



H2ORB TERMS & CONDITIONS

These terms and conditions (the "**Agreement**") are entered into between AquaOne Technologies, Inc. ("**Company**") and customer ("**Customer**") for the sale of goods ("**Goods**") at the price ("**Purchase Price**") as stated on the front of this quotation/invoice ("**Order**"). Any additional or differing terms and conditions contained on Customer's purchase order are hereby expressly rejected, unless consented to in writing by Company.

1. Payment Methods; Terms. Payments may be made in company checks, money orders, MasterCard, Visa and American Express in addition to electronic fund transfers. For new accounts, full payment shall be required prior to shipment of any Order. For existing accounts in good standing, net terms shall be established by Company at the time of quotation and shall begin from date of Order invoice. All prices are quoted in U.S. Dollars and exclude freight charges and taxes. Any present or future occupation, sales, use, service, excise or other similar taxes which Customer would ordinarily be exposed to with respect to any orders for Goods or services, shall be borne solely by the Customer. Prices are subject to change without prior notice.
2. Late Charges. Any amount payable to Company under this Agreement not received thirty (30) days after the due date ("**Delinquent Amount**") shall be subject to a monthly fee (the "**Late Fee**") in an amount equal to 1.5% of the Delinquent Amount, or 18% of the Delinquent Amount per year, whichever is higher. Customer agrees that this is not interest or loan, but rather a Late Fee which is reasonable to defray the expenses incidental to the administration, processing and collection of the Delinquent Amount.
3. Inspection Rights; Rejection of Goods. Customer must inspect all Goods and report in writing any damages on the freight bill within five (5) days of receipt. No claims for missing or damaged Goods will be processed without proper recordation and reporting. Failure to so



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report shall constitute acceptance by Customer. For any damage discovered when merchandise is unpacked, notify the Company immediately for inspection. Original packaging material must be kept until inspection is completed and claims settled. For questions or concerns, please contact the Company in writing. Subject to Section 6 hereunder, Goods may be returned only upon prior written approval from Company, freight prepaid by Customer. Damaged or defective Goods may be replaced or credited at the Company's discretion. All other returns are subject to a 15% restocking fee and must be returned in original packaging, freight prepaid by Customer.

4. Delivery; Title; Risk of Loss. Shipping dates are approximate only and shall not be binding on Company unless otherwise agreed to in writing by Company. Failure to meet the quoted delivery date does not give Customer the right to cancel the Order or to hold Company responsible for any damages resulting from such delay. If delivered by a third party carrier ("**Carrier**"), title and risk of loss are transferred to Customer upon delivery to the Carrier. Any claims Customer may have for damages to or loss of Order shall be made directly to Carrier.
5. Freight; Inspection; Acceptance. Shipment shall be F.O.B. Company's shipping dock. Unless Customer designates mode of shipment upon placing Order, Goods will be shipped by any reasonable, quick and economical means of transportation at the direction of the Company. Customer must be available to receive the Goods on scheduled delivery date. Redelivery charges may apply if any shipment is unable to be delivered on the scheduled delivery date.
6. WARRANTY. Company guarantees all Goods performed by Company against defects in workmanship and materials — under normal use and proper assembly — for a period of one (1) year from date of delivery. Company's obligation under this agreement is limited solely



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to repair or replacement at Company's option, with Company's approval, during the warranty period. No company or individual has the authority to extend this warranty beyond the one-year period. Company's warranties herein apply only to Customer and do not extend, expressly or by implication, to any other person or entity, unless required by law. THIS WARRANTY SHALL IMMEDIATELY TERMINATE IF THE GOODS, OR COMPONENTS THEREOF, ARE SUBJECT TO ACCIDENT, ALTERATIONS, ABUSE OR MISUSE, IMPROPER INSTALLATION OR OPERATION, NEGLIGENCE OR IMPROPER MAINTENANCE, DIRECTLY OR INDIRECTLY CAUSING SUCH DEFECT. In the event there is defect in the Goods within the warranty period, Customer shall send the defective Good(s) to the Company by packing the system in the original carton or within a protective carton or padded envelope. Enclose copy of the purchase receipt, showing the original purchase date and location. Provide your complete name, mailing address, telephone number, fax number and email address. Identify in detail the Good's defect(s) so that the defect may be replicated in order for Company to determine the applicability of this warranty coverage. If Company cannot replicate the defect, a customer service representative may contact Customer for additional information. Company shall have the final determination of this warranty coverage. Company warrants all repairs performed for a period of 90 days or for the remainder of the original warranty period.

7. DISCLAIMER. ANY IMPLIED WARRANTIES OF MERCHANTABILITY AND OF FITNESS FOR A PARTICULAR PURPOSE AND, EXCEPT AS SPECIFICALLY SET FORTH IN SECTION 6, ALL OTHER WARRANTIES AND REPRESENTATIONS, EXPRESSED OR IMPLIED, ARE HEREBY DISCLAIMED AND EXCLUDED BY THIS AGREEMENT. THERE IS NO WARRANTY WHICH EXTENDS BEYOND THE DESCRIPTION CONTAINED HEREIN. NO REPRESENTATIVE OF COMPANY MAY ALTER OR AMEND SECTIONS 6, 7



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or 8. CUSTOMER WAIVES THE BENEFIT OF ANY RULE THAT DISCLAIMER OF WARRANTY SHALL BE CONSTRUED AGAINST COMPANY.

8. LIMITATION OF LIABILITY. Company does not assume or authorize any person to assume for Company any liability or obligations in connection with the sale of Goods. Company's liability does not include any labor charges for replacement of parts, adjustments, repairs, or any other work done outside Company's facility without Company's approval. Company's liability does not include any special, consequential, incidental or resulting damage to persons, property, equipment, goods, merchandise, profits, good will or reputation arising out of any defect in or failure of Company's Goods. Nothing in these warranty provisions will impose any liability or obligation of any type, nature or description upon Company if Company has not received payment in full for the Goods in question. All warranty policies are limited to sales and shipment of Goods within the continental U.S. Repairs and/or replacement by Company is the sole and exclusive remedy for Customers and any damages for breach of the Warranty are strictly limited to the amount paid by Customer for the Good(s) found to be defective. This warranty is applicable to the original purchase only and may not be transferred or assigned.
9. Mutual Indemnification. Each party ("**Indemnifying Party**") agrees to defend, indemnify and save harmless the other party and its directors, employees, agents, customers, end users, successors and assigns ("**Indemnified Party**") from and against all claims, demands, liabilities, suits, actions, damages, losses and expenses (including attorney fees and legal costs) actually or allegedly arising from (a) any personal injury, death, or property loss or damage caused in whole or part by the Indemnifying Party's negligence or willful acts or omissions in conducting its business, (b) Indemnifying Party's breach



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of any warranty contained herein, and/or (c) Indemnifying Party's breach or default under this Agreement.

10. Choice of Law; Attorney's Fees. This Agreement shall be governed by and construed pursuant to the laws of the State of California without giving affect to any principles of conflict of laws. Any legal proceedings arising under this Agreement shall be instituted in the County of Orange, State of California, and the prevailing party shall be entitled to its attorney's fees, expert fees, and all other reasonable costs and expenses.