

Sumitomo (SHI) Demag Plastics Machinery North America, Inc.
Terms and Conditions / Warranty

Effective January 1, 2019

1. Acceptance and Merger

The terms and conditions contained herein and any other terms and conditions stated in Seller's proposal, quotation acknowledgment/acceptance and/or sales agreement executed by Buyer and Seller ("Sales Agreement"), shall constitute the complete agreement between the Seller and Buyer and shall supersede all prior understandings, transactions and communications, whether oral or written, with respect to the equipment and other goods and services specified in the Sales Agreement ("Products") and form the complete contract between the Seller and Buyer, and shall be binding upon and accrue to the benefit of the successors and assigns of the parties hereto. SELLER'S ACCEPTANCE OF ANY OFFER MADE BY BUYER SHALL BE EXPRESSLY CONDITIONAL UPON BUYER'S ASSENT TO THESE TERMS AND CONDITIONS. No modification, alterations or amendment of the terms and conditions in Buyer's order forms or in Buyer's written communication shall be binding upon Seller and is hereby rejected unless agreed to in writing and signed by the Seller's President or Vice President.

2. Prices

Prices are as specified in Seller's Quotation/Proposal to Buyer and do not include federal, state or local taxes imposed on the Products or its sale or use; such taxes, if any, shall be borne by Buyer. Except as otherwise agreed to in writing by the parties, prices are subject to change without notice.

3. Delivery

Delivery of the machines and related products shall be as specified in Seller's Quotation/Proposal to Buyer. Seller will use all reasonable diligence to meet the schedule dates for shipment and delivery, but cannot guarantee any delivery or completion date. Seller shall not be liable for any loss, damage, expense or charge of any kind resulting from delay in delivery or shipment without written consent from the Seller.

4. Warranty

Seller provides the original Buyer with the following warranty for its injection molding machine ("Machine") for the periods commencing from *the commission date** and on the terms as specified:

a. All-electric new machine warranty

12 (24*)-month parts & service labor warranty (Period 1)

Seller will repair, or at Seller's option, replace any software, mechanical, hydraulic, or electrical warranty-covered component that proves to be defective in material, design, or workmanship under *normal use*** for a period of 12 months from the new machine's delivery date. Melt-stream components (e.g. screw, barrel, nozzle, nozzle tip, non-return valve, etc.) and related parts warranty are dependent upon the condition in which they are used (reference the screw assembly component warranty chart included within the machine manual). All service work must be performed by an authorized and Seller-dispatched field service engineer.

*EV Series

24-month parts warranty (Period 2)

Seller-purchased components including: hydraulic, pneumatic and lubricating parts; printed circuit boards, electrical components; AC servo motors; belts; and ball screws. Components excluded include: brake pads, filters, fuses and bulbs. Buyer shall be responsible for all service labor related costs.

48-month core components warranty (Period 3)

Seller-designed and manufactured components excluding melt-stream related and/or associated components. Buyer shall be responsible for all service labor related costs.

b. Hydraulic / Hybrid new machine warranty

12-month parts & service labor warranty (Period 1)

Seller will repair, or at Seller's option, replace any software, mechanical, hydraulic, or electrical warranty-covered component that proves to be defective in material, design or workmanship under *normal use*** within the first twelve (12) months of a new Machine's *commission date** ("Period 1"), but excluding *wear items****.

In addition, Seller will provide all service labor (including all traveling and living expenses of the field service engineer) for diagnosis and repair or replacement of warranty-covered defective components as described herein, without cost or expense to Buyer. All service work must be performed by an authorized and Seller-dispatched field service engineer.

24-month parts warranty (Period 2)

During the twelve (12) month period following the expiration of Period 1, Seller will provide the same warranty coverage, under the same conditions, as specified above in Period 1. However, Buyer shall be responsible for all service labor related costs.

48-month core component warranty (Period 3)

During the twenty-four (24) month period following the expiration of Period 2, Seller will repair, or at Seller's option, replace any *core component***** that proves to be defective in material, design, or workmanship under *normal use*** excluding *wear items*** except that Buyer shall be responsible for all service labor related costs.

Definitions

*Commission Date Except as otherwise agreed to in writing by the parties, *commission date* shall mean the start-up of the Machine as completed by an authorized field service engineer of Seller or 1 month from shipment as specified in Seller's Quotation/Proposal, whichever comes first. Provided, however, if the commissioning certificate is not received by Seller from Buyer, the warranty period will commence from the date of shipment of the Machine as specified in Seller's Quotation/Proposal.

