

RAHN INDUSTRIES, INCORPORATED

TERMS AND CONDITIONS OF SALE

1. Terms of Sale: Sale of factory provided products ("Factory Products"), factory-applied coil coating, on-site spray-applied coil coating, factory-applied cabinet/component coating and on-site applied coating collectively, ("Coating") by Rahn Industries, Incorporated (a "Seller") to Buyer is made solely on the terms and conditions contained in these Terms and Conditions of Sale (the "Terms") notwithstanding any additional or conflicting terms or conditions that may be contained in any purchase order or other purchase or sale form, all of which additional or conflicting terms and conditions are hereby expressly objected to and rejected by Seller. No representations or warranties other than those contained in these Terms shall be binding upon Seller unless made in writing and signed by an officer of Seller. Acceptance of a shipment of Factory Products and Factory-Applied Coating by Buyer or completion of the application of On-Site Applied Coating constitutes unconditional acceptance of these Terms.
2. Price: All quotations, unless otherwise specified, are subject to acceptance by Buyer within thirty (30) days from date of quotation. Prices quoted by Seller on Factory Products and Coating provided by Seller are subject to change without notice. The minimum order amount is \$250.00.
3. Terms of Payment: All shipments of Factory Products and Coating at all times are subject to the approval of Seller's Credit Department. Seller may require full or partial payment in advance of shipment of Factory Products and Coating if in the judgment of Seller the financial condition of Buyer does not justify other terms. If shipments of Factory Products and Coating are delayed by Buyer for any reason, payments shall become due from the date on which Seller notifies Buyer that Seller is prepared to make shipment of Factory Products and Coating and the storage for Factory Products and Coating thereafter shall be at Buyer's risk and expense, including additional storage fees.
4. Delivery of Factory Products and/or coils with Factory-Applied Coating: Delivery shall be made F.O.B. Seller's plant in Whittier, CA, unless otherwise agreed in writing. Any claims for damage or shortage of Factory Products or Factory-Applied Coating that are shipped by common carrier must be filed by Seller against the carrier. Visual package damage and/or product damage must be noted on Bill of Lading by Buyer and Seller to be notified within one (1) working day. Concealed damage for Factory Products or Factory-Applied Coating are waived by Buyer unless reported to Seller within ten (10) days after receipt of product accompanied by reference to Seller's bill of lading and factory order numbers. All delivery and transit dates which may be specified are estimates only and are not guaranteed unless otherwise specified. Seller assumes no liability for delivery or transit delays. Buyer is solely responsible for all associated freight cost for Factory products and Factory-Applied Coating including any after-the-fact cost that carrier may apply to satisfy any Buyer demand. Lead times are estimates only and will be established at the time a quotation is offered. Factory lead times begin once Buyer accepts and approves all drawings; sketches etc. or coils for Factory-Applied Coating are received. If the lead time is not suitable to Buyer expedited services are available at a premium.
5. Taxes: Unless otherwise provided by law, Seller may require Buyer to pay or to reimburse Seller for any tax (except Seller's income tax) which now or hereafter may be imposed by any taxing authority with respect to Factory Products, Coating or the sale, purchase, or delivery thereof.
6. Cancellations: Buyer may not cancel or modify any order that Seller has accepted unless Seller consents and (a) Seller is immediately reimbursed for any and all costs incurred by Seller in connection with such orders and (b) Buyer promptly pays to Seller as fixed, agreed and liquidated damages, and not as a penalty, a sum equal to ten percent (10%) of such costs because Seller's actual administrative costs in the event of cancellation will be impossible to determine.
7. Changes: Seller reserves the right to change specifications, methods, and other protocols with respect to Factory Products and Coating without incurring any obligation from Buyer.
8. Patents: If any Factory Products shall be manufactured or Coating applied by Seller to meet Buyer's specifications or requirements and is not a part of Seller's standard product offering, Buyer agrees to indemnify and save harmless Seller from any and all damages, claims and demands for actual or alleged infringement of any United States or foreign patents because of manufacturer or sale of such goods.

9. Governing Law, etc.: This agreement and the sale of Factory Products, Factory-Applied Coating and the application of On-Site Applied Coating by Seller shall be governed in all respects by the laws of the State of California to recover from Buyer Seller's reasonable cost of enforcing these Terms, including without limitation, any collection costs or attorney's fees and expenses incurred by Seller in the event of a default by Buyer in making any payment due to Seller. These Terms constitute the entire agreement between Seller and Buyer.

