



Terms & Conditions

1. **GENERAL.** All Orders are expressly conditioned upon Seller's acceptance of the terms and conditions set forth herein, together with the terms set forth in documents attached to this Order or incorporated by reference on the face of this Order. The Order constitutes the entire agreement between South Precision Machining herein referred to as South Precision Machining and Seller and supersedes all other agreements and undertakings, whether written or oral, between the Parties with respect to the subject matter of this Order except for Non-Exclusive Trademark Licenses which may exist between the Parties. The Order shall not be modified by or interpreted by reference to any course of dealing or usage of trade and shall not be modified by any course of performance. No modification of this Order shall be effective unless in writing signed by the party to be charged with the modification. No modification shall bind South Precision Machining unless signed by an authorized South Precision Machining Purchasing Representative. South Precision Machining hereby explicitly rejects the inclusion of any different or additional terms proposed by Seller and if such different or additional terms are so included in an order acknowledgement, Seller agrees that a binding contract of sale will result including only the terms stated herein, unless South Precision Machining has agreed by a written Order Modification to accept such different or additional terms.

The order of precedence of all terms and conditions in the Order are those designated: (1) on the face side of this Order, (2) in the body of a request for quotation or item specification, and (3) those stated in these Terms and Conditions.

Seller's acceptance of this Order must be by commencement of performance or by reasonable written acknowledgment of this Order, but where Seller's acceptance is by commencement of performance, South Precision Machining reserves the right to treat its offer as having lapsed before acceptance unless South Precision Machining is notified of Seller's acceptance within a reasonable time.

2. **VERBAL ORDERS** are NOT accepted by South Precision Machining under any circumstances. All orders must have all requirements called out on PO & or attached documents.

3. **ERRORS/CHANGES.** Any clerical errors appearing in the typed portion of a South Precision Machining Order may be corrected at any time by South Precision Machining.

4. **QUANTITIES.** The quantities specified for delivery on this Order are the only quantities required by South Precision Machining. Therefore, if Seller delivers quantities in excess of those specified in this Order, South Precision Machining shall not be required to make any payment for the excess goods and, at South Precision Machining's election, may keep or return the excess goods at Seller's risk and expense.

5. **CONFORMANCE OF GOODS.** Seller warrants that all goods furnished hereunder will conform to the requirements of this Order (including all descriptions, specifications and drawings made a part of this Order), will be merchantable, fit for their intended purposes, free from all defects in materials and workmanship and free from defects in design. All warranties, including special warranties specified elsewhere herein or normally offered to buyers of goods of this kind, shall inure to South Precision Machining, its employees, successors, assigns, customers and users of its products. South Precision Machining approval of designs or specifications furnished by Seller shall not relieve Seller of its obligations under this warranty. Any tender of goods which is nonconforming as to the quality or quantity or the delivery schedule shall constitute a breach of this Order and South Precision Machining shall have the absolute right to reject such goods, in whole or in part, and notify Seller thereof. In the event of such a tender, South Precision Machining shall be entitled to all remedies as provided by law, and in addition thereto shall have the right to do any or all of the following: (1) to hold such nonconforming goods for a reasonable period at Seller's risk and expense pending a determination to accept or reject any or all thereof; (2) to return such nonconforming goods to Seller at South Precision Machining election and at Seller's risk and expense for replacement or correction; (3) to accept such nonconforming goods subject to an equitable price reduction; (4) to replace or correct such nonconforming goods and charge to Seller the cost occasioned to South Precision Machining thereby; (5) to recover by offset or otherwise any and all expenses, costs, price reductions, and damages paid, incurred, or suffered by South Precision Machining as a result of such holding, return, replacement, correction, reductions, or rejections of nonconforming goods; or (6) to terminate this Contract as provided herein.



6. **NOTIFICATION OF NONCONFORMING PRODUCTS.** The Seller shall immediately notify South Precision Machining when Seller becomes aware that nonconforming product has been delivered to South Precision Machining against this Order. South Precision Machining's remedies in relation to nonconforming product are as outlined in these terms and conditions in item 5 above.

7. **RIGHT OF ACCESS.** Seller shall grant right of access to South Precision Machining, South Precision Machining's customer(s), and regulatory authorities to all facilities involved in this order and to all applicable records related to this order upon written request from South Precision Machining.

