



Compass Systems, Inc. Systems, Inc.'s Standard Commercial Terms and Conditions of Sale

- 1.0 GENERAL.** Compass Systems, Inc. ("Seller" or singularly, "Party" and, collectively, "Parties") and the Purchaser ("Buyer" singularly, "Party" and, collectively, "Parties") agree that the following terms and conditions apply to the materials, goods and/or products (the Product(s)" or "Good(s)") listed on the Seller's Quotation and subsequent Buyer's issued purchase order. This agreement is not to be used as a Resale Agreement and the Buyer shall not act as a distributor for any products purchased from the Seller unless a Compass Systems, Inc. Resale Agreement has been issued.
- 2.0 SCOPE.** The terms and conditions of sale contained herein apply to all quotations made and purchase orders entered into by the ("Seller"). Therefore, acceptance of the Buyer's Purchase Order is made only on the express understanding and conditions that insofar as the terms and conditions of this acceptance conflict with any terms and conditions of the Buyer's order, the terms and conditions of this acceptance shall govern, irrespective of whether the Buyer accepts these conditions by a written acknowledgment, by implication, or acceptance and payment of goods ordered hereunder. Seller's failure to object to provisions contained in any communication from Buyer shall not be deemed a waiver of the provisions of these terms and conditions. No change in terms and conditions of sale contained herein shall be binding upon Seller unless made in writing by a duly authorized contractual representative of Seller. Buyer's requested changes to these terms and conditions, if accepted in writing by Seller, may affect the original price quoted. The Seller shall not be bound by any communication from the Buyer which attempts to impose upon the Seller any obligations or conditions which are different from, or addition to, the Terms and Conditions hereof. The Buyer's acceptance of this order is limited to these Terms and Conditions.
- 3.0 PRICE.** The price for a Product is Firm-Fixed (USD) as set out in Seller's price list in effect on the date that Seller receives the Buyer's order for the Product(s) unless otherwise specified by Seller on an authorized quotation in effect on the date of order. Prices do not include sales, use, value-added or like taxes now or hereinafter levied by any Federal, State, Municipal or other taxing authorities on the sale of the Product(s). The Buyer shall pre-pay Seller for all such taxes which Seller is required to collect or pay in connection with the sale. **Buyer must provide appropriate tax resale or exemption certificate whenever applicable upon issuance of Buyer's Purchase Order.** All other taxes, fees, license, export document preparation, banking charges, duties, etc. are the responsibility of the Buyer.
- 4.0 CHANGES.** The Buyer may at any time, by written order, change, within the general scope of its purchase order, any one or more of the following:
- drawings, designs, or specifications when the supplies, services or construction to be furnished are to be specially manufactured or performed in accordance with the drawings, designs, or specifications;
 - description of services to be performed;
 - time, date or place of delivery or performance; or
 - method of shipment or packing.

If any such change causes an increase or decrease in the cost of, or the time required for performance of any part of the work under this purchase order, whether or not changed by the order, the Buyer shall make an equitable adjustment in the contract price, the delivery or performance schedule, or both the price and the schedule. The Seller must assert its rights to an adjustment under the clause within thirty (30) days from the date of receipt of the written order. Failure to agree to any adjustment is a dispute under the DISPUTES RESOLUTION paragraph herein, however, nothing in this paragraph shall excuse the Seller from proceeding with the Contract as changed.

In addition, and except for changes identified by the Buyer above, the Seller shall notify the Buyer in writing promptly, within 10 calendar days from the date that the Seller identifies any Buyer conduct (including actions, inactions, and written or oral communications) that the Seller regards as a change to the contract terms and conditions. On the basis of the most accurate information available to the Seller, the notice shall state—

- The date, nature, and circumstances of the conduct regarded as a change;
- The name, function, and activity of Buyer employee involved in or knowledgeable about such conduct;
- The identification of any documents and the substance of any oral communication involved in such conduct;
- In the instance of alleged acceleration of scheduled performance or delivery, the basis upon which it arose;
- The particular elements of purchase order performance for which the Seller may seek an equitable adjustment under this clause, including—
 - What purchase order items have been or may be affected by the alleged change;
 - What labor or materials or both have been or may be added, deleted, or wasted by the alleged change;
 - To the extent practicable, what delay and disruption in the manner and sequence of performance and effect on continued performance have been or may be caused by the alleged change;
 - What adjustments to contract price, delivery schedule, and other provisions affected by the alleged changes are estimated;
 - The Seller's estimate of the time by which the Buyer must respond to the Seller's notice to minimize cost, delay or disruption of performance.



