



# Hammond Power Solutions Terms & Conditions

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Supersedes all previous published and non-published terms & conditions.

## Terms and Conditions of Sale

The Terms and Conditions of Sale set forth herein, and any supplements which may be attached hereto, constitute the full and final expression of the contract for the sale of products (hereinafter referred to as Product(s) or Services by Hammond Power Solutions Inc. (hereinafter referred to as Seller) to the Buyer, and supersedes all prior quotations, purchase orders, correspondence or communications whether written or verbal between the Seller and the Buyer. Notwithstanding any contrary language in the Buyer's purchase order, correspondence or any other form of acknowledgement, the Buyer shall be bound by these Terms and Conditions of Sale when it sends a purchase order or otherwise indicates acceptance of this contract, or when it accepts delivery from the Seller of the Products or Services. THE CONTRACT FOR SALE OF THE PRODUCTS OR SERVICES IS EXPRESSLY LIMITED TO THE TERMS AND CONDITIONS OF SALE STATED HEREIN. ANY ADDITIONAL OF DIFFERENT TERMS PROPOSED BY THE BUYER ARE REJECTED UNLESS EXPRESSLY AGREED TO IN WRITING BY THE SELLER. No contract shall exist except as herein provided.

### Complete Agreement

No amendment or modification hereto nor any statement, representation or warranty not contained herein shall be binding on the Seller unless made in writing by an authorized representative of the Seller. Prior dealings, usage of the trade or a course of performance shall not be relevant to determine the meaning of this contract even though the accepting or acquiescing party had knowledge of the nature of the performance and opportunity for objection.

### Quotations

Written quotations are valid for 30 days from its date unless otherwise stated in the quotation or terminated sooner by notice.

Verbal quotations expire the same day they are made. Acceptance of a verbal quotation is only valid if followed by a written quotation within 2 business days. A complete signed order must be received by the Seller within 15 calendar days of notification of any awarded bid/contract, otherwise the price and shipment terms will be subject to renegotiation. All orders are subject to final acceptance by Seller and are subject to Credit Approval.

### Termination and Cancellation

Any order may be terminated by the Buyer only by written notice. Upon confirmation of said cancelled order, the following minimum cancellation charges will be invoiced by the Seller to the Buyer;

#### For Non-Stocked Catalog Products or Specials and Custom Built Products

- \$25 if the order has not been processed.
- If the design has been completed, then the minimum engineering charges apply;
 

Control Products	= \$150
Reactors Products	= \$200
600V Distribution Products	= \$250
Medium Voltage Products	= \$300
Power Products	= \$2000
Other Custom Products	= call

- For any special or custom products where manufacturing has commenced, the cancellation charge will be equal to 100% of the acknowledged order price.

Seller shall have the right to cancel any order at any time by written notice if Buyer breaches any of the terms hereof, becomes the subject of any proceeding under state or federal law for the relief of debtors, or otherwise becomes insolvent or bankrupt, generally does not pay its debts as they become due or makes an assignment for the benefit of creditors.

### Drawing Approval

The Seller will design the quoted Products in line with, in the Seller's judgment, good engineering and commercial practice. If at the drawing approval stage the Buyer makes changes outside of the design as covered in the original specifications supplied by the Buyer, the Seller may require to be paid reasonable charges and allowed a commensurate delay in the shipping date based on the changes made without penalty to the Seller.

When drawings for approval are required for any Products, the approved drawings applicable to those Products must be returned on or before the date specified by the Seller in order to maintain the delivery date committed to by the Seller. The returned drawings must be released for manufacture and shipment and must be marked "APPROVED" or "APPROVED AS NOTED." Any changes requested by the Buyer after approval drawings have been received, may extend the original delivery date committed by the Seller.

If the buyer initiates or in any way causes delays in shipment or return of approval drawings beyond the period stated by the Seller, the price of the Products may be increased 1% per month or fraction

thereof up to a maximum of 12 months from the date of the Buyer's order. For delays resulting in shipment beyond 12 months from the date of the Buyer's order, the price must be renegotiated.

### Prices

All published prices are subject to change without notice. In the event of a price change, the effective date of the change will be the date of the new price or discount sheet, letter, fax or E-mail. All quotations made or orders accepted after the effective date will be based on the new price. For existing orders, the price of any unshipped portion of an order will be the price in effect at the time of shipment.

### Price Policy - Products and Services

When prices are quoted as firm for a quoted shipment, they are firm provided the following conditions are met:

1. The order is released with complete engineering details.
2. Shipment of Products are made within the quoted lead time. (Note: all requests for a reduction in the standard or quoted lead time may result in additional charges being applied.

### Minimum Billings

Orders amounting to less than \$150 net will be billed at \$150 plus appropriate shipping charges.

### Price Policy

Hammond Distributors, please refer to your specific Distributor Pricing Policies/Discount Sheets for price policy details.

