

SECTION 2
AGREEMENT TERMS



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TERMS AND CONDITIONS – CONTRACT FOR SALE OF GOODS

POLICY AND SERVICE

The following Terms and Conditions constitute and govern the contractual relationship for the sale of goods (Goods) between Hochiki America Corporation (HA), the Seller, and the person or business entity buying Goods (Customer) described on the corresponding purchase order (Order/Contract), which is incorporated herein by reference.

The Terms and Conditions set forth herein shall exclusively govern and be incorporated in every Contract made by or on behalf of HA with Customer and shall prevail over any supplemental, inconsistent or conflicting terms and conditions contained or referenced to in any documentation submitted by Customer or in correspondence or elsewhere implied by trade, custom, practice, course of dealing, or usage in the trade. Acceptance by Customer of delivery of Goods shall constitute unqualified acceptance of these Terms and Conditions. Any changes to the Terms and Conditions contained herein must be specifically agreed to in writing signed by an authorized representative of HA before becoming binding on either party. Orders will become effective only when accepted by HA.

HA, pursuant to its policy of product improvement, may revise, replace, or discontinue any product at any time. In the case of discontinued products, Customer will be notified that the product has been discontinued and is no longer available. HA reserves the right to refuse any Order. All information supplied by HA is believed to be accurate and clearly presented, and HA shall not be liable for misinterpretation of such information by Customer.

TERMS AND SHIPPING

No Contract for Sale shall result except by HA's written acceptance of an Order or by HA's shipping of said Order. Unless otherwise specified in the Customer's purchase order, Orders may be shipped in whole or in part.

All shipments are FOB HA's Buena Park, California manufacturing facility, except for items manufactured by others and dropped shipped or otherwise indicated. Risk of loss of Goods shall pass to Customer at the time of delivery to the chosen carrier. The carrier shall not be deemed an agent of HA. All claims for losses or damages incurred in transit shall be the responsibility of the carrier and it is Customer's responsibility to seek compensation from the carrier for damaged or missing freight.

Customer shall specify the preferred method of shipment. In the absence of such shipping instructions, HA shall ship Goods by whatever method HA deems appropriate. Customer shall pay the cost of any special packaging which it may request. HA reserves the right to ship Goods that are not subject to cancellation in advance of the agreed shipping date.

In the case of lost shipments or concealed damages, it is HA's policy to work with Customer and the carrier to provide proof of shipment and/or packaging methods used in order to aid in the resolution of claims on such shipments. It is also HA's policy not to use payment disputes on such lost or damaged shipments as reason to withhold shipment of other Orders to Customer, provided Customer is actively pursuing resolution of the matter.

TITLES AND RISK

Risk of loss of Goods shall pass to Customer at the time of delivery to the chosen carrier. Notwithstanding delivery and passing of risk, Goods remain the property of HA until Customer pays to HA the agreed price for Goods and no other sums whatsoever are due from Customer to HA.

HA shall retain a security interest in, and reserves the right to, repossess and resell any Goods until paid in full. Upon HA's request, Customer shall execute security agreements, UCC-1 financing statements and other instruments necessary to create and perfect and protect HA's security interest in Goods sold to Customer. Customer shall take all reasonable steps and cooperate with HA in perfecting HA's security interest in Goods.

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PRICES

The prices to be paid by Customer for each Order shall be HA's prices in effect on the date said Order is accepted by HA. HA reserves the right to change its prices at any time upon thirty days' written notice; provided, however, no price change shall affect the prices of Goods in Contracts previously accepted by HA prior to the effective date of any price change.

PAYMENT

ORDERS WILL BE SHIPPED PREPAID EXCEPT TO ACCOUNTS WITH ESTABLISHED CREDIT. Unless special terms are negotiated in advance for a particular project or Order, and are confirmed in writing and signed by an authorized representative of HA, Standard Credit Terms are Net 30 Days. Orders will not be processed on accounts with past due balances.

