BMW-CT-001 — Standard Terms and Conditions of Sale

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Title	Standard Terms and Conditions of Sale
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Published at	www.belfantimachineworks.com — publication is additional to attaching these Terms to each quotation, not a substitute
Applies to	All customer quotations, order acknowledgments and sales
Supersedes	BMW-CT-001 Rev A, Rev B and Rev C; and the legacy 11-item quotation boilerplate (uncontrolled, undated) in full
Related	BMW-CT-001-A Quotation Terms (short form); BMW-CR-001 Contract Review; BMW-ITAR-FD-001 Export Control Flow-Down

Belfanti Machine Works LLC 21785 SW Tualatin Valley Hwy, Suite B, Beaverton, Oregon 97006 DDTC Registration No. M53823

1. Offer, Acceptance, and Controlling Terms

1.1 This quotation is an offer by Belfanti Machine Works LLC ("Seller") to sell on these Terms and is valid for **five (5) calendar days** from its date unless a different period is stated on the face of the quotation or the quotation is earlier withdrawn. These Terms are furnished with each quotation and are also published at **www.belfantimachineworks.com**. The revision in effect on the quotation date governs; publication of a later revision does not alter the Terms applicable to an order already accepted.

1.2 SELLER'S ACCEPTANCE OF ANY ORDER IS EXPRESSLY MADE CONDITIONAL ON BUYER'S ASSENT TO THESE TERMS. Seller objects in advance to, and rejects, any additional or different term contained in any purchase order, order acknowledgment, supplier portal, click-through agreement, supplier quality manual, terms incorporated by reference or hyperlink, or other document issued by Buyer, whenever received. No such term becomes part of the agreement unless set out in a writing that identifies the specific term and is signed by an authorized representative of Seller. Seller's commencement of work, shipment, or acceptance of payment is not assent to any such term.

1.3 No order is binding on Seller until Seller issues a written Order Acknowledgment. Buyer assents to these Terms by any of: signing and returning the quotation; issuing a purchase order referencing it; paying a deposit; releasing Seller to begin work; or accepting delivery.

1.4 Order of precedence. In the event of conflict, the following control in descending order: (a) a written agreement signed by authorized representatives of both parties that expressly supersedes these Terms; (b) these Terms; (c) Seller's quotation and Order Acknowledgment; (d) the released drawing or specification identified by number and revision in Seller's quotation; (e) Buyer's purchase order, and then only as to part number, drawing revision, quantity, unit price, delivery date, and ship-to address.

1.5 No course of dealing, course of performance, usage of trade, or prior agreement supplements or modifies these Terms.

2. Quotation Validity, Prices, and Escalation

2.1 Validity. Quotations expire five (5) calendar days from the quotation date unless a different period is stated on the face of the quotation. Quoted lead time reflects Seller's production capacity, material availability, and outside-processing lead times as of the quotation date only; lead time is not held open during the validity period and is subject to reconfirmation at order acceptance.

2.1.1 Extension. Seller may extend the validity of a quotation, with or without change to price or lead time, only by written notice stating a new expiration date. No extension arises from silence, from continued discussion, or from Seller's acknowledgment of receipt of a purchase order.

2.1.2 Orders received after expiration. A purchase order referencing an expired quotation, or referencing pricing or lead time other than that of a currently valid quotation, is an offer only and is not accepted as submitted. Seller will, within two (2) business days, either issue a revised quotation or decline. Seller's commencement of work is not acceptance of Buyer's stated price or delivery date. Expiration is not a repudiation by Seller, and Seller may requote at the same or different price and lead time in its discretion.

2.2 Prices are in U.S. dollars and exclude freight, insurance, duties, tariffs, and all taxes other than taxes on Seller's net income. Buyer is responsible for all such amounts or shall furnish a valid exemption certificate.

2.3 Escalation. Prices are based on Seller's costs for raw material, purchased components, outside processing, energy, and freight, and on duties and tariffs, in effect on the quotation date, and assume material purchase within thirty (30) days of order acceptance. If any such cost increases by more than five percent (5%) between the quotation date and the date Seller commits the purchase, Seller may adjust the price by the amount of the increase on written notice with supporting documentation. Buyer may cancel the affected line within five (5) business days of that notice, liable only for costs incurred to that date under Section 7.

2.4 Minimum order. Minimum order value is $250.00.

2.5 Repeat orders and quantity breaks. Prices are quoted for the specific quantity and release schedule shown. A repeat order or release below the quoted quantity break is requoted at the price applicable to the actual quantity, and a setup charge applies per part number per release.

2.6 Prototype pricing. Prototype, first-article, and low-quantity pricing reflects a single setup and non-recurring proveout. It does not establish a production price, a repeat price, a demonstrated lead time, or a demonstrated process capability.

3. Conditions Precedent and Lead Time

3.1 Clock start. Quoted lead times are estimates stated in business days and begin on the latest of: (a) Seller's written Order Acknowledgment; (b) receipt of any required deposit and NRE in cleared funds; (c) receipt of a complete, released, revision-controlled data package under Section 10; (d) receipt at Seller's facility of any Buyer-supplied material, tooling, or fixtures, inspected and found acceptable; (e) Buyer's written response to any Seller request for information, deviation request, or clarification; and (f) Buyer's written approval of a first article where pre-production approval is required.

3.2 Seller will state the clock start date and the resulting scheduled ship date on the Order Acknowledgment. Absent written objection within three (3) business days, those are the dates of record.

3.3 Pause. The lead-time clock pauses day for day for each business day that a Seller request for information is open awaiting response, a first article or deviation awaits disposition, Buyer-supplied material is late or nonconforming, or a payment due before a production stage is outstanding. **Seller does not hold production capacity open during a pause.** The revised date is set from Seller's shop loading when the order is released, not from the original date plus the delay.

3.4 Deposits. A deposit is required on: orders from Buyers without an approved credit account; any Buyer's first order; orders exceeding $10,000 in value; orders where Seller must commit more than $5,000 in raw material or outside processing; orders involving NRE or custom tooling; and any order where Buyer's account is past due. The standard deposit is thirty percent (30%) of order value, or fifty percent (50%) for Buyers without an approved credit account. Seller may waive the deposit in writing; a waiver on one order is not a waiver on any other.

3.5 NRE. NRE charges are invoiced with the deposit, are due before programming begins, and are non-refundable. NRE is per configuration; a drawing revision or specification change requires a new NRE charge. NRE purchases engineering, programming, and proveout — it does not purchase tooling (Section 18).

3.6 Expedite. Seller's standard lead time is the lead time stated on the Order Acknowledgment. Delivery requested inside standard lead time is subject to an expedite charge of fifteen percent (15%) at 75% of standard lead time, twenty-five percent (25%) at 50%, and forty percent (40%) at 25% or less, subject to available capacity. Expedite charges are non-refundable and **do not create a guaranteed delivery date**. Only a Guaranteed Delivery Window purchased under Section 22 creates a delivery guarantee.

3.7 Capacity. Seller's capacity is finite and is committed on a first-accepted basis. No quotation, forecast, prior order, or course of dealing reserves capacity. Capacity is reserved only by an Order Acknowledgment. Seller may decline any purchase order in whole or in part, for any reason, including insufficient capacity, material unavailability, export-control considerations, or Buyer's credit status. Declining an order is not a breach.

4. Payment

4.1 Payment is due net thirty (30) days from the date of Seller's invoice for Buyers with an approved credit account. Buyers without an approved credit account pay the deposit at order placement and the balance before release of goods. Seller may invoice on shipment of each lot and may invoice partial shipments separately. Payment is not contingent on Buyer's receipt of payment from any third party.

4.2 Late charge. Past due amounts bear a service charge of **one and one-half percent (1.5%) per month (18% per annum), or the maximum rate permitted by applicable law if less**, from the due date until paid. Buyer shall reimburse Seller for all costs of collection, including collection agency fees, court costs, and reasonable attorney fees, whether or not suit is filed.

4.3 Payment method. Payment by ACH transfer, bank or wire transfer, or check is accepted at no additional charge. **A processing fee of three percent (3%) is added to payment made by any other method, including credit card.** The fee does not exceed Seller's cost of acceptance, is not applied to debit cards, and is itemized as a separate line on Seller's invoice. Buyer's bank charges on wire transfers are Buyer's responsibility.