**Normal use shall mean use consistent with standard industry practice, within rated capacities, at correct voltage, under the proper installation and operation procedures, with normal preventive maintenance, and in accordance with the applicable Seller's maintenance and operating manuals.

***Wear Items shall mean those subject to normal wear and tear, including but not limited to, plastic components (scREW, screw tip, locking ring, pressure ring, end cap, barrel nozzle), heater band, thermal couple, fuses, all filter elements, turn guidance of turn table, gaskets and seals, hydraulic and water hosing, non-return valves, lubricants, breakers, contactors, relays, barrels, and software materials with a useful life, under *normal use*, of less than one (1) year.

****Core Components shall mean all steel parts and castings of the machine structure, such as and including the toggle linkage components, tie bars, platens, safety gates (frames), leveling elements, hydraulic manifolds, and housing of injection unit.

Conditions

The warranty for parts is subject to verification and inspection of any actual defect by return of the part to Seller (which shall require Seller's prior return authorization) and/or by inspection by Seller's authorized representative, as Seller directs. If Seller directs return of the part, Buyer has thirty (30) days following Seller's shipment of a replacement part to return the item claimed to be defective. Seller reserves the right to debit Buyer's account for the cost of any replacement product (plus applicable shipping charges) and any diagnosis

beyond original Machine start-up where either i) the returned item(s) are found not to be defective, or ii) the defective item(s) is/are not returned within the required thirty (30) day period. Parts replaced or repaired under the terms of this warranty are covered for the remainder of the new Machine warranty period, but no less than 90 days from the date upon which the repair/replacement was completed.

All hydraulic components returned for warranty consideration must be accompanied with evidence of oil quality analysis results indicative of a functional preventative maintenance program active within six months from a reported warranty claim. Reporting must include Machine identification, with results relative to contaminant type including particle count and size, oil viscosity, and water percentage. The absence and evidence of an effective preventive maintenance program and acceptable fluid analysis results could result in denial of warranty. A functional preventative maintenance program includes periodic customer sampling of the hydraulic fluid system, consistent with the requirements contained in Seller's Machine manual or as otherwise specified by Seller.

c. Aftersales products warranty

Parts

Seller will repair, or at Seller's option, replace components sold via Aftersales by Seller or its authorized representative(s), that prove to be defective in material or workmanship under *normal use*** (excluding *wear items****) within ninety (90) days of the date of shipment specified in Seller's Quotation/Proposal. This warranty for parts is subject to verification and inspection of an actual defect by return (subject to Seller's prior return authorization) of the part to Seller and/or by inspection by Seller's authorized representative, as Seller directs. If Seller directs return of the part, Buyer has thirty (30) days following Seller's shipment of a replacement part to return the item claimed to be defective. Seller reserves the right to debit Buyer's account for the cost of any replacement product (plus applicable shipping charges) and any diagnosis beyond original machine start-up where either i) the returned item(s) are found not to be defective, or ii) the defective item(s) is not returned within the required thirty (30) day period.

This Aftersales Products warranty is void with respect to barrels, screws, screw tips and non-return valves if these items are used with other than unfilled plastics (general purpose or engineering) unless otherwise specified in writing by Seller.

Field Service

Seller guarantees workmanship of all labor provided by its field service engineers with respect to services provided (including, but not limited to repair, maintenance, parts replacement or retrofit), up to the purchase price for the labor for a period of 90 days. No other guaranties or warranties exist.

d. Limitations & exclusions

Machine modifications, installation of parts other than original Seller parts that are not approved in writing by Seller or use of unsuitable raw materials by Buyer in the production of product void the terms of this warranty.

Non-compliance with the requirements contained in the operating and maintenance manuals, including following proper operating instructions, improper maintenance or deficient training of operating and maintenance personnel void the terms of this warranty.

This warranty does not cover failures caused by chemical or electrolytic influences, and does not apply to *wear items*, except to the extent the failure is due to defects in material and workmanship.

The warranty for control software is limited to defects which make it unsuitable for the original intention of the software and does not extend to revisions or enhancements.

Seller bears the responsibility of standard ground freight only to the Buyer's facility. The Buyer bears the responsibility of the ground freight charges to return the defective item, once return authorization is provided. The Buyer, upon its request, must bear any premium freight charges other than standard ground.

Except as otherwise provided, warranty for parts or components not manufactured by Seller, software edits written by third parties, or non-standard parts or components specified or supplied by the original Buyer, and, agreed upon up front by Seller, the original Buyer shall have only the warranty provided by the manufacturer of such part or component or software edit.

