



25112 22nd Avenue, Saint Cloud MN 56301
4821 Mustang Circle, Mounds View MN 55112

State Contract Terms & Conditions - Sales Orders and Contracts North Central Bus and Equipment, Inc.

STANDARD STATE TERMS AND CONDITIONS FOR BUS ORDER AGREEMENTS AND CONTRACTS

1. SALE AND PURCHASE TERMS

1.1 These Standard State Terms and Conditions govern the sale by North Central Bus and Equipment, Inc., (referred herein as "Seller" or "North Central") and you (referred herein as "Buyer") for the purchase of School Bus(es), machinery, parts, goods and/or other materials (herein referred to as the "Products") and installation services identified on the Seller's Bus Order Agreement or Contract.

1.2 North Central's sale of the Product is conditioned upon Buyer's acceptance of all terms and conditions contained herein.

1.3 The effective date of the parties' (Buyer & Seller) agreement (the "Effective Date") shall be the date that the Seller receives from the Buyer's written acceptance via Buyer's Bus Order Agreement and/or these Standard State Terms and Conditions. On the Effective Date, the Bus Order Agreement and these Standard State Terms and Conditions together shall be legally binding and have full force and effect and constitute the agreement of the parties (the "Agreement").

1.4 Buyer shall not make any modifications to the specifications of the Product without the prior written consent of North Central. All modifications will be documented, priced and agreed to in the form of a change order. All costs for any and all revisions to the Product or installation services (including any additional Product or procurement costs) shall be borne by the Buyer as determined by the Seller.

2. EFFECT OF THESE TERMS AND CONDITIONS

2.1 Upon the Effective Date, all former understandings, former proposals, and writings related to the current purchase and sale are hereby deemed to be superseded and replaced by the Agreement and are hereby terminated and canceled. The parties acknowledge and agree that there have been and are no inducements to contract, no representations made for the purpose of inducing a contract, and no considerations other than those expressly set forth in the Agreement.

2.2 The Agreement expresses the complete and final understanding of the parties with respect to the subject matter thereof and shall not be altered, modified, or changed in any way except by an instrument in writing signed by duly authorized representatives of all the parties.

2.3 In case of conflict between the terms and conditions of the Agreement and the terms and conditions of any other document, including the Buyer's Bus Order Agreement, the terms and conditions of the Agreement shall govern.



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3. PAYMENT TERMS; TAXES

3.1 All payments made for the Products and installation services sold under the Agreement shall be made to the address as set forth in the Bus Order Agreement, and per the terms established by North Central with the Buyer and specified in/on the Bus Order Agreement and/or invoice. All payments shall be made without setoff or retention. Late payments shall be subject to interest on the unpaid balance at the highest rate permitted by law up to one and one-half percent (1.5%) per month. All pricing is available for thirty (30) days or availability of quoted stock unit(s) at the time of order.

3.2 Seller may add to any invoice, and Buyer shall pay an amount equal to any applicable taxes or document filing fees in connection with the installation services or Products sold, including state and local sales and use taxes.

3.3 PRICE CHANGE: In the event that Seller is subjected to significant increases in the prices that it must pay to the manufacturer for buses, freight, related materials, and supplies necessary to fulfill Buyer's Bus Order Agreement between the date the Bus Order Agreement is signed and the date the bus(es) and/or related materials and supplies are scheduled to be delivered, North Central may cancel the Bus Order Agreement in its sole discretion without any liability to Buyer. A significant increase in price is defined herein as an increase as to the bus(es) or any specific items of materials or supplies of five percent (5%) or more. In addition, Buyer agrees North Central shall not be responsible for increased prices of the bus(es) or any materials and/or supplies ordered by Buyer when caused by delays, shortages or unavailability of the buses or materials and /or supplies due to conditions not caused by North Central. Upon receipt of notice of the price increase from North Central, Buyer may cancel its Bus Order Agreement if it does so in writing within fifteen (15) days of the date of the notice of the price increase is provided to it and in so doing shall be obligated to reimburse North Central only the amounts North Central has actually expended or committed to expend on Buyer's behalf pursuant to the Bus Order Agreement and that North Central will lose as the result of such cancelation. Such amounts will not include lost profits incurred by North Central but may include all other expenses reasonably incurred by North Central in anticipation of its completion of the Bus Order Agreement.