4.4 No setoff. Buyer shall pay all invoiced amounts in full without setoff, deduction, recoupment, counterclaim, or withholding. **Buyer shall not issue debit memos or chargebacks against any invoice.** Any claim by Buyer must be pursued separately under Sections 13 and 14.

4.5 No unilateral chargebacks. No debit memo, chargeback, back-charge, cost-recovery charge, administrative fee, quality-notification fee, late-delivery penalty, sort charge, rework charge, containment charge, expedite charge, or line-down charge is valid or enforceable against Seller without Seller's prior written agreement to both the basis and the amount. Any amount deducted in violation of this Section is immediately due and payable and accrues the charge in 4.2.

4.6 Credit and adequate assurance. All orders are subject to Seller's continuing credit approval. If Buyer's financial condition, payment history, or aggregate exposure gives Seller reasonable grounds for insecurity, Seller may demand adequate assurance of due performance, require payment in advance or on delivery, and suspend performance until it is received.

4.7 Suspension and cross-default. If any invoice is past due, Seller may — in addition to any other remedy and without liability — suspend work on any or all of Buyer's open orders, withhold shipment, withhold the Certification Package under Section 4.9, apply payments to the oldest outstanding balance, and reschedule delivery dates to reflect the suspension and Seller's then-current capacity. Resumption after cure does not restore the original delivery date. Any Guaranteed Delivery Window on a suspended order is void and the premium is forfeited.

4.8 Security interest. Buyer grants Seller a purchase-money security interest in all goods sold, all Buyer-owned tooling and material in Seller's possession, and the proceeds of each, to secure payment of the purchase price and all other amounts owed. Buyer authorizes Seller to file financing statements describing the collateral without Buyer's signature and will on request furnish its exact legal name, jurisdiction of organization, and organizational identification number. Seller retains and does not waive any possessory or statutory lien available under Oregon law, including ORS 87.152.

4.9 Certification Package conditioned on payment. Certificates of conformance beyond Seller's standard form, material certifications and mill test reports, first article inspection reports, dimensional and inspection data, and process certifications (collectively, the "Certification Package") are a deliverable **separate from the goods** and are earned by, and issued upon, payment in full for the goods to which they relate. Seller may withhold issuance of the Certification Package until all amounts due on any order have been paid in full.

4.10 Limits on withholding. Seller will not withhold documentation (a) for any invoice not past due, (b) for goods paid in full, (c) for orders unrelated to the past-due amount, or (d) where Seller knows that withholding would create a safety-of-flight, safety-of-use, or regulatory-compliance hazard. Seller will not withdraw, alter, or repudiate any certification previously and truthfully issued. Nothing in Sections 4.9 or 4.10 limits any right of access to Seller's facility or quality records held by Buyer, Buyer's customer, or a regulatory authority under Section 12.7, and Seller retains all records under Section 12.6 regardless of payment status.

5. Delivery, Title, and Risk of Loss

5.1 All sales are **FCA Seller's facility, Beaverton, Oregon (Incoterms 2020)**. Risk of loss passes to Buyer on delivery of the goods to the first carrier.

5.2 Title passes to Buyer on the later of delivery to the first carrier and Seller's receipt of payment in full. Any reservation of title after shipment operates as a reservation of the security interest in Section 4.8.

5.3 Delivery dates are good-faith estimates and are not guarantees, warranties, or conditions of the contract, except where Buyer has purchased a Guaranteed Delivery Window under Section 22. Time is not of the essence.

5.4 No liability for delay. Seller is not liable for any loss, damage, cost, or expense arising from late delivery, including lost profits, lost production, line-down charges, cover or reprocurement costs, expedited freight, or downstream customer penalties.

5.5 No liquidated damages. Seller does not accept and is not bound by any liquidated damages provision, delay penalty, on-time-delivery scorecard debit, service-level credit, or similar assessment contained in Buyer's purchase order, supplier quality manual, portal terms, or any other document. Any such provision is expressly rejected.

5.6 Freight and insurance. Freight, duty, brokerage, and insurance are Buyer's responsibility. Seller will ship on Buyer's carrier account where provided, or on Seller's account with freight and a ten percent (10%) handling charge added to the invoice. Seller has no obligation to insure any shipment and will do so only on Buyer's written instruction and at Buyer's cost. Seller is not liable for loss, damage, or delay in transit or for any act or omission of any carrier; transit claims are Buyer's claim against the carrier and Seller will supply supporting documentation.

5.7 Partial shipments. Seller may ship in partial lots. Each partial shipment is a separate sale, separately invoiceable on shipment.

5.8 Quantity variance. For order quantities of twenty-five (25) pieces or more, Seller may deliver and invoice the ordered quantity plus or minus five percent (5%), prorated at the unit price, and such delivery constitutes complete

performance. For quantities under twenty-five (25), Seller delivers the exact quantity ordered. Buyer may require exact quantity on larger orders by written request at RFQ; exact-quantity production is quoted with an attrition allowance and priced accordingly.

5.9 Standard packaging is Seller's commercial practice consistent with ASTM D3951. Specified packaging, preservation, barrier or desiccant requirements, ESD packaging, individual wrapping, bar-code or UID labeling, MIL-STD-2073 packaging, or kitting must be specified at RFQ and are separately priced. Seller maintains a foreign object debris prevention program appropriate to the scope of work.

6. Changes

6.1 No change to the drawing, revision level, specification, material, finish, quantity, quality requirement, packaging, or delivery schedule is effective unless made by a written change order accepted in writing by Seller. **Verbal instructions to production personnel are not authorized and do not bind Seller.**

6.2 On notice of a change, **Seller stops work on the affected line item.** Within five (5) business days Seller will issue a revised price and a new delivery date. Seller is not obligated to resume until Buyer accepts in writing.

6.3 Buyer is liable, at cost plus fifteen percent (15%), for all material purchased, labor performed, programming and setup completed, tooling built, and outside processing committed against the superseded configuration, whether or not usable at the new revision. Parts completed to the superseded revision before stop-work are deliverable and billable at the original price.

6.4 The original delivery date is void. A new date is established from Seller's shop loading at the time Buyer accepts the revised quotation.

6.5 Quality, inspection, certification, source-inspection, packaging, marking, traceability, or documentation requirements not stated in the data package at clock start are changes under this Section.

7. Cancellation and Termination

7.1 Orders may be cancelled only with Seller's written consent and on payment of the charges below, which the parties agree are a reasonable estimate of Seller's loss and not a penalty. Charges are a percentage of the cancelled line value and are in addition to the pass-through amounts in 7.2.

Stage	Trigger (provable from Seller's records)	Charge
A	After acceptance, before material committed and before programming begun	10% of line value, minimum $250
B	Material or outside processing ordered, or CAM programming or fixture design begun	25% of line value
C	Setup complete or first article in process	50% of line value
D	Production in process beyond first article	Greater of 75% of line value or actual cost of work in process plus 20%
E	Parts complete, in final inspection, at an outside processor, or awaiting shipment	100% of line value

7.2 In addition, Buyer shall pay at cost plus fifteen percent (15%): all non-returnable or cut raw material; all restocking, cancellation, and minimum-buy charges assessed by Seller's suppliers; all outside-processing charges incurred or committed; and all perishable and special tooling purchased for the order.

7.3 Deposits, NRE, expedite charges, and Guaranteed Delivery Window premiums are non-refundable and are credited against amounts due under this Section. Orders are non-cancellable once material has been cut. Seller has no liability for anticipated profit on the terminated portion beyond the amounts stated above.

7.4 Termination by Seller. Seller may suspend or terminate any order without liability on Buyer's failure to pay when due, Buyer's breach of Section 26 or Section 17, Buyer's insolvency or the commencement of any bankruptcy or receivership proceeding, or under Section 23 or Section 26.10. Amounts under 7.1 and 7.2 become immediately due.

8. Rescheduling and Storage

8.1 One push-out of fifteen (15) calendar days or less is permitted per order at no charge, on written request received at least ten (10) business days before the scheduled ship date.

8.2 Any further push-out, any push-out exceeding fifteen (15) days, and any push-out requested with less than ten (10) business days' notice is subject to a rescheduling fee of five percent (5%) of the affected line value, minimum $250, per occurrence. **Production slots are not held during a push-out**; the revised date is set from Seller's then-available capacity.

