

Terms and Conditions of Purchase

PSM Form 115 Rev.2

1. Seller's right to increase the price is limited to the extent that the buyer, prior to shipment, must approve any price increase. If the buyer and seller cannot agree on a new price, the buyer shall have the right to terminate the order without further obligation.
2. Delivery is required in accordance with the schedules set forth in the Purchase Order.
3. Shipments in advance or excess of the Purchase Order schedule may be returned at the seller's risk and expense.
4. Over-shipments may be returned to the seller, freight collect.
5. Invoices must be mailed promptly to the Accounting Department.
6. If prices billed do not agree with the prices shown on the Purchase Order, the invoice will be returned to the vendor who must arrange with the buyer necessary corrective action.
7. Terms of payment of all orders or contracts are subject to the approval of Production Screw Machine Co., Inc.
8. Seller agrees to participate in Buyer's supplier quality and development program (s) and complete all quality requirements and procedures specified by the Buyer, as revised periodically including those applicable as set forth in the Quality System Requirements, as stipulated.
9. Buyer and/or buyer's customer shall have the right to enter Seller's facility at reasonable times to inspect the facility, goods, materials and any property of the Buyer's covered by this contract & the right to access vendor's suppliers.
10. Buyer's inspection of goods, whether during manufacture, prior to delivery or within a reasonable time after delivery shall not constitute acceptance of any work in process or finished goods.
11. To the extent that the Buyer rejects goods as non-conforming quantities under this contract, the quantities under this contract will be automatically reduced without a new contract or schedule from the Buyer.
12. After performance of inspections, the Buyer in accordance with Seller's instructions at Seller's risk will contain non-conforming goods. Seller's failure to provide written instructions for disposition within 20 calendar days, or such shorter period shall entitle Buyer at the Buyer's option to charge Seller for storage and handling or to dispose of goods without liability to Seller.

13. Payment for non-conforming goods shall not constitute an acceptance of them, limit or impair Buyer's right to assert any legal or equitable remedy or relieve Seller's responsibility for defects.
14. Seller warrants and guarantees that the goods covered by this contract will perform to the specifications, drawings, samples, or descriptions furnished to or by the Buyer and will be merchantable of good material and workmanship and free from defect.
15. Seller acknowledges that Seller knows of the Buyer's intended use and warrants/guarantees that all good covered by this contract that have been selected, designed, and manufactured or assembled by Seller based upon Buyer's stated use will be fit and sufficient for the particular purposes intended by the Buyer.
16. Applicable law shall provide the warranty period except that Buyer offers a longer warranty to its customers for goods installed on vehicles. Such longer periods shall apply.
17. If non-conforming product is detected at the Buyer's facility, Seller agrees to compensate Buyer for sorting costs at the rate of \$35.00 per hour.
18. A Certificate of Conformance with variable data is required for each lot of parts.
19. When provided by the Buyer, a "Shop Router" (PSM Form 269) shall be completed by the Seller and returned to the Buyer with each lot.
20. The seller shall perform a First Article Inspection (FAI) on the products/services provided to the Buyer under this contract.
21. To the extent specified in this contract, the Seller shall utilize the latest revision of industry standards (e.g. American Society for Testing Materials, Society of Automotive Engineers, etc.)
22. The Buyer's requirements as specified on the Purchase Order.
23. When sampling inspection is used, unless otherwise authorized by the Buyer, Seller shall utilize a .65 AQL (C=0) Zero Acceptance Sampling Plan.

24. Raw material must be traceable to suppliers' records using "lot" numbers. Suppliers are to maintain all applicable test reports. Shipments should be made using single heat lot numbers. Shipments with multiple heat lots will be rejected and returned at the Seller expense.
25. Material must be received in house by the agreed delivery date unless the Buyer gives prior approval.
26. Mill certifications must accompany all raw material shipments.
27. The provisions of the Uniform Commercial Code shall govern unless these Terms and Conditions provide to the contrary and all interpretation of the terms of the transaction between the parties shall be governed by and construed in accordance with the laws of the State of Ohio.
28. Binding Arbitration
29. Buyer is reimbursed for all costs to date if parts are found to be defective.
30. This covers multiple purchase contracts.
31. Seller agrees to allow auditing of seller's counterfeit practices and implement those plans where applicable.
32. Seller agrees to follow ethical practices in doing business. Both parties are expected to conduct themselves in a manner compliant with ethical behavior.
33. Seller shall communicate product safety to all personnel and ensure their awareness of their contribution to product safety.