



AT-1791



ALL SYSTEMS GO.

Payment Terms & Contractual Conditions

Objectives:

1. Level 3 Inspection LLC (L3I) believes that our best customers want us to be successful so they can rely on us for both:
 - i. a strong value proposition in advanced dimensional inspection and engineering services, and
 - ii. exceptionally high quality in our deliverables.
2. L3I preferentially desires to build win:win mutually-beneficial long-term business relationships.
3. When our clients share this belief and desire, we will do everything possible to reach these objectives.

Terms:

- A. **Reference or Basic Dimensions** are never reported under any drawing interpretation we have ever seen and ASMEY14.5-2009 is the specification for this. Basic dimensions are informational and related to GD&T for the features they describe. The GD&T is the reportable item at inspection, the basic dimensions define the basic shape from which the GD&T originates, with CAD reference you don't need basic dimensions. . If basic and/or reference dimensions are to be reported, the specific basic and/or reference dimensions shall be clearly defined within the RFQ, during kickoff WebEx and/or via email prior to acceptance of the purchase order. Any additional dimensional inspection requirements ARO will require a change order and may affect turnaround time / delivery dates. NOTE: Payment terms shall not be affected due to customer requested in process change orders regardless of the effect of due / delivery date(s).
- B. **Turnaround & Payment Period:** Whenever project turnaround and results delivery are important issues for our clients, we feel compelled to give them our highest priority to meet their needs. When this is the case, we request to be paid for our results delivery in the same amount of days that it took us to turn the project around, or cash on delivery. L3I requests net 15 days payment terms. Invoices will be delivered via email in .pdf electronic file format. 2% per month interest will be charged on overdue invoices. We reserve the right to hold customer parts or tools until payment has been received.
- C. **Volume Pricing:** When there is ongoing repeat project work to be performed over a period of time, and a contract commitment to dedicate the work to L3I, we can provide pricing incentives to gain mutual benefits from the repeat work. The initial setup costs will be estimated and included in the first project price, as well as estimated reduced price for the repeat work, then the set-up costs will be amortized over the quantity of repeat projects in the contract. Incremental invoicing ability is required.
- D. **Cancellation Fee:** 30% of total project price, in addition to prorated compensation for completed fraction if any project is cancelled prior to completion.
- E. **Freight:** Customer must request parts to be returned. Prices do NOT include shipping and handling charges. All shipping charges are the responsibility of the customer using their shipping account number.
- F. **Confidentiality Waiver:** We reserve the right to use pictorial representations of this application for marketing and sales purposes unless otherwise instructed in writing by the customer, or restricted by an executed Non-Disclosure Agreement.
- G. **Arbitration:** We strive for overwhelmingly positive outcomes for all of our service work projects, and do not anticipate any problems in the business dealings being contemplated. However, if any irresolvable dispute arises after issuance of a Purchase Order by Customer, such dispute(s) shall be referred in writing to arbitration, and that decision shall be final and binding in all respects. Arbitration proceedings initiated pursuant to this Agreement shall be conducted in accordance with the Rules of the American Arbitration Association, and shall provide for more than minimal discovery by each party. The arbitrator shall consider the matter in controversy and may hold hearings regarding the same. The arbitrator may grant any remedy or relief deemed just and equitable, including, but not limited to, any remedy or relief that would have been available to the parties had the matter been heard in court. The arbitrator shall enter an award in writing detailing their consideration of the relevant facts, the basis and reason for the decision, and adherence to the applicable law. This written decision shall be entered within thirty days after the matter is finally submitted. The prevailing party in any arbitration hereunder shall be entitled to recover from the non-prevailing party, all costs associated with such arbitration, including the service of the arbitrator and all other costs relating thereto (including fees and expenses of counsel to any party). The venue for any arbitration hereunder shall be in the state of Florida, regardless of inconvenience. This Agreement and the rights of the parties shall be governed by and construed and enforced in accordance with the laws of the state of Florida, and the parties consent to the jurisdiction of the courts of the state of Florida, County of Martin County, and the US District Court, District of Florida.

Delivery & Review

- I. L3I typically delivers our inspection results via File Transfer Protocol (FTP) via our own or our client's web site with e-mail notification. Alternatively, inspection results can be delivered on optical disk via courier if costs are covered by client.
- II. L3I requests that client engineers acknowledge receipt and perform a preliminary review of the deliverables to make sure they are complete, understood, and meet/exceed the requirements. This preliminary review must be performed within 2 weeks of delivery. Any revision, explanation, reformatting or other minor adjustment to the deliverables is performed during this first two weeks at no additional charge so long as there is no change in specifications (client provided or L3I interpreted with email notification).
- III. Further revision or review of deliverables after the first two weeks after delivery is subject to additional services fees at the rate of \$150/hour unless caused by L3I error or lack of interpretation notification.