HA reserves the right, exercisable at its sole discretion, to place any and all sales on a C.O.D. or cash in advance basis at any time. If in HA's opinion Customer's creditworthiness deteriorates before delivery of Goods, HA may require full or partial payment of the price prior to delivery or the provision of security by Customer in a form acceptable to HA. HA shall have the right, exercisable at its sole discretion, to cancel or suspend delivery or shipment of Goods to Customer where any amounts are overdue under any Contract until all such amounts have been paid. Interest is payable on overdue accounts at a rate of 1.5% per month or the maximum rate permitted by law, whichever is the lesser of the two, until paid in full. Checks are accepted subject to collection, and the date of collection shall be deemed the date of payment.

TAXES

All taxes, duties and other such charges arising from the sale of Goods to Customer shall be for the account of Customer. Customer shall bear the sole responsibility for the collection and payment of all sales, use or other taxes payable in connection with Customer's sale or use of Goods.

DELIVERY

Shipping dates are estimated and are based upon receipt of completed purchase orders. Any delivery date given by HA is an approximate only and HA shall not be liable to Customer for failure to deliver on any particular date or dates. Time for delivery is not of the essence and shall not be made so by the service of any notice. Once delivered to and accepted by the chosen carrier, HA shall not be liable for cancellations, returns or penalties for failure to meet such dates. In case of delay by Customer in furnishing HA with information necessary to complete Order, dates of shipment may be extended until a reasonable time after receipt thereof.

If Customer refuses or fails to take delivery of Goods tendered in accordance with the Terms and Conditions, HA may terminate the Contract, may dispose of Goods as it sees fit and may recover from Customer any loss and additional costs incurred as a result of such refusal or failure (including, without limitation, storage costs from the due date of delivery).

FORCE MAJEURE

If HA is prevented, hindered or delayed from, or in supplying Goods in accordance with these Terms and Conditions by any event or circumstance beyond reasonable control of HA (including without limitation, acts of God, fires, strikes, war, riot, civil or military authority, delay in transportation, acts of Customer, or inability to obtain necessary labor, materials or manufacturing facilities due to such causes), HA may, at its option, suspend deliveries while such event or circumstance continues, apportion available stock between Customers as it decides and terminate any Contract so affected with immediate effect by written notice to Customer.

LIABILITY

HA shall not be liable for any damages or penalties, whether direct or indirect, special or consequential, resulting from its failure to meet delivery commitments, unless otherwise expressly agreed to in writing and signed by an authorized representative of HA.

HA is not liable to Customer for late delivery, for incorrect quantities, for defects in Goods caused by normal use, or unsuitable conditions of storage or use, nor shall HA be liable for any act, neglect or default of Customer unless Customer notifies HA within ten (10) days of delivery. If such notice is given, HA's only obligation is, at its option, to make good any shortage or non-delivery, to replace or repair any Goods found to be damaged or defective, or to refund Customer in the amount paid by Customer for Goods the subject of a claim under condition. HA is not liable for any loss, damage, or liability of any kind suffered by any third party directly or indirectly caused by repairs or remedial work. HA's aggregate liability to Customer, whether for negligence, breach of contract, misrepresentation or otherwise, shall in no circumstances exceed the purchase price of Goods as determined by the net price invoiced to Customer with respect to any occurrence or series of occurrences.

Claims for damage in transit must be made, as provided by law, to the transportation company by Customer.

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LIMITED WARRANTY

HA warrants to Customer that FireNET series of addressable fire alarm control panels, FireNET accessories, modules, bases, and spot type smoke and heat detectors shall be free from defects in material and workmanship for a period of three (3) years from manufacture date. All other parts manufactured by HA (except batteries) are warranted for a period of one (1) year from date of shipment or eighteen (18) months from the manufacture date (whichever is longer). HA will repair or replace, at its discretion, any such equipment which it has determined to be defective within the terms of this warranty and will return such equipment to Customer. HA shall not be obligated to repair or replace equipment which has been repaired by others, abused, improperly installed, altered, or otherwise misused or damaged in any way. HA will not be responsible for any dismantling, reassembly or reinstallation charges. Any products or parts thereof manufactured by third parties shall not be warranted by HA; however, HA shall transfer to Customer (to the extent transferable) any third party manufacturers' warranties regarding such products.