8.3 Cumulative push-outs exceeding sixty (60) calendar days from the original scheduled ship date entitle Seller, at its option, to complete and invoice the order under 8.5, or to treat the order as cancelled by Buyer under Section 7 at the stage then applicable.

8.4 Invoicing on completion. Seller will invoice completed goods on the date Seller gives written notice of completion, and payment terms run from that date, whether or not Buyer takes shipment.

8.5 Storage. Goods not shipped or collected within fifteen (15) calendar days of notice of completion are stored at Buyer's risk and expense at the greater of $75.00 per pallet per week or one and one-half percent (1.5%) of invoice value per month, prorated daily. Risk of loss has passed under Section 5.1; Seller does not insure stored goods. After ninety (90) days Seller may relocate the goods to third-party storage at Buyer's expense. After one hundred eighty (180) days, on thirty (30) days' prior written notice, Seller may dispose of the goods and apply proceeds against amounts owed, without relieving Buyer of the invoice.

8.6 Restocking. Conforming goods returned with Seller's written authorization are subject to a restocking charge of thirty percent (30%) of invoice value plus the cost of any rework, recertification, or repackaging. Custom-machined parts, parts with Buyer-specific features or marking, and parts outside Seller's control for more than thirty (30) days are not returnable for credit.

8.7 Quantity reduction. If Buyer reduces the ordered quantity after acceptance, the unit price is recalculated at Seller's price for the quantity actually delivered, applied to all units on the order including units already shipped, and Seller will issue a supplemental invoice. Quantity reductions are also subject to Section 7 charges on the removed quantity.

9. Blanket Orders, Releases, and Forecasts

9.1 A blanket order establishes pricing and total quantity only. It is not a release to manufacture and commits no capacity until Seller accepts a written release.

9.2 Blanket unit pricing is based on Buyer taking the full blanket quantity. If the full quantity is not released within twelve (12) months, all units delivered are repriced retroactively at Seller's price for the quantity actually taken and Seller will issue a supplemental invoice.

9.3 The minimum release quantity is the greater of twenty-five percent (25%) of the blanket quantity or one full economic production lot as stated on the Order Acknowledgment. Each release is subject to the release lead time stated on the Order Acknowledgment. Blanket pricing does not imply stock availability or reduced lead time.

9.4 Buyer shall release and take delivery of the full blanket quantity within twelve (12) months. Any quantity not released by that date is deemed cancelled by Buyer, and Buyer shall pay for all material, work in process, finished goods, and tooling attributable to the unreleased quantity, plus the applicable Section 7 charge.

9.5 Where Seller purchases material or produces goods in advance against a blanket order, Seller may hold them not more than ninety (90) days, after which Seller may invoice and apply Section 8.5 storage charges or require Buyer to take delivery.

9.6 Forecasts are not orders. Volume forecasts, planning schedules, and portal projections create no obligation on Seller to reserve capacity, purchase material, or hold price, and create no liability for Seller's failure to support them. Only an accepted written release obligates Seller.

9.7 Blanket pricing is subject to Section 2.3 escalation, measured from the blanket acceptance date, at each release.

10. Customer-Furnished Data and Documentation

10.1 Required at RFQ. Seller's quotation is valid only for the data set on which it was prepared. A complete RFQ package consists of:

a. A dimensioned 2D drawing in PDF showing part number, revision level, revision date, material and temper, finish specification, general tolerance block, thread callouts, and all datums and geometric controls;
b. A 3D solid model (STEP AP214 or AP242 preferred) at the same revision level as the drawing;
c. Quantity, required delivery date, and whether the order is prototype or production;
d. All specifications invoked by number on the drawing — customer, industry, or military — supplied in full, in English, at the revision called out. Seller does not hold, purchase, or interpret specifications it has not been given;
e. All quality and inspection requirements under Section 12;
f. Packaging, marking, labeling, serialization, and shipping requirements;
g. Export control jurisdiction and classification under Section 26;
h. For Buyer-furnished material or tooling: description, quantity, certifications, and delivery date.

10.2 Required before acceptance. In addition, Seller will not accept an order until it has received a written purchase order matching the quotation in part number, revision, quantity, unit price, delivery, and terms, and the deposit and NRE required under Section 3.

10.3 Effect of incomplete data. Until 10.1 and 10.2 are complete, **the order is not accepted, no production slot is reserved, no material is purchased, and the lead-time clock does not start.** Seller may issue a budgetary estimate based on stated assumptions; a budgetary estimate is not a quotation and is not binding.

10.4 Model-only work. Seller may, at its sole discretion, accept an order defined by a 3D model without a dimensioned drawing. Such acceptance requires Buyer's written agreement that: (i) Seller will produce and inspect to the model at a uniform tolerance of ±0.010 inch on all features, ±1° on all angles, and the defaults of Sections 11.5 through 11.12; (ii) no geometric, form, orientation, or location control applies; (iii) no dimensional nonconformance claim will be entertained; and (iv) no first article report will be produced, as there is no dimensional authority to report against. Model-only work is priced as prototype work.

10.5 Revision control. Buyer is responsible for the revision level supplied. Seller manufactures to the revision stated on the accepted purchase order and does not search for, retrieve, or verify against any other revision, including revisions available in a shared folder, portal, or prior order. Supply of a superseded revision is a change under Section 6 when discovered.

11. General Tolerances and Default Conditions

11.1 Governing standards. Drawings are interpreted per ASME Y14.5 (inch) or ISO 1101 / ISO 2768 (metric), and surface texture per ASME B46.1. **Where the drawing title block states its own general tolerance block, the drawing governs** and Seller's price is based on the tolerances as shown. Where the drawing is silent, the defaults below apply. These defaults are Seller's manufacturing defaults; they do not add a requirement Seller has not quoted and do not obligate Seller to hold a tolerance tighter than shown. Where the drawing uses a decimal-place convention, that convention controls.

11.2 Unspecified linear tolerances (inch).

Callout	Tolerance
One-place decimal (X.X)	±0.030
Two-place decimal (X.XX)	±0.010
Three-place decimal (X.XXX)	±0.005
Four-place decimal (X.XXXX)	Not covered. Requires written review and separate quotation before acceptance.
Fractional	±1/64 (±0.016)
Overall dimensions exceeding 12.00 in	±0.010 per 12.00 in or fraction thereof, cumulative, regardless of decimal places shown

11.3 Unspecified metric tolerances. ISO 2768-m (medium) for linear and angular; ISO 2768-K for general geometric tolerances.

11.4 Unspecified angular tolerances. ±1° for all angles, including chamfer angles and angular relationships between features. Chamfer leg dimensions carry the linear tolerance of the decimal places shown, or ±0.015 if undimensioned.

11.5 Unspecified surface finish. 125 µin Ra maximum on machined surfaces; 250 µin Ra on saw-cut, as-supplied mill, or non-functional surfaces. Parts are supplied in as-machined condition. Tool witness lines, stepover and feed marks, scallops, and minor handling marks that do not exceed the finish requirement and do not violate a dimensional tolerance are conforming. **Cosmetic appearance is not a controlled characteristic** unless Buyer supplies a written cosmetic specification with defined accept/reject criteria or an approved limit sample, quoted separately.

11.6 Unspecified edge and corner condition. All sharp edges broken 0.005–0.015 by hand or machine deburr. Burrs are removed; edge-break uniformity, polish, and blended transitions are not controlled. "Sharp corner," "no break," or a controlled edge-break dimension must be stated on the drawing and is quoted separately.

11.7 Unspecified radii, corner reliefs, and fillets. Internal corner radii on milled features are at Seller's option, selected for the most economical cutter, and will not exceed the smallest radius shown for that feature on the model. Where a mating condition requires a specific internal radius, corner relief, or undercut, it must be dimensioned. Unspecified fillets are 0.010–0.030.

11.8 Unspecified threads and hole depth. Internal threads UNC/UNF Class 2B per ASME B1.1; external Class 2A; metric 6H internal / 6g external per ISO 965. Threads are verified with calibrated Go/No-Go gages; functional gaging is the accept criterion. Stated depth of a drilled hole is to the full diameter, not the drill point; the point extends beyond the stated depth at Seller's option. Stated depth of a tapped hole is full-thread depth. Class 3B, thread inserts, and rolled or ground threads must be called out and are quoted separately.