All gear-motor, guide rails, linear bearing, link pins and associated components must be lubricated with approved Seller's lubricant. Lack of compliance will result in forfeiture of warranty consideration for any mechanical components associated with the assembly.

All lube cavity reservoirs for twin cylinder or in-line injection units must be purged and refilled with clean lubricant, yearly, consistent with the approved requirements/procedures contained in Seller's machine manual or as otherwise specified by Seller. Lack of compliance will result in forfeiture of warranty consideration for any mechanical components associated with the assembly.

Water quality associated with water-cooled components such as electric drives/motors, heat exchanger, manifolds, valves, pumps, etc. is the responsibility of the Buyer, consistent with the standards specified in Seller's machine manual or as otherwise specified by Seller. Warranty coverage will not be granted due to component failure caused by corrosion, plugging of passages, or debris within the fluid channels or component body.

Component parts used in the production of Seller's injection molding Machines may be either new or rebuilt in compliance with original design specifications.

Since performance and production capabilities when given for the Products or any part thereof, including software material, are Seller's best estimates based on Seller's understanding of tooling, molds/molding material, accessory and other factors, not within Seller's control, Seller assumes no responsibility for the Product's failure to meet any such estimate.

This warranty is void with respect to barrels, screws, screw tips, non-return valves, and other related melt stream components if these items are used with filled resins, engineered plastics, or corrosive material unless otherwise specified in writing by Seller.

Any unit of the aftersales products which have not have been put into *normal use* by Buyer within ninety (90) days after shipment shall not be covered by this warranty.

EXCEPT AS STATED IN THIS WARRANTY, IT IS EXPRESSLY AGREED THAT THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. THERE IS NO OTHER WARRANTY, EXPRESS, IMPLIED OR STATUTORY, NOR ANY AFFIRMATION OF FACT OR PROMISE BY SELLER WITH REFERENCE TO THE INJECTION MOLDING MACHINE OR AFTERSALES PART(S).

IN NO EVENT SHALL SELLER BE LIABLE FOR ANTICIPATED PROFITS OR LOSS OF PRODUCTION OR FOR OTHER INCIDENTAL OR CONSEQUENTIAL DAMAGES. SELLER'S LIABILITY ON ANY CLAIM OF ANY KIND, FOR ANY LOSS OR DAMAGE ARISING OUT OF, CONNECTED WITH OR RESULTING FROM THE DESIGN, MANUFACTURE, SALE, REPAIR OR OPERATION OF THE INJECTION MOLDING MACHINE SHALL IN NO CASE EXCEED THE PRICE ALLOCABLE TO THE MACHINE OR THE PART THEREOF WHICH GIVES RISE TO THE CLAIM. SELLER SHALL NOT BE LIABLE FOR PENALTIES OF ANY DESCRIPTION.

BUYER AGREES THAT SELLER'S LIABILITY AND BUYER'S SOLE AND EXCLUSIVE REMEDY PURSUANT TO ANY CLAIM OF ANY KIND, INCLUDING BUT NOT LIMITED TO, A CLAIM IN CONTRACT, NEGLIGENCE OR STRICT LIABILITY, AGAINST SELLER OR ANY OF ITS AFFILIATES, SHALL BE THE REPAIR OR REPLACEMENT AT SELLER'S OPTION OF DEFECTIVE PRODUCTS OR PARTS THEREOF OR THE CORRECTION OF SOFTWARE MATERIALS. EXCEPT AS SPECIFIED ABOVE, SELLER SHALL NOT BE RESPONSIBLE FOR CLAIMS OF ANY KIND, INCLUDING BUT NOT LIMITED TO, THOSE FOR ANY LOSS OR DAMAGE ARISING OUT OF, CONNECTED WITH, OR RESULTING FROM THIS AGREEMENT OR FROM THE PERFORMANCE OR BREACH OF THE TERMS HEREOF, OR FROM THE DESIGN, MANUFACTURE, SALE, DELIVERY, RESALE, INSTALLATION, TECHNICAL DIRECTION OF INSTALLATION, INSPECTION, REPAIR, OPERATION OR USE OF ANY PRODUCT OR PART THEREOF OR SOFTWARE MATERIALS COVERED BY THIS AGREEMENT. BUYER AGREES TO INDEMNIFY AND SAVE SELLER HARMLESS FROM AND AGAINST ANY THIRD-PARTY CLAIMS, LAWSUITS, DAMAGES, COSTS AND EXPENSES FOR PERSONAL INJURY (INCLUDING DEATH) OR PROPERTY DAMAGE TO THE EXTENT CAUSED BY OR RESULTING FROM THE ACTS OR OMISSIONS OF BUYER, ITS AGENTS OR EMPLOYEES.

