
New Hope Mills Manufacturing Inc.
TERMS AND CONDITIONS OF SALE
(Order Acknowledgment/Invoice)

1. Acceptance. Seller's acceptance of buyer's purchase order is conditional on buyer's acceptance of the following terms and conditions of sale, which are in lieu of any additional or different terms contained in buyer's purchase order or other document or communication pertaining to buyer's order or the goods. Buyer's acceptance of the terms and conditions contained in this document shall be conclusively presumed from buyer's receipt of the Acknowledgment, all or any part of the goods or from payment by buyer for all or any part of the goods. None of these terms and conditions may be added to, modified, superseded or otherwise altered, except in writing signed by an authorized executive of seller. Failure of seller to object to any terms or conditions which may be contained in any document or form of buyer shall not be construed as a waiver of these conditions, or as an acceptance of any such terms and conditions.

2. Payment Terms. Payment terms are net ten (10) days from the invoice date unless otherwise stated in our sales order acknowledgement. Any payments not made within ten (10) days of the date of invoice shall be subject to a late payment charge of 2% per month (compounded) on the unpaid balance of any amount passed due.

3. Surcharges. Seller may apply a surcharge on any item where an ingredient(s), due to commodity price fluctuation, increases by more than 2% over the original quoted price. Delivery charges may be increased by a fuel surcharge based on the fuel market fluctuations. Buyer agrees to pay the amounts thereof on the same terms as it shall pay the quoted purchase price.

4. Warranty. Seller warrants that the goods supplied shall conform to the description stated on the sales order acknowledgement. The foregoing warranty is seller's sole warranty with respect to these goods. All other warranties, express or implied, including but not limited to the implied warranties of merchantability and fitness for a particular purpose, are hereby disclaimed. Seller's liability for breach of warranty hereunder is limited solely to the replacement of the defective goods.

5. Claims. Claims by Buyer for shortages or errors in delivery must be made at time of receipt of the Goods at Buyer's dock. Goods are sold subject to the industry standard and of Good Manufacturing Practices. Goods purchased on the basis of weight are subject to customary yield variations recognized by the industry.

6. Returns/Deferrals. No Goods shall be returned for credit without first obtaining written consent from an executive officer of Seller. All delivery deferrals need to have written consent of Seller. Buyer shall pay any storage charges as Seller may assess for storing the goods awaiting manufacturing/delivery. If Buyer requests deferral prior to commencement of production, Seller may require progress payments in connection with expenses for materials and labor incurred by Seller in anticipation of production.

7. Shipment. Delivery terms are F.O.B. Seller's plant, Auburn, Cayuga County, New York. Buyer shall assume all risk of loss or damage upon delivery by Seller to the carrier at the point of shipment. Scheduled dates of delivery are determined from the date of Seller's acceptance of any order or orders placed by Buyer and are estimates of approximate dates of delivery, not a guaranty of a particular date of delivery. Seller shall not be liable for any damages caused by failure or delay in shipping the goods described herein, if such failure or delay is due to any war, embargo, riot, fire, flood, accident, mill condition, strike or other labor difficulty, an act of Buyer, an act of God, an act of a governmental authority, transportation shortage or failure, inability to obtain sufficient fuel, labor, materials or manufacturing facilities, or any other cause beyond the reasonable control of Seller.

9. Security Interest. Shipments, deliveries and performance of work by Seller shall at all times be subject to the approval of and requirements of the credit department of Seller, including the requirement that Buyer pay part or the entire purchase price in advance. Seller retains a purchase money security interest in all Goods not paid for in full, notwithstanding that the goods have been delivered to Buyer.

10. Cancellation. Orders accepted by Seller are subject to cancellation by Buyer only upon the express written consent of Seller within 3 business days after receipt of Purchase Order. Buyer shall reimburse Seller for all labor and materials plus a cancellation charge.

11. Governing Law. Any dispute arising out of this transaction shall be deemed to have been made in Auburn, Cayuga County, New York. The parties agree that the validity, interpretation and performance of any agreement arising out of this transaction shall be governed by the laws of the State of New York.

12. Default. In the case of default or breach by Buyer in the performance of any or all of the provisions of this agreement, Seller may cancel any outstanding order from Buyer and declare all obligations immediately due and payable. Buyer shall in addition, be liable for Seller's expenses incurred in exercising any remedies available to it, including reasonable attorney's fees and legal expenses.