11.9 Unspecified geometric characteristics. Where no geometric tolerance is shown, none is implied. Flatness, straightness, parallelism, perpendicularity, position, concentricity, runout, and profile are controlled only as

consequences of the applicable linear tolerance in 11.2, evaluated over any 6.00-inch span with proportional accumulation over longer spans. Parts with a length-to-thickness ratio greater than 20:1, wall thickness under 0.060, or thin-web or thin-ring geometry are inspected in the free state; a restrained inspection condition must be specified on the drawing.

11.10 Material, form, and temper. Where the drawing specifies material by common name only, Seller will supply and identify on the Certificate of Conformance: "aluminum" = 6061-T6511 or T651; "steel" = 1018 cold finished; "stainless" = 304 annealed; "4140" = annealed or hot-rolled, not heat treated. Mill form (plate, bar, extrusion, forging) is at Seller's option unless specified. Surfaces retaining the as-supplied mill condition carry the mill's tolerance, not Seller's.

11.11 Dimensions relative to outside processing. Unless the drawing states "dimensions after finish," **all dimensional requirements apply before anodize, plating, heat treat, coating, or other outside processing**, and parts are inspected at that stage. Buyer is responsible for specifying any pre-plate dimensional allowance. Anodize, plating, and coating alter dimensions (Type II anodize typically 0.0002–0.0005 per surface; Type III hardcoat typically 0.0005–0.001 per surface). Color, gloss, hue, rack and contact marks, and lot-to-lot variation in coated or anodized surfaces are inherent to the process and are not cause for rejection unless Buyer supplies an approved color standard or limit sample.

11.12 Inspection conditions. Inspection is performed at 68 °F (20 °C) in the free state using calibrated equipment traceable to NIST. Measurement uncertainty and gage repeatability are not deducted from the tolerance band; a characteristic measured within tolerance on Seller's calibrated equipment is conforming. A dispute over conformance is resolved by a mutually agreed ISO/IEC 17025-accredited laboratory at the cost of the non-prevailing party.

11.13 Model versus drawing precedence. The dimensioned 2D drawing is the sole controlling authority for all dimensions, tolerances, notes, materials, finishes, and inspection requirements. The 3D model is reference geometry provided for programming and governs only the form of surfaces not dimensioned on the drawing. Neutral-format translations (STEP, IGES, Parasolid) carry inherent translation deviation and are not a dimensional authority. Where model-based definition is to be the sole authority, Buyer must state so in writing at RFQ, supply a model carrying annotated tolerances per ASME Y14.41, and accept Section 10.4. **If the model and the drawing disagree, Seller stops work and issues a request for information**; the clock pauses under Section 3.3. If Buyer directs manufacture to the model, Buyer accepts the resulting dimensions as conforming and waives any dimensional claim on the affected features.

11.14 Reference and basic dimensions are not inspected. Seller is not responsible for tolerance stack-up, fit, function, or assembly outcomes arising from Buyer's design.

11.15 These defaults do not apply to any feature, tolerance, finish, or inspection requirement Seller identified in writing at quotation as outside its process capability under Section 21.

12. Quality Requirements — Scope and Exclusions

12.1 Quality management system. Seller maintains a documented Quality Management System (BMW-QMS-001) structured to the requirements of AS9100D (Rev D) and ISO 9001:2015. **Seller is actively pursuing AS9100D third-party certification and is not presently certified**; Seller will notify Buyer upon achieving registration. Nothing in this paragraph constitutes a representation that Seller holds AS9100, ISO 9001, Nadcap, or any other third-party registration.

12.2 Scope. Seller's price, lead time, and scope are based solely on the quality requirements stated on the drawing revision and purchase order documents furnished **at the time of quotation**. Any quality, inspection, documentation, traceability, process, or packaging requirement not so stated is **expressly excluded** from the quotation and from Seller's scope of supply.

12.3 Requirements identified after quotation — whether imposed by Buyer, Buyer's customer, a prime contractor, or by flow-down — do not become part of the order unless the parties execute a written change order under Section 6.

Seller is not obligated to commence or continue work on such requirements before the change order is executed, and any resulting delay is excusable delay attributable to Buyer.

12.4 Excluded unless expressly stated at time of quotation and separately priced:

a. First Article Inspection and any AS9102 forms, ballooned drawings, and FAI reports for balance-of-line or repeat orders;
b. Source inspection, Government source inspection, Buyer-witnessed inspection, or in-process hold points;
c. CMM inspection reports, full dimensional layout, or inspection data beyond Seller's standard inspection record;
d. Certified material test reports, mill certifications, or material traceability to heat/lot/melt;
e. DFARS 252.225-7008/-7009 specialty metals, domestic melt/pour, or Berry Amendment compliance;
f. RoHS, REACH, conflict minerals, PFAS, or similar substance declarations;
g. Lot control, lot segregation, or single-lot manufacture;
h. Serialization, unique identification, UID/IUID, or part marking beyond that shown on the drawing;
i. Certificates of Conformance beyond Seller's standard form;
j. Packaging, preservation, barrier, desiccant, ESD, cleanliness, or marking beyond Section 5.9;
k. Cleanliness verification, precision cleaning, particulate or NVR limits, or cleanliness certification;
l. Nadcap-accredited, customer-approved, or specification-approved sources for special processes;
m. Calibration certificates, gage R&R, measurement system analysis, or ISO/IEC 17025 accredited calibration data for Seller's equipment;
n. PPAP at any level, control plans, PFMEA, or process capability studies;
o. 100% inspection where Seller's documented inspection plan would otherwise apply;
p. Buyer-specific quality clauses, supplier quality manuals, or quality codes referenced by number on the purchase order.

12.5 Inspection method and sampling. Absent an inspection plan or sampling requirement stated at time of quotation, Seller inspects in accordance with Seller's documented inspection plan, which applies 100% verification to characteristics designated critical, key, or safety-related by the drawing, and statistically valid sampling to remaining characteristics. Seller's inspection records are the record of acceptance. Measurement equipment is calibrated to standards traceable to NIST.

12.6 First Article Inspection. Where specified and priced, FAI is performed to AS9102 and reported on AS9102 Forms 1, 2 and 3 only where AS9102 documentation is expressly required; otherwise on Seller's standard format. A new or partial FAI is chargeable and is required on: design change affecting fit, form or function; change in manufacturing source, process, inspection method, operation sequence, or material; change in NC program or tooling affecting fit, form or function; change in manufacturing location; change of subtier supplier for any outsourced operation or special process; a lapse in production of two (2) years; an event that may adversely affect the process; or corrective action requiring re-verification. **Seller will not retroactively produce a first article report for parts already manufactured.** Buyer shall complete FAI review and respond within ten (10) business days of submission, absent which the FAI is deemed accepted for purposes of schedule and payment.

12.7 Records and right of access. Seller retains inspection records, material certifications, special-process certifications, traceability records, and manufacturing records for **seven (7) years** from date of final delivery, or such longer period as the purchase order specifies at time of quotation. Where the order is subject to the ITAR, Seller retains records not less than five (5) years per 22 C.F.R. § 122.5, and the longer period governs. Seller grants Buyer, Buyer's customer, and applicable regulatory and statutory authorities right of access to Seller's facilities and to applicable documented information relating to the order, at all levels of the supply chain, on not less than five (5) business days' written notice, during normal business hours, subject to Seller's site safety, confidentiality, and export-control requirements including U.S.-person verification. Seller supports two (2) audits or surveys per calendar year at

no charge; additional audits, Buyer-directed audits of Seller's subtiers, and audit support exceeding eight (8) hours are chargeable.

12.8 Nonconforming product and concessions. Seller may submit a written request for deviation, waiver, or Material Review Board disposition. **Buyer shall respond in writing within five (5) business days**; failure to respond is excusable delay and Seller may reprice or reschedule. Dispositions of "use-as-is" and "repair" require Buyer's prior written authorization and, where required, that of Buyer's customer. Rework to bring product into full conformance does not require authorization. Seller shall notify Buyer promptly on discovery of nonconforming product already delivered.

