less than the stated limits, and agrees upon request to provide AGFM with applicable Certificates.

(a) Workers' Compensation – Statutory

Includes U.S. Longshoreman & Harbor Act Workers' Compensation Act (if required)

(b) Employer's Liability Insurance - \$500,000 Each Accident

(c) Commercial General Liability Insurance including Completed Operations Coverage and Broad Form Contractual Liability:

Bodily Injury and Property Damage	\$1,000,000 Per Occurrence
General Aggregate (Other than Products Completed	\$2,000,000
Products Completed Operations Aggregate	\$2,000,000 Aggregate

(d) Automobile Liability Insurance - \$1,000,000 CSL

Note: any of the above coverage limits (items b-d) can be met with an Umbrella or Excess Liability policy.

## 12. Compliance with Laws

In accepting this Purchase Order, Seller represents that is has complied and will continue to comply during the performance of this Purchase Oder with the provisions of all federal, state, and local laws and regulations from which liability may accrue to AGFM for any violation thereof. Seller warrants that all materials delivered under this Purchase Order will have been produced in compliance with the Fair Labor Standards Act, as amended, and that all applicable items meet the standards covered under the Occupational Safety & Health Act, as amended.

## 13. Assignment

Seller shall not delegate any duties, nor assign any rights or claims under this Purchase Order, or for breach hereof, without prior written consent of AGFM, and any such attempted delegation or assignment shall be void. All claims for moneys due or to become due from AGFM shall be subject to deduction by AGFM for any setoff or counterclaim arising out of this or any other of AGFM's Purchase Orders with the Seller, whether such setoff or counterclaim arose before or after any such assignment by Seller.

## 14. Changes

AGFM shall have the right to make, from time to time and without notice to any sureties or assignees, changes as to packing, testing, destinations, specifications, designs, and delivery schedules. Seller shall immediately notify AGFM of any increases or decreases in costs caused by such changes and an equitable adjustment in prices or other terms hereof shall be agreed upon in a written amendment to this Purchase Order.

## 15. Bankruptcy

In the event of any proceedings, voluntary or involuntary, in bankruptcy or insolvency by or against the Seller, or in the event of the appointment with or without Seller's consent, of any assignee for the benefit of creditors or of a receiver, then AGFM shall be entitled to cancel any unfilled part of this Purchase Order without any liability whatsoever.

## 16. Waiver

Any non-performance of a condition of This Purchase Order may be waived by AGFM or treated as a breach; a waiver of a condition for one shipment does not waive it for all shipments.

## 17. Force Majeure

In the event of fire, flood, strike, lock-out, war, accident or other like causes beyond the control of AGFM that interfere with the transportation or use of the materials or parts called for by this Purchase Order by AGFM or which interfere with the manufacturing processes of AGFM, then this order may be suspended until the cause of the disruption is corrected.