
CAUTION / WARNING: Many building products, such as particle board and MDF, medium density fiber board, contain urea formaldehyde resins and may release formaldehyde vapors in low concentrations. Formaldehyde may be irritating to the eyes and upper respiratory system; especially to susceptible persons such as those with allergies or respiratory ailments. Certain properties of some lumber products may cause injury, respiratory irritation, or other health problems. It is buyer's sole responsibility to make him/herself aware of any such property. If symptoms develop consult your physician. **HANDLE ALL MATERIALS WITH EXTREME CAUTION AND ALWAYS USE WITH ADEQUATE VENTILATION, EYE AND BODY PROTECTION.**

SAROYAN LUMBER COMPANY, INC. - SALES ACKNOWLEDGEMENT - TERMS & CONDITIONS OF SALE

(1) **ACCEPTANCE:** The following Terms and Conditions of Sale are applicable to all quotations and purchase orders and are the only conditions applying to the sale of Saroyan Lumber Company ("Seller") goods or materials except for other conditions which may be mutually agreed upon by the parties in writing signed by Seller. Seller shall not be deemed to have waived the following Terms and Conditions if it fails to object to the conditions appearing in, incorporated by reference or attached to Buyer's purchase order. Buyer's acceptance of goods or materials called for in said purchase order shall constitute its acceptance of the following Terms and Conditions of Sale.

(2) **TERMS / CONDITIONS:** The terms of this invoice are listed on the face and, if different, take precedent over standard 1% 10 DAYS, NET 30 open account terms, all other conditions apply unless stated in writing. SELLER TO FURNISH ONLY GRADES AND QUANTITIES LISTED HEREIN. STANDARD NHLA RULES AND SALES CODES TO GOVERN LUMBER **PRIOR TO MILLWORK PROCESS.** ANY OTHER AGREEMENT MUST BE IN WRITING AND SIGNED BY BUYER AND SELLER.

(3) **PAYMENT:** 1% 10 DAYS, NET 30. A 1% discount may be earned if the invoice is paid within 10 (ten) days of the invoice date. Discount amounts are specified on the face of this invoice and are allowed only if postmarked by the specified date. Discounts are not allowed on sales tax, delivery charges, millwork, or other finishing services. After the discount period has expired, open account invoices are due in full within 30 (thirty) days following invoice date. In order to keep your account within terms, payment should be received by Seller on or before the 30th day following invoice date. IF PAYMENT IS NOT RECEIVED WHEN DUE, THIS AGREEMENT SHALL BE DEEMED BREACHED. Buyer agrees to pay Seller 1-1/2% per month, 18% per annum, on past due amounts as liquidated damage charge for each month thereafter as an adjustment in the price until paid. Customer agrees it would be impractical to fix actual damages as a result of such a breach and this charge as liquidated damages is a fair and equitable approximation of actual additional expense incurred by Seller. It is further agreed this will not affect Seller's right to demand payment and take legal action to collect delinquent amounts. Should suit be filed to collect any debt, Buyer agrees to pay all actual administrative costs, collection costs, attorney's fees, and interest on past due amount at the highest rate legally allowable. A \$40.00 service shall be added to all NSF/returned checks. Seller reserves the right to establish and/or change the credit and or payment terms extended to Buyer when, in seller's sole opinion, Buyer's financial condition or previous payment record warrants such action. Seller reserves the right to direct shipments or reschedule deliveries of orders on delinquent accounts.

(4) **RETURNS/CREDITS:** Moulded items are sold on a mill run, meter tally basis unless otherwise specified in writing. ANY PRODUCT/SERVICE VARIANCE WILL NOT BE CONSIDERED FOR ADJUSTMENT UNLESS REPORTED WITHIN FIVE (5) DAYS. SHIPMENTS MUST BE HELD INTACT FOR SAROYAN LUMBER INSPECTION AND TALLY. ANY PRODUCT/MATERIAL INSTALLED, CUT, GLUED, FINISHED, OR MODIFIED SHALL BE DEEMED ACCEPTED BY BUYER AND IS NO LONGER THE RESPONSIBILITY OF SELLER. No claims for shortages or deductions allowed after 5 days from delivery. Credit is allowed on stock items returned within 30 days after delivery with invoice receipt, subject to a 25% handling charge, cartage to yard, and condition and tally of material. If products are delivered in installments, Buyer shall pay for each installment in accordance with the terms hereof. Payment shall be made for the products without regard to whether Buyer has made or may make any inspection of the products. (See Sec. 7 for material variance information.)