12.9 Counterfeit prevention and traceability. Seller maintains a counterfeit-prevention process consistent with AS6174 and, where electronic components are in scope, AS5553. Raw material is procured from the mill or from distributors providing certification traceable to the producing mill. Seller does not procure material from independent distributors, brokers, or the open market for aerospace or defense orders without Buyer's prior written approval. Where Buyer directs a material source, Buyer assumes responsibility for that source's authenticity and certification.

12.10 Notification of change. Seller will notify Buyer in writing in advance of: a change in manufacturing process, inspection method, or operation sequence affecting a characteristic; a change in manufacturing facility or location; a change of subtier supplier performing a special process or supplying raw material; a change in Seller's QMS registration status; a change in ownership or control of Seller; or discovery of nonconforming product previously delivered. Buyer will notify Seller in writing in advance of: any drawing or specification revision; any change in quality, inspection, documentation, packaging, or delivery requirement; any change in the end application or export-control classification; any DPAS priority rating; and any change in Buyer's customer or destination affecting flow-down requirements.

13. Inspection and Acceptance

13.1 Buyer shall inspect all goods promptly on receipt and shall give Seller written notice of any shortage, visible damage, or nonconformance apparent on reasonable inspection **within fifteen (15) days of receipt**, and written notice of any latent nonconformance within fifteen (15) days of discovery and in no event after the warranty period in Section 14. Notice must identify the affected part numbers, quantities, lot or serial numbers, and the specific characteristic claimed nonconforming, and must include supporting inspection data.

13.2 Failure to give notice within those periods constitutes irrevocable acceptance, waives all claims as to those goods, and bars any revocation of acceptance. Use, further processing, plating, coating, assembly, machining, shipment to a third party, or delivery to Buyer's customer constitutes acceptance regardless of the period. Payment is not acceptance, and acceptance is not a waiver of warranty.

13.3 Buyer shall not return any goods without a Return Material Authorization number issued by Seller. Buyer shall preserve all allegedly nonconforming goods in as-received condition and make them available for Seller's inspection.

13.4 Seller's right to inspect first. Seller shall be given the opportunity to inspect any goods alleged nonconforming before those goods are reworked, repaired, scrapped, sorted, modified, or otherwise altered by Buyer or any third party, and before any claim or chargeback is asserted. Rework, disposition, or destruction without affording Seller that opportunity **waives the claim in its entirety**.

13.5 Seller is not liable for any sorting, rework, inspection, testing, expediting, travel, administrative, or third-party charge incurred by Buyer absent Seller's prior written authorization stating a not-to-exceed amount. Nonconformance of part of a shipment does not entitle Buyer to reject the balance.

14. Limited Warranty

14.1 Seller warrants that for **twelve (12) months from the date of shipment**, goods manufactured by Seller will conform to the released drawing and specification identified in Seller's quotation and Order Acknowledgment and will be free from defects in Seller's workmanship.

14.2 Exclusions. This warranty does not cover, and Seller makes no warranty with respect to: the adequacy, suitability, manufacturability, or performance of Buyer's design, drawings, specifications, or tolerances, including any failure of fit, function, assembly, or tolerance stack-up; goods manufactured from Buyer-supplied material, tooling, or fixtures; material, processes, or components specified or supplied by Buyer or sourced from a Buyer-directed supplier, including special processes performed by a Buyer-specified source; goods altered, machined, coated, assembled, repaired, or processed by any party other than Seller; normal wear, corrosion, erosion, contamination, or improper storage, handling, installation, or use; or conformance to any requirement not stated in the released drawing, specification, or purchase order at the time of Seller's quotation.

14.3 DISCLAIMER. THE WARRANTY IN SECTION 14.1 IS THE ONLY WARRANTY GIVEN BY SELLER AND IS IN LIEU OF ALL OTHERS. SELLER EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS, IMPLIED, OR STATUTORY, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY, ANY IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, AND ANY WARRANTY ARISING FROM COURSE OF DEALING, COURSE OF PERFORMANCE, OR USAGE OF TRADE. SELLER MANUFACTURES TO BUYER'S DRAWINGS AND SPECIFICATIONS AND DOES NOT WARRANT THAT THE GOODS ARE FIT FOR BUYER'S APPLICATION OR FOR ANY PARTICULAR PURPOSE.

14.4 Exclusive remedy. Buyer's sole and exclusive remedy, and Seller's entire liability, for any breach of warranty is, at Seller's option: (a) rework of the nonconforming goods; (b) replacement of the nonconforming goods; or (c) refund or credit of the purchase price paid for the nonconforming goods. Buyer shall obtain an RMA, ship returns freight prepaid, and preserve the goods for Seller's inspection. Seller will reimburse reasonable return freight if the nonconformance is confirmed.

14.5 Seller does not warrant goods as fit for any safety-critical, flight-critical, life-support, or nuclear application unless that application and its requirements were disclosed in writing at time of quotation.

14.6 Seller does not perform, and is not responsible for, sorting, rework, or containment at Buyer's or any third party's facility.

15. Limitation of Liability

15.1 IN NO EVENT SHALL SELLER BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL, EXEMPLARY, OR PUNITIVE DAMAGES OF ANY KIND, INCLUDING WITHOUT LIMITATION LOST PROFITS, LOST REVENUE, LOSS OF USE, LOSS OF GOODWILL, BUSINESS INTERRUPTION, PRODUCTION DOWNTIME, LINE-DOWN CHARGES, COST OF COVER OR SUBSTITUTE GOODS, COST OF CAPITAL, THE COST OF RECALL, RETROFIT, REMOVAL, DISASSEMBLY, REINSTALLATION, OR REWORK OF ANY ASSEMBLY OR SYSTEM INTO WHICH THE GOODS ARE INCORPORATED, DAMAGE TO OTHER PROPERTY, CLAIMS OF BUYER'S CUSTOMERS, TEST OR LAUNCH COSTS, OR LOSS OF ANY CONTRACT OR GOVERNMENT AWARD, WHETHER THE CLAIM ARISES IN CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, STATUTE, OR OTHERWISE, AND WHETHER OR NOT SELLER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

15.2 SELLER'S TOTAL AGGREGATE LIABILITY ARISING OUT OF OR RELATING TO THE GOODS OR THIS AGREEMENT SHALL NOT EXCEED THE PURCHASE PRICE ACTUALLY PAID TO SELLER FOR THE SPECIFIC GOODS GIVING RISE TO THE CLAIM.

15.3 The exclusions and limitations in this Section are **independent of, and survive, any failure of the essential purpose** of any limited or exclusive remedy provided in these Terms.

15.4 The parties acknowledge that the price of the goods reflects the allocation of risk in this Section, and that Seller would not sell at the quoted prices absent this allocation.

16. Indemnification

16.1 Buyer's indemnity. Buyer shall defend, indemnify, and hold harmless Seller and its members, officers, employees, and agents from and against all claims, demands, suits, losses, damages, fines, penalties, and expenses (including reasonable attorney fees) arising out of or relating to:

a. Any actual or alleged infringement or misappropriation of any patent, copyright, trademark, trade dress, trade secret, or other intellectual property right arising from Seller's manufacture of goods to Buyer's design, drawings, specifications, or instructions;
b. Any defect, error, omission, or inadequacy in Buyer's design, drawings, specifications, tolerances, material selection, or process instructions, including any failure of fit, function, assembly, or tolerance stack-up;
c. Buyer's use, application, installation, integration, resale, or disposal of the goods, or any use outside the application disclosed to Seller;
d. Material, components, or tooling supplied or directed by Buyer; and
e. Buyer's breach of Section 26, including any misclassification, failure to mark, failure to notify, or unauthorized transmission of controlled data or items.

16.2 Seller's indemnity. Seller shall defend, indemnify, and hold harmless Buyer from third-party claims for bodily injury, death, or damage to tangible property to the extent caused by Seller's negligence or willful misconduct in performing the work. Seller's obligation is subject to the limitations in Section 15 and does not extend to any claim arising from Buyer's design or specification.

16.3 The indemnified party shall give prompt written notice of any claim, tender sole control of the defense to the indemnifying party, and cooperate reasonably. No settlement imposing a non-monetary obligation on the indemnified party may be made without its consent.

17. Intellectual Property and Confidentiality

17.1 Buyer's property. Buyer retains all right, title, and interest in the design of the part and in the drawings, models, specifications, and technical data it furnishes. Nothing transfers any interest in Buyer's intellectual property to Seller, and Seller acquires no right to manufacture Buyer's parts for any third party.