4. WARRANTY

4.1 MANUFACTURER'S WARRANTY: It is the Buyer's sole responsibility to register for any and all Manufacturer's Warranties. North Central will not make registrations on behalf of Buyer for any Manufacturer's Warranty related to the Products. North Central makes no representations or warranties related to any Product's Manufacturer's Warranty. If requested, North Central will provide reasonable assistance to the Buyer to help the Buyer complete the required warranty registration.

4.2 SELLER'S LIMITED WARRANTY: - Pursuant to this Section and only during the Seller's Warranty Period of sixty (60) days from installation, (the "Seller's Warranty Period"), after written notice of defective installation of Product to North Central, North Central will repair, at its option, any installation covered under this warranty which North Central determines in its sole discretion to be a defective installation during the applicable Seller's Warranty Period. Warranty service must be performed by North Central. Warranty service will be performed without charge to the Buyer for labor where applicable. However, the Buyer will be responsible for any service call and/or transportation of the Bus to and from North Central's place of business (except where prohibited by



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law), for any premium charged for overtime labor requested by the Buyer, and for any service and/or maintenance not directly related to any installation defect covered under this Seller's Warranty. North Central shall not be obligated to provide, nor be liable for, any other or additional remedy and North Central's sole obligation shall be limited to making such defective installation repairs as North Central deems necessary or proper to place the installation of the Product in good working order and in conformity with the specifications, if any. North Central's liability for any breach of its obligation pursuant to this Section shall be limited to direct damages Buyer actually incurs and shall not exceed the price of the installation.

4.3 WHAT IS COVERED, TERM, AND REGISTRATION REQUIREMENTS - Subject to Section 4.2, all installation of any Products are warranted for the Seller's Warranty Period. All Products installed by Seller must be properly registered with the Manufacturer's Warranty registration, if applicable, to be eligible for Seller's Warranty. Absence of these requirements shall deem the Seller's Warranty void.

4.4 REMEDIES; PROCEDURES; LIMITATIONS: If, during the Seller's Warranty Period, Buyer notifies Seller that the Product installation provided by the Seller is defective or materially fails to conform to the specifications, if any, the Seller shall, at its expense, re-install the Product in good working order. Notice of any warranty claim by the Buyer shall be given to Seller promptly and in writing at the address set forth in the Bus Order Agreement. The Seller shall not be obligated to provide, nor be liable for, any other or additional remedy and the Seller's sole obligation shall be limited to re-installing the Product as the Seller deems necessary or proper to place the Product in good working order and in conformity with the specifications, if any. The Seller's liability for any breach of its obligation to re-install the Product pursuant to this Section 4.4 shall be limited to direct damages Buyer actually incurs and shall not exceed the price of installation.

4.5 EXCLUSIVE REMEDIES: The Seller's sole liability to the Buyer for breach of the warranty contained in Section 4.2 and the Buyer's exclusive remedies for any such breach shall be the remedies set forth in Section 4.4. The Seller shall have no other liability to the Buyer in connection with the Product, whether claimed in contract, equity, tort (including negligence, gross negligence or strict liability) or otherwise, for or resulting from any Products provided or any errors or omissions. The Manufacturer's Warranty shall be Buyer's sole remedy for defective Products sold by Seller.