5.0 PAYMENT TERMS

All payments must be made in US Dollars. Credit cards accepted include MasterCard, Visa, Discover, and American Express. Credit card billing information must be verified on new customers prior to shipment of order.

Payment via net (30) days is available to Customers with pre-established credit; all others require deposits or payment at time of order.

Prepaid Wire Transfer/EFT/Proforma: Customers can wire the funds to our bank. After your order is placed we will e-mail a Proforma invoice which includes our bank information, the merchandise total and any applicable shipping charges. Orders will be canceled after 20 business days if funds have not been received.

5.1 FOR ALL ORDERS

Customer agrees to pay the entire net amount of each invoice from Compass Systems, Inc. pursuant to the terms of each invoice without offset or deduction. Orders are subject to credit approval by Compass Systems, Inc., which may in its sole discretion at any time, change the terms of Customer's credit, require payment prior to shipment to include bank wire transfer/EFT or by official bank check. If Compass Systems, Inc. reasonably believes that the Customer's ability to make payments may be impaired or if the Customer fails to pay any invoice when due, delivery may be suspended to include remaining balance thereof, until such payment is made, or cancel any order or any remaining balance thereof.

Customer agrees to submit such financial information as Compass Systems, Inc. may reasonably require for determination of credit terms. Invoices not paid when due will bear interest to date of payment at the annual rate of eighteen (18%) percent, or such lower rate as may be the maximum permitted by law. If Customer fails to make payment when due, Compass Systems, Inc. may pursue any legal or equitable remedies in which Compass Systems, Inc. will be entitled to reimbursement of costs for collection and reasonable attorney's fees. There is a \$25 (USD) service charge on all returned checks.

6.0 DELIVERY.

The Seller shall deliver Product(s) F.O.B. Origin unless otherwise specified by Seller. On request by the Buyer, Seller shall arrange for export and shipment of Product(s) (including transit insurance) at the Buyer's risk and expense, to the destination specified by the Buyer. The Buyer is responsible for obtaining all import permits and customs clearances required to ship the Product(s). Upon delivery, title of the Product(s) transfers to Buyer and Buyer bears all risk of loss or damage and the cost of shipment. Seller shall not be liable for liquidated, consequential, incidental, indirect or punitive damages or penalties for late delivery. Seller shall arrange shipment of the Product(s) via the mode directed by the Buyer. If the Buyer does not specify the mode of shipment, then the Seller shall arrange to ship the Product(s) by the most cost-effective method; however, in either case, the Buyer shall bear the cost of shipment. The Seller shall not be liable for loss or damage for delay in delivery or failure to manufacture due to causes beyond its reasonable control and/or lack of timely instructions or essential information from Buyer. Where the Buyer notifies the Seller that it cannot take timely delivery of the Products, Seller may place such Products in storage, at the risk of Buyer, and Buyer shall reimburse Seller for all expenses incurred in connection with such storage. Buyer shall dispose of the packing materials for the Products at its own expense, and shall defend, indemnify and hold harmless the Seller from any legal obligations in connection with such packing waste. Shortages must be reported in writing to Seller within five (5) calendar days after receipt; otherwise, shipment is presumed to be complete and in accordance with the bill of lading and packing list. Buyer shall provide proof of shortage to include a copy of bill of lading and/or packing slip. Seller may refuse to deliver a Product(s) if Seller believes, on reasonable grounds, that the Buyer will be unable or unwilling to pay for the product within the payment terms.

7.0 ACCEPTANCE. If the Buyer fails to notify Seller within five (5) calendar days after delivery of the Product(s) that the Product(s) does not conform to manufacturer specifications, the Buyer will be deemed to have accepted the Product(s).