17.2 Seller's property. Seller retains all right, title, and interest in everything Seller conceives, develops, or creates in performing the work, including CAM programs, toolpaths, post-processed machine code, **derived machining models**, setup sheets, process sheets, work instructions, routings, fixture and tooling designs, inspection methods and programs, cost models, and manufacturing know-how (collectively, "Seller Manufacturing Data"). Seller Manufacturing Data is Seller's confidential information and trade secret, is not a work made for hire, is not a deliverable, and no license to it is granted. **Payment of NRE, tooling, or engineering charges purchases capability, not ownership.** Where Seller Manufacturing Data incorporates or is derived from Buyer-furnished data, Seller's ownership extends only to Seller's own contributions and does not affect Buyer's rights in the underlying data.

17.3 Know-how. Nothing limits Seller's right to use the general knowledge, skill, and experience of its personnel, or to manufacture similar goods for others, provided Seller does not use Buyer's confidential information or infringe Buyer's intellectual property.

17.4 Confidentiality. Each party shall protect the other's confidential information with at least reasonable care, use it only to perform this order, and not disclose it except to personnel with a need to know who are bound to equivalent obligations. Obligations continue for five (5) years after the last delivery, and indefinitely as to trade secrets and as to information subject to U.S. export control. Confidentiality does not restrict disclosure required by law, by a government authority, or for export compliance. **Seller's pricing, quotations, lead times, and process approach are Seller's confidential information and shall not be disclosed to any competing supplier.**

17.5 No reverse engineering. Buyer shall not reverse engineer, copy, measure for the purpose of duplicating, or disassemble any Seller-owned tooling, fixture, gauge, or process aid, and shall not use Seller Manufacturing Data, or any part or sample produced by Seller, to enable any other supplier to manufacture the part.

17.6 Publicity. Neither party shall use the other's name, marks, or the existence of the relationship in advertising or publicity without prior written consent.

17.7 Seller's ownership of Seller Manufacturing Data does not alter either party's obligations under Section 26, which governs the handling, storage, and transfer of all technical data regardless of ownership.

18. Tooling and Customer Property

18.1 Seller-owned tooling. Tooling, fixtures, gauges, and process aids designed or built by Seller remain Seller's property regardless of any NRE, tooling, or setup charge paid by Buyer, unless Seller's quotation expressly states that Buyer is purchasing the tooling. Seller alone determines their retention, modification, and disposal.

18.2 Buyer-owned tooling. Tooling and fixtures invoiced to Buyer as a separately stated tooling purchase, and tooling furnished by Buyer, are Buyer's property, are identified and stored as such, and are available for return at Buyer's expense including crating and freight. Buyer is responsible for the design adequacy, condition, and calibration of tooling, fixtures, and gages it furnishes. Uncalibrated Buyer gaging will not be used for acceptance.

18.3 Reporting. Seller will identify, protect, and safeguard Buyer-owned property in its custody and will **notify Buyer in writing if Buyer-owned property is lost, damaged, or found unsuitable for use**. Buyer is responsible for insuring Buyer-owned property in Seller's custody; Seller's insurance does not cover it.

18.4 Retention and disposal. Seller will store Buyer-owned tooling at no charge for **twenty-four (24) months following the last production order using that tooling**. Seller may charge storage after twelve (12) months of inactivity at the rates in Section 8.5. **Before disposing of any Buyer-owned tooling, Seller will give Buyer at least thirty (30) days' prior written notice** at Buyer's last known address and email of record. If Buyer does not within that period request return and agree in writing to pay all accrued storage, crating, and freight charges, the tooling is deemed abandoned and Seller may dispose of it. Seller will retain a record of the disposition. Disposal of tooling that embodies export-controlled technical data is carried out under Seller's export compliance and records procedures.

18.5 Seller does not warrant the condition or continued serviceability of stored tooling and is not liable for normal deterioration in storage.

18.6 Perishable tooling. Perishable cutting tools, inserts, and consumables required for normal production in the quoted material are included in the unit price. Tool breakage, accelerated wear, and machine damage caused by conditions outside Seller's control are invoiced at cost plus fifteen percent (15%), including: Buyer-furnished material with hard spots, inclusions, scale, weld repair, cold work, or a condition differing from the certification; material substituted by Buyer; interrupted cuts, cored holes, cast surfaces, or prior-operation features not shown on the drawing or model; and machining of materials outside the quoted specification.

19. Buyer-Furnished Material

19.1 Attrition allowance. Buyer shall supply the quantity required to produce the ordered parts **plus an attrition allowance** of the greater of ten percent (10%) or two (2) pieces for orders of twenty-five (25) parts or fewer, and five percent (5%) for orders above twenty-five (25). Setup, first-piece proveout, destructive verification, and process loss consume this allowance.

19.2 Shortage. If furnished material is insufficient to yield the ordered quantity, Seller will deliver and invoice the quantity actually produced as complete performance. Seller is not obligated to re-run, is not liable for the shortfall, and will not issue credit. Additional parts produced from replacement material are a new order at full setup and run rates. Material shortages extend the delivery schedule.

19.3 Condition. Seller performs a receiving check of identity, quantity, and visible condition only. **Seller does not verify chemistry, mechanical properties, heat treat condition, hardness, internal soundness, or certification** of Buyer-furnished material, and is not liable for nonconformance, scrap, tool damage, or delay arising from it. Material arriving without legible identification and certification will be quarantined and the clock paused under Section 3.3.

19.4 Liability limit. Seller's liability for loss of or damage to Buyer-furnished property, however caused, shall not exceed the lesser of Buyer's documented acquisition cost of the affected material or the machining charges for the affected pieces, and expressly excludes value added by Buyer or third parties prior to delivery to Seller, replacement lead-time costs, and all consequential damages. Buyer-furnished material is not covered by any warranty of Seller.

20. Outside Processing and Material Substitution

20.1 Where an order requires anodize, plating, heat treat, coating, painting, passivation, NDT, tumble, or any other process performed outside Seller's facility, **Seller acts as Buyer's purchasing agent for that process**. Outside-processing lead times quoted are the vendor's estimate and are not guaranteed by Seller. Delivery dates for orders containing outside processing are estimates and extend day for day for any vendor delay.

20.2 Buyer-specified sources. Where Buyer specifies, directs, or approves the outside processor, **Seller is not liable for delay, loss, damage, scrap, or nonconformance caused by that processor.** Seller's sole obligation is to pursue remedy from the processor on Buyer's behalf and pass any recovery through. Replacement parts are a new order at Buyer's expense.

20.3 Seller-selected sources. Where Seller selects the processor, Seller's liability is limited to the cost of re-processing or, where the parts are unrecoverable, to Seller's machining cost for replacement parts; Buyer supplies replacement material. Processors impose their own loss and damage allowances, typically 1–3%; Buyer accepts that allowance on all outside-processed lots.

20.4 Special processes. Nadcap accreditation, customer-approved-source status, or specification-qualified-source status for any special process is provided only where specified at time of quotation and separately priced, and is subject to source availability, lead time, and minimum-lot pricing.

20.5 Manufacturing method. Seller reserves sole discretion over manufacturing method, operation sequence, machine assignment, workholding, cutter selection, toolpath strategy, and the use of qualified subcontractors, provided the delivered part conforms to the controlling drawing. Buyer process requirements — machine-from-solid, no-EDM, grind-required, specific machine class, minimum tool radius, or mandated operation sequence — must appear on the drawing or the RFQ and are priced accordingly.

20.6 Material substitution. Where the specified material, temper, form, or size is unavailable, or its lead time jeopardizes the delivery date, Seller may substitute an alternate of equal or superior certified properties **on written notice to Buyer prior to purchase**, with the substituted material and its certification identified on the Certificate of Conformance. Substitution to a lesser specification, a different alloy family, or a different temper requires Buyer's written approval; if Buyer declines, the order is rescheduled to the specified material's actual lead time at no liability to Seller.

21. Process Capability and Right to Decline

21.1 Seller's quotation covers only those features and processes Seller has determined it can produce in its own facility or through its qualified supply base. **Seller does not currently operate a turning center with radial (cross-axis) live tooling.** Cross-drilled holes, radial tapping, off-axis flats, keyways, and similar features on turned parts are produced in a secondary milling setup, quoted separately, subcontracted, or declined at Seller's discretion; the tolerance achievable on the relationship between turned and secondary-operation features is governed by Section 11.9 unless separately quoted.

