

AIRWELL FEDDERS NORTH AMERICA, INC.
TERMS AND CONDITIONS

The terms and conditions of this agreement ("Agreement") shall be effective for all products ("Products") sold by Airwell Fedders North America, Inc. ("Company") to Buyer (as defined below).

1. Sole terms and conditions: Except for the price, order quantity, delivery terms and credit terms set forth in the Company quotation or Order Acknowledgment, it is understood that Company accepts no terms or conditions other than those enumerated herein.

2. Term and Termination.

(a) The term of this Agreement shall commence as of the date set forth below (the "Effective Date") and shall continue for a period of twelve (12) calendar months, plus the fractional part of a calendar month (if any) commencing on the Effective Date, unless earlier terminated in accordance with the provisions of this Agreement. Thereafter, the Agreement shall automatically renew for successive terms of one (1) year, unless terminated in accordance with the provisions of this Agreement.

(b) Either party may terminate this Agreement for any reason at any time, with notice in writing to the other party.

(c) Upon any termination or expiration of this Agreement, each party will continue to be obligated to make all payments due that arose under this Agreement prior to such termination or expiration.

3. Product Orders; Pricing.

(a) Buyer will submit purchase orders ("PO") to Company and Company will confirm the PO (the "Order Acknowledgment"). The Order Acknowledgment will include (i) the Product price, (ii) the quantity of Products, (iii) delivery terms, (iv) credit terms and (v) any other costs or charges, exclusive of freight and taxes which shall be added to Company's invoice.

(b) Buyer shall purchase Products from Company at the prevailing prices and discounts, if applicable, at time of purchase.

(c) Unless otherwise stated in a Company quotation or Order Acknowledgment, payment terms shall be 1% 15; Net 45 days from the date of Company's invoice. Buyer agrees to pay interest in the amount of 1.5% per month on amounts that are unpaid when due.

(d) All claims covering alleged errors in shipments must be made within ten (10) days after date of invoice. Products cannot be returned for credit except where permission is granted by Company beforehand in writing.

4. Delivery, Title, and Risk of Loss. Company will not be liable for any delay in the performance of orders or contracts, or in the delivery or shipment of Products, or for any damages suffered by Buyer by reason of such delay, when such delay is, directly or indirectly, caused by, or in any manner arises from fires, floods, accidents, riots, acts of God, war, governmental interference or embargoes, strikes, labor disputes or difficulties, shortage of labor, fuel, power, materials or supplies, transportation delays, or any other cause or causes (whether or not similar in nature to any of these herein before specified) beyond Company's reasonable control. In the event of such delay, there will be no termination and the date of delivery or of performance shall be extended for a period at least equal to the time loss by reason of the delay. Once delivery has been made to F.O.B. point of shipment, title and risk of loss passes from Company to Buyer.

5. Warranty. Company shall provide the warranty as set forth in the Warranty Certificate included with the Products. UNLESS OTHERWISE EXPRESSLY STATED IN ANY DOCUMENT ATTACHED TO THIS AGREEMENT, THIS WARRANTY IS THE ONLY WARRANTY MADE BY COMPANY AND IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, AND COMPANY DISCLAIMS ANY AND ALL IMPLIED WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS

FOR A SPECIFIC PURPOSE, SUITABILITY OR PERFORMANCE.

6. DAMAGES. NOTWITHSTANDING ANY OTHER PROVISION OF THE AGREEMENT TO THE CONTRARY, (A) COMPANY'S AGGREGATE RESPONSIBILITY AND LIABILITY, WHETHER ARISING OUT OF CONTRACT OR TORT, INCLUDING NEGLIGENCE AND STRICT LIABILITY, UNDER THE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ALL CLAIMS FOR BREACH OF ANY WARRANTY OR GUARANTEE, FAILURE OF PERFORMANCE OR DELAY IN PERFORMANCE BY COMPANY OR PERFORMANCE OR NON-PERFORMANCE OF THE PURCHASED PRODUCTS SHALL NOT EXCEED THE PURCHASE PRICE FOR THE PRODUCTS PURCHASED UNDER THE APPLICABLE PURCHASE ORDER, AND (B) IN NO EVENT SHALL COMPANY, BE LIABLE IN CONTRACT OR IN TORT, INCLUDING NEGLIGENCE AND STRICT LIABILITY, FOR ANY SPECIAL, PUNITIVE, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY KIND OR CHARACTER, WHETHER SUFFERED BY BUYER OR ANY THIRD PARTY, OR FOR ANY LOSS OR DAMAGE ARISING OUT OF THE SOLE OR CONTRIBUTORY NEGLIGENCE OF BUYER, ITS EMPLOYEES OR AGENTS OR ANY THIRD PARTY.

7. Representations and Warranties.

(a) Each party represents and warrants that it is a corporation, duly incorporated or organized, validly existing and (to the extent such concept applies) in good standing under the laws of its jurisdiction of incorporation or organization, and has all the requisite authority to conduct its business in each jurisdiction in which business is conducted and that it has the power and legal authority to execute and deliver this Agreement and to perform its obligations hereunder.

