

## WARRANTY AND REMEDY

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The Buyer represents and warrants that the Buyer is knowledgeable and capable to assemble, process, and resell Bay Corporation's (herein "Bay") products in a manner consistent with current industry standards.

Except as otherwise noted on Bay's quotation or other signed written communication from Bay, all parts sold by Bay are warranted for a period of one year from the date of shipment to be free from defects in material and workmanship and to conform to Bay's written specifications applicable to the parts. Bay, at its option, will replace, repair, or give Buyer proper credit for, any products or parts found by Bay not to comply with this warranty. **No other warranty or guarantee, expressed or implied, including without limitation the warranty of merchantability or fitness for any purpose, shall exist in connection with the design, manufacture, sale, or use of any goods or parts sold by Bay.**

Without in anyway limiting the generality of the foregoing, this warranty does not cover, and Bay shall have no liability for:

- A. Failure or damage due to misapplication, abuse, improper installation, or abnormal conditions of use, temperature, moisture, dirt, pollution, or corrosion.
- B. Parts that have been in any way altered after leaving Bay's plant.
- C. Parts damaged in shipment or otherwise without Bay's fault.
- D. Expenses incurred by the Buyer in processing any parts before discovery of alleged defects or in attempting to correct same.
- E. Failure or rejection of parts due to incorrect specifications and/or design parameters supplied by the Buyer.
- F. Damages or losses resulting directly or indirectly from the use or resale by the Buyer of defective parts, or for Bay's parts that have been further processed by the Buyer.

**Bay shall not be liable for incidental, indirect, consequential, or punitive damages. The remedies of purchaser set forth in herein are exclusive, and the liability of Bay with respect to any contract or sale, whether in contract, in tort, under any warranty, express or implied for merchantability, fitness, or otherwise, shall not exceed the price of the products upon which such liability is based. Bay shall not be responsible for losses, detentions, or delays occasioned by accident, strikes, or fires affecting Bay's operations or the operations of Bay's suppliers, or any other cause beyond the control of Bay.**

All claims by Buyer will be deemed waived if not presented within 30 days after receipt of shipment. Upon notice of any such claims, Bay may inspect any alleged defective parts at the Buyer's place of business or may request their return to Bay. The Buyer may not return parts without authority from Bay and Bay will not be liable for transportation charges if parts are returned without Bay's authorization.

## TERMS AND CONDITIONS OF SALE

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| PAYMENT:                    | 2% 10 days from date of invoice, net 30 days to customers with established credit.   |
| PAST DUE ACCOUNTS:          | An interest penalty of 1.5% per month will be charged to delinquent accounts.  |
| FREIGHT AND ALLOWANCE:      | Delivery on all orders of net value of less than \$1,500.00 shall be F.O.B. shipping point. On shipments of standard catalog items exceeding \$1,500.00 in value, the freight shall be F.O.B. delivered to all points in the continental USA. Unless specifically agreed upon in advance, Bay will select the carrier and route.   |
| PRICES:                     | Prices are subject to change without notice and are quoted in US dollars.  |
| QUOTATIONS:                 | All quotations are for immediate acceptance unless otherwise stated and are subject to correction for clerical error. Refer to original mailed quotation for additional terms and conditions of sale.  |
| STOCK ITEMS:                | Bay reserves the right to update or change the design of Bay's standard product line without notice.   |
| MINIMUM ORDER:              | A minimum charge will apply to cover the cost of processing small valued orders.   |
| RETURNED GOODS:             | Bay will not accept returned goods without prior approval. The Buyer shall obtain an RGA (Returned Goods Authorization) number from Bay. To receive credit, all items being returned must be carefully packed to avoid transit damage. Items returned for reason other than the fault of Bay will be subject to restocking charges. Certain products, including specials and obsolete items, cannot be returned for credit.  |
| SHORTAGE AND DAMAGE CLAIMS: | Contact Bay immediately upon receipt of shipment to report any shortages and/or damages.   |
| GOVERNING LAW:              | All transactions with Bay shall be deemed to have been made and entered into and shall be construed and enforced in accordance with the laws of the State of Ohio. Any action to interpret or enforce contracts with Bay shall take place in Cleveland, Ohio.  |
| ARBITRATION:                | Any dispute arising out of or related to Bay's products or any contract with Bay, other than an action seeking injunctive relief, shall be resolved by binding arbitration by the American Arbitration Association, in Cleveland, Ohio pursuant to the rules of commercial arbitration. Buyer and Bay agree to each pay one-half the cost of the arbitration proceeding. Any decision rendered by the arbitrators shall be binding upon the parties and may be filed in any court of competent jurisdiction. |