21.2 Seller reserves the right to decline any feature, tolerance, surface finish, material, or inspection requirement it cannot demonstrably hold, and to decline or return any order in which such a requirement is discovered after acceptance. In that event Buyer's sole remedy is refund of amounts paid for the affected line item, less costs reasonably incurred, and Seller has no liability for Buyer's cost of re-sourcing, delay, or cover.

22. Guaranteed Delivery Window (Optional Premium Service)

22.1 Where Buyer purchases and Seller accepts a Guaranteed Delivery Window, identified as a separate line item on the Order Acknowledgment, the stated window is a firm commitment and Section 5.3 does not apply to that line. Two levels are offered:

Level	Commitment	Premium
5-Day Window	Shipment within a stated five (5) calendar-day period ending on the committed date	15% of line value
72-Hour Window	Shipment within a stated 72-hour period ending on the committed date	30% of line value

22.1.1 The premium is additional. The premium is quoted as a separate line item, is invoiced with the order, and is **in addition to — not part of, and not credited against — any deposit required under Section 3.4, any NRE or expedite charge, and the order value.** A deposit secures the order and is applied to the final invoice under Section 3.4; the premium purchases reserved capacity and schedule buffer and is not applied to the final invoice. Payment of the premium does not reduce, satisfy, or defer any deposit.

22.2 Measured at Seller's dock. The commitment is to **tender to carrier at Seller's facility** within the window. Transit time, carrier performance, and receipt at Buyer's facility are excluded. Where the order requires outside processing, the guarantee applies to the date stated on the Order Acknowledgment as "Guaranteed Ship Complete"; if no such date is stated, the guarantee applies to machining complete at Seller's facility.

22.3 Buyer conditions precedent. The guarantee is void and the premium forfeited if Buyer fails to meet any of: deposit in cleared funds within five (5) business days of acceptance; complete technical data at acceptance per Section 10; Buyer-supplied material received and conforming by the date stated on the Order Acknowledgment; and written response to any Seller request for approval, first article disposition, deviation, or clarification within two (2) business days. Any change order under Section 6 voids the guarantee unless Seller expressly reinstates it in writing at a requoted price and date.

22.4 SOLE AND EXCLUSIVE REMEDY. If Seller misses a Guaranteed Delivery Window for any reason other than Sections 22.3 and 22.5, **Seller will refund the premium in full. Refund of the premium is Buyer's sole and exclusive remedy for a missed window and is the parties' agreed and reasonable estimate of the harm caused by late delivery, not a penalty. Sections 5.4, 5.5, 15.1 and 15.2 remain in full effect; no other damages, penalties, offsets, or chargebacks apply.**

22.5 Excusable delay. Delay caused by an event under Section 23 extends the guaranteed window day for day and does not entitle Buyer to a refund, except that if the cumulative extension exceeds twenty-one (21) calendar days, Buyer may elect by written notice within five (5) business days either to (a) receive a refund of the premium and continue the order on an estimated-date basis under Section 5.3, or (b) cancel the undelivered quantity under Section 23.3. Buyer-caused delay never entitles Buyer to a refund.

22.6 The premium is non-refundable if the order is cancelled or rescheduled by Buyer for any reason, the premium being consideration for reserved capacity.

22.7 Capacity limit. Guaranteed Delivery Windows are offered subject to available reserved capacity at the time of order and may be declined by Seller for any order or any Buyer without explanation. **No delivery guarantee arises by course of dealing, email, or verbal assurance.**

23. Force Majeure and Excusable Delay

23.1 Seller is not liable for, and is not in breach on account of, any delay in or failure of performance caused directly or indirectly by any condition beyond Seller's reasonable control, including:

a. Unavailability, allocation, shortage, rationing, or delayed delivery of raw material, bar stock, plate, castings, forgings, or purchased components, from any source;
b. Delay, nonperformance, capacity constraint, quality escape, or business failure of any outside-processing supplier, including anodizing, plating, passivation, heat treat, coating, welding, NDT, laser marking, grinding, and calibration services;
c. Disruption, shortage, allocation, price dislocation, tariff action, or export restriction affecting cutting tools, tungsten carbide, cobalt, PCD, CBN, ceramic, or other tooling inputs or their raw materials;
d. Failure or interruption of electrical power, natural gas, compressed air, water, telecommunications, or internet service;
e. Catastrophic failure of, or major unscheduled repair to, any machine tool, CMM, or critical facility system, and any resulting delay in obtaining parts or field service;
f. Shortage or unavailability of qualified labor, illness, strike, or other labor disturbance, whether or not involving Seller's employees;
g. Cyber incident, ransomware, data loss, or failure or compromise of information systems, including those of Seller's suppliers;
h. Any act, order, requisition, embargo, sanction, allocation, or regulation of any government or agency, including delay in the issuance or denial of any export license or authorization, and including the displacement of Seller's capacity by a priority-rated order accepted under Section 24;
i. Fire, flood, earthquake, severe weather, epidemic, war, terrorism, civil unrest, and transportation or port disruption; and
j. Any act or omission of Buyer, including those described in Section 3.3.

23.2 Seller will notify Buyer within five (5) business days of becoming aware of a material schedule impact and will state a revised estimated ship date when one can reasonably be determined. Delivery dates are extended by the duration of the event plus the time reasonably required to re-sequence the affected work.

23.3 If an excusable delay continues more than ninety (90) days, either party may cancel the affected undelivered quantity on written notice, with amounts due to Seller calculated under Section 7.

23.4 Allocation. If any such event limits Seller's capacity or supply, Seller may allocate available capacity, material, and tooling among its customers and its own requirements in any manner Seller determines to be fair and reasonable, with priority to orders carrying a valid DPAS rating. Such allocation is not a breach.

24. Priority-Rated Orders (DPAS)

24.1 Seller accepts and performs priority-rated orders in accordance with the Defense Priorities and Allocations System, 15 C.F.R. Part 700. **A quotation is not acceptance of a priority-rated order.**

24.2 A purchase order is a rated order only if it contains all elements required by 15 C.F.R. § 700.12: the priority rating symbol (DO or DX), the program identification symbol, a **specific required delivery date** (a statement such as "immediately" or "as soon as possible" is not a required delivery date), and the signed certification statement of an individual authorized to sign on Buyer's behalf. An order lacking any element is not a rated order and Seller will process it as an unrated commercial order. Pricing and lead time assume an unrated order unless a rating is identified **at the time of quotation**.

24.3 Seller will accept or reject a rated order in writing within the period required by 15 C.F.R. § 700.13 — fifteen (15) working days for DO-rated orders and ten (10) working days for DX-rated orders; where the order is received by electronic means, ten (10) working days for DO and five (5) working days for DX. Where Seller cannot meet the required delivery date, Seller will reject in writing and state the earliest date on which delivery can be made.

24.4 Displacement of unrated work. Buyer acknowledges that an accepted rated order legally requires Seller to give it preferential scheduling over unrated orders, and that a DX-rated order takes preference over a DO-rated order. **Any resulting delay to an unrated order is excusable delay under Section 23.1(h), is not a breach by Seller, and does not entitle Buyer to any remedy, including refund of any premium under Section 22.**

24.5 Buyer shall flow down to Seller any rating applicable to the goods and shall promptly provide any information Seller requires to place rated orders on its own suppliers.

25. Government Contract Flow-Downs

25.1 Seller is a subtier supplier of commercial items and does not have privity with the U.S. Government. **Only those FAR and DFARS clauses that are (a) expressly identified by clause number and full title in Buyer's purchase order, (b) mandatory for flow-down to a subcontractor at Seller's tier, and (c) applicable to the acquisition of commercial products or commercial services, apply to any order.** Clauses incorporated only by general reference, by hyperlink, or by reference to Buyer's supplier manual are not accepted.

25.2 Any clause requiring certified cost or pricing data, compliance with Cost Accounting Standards, Government audit of Seller's records beyond what is required for commercial items, or acceptance of unlimited liability is excluded.

25.3 Where a flow-down clause conflicts with these Terms, the parties will negotiate in good faith an equitable adjustment in price and schedule to reflect the cost of compliance.