8.0 RETURNS. Buyer may not return the Product(s) for credit, repairs or replacement without the prior written consent of the Seller. All returns **MUST** reference a Return Material Authorization Number (RMA) obtained from Seller. Buyer shall bear the risk of loss and accept responsibility for shipping costs, taxes, export duty, import duty or other costs related to the return of the Product(s).

9.0 CANCELLATION. If Buyer cancels all or any portion of this Purchase Order for any reason, other than for reasons due to Seller's uncorrected default, Buyer agrees to reimburse Seller for actual labor, materials and other costs incurred for the manufacture or testing of the equipment or service, up to the time of termination, including associated indirect costs plus a reasonable profit. Seller shall, at Buyer's expense, deliver all finished or in-process Product, raw materials, +parts, etc. paid for by Buyer, to a location specified by the Buyer. Buyer agrees to pay any such fees within 10 days.

10.0 WARRANTY. Seller expressly warrants to Buyer that the Products supplied shall be free from defects in materials and workmanship for a period of 12 months following the date the Products are delivered to Buyer (the "Warranty Period"). Seller's liability under this limited warranty shall be limited, at its option, to providing refund of purchase price for Products, or replacing or repairing Products shown to be defective either in materials or workmanship. Buyer's sole and exclusive remedy for breach of warranty shall be such refund, replacement or repair. A claim of defect in materials or workmanship in any Product shall be allowed only when it is submitted in writing to the Seller within 6 days after discovery of the defect, and in any event within the Warranty Period. No claim shall be allowed in respect of any Product which has been altered, neglected, damaged or stored in any manner which adversely affects it. In order to obtain service under the terms of this warranty, the Buyer must notify Seller of the defect prior to the expiration of the applicable warranty period.



- i. This limited warranty applies only to new and unused Products delivered to Buyers, and shall not extend to any equipment not manufactured by Seller, even though such equipment may be sold or operated with the Products. In addition, this limited warranty shall be void and of no further force or effect whatsoever if the Product is repaired or modified by any person other than an authorized representative of Seller without the consent of Seller. This warranty shall not apply to any defect, failure or damage caused by improper use or inadequate maintenance and care. Nor shall this warranty apply to any damage caused in whole or in part by attempts by personnel other than Seller's personnel, as approved in advance in accordance with the foregoing provisions, to open, install, repair, or service the Product; nor to damage resulting from improper connection with incompatible equipment; nor to damage to a unit which has been modified by other than Seller personnel.
- ii. Products returned to Seller for warranty service shall be shipped, freight prepaid to Seller. Seller will ship the repaired product or ship a replacement, freight prepaid to Buyer.
- iii. This limited warranty shall also apply to Products that replace defective Products and Products that have been repaired by authorized representatives of Seller, but only for the original Warranty Period. The Warranty Period shall not be extended by reason of defect, or any period of time during which the Product is not available to Buyer because of defects or repairs, without the express written consent of Seller.
- iv. EXCEPT FOR THE EXPRESS LIMITED WARRANTY AGAINST DEFECTS IN MATERIALS AND WORKMANSHIP CONTAINED HEREIN, COMPASS SYSTEMS, INC. MAKES NO WARRANTY OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, AND ALL WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND OTHER WARRANTIES OF WHATEVER KIND ARE HEREBY DISCLAIMED BY COMPASS SYSTEMS, INC. THIS LIMITED WARRANTY SETS FORTH EXCLUSIVELY ALL OF SELLER'S LIABILITY IN CONTRACT TORT OR OTHERWISE IN THE EVENT OF A DEFECTIVE PRODUCT.
- v. WITHOUT LIMITATION ON THE FOREGOING, SELLER EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY DAMAGES INCURRED DIRECTLY OR INDIRECTLY IN CONNECTION WITH THE SALE OR USE OF, OR OTHERWISE IN CONNECTION WITH, THE PRODUCT, INCLUDING OTHERWISE. REGARDLESS WHETHER COMPASS SYSTEMS, INC. HAS BEEN GIVEN ADVANCE NOTICE OF THE POSSIBILITY THEREOF.
- vi. THIS WARRANTY IS GIVEN BY SELLER IN LIEU OF ANY OTHER WARRANTY EXPRESSED OR IMPLIED.

