

Standard Warranty & Conditions Of Sale

1. WARRANTIES

Equipment or parts manufactured by Federal Pump Corporation ("Seller") which fail to function properly because of defects in material or workmanship and which are returned to Seller with shipping charges prepaid, within one year from date of shipment (invoice date) will be repaired or replaced by Seller, FOB the factory, at Seller's expense. Equipment or parts furnished by Seller, but manufactured by others (such as motors, switches, control panels, etc.) are the responsibility of the manufacturer under its warranty, if any, and Buyer's sole recourse will be to such manufacturer.

If Seller determines that the failure to function properly (of equipment or parts returned) is not due to defective material or workmanship but rather to misapplication or mishandling after receipt by Buyer, Seller will repair or replace the equipment or parts upon Buyer's authorization, and bill Buyer for material and labor required for the repair or replacement.

The forgoing sets forth Seller's only warranty with respect to, and Seller's entire liability, for any claim or damages whatsoever arising out of the supplying of the equipment hereunder or its use. The foregoing warranty is made by Seller and accepted by the person to whom Seller's applicable invoice is directed ("Buyer") in lieu of all other warranties, express or implied, of Seller and in lieu of all other obligations or liabilities of Seller. No other representation or warranty on the part of seller, express or implied, shall apply to the equipment supplied hereunder or referred to herein, or to its performance, all such other warranties (including any warranty of merchantability or fitness for any purpose) being hereby disclaimed. In no event will Seller be responsible for loss of business or profits or any other similar or dissimilar consequential or incidental damages or losses.

If warranty repairs or replacements of parts are to be accomplished locally in lieu at Seller's factory, they must be agreed to in writing, by Seller in advance of the work being done, and with the exact cost of the work stated in a letter of authorization from Seller. No expenses incurred will be paid by Seller unless so agreed to in advance.

Seller's standard warranty extends for twelve months from date of shipment. If the standard warranty is to be extended to eighteen months from date of shipment, add 6% to the purchase price of the equipment. If the standard warranty is to be extended to twenty-four months from the date of shipment, add 12% to the purchase price of the equipment. If the standard warranty is to be extended to thirty months from date of shipment, add 18% to the purchase price of the equipment. If the standard warranty is to be extended to thirty-six months from date of shipment, add 24% to the purchase price of the equipment.

Extended warranties are effective only if the equipment is properly stored and adequately protected from weather, excessive condensation, atmospheric conditions and physical damage, and only if the equipment has been properly installed and not misused or mishandled.

2. TERMS OF SALE

The standard warranty and conditions of sale stated herein shall constitute the entire agreement of the parties with respect to orders accepted by Seller. No waiver or modification of these terms shall be binding upon Seller unless signed by an officer of Seller.

If any of Seller's terms of sale differ from, or are in addition to the terms of Buyer's purchase order, then Seller's acceptance of the order is made conditional on Buyer's assent to these differences and/or additions. Under no circumstances are Buyer's penalty or liquidated damage clauses accepted by or binding upon Seller. Under no circumstances shall the standard warranty or any other obligations of Seller stated herein inure to the benefit of any person other than Buyer.

3. RETURNS

Authorization for the return of any equipment must be obtained in writing from Seller in the form of a Return Material Authorization form. One copy of this form must be returned with the equipment. Unless this is done, Seller accepts no responsibility for the equipment returned.

Credit will be issued on returned equipment only if the following conditions are met:

- Equipment is unused, undamaged, and of current design.
- Equipment was shipped no more than six months prior to the date of return.
- Equipment is in resaleable condition.
- Equipment consists of standard catalog items or components.
- Return freight charge is prepaid by buyer.
- Buyer agrees to a restocking charge. The minimum restocking charge is 15% of the billing price and is graduated upward, depending on the nature of the equipment.
- Returned equipment must be received at the factory within 45 days of the date of the Return Material Authorization form.
- A copy of the Return Material Authorization form is included with the returned equipment.
- Buyer shall not initiate deductions from payment to seller for equipment returned to Seller. Seller will initiate a credit to Buyer.

4. PAYMENT

Payment terms are net 30 days from invoice date unless otherwise stated on the face of Seller's invoice. If a cash discount is indicated on the face of Seller's invoice, such discount will only be allowed if timely payment is made.

Invoices remaining unpaid after their due date will bear interest at the rate of 1.5% per month from said date until paid, but in no event in excess of the maximum rate permitted by law. Upon Buyer's failure to pay any amount when due, Seller may, without prejudice to other lawful remedies, suspend further shipments and deliveries, and no forbearance, course of dealing or prior payment shall affect this right. Buyer's payment shall in no event be subject to or conditioned upon inspection and acceptance of the equipment by a building owner, general contractor or other authority, or for any other reason whatsoever, unless agreed to in writing by Seller upon acceptance of Buyer's original purchase order.

