

ZIP-O-LOG MILLS, INC.
2701 West 1st Avenue
Eugene, OR 97402

STANDARD TERMS OF SALE

All sales of Products by Zip-O-Log Mills, Inc. (“**Seller**”) are made on the following terms and conditions. In these Standard Terms of Sale, any Products sold by Seller to the buyer named in Seller’s quotation, acknowledgment, or sales order or Buyer’s purchase order (“**Buyer**”) are referred to below as “**Products**”.

1. **Agreement.** If Buyer has not otherwise agreed to these Standard Terms of Sale, then Buyer’s acceptance of delivery of, or payment for, the Products shall constitute Buyer’s agreement to these Standard Terms of Sale. Seller objects to and will not agree to any terms that are additional to or different from these Standard Terms of Sale. Terms that are printed on or contained in a purchase order or other form prepared by Buyer which are additional to, in conflict with or inconsistent with these Standard Terms of Sale shall be considered to be inapplicable and shall have no force or effect. If Buyer objects to any of the provisions of these Standard Terms of Sale, Buyer must bring such objection to the attention of Seller in a writing separate from any purchase order or other printed form of Buyer, which shall be deemed to be proposals for different terms and conditions that may be accepted only in writing signed by an authorized representative of Seller. All orders are subject to the approval of Seller’s credit department.

2. **Prices; Payment Terms.** Prices quoted are firm for 30 days from the date of quotation by Seller, with the exception that Seller reserves the right to correct any and all typographical errors. Unless otherwise specified in Seller’s quotation or acknowledgment, the purchase price for Products is payable net eleven (11) days, and timely payments received shall be subject to a one-percent (1.0%) discount. If at any time Seller determines that Buyer’s financial condition does not justify a sale on credit or if Buyer shall at any time be in default in any indebtedness or obligation owing to Seller, then Seller may require advance payment or may ship C.O.D., and may withhold shipments on orders being shipped in installments. Any payment not made when due shall accrue a late charge of 1-1/2% per month. Payment must be made at Seller’s office in Eugene, Oregon. If Buyer requests and Seller agrees to any changes in Buyer’s order after its receipt by Seller, Buyer shall pay all charges reasonably assessed by Seller with respect to those changes.

3. **Delivery and Risk of Loss.** Seller shall deliver the Products F.O.B. (Uniform Commercial Code term) Seller’s facility, risk of loss of the Products shall pass to Buyer upon shipment of the Products from Seller’s facility. Shipping, delivery and performance dates are estimates only, calculated from the date of receipt of Buyer’s order and specifications, and other information reasonably requested by Seller to manufacture the Products, and time is not of the essence. Seller shall not incur any liability, direct or indirect, as a result of any delays in meeting such dates or schedules. Seller reserves the right to recalculate any projected shipping, delivery or performance dates upon receipt of Buyer’s order.

4. **Taxes and Duties.** Seller’s price does not include any privilege, occupation, personal property, value-added, sales, excise, use or other taxes, or any tariffs or customs duties, and Buyer shall be liable for all such taxes and duties, whether or not Seller invoiced Buyer for them.

5. **Unavoidable Delay and Shortages.** If Seller is not able to finish and deliver the Products to Buyer on time because of anything Seller cannot control (including but not limited to casualty, labor trouble, unavailability of supplies or transportation, Buyer’s failure to approve production samples, fire,

flood, governmental act or regulation, riot, terrorist act, equipment or power failure, unscheduled maintenance, accident or act of God), then the estimated delivery or performance time shall be extended accordingly, and Seller shall not be liable to Buyer for any damages caused by the delay.

6. **Changes.** Seller shall have the right to make design or engineering changes in its parts, equipment, processes and methods of production of the Products, but Seller will not make any changes in the specifications that Buyer submits. Stenographical and clerical errors in quotations are subject to correction.

7. **Solvency and Security Interest.** Buyer represents that Buyer is solvent. Seller retains title to the Products until the invoiced price is fully paid in immediately available funds. Seller retains and Buyer grants a security interest in the Products and all proceeds to secure payment of the price and all other indebtedness now and in the future owing by Buyer to Seller.