4.6 WARRANTY DISCLAIMER: EACH OF SELLER AND BUYER UNDERSTANDS AND AGREES THAT, EXCEPT AS EXPRESSLY SET FORTH IN THE MANUFACTURER'S WARRANTY OR IN ANY OTHER ANCILLARY AGREEMENT, NEITHER THE MANUFACTURER OR THE SELLER MAKES ANY EXPRESS REPRESENTATIONS OR WARRANTIES AND NO REPRESENTATION OR WARRANTY SHALL BE IMPLIED UNDER THE AGREEMENT OR AT LAW, WITH RESPECT TO THE AGREEMENT, THE PRODUCTS, PRODUCT MATERIALS, INSTALLATION, OR OTHER SERVICES HEREUNDER OR OTHERWISE, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE OR USE, NON-INFRINGEMENT, VALIDITY AND ENFORCEABILITY, AND ALL OTHER WARRANTIES ARISING UNDER THE UNIFORM COMMERCIAL CODE. THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THE DESCRIPTION ON THE FACE HEREOF.

The provisions of this Article 4 shall survive the termination of the Agreement.



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5. DISCLAIMER OF CONSEQUENTIAL DAMAGES

Notwithstanding anything to the contrary herein, the Seller disclaims and shall not be liable for any special, incidental, indirect, or consequential damages (or equivalents thereof no matter how claimed, computed or characterized), arising out of or in connection with the Agreement, its subject or its performance or breach of performance by the Seller, regardless of whether any such liability shall be based upon breach of contract, tort (including negligence, gross negligence and strict liability), violation of law or otherwise and whether the claim is brought at law or in equity. By way of example of the foregoing disclaimer, but without limiting in any manner its scope or application, the Seller shall not be liable for all or any part of the following losses, costs or expenses, no matter how claimed, computed, or characterized: lost profit or revenue, lost return on investment, cost of capital, lost operating time or production, lost reduced use or value of any Products (including existing Products) or any portion of any Products, expense of replacement products or power, or increased costs of operations or maintenance. The foregoing disclaimer shall be effective without regard to the Seller's performance or failure or delay of performance under any other term or condition of the Agreement, including, without limitation, those contained in Article 4. This disclaimer shall be enforceable whether or not any limitation of remedies described herein is deemed to have failed in its essential purpose.

6. FORCE MAJEURE

Any loss, damage, or delay in, or failure of, performance by the Seller shall not constitute a default under the Agreement or give rise to any claim for damage if such loss, damage, delay, or failure is attributable in whole or in part to any cause or causes beyond the reasonable control of the Seller. These causes may include, without limitation, epidemic, pandemic, any act of God or the public enemy; compliance with any order, decree, or request of any governmental authority; act of declared or undeclared war; public disorder; rebellion; sabotage; fire; flood; explosion; accident; riot; strike; labor difficulty or other concerted act of workmen, whether direct or indirect; declaration of national emergency; mobilization of industry whereby material and labor required for manufacture of the Product are allocated or controlled; or any other cause not within the control of the Seller or which the Seller is unable to avoid by exercise of reasonable care. Upon any such occurrence, the estimated time for delivery of the Product shall be extended for a time which is reasonable in relation to the cause of such event.

7. DELIVERY & INSTALLATION

7.1 DELIVERY: The Product shall be shipped F.O.B. Destination (unless specified differently on the Contract or Bus Order Agreement). Products once delivered are considered accepted as good Product in conformance to the order, unless notification to Seller is made by the Buyer, within 15 days of delivery of any non-conformance issue.

7.2 INSTALLATION: In the case there are additions to the Product supplied by the Seller that requires installation, the Buyer, prior to the agreed-upon delivery of the Product agrees the Seller may provide installation services to install the additions to the Product at the Buyer's expense. Any additions or installation of Products shall be mutually agreed to by both parties in a separate agreement, or in the form of a change order approved by the Buyer, should the request come subsequent to the Bus Order Agreement. Seller makes no representations to Buyer regarding any installation and its affect on the Manufacturer's Warranty.



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8. BUYER DEFAULT.