(5) **DELIVERY:** Delivery of goods and materials shall be made F.O.B. Sellers facilities unless otherwise expressly agreed upon in writing. All deliveries by Seller's Trucks are subject to a delivery charge unless prices have been specifically quoted as delivered. Buyer agrees to pay redelivery charge for any failed delivery, for any reason other than Seller's error. The proper loading of Will Call or Common Carrier vehicles, (including but not limited to, load weight requirements and material tie down), is hauler/buyers sole responsibility. Manufacture, shipment or delivery will be subject to any prohibition, restriction or regulation imposed by federal or any state government or any subdivision or agency thereof, and Seller shall not be liable for any delay or failure to perform, in whole or in part, caused by any such provision, restriction or regulation or by fires, floods, strikes, work stoppages, accidents, casualties, inability to procure supplies, raw materials or products, delays in transportation, shortages of cars or other causes beyond Seller's Control.

(6) **QUOTATIONS - SPECIAL ORDERS – PRICES:** Prices charged are with expectation of payment being made within specified terms. All orders of special nature, size, thickness or surfacing are subject to special quotation and may not be canceled after acceptance by Seller. All quotations subject to stock on hand at the time of placement of order. Seller reserves the right to require 50% advance payment on such orders. Quotations are made for immediate acceptance unless otherwise specified. Additional purchases will be at rate in effect at that time. Prices subject to change on material not delivered with 45 days of receipt of purchase order and are subject to a storage fee. Although it is Seller's practice to provide as much advance notice as possible, price and discount terms are subject to change without notice. All orders are accepted subject to Seller's price in effect at time of shipment. Prices are exclusive of all transportation charges, insurance costs, export duties, licenses or fees, or any tax or duty of any nature whatsoever and Buyer shall either pay such items directly or reimburse Seller for any payments made by Seller.

(7) **WARRANTY:** Seller warrants that all goods and materials sold hereunder will conform to the description on the face hereof; that it will convey good title thereto except as limited under Section 8; and that such goods or materials will be free from defects in material

and workmanship. SUCH WARRANTIES ARE IN LIEU OF AND EXCLUDE ALL OTHER WARRANTIES, EXPRESS OR IMPLIED BY OPERATION OF LAW OR OTHERWISE INCLUDING WITHOUT LIMITATION WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. Any claim on account of defective goods or materials or for any other cause whatsoever shall conclusively be deemed waived by Buyer unless written notice thereof is given to Seller promptly after discovery but not later than 30 days from the date of shipment. Seller shall have the right either to replace or repair any defective goods and materials, to refund the purchase price upon return of the goods and materials or to grant a reasonable allowance on account of such defects, and Seller's liability and Buyer's exclusive remedy for defective goods and materials shall be limited solely to replacement, repair, refund or allowances Seller may elect. THE ABOVE WARRANTY NOTWITHSTANDING, SELLER DOES NOT GUARANTEE (1) ANY SIZE OR GRADE OF HARDWOOD LUMBER PRODUCTS, MOULDINGS OR FLOORING AGAINST CUPPING, BUCKLING, SHRINKING, ROT, WARPING, TERMITE, OR BEETLE INFESTATION; (2) SINCE STICK STAIN IS AN INHERENT PROPERTY OF MANY HARDWOOD SPECIES, IT SHALL NOT BE CONSIDERED A DEFECT IN ANY GRADE OR SPECIE IRRESPECTIVE OF ANY GOVERNING GRADING RULES; (3) DUE TO THE QUALITY DIFFERENCE BETWEEN DOMESTIC AND IMPORT PLYWOOD, SELLER DOES NOT GUARANTEE IMPORT PLYWOOD AGAINST GLUE BLEED THROUGH, SAND THROUGH, CHECKING AND OTHER MANUFACTURING DEFECTS THAT WOULD IMPAIR THEIR FITNESS FOR USE. **LIMITATION OF LIABILITY:** SELLER MAKES NO WARRANTY OF MERCHANTABILITY AND NO WARRANTY THAT THE GOODS AND MATERIALS SHALL BE FIT FOR ANY PARTICULAR PURPOSE. SELLER SHALL NOT BE LIABLE FOR INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES, UNDER ANY CIRCUMSTANCES, INCLUDING BUT NOT LIMITED TO DAMAGES OR LOSS RESULTING FROM INABILITY TO USE THE GOODS OR MATERIALS, INCREASE OPERATING COSTS OR LOSS OF PRODUCTION, ATTORNEY'S FEES OR ANY OTHER SUCH DAMAGES WHETHER ARISING FROM CAUSES SIMILAR OR DISSIMILAR TO THOSE ENUMERATED. IN ANY EVENT, SELLER'S MAXIMUM LIABILITY HEREUNDER, WHETHER RESULTING FROM BREACH OF CONTRACT OR NEGLIGENCE OR OTHERWISE, SHALL NOT EXCEED THE CONTRACT PRICE OF THE GOODS AND MATERIALS FURNISHED BY SELLER.