5. Safety

Buyer shall require its employees to use all safety devices, guards and proper safety operating procedures as set forth in manuals and instruction sheets furnished by Seller, as well as pursuant to applicable law. Buyer shall not remove or modify any such device, guard or sign. It is Buyer's responsibility to provide all the means that may be necessary to effectively protect all of its employees from serious bodily injury which otherwise may result from the method of particular use, operation, set-up or service of the product. It is Buyer's responsibility to provide proper training to each employee using the Machine or to use only employees who are sufficiently experienced in the use and operating of such Machine. It is the responsibility of Buyer to comply with any and all national and local codes, including OSHA. If Buyer fails to comply with the provisions of this paragraph or the applicable standards or regulations mentioned, Buyer shall indemnify and save Seller harmless from and against any and all claims, losses or damages arising therefrom.

6. Terms Exclusive to Aftersales Products

Payment Terms

Net 30 days for balance of order with credit approval. Mastercard, Visa and American Express are accepted. Buyer represents and warrants that (i) the credit card information supplied is true, correct and complete, (ii) charges incurred by the Buyer will be honored by the Buyer's credit card company, and (iii) Buyer shall pay charges incurred by Buyer at the rates in effect at the time incurred, including all applicable taxes. Buyer shall be responsible for all charges incurred through use of Buyer's account number. Buyer agrees to keep its account number confidential and to notify Seller within 24 hours of any breach of this agreement or unauthorized use of the account number. Seller does not protect Buyer from unauthorized use of Buyer's account number.

Shipping Methods

Shipments are F.O.B., Seller's location. Seller's standard shipping method is FedEx or LTL common carrier. All air freight carriers are available upon request. Any additional cost for non-standard or premium freight shall be the Buyer's responsibility.

Returns

Special order parts are not returnable or refundable. Standard parts may be returned within thirty (30) days of shipment date subject to i) Seller's pre-approval and must be accompanied by a pre-approved Return Goods Authorization number, and ii) a 25% restocking charge. Credit memos issued for returned products can only be used toward future purchases and will expire 120 days from the date of issuance. No refunds will be issued for credit memos.

Rebuilt Parts

Seller will repair, or at its option, replace any rebuilt/certified product component that proves to be defective in material or workmanship under *normal use* within ninety (90) days of the original date of shipment from Seller's location. Return of the product component by Buyer shall be F.O.B.,

Seller's facility. Shipment of any replacement component shall be F.O.B., Buyer's facility, provided that any mode of transportation at Buyer's request, other than ground, shall be at Buyer's expense.

7. Limitations of Remedies and Liabilities

Buyer agrees that Seller's liability and Buyer's sole and exclusive remedy pursuant to any claim of any kind, including but not limited to, a claim in contract, negligence or strict liability, against Seller or any of our affiliates, shall be the repair or replacement at Seller's option of defective Products or parts thereof or the correction of Service Labor or Software Materials. Claims of any kind include, but are not limited to, those for any loss or damage arising out of, connected with, or resulting from this Sales Agreement or from the performance or breach of the terms hereof, or the design, transportation, possession, storage, manufacture, sale, delivery, resale, installation, inspection, maintenance, alteration, consumption, importation, repair, operation or use of any Product or part thereof or Software Materials covered by this Sales Agreement ("Claims"). Buyer shall defend and save harmless, Seller, its officers, directors, agents and employees, from and against any and all claims, actions, suits, demands, liabilities, judgments, penalties, damages, costs, expenses, and losses of any kind whatsoever, including reasonable attorneys' fees, which relate to or result from personal injury, death or property damage suffered as a result of the Claims.

8. Start-up

Buyer shall be completely and exclusively responsible for providing all equipment, labor, services and governmental authority, for the unloading, assembly, installation, start-up, operation and maintenance of the Products, including and providing an adequate and properly constructed foundation and structural support for the Products, to ensure unimpaired operation under normal conditions. Buyer is also responsible for supplying all utilities, including but not limited to, air, electricity, water, hydraulic oil, lubricants and operating supplies.

