

Ditco, Inc. Terms and Conditions of Sale

PAYMENTS: Terms of payment are net thirty (30) days from invoice date. All payments will be in US Funds. All invoices include a standard discount of 1 ½ % when the invoice is paid in full and the payment is received by Ditco, Inc. no later than postmarked by the tenth (10) calendar day from the date of invoice. Discount may only be taken if all older invoices are paid in full. Date of invoice shall be the date product was shipped. All payments will include any taxes, freight, handling, duty or other similar charges, payment of which will be the sole responsibility of the Customer. Ditco, Inc. reserves the right to modify terms prior to shipment, require payment in advance, or delay or cancel any shipment or order by reason of Customers creditworthiness or should Customer fail to fulfill any obligation when due. Ditco, Inc. will charge 1 ½ % interest per month on all unpaid balances over thirty (30) days from invoice date. All interest is calculated from the date of invoice.

SHIPMENTS: All freight charges are FOB Kent, WA 98032. Unless otherwise specified by the Customer all freight will be sent using United Parcel Service (UPS) ground service. Freight, handling and shipping insurance is prepaid and added to the invoice, and is the responsibility of the Customer. All modifications to the order confirmation regarding ship-to addresses and shipping method must be in writing with Ditco, Inc. prior to shipping.

ORDERS: Customers are required to issue a Purchase Order to Ditco, Inc. to initiate an order for products or services. Purchase Orders will identify the products, unit quantities, part number, applicable prices and requested delivery dates. Orders are subject to Ditco, Inc.'s acceptance and to these Terms and Conditions. Upon receipt of a Purchase Order, Ditco, Inc. will send the Customer an Order Confirmation including all order information, pricing, terms and conditions and scheduled ship dates. The Customer has two (2) working days from the date of receipt of the Order Confirmation to contact the sales department at Ditco, Inc. to discuss any issues and possible options. If no response is received within two (2) working days the order is considered confirmed.

CREDIT: All Customers are required to fill out a credit application before receiving a determination of credit limit for their account. Customers in good standing of creditworthiness shall receive a standard net thirty (30) days credit for the payment of all invoices. Except in cases where Ditco, Inc. is providing design and development services; payment for these services is based on a progress schedule and is due and payable upon receipt of the invoice, no discounts apply. Any Customer that fails to pay within the terms specified may lose the net thirty (30) day credit determination and their account terms will be changed to COD.

PRICES: If the Customer does not purchase the quantity upon which quantity prices are based, the Customer will pay the non-discounted price for the quantity actually purchased.

CANCELLATION: No order for custom products may be cancelled, rescheduled or reconfigured without Ditco, Inc.'s prior written authorization. In such an event, the Customer will be liable to Ditco, Inc. for any additional costs and expenses incurred by Ditco, Inc. Cancellation of an order for standard products shall be subject to a restocking charge.

REIMBURSEMENTS FOR PRODUCT RETURNS: Our sales department must approve all returns for credit on standard products. On returns to Ditco, Inc.'s facility, no credit will be allowed for items damaged in transit. All returned items must be in the original package and must not have ever been installed or used. Ditco, Inc. reserves the right to inspect and test all returned items to determine the proper functionality prior to issuing any credit. If the products have been installed or used, Ditco, Inc. will not be responsible for the cost of the product or any other costs.

PRODUCT REPAIRS: Returns for product repairs must be accompanied by a Service Authorization Form (SAF), which can be obtained from our service department. The SAF must be completed in its entirety. No repairs will be made if the form is not complete. Please refer to the Service Authorization Form for a list of standard repair costs, labor rates, handling fees, shipping procedures and other issues that may be relevant to a specific repaired item. Service Authorization Form located on our website at www.ditco.net.

CLAIMS: All claims for shortage, damage or shipment errors must be made within five (5) working days of receipt of shipment. Seller's liability will be limited to the invoiced value of the material or to its replacement.

INSPECTION AND ACCEPTANCE OF PRODUCTS: Product inspection, testing of functionality and acceptance of final products shall be at the Customer's facility and shall be the Customer's responsibility. These tests shall be completed promptly and in no event later than fifteen (15) days after delivery, at which time the Customer must either accept or reject the goods in accordance with the terms negotiated with Ditco, Inc. at the time of the original purchase.

WARRANTY: Ditco, Inc. warrants those products that the Company has designed and assembled against hardware component defects and improper assembly. The warranty period shall be for twelve (12) months after the date of invoice. Ditco, Inc. reserves the right of discretion to approve or disapprove all warranty. Customer's remedy, if any, under warranty is limited, at Ditco, Inc.'s election, to: (a) refund of Customer's purchase price, (b) repair by Ditco, Inc. of any products found to be defective, or (c) replacement of any such product.

PROTOTYPES: Product development and customization of either hardware or software can generate evaluation units delivered to the Customer for the sole purpose of evaluation, testing and approval. Ditco, Inc. offers no warranties for prototype devices. By this agreement Ditco, Inc. prohibits resale of any prototype device. Further Ditco, Inc. prohibits the use of any prototype device other than at the Customer's on-sit testing facility.

INSTALLATION: Customer shall be solely responsible for the installation and successful operation of the products purchased.

DISPUTES: All disputes, under contract concerning the goods not otherwise resolved between Customer and Ditco, Inc. shall be resolved through arbitration or in a court of competent jurisdiction at the location of Ditco, Inc.'s place of business which is King County, Washington State. Customer consents and agrees that jurisdiction and venue for such proceedings shall lie exclusively within King County, Washington State. In any action to collect the amount due on the invoice the prevailing party shall recover attorney's fees and arbitration fees.

GOVERNING LAW: THIS AGREEMENT AND PERFORMANCE BY THE PARTIES HERUNDER SHALL BE CONTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF WASHINGTON.