(8) **SECURITY INTEREST:** Seller reserves, and Buyer hereby grants to Seller, a security interest in all goods and materials purchased hereunder and in any proceeds thereof until Seller has received payment in full of the purchase price and any other amounts due hereunder. Seller shall have all the rights and remedies of a secured party under the Uniform Commercial Code, and Buyer agrees, at Seller's request, to execute financing statements and to take such other action as Seller may reasonably request to carry out the intent of this Section. Buyer's failure to pay any amounts when due shall give Seller the right to possession and removal of the goods and materials at any time upon Seller's demand. Seller's taking of such possession shall be without prejudice to any other legal remedies Seller may have.

(9) **BUYER'S INSPECTION:** Buyer shall make an examination and test any goods and material delivered hereunder immediately upon Buyer's receipt thereof and failure of Buyer to give notice of any claim within 5 days after the receipt of such goods and materials shall be deemed an unqualified acceptance of said goods and materials.

(10) **RISK OF LOSS:** Unless otherwise agreed upon in writing, Buyer shall assume all risk and liability for loss, damage or destruction to the goods and materials covered hereby upon receipt of such goods and materials by Buyer at F.O.B. point whether or not Buyer has accepted such goods. Unless mutually agreed upon in writing, shipping dates are approximate and are based upon prompt receipt of all necessary information. In no event shall Seller be liable for any delay in delivery. Seller reserves the right to ship items in a single or in multiple shipments.

(11) **CANCELLATION:** The contract resulting from this acknowledgement and acceptance of Buyer's order cannot be canceled, terminated or modified by Buyer in whole or in part except with Seller's consent in writing and then only upon terms and conditions then to be agreed upon which shall include protection of Seller against all loss.

(12) **WAIVER:** No failure of Seller to insist upon strict compliance by Buyer with the terms and conditions of this acknowledgement, or to exercise any right accruing from any default of Buyer shall impair Seller's rights in case Buyer's default continues or in any case of any subsequent default by Buyer. Waiver by Seller of any breach of contract shall not be construed as a waiver of any other existing or future breach.

(13) **DEFAULT:** In case Buyer shall fail to make payments in accordance with the terms as set forth in this acknowledgement, Seller, in addition to its other rights and remedies, may, at its option, defer further shipments until such payments are made, or may terminate the contract, and Buyer shall not have any cause of action or be entitled to any set-off, counterclaim or recoupment against Seller by reason of any such action.

(14) **ASSIGNMENT:** The contract resulting from this acknowledgement and acceptance shall not be assigned by the Buyer without the prior written consent of Seller.

(15) **MODIFICATION:** This sales acknowledgement is intended by Seller and Buyer to constitute a final, complete and exclusive expression of agreement and cannot be supplemented or amended without Seller's written approval. Seller's waiver of any breach, or failure to enforce any of the terms and conditions of this sales acknowledgement at any time, shall not in any way affect, limit or waive Seller's right thereafter to enforce and compel strict compliance with every term and condition thereof.

(16) **GOVERNING LAW:** This agreement and all rights and obligations hereunder shall be governed in accordance with the laws of the State of California.

(17) **GENERAL:** In the event that any provision of this sales acknowledgement is held invalid or unenforceable by a court of competent jurisdiction, the remainder of this sales acknowledgement shall continue in full force and effect. The headings of this sales agreement are for convenience of reference only and shall not affect the construction of any provision herein.