

# Terms and Conditions of Sale

1. **GENERAL.** All orders for products supplied by STÖBER DRIVES INC. ("STÖBER") shall be subject to these terms and conditions of sales. All transactions shall be governed by the laws of the Commonwealth of Kentucky. No modifications hereto will be binding unless agreed to in writing by STÖBER.

2. **CUSTOMER.** The term "Customer," as used herein, means the distributor, resale dealer, original equipment manufacturer or first end-user customer that purchases the STÖBER products.

3. **WARRANTY.** STÖBER products shall be free from defects in material and workmanship for a maximum of 5-years (single shift operation or 30 months multiple shift operation) for ServoFit products (ServoFit Modular System, ServoFit Precision Planetary Gearheads, and ServoFit Geared Motors) and MGS Long Life products; 3-years (single shift operation or 18 months multiple shift operation) for other MGS products; 2-years (single shift operation or 12 months multiple shift operation) for ComTrac products, from the date of shipment to the Customer. For ServoFit products, the motor on ServoFit Geared Motors, as well as all normal wear items, including oil seals and bearings, shall be covered for a period of 2-years (single shift operation or 12 months multiple shift operation). In the event that a product proves to be defective, STÖBER's sole obligation shall be, at its option, to repair or replace the product. The repaired or replacement product will be shipped F.O.B. STÖBER's facilities, freight prepaid by STÖBER.

No employee, agent or representative of STÖBER has the authority to waive, alter, vary or add to the terms hereof without the prior written approval of an officer of STÖBER. It is expressly agreed that (a) this section constitutes the final expression of the parties' understanding with respect to the warranty and (b) this section is a complete and exclusive statement of the terms of the warranty.

STÖBER shall have no obligation under the warranty set forth above in the event that:

(a) The Customer fails, within the warranty period to notify STÖBER in writing and provide STÖBER with evidence satisfactory to STÖBER of the alleged defect within five (5) days after it becomes known to the customer;

(b) After inspection of a product, STÖBER determines, in its sole discretion, that it is not defective in material or workmanship;

(c) Repair or replacement of a product is required through normal wear and tear;

(d) Any part in a product or any ingredient contained in a product requires replacement or repair through routine usage or normal wear and tear;

(e) A product is not maintained or used in accordance with STÖBER's applicable operating and/or maintenance manuals, whether by the Customer or any third party;

(f) A product has been subject to misuse, misapplication, negligence, neglect (including, but not limited to, improper maintenance or storage), accident, catastrophe, improper installation, modification, adjustment, repair or lubrication, whether by the Customer or any third party, without the prior written consent of STÖBER. Misuse shall include, but not be limited to, deterioration in a product due to chemical action and wear caused by the presence of abrasive materials;

(g) The system of connected rotating parts into which the product becomes incorporated is not compatible with the product, or it is not free from critical speed or torsional or other type of vibration within the specified operating range, no matter how induced; or

(h) The transmitted load and imposed torsional thrust and overhung loads are not within the published capacity limits for the unit sold.

Items manufactured by other parties but installed in or affixed to STÖBER's products are not warranted by STÖBER and bear only those warranties, express or implied, which are given by the manufacturer of such items, if any.

THE WARRANTY SET FORTH ABOVE IS INTENDED SOLELY FOR THE BENEFIT OF THE Customer AND DOES NOT APPLY TO ANY THIRD PARTY. ALL CLAIMS MUST BE MADE BY THE Customer AND MAY NOT BE MADE BY ANY THIRD PARTY. THIS WARRANTY MAY NOT BE TRANSFERRED OR ASSIGNED, IN WHOLE OR IN PART, BY THE Customer FOR ANY REASON WHATSOEVER. ANY SUCH ATTEMPTED TRANSFER OR ASSIGNMENT SHALL BE NULL AND VOID.

THIS WARRANTY TAKES THE PLACE OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, WHICH ARE HEREBY DISCLAIMED AND EXCLUDED BY STÖBER, INCLUDING WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF USE AND ALL OBLIGATIONS OR LIABILITIES ON THE PART OF STÖBER FOR DAMAGES ARISING OUT OF OR IN CONNECTION WITH THE USE, REPAIR OR PERFORMANCE OF THE PRODUCTS.

4. **MODIFICATIONS.** STÖBER reserves the right, without notice to the Customer, to (a) change the specifications of any product, (b) improve a product in any manner that STÖBER deems necessary or appropriate and (c) discontinue the manufacture of any product.

5. **PURCHASE ORDERS.** The Customer will submit purchase orders for the products to STÖBER in writing, whether by mail or telefax, which shall set forth, at a minimum: (a) an identification of the products ordered, (b) prices for such products, (c) quantities, (d) requested delivery dates and (e) shipping instructions and shipping addresses.

6. **ACCEPTANCE OF ORDERS.** All purchase orders received from the Customer are subject to acceptance by STÖBER in writing.