If, at the time when Buyer has completed the unloading, assembly and installation of the Products and has connected all utilities necessary for the proper operation thereof, Buyer requests, in writing, the support of a Seller's service engineer, Seller shall, at Seller's cost, furnish to Buyer one service engineer for a period of two (2) continuous working days for the purpose of supervising the start-up of the Products. To obtain these services for a specific date, at least fourteen (14) days advanced notice must be received by Seller. All travel costs (including without limitation air travel to and from Buyer's location, if necessary) and the cost of accommodations (including meals and laundry) for the service engineer during such service visit at Buyer's location ("Travel Expenses") shall be borne by Seller. Additional services will be made available to Buyer from Seller upon written request by Buyer, at Seller's standard rate, plus Travel Expenses and any parts involved.

9. Rules, Regulations

The Occupational Safety and Health Act (OSHA) imposes certain requirements on an employer including many relating to the use of machinery. The interpretation and applicability of the regulations issued pursuant to OSHA is directly related to the conditions and manner in which the equipment is used. Seller believes that its Products can be used in a manner that complies with OSHA and its associated regulation, but cannot and does not so warrant, and makes no warranty of any kind other than the warranty set forth in Paragraph 4 of these Terms and Conditions of Sale. Buyer shall be responsible for compliance with all federal, state and local laws, rules, and regulations related to its use, operation and ownership of the Products.

10. Down Payment

Except as otherwise agreed to in writing by the parties, a down payment is required on all orders as follows: i) all-electric machines – 10% of the total order value and ii) hydraulic and hybrid machines – 30% of the total order value. The down payment is due with the Buyer's purchase order. The down payment may be partially refundable on order cancellation depending on the cancellation charges assessed and deducted from the down payment.

11. Payment Terms

Payment is due in accordance with any agreed upon payment schedule or, if no schedule has been agreed upon, within 30 days from the invoice date. If, in Seller's judgment, Buyer's financial condition changes after order acceptance, Seller may stop work until revised financial arrangements are made.

12. Security

Seller shall retain a continuing purchase money security interest in all Products sold as described herein, whether presently in Buyer's possession or hereafter acquired, and all spare parts and components therefore, together with any and all proceeds of sale or other disposition of the Products, including but not limited to, cash, accounts, contract rights, and chattel paper, until the purchase price shall be paid in full. Buyer shall execute such security agreement and other financing documents and take such further action as reasonably requested by Seller to evidence Seller's security interest in the Products which documents shall be part of the sales contract. Buyer shall keep the Products free from any adverse lien, security interest or encumbrance and will not store the Products or any part thereof or use the Products in violation of any statute or ordinance. In the event Buyer shall be in default under the Sales Agreement, Seller shall have all the remedies of a secured party under the Uniform Commercial Code, as well as any other provided herein. In addition to any other remedy, Seller may enter Buyer's premises where the Products are located and remove and repossess the Products. Buyer agrees to pay Seller's reasonable attorneys' fees and court costs for the collection of any amounts owing to Seller hereunder or incurred by Seller in its repossession of the Products.

13. Software License

System Operation Control Programs ("Programs") supplied with Seller's control products whether provided in transportable media or embedded within the Products are Seller's property. Buyer is granted a non-exclusive, non-transferrable license, without the right to sublicense, to use Programs only in the Products Seller designates. Unless being supplied with its associated Products hereunder, no Program, regardless of the form in which it is embodied when received by Buyer, shall be made available to others without Seller's prior written consent. The ownership of Programs at all times remains with Seller. In the event Buyer makes an unconsented use, duplication or transfer of any Program, Seller may terminate the right granted, and Buyer shall, upon and in accordance with Seller's request, return or destroy all copies of Programs then in its possession. Seller's right to terminate the right granted shall be in addition to its other rights and remedies for consented use, duplication or transfer, including Seller's right to seek damages for same. In the event an unauthorized change or modification to the software affects the safety of the Products, Buyer agrees to indemnify and save Seller harmless from and against any loss, damage, claim, expense or cause of action resulting from any personal injury or property damage resulting therefrom.

14. Force Majeure

Seller shall not be liable for any delay in performance or nonperformance which is due to war, fire, flood, acts of God, acts of third parties, acts of governmental authority or any agency or commission thereof, accident, breakdown of equipment, differences with employees or similar or dissimilar causes beyond our reasonable control including, but not limited to, those interfering with production, supply or transportation of product, raw material or components or Seller's ability to obtain, on terms it deems reasonable, material, labor, equipment or transportation expense or cause of action resulting from any personal injury or property damage resulting therefrom.