26. Export Control and Government Compliance

> **Counsel review of this Section by Akana K. Ma (Buchalter) is still open.** Issued Rev A ahead of that review by Owner decision; any redline is handled by revision.

26.1 Seller's status. Belfanti Machine Works LLC is registered with the U.S. Department of State, Directorate of Defense Trade Controls (Registration No. M53823), maintains an export compliance program, and has designated an Empowered Official. **Registration with DDTC is not an export license, approval, or authorization, and confers no authority to export or to receive technical data.**

26.2 When this Section applies. Buyer's representations are made at the **earlier of** Buyer's submission of a request for quotation, Buyer's transmission of any drawing, model, specification, or other technical data to Seller, and Buyer's issuance of a purchase order, and are deemed repeated on each subsequent transmission and order.

26.3 Classification and marking, before transmission. Buyer is solely responsible for determining, **before transmitting anything to Seller**, whether any item, drawing, model, software, or technical data is subject to the International Traffic in Arms Regulations (22 C.F.R. Parts 120–130), the Export Administration Regulations (15 C.F.R. Parts 730–774), or is Controlled Unclassified Information. Buyer shall notify Seller in writing of the applicable USML category or ECCN before transmission, and shall mark all such material with the applicable export control legend and, where applicable, the correct distribution statement and destruction notice under DoDI 5230.24.

26.4 Transmission channel; no unauthorized release to Seller. Buyer shall not transmit classified information to Seller under any circumstances. Buyer shall not transmit ITAR technical data, EAR-controlled technology above EAR99, or Controlled Unclassified Information to Seller except through the secure transmission method Seller designates in writing and only after Seller confirms in writing that it is able to receive that material. **Seller is not presently certified under the Cybersecurity Maturity Model Certification program at Level 2. Buyer shall not transmit Covered Defense Information or Controlled Unclassified Information to Seller until Seller has confirmed in writing that its compliant**

environment is available and approved for that material. Seller may return, refuse, or securely dispose of any material received in violation of this Section.

26.5 U.S. persons; deemed exports. Seller will restrict access to export-controlled technical data to U.S. persons as defined at 22 C.F.R. § 120.62 and will not release such data to any foreign person without prior authorization. Buyer shall not require or request release of controlled technical data to any foreign person, foreign entity, dual national, or third-country national, and shall notify Seller in writing before any foreign person on Buyer's side is given access to data relating to the order.

26.6 Screening and end use. Buyer represents and warrants that neither Buyer, nor any of its owners of fifty percent (50%) or more in the aggregate, nor any end user, ultimate consignee, or intermediate consignee for the goods, is listed on the Specially Designated Nationals and Blocked Persons List, the Denied Persons List, the Entity List, the Unverified List, the Debarred List maintained under 22 C.F.R. § 127.7, or any other U.S. restricted-party list, or is located in or a national of a country identified at 22 C.F.R. § 126.1. Buyer further represents that the goods will not be used in any end use prohibited by 15 C.F.R. Part 744 and will not be diverted. Seller may screen Buyer and any disclosed end user at any time.

26.7 Exporter of record. All deliveries by Seller are domestic deliveries within the United States. **Buyer is the exporter of record** and, where applicable, the importer of record for any export, re-export, or transfer of the goods or of any technical data relating to them, and is solely responsible for obtaining all licenses, agreements, and authorizations and for all filings, including Electronic Export Information filings. Seller will not act as U.S. Principal Party in Interest or file EEI unless separately agreed in writing.

26.8 Anti-boycott. Neither party shall take any action in furtherance of an unsanctioned foreign boycott. Each party shall promptly notify the other of any boycott-related request received in connection with an order, and Seller shall report such requests as required by 15 C.F.R. Part 760 and applicable tax law.

26.9 Records. Each party shall maintain records relating to export-controlled transactions for not less than five (5) years as required by 22 C.F.R. § 122.5 and 15 C.F.R. § 762.6, and shall cooperate reasonably in responding to government inquiries. Any Buyer requirement to destroy or return technical data is subject to Seller's mandatory retention obligations under applicable law and Section 12.7.

26.10 Right to stop work. Seller may suspend performance, decline to accept or may return technical data, withhold delivery, or terminate any order, **in each case without liability and without such action constituting a breach or default**, if Seller determines in good faith that performance would or might violate any U.S. export control, sanctions, or security requirement or Seller's compliance program. Buyer remains liable for amounts calculated under Section 7, and any resulting delay is excused under Section 23.

26.11 Indemnity. Buyer shall defend, indemnify, and hold harmless Seller from all claims, fines, penalties, remediation and voluntary disclosure costs, and legal fees arising from Buyer's breach of this Section, including any misclassification, failure to mark, failure to notify, or unauthorized transmission of controlled items or data.

26.12 Cooperation on disclosures. If either party identifies a potential violation, the parties shall cooperate in good faith. Nothing limits either party's right to make a voluntary self-disclosure to DDTC, BIS, or OFAC.

27. General Provisions

27.1 Governing law. These Terms and any order are governed by the laws of the State of Oregon, without regard to conflict-of-laws principles. **The United Nations Convention on Contracts for the International Sale of Goods does not apply.**

27.2 Venue and jurisdiction. Before filing suit the parties shall confer in good faith for thirty (30) days and, failing resolution, shall submit the dispute to non-binding mediation in Portland, Oregon. The exclusive venue for any action is the state courts of Washington County, Oregon, or the United States District Court for the District of Oregon,

Portland Division. Each party consents to personal jurisdiction there and waives any objection based on venue or forum non conveniens.

27.3 Attorney fees. In any action arising out of or relating to these Terms or any order, the prevailing party is entitled to recover its reasonable attorney fees, expert fees, and costs, at trial, on appeal, and in any bankruptcy or collection proceeding.

27.4 Limitations period. Any action against Seller arising out of or relating to any order must be commenced within one (1) year after the cause of action accrues. Seller may bring an action for the price at any time permitted by law.

27.5 Assignment. Buyer may not assign any order or delegate any obligation, by operation of law or otherwise, without Seller's prior written consent, including in connection with a change of control. Seller may assign to a successor to all or substantially all of its business. Any purported assignment in violation of this Section is void.

27.6 Notices. Notices must be in writing and delivered by hand, by nationally recognized overnight courier, or by certified mail to the addresses on the face of the order, with a copy by email. Notices are effective on receipt, or on the third business day after deposit with the courier or mail, whichever is earlier.

27.7 Severability. If any provision is held unenforceable, it is modified to the minimum extent necessary to make it enforceable, or if it cannot be so modified, severed, and the remaining provisions remain in full force. **The provisions of Sections 14, 15, and 7 are of the essence** and the parties' intent is that they be enforced to the maximum extent permitted by law.

27.8 Waiver. No waiver is effective unless in writing and signed by the waiving party. No failure or delay in exercising any right operates as a waiver.

27.9 Entire agreement. These Terms, together with Seller's quotation and any Seller Order Acknowledgment, constitute the entire agreement and supersede all prior and contemporaneous proposals, negotiations, representations, and understandings, written or oral.

27.10 Relationship. The parties are independent contractors. Nothing creates a partnership, joint venture, agency, or employment relationship.

27.11 Survival. Sections 4, 7, 12.7, 13, 14, 15, 16, 17, 18, 26, and 27 survive expiration or termination.

EXPORT CONTROL COMPLIANCE NOTICE

> *Summary notice, reproduced for Customer convenience. Section 26 governs in full. In any conflict between this notice and Section 26 — including as to when Customer's certification attaches and by when Customer must notify Seller — Section 26 controls.***

By submitting a Purchase Order (PO) or authorizing work based on this quotation, Customer explicitly certifies that the technical data, drawings, blueprints, or specifications provided to Seller are compliant with all applicable U.S. export control laws and regulations, including the International Traffic in Arms Regulations (ITAR) and the Export Administration Regulations (EAR). Customer certifies that it will not disclose, transfer, or export any controlled items or technical data manufactured by Seller to any foreign national, foreign corporation, or restricted destination without obtaining prior proper government authorization. It is the sole responsibility of the Customer to notify Seller in writing prior to order acceptance if any requested components possess specific export control classifications (e.g., ECCN or ITAR USML categories).

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