In the event the Seller is required to commence legal proceedings to collect all or part of the payment due, the buyer shall pay all expenses incurred with such proceedings including reasonable attorneys' fees.

5. SHIPMENT AND RISK OF LOSS

Routing of shipments will be made by Seller's Traffic Department unless otherwise specified. All shipments are FOB place of shipment. Risk of loss or damage to the equipment shall pass to Buyer at the FOB point unless Seller specifically agrees otherwise in writing or unless the equipment is stored by Seller pursuant to Paragraph 7 below, in which case risk of loss or damage to the equipment shall pass to Buyer upon such storage. All claims, including, but not limited to, claims for concealed shortages, must be filed with Seller within ten days after receipt of shipment, except that all claims for damage, breakage or loss during shipment must be filed against the carrier by Buyer.

6. SHIPPING SCHEDULES

When requested, Seller will establish estimated shipping schedules as close as practical to Buyer's needs, and will exercise diligence in meeting such estimated schedules. However, delivery dates are approximate and conditioned upon prompt receipt of all necessary information from Buyer, and, in addition, Seller will not be responsible for deviations in meeting shipping schedules nor for any losses or damages to Buyer (or any third persons) whether occasioned by the deviations in performance or the non-performance of Seller's obligations hereunder or under Seller's obligations hereunder or under Seller's applicable invoice.

Seller shall not be responsible for losses and/or damage to goods when caused directly or indirectly by, or arising from

strikes, secondary boycotts, riots, wars, accidents, fires, floods, explosions, vandalism, government embargoes, priorities or regulations, transportation delays, shortages of labor, fuel, materials, supplies, power, transportation facilities, tooling capacity or similar or dissimilar causes, beyond the Seller's reasonable control. Upon the occurrence of any of the forgoing events, Seller may, at its option, extend the time for delivery, cancel Buyer's order, or allocate its available inventory to such customers and in such proportion as Seller, in its sole discretion shall determine.

7. DEMURRAGE

Should equipment be held beyond the scheduled shipping date, for the convenience of Buyer, Seller reserves the right to add a surcharge of 2% per month, or fraction thereof, for the period elapsing between completion of fabrication of the equipment and acceptance of it by Buyer.

If equipment is held beyond the scheduled shipping date for the convenience of Buyer, the storage of the equipment for the account of Buyer shall constitute delivery. In addition, Seller may invoice Buyer as of the scheduled shipping date.

8. TRANSPORTATION

Small orders will be shipped via United Parcel Service within the continental United States, when possible.

For orders sold FOB Seller's factory with full freight allowed to the jobsite, Seller will ship by a specific carrier requested by Buyer only if that carrier's rates are competitive with those of the carriers generally used by Seller.

When the freight charge is to be billed to Buyer by the carrier, Seller will ship via the carrier requested by Buyer. If no such request is made, Seller will ship via a carrier generally used by Seller.

Shipments by air are only made when specifically requested by Buyer, and when the shipping charge is to be billed to Buyer by the air carrier. Such shipments will be made via a specifically requested air carrier. If no carrier is requested, Seller will ship via the air carrier with the fastest and most direct connection to the destination, and whose rates are competitive.

9. WEIGHTS AND DIMENSIONS

Shipping weights published on list price sheets are careful estimates but are not guaranteed. They may be used in figuring freight charges on sales where equipment is to be shipped and billed FOB Seller's factory with full freight charges allowed to the jobsite.

All dimensions shown in Seller's catalog are accurate but are not to be used for construction purposes unless certified.

10. EXPORT TRANSPORTATION

For equipment sold with shipping charges prepaid and absorbed by Seller, Seller will absorb the lowest cost transportation charges to the common carrier free delivery point of the first destination only, within the United States (except Alaska and Hawaii.) FAS charges will be absorbed only if specifically agreed to by Seller at the time of acceptance of the order. The liability of Seller for these shipments will remain FOB the place of shipment.

11. PRICES

All published prices and discounts are subject to change without notice. Written or verbal quotations expire 60 calendar days from the date of the quotation unless withdrawn sooner. All prices are quoted exclusive of Federal, State or local taxes. Any such quotation does not constitute an offer, which can only be made by Buyer through submission of a purchase order.

Seller assumes no liability for import duties or other taxes imposed by any foreign country.