15. Robotic Equipment

Except as otherwise specifically provided, the parties agree that Seller shall have no responsibility for any robotics equipment or systems, including spare parts ("Equipment"), either supplied as part of this Sales Agreement or by separate contract between Buyer and a third party, other than the pass through of any warranties provided by the supplier or manufacturer of the Equipment. Buyer agrees that it will be responsible for (i) choice of hook-up and integration of all Equipment with the Machine(s) purchased under this Sales Agreement, (ii) compliance with all applicable standards, guidelines and legal requirements related to safety and guarding in conjunction with integrated Machine and Robotic Equipment, and (iii) agrees that it (or a party of its choosing but other than Seller) shall act as Systems Integrator with respect thereto in accordance with the American National Standards Institute/Society of Plastics Industry Standard – ANSI/SPI B151.27, for Plastic Machinery: Robots Used with Horizontal Injection Molding Machines – Safety Requirements for Care and Use, as amended, and any other applicable standards and guidelines. Buyer agrees to

indemnify and save Seller harmless from and against any loss, expense, liability claim or litigation regarding personal injury (including death), property damage, breach of contract or otherwise with respect to the Equipment and/or breach by Buyer of its responsibilities as specified above.

16. Configurable Inputs & Outputs

WARNING! If the Configurable Inputs and Outputs option is part of this Sales Agreement, outputs should not be used to initiate/control hazards motion. If used to initiate/control hazards motion, Buyer (or its third-party integrator, if applicable) is responsible for the proper guarding of the hazards motion and shall indemnify and hold Seller harmless from and against any loss, expense, liability, claim or litigation regarding personal injury (including death) or property damage regarding the same. Buyer should refer to the machine operating manual or contact the Seller's Service department regarding any question with respect to the proper use/operation.

17. Patents

Seller agrees to indemnify and hold Buyer harmless from and against any damages that may be awarded against Buyer in any final judgment based upon the claim that the Products or its use infringes any currently existing United States patents owned by third parties, provided that Buyer notifies Seller in writing within ten (10) days of Buyer's knowledge of any such claim, and gives Seller the exclusive control of the defense and settlement of any claim, including the right to make changes in the equipment to avoid any alleged infringement. Buyer is responsible for any infringement claim arising from any modifications of the Products by Buyer or any combining by Buyer of the Products with other equipment not furnished by Seller, based on patents not existing at the time of contract execution or any claim covering process or product.

18. Applications

The Terms and Conditions contained herein apply only to sales by Seller of Products installed by Buyers in the United States.

19. Validity

Unless otherwise extended in writing by Seller, Seller's proposal/quotation and its terms and conditions are automatically withdrawn thirty (30) days from date of issue.

20. Assignment

This Sales Agreement shall be binding upon and inure to the benefit of Buyer and Seller and their respective successors and assigns, provided, however, that Buyer may not assign this Sales Agreement without the prior written consent of Seller.

21. Governing Law

The interpretation, validity and effect shall be construed and determined in accordance with the laws of the State of Seller's principal place of business (as specified by Seller). Any action by Buyer against Seller for breach of contract must be commenced within one year after the cause of action has accrued.

22. Machine Delivery Deferment and Order Cancellation

a. Stock machine

Delivery deferment (storage fee)

A stock machine delivery deferment (customer delayed delivery) is subject to a deferment charge of 1% of the invoice price of the Machine per month for storage and inventory carrying purposes.

Cancellation fee

A stock machine cancellation made within 30 days of the scheduled shipment is subject to a non-refundable charge for engineering and/or factory labor required to return the Machine to its original stock configuration.

b. Special build-to-order machine

Delivery deferment (remote storage fee)

A build-to-order machine delivery deferment (customer delayed delivery) is subject to a deferment charge of 3% of the invoice price per month to cover the costs of off-site storage and handling. Any deferment of more than 90 days will be treated as an order cancellation.

Cancellation fee

A build-to-order cancellation made within 30 days of the scheduled delivery (or delivery deferment over 90 days) is subject to charges as determined by the Seller. Cancellation charges will include, but will not be limited to, special option engineering labor, completed material purchases, factory and production labor expended, packaging, and storage costs for the cancelled order, including costs associated with the Seller's affiliates.

23. Invoice / Payment

Cancellation and deferment charges will be deducted from the down payment. Any deficiency remaining shall be invoiced to the Buyer for payment. Inventory carrying costs shall be invoiced at the end of each month and payment is due net 15 days. Inventory carrying fees paid prior to shipment will not be credited against Buyer's machine invoice. Cancellation and deferment charges must be settled prior to acceptance of any new orders.