(b) Each party represents and warrants that it will comply with all laws applicable to the performance of this Agreement and installation of the Products.

(c) Buyer represents and warrants that: (i) under no circumstances shall it alter any of the Products or remove, alter, efface or obscure any labels thereon; and (ii) it shall obtain and maintain all licenses and governmental approvals necessary to permit the purchase, storage, transportation, distribution and sale of the Products.

9. Trademarks and Trade Names.

All of the Products shall bear Company's trademarks, and Buyer agrees not to remove or efface such trademarks. All resulting use of such trademarks shall inure solely to the benefit of Company. Buyer shall not use any of Company's trademarks or trade names, or any mark or name confusingly similar thereto, in any manner, except, as approved by Company (i) on letterhead, business cards and signs in order to identify itself as an authorized distributor of Company or (ii) in sales and promotional materials.

9. Indemnity.

(a) Buyer hereby agrees to defend, indemnify and hold harmless Company and its stockholders, officers, directors, employees, agents, successors, assigns and affiliates from and against any and all losses, liabilities, damages, assessments, judgments, awards, costs and expenses, including reasonable attorneys' fees, caused by, resulting from or arising out of or in any way related to (i) any breach of any warranty, agreement or obligation hereunder on the part of Buyer; (ii) any and all claims made by third parties for personal injury (including death) or property damage directly or indirectly relating to the actions of Buyer, its employees or agents except to the extent that such loss, damage, costs or expenses are caused by a defect in such Products existing at a time of shipment by Company and of which Buyer was unaware prior to the occurrence giving rise to such losses, damages, costs or expenses; and (iii) any and all actions

suits, proceedings, claims, demands, incident to any of the foregoing or such indemnification.

(b) Company hereby agrees to defend, indemnify and hold harmless Buyer and its stockholders, officers, directors, employees, agents, successors, assigns and affiliates from and against any and all losses, liabilities, damages, assessments, judgments, awards, costs and expenses, including reasonable attorneys' fees, caused by, resulting from or arising out of or in any way related to (i) any breach of any warranty, agreement or obligation hereunder on the part of Company; (ii) any and all claims made by third parties for personal injury (including death) or property damage directly caused by any breach of the warranty set forth herein on the part of Company; and (iii) any and all actions, suits, proceedings, claims, demands, incident to any of the foregoing or such indemnification.

10. Insurance. Each party shall maintain at its expense commercial/comprehensive general liability insurance (including bodily injury, property damage, product liability, contractual liability and completed operations coverage) from a carrier having an A.M. Best rating of A- or better, in a minimum amount of One Million dollars (\$1,000,000). Any such policy shall designate the other party (including all subsidiaries and affiliates) as an additional insured. A certificate of insurance evidencing Buyer's coverage shall be delivered to Company upon execution of this Agreement and as requested thereafter.

11. Miscellaneous.

(a) Buyer shall not assign, delegate or otherwise transfer (by merger, asset sale, contract, operation of law or otherwise) its rights or obligations under and this Agreement or grant a security interest in or pledge as collateral any interest in this Agreement, without Company's prior written consent.

(b) This Agreement constitutes the entire agreement with respect to the purchase and sale of Products between Company and Buyer and all other subject matter covered herein. This Agreement shall not be modified, changed or amended except in a writing signed by both parties.

(c) This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument.

(d) The validity, interpretation and legal effect of this Agreement, and any supplement made hereto at any time hereafter, shall be governed in accordance with the laws of the State of New Jersey, without regard to its conflicts of laws provisions. If it should be found that any portion of this Agreement violates any applicable law, such portion or portions of the Agreement shall be of no force and effect in the jurisdiction in which they are illegal or unenforceable, and the Agreement shall be treated as if such portions had not been inserted. Each party irrevocably consents to the personal and subject matter jurisdiction of any federal or state court located in the State of New Jersey, in all matters arising from or relating to this Agreement and waives any defense of lack of jurisdiction, improper venue or inconvenient forum.

(e) IN ANY SUIT INVOLVING THIS AGREEMENT, BOTH BUYER AND COMPANY HEREBY WAIVE TRIAL BY JURY. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY THE PARTIES, AND EACH OF THE PARTIES REPRESENTS THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. EACH PARTY FURTHER REPRESENTS THAT IT HAS BEEN REPRESENTED IN THE SIGNING OF THIS AGREEMENT AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL,

SELECTED OF ITS OWN FREE WILL, AND THIS IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

(f) In any litigation, proceeding or collection action by which Company seeks to collect monies owed under this Agreement or any PO, Company shall be awarded its attorney fees and costs of collecting the amounts owed.

(g) The obligations and provisions contained in Sections 5, 6, 7, 8 and 9 of this Agreement shall survive the expiration or termination of this Agreement.

Dated as of: _____, 20____

Buyer Name

Signature (Buyer): _____

Name (Print): _____

Title: _____

Address: _____

AIRWELL-FEDDERS NORTH AMERICA, INC.

Signature : _____

Name (Print): _____

Title: _____

Address: _____

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