### Held Orders

For any order held, delayed or rescheduled at the request of the Buyer, the Seller may, at its sole option (1) require payment to be based on any reasonable basis, including but not limited to the contract price, and any additional expenses, or cost resulting in such delay; (2) store Products at the sole cost and risk of loss or damage to the Buyer; (3) charge to the Buyer any additional prices under the applicable pricing policy.

Any orders so held, delayed or rescheduled more than twelve months may be treated as a Buyer termination.

### After Hours Service Charges

Any and all orders or quotations, or any requests for orders or quotations that originate using the Seller's "24/7 Emergency Service" number will be subject to additional charges to be determined by the Seller on or before shipment of said orders or quotations.



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**Taxes**

All published and quoted prices do not include any taxes. The Buyer shall be responsible for payment of all taxes applicable to, or arising from the transaction, the Products, its sale, value, or use, or any Services performed in connection therewith regardless of the person or entity actually taxed.

**Testing Charges**

Prices include all standard production tests as per CSA C9 and NEMA TR-1 unless otherwise stated on the quote.

Optional Type Tests can be provided upon request and will be subject to additional charges.

Seller will notify the Buyer prior to a scheduling witness testing. In the event the Buyer is unable to attend, the Seller reserves the right to consider the witness tests waived with the right to ship and invoice the Products.

**Terms of Payment**

**Terms of Payment for Standard, Special or Custom Built Products**

Terms of payment for all standard catalog, special or custom built Products are Net 30 Days from date of invoice.

**Note:** Hammond Distributors, please refer to your specific Distributor Pricing Policies/Discount Sheets for further clarification as to your specific terms of payment.

**Adequate Assurances**

If, in the judgement of the Seller, the financial condition of the Buyer, at any time during the period of the contract or these terms, does not justify the terms of payment as specified, the Seller may require full or partial payment in advance.

**Delayed Payment**

If payments are not made in accordance with these terms, a service charge will be added in an amount equal to 1.5% per month.

**Freight**

**Freight Terms for all Products**

- All shipments are F.O.B. plant or point of shipment.
- Prepaid freight, when authorized by Seller, must be ordered on **one order to one location with one release**. Only complete order line items will be shipped unless otherwise stated on the quotation.

- Prepaid freight, when authorized, via Seller's authorized carriers only.
- All shipments are sent freight collect unless otherwise specified on the quotation.
- Special or Custom Products may be combined with Standard Products for prepaid freight with prior Seller's approval only.
- All weekend shipments to Buyer will have a service charge applied to the order in addition to any other shipping and order charges.

**Shipment and Routing**

Seller shall select point of origin, of shipment, the method of transportation and the routing of the shipment.

If the Buyer specifies a premium or special mode of transportation or routing, the Buyer shall pay all freight.

When freight is included in the price, no allowances will be made in lieu of transportation if the Buyer accepts shipment at manufacturing location, warehouse or otherwise supplies its own transportation.

**Risk of Loss**

Risk of loss or damage of the Products shall pass to the Buyer at the F.O.B. point.

**Short Shipments**

Claims for any short shipments from the Seller must be submitted in writing to the Seller within 5 days of Buyer receiving the shipment. The Buyer will indicate what was missing and supply the Seller with a copy of the packing slip.

**Warranty**

**Standard Catalog Products Warranty**

Exclusive Warranty

Hammond Power Solutions Inc., ("Seller") warrant to the original purchaser of any standard transformers (Products), will be free from defects in materials and workmanship for a period commencing on the date of purchase of the Products, and expiring at the end of the period specified below (the "Warranty Period"). THIS WARRANTY IS EXCLUSIVE AND IS IN LIEU OF ANY OTHER WARRANTY EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTY OR MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

Warranty Exclusions - Limitation of Damages and Claims Procedure

The above stated warranty does not

cover: workmanship of installation; dissatisfaction or damage due to improper installation, vandalism, misuse, accident, excessive wear and tear, unauthorized repair, abnormal use, lack of maintenance, or other cause(s) not within Seller's control and SELLER WILL NOT BE LIABLE, UNDER ANY CIRCUMSTANCES, FOR CONSEQUENTIAL OR INCIDENTAL DAMAGES, INCLUDING BUT NOT LIMITED TO LABOR COSTS OR LOST PROFITS RESULTING FROM THE USE OF OR INABILITY TO USE THE PRODUCTS OR FROM THE PRODUCTS BEING INCORPORATED IN OR BECOMING A COMPONENT OR ANY OTHER PRODUCT.

Without limiting the generality of the foregoing, the Seller will not be responsible for labor costs involved in the removal of Products or the installation of replacement Products. Seller's liability and the Buyer's exclusive remedy hereunder will be limited to repair or replacement of those Products found in Seller's reasonable judgment to be defective. Seller reserves the right to accept or reject any claim in whole or in part. Seller will not accept the return of any Products without its prior written approval. Please refer to the "Return Goods" policy for details of the return procedure.

