

BLC INDUSTRIES, INC.
SALES ORDER TERMS AND AGREEMENT

ORDER ENTRY TERMS:

BLC will not accept verbal purchase orders; shipping addresses or any other order related instruction or information. Orders and other necessary information may be faxed, mailed or e-mailed to BLC for confirmation. A \$35.00 minimum order amount is required for all orders. Orders will ship complete and may ship to only one destination. Orders with multiple ship destinations or with split quantity ship requests may be subject to additional processing charges.

PAYMENT TERMS:

BLC payment terms are Prepaid or C.O.D. Net 30 Day terms will be extended to Buyers with active credit accounts and who are of good standing. Unfortunately BLC cannot except payment by credit card. The very narrow application specific nature of our product limits card sales opportunities preventing justification for this cost. Accounts that are dormant or inactive for a period of (1) year will be considered closed and credit will need to be re-established before terms can be extended again. See Credit Application to set up terms.

DELIVERY:

Except as otherwise specified, delivery shall be in accordance with the delivery schedule set by BLC for each sales order. BLC's catalog fixes approximate manufacturing lead times time for each product. These approximate deliveries serve as general manufacturing directives. These directives however can or may be subject to work stoppages, material source and inventory problems, equipment failure, acts of God or war or other like catastrophic events that would alter production schedules. And while BLC will make a good faith effort to accommodate its customers the company is in no way obligated or contracted to meet a particular ship date. To that end, unless otherwise specifically noted, the company will under no circumstances pay any job related deadline charge, including express freight charges, related to or resulting from postponed ship dates.

FREIGHT TERMS:

All products and equipment, unless otherwise specifically noted, are FOB our dock Louisville, Kentucky. Small parcel shipments will be shipped and automatically prepaid and added to Buyer's invoice. Any other freight arrangements are in sole custody and responsibility of the Buyer. For established BLC customers in good standing Prepaid and Add terms may be extended. See Prepaid Freight Application

PACKING AND SHIPMENT:

Packing and shipment shall be made as determined by BLC, material shall be suitably packed to secure reasonable transportation costs and in accordance with the requirements of common carriers. A packing list shall accompany each shipment showing BLC's order number, item number and description of materials; BLC's count or weight shall be final and conclusive if not challenged and reported to BLC within 10 working days. Goods shall be packed to preclude damage from normal transfer handling.

SUBMITTALS:

BLC requires and Buyers will acknowledge that the company will not begin manufacture of any piece of equipment unless and until signed copies of final approved submittals have been received from Buyer or Buyer's agent or customers. Sales Orders cannot be acknowledged and production lead times do not begin until such receipt.

QUICKSHIP OPTIONS AND TERMS:

In order to service and benefit Buyers of BLC product and equipment the company offers a customized Quickship program to expedite and accelerate orders. Buyer accepts and agrees to pay Quickship premiums on all items invoiced or otherwise expedited. Buyer further agrees, understands and accepts that in some instances all items requested for Quickship may not be shipped due to inventory or manufacturing related issues. Buyer is under no obligation to pay for items that are not shipped in accordance with the specified terms. However any product or equipment shipped is subject to the increased premium terms. BLC in no way guarantees and the Buyer unconditionally accept that products may not for aforementioned and obvious reasons be shipped on the specified ship date. In the event of such circumstances no Quickship premiums will be applied. Premiums for standard products and equipment are as follows (consult factory for custom requests):

5 Working Days – 35%

10 Working Days – 25%,

15 Working Days – 10%

This program in no way mitigates or replaces the aforementioned delivery terms of this contract.

ORDER CANCELLATION/CHANGE:

Withdrawal, cancellation or change of Buyer's purchase order will result in the assessment of cancellation or order change charges. Buyer agrees that once BLC has processed Buyers order the Buyer is then responsible for any and all charges related to the processing, change or fulfillment of said order. Charges will include labor, materials, inventory, engineering, utility and overhead costs, freight considerations, sales related time and expense, plus the cost of generating sales order, lading bills, labels and related internal documents. Buyer accepts that BLC at its discretion may fix said cancellation or change costs and acknowledges that in some cases they may be at or near 100%.

WARRANTY:

Seller warrants that all material and work covered by this order will conform to the specifications, drawings and other description furnished or specified by BLC. Additionally BLC pledges that materials will be of good material and workmanship free from defect. A one-year All Parts Warranty is standard with the purchase of BLC equipment. This warranty is in place only if initial set of filters is purchased with the equipment from BLC.