FACTORY PROVIDED PRODUCTS LIMITED PRODUCT WARRANTY & DISCLAIMER

Rahn Industries warrants its coil products to be free from defects in material and /or workmanship for a period of twelve (12) months from the date of shipment to the original purchaser. This limited warranty covers any parts furnished by Rahn Industries' factory. This warranty expressly **does not warrant or include any materials or products that are not furnished by Rahn Industries nor does it warrant or cover any charges or expenses associated with labor or materials not provided by Rahn Industries.**

This limited warranty is void or voidable if the product is deemed by Rahn Industries to have been subjected to misuse, negligence and/or operating conditions other than those for which such equipment was designed, as determined by Rahn Industries. This limited warranty is void if the product has been repaired and/or altered at a place other than Rahn Industries' factory or when chemicals, compounds, or ingredient(s), other than Rahn Industries' approved refrigerant, are used, or by any acts of God. This limited warranty is void if Purchaser commences repair or replacement of the product without first giving advance written and/or verbal notification to Rahn Industries. This limited warranty does not cover the physical or chemical effects of any corrosive substance in the operating environment of the equipment.

THIS LIMITED WARRANTY IS EXTENDED TO, AND ENFORCEABLE ONLY, BY THE ORIGINAL PURCHASER, AND IS VOIDED IF THE UNIT IS SOLD OR TRANSFERRED TO ANY THIRD PARTY. ALL WARRANTIES OF RAHN INDUSTRIES ARE IN PLACE AND IN LIEU OF ALL OTHER WARRANTIES, WHETHER EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND ANY OTHER WARRANTY UNDER THE UNIFORM OR CALIFORNIA COMMERCIAL CODES.

Purchaser's sole remedy for breach of this limited warranty, shall be limited to the repair or replacement of any part, or parts, which shall, within twelve (12) months from date of shipment to the original purchaser, be returned to the factory of Rahn Industries, with all transportation and related expenses prepaid by the Purchaser and when the examination by Rahn Industries, or its designated agent, shall disclose part or parts to have been defective. The location for the examination may be at a place other than the Rahn Industries' factory only with prior authorization from Rahn Industries or its designated agent. **At Rahn Industries' option, a field repair may be authorized pursuant to Rahn Industries Labor Allowance Policy, Form RFSD-34002.**

Purchaser's remedy does not include the reimbursement of any monetary expenses incurred for or incidental to labor or material charges associated with the replacement, removal or installation of the product or its parts. Under no circumstances shall Rahn Industries be liable to the Purchaser or responsible for direct, indirect, special, or consequential damages, loss of profits, expenses, or claims of third parties against the Purchaser, resulting from any cause whatsoever, including those resulting from the order or use of Rahn Industries' Product. Rahn Industries' sole liability to the Purchaser for any cause of action, whether based upon negligence, contract, breach of warranty, or strict liability, shall be the repair or replacement remedy set forth in the preceding paragraph

This warranty gives the Purchaser specific legal rights, and the Purchaser may also have other rights, which vary, from state to state. Rahn Industries neither assumes nor authorizes Purchaser, or any other person or entity to assume for it any obligation other than as herein expressly stated.

FACTORY-APPLIED COATING AND ON-SITE APPLIED COATING

LIMITED WARRANTY

This warranty is valid, for a period no longer than five (5) years in the Continental US and three (3) years outside the Continental US for coil coatings, and one (1) year for cabinet/component coatings, from the coating application date. Your exclusive remedy for the breach of this limited warranty is limited, at the applicator's option, to repair of the Coating in the field or to a new Coating application for a replacement coil and/or cabinet/component. This Limited Warranty will NOT cover the cost of (i) a replacement coil and/or cabinet/component; (ii) the labor to remove or replace a coil and/or cabinet/component; (iii) freight of the replacement coil and/or cabinet/component to the job site; (iv) refrigerant loss and recovery or, (v) any other incidental expense related to the failure. The applicator shall accept no liability or responsibility for damages should the coils or the Coating be used for an unspecified purpose, misused, tampered with or combined with foreign elements, damaged by mishandling, abuse, improper storage or used in any manner other than originally intended. Without limiting the generality of the foregoing, the following items specifically are not covered by this limited warranty:

