

NORTH 7 INDUSTRIAL, L.L.C.'S POLICIES, TERMS AND CONDITIONS

General Statement

The Parties agree that Buyer will Purchase from Seller and Seller will Sell to Buyer certain components on an ongoing basis. To avoid having to resolve questions of conflicting Policies, Terms and Conditions on Purchase Orders and Purchase Order acknowledgments each time Buyer places an Order with Seller, the Buyer acknowledges Seller has provided its Policies, Terms and Conditions that will govern all such transactions between them.

Definition of Components

The term "Components" means those items for which Buyer issues a Purchase Order to Seller during the Term of their Sales Contract to initiate an Order to be purchased by Buyer that consists of the Component and/or Components and/or the Services needed to produce the Component which are contained in Seller's listed Commodities, Tooling and/or Industries that are maintained on its website.

Issuance of Purchase Orders

To initiate an Order Buyer must issue a Purchase Order ("Order") to Seller for each specific Order, and, each Purchase Order shall contain a description of the Components ordered, the quantities, the shipment schedule, the terms and place of delivery

Term

The terms of Seller's and Buyer's their Sales Contract for purposes of Buyer's Purchase Order placement shall commence on the Effective Date stated in their Sales Contract and continue for a period of one (1) year thereafter. Their Sale Contract shall be renewed automatically for similar of one (1) year periods unless either Party, at least sixty (60) days prior to the end of any such one (1) year period, gives the other Party Written Notice of its intent to not renew their Sales Contract.

Cancellation for Cause

Either Party may Cancel their Sales Contract if the other Party is in Default of any of the Material Provisions of their Sales Contract or is in Default under any Order, and such Default is not cured within sixty (60) days of receipt by the Defaulting Party of Written Notice from the Party giving Notice, and, which Notice shall specify the Nature of the Default and, what, if any, Corrective Action that may be taken to Remedy the Default.

Termination of an Order

Buyer may Terminate Work under an Order in Whole or in Part at any time by Written Notice to Seller that states the Extent and Effective Date of the Termination. On receipt of the Notice, Seller shall, to the extent directed by Buyer, stop work as requested on the Order, and take any necessary action to protect property in Seller's possession that belongs to Buyer, or, in which Buyer has an interest. This Subsection does not authorize Buyer to Terminate their Sales Contract, this Subsection is only applicable to a specific Order that is to become, or, has already become, Work in Progress at the production location. Additionally, as more particularly set forth in the Subsection below, subsequent to any Written Notice of Termination of an Order in Whole or in Part, Seller shall be entitled to its Fair Compensation and/or other payment amounts.

If, within a reasonable length of time, the Parties cannot agree on the amount of Fair Compensation to Seller for the Termination, Buyer, in addition to making prompt payment of amounts due for Material delivered or Services performed prior to the effective date of Termination, will pay to Seller the following amounts without duplication: (1) the Contract Price for all Material or Services that have been completed in accordance with the Order and not paid for; (2) the Actual Costs incurred by Seller that are properly Allocable or Apportionable under Recognized Commercial Accounting Practices to the Terminated portion of the Order, including the cost of discharging Liabilities that are also so Allocable and Apportionable; and (3) the reasonable costs of Seller in making Settlement under this Agreement and in protecting the property in which Buyer has or may acquire an interest. With the exception of Seller's reasonable costs in settling Buyer's Termination of an Order, in whole, or, in part, such as attorney's fees, and, associated expenses, payments made under this subsection, exclusive of payments under the immediately following paragraph, shall not exceed the aggregate price specified in the Order, less payments otherwise made or to be made.

Packing, Shipping, Pricing and Payment

All Components shall be suitably packed, marked, and shipped as designated by Buyer or, in the absence of such a designation, in accordance with the requirements of common carriers in a manner to secure lowest freight and/or transportation costs.

There will be no additional charges to Buyer for packing unless Buyer requests special and/or non-standard packaging with such special and/or non-standard packaging costs to be payable by the Buyer. Shipping delivery dates quoted by Seller are made in good faith and based upon the Shipping carrier's estimated delivery dates are not guaranteed delivery dates. In its effort to secure the lowest freight and/or transportations costs, Seller will use its reasonable discretion as to the selection of shipping services, the associated shipping packaging, and, whether it is shipped via ground, air, and/or sea routings.

Prices for Components shall be based on the Pricing Schedule quoted by Seller to Buyer, and, as based on delivery F.O.B. at Seller's facility at RARE Import Export, 1705 Billy Mitchell Boulevard in the City of Brownsville, Cameron County, Texas 78521. As contained in the Texas Business & Commerce Code Section 2.319, the terms FOB at Seller's facility means Seller must bear the expense and risk of getting the Components to RARE Import Export, at the address listed above, and, Buyer shall reimburse Seller for any Freight Costs that Seller may have prepaid, or, Buyer shall pay for the Freight costs that were incurred in shipping the Components to the destination as contained in Buyer's Purchase Order.

All Local, State, and Federal Excise, Sales, and Use Taxes, and, any prepaid Freight Charges, as applicable, are payable by Buyer, and, shall be stated separately on Seller's invoices.

Seller's invoices shall contain the following information: (1) Buyer's Purchase Order Number; (2) the Component(s) Number(s); (3) a description of Components shipped; and (4) the Quantity of Components shipped and Unit Price applicable to the Components.

Payment terms, unless otherwise agree to by Seller in writing, are net thirty (30) days from the date of the invoice. Any payments not made when due shall be subject to a late charge at the rate of 1½% per month (18% per annum), or the highest legal interest rate allowed by law. Seller reserves the right to modify a Buyer's credit and/or payment terms at any time with prior notice to Buyer, and, such modification may include payment guarantees from financial institutions, monetary security, or payment in advance in Seller's sole discretion. Seller shall retain a security interest in the Product(s) bought by Buyer until final payment is received. Buyer is responsible to Seller for all reasonable attorney's fees, court costs, and/or collection agency fees should Buyer default on its payment terms and/or if it is late on any of its payments and Seller need to take such actions.