8. **Permits and Compliance.** Seller is not responsible for obtaining any permit, inspection or license that is required for installation or operation of the Products. **SELLER MAKES NO REPRESENTATION OR WARRANTY THAT THE PRODUCTS CONFORM TO ANY LAW, ORDINANCE, REGULATION, CODE OR STANDARD, AND EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES. THE PRODUCTS ARE SOLD "AS-IS".**

9. **Exclusive Remedy.** **SELLER'S SOLE RESPONSIBILITY AND BUYER'S SOLE AND EXCLUSIVE REMEDY IN ALL CLAIMS RELATED TO THE SALE OF THE PRODUCTS HEREUNDER SHALL BE LIMITED TO CREDIT AND PAYMENT OF THE PURCHASE PRICE OF THE PRODUCTS. SELLER SHALL NOT BE LIABLE FOR CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES, OR FOR ANY AMOUNT IN EXCESS OF THE PRICE FOR THE PRODUCTS INVOLVED, INCLUDING WITHOUT LIMITATION, ANY COSTS ASSOCIATED WITH REMOVAL OF THE PRODUCTS AND/OR THE INSTALLATION OF ANY REPLACEMENT PRODUCTS. ANY LEGAL ACTION BUYER AND/OR ITS SUCCESSOR INITIATES AGAINST SELLER MUST BE INSTITUTED WITHIN ONE YEAR AFTER DELIVERY OF THE PRODUCTS THAT ARE THE SUBJECT OF ANY SUCH LEGAL ACTION.**

10. **Safety Features.** Buyer shall not remove or change any safety warning or operating instructions that Seller placed on the Products.

11. **Resale.** On any resale of the Products, Buyer shall contractually limit its buyer's rights and remedies against both Buyer and Seller to the same extent as Buyer's rights and remedies are limited under these Standard Terms of Sale.

12. **Intellectual Property and Confidentiality.** All inventions (whether or not patentable), devices, technologies, ideas, improvements, processes, systems, software and other works and matters that Seller creates or develops in the course of Seller's design, development or manufacture of the Products and all drawings and specifications that Seller provides to Buyer ("**Intellectual Property**") shall be Seller's sole property, and Buyer assigns, and agrees to assign, to Seller all right, title and interest that Buyer now has or in the future acquires in the Intellectual Property. Buyer shall not disclose or use any of the Intellectual Property or any information about Seller's business, operations or activities, except to the extent necessary for Buyer to use the Products.

13. **Cancellation.** Any purchase order for the Seller's Products may not be cancelled for any reason, in whole or in part, without Seller's prior written approval. In the event a cancellation is approved by

Seller then, unless otherwise agreed, Buyer shall pay Seller (i) all costs and expenses Seller incurred in relation to the order before Seller received the cancellation request, (ii) a cancellation charge equal to 15% of the invoice price of any Products cancelled from the order, and (iii) any shipping charges and other out of pocket expenses incurred by Seller in relation to the cancellation.

14. Indemnity. Buyer shall indemnify and hold harmless Seller with respect to all damages, losses, claims and expenses, including but not limited to consequential and incidental damages and attorney fees, that Seller incurs as a result of Buyer's breach of any of Buyer's obligations under these Standard Terms of Sale or any claimed unfair competition or patent, trademark or copyright infringement or any other claim resulting from Seller's manufacture of the Products.

15. Seller's Rights. Seller has all rights and remedies given to Seller by applicable law, and Seller's rights and remedies are, cumulative and may be exercised from time to time. A waiver by Seller of any right on one occasion will not be a waiver of any future exercise of that right.

16. Time For Bringing Action. Any action that Buyer brings against Seller for breach of this Agreement or for any other claim that arises out of or relates to the Products or their design, manufacture, sale must be brought within 1 year after the cause of action accrues.

17. Applicable Law. This agreement between Seller and Buyer shall be considered to have been made in the State of Oregon, and it shall be governed by and interpreted according to Oregon law. Either party may bring any action that arises out of or relates to this agreement in any federal or state court in Lane County, Oregon, that has jurisdiction of the subject matter, and Buyer irrevocably consents that any such court shall have personal jurisdiction over Buyer and waives any objection that the court is an inconvenient forum.

18. Complete Agreement; Amendment. The terms on Seller's quotation or acknowledgment and these Standard Terms of Sale contain the entire agreement between Buyer and Seller.