WARRANTY PERIOD FOR REPLACED OR REPAIRED PRODUCTS

The warranty period for non-warranty repaired products is ninety (90) days from the date of shipment. Goods repaired or replaced within the original warranty period are subject to the terms of their original warranty.

DISCLAIMER OF WARRANTIES AND LIMITATION OF LIABILITY

It is the intent of the parties to this Contract to fully and completely state the rights and obligations of the parties in this Contract, and HA has specifically set forth in this Contract the extent and nature of the warranty on Goods to be sold; there are no other warranties or representations with respect to the nature and quality of Goods.

IT IS EXPRESSLY UNDERSTOOD THAT THE LIMITED WARRANTY STATED ABOVE IS THE ONLY WARRANTY TO BE GIVEN EFFECT. ANY OTHER WARRANTY IS AGREED TO BE INCONSISTENT WITH THE STATED WARRANTY, AND IT IS THE INTENT OF THE PARTIES HERETO TO SPECIFICALLY DISCLAIM THE WARRANTY OF MERCHANTABILITY AND THE WARRANTY OF FITNESS.

HA IS NOT LIABLE TO CUSTOMER FOR ANY LOSS, DAMAGE OR INJURY, DIRECT OR INDIRECT, RESULTING FROM DEFECTS IN DESIGN, MATERIALS OR WORKMANSHIP OR OTHERWISE CAUSED, HOWEVER ARISING (AND WHETHER OR NOT CAUSED BY THE NEGLIGENCE OF HA, ITS EMPLOYEES OR AGENTS). HA IS NOT LIABLE FOR ANY INDIRECT OR CONSEQUENTIAL LOSSES OR EXPENSES SUFFERED BY CUSTOMER, HOWEVER CAUSED, INCLUDING, WITHOUT LIMITATION, LOSS OF ANTICIPATED PROFITS, GOODWILL, REPUTATION, BUSINESS RECEIPTS OR CONTRACTS, OR LOSSES OR EXPENSES FROM THIRD PARTY CLAIMS.

Goods subject to repair or replacement under this warranty must be returned, transportation charges prepaid and accompanied by a "Factory Return Material Authorization" (RMA). Goods not accompanied by an RMA will be refused and returned to Customer.

RMA TERMS AND CONDITIONS

Customers wishing to return Goods to HA for any reason are required to contact HA and request an RMA number before returning Goods. (Please see Technical Support contact information below). The RMA number is used to ensure proper tracking of Goods and must be clearly shown on the outside of the shipping container(s).

Goods returned for repair or replacement must be returned, transportation charges prepaid, regardless of warranty status, accompanied by an RMA. Products not accompanied by an RMA will be refused by HA and returned to Customer. Returned Goods must be packaged properly (anti-static containers for static sensitive items, double wall box if needed). Transportation charges for Goods returned to HA and determined by HA to be defective within the terms of its warranty will be reimbursed.

Goods must be returned within forty-five (45) days of RMA issuance. If, after forty-five (45) days, Goods have not been returned to HA, the RMA expires and return of Goods is no longer authorized.

In order for Customers to provide timely service to end users, HA strongly recommends Customers develop and maintain adequate inventories of spare replacement parts.

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To obtain an RMA, call HA Technical Support at (800) 845-6692 or email technicalsupport@hochiki.com. Customers will be required to provide:

- Model and serial number(s) of all board(s) or part(s) to be returned.
- Original invoice number and date of purchase.
- Description of the problem or nature of the return request.

There are four types of Return Material Authorization's (RMA's). Customers may request:

1) Emergency Replacement Service - If an emergency replacement part is needed from HA, an emergency replacement service is offered at no charge. The affected part must be returned within the standard RMA timeframe (45 days) or the emergency replacement is treated as a sale and Customer will be charged the full price of the product.

Note: Emergency Replacement Service RMA is only applicable to panel boards and replacement parts purchased within ninety (90) days of invoice date. Detectors, bases, modules, notification appliances, test equipment and other accessories do not qualify for Emergency Replacement Service RMA.

If damage or abuse is found, Customer will be charged for emergency replacement parts, service and outbound freight charges.