12. PRICE ESCALATION

"Hold for Approval" or "Hold for Release" purchase orders are accepted by Seller at the price in effect at the time the purchase order is received by Seller provided that the purchase order is released for fabrication and shipment within six months from the date of receipt of the purchase order. If the purchase order is not so released, it will be subject to all price increases effective between the date of receipt of the purchase order and the date of release of the purchase order for fabrication and shipment.

13. MINIMUM BILLING

All purchase orders amounting to less than \$30.00 will be billed at \$30.00 plus all shipping charges.

14. CREDIT

Buyers not having established satisfactory credit ratings with Seller should send satisfactory credit information with the first order. Seller will check credit references and available credit information listings.

Seller reserves the right to require cash in advance or cash on delivery if, in the opinion of Seller's credit manager, the credit history of Buyer so requires.

For export sales, terms are sight draft against a Letter of Credit payable in the United States. The Letter of Credit must be irrevocable and confirmed by a United States bank acceptable to Seller.

15. TAXES

Seller's prices, printed or quoted verbally or in writing, do not include any state or local property, sales or use taxes, and since any one or all of such taxes may now or hereafter be applicable to or imposed upon the property, its sale or its use, as contemplated in the original bid or a contract pursuant thereto, Buyer agrees to pay or reimburse any such taxes which Seller may be required to pay.

16. LITERATURE

Submittal booklets and Operating and Maintenance manuals in booklet form, comprising standard literature for a specific purchase order, will be supplied in reasonable quantities, at no charge. Special dimensions prints or other non-standard information sheets will be supplied at a charge to be determined by Seller based on the cost involved in preparing such prints or sheets.

17. PACKING

Standard prices include standard domestic packing for shipment in the United States (except Alaska and Hawaii) and in the Dominion of Canada, and no allowance will be made for the omission of such packing. If special domestic packing or export packing is required, it will be furnished only if specified in advance and included in the quoted price.

18. PATENT INFRINGEMENTS

Seller will defend any suit or proceeding brought against Buyer or Buyer's customer so far as based upon a claim that any of its products constitutes an infringement of any United States patent, provided Seller is notified in reasonable time and given authority, information and assistance for the defense of same. If, at any time, Seller determines that there is a substantial question of infringement or if any product is judicially held to constitute infringement and the use of such product is enjoined, Seller may, at its own expense, either procure for Buyer the right to continue using the product, or replace the product with a non-infringing item or modify it so that it becomes non-infringing, or remove it and refund the purchase price and the transportation costs thereof. In no case does Seller agree to pay any consequential damages based on such patent infringement.

Any patent infringements with respect to equipment or parts furnished by Seller, but manufactured by others (such as motors, switches, control panels, etc.) are the responsibility of the manufacturer of such equipment or parts under its warranty, if any, and Buyer's sole recourse for any patent infringement with respect thereto will be to such manufacturer.

19. COMPLIANCE WITH OSHA

Seller makes no representation that its equipment complies with the provisions of the Occupational Safety and Health Act of 1970, or any regulations issued thereunder, and shall not be liable for any loss, fines, penalty or expense arising under said act.

20. COMPLIANCE WITH NUCLEAR REGULATION

Seller's equipment is sold as commercial grade equipment, not intended for application in facilities licensed by

the United States Nuclear Regulatory Commission for atomic purposes unless otherwise specified in writing by an authorized representative of Seller at the plant of manufacture.

21. ACCEPTANCE OF ORDERS; CANCELLATION

All purchase orders from Buyer are subject to acceptance by Seller at its place of business in Brooklyn, New York, and Seller reserves the right to accept or reject any purchase order in whole or in part. Seller will make every effort to supply the items quoted, but Seller cannot guarantee the availability. Seller's acceptance of any purchase order is subject, at Seller's option, to receipt of a satisfactory credit report on Buyer. Purchase orders placed with and accepted by Seller can be cancelled only with Seller's consent and on terms which will indemnify Seller against loss.

22. INSTALLMENT SALES

Unless otherwise expressly stated, seller shall have the right to make delivery in installments. Each such installment shall be deemed sold under a separate contract. Non-delivery or default by Seller as to any installment shall not be deemed a breach of the entire agreement between Seller and Buyer with respect to the equipment set forth on Buyer's purchase order and shall not relieve buyer of its obligation to accept and pay for any prior or subsequent installment, even though such non-delivery or default substantially impairs the value of such agreement. Buyer's failure to pay for any installment when due shall excuse Seller from making further deliveries unless Seller receives satisfactory assurance of payment.

23. GOVERNING LAW

The agreements between Seller and Buyer set forth herein and in Seller's applicable invoice shall in all respects be governed by the laws of the State of New York.



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