

Warranty and Terms

1. GENERAL

WORLD ENCODERS INCORPORATED is hereinafter referred to as "World Encoders". All sales of World Encoders are subject to the following terms and conditions. Any order that contains terms and conditions in addition to or inconsistent with the following shall not be binding upon World Encoders unless acceptance thereof is made in writing by an authorized representative of World Encoders, and failure of World Encoders to object to provisions contained in any purchase order or other communication from Buyer shall not be construed as a waiver of these conditions nor an acceptance of any such provisions.

Specific quotations showing definite quantities must be made for each order and are subject to immediate acceptance.

No orders for products of World Encoders shall be binding upon World Encoders until accepted in writing by an authorized representative of World Encoders.

The right is reserved to correct clerical and stenographic errors at any time.

World Encoders will comply with all applicable federal, state and local laws. Without limiting the generality of the foregoing, World Encoders represents that the products to be furnished or the services rendered hereunder were or will be produced or performed in compliance with all applicable requirements of Sections 6, 7, and 12 of the Fair Labor Standards Act of 1938, as amended, and of all valid and applicable regulations and orders of the Administrator of the Wage and Hour Division issued under Section 14 thereof.

2. WARRANTY

Standard products manufactured by World Encoders are warranted to be free from defects in workmanship and material for period of one (1) year from the date of shipment, and products which are defective in workmanship or material will be repaired or replaced at the option of World Encoders, at no charge to the Buyer. Final determination as to whether a product is actually defective rests with World Encoders. The obligation of World Encoders hereunder shall be limited solely to repair and replacement of products that fall within the foregoing limitations, and shall be conditioned upon receipt by World Encoders of written notice of any alleged defects, or deficiency promptly after discovery, within the warranty period, and in the case of components or units purchased by World Encoders, the obligation of World Encoders shall not exceed the settlement that World Encoders is able to obtain from the supplier thereof. No products shall be returned to World Encoders without its prior consent. Products which World Encoders consents to have returned shall be shipped of f.o.b. World Encoders's factory. World Encoders cannot assume responsibility or accept invoices for unauthorized repairs to its components, even though defective. The life of the products of World Encoders depends to a large extent upon type of usage thereof, and World Encoders MAKES NO WARRANTY AS TO FITNESS OF ITS PRODUCTS FOR SPECIFIC APPLICATIONS BY THE BUYER NOR AS TO A PERIOD OF SERVICE UNLESS World Encoders SPECIFICALLY AGREES OTHERWISE IN WRITING AFTER THE PROPOSED USAGE HAS BEEN MADE KNOWN TO IT.

THE FOREGOING WARRANTY IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES EXPRESSED OR

IMPLIED, INCLUDING, BUT NOT LIMITED TO ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE.

3. MINIMUM BILLING

Minimum billing for any apparatus or parts sold by World Encoders shall be \$50.00 NET.

4. DELIVERY POINT

All prices quoted (including repairs, parts, and bases sold separately) are f.o.b. the World Encoders's factory.

5. PACKING

All prices listed provide for standard packing for domestic shipment in accordance with World Encoders's standard specifications. If special packing is required for domestic shipment or for export shipment, refer to the factory, or nearest District Office for price additions.

6. PRICE CHANGES

All prices in World Encoders' price book or other printed matter as well as written or verbal quotations are subject to change without further notice.

7. PENALTY CAUSES

Contracts or quotations showing penalty clause for failure to meet shipment are not acceptable unless specifically approved in writing by an officer of World Encoders.

8. PRODUCT CHANGES

Changes in design and improvements in manufacture are constantly being made by World Encoders. These changes and improvements are being made whenever World Encoders believes the product will be improved. No obligation to incorporate these changes in units manufactured prior to the change will be assumed.

9. CANCELLATION

All orders are considered non-cancelable if our factory is already in the process of manufacturing. However, cancellation may be accepted by World Encoders' Sales Management (at their sole discretion) if the item is considered to be a popular, saleable, item.

Minimum cancellation charge is 25% of unit price.

Orders for non-standard catalog items are not subject to cancellation after order is accepted by World Encoders.

10. DELAY

Delay in delivery of any installment shall not relieve Buyer of his obligations to accept remaining deliveries. World Encoders shall not be liable for damage as a result of any delay due to any cause beyond World Encoders' reasonable control including, without limitation, act of God, act of war, riot, delay in transportation or inability to obtain necessary labor, materials, or manufacturing facilities. In the event of any such delay, the date of delivery shall be extended for a period equal to the time lost by reason of the delay.