2) Repairs and Exchanges - A repair return may be authorized both for warranty and non-warranty products. Once the product(s) are received and evaluated, HA will provide an estimate of charges based on warranty status and parts/labor costs. Prior approval from the HA Technical Support Department is required for all Goods exchanged or repaired. HA reserves the right and has the authority to determine if a product is repairable. Products that are deemed un-repairable will be returned to Customer unless HA is directed by Customer to dispose of said products. Repairs of Goods or components not manufactured by HA are subject to the turn-around cycle of the original manufacturer.

a. Warranty Repairs and Exchanges - Products returned for repair, which are found to be within warranty terms, are repaired or replaced, at HA's discretion, and returned free of charge. Warranty claims may be eligible for credit if replacement part(s) have been purchased, product is returned within forty-five (45) days of the claim, and the warranty claim is valid.

b. Repairs Outside of Warranty - Repairs outside the warranty period are subject to continued availability of components needed for the repair and will be invoiced at the repair price in effect at the time of the repair. HA reserves the right to invoke a \$50 minimum charge for product evaluation and non-warranty repair.

3) Credit - Goods within the warranty period may be returned for credit. To qualify for credit, returned Goods must be in new, unused condition and packaged in original containers. Goods returned for credit are subject to a 25% restocking fee (\$50 minimum) for inspection of merchandise returned to factory stock. Goods returned for credit that are found to be ineligible will either be returned to Customer with freight charges assessed or additional fees applied to repair or upgrade product(s).

4) Detector Maintenance - HA offers an RMA for cleaning and calibration of all types of Hochiki smoke detectors as well as disposal service for Hochiki ionization type detectors. HA reserves the right to invoke a \$50 minimum charge for all cleaning and recalibration services.

All RMA Returns should be sent to:

**Hochiki America Corporation
7051 Village Drive, Suite 100
Buena Park, CA 90621-2268
Attn: RMA # _____ (use number assigned by HA)**

Standard evaluation/repair rates and charges are as follows (subject to change without notice):

- \$75/hour for product evaluation and repair (\$50 minimum)
- \$13.50/detector for cleaning & recalibration (\$50 minimum)
- \$4.50/detector disposal fee for Hochiki manufactured ionization detector

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TERMINATION

If Customer violates, or is officially charged with a violation of any law, regulation or ordinance which may govern the sale, handling or disposition of any Goods or Customer becomes insolvent, or makes any assignment for the benefit of creditors, or is adjudged bankrupt, or if receiver or trustee of Customer's property is appointed, HA may, at its sole discretion, terminate this Contract and may refuse to make further deliveries.

ASSIGNMENT

Customer may not assign or transfer any of its rights or obligations under this Contract without prior written consent by an authorized representative of HA.

ENTIRE AGREEMENT

These Terms and Conditions shall supersede all prior written or oral proposals, statements and agreements relating to the matters covered hereby of any kind whatsoever made by HA or its representatives and cannot be modified or terminated except by a writing signed by both parties.

WAIVER

No waiver of any claim or right arising under this Contract will be effective unless the waiver is in writing and signed by the waiving party.

SEVERABILITY

If any of these Terms and Conditions are found to be illegal and/or unconscionable by a court of competent jurisdiction, the remaining Terms and Conditions will remain in full force and effect.

GOVERNING LAW AND JURISDICTION

These Terms and Conditions, all sales and any Contract made under them shall be governed by and construed in accordance with the laws of the State of California, without reference to principles of conflicts of laws. Any action brought to resolve a dispute arising from the interpretation or construction of, or to enforce, a Contract of Sale shall be brought in the courts of the State of California, County of Los Angeles or County of Orange, which shall have exclusive jurisdiction. Customer consents to the personal jurisdiction of such court.

ATTORNEY FEE PROVISION

In any suit or action arising out of or in connection with this Contract, the prevailing party (after appeal, if any) shall be awarded reasonable attorneys' fees and costs.

I have read and understand the above Terms and Conditions. By signing this document, I agree to the Terms and Conditions.

Company (Print Company Name)

Name of Company Officer (Print Name)

Title of Officer

Signature of Company Officer

Date