8. **NOTIFICATION OF PRODUCT CHANGES.** The Seller is required to notify South Precision Machining of changes in product and/or processes related to goods to be supplied on this Order and, where required, shall obtain South Precision Machining's approval prior to shipment of product.

9. **SUBCONTRACTING.** Seller will not subcontract without South Precision Machining's prior written consent for the design, development or procurement of the whole or any substantial portion of any goods ordered hereunder. This limitation shall not apply to Seller's purchases of standard commercial supplies or raw material.

10. **PACKING** All items are to be packed in suitable containers for protection in shipment and storage. Each container of a multiple container shipment shall be identified (a) to show the number of the container and the total number of containers in the shipment, and (b) the number of the container in which the packing sheet has been enclosed. All shipments by Seller must include packing sheets containing the South Precision Machining Order number, quantity, part number/size, and description of the items shipped. Materials for different contracts shall be listed on separate packing sheets.

11. **INVOICES** shall be submitted by the Seller to the South Precision Machining Accounts Payable Department at the address set forth on the face of this Order. The prices set forth in this order includes all taxes, duties, fees, packing, shipping and loading charges, levies and similar charges. All sales and use taxes must be separately itemized. South Precision Machining Purchase Order Number and Item Number (if applicable) must appear on all shipping documents, invoices, and packing sheets. Determination of payment due date, whether under net or discount terms, will be based on the latest of (1) the date goods are received or services are completed; (2) the date goods are scheduled to be received or services are scheduled for completion under this Order; or (3) the date an accurate invoice and packing sheet (including required product certifications) have been received. Unless early delivery of goods or services is expressly authorized by the South Precision Machining Purchasing Representative, payment for goods or services received in advance of the contractual commitment date shall be made as set forth above. Payment will be deemed to have been made when deposited in the mail.

12. **TIME** is of the essence of this Order. Delivery dates are firm commitments to deliver goods on the specified date(s) unless specifically modified in writing. In the event of delivery before the agreed date, South Precision Machining may refuse the goods, store goods at Seller's expense or return goods to Seller at Seller's expense.

13. **FLOW-DOWN OF TERMS AND CONDITIONS.** The Seller is required to flow down to sub-tier suppliers the applicable requirements in the purchasing documents, including key characteristics where required.

14. **PLACE OF DELIVERY.** Unless specifically stated otherwise, all deliveries shall be F.O.B. South Precision Machining at the address shown on the face of this Order.

15. **INDEMNIFICATION.** South Precision Machining shall not be liable for any incidental or consequential damages or losses incurred by Seller. By accepting this Order, Seller assumes all liability for any damages of any kind which may result from use by South Precision Machining's employees, agents, or any other person(s) including third parties unknown to South Precision Machining or Seller, including damages due to failure of the goods. Seller agrees to indemnify, defend and hold South Precision Machining harmless from any and all such damages or losses, including, without limitation, reasonable attorneys' fees incurred by South Precision Machining in defending against the same, excepting such loss, cost or damage occasioned by fault or negligence of South Precision Machining.

16. **VENDOR/SUPPLIER RISK.** If you are NOT accredited or ISO series certified you will be deemed a "HIGH RISK" supplier per vendor qualification. If you are ISO series ONLY certified you will be deemed a "MEDIUM RISK" supplier per vendor qualification. If you are NADCAP and or AS9100 certified, you will be deemed a "LOW RISK" supplier per



vendor qualification. Per agreeing to these T&C all supplier should know their status per self-assessment & or contact SPM for status. Per status the following QC's apply per acceptance of SPM PO's :

Low Risk= QC 1, 2, 3, AND 4

Medium Risk= QC 1, 2, 3

High Risk= QC 1, 2, 3

QC 1- PROVIDE A CERTIFICATE OF CONFORMANCE/ LAB RESULTS ON PARTS, SERVICE AND/OR MATERIAL.

QC 2- SELLER SHALL CONTROL THE QUALITY OF WORK TO BE PERFORMED HEREUNDER BY INSPECTION SYSTEMS THAT CONFORMS TO ONE OF THE FOLLOWING REQUIREMENTS: AS9100C, ISO 9001, 9002 OR 9003, OR AS9120

QC 3- PROVIDE A FULL DIMENSIONAL FIRST ARTICLE INSPECTION OR INSPECTION REPORT WITH ALL ORDERS.

QC 4- PROVIDE A COPY OF CALIBRATION RECORDS AND RESULTS OF TOOLS USED WHEN INSPECTING PARTS IN THE ORDER (ONCE A YEAR.)