INSPECTION AND CORRECTIVE ACTION:

All materials or articles ordered by Buyer will be subjected to final inspection by BLC before shipping. Buyer is obligated to advise BLC of any Sales Order problem within 10 working days of shipment. Buyer must notify BLC in writing the exact nature of the problem in order for BLC to consider any corrective action. BLC is under no obligation to pay any charges other than freight charges incurred as a result of an incorrect shipment.

RETURN GOODS AUTHORIZATION:

Under no circumstances may the Buyer return any BLC product or equipment without a Returned Goods Authorization (RGA). Buyer accepts and agrees that Return of Goods without a BLC issued RGA will result in nullification of possible restock credit and interferes with BLC's corrective action process. Additionally failure to obtain a RGA will result in Buyer being responsible for any and all returned freight charges. BLC also reserves the right to refuse such shipments.

DEFAULT OF SALES ORDER CREDIT STATUS:

BLC reserves the right to cancel all or any part of a Sales Order under the following circumstances:
(a) insolvency of Buyer (b) filing of a voluntary or involuntary petition in bankruptcy of Buyer;
(c) appointment of a receiver or trustee for Buyer, or the execution by Buyer of an assignment for the benefit of creditors. Additionally BLC may hold orders for shipment and demand payment due in advance of shipment as the result of non-payment of Invoices that are past 60 days due

PRODUCT DESIGN AND ENGINEERING CHANGES:

BLC reserves the right to make changes in drawings, designs, specifications, shipping instructions, quantities and delivery schedules. Minor design or manufacturing changes that do not effect the intended use or application of BLC product or equipment may be made at any time without consent from Buyer. However any design or engineering change effecting quality, dimensional data, material or application performance thereby altering the nature of the Buyers approved Submittals and Sales Order will not be made without Buyer's prior notification and permission.

PATENT PROTECTION AND ENGINEERING INFORMATION:

Buyer agrees to hold and keep confidential any patent, trademark, copyright, design, tool, pattern drawing, or any other information or equipment furnished by BLC. All information, drawings, literature, test data, etc. supplied by BLC, whether loaned to Buyer or otherwise acquired by Buyer are the properties of BLC. Buyer and Buyer's successors, agents, employees or subcontractors are likewise bound by these conditions and consent to strictly enforce and report any violation of BLC's copyrighted materials. Further be advised that BLC will rigorously act against any unauthorized party for duplication of BLC literature, submittals or other resources without express written consent.

COMPLIANCE WITH APPLICABLE LAWS:

Buyer warrants and certifies that all products supplied by BLC will be applied and used in compliance with all applicable Federal and State statutes, laws, orders and regulations.

HAZARD WARNINGS:

State employee "RIGHT-TO-KNOW" laws and the OSHA Hazard Communication Standards require manufacturers to label containers of toxic substances. BLC does not currently transport or manufacture hazardous substances. The company does however consider compliance with such laws of utmost importance. Any Buyer of BLC product/equipment will strictly comply with these laws and standards.

FEDERAL, STATE AND LOCAL TAXES:

BLC manufactures and sells products only for resale. Unless otherwise specified, all Federal, State, or local taxes that may be levied or assessed as a result of this Sales Order are the responsibility of the Buyer or the Buyer's successors. BLC Industries will seek and Buyer must supply a valid State Resale Certificate in order to set up an active account.

WAIVER:

Failure of BLC at any time to enforce any provision of this contract or to exercise any option herein provided shall not in any way be construed to be a waiver of the right of BLC to demand compliance with each and every other provision contained in this agreement.

INDEMNIFICATION:

Buyer shall take all necessary precautions and such additional precautions as BLC may prescribe, to prevent the occurrence of injury or damage to property as a result of application of BLC products or equipment. Buyer shall indemnify, hold harmless and protect BLC against loss, damage, liability and claim including cost of attorney's fees, which may result from Buyers or Buyer's successors, agents, employees or subcontractors negligence, breach of obligation, or the misapplication of BLC product.

ACCEPTANCE:

Sales Orders accepted by Buyer are subject to all the provisions contained herein, including any provisions set forth on the face of this order or in a supplement provision. In the absence of written acceptance of such provisions by the Buyer, the shipment of any goods or the commencement of performance of any portion of this order shall constitute acceptance of all the provisions contained herein.