11.0 SELLER SERVICES. Buyer shall be responsible for receiving, storing, installation, start up, commissioning, operator training, and maintaining all Products unless specified elsewhere in the Purchase Order. Seller shall provide a written quotation for commissioning, training and field service to assist Buyer in these functions, if requested. Any such assistance provided to Buyer by Seller will be under a separate Purchase Order. Actual commissioning, training and field service of products may be assigned to and performed by an authorized Representative of the Seller.

12.0 INTELLECTUAL PROPERTY RIGHT. The Seller's Intellectual Property rights are applicable and a part of these terms and conditions. Delivery of any Products under this Purchase Order shall not constitute or be construed by Buyer as a grant of any expressed or implied license or any other right to use, for any purpose, Seller's Patents, Trademarks, Copyrights or other intellectual property. Buyer shall not, with respect to any design or intellectual property delivered, directly or indirectly, under this Purchase Order, apply or submit to the U.S. Patent and Trademark Office or any other national or international patent or trademark office, for any property right protection for intellectual property supplied by Seller. The Buyer shall not take any action inconsistent with the Seller's intellectual property rights in the Product(s).

13.0 PRODUCT DESIGN. In addition to the restrictions set forth in Paragraph 12.0 herein, the Buyer shall not perform or allow others to perform de-compilation, disassembly, or reverse engineering of any Product(s), hardware or software, delivered under any Buyer Purchase Order. The design, manufacture, assembly, know-how, trade secrets or any other intellectual property associated with the Product, hardware or software, shall remain the sole property of the Seller.

14.0 ASSIGNMENT. Buyer shall not assign its respective liabilities, rights or duties under this Purchase Order to a third party without the prior written consent of the Seller.

15.0 RESTRICTIONS ON EXPORT. Products delivered under this Quotation and subsequent procurement agreement are subject to the Export Administration Regulations of the United States Department of Commerce, the International Traffic in Arms Regulations (ITAR) of the United States Department of State, or any other applicable export laws or regulations of the United States. Where delivery to Buyer is specified to be outside the United States, Seller has taken action necessary to comply with applicable export controls. Where delivery will be made to Buyer within the United States for later export, Buyer shall be the exporter of record and warrants that Buyer will take all necessary actions to comply with applicable United States export laws and regulations and obtain any and all license(s) required. Buyer agrees to assist Seller in obtaining said license by providing to Seller at its request with written evidence of such license(s). BUYER AGREES TO PROVIDE SELLER WITH INFORMATION RELATED TO THE ULTIMATE END-USER AND END USE OF PRODUCTS BEING SOLD AS REQUIRED BY LAW. Each party agrees that it shall indemnify and hold the other party harmless from all claims, demands, damages, costs, fines, penalties, attorney fees, and all other expenses arising from the failure of the party receiving such technical data hereunder to comply with this clause or the International Traffic in Arms Regulation and the Export Administration Act unless attributable to the gross negligence or willful misconduct of the party seeking indemnification. Each party shall notify the other of any suit instituted against it, and to the extent of its ability to do so, shall permit opportunity to defend the same or make settlement in respect thereof.

16.0 APPLICABLE LAW. The Quotation and subsequent Purchase Order and all transactions between the Buyer and the Seller shall be interpreted in accordance with and governed by the laws of the State of Maryland, U.S.A., excluding its choice of law provisions.



