



General Terms and Conditions of Sale

When accepted, this document constitutes an agreement between Fluid Line Technology Corp. ("Fluid Line") and the buyer ("Buyer") to sell and purchase the goods and services specified on the reverse side hereof. When accepted by Buyer, this agreement is expressly limited to the terms contained herein and constitutes notice of objection to any additional or different terms in Buyer's acceptance so as to preclude the inclusion of any different or additional terms.

1. Payment Terms.

- (a) All prices set forth herein are FOB Fluid Line's shipping point and are payable within 30 days after invoice date with the exception of Progress Milestone Invoices. The payment terms of Progress Milestone Invoices are specified in the project proposal. Except as provided below, shipments will be invoiced as of date of shipment and all accounts not paid within 30 days of invoice date will bear interest at the rate of 1.5% per month from invoice date.
- (b) Prices on the goods are before all local, state and federal taxes including, without limitation, taxes on manufacture, sales, receipts, gross income, occupation, use and similar taxes. Wherever applicable, any taxes will be added to the invoice as a separate charge to be paid by Buyer.
- (c) In addition to the purchase price for the goods and services, Buyer shall pay and be liable for all expenses incurred by Fluid Line for insurance, freight, cartage, warehousing and all other charges in connection with loading and shipping the goods to Buyer.
- (d) Payment for the goods and services shall, if Fluid Line so requires, be made in full prior to delivery and Fluid Line shall be entitled to withhold delivery until such payment has been made and any negotiable instrument given in payment has cleared. Fluid Line shall have the additional right at any time to limit or cancel any credit extended or to be extended hereunder. Upon failure by Buyer to make payment to Fluid Line within 30 days after notice from Fluid Line limiting or canceling any credit extended or requiring Buyer to make payment before delivery, Fluid Line shall have the option to cancel this and all other outstanding agreements with Buyer. In such event and in addition to its other remedies, Fluid Line may resell all or any part of the undelivered goods under this and all other such agreements without notice by public or private sale, and Buyer shall be liable to Fluid Line for the difference between the resale price and the price at which Buyer agreed to buy the goods and services, together with the incidental charges referred to above in subparagraphs (b) and (c).

2. Grant of Security Interest in Goods.

- (a) Until Buyer has completed payment for the goods and services, Buyer hereby grants to Fluid Line a security interest in and to all of the goods purchased by Buyer from Fluid Line hereunder until Buyer has completed such payment for all such goods and services. In this regard, Buyer further agrees that Fluid Line is entitled to file one or more UCC financing statements reflecting its purchase money security interest in the goods and, if necessary, Fluid Line shall be entitled to sign such UCC financing statements on behalf of Buyer as the debtor thereunder. The goods shall at all times be located at the place to which delivery is to be made as indicated on the reverse hereof unless written approval is obtained from Fluid Line for removal to another place. The goods shall not become part of any realty.
- (b) If Buyer defaults in the payment of any portion of the purchase price as herein provided, fails to comply with or defaults in respect of any of the other material provisions of this agreement or, in the event that a petition for a receiver, a petition in bankruptcy, a petition for any other form of reorganization or an assignment for the benefit of creditors is filed by or against Buyer, then, in any such event, the full amount of the purchase price remaining unpaid shall become immediately due and payable, Buyer agrees to return said goods on demand and Fluid Line or its assigns may, with or without notice of demand and without any legal process, enter into any premises where the goods are located to take immediate possession thereof and to make such disposition deemed by Fluid Line or its assigns to be desirable. All payments to be made shall be retained by Buyer as liquidated damages for the use of the goods and not as a penalty. The goods may be resold with or without notice at public or private sale, with the right in Fluid Line or its assigns to bid in such sale, and the proceeds thereof less expenses shall be credited to the amount unpaid. Buyer agrees to pay the balance forthwith as liquidated damages for the breach of this Agreement.
- (c) Until payment for the goods has been completed, Buyer may not sell, transfer, convey, pledge, hypothecate or otherwise use the goods as security for any borrowing or for any other purposes.

3. **Insurance.** Buyer shall specifically insure the goods against "all risks", with normal exclusions, from the time that the risk of loss passes to Buyer as set forth in paragraph 7 hereof, during transit, during unloading and continuously thereafter until all amounts payable by Buyer are paid in full to Fluid Line for no less than the total amount owing to Fluid Line, with loss first payable to Fluid Line as its interest appears. Evidence of such insurance satisfactory to Fluid Line shall be submitted by Buyer prior to shipment or Fluid Line may procure such insurance at Buyer's expense.

4. Warranties.

- (a) Fluid Line warrants the goods to be free from defects in workmanship and/or materials for a period of one year from the date of shipment to Buyer. This warranty does not extend to parts or components not manufactured or processed by Fluid Line, although Fluid Line will, to the extent possible, pass to Buyer the benefit of any warranty given to Fluid Line in respect of such parts or components. No goods may be returned without the express prior written approval of Fluid Line after a good faith determination by Fluid Line that such goods, or a portion thereof, are defective and should be replaced or repaired. In the event that Fluid Line determines that the defect is attributable to any cause other than poor workmanship or defective materials (including, but not limited to, misuse or abusive operation of the goods by Buyer or the end user thereof), then Fluid Line shall have no obligation whatsoever with respect to repair or replacement of the defective goods, and the warranty described herein shall be void and of no force and effect.