Buyer shall be in default under the Agreement upon the failure of Buyer to observe or perform any of Buyer's agreements herein contained. In the event of default by Buyer, Seller shall be entitled to collect from Buyer all costs, fees and expenses incurred to enforce its rights hereunder, including, without limitation, court costs and legal fees whether or not necessary to bring suit. In the event Buyer's account becomes past due, or Seller otherwise deems itself insecure, Seller may, in its sole discretion, suspend, interrupt or end the performance of its obligations under the Agreement. In such event, Buyer may be required to post a deposit or such other security, as Seller deems necessary, in order for Seller to resume the performance of its obligations under the Agreement. In the event that a billing dispute should arise, Buyer must notify Seller in writing no later than ten (10) days after receipt of the disputed invoice. Buyer must state in detail the nature of the claim, the amount in question and must provide supporting documentation. Upon receipt of claim, Seller will investigate the claim and respond in writing no later than thirty (30) days thereafter. All determinations of Seller with respect to such disputes shall be final.

9. SECURITY INTEREST

The Seller reserves and the Buyer hereby grants a purchase money security interest in the Product, all additions, accessions, and replacements thereto, products and proceeds to secure payment by Buyer. The security interest is retained by the Seller until Buyer has paid in full for the Product pursuant to Article 3. The Seller may file, at the Buyer's expense, financing statements pursuant to the Uniform Commercial Code to perfect or evidence the Seller's security interest.

10. RISK OF LOSS

The Seller shall bear risk of loss until the Product shall come to rest aboard the carrier at the shipping point defined in each Bus Order Agreement. Thereafter the Buyer shall bear risk of loss.

11. WAIVER

Waiver by either party of any breach by the other party of any of the terms or provisions of the Agreement shall not be deemed to be a waiver of breach on any other occasion of the same terms or provisions, or a waiver of breach of any other term or provision hereof.

12. CANCELLATION

Notwithstanding Section 3.3, orders may not be cancelled except by written notice received by Seller prior to shipment. A restocking charge of twenty-five percent (25%) of the selling price will be applied for the cancellation of standard items. Charges for the cancellation of special or custom-made items will be based on the value of all non-recoverable costs/expenses accruing to the order sustained by Seller up to the point of cancellation plus fifteen (15%) of the original contracted selling price. In the event of a manufacturer's price increase, Section 3.3 of this Agreement shall control in the event of a Buyer cancellation.

13. ASSIGNMENT

Neither the Agreement nor any interest herein shall be assigned or transferred by either party thereto without prior consent of the other party. Subject to the foregoing, the Agreement shall inure to the benefit of and be binding upon the successors, legal representatives, and permitted assigns of the parties thereto.



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14. NOTICES.

Except as provided in these Terms and Conditions, all notices, requests, consents, demands or other communications given by Seller to Buyer or by Buyer to Seller shall be in writing and shall be deemed duly given and received (a) upon personal delivery to the party to whom it is directed; (b) seven (7) days after being sent by certified or registered mail return receipt requested, to the party to whom it is directed, postage and charges pre-paid; (c) one (1) business day after being sent by express overnight delivery by a national carrier to the party to whom it is directed; or (d) upon actual delivery followed by the sending of an acknowledgment of receipt if sent by electronic mail or any other electronic means (electronic mail or any other electronic means shall constitute a writing). All notices, requests, consents, demands and other communications shall be addressed (i) to Seller: at the address as it appears in the Bus Order Agreement and (ii) to Buyer: at the address provided by Buyer to Seller. Buyer may change its address from time to time by providing notice to Seller in the manner set forth above.

15. GOVERNING LAW

The Agreement, its administration and performance, and all the rights, obligations, liabilities, and responsibilities of the parties thereto, shall be governed by and interpreted in accordance with the laws of the State of Minnesota.

16. GENERAL.

(a) If any provision of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired thereby. (b) This Agreement shall be made part of Buyer's Bus Order Agreement or contract, all of which together shall constitute the same instrument. (c) The headings and other captions in these Standard State Terms and Conditions are for convenience and reference only and shall not be used in interpreting, construing, or enforcing any of the provisions of these Standard State Terms and Conditions. Common nouns and pronouns will be deemed to refer to the masculine, feminine, neuter, singular, and plural, as the context may require. (d) The provisions of these Standard State Terms and Conditions which by their nature are reasonably intended to survive any expiration or termination of Seller and Buyer's relationship with one another shall survive such expiration or termination.