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PURCHASE OF GOODS - TERMS AND CONDITIONS

CONTRACT TERMS

SELLER'S ACCEPTANCE OF A PURCHASE ORDER ("P.O.") BY BUYER SHALL CONSTITUTE AN AGREEMENT BY BUYER TO PURCHASE, AND SELLER TO SELL, THE GOODS ON THE ATTACHED INVOICE (THE "GOODS") DESCRIBED IN SAID P.O. IN ACCORDANCE WITH THE TERMS OF THE P.O. AND THESE TERMS AND CONDITIONS ("TERMS"). THESE TERMS AND CONDITIONS GOVERN THE SALE OF THE GOODS. SELLER'S ACCEPTANCE OF A P.O., FAX, EMAIL OR OTHER DOCUMENT CONTAINING PRINTED TERMS AND CONDITIONS CONFLICTING WITH OR INCONSISTENT WITH THESE TERMS SHALL NOT BE EFFECTIVE WITHOUT BUYER'S WRITTEN AGREEMENT.

Seller accepts these Terms without qualification by

- A. Signing and returning a confirmation to a P.O.
- B. Commencement of effort or furnishing any Goods under a P.O., or
- C. Accepting any payment for Goods.

No course of dealing or trade usage shall modify these Terms. If Seller proposes or includes additional or different terms and conditions in its acceptance or acknowledgement, such terms will not be effective unless Buyer accepts them in writing, even if Buyer accepts Goods or pays such invoice. Seller acknowledges that the Goods may be sold or re-resold by Buyer to a Government. "Government" means any legally constituted government body having authority over or which purchases from Buyer or Seller, directly or indirectly.

Specifications

Seller will deliver the Goods in accordance with the specifications described in each P.O. All supplemental or acknowledged sheets, schedules, exhibits, specifications, drawings, data or riders which may be annexed hereto or referenced herein are made part of the P.O. Seller acknowledges that it has available to it all specifications, drawings and data incorporated in the P.O. and that they are adequate to enable Seller to perform the work called for herein in accordance with the delivery schedule.

Prices

Unless otherwise stated on the P.O., Seller represents that the price of Goods:

- I. includes all federal, state, or local taxes, fees, excises, and/or charges which are now or may be imposed by or on the manufacture and sales of the Goods; and
- II. Includes all charges or costs for suitable packing, crating and preparing Goods for shipping.

Seller represents that the price or prices specified in the P.O. are current prices and do not exceed the last or current price quoted or charged to the Government or to any other buyer for the same or substantially similar Goods, taking into account quantity and schedule considerations.

Payment

A separate invoice shall be issued for each shipment. Unless otherwise specified in the P.O., an invoice shall not be issued prior to shipment of items and payment will not be made prior to receipt of items and correct invoice. Credit and discount periods, if any, will be computed from the date of receipt of a correct invoice to the date Buyer's check is mailed. Unless freight and other charges are itemized, the discount will be taken on full amount of invoice.

Change Orders

By giving written notice, Buyer may unilaterally make changes within the general scope of the purchase.

- I. Drawings, designs, or specifications;
- II. Method of shipping or packing;
- III. Place of inspection acceptance or point of delivery;
- IV. Place or time of delivery; and
- V. Quantity.

Seller shall immediately perform the P.O. as changed. If such a change increases or decreases the cost of or the time required for the performance of this amendment, the parties shall mutually agree to adjust the price, the delivery schedule, or both, and modify the P.O. in writing accordingly. Any claim for adjustment under this provision must be submitted in writing within twenty days from the date the change is ordered or such changes will be without any additional charge. Buyer shall have the right to control disposition of obsolete or excess property resulting from a change if its cost is included in the Seller's claim and supported by inventory schedules submitted within three months from the date of change. Notwithstanding a change order, Seller shall proceed without delay in the performance of the P.O., as changed.

Title and Risk of Loss

Seller shall have title to and risk of loss to the Goods until the Goods are delivered to Buyer at the destination specified on the face of the P.O. Seller shall bear all risk of loss or damages to Goods rejected by Buyer after notice of rejection until such Goods are redelivered to Buyer, except for loss or damage to rejected Goods which results, from the gross negligence of Buyer, its officers, agents, or employees. Passing of title upon delivery shall not constitute acceptance of the Goods by Buyer. All items to be delivered to Buyer shall be free and clear of liens and encumbrances.