7. **MODIFICATION OF ORDERS.** No accepted purchase order shall be modified or canceled except upon the written agreement of STÖBER and the Customer. Mutually agreed cancellations shall be subject to reasonable charges based upon expenses already incurred by STÖBER and commitments made by STÖBER. Mutually agreed change orders shall be subject to all provisions of these Terms and Conditions of Sale.

8. **PRICE INCREASES.** STÖBER may increase its prices for the products by providing the original purchaser of the products with at least thirty (30) days' prior written notice. Increased prices for products shall not apply to purchase orders accepted prior to the effective date of the price increase unless such orders provide for delivery more than thirty (30) days after the date of acceptance of the order.

9. **PRICING AND DELIVERY TERMS.** In accordance with KRS 355.2-319(1)(b), all products are delivered F.O.B. STÖBER's warehouse facility in Maysville, Kentucky, or such other facility as STÖBER may designate. Orders are then shipped per Customer's shipping instructions as set forth in Customer's purchase order. **CATALOG PRICING DOES NOT INCLUDE SHIPPING, HANDLING AND TAXES.** Once delivered to a common carrier of the Customer's choosing [or of STÖBER's choosing if Customer has failed to specify a common carrier on or before five (5) days prior to the requested delivery date] STÖBER shall have no further responsibility for the products and all risk of damage, loss or delay shall pass to the Customer. A handling fee is added to freight costs by STÖBER to cover the cost of having to pay the carrier within seven (7) days when the terms with the Customer are net 30. The Customer has the option of shipping collect with our carrier or the carrier of choice.

10. **PAYMENT TERMS.** Net 30 days. All orders will be shipped either prepaid by the Customer or C.O.D., at STÖBER's option, unless the Customer has established a previously approved credit line. If STÖBER approves a credit line for the Customer, all payments shall be due within thirty (30) days of the date of the invoice. If any invoice is not paid in full within such thirty (30) day period, then finance charges shall be assessed at the rate of one and one-half percent (1 1/2%) per month (eighteen percent (18%) per year). If such rate is deemed to be usurious at any time, it shall be reduced to the maximum rate permitted by applicable law. STÖBER may

stop or withhold shipment of products if the Customer does not fulfill its payment obligations. If STÖBER is insecure about payment for any reason, STÖBER may require full or partial payment in advance and as a condition to the continuation of its delivery of products.

11. **SECURITY INTEREST.** Unless and until the products are paid for in full, STÖBER reserves a security interest in them to secure the unpaid balance of the purchase price. The Customer hereby grants to STÖBER a power of attorney, coupled with an interest, to execute and file on behalf of the Customer all necessary financing statements and other documents required or appropriate to protect the security interest granted herein.

12. **ACCEPTANCE OF PRODUCTS.** The Customer will conduct any incoming inspection tests as soon as possible upon arrival of the products, but in no event later than ten (10) days after the date of receipt. Any products not rejected by written notice to STÖBER within such period shall be deemed accepted by the Customer. STÖBER shall not be liable for any additional costs, expenses or damages incurred by the Customer, directly or indirectly, as a result of any shortage, damage or discrepancy in a shipment.

#### 13. LIMITATION OF REMEDIES.

(a) STÖBER SHALL NOT BE LIABLE FOR ANY LOSS OR DAMAGE CAUSED BY DELAY IN FURNISHING THE CUSTOMER WITH PRODUCTS.

(b) IN NO EVENT SHALL STÖBER'S LIABILITY INCLUDE ANY SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL LOSSES OR DAMAGES, EVEN IF STÖBER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH POTENTIAL LOSS OR DAMAGE.

14. **MADE-TO-ORDER PRODUCTS.** STÖBER reserves the right to revoke and amend any price quotations offered to the Customer for made-to-order products, provided that such price quotations have not been accepted by the Customer prior to the date of revocation or amendment.

15. **DIES, TOOLS AND EQUIPMENT.** Charges incurred by the Customer for dies, tools and other equipment shall not confer ownership or the right to possession therein by the Customer. All such dies, tools and equipment shall remain the property of STÖBER, and STÖBER shall have the exclusive right to possession thereof. STÖBER shall maintain such tools and equipment in good working order.

16. **REGULATORY LAWS AND STANDARDS.** STÖBER makes no representation that its products conform to state or local laws, ordinances, regulations, codes or standards except as may be otherwise agreed to in writing by STÖBER.

17. **SIZES AND WEIGHTS.** STÖBER's products are made only in the sizes and to the specifications set forth in its catalogs and other literature. If any alteration is requested, such altered product will be treated as a made-to-order item. STÖBER assumes no responsibility for typographical errors which may appear in its catalogs or literature, and cannot accept alteration charges caused by such errors. Since weights shown in STÖBER's catalogs are approximate, they cannot be used in determining freight allowances set forth in its catalogs and other literature. Freight allowances will be determined at the time of shipment and shall be based on actual shipping weight.

18. **SYSTEM DESIGN.** Responsibility for system design to ensure proper use and application of STÖBER's products within their published specifications and ratings rests solely with the Customer. This includes, but is not limited to, an analysis of loads created by torsional vibrations within the entire system, regardless of how induced.



**STÖBER DRIVES INC.**

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