1.	Plating	10 days
2.	Painting	10 days
3.	Aluminum Heat treatment.	5 days
4.	Steel Heat treatment.	14 days
5.	Outside Labor	30 days
6.	Raw material	14 days
7.	Hardware	30 days
8.	Deburring	10 days
9.	Machining	30 days

SPM will be controlling all suppliers through Vendors Surveys on a yearly basis. SPM will be Managing risk with on-time delivery & non-conforming product.

17. **TERMINATION.** South Precision Machining may terminate the whole or any part of this Order in any of the following circumstances:

1. If Seller fails to deliver the goods or to perform the services required by this Order within the time specified herein, or any extension thereof granted by South Precision Machining in writing; or If Seller fails to perform any of the other provisions of this Order or so fails to make progress as to endanger performance of this Contract in accordance with its terms, and in either of these two (2) circumstances does not cure such failure within a period of ten (10) days after receipt of notice from South Precision Machining specifying such failure; or In the event of suspension of Seller's business, insolvency, institution of bankruptcy, liquidation proceedings by or against Seller, appointment of a trustee or receiver for Seller's property or business, or any assignment, reorganization or arrangement by Seller for the benefit of creditors

18. **NOTICES.** Any notice submitted by Seller, unless otherwise specified within this Contract, shall be in writing and directed to the South Precision Machining Purchasing Representative indicated on the face of the Order.

19. **DISPUTES** Pending the final resolution of any dispute involving this Order, Seller agrees to proceed with performance of this Order, including the delivery of goods, in accordance with South Precision Machining's instructions. Seller shall submit to South Precision Machining's buyer a written demand for South Precision Machining's final decision regarding the disposition of any dispute between the parties relating to this Order, unless South Precision Machining, on its own initiative, has already rendered such a final decision. Any South Precision Machining final decision shall be expressly identified as such, shall be in writing, and shall be signed by South Precision Machining 's authorized Purchasing Representative, except that South Precision Machining 's failure to render a final decision within ninety (90) days after receipt of Seller's demand shall be deemed a final decision adverse to Seller's contentions. South Precision



Machining's final decision shall be conclusive and binding regarding the dispute unless Seller commences an action to contest such decision within ninety (90) days following the date of the final decision or one (1) year following the accrual of the cause of action, whichever is later. South Precision Machining and Seller shall bear their own costs of processing the dispute.

20. WAIVER AND SEVERABILITY Any action or inaction by South Precision Machining or the failure of South Precision Machining, on any occasion, to enforce any right or provision of this Order shall not be construed to be a waiver by South Precision Machining of its rights hereunder, and shall not prevent South Precision Machining from enforcing such provision or right on any future occasion. A determination that any portion of this Order is unenforceable or invalid shall not affect the enforceability or validity of any of the remaining portions of this Order.

21. RIGHTS AND REMEDIES The rights and remedies of South Precision Machining herein are cumulative, and are in addition to any other rights or remedies that South Precision Machining may have at law or in equity.

22. GOVERNING LAW. This Order shall be governed by the laws of the State of California, except that its conflict of law rules shall not apply.

23. RECORDS All records and documents indicating traceability of the materials supplied under this purchase order are to be maintained at the Supplier, even if copies have been provided to South Precision Machining, for a minimum of 10 years after the completion of this Purchase Order. All documents are subject to periodic review by South Precision Machining and our customer.

24. DURING THE PERFORMANCE OF THIS AGREEMENT, SAID VENDOR AGREES AS FOLLOWS:

- A. The implementation of a quality management system
- B. Ensuring that persons are aware of their contribution of product and/or service conformity
- C. Ensuring that persons are aware of their contribution to product safety
- D. Ensuring that persons are aware of the importance of ethical behavior.
- E. Have a process in place to prevent the use of counterfeit parts.

25. DPAS Requirements for the supplier to comply with Executive Order E13224. Supplier shall not engage in any transaction of any type with persons or businesses or organizations who commit, threaten to commit or support terrorism. Supplier must comply with Defense Priorities and Allocation System (DPAS) when a Priority rating is listed on the purchase Order. This is a rated order certified for national defense use, and you are required to follow all the provisions of the Defense Priorities and Allocations System regulation (15 CFR Part 700).

Additional information can be found at: <http://www.dcma.mil/DPAS/>