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11. TAXES AND OTHER CHARGES

Any manufacturer's tax, retailer's occupation tax, use tax, sales tax, excise tax, duty, custom inspection or testing fee or any other tax, fee or charge of any nature whatsoever imposed by any governmental authority, on or measured by any transaction between World Encoders and the Buyer, shall be paid by the Buyer in addition to the prices quoted or invoiced. In the event World Encoders shall be required to pay any back tax, fee, or charge, the Buyer shall reimburse World Encoders therefore or in lieu of such payment, the Buyer shall provide World Encoders at the time the order is submitted with an exemption certificate or other document acceptable to the authority imposing the same.

12. PAYMENTS

Standard terms of credit are net 30 days providing satisfactory credit is established with World Encoders.

A 1-1/2% monthly service charge (18% annually) will be added to all accounts not paid within 30 days from date of invoice.

If in the judgement of World Encoders the financial condition of the Buyer at any time does not justify continuance of production or shipment on the terms of payment originally specified World Encoders may require full or partial payment in advance and in the event of bankruptcy or insolvency of the Buyer or if any proceeding is brought by or against the Buyer under the bankruptcy or insolvency laws, World Encoders shall be entitled to cancel any order then outstanding and shall receive reimbursement for its cancellation charges.

Each shipment shall be considered a separate and independent transaction and payment therefore, shall be made accordingly. If shipments are delayed by the Buyer, payments shall become due on the date when World Encoders is prepared to make shipment. If the work covered by the purchase order is delayed by the Buyer payment shall be made on the purchase price and the percentage of completion. Products held for the Buyer shall be at the risk and expense of the Buyer unless otherwise agreed upon in writing. World Encoders reserves the right to ship to its order and make collection by sight draft with bill of lading attached or on a C.O.D. basis or any other terms approved in writing by World Encoders's Credit Department.

13. PATENTS

World Encoders shall defend any suit or proceeding brought against Buyer so far as it is based on a claim that any Company apparatus, or any part thereof furnished, when employed in the manner intended by World Encoders, constitutes an infringement of any patent of the United States, issued on the date hereof, if notified promptly in writing and given authority, information and assistance (at World Encoders's expense) for the defense of same, and World Encoders shall pay all damages and costs awarded therein against Buyer. In case the apparatus or any part thereof is in such suit held to constitute infringement and its use, in the manner intended by World Encoders is enjoined, World Encoders shall, at its own expense, and at its option,

either: Procure the right to continue using said apparatus or replace same with non-infringing apparatus, or modify it so it becomes non-infringing or remove said apparatus and refund the purchase price and the transportation and installation costs thereof.

The foregoing states the entire liability of World Encoders for patent infringements by said apparatus or any part thereof, and in no event shall World Encoders be liable if the infringement is based on the use of the apparatus for a purpose other than that for which sold by World Encoders. As to any product furnished by World Encoders to the Buyer manufactured in accordance with designs proposed, by the Buyer shall indemnify the Company against any loss, cost, expense and/or award made against World Encoders for any patent, trademark, or copyright infringements or alleged infringements.

14. RETURNS

Before returning material to World Encoders's factory, a Return Material Authorization number must be obtained. Products returned without an R.M.A. number clearly marked on the outside of the shipping carton will be refused.

15. LIMITATION OF LIABILITY

In no event shall World Encoders be liable for consequential or incidental damages or for any expense incurred by the Buyer attributed to any product sold hereunder.

16. FIELD SERVICE REPAIRS

All repair orders require a purchase order number from the Buyer. Warranty repairs, as determined by World Encoders, and the cost of estimating a repair are billed at no charge.

Series E2, E5, Series LIN / Return Policy & Warranty

World Encoders warrants its products against defects in material for one year from shipment.

E5, LIN products are not intended for applications where a failure could result in a **costly, dangerous or life threatening** situation.

World Encoders will not be responsible for Series E2, E5, LIN damages or losses greater than the cost of the World Encoders replacement parts.

World Encoders will not accept Series E2, E5, LIN returns for Unpacked items, mis-alignment, mis-gapping, entering higher voltage than 5V or improper usage by customer's wrong handling or wrong usage.