- (b) EXCEPT AS NOTED IN PARAGRAPH 4 (a), FLUID LINE AND BUYER AGREE THAT THERE IS NO WARRANTY OF MERCHANTABILITY OF OR FITNESS FOR A PARTICULAR PURPOSE OR ANY OTHER WARRANTIES BY FLUID LINE, EITHER EXPRESSED OR IMPLIED, OR ANY AFFIRMATION OF FACT OR REPRESENTATION WHICH EXTENDS BEYOND THE DESCRIPTION ON THE REVERSE SIDE HEREOF.

- (c) The maximum damages recoverable in the event of breach of any warranty by Fluid Line, expressed or implied, with respect to the goods and services which are the subject of this agreement shall be limited to the purchase price of the goods and services. BUYER AGREES THAT NO OTHER REMEDY (INCLUDING, BUT NOT LIMITED TO, INCIDENTAL OR CONSEQUENTIAL DAMAGES FOR LOST PROFITS, LOST SALES OR ANY OTHER INCIDENTAL OR CONSEQUENTIAL LOSSES) SHALL BE AVAILABLE TO IT UNDER ANY CIRCUMSTANCES.

5. **Service.** Upon reasonable notice and within the limits of reasonable diligence, Fluid Line will make available to Buyer the services of a factory-trained engineer at standard time rates, plus travel and living expenses, to service the goods which are the subject of this agreement. In the event Fluid Line's services are requested by Buyer to supervise the installation and start-up of equipment, an estimate of the charges for the requested service will be expressly stated in writing by Fluid Line. This estimate may be included in the overall price at a fixed value, offered as a fixed value option, offered on a per diem basis or any combination thereof. Fluid Line reserves the right to retract any offer made to supply services in instances where the required performance location or timeline for such services were not fully disclosed prior to the offer.

6. **Delay or Nonperformance.** Fluid Line shall not be liable for delay in shipment for any cause beyond its reasonable control, nor shall such delay entitle Buyer to cancel this agreement or refuse to accept delivery of the goods. Fluid Line shall not be liable for failure or delay in supplemental or other performance hereunder if such failure is due, in whole or in part, to strikes, fires, accidents, wars, rebellions, civil commotion or public strike, acts of any government, whether legal or otherwise, acts of public enemies, force majeure, inability to secure or obtain or delay in securing or obtaining transportation, machinery, materials or sufficient qualified labor or any other causes beyond Fluid Line's reasonable control.

7. **Risk of Loss.** Unless otherwise specifically agreed in writing, risk of loss of the goods shall pass from Fluid Line to Buyer when the goods, or any portion thereof, properly packed and secured in such a manner as to reach their destination in good shape under normal conditions of transport, are placed in the possession of the carrier, FOB Fluid Line's shipping point for shipment to Buyer. Fluid Line may choose any reasonable carrier for delivery. Tender of delivery shall be deemed made at Fluid Line's shipping point even when freight is prepaid to point of destination or Fluid Line is required to deliver the goods to a particular destination.

8. **Modifications.** This agreement constitutes the entire agreement of Fluid Line and Buyer with respect to the terms and conditions of sale of the goods and services specified herein. No modification of this agreement shall be binding upon either Fluid Line or Buyer unless signed by the party to be adversely affected. All terms and provisions contained in any document of Buyer which are inconsistent with the terms and conditions hereof shall not be binding on Fluid Line and shall not be considered applicable to the sale or shipment of the goods. No agent, employee or representative of Fluid Line other than its officers has any authority to bind Fluid Line to any affirmation, representation or warranty concerning the goods sold under this agreement and unless an affirmation, representation or warranty made by a duly authorized agent, employee or representative of Fluid Line is specifically included within this agreement, it shall not in any way be enforceable.

9. **Waiver.** Any waiver by Fluid Line of a breach by Buyer of any provision of this agreement shall not be deemed a waiver of future compliance with any of the provisions of this agreement.

10. **Assignment.** No right or interest in this agreement shall be assigned by Buyer without the written consent of Fluid Line, and no delegation of any obligation by Buyer shall be made without the written permission of Fluid Line. Any attempted assignment or delegation shall be wholly void and totally ineffective for all purposes unless made in conformity with this paragraph.

11. **Controlling Law.** The validity and interpretation of this Agreement shall be governed by the laws of the State of California.

12. **Jurisdiction and Venue.** Buyer hereby submits to the jurisdiction of any state or federal court located in Los Angeles County, California as well as to the jurisdiction of all courts from which an appeal may be taken from the aforesaid courts for the purpose of any suit, action or other proceeding arising out of any of Fluid Line's or Buyer's obligations under or with respect to this agreement, and Buyer expressly waives any and all objections that Buyer may have as to jurisdiction and/or venue in any of such courts. Buyer further agrees that it may be validly served with any legal process in connection with the foregoing by the mailing of a copy thereof, by registered or certified mail, to its address shown on the reverse hereof.

Rev.1.0

October 8, 2009