Product Warranty Periods:

HPS Imperator .....	Lifetime <sup>1</sup>
Control Transformers .....	10 Years
600V Class Standard Distribution Transformers .....	10 Years
Drive Isolation Transformers.....	10 Years
Line Reactors .....	10 Years
Line Voltage Conditioners .....	1 Year
Motor Starting Auto Transformers .....	1 Year
Medium Voltage Distribution Transformers .....	1 Year
Standard Power Transformers ..	1 Year
DV/DT Filter Reactors .....	1 Year
Special (6 digit), Custom or Brand Labeled Products .....	1 Year

<sup>1</sup> Limited Lifetime warranty. Contact HPS for details.

**Product Notices**

All Buyers must provide the user (including its employees) of the Products with all Seller supplied Product notices, changes, warnings, instructions, recommendations, and related materials.



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### Force Majeure

The Seller shall not be liable for failure to perform or delay in performance due to fire, flood, strike or other labor difficulty, act of God, act of any government authority or of the Buyer, act of terrorism, riot, embargo, fuel or energy shortage, accidents or delays in transportation, or due to any other cause beyond the Seller's reasonable control. In the event of a delay in performance due to any such cause, the date of delivery or time for completion will be extended by a period of time reasonably necessary to overcome the effect of such delay and without any penalties, charges or contractual changes to the Seller from the Buyer.

### Penalty Clauses

**Contracts which include penalty clauses for failure to meet shipping or job completion promises are not acceptable or binding on the Seller, unless such clauses are specifically accepted in writing by an authorized management representative of the Seller.**

### Compliance with OSHA

The Seller offers no warranty and makes no representation that its Products comply with the provisions or standards of the Occupational Safety and Health Act of 1970, or any regulation issued thereunder. In no case shall the Seller be liable for any loss, damage, fines, penalty or expenses arising under said Act.

### Return Goods Policy

The Return Goods Policy stated below must be followed before attempting to return any Products to the Seller. Failure to follow these procedures may result in the delay of Seller processing your return or the possibility that the receipt of the returned Product(s) are refused and returned to you the Buyer, freight collect.

***BEFORE returning any Products to the Seller, you must first contact the Seller's customer service department to obtain a Return Goods Authorization number (RA#).***

### Before Returning Products, Be Sure To Follow These Procedures

- 1) The returned products must be adequately packaged to prevent shipping damage.
- 2) All paper work and each box, package or skid being returned MUST clearly indicate the RA#. If the RA# is not indicated, the returned shipment will be

refused and/or shipped back to the Buyer freight collect.

- 3) All Products being returned to the Seller MUST BE SHIPPED "FREIGHT PREPAID". Seller will NOT accept collect shipments.
- 4) Even if an inventory rotation agreement exists, a RA# is still required before returning any of the inventory.

### Products Returned For Credit

- 1) Any Products returned for credit are to be unused and in the original Seller's packaging. (Note: excludes returns for repair.)
- 2) Only stocked Products as indicated and listed in the current Seller's catalogs, which have been invoiced to the Buyer within one year, can be returned for credit. The Seller reserves the right to refuse any Products returned for credit.
- 3) All Products returned for credit are subject to a minimum 20% restocking fee plus transportation charges originally paid by the Seller. (Credit Issued = original invoiced product price - 20% restocking - freight charges paid by Seller)
- 4) Non-Stocked Catalog, Custom, Special (six digit) or built to order Products CANNOT be returned for credit under any circumstances. (Note: they may be returned for repair. See "Products Returned for Repair/Replacement".)
- 5) If the Products being returned for credit are deemed, after inspection by the Seller, to be defective as a result of a defect in material or workmanship and is in accordance with the current Seller's standard product warranty, full credit may be issued, including appropriate transportation.
- 6) If the Products being returned for credit are deemed, after inspection by the Seller, to be defective as a result of customer error or under any of the "Warranty Exclusions - Limitation of Damages" policies as stated within the current Seller's standard product warranty, NO credit will be issued. The returned Products can, at the Buyers request, be repaired or replaced at the Buyers expense. (See "Products Returned for Repair or Replacement".)

### Products Returned For Repair/Replacement

- 1) Before returning any Products for repair/replacement, please contact the

Seller's customer service department and obtain a Return Authorization number.

- 2) If the products being returned for repair replacement are under warranty, as stated in either the Seller's "Standard Catalog Transformer Products" or "Specialty and Custom Transformer Products" warranty policies, then the Products will be repaired or replaced at no charge and returned freight prepaid.
- 3) If the Products being returned for repair/replacement are NOT under warranty, as stated in either the Seller's "Standard Catalog Transformer Products" or "Specialty and Custom Transformer Products" warranty policies, then an estimate of the repair costs will be forwarded to the Buyer, at which time the Buyer can request one of the following:
  - A) The Buyer will authorize the repair and proceed to supply the Seller with a valid purchase order.
  - B) The Buyer will authorize the Seller to replace the Products and proceed to supply the Seller with a valid purchase order.
  - C) Request nothing be done and authorize the Seller in writing to return the Products to the Buyer, freight collect.
  - D) Request in writing to the Seller that the unit be scrapped.