17.0 DISPUTES RESOLUTION. (1) Provisions applicable when Buyer is a permanent resident of the United States, or is a corporation or partnership existing under the laws of the United States. The parties will attempt in good faith to resolve, by negotiation or mediation, any controversy or claim, regarding the rights and obligations under this Order or its breach. If they are unable to do so, and regardless of the causes of action alleged, the claim will be resolved by arbitration in Maryland, before a single arbitrator who is knowledgeable in the discipline(s) of expertise required under this Order. Such arbitration will be conducted pursuant to the then current Commercial Rules of the American Arbitration Association and the federal substantive and procedural law of arbitration. The arbitrator's award will be final and binding, and may be entered in any court having jurisdiction thereof. The arbitrator shall not have the power to award punitive or exemplary damages. Each party will bear its own attorneys' fees and costs related to the arbitration. Any claim or action must be brought within two years after the cause of action occurs. Subcontractor shall proceed diligently with performance of this Order pending final resolution of any dispute. The laws of the State of Maryland, USA shall apply. **(2) Provisions applicable when Buyer is a permanent resident of a country other than the United States, or a corporation or partnership existing under the laws of a country other than the United States -** The BUYER and SELLER shall attempt amicably to resolve any controversy, dispute or difference arising out of this Purchase Order. Failing an attempt to resolve such issues, either party may initiate arbitration under the rules of the International Chamber of Commerce (ICC). The expense of such arbitration shall be borne equally by the Buyer and Seller, but each of the parties shall pay its own attorneys' fees. Any resulting award shall be binding on both Buyer and Seller and both Parties hereby waive any right of appeal to a Higher Court for amendment or modification of the Arbitrators award, **BUT UNDER NO CIRCUMSTANCES WILL ARBITRATOR(S) BE AUTHORIZED TO NOR SHALL THEY AWARD PUNITIVE OR CONSEQUENTIAL, INCIDENTAL, OR MULTIPLE DAMAGES AGAINST EITHER PARTY.** The language of the arbitrators shall be English.

18.0 LIMITATION OF REMEDY. Seller shall not be liable for damages caused by delay in performance. The sole and exclusive remedy for breach of warranty hereunder shall be limited to repair, correction, replacement, or refund of purchase price under the applicable Seller's Warranty clause. In no event, regardless of the form of the claim or cause of action, whether based on infringement, negligence, strict liability, other tort or otherwise, Seller's liability to Buyer and its customers shall not exceed the price paid to Seller by Buyer for the specific Product(s) manufactured or services provided.

19.0 LIMITATION OF LIABILITY. Notwithstanding any other provisions of any resulting order, under no circumstances shall either party be liable for any consequential, special, incidental, indirect, multiple, or punitive damages, or any damage deemed to be of an indirect or consequential nature arising out of or related to its performance under this Purchase Order, whether based upon breach of the contract, warranty, or negligence and whether grounded in tort, contract, civil law, or other theories of liability including strict liability, even if advised in advance of the possibility of such damages. Seller's total liability, including but not limited to liability for indemnity, defense, and hold harmless obligations shall not exceed the amount paid to Seller under this order.

20.0 INDEPENDENT CONTRACTORS. Each Party is an independent contractor. Neither Party shall have authority to bind the other except to the extent authorized herein. This agreement is not intended by the Parties to constitute or create a joint venture, pooling arrangement, partnership, or formal business organization of any kind. The Parties shall act as independent contractors at all times, and neither Party shall act as the agent for the other.

21.0 FORCE MAJEURE. The Seller shall not be liable for its failure to perform any of its obligations during any period in which performance is delayed by fire, natural catastrophe, war, war-like acts, embargo, civil unrest, labor unrest including strike, or any other cause beyond the reasonable control of Seller including but not limited failure of the Foreign Government(s) to issue an export permit.

22.0 BANKRUPTCY. In the event of any proceeding, voluntary or involuntary, in bankruptcy or insolvency by or against Buyer, including any reorganization or arrangement proceeding, or in the event of the appointment, with or without Buyer's consent, of an assignee for the benefit of creditors or of a receiver, the Seller may cancel this Order in addition to any other rights Seller may have for any additional costs or damages incurred by Seller due to said bankruptcy or insolvency.

23.0 SEVERABILITY. If any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, by a court with jurisdiction, then such provision shall be deemed to be restated to reflect as nearly as possible the original intentions of the parties in accordance with applicable law, and the remainder of this Agreement shall remain in full force and effect.

24.0 NOTICE. All notices shall be sent to Compass Systems, Inc. products@Compass-sys-inc.com and, in the case of the other party, the person issuing the order on behalf of the other party. A notice sent email is deemed to be given when dispatched.

25.0 ENTIRE AGREEMENT. The above stated Terms and Conditions, unless expressly modified in writing and executed by an authorized Representative of Seller, are intended to reflect the final expression of the Agreement between the parties. Buyer may utilize its own form to describe the entire Product(s) being purchased; however, all terms and conditions stated on Buyer's form which in any way modify, conflict with, or contradict with the Terms and Conditions stated above shall be considered invalid and non-enforceable.