Warranty

Seller warrants that Goods ordered to Buyer's specifications will conform to the specifications, drawings, samples and descriptions furnished by Buyer. If ordered to Seller's design or descriptive literature the Goods will be fit and sufficient for the purpose intended. All Goods will be merchantable, of good material, workmanship, and free from defects. These warranties, together with any Seller's service warranties and guarantees shall survive inspection, test, acceptance of,

and payment for the articles and shall run to Buyer, its successors, assigns and customers. Buyer may either return such defective Goods for credit or require prompt correction or replacement at its option. Cost of such return to Seller or delivery to Buyer shall be at Seller's expense. Replaced or repaired Goods shall also be subject to the provisions of this Agreement. This warranty shall apply to defects which occur within two years after the Goods are delivered to and accepted by Buyer except for latent defects and fraud. Where Buyer incorporated these Goods into a product delivered to its customer, Seller's obligation shall extend to two years after delivery of such product to the ultimate customer. All warranties, express and implied, are nonexclusive and shall be construed as both conditions to performance and covenants.

Quality Control and Inspection

Seller's performance of the P.O. will be in accordance with all quality control specifications displayed on Buyer's website
http://www.shoreelectronics.net/Shore_TAC.pdf

Seller shall also provide and maintain a Quality Control system acceptable to Buyer. During performance of the P.O., Seller's quality control, inspection system, and manufacturing processes are subject to review, verification and analysis to Buyer by authorized Government representatives (if required by any contractual obligations of Buyer). If Government required inspection or acceptance prior to shipment Seller shall notify the cognizant Government representative who normally services Seller's orders, upon receipt of the P.O., to arrange such inspection or acceptance. Seller shall immediately notify Buyer if a Government representative is not available. Buyer or Government may inspect, verify, or test supplies during the period of manufacture, prior to shipment and at destination, notwithstanding any prior payment, inspection or preliminary acceptance. If such inspections or tests are made on the premises of Seller or its lower-tier suppliers, Seller shall, without additional cost, provide and shall require that its lower-tier suppliers provide reasonable facilities and assistance to Buyer and Government inspectors for their safety and convenience in the performance of their duties. If the Goods do not conform to applicable specifications, drawings, samples, or description or are defective in material, workmanship, or design (unless of Buyer's detailed design) then Buyer may reject and hold the Goods at Seller's expense and subject to Seller's reasonable disposal instructions. If Seller has not provided Buyer with reasonable disposition instructions and agreed to pay expenses incurred by Buyer within fifteen (15) days after Buyer has notified Seller of the rejected Goods. Buyer may at its option continue to hold the rejected Goods at Seller's expense, or return them to Seller's facility at Seller's expense. Without limiting any other rights Buyer may have, at Buyer's option:

- I. Buyer will receive a full refund of the price and all shipping costs of any such defective Good; or
- II. At Seller's expense, Seller will repair or replace any Goods which fail to meet the requirements of applicable design, specifications, drawings, samples, descriptions or other requirements of the P.O.. Seller shall not render previously rejected Goods which have been reworked to specifications unless Seller informs Buyer of such past rejection and Buyer has consented.

Subcontracting

Seller shall not assign this contract or payments due, or subcontract any of the Goods without Buyer's prior written consent. If Seller assigns or subcontracts to any party without Buyer's consent, Buyer shall have the option to cancel this

contract without obligation to make any further payments hereunder. Buyer may set off any payments to Seller or authorized assignee of Seller against any present or future claim which Buyer asserts against Seller its divisions, subsidiaries or affiliates.

Indemnification

Seller shall defend and indemnify Shore and its employees and agents against all sums, costs, liabilities, losses, actions, damages, penalties, fines, interest and other expenses (including attorneys' fees) that Buyer may incur or be obligated to pay as a result of Buyer's breach of these Terms, negligence, alteration, use, ownership, maintenance, transfer, transportation or disposal of the Goods.

Governing Law and Jurisdiction: Seller shall comply with all applicable federal, state, and local laws, orders, regulations and ordinances in performing all P.O.'s. The validity, construction and performance of these terms are governed by, and must be construed in accordance with, the laws of the state of Florida, without regard to its conflicts of law provisions. Buyer irrevocably submits and agrees to the jurisdiction of the state and federal courts located in Palm Beach County, Florida in any action, suit or proceeding related to or in connection with these Terms or the Goods. If the P.O. is placed under a Government prime or higher tier contract, the Federal Law of Government Contracts as applied by the courts, the Armed Services Board of Contract appeals, and other judicial and quasi-judicial agencies of the Federal Government shall apply and take precedence over state law. Pending settlement or final judgment of any claims, disputes or litigation hereunder, Seller shall proceed diligently with the performance of any open P.O.

Severability

If any provision of these Terms is held illegal, invalid, or unenforceable in whole or in part under applicable law, such provision or such portion thereof will be ineffective as to the jurisdiction in which it is illegal, invalid or unenforceable to the extent of its illegality, invalidity or unenforceability, and such provision will be deemed modified to the extent necessary to conform to applicable law so as to give the maximum effect to the intent of the parties. The illegality, invalidity, or unenforceability of such provision in that jurisdiction will not in any way affect the legality, validity or enforceability of such provisions or of any other provisions of these Terms in any other jurisdiction.