1. Damage originating internally, such as from corrosive liquids or gases inside the system;
2. Damage from improper cleaning methods, such as the use wire brushes, unauthorized chemicals or coil cleaners, or other abrasive actions or products.
3. Damage from any other intentional or accidental act, or any act of nature, which compromises the integrity of the Coating applied for external corrosion protection.
4. Adiabatic and evaporative cooling conditions must be disclosed at time of quote. Coils placed in adiabatic or evaporative cooling conditions are only warranted with an immersion/bake coating and for a period no longer than three (3) years.

This Warranty is valid only under and with the following conditions:

1. The coil is constructed of aluminum or copper fins over copper or aluminum tubing.
2. The exposure conditions of the coil and/or cabinet/component have at no time exceeded the limitations set forth in the resistance list.
3. Inspection / maintenance requirements are performed in accordance with Rahn Industries recommendations using approved chemicals and methods, as prescribed below.
4. Notice of any failure of the coating must be presented, in writing, to Rahn Industries, Incorporated (Rahn) within seven days after the defect is discovered. Immediately after submitting such notice, free access shall be given to the Rahn or its appointed representative for the purpose of inspection and/or sampling of fin material and/or air sampling. If written notice is not given within one (1) week, and/or access to examine the coil and/or cabinet/component is denied to Rahn or its appointed representative, any claim for breach of this warranty shall be deemed to have been waived, and Rahn Industries shall have NO LIABILITY under this warranty.
5. In the event of a coil failure and an ensuing dispute as to the cause of said failure, an electron-microscopic test of a sample of the damaged coil will be employed to resolve said dispute. Rahn Industries will appoint an independent laboratory to be used for this test and the results will be binding.
6. Any service performed under this warranty shall not serve to extend the warranty.
7. Coils and/or cabinets/components damaged in transit, after the coating is initially applied, or during installation must be brought to the immediate attention of Rahn Industries. At such time the coating will be repaired at the cost of the customer. Failure to repair the damaged coil and/or cabinet/component will result in the warranty being voided.
8. The warranty shall be voided if the coating registration plate or tag has been removed, destroyed or rendered illegible.

THE ABOVE LIMITED WARRANTY TERMS SHALL BE IN LIEU OF ANY AND ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, AND ALL SUCH OTHER WARRANTIES ARE EXPRESSLY DISCLAIMED AND DENIED. IN NO EVENT SHALL RAHN INDUSTRIES BE LIABLE TO YOU OR YOUR CUSTOMERS FOR ANY INCIDENTAL SPECIAL OR CONSEQUENTIAL DAMAGES, LOSS OF ANTICIPATED PROFITS OR OTHER ECONOMIC LOSS ARISING FOR ANY REASON WHATSOEVER. THIS WARRANTY SHALL ACCRUE ONLY TO YOUR BENEFIT AND SHALL NOT BE TRANSFERABLE TO ANY OTHER PARTY.

Inspection and Maintenance Requirements

The following inspection and maintenance procedures are required as part of the terms and conditions of the warranty. Any defects, damage or corrosion found during inspections should be immediately reported to Rahn Industries.

1. Immediately after the unit is installed, the coated coil and/or cabinet/component should be inspected for damage incurred in shipping or handling.
2. Maintain records of inspections and maintenance.
3. The coil must be cleaned using a low-pressure spray device. The coil must be cleaned with (clean) hot fresh water, washed with a solution of pH neutral mild detergent, and rinsed thoroughly with clean fresh water.
4. The required cleaning for coastal areas must be completed at a minimum frequency as outlined below:

Distance from body of salt water	Minimum Frequency
Less than 1 mile	Monthly
1 to 5 miles	Every two months
Greater than 5 miles	Every three months

For all other corrosive environments, monthly cleaning is required.

5. After each cleaning, the coil must be inspected for any damage, onset of corrosion or deterioration of the coating. Report any of the aforementioned to Rahn Industries immediately.

Industries recommends that cleaning and maintenance to continue for the life of the unit. It will enhance the corrosion resistance capability of the coil and help to maintain the operating efficiency of the unit.