Delivery

Seller shall expend its best efforts to conform to the requested delivery date(s) for Components ordered pursuant to their Sales Contract. The requested delivery date for purposes of Purchase Orders placed pursuant to their Sales Contract shall be a date that allows, at minimum, the lead time, which shall be agreed to in writing by Seller and Buyer, expressed in weeks after receipt of Order. In the event of a failure to delivery by the delivery date, Buyer will give Seller Written Notice of the Delinquency and allowing Seller a reasonable time to cure. In no event shall Seller be considered in Default of its obligation under their Sales Contract to deliver until sixty (60) days after Seller received the Written Notice of Delinquency. Unless otherwise specified in connection with a particular Order placed pursuant to their Sales Contract, Title to and Risk of any loss of or damage to the Components shall pass from Seller to Buyer when they are delivered as specified in the Purchase Order, except for loss or damage resulting from Seller's fault or negligence or failure to comply with an Order. Passing of Title on the delivery of said Components shall not constitute Acceptance of the Components.

Seller shall notify Buyer immediately of any circumstances that may cause a delay in delivery, stating the estimated period and reasons for delay and, if requested by Buyer, shall use additional effort, including Premium effort, and, shall ship via air or other expedited routing to avoid or minimize delay to the maximum extent possible, with any additional freight and/or shipping charges shall be charged to Buyer, and without prejudice to any of Buyer's rights or remedies.

Inspection

Seller has no duty to inspect all Components, however, Seller shall make sure all Components have been currently and properly "certified" prior to shipment to Buyer. Notwithstanding any prior payment or inspection by Buyer, all Components shall be subject to final inspection and acceptance by Buyer at Buyer's facility and in accordance with quality control standards that have been agreed to by Buyer and Seller. Final inspection and acceptance or rejection will be made by Buyer within ninety (90) days after receipt of Components, and failure of Buyer to reject any Component within ninety (90) days after receipt shall constitute acceptance. Should Buyer reject any Component for failure to conform to the requirements of an Order, Buyer shall notify Seller of the rejection, giving detailed reasons for the rejection. Seller shall then have the option to repair or replace the nonconforming Component within ninety (90) days at Buyer's facility. Rejected Components are to be returned to Seller, and, shall be shipped at Seller's expense. It is important that Buyer understand, under no circumstance can Buyer reject and/or return any Component(s) after the ninety (90) day inspection period has expired. Further, Buyer cannot at any time reject and/or return a Component that has been used. Should Seller fail to act, and, not correct any nonconforming Components within ninety (90) days after notice by Buyer, then Buyer may, at Seller's risk and expense, return any nonconforming Component to Seller.

Inspection at Source

If an Order indicates that any Component is to be subject to inspection by Buyer or Buyer's representative at Seller's warehouse, then Seller, without cost to Buyer, shall provide all reasonable facilities and assistance for the safety and convenience of the inspectors. At the time of inspections, Seller shall make available to the inspectors copies of all drawings, specifications, and packaging data applicable to the Components. The inspection shall be deemed as preliminary only and all Components shall be subject to final inspection and acceptance at Buyer's facility.

Excusable Delay

Neither Party shall be liable to the other for damages for any delay arising out of causes such as a force majeure and/or something that is beyond its reasonable control and without its fault or negligence.

Warranty

Seller warrants to Buyer for a period of one (1) year that all Components delivered under an Order shall be free from defects in materials and workmanship under normal use and service, and, said Components will perform substantially in accordance with Seller's published specifications, and, that all Components will conform to the requirements of the Order including, but not limited to, the applicable descriptions, specifications, and drawings that have been agreed to by the Parties. The Warranty Period for all Components shall begin upon delivery of the Components at Buyer's facility.

Changes

As to any Component Buyer has previously ordered from Seller, Buyer reserves the right to make "reasonable" changes by written notification to Seller in: (1) its drawings and specifications; (2) methods of packaging and shipping; (3) schedules; (4) quantities; and (5) the place of delivery. Further, Buyer reserves the right to make "critical" changes to the Component by providing written notification to Seller and providing updated drawings and specifications evidencing the "critical" changes being requested by Buyer. Any claim by Seller for an adjustment in pricing or delivery time resulting from Buyer's changes, whether, a reasonable change, and/or a critical change, must be made by Seller in writing to Buyer within thirty (30) days of the receipt of the "reasonable" or "critical" change to the Order and such modifications to the Order's Pricing, and/or Delivery Time must be incorporated, in writing, to that specific Order.

Buyer's Design and Property

Seller shall keep confidential the features of any equipment, tools, gauges, patterns, designs, drawings, engineered data, or other technical or proprietary information furnished by Buyer, and will use such Components only in performing under their Sales Contract. In no event shall Seller use equipment, tools, gauges, patterns, designs, drawings, engineered data, or other technical or proprietary information supplied by or on behalf of Buyer or cause others to do so without Buyer's prior, express, and Written Consent. On termination of their Sales Contract, Seller shall return all such equipment, tools, gauges, patterns, designs, drawings, engineered data, or other technical or proprietary information and copies made by Seller to Buyer or make the other disposition as Buyer directs or approves.

Compliance With Laws

In performing under their Sales Contract, all applicable laws, regulations, orders, and other rules of duly constituted authority will be followed and complied with in all respects by both Parties with the laws of the State of Texas and venue to any dispute under their Sales Contract shall lie in a District Court in Cameron County, Texas.