

HYDROSTATIC SUPPLY, INC.

REPAIR/EXCHANGE PROGRAMS AND CORE RETURN POLICIES

1. Program:

Upon receipt of a purchase order and arranged payment, a "Reman Exchange Unit" will be sent, as stipulated on verbal, telephone, fax, website, and/or email quotation. The purchaser will be invoiced for the cost of the "Reman Exchange Unit", plus a "Core Deposit" to secure the return of an old "Core Unit" to a designated Service Center. Upon reception of the "Old Core", if the unit meets "Core Return Criteria" as determined by authorized service center, a full or partial credit note or refund, for the "Core Deposit" will be issued to the purchaser.

2. Core Return Criteria

a) It is not an option for the purchaser to keep the "Old Core" by paying the "Core Deposit" unless agreed by Hydrostatic Supply and/or its authorized supplier and/or service center at the time of order.

An "Old Core" must always be returned.

b) The "Old Core" must carry the same part number, or, subject to Hydrostatic Supply and/or its supplier/service center approval, the unit may be a substitute of the Reman unit purchased.

c) Unit must be returned complete. Unit must be received, unopened, within 30 days from the date of purchase.

If the "Core Unit" is returned disassembled, 25% of the "Core Credit" will be retained.

d) Any items initially installed on the unit purchased that are found to be missing on the returned "Core Unit" and/or non-reusable parts, such as: main housing, pilot pumps, e.p.p.r. valves, covers, pump heads, accessory pumps, charge pumps, servo controls, trunnions and physically damaged electro-mechanical devices such as probes, sensors and solenoids will be deducted from the "Core Deposit".

DETAILED WARRANTY POLICIES

1. General Provisions

In the event, that purchaser notifies the vendors within ten days of failure, that the product supplied has failed to function properly during the warranty period, and under correct use and normal operating conditions, and contingent on purchaser having submitted mandatory oil sample, Hydrostatic Supply, Inc. or it's assigned supplier and/or authorized service center will inspect any allegeable defective component upon return to designated return destination "Freight Prepaid" (domestic only), using approved carrier.

-Our exclusive liability and buyer's exclusive remedy, if the inspection of the allegeable defective unit demonstrates that there is a defect in material and/or workmanship, Hydrostatic Supply and/or it's assigned agent/supplier will, at our absolute option, either repair or replace, any defective parts or unit, without charge. There will be no credit or refund whatsoever issued for any reasons.

-For remanufactured units purchased from Hydrostatic Supply, Inc. exchange program only, that failed during the first 30 days of operation, Hydrostatic Supply, Inc. will replace the defective unit, with a second remanufactured unit, at no cost, subject to product availability.

-Hydrostatic Supply, Inc. will not provide a replacement unit after this 30-day period, unless compensation is established and agreed to, between the seller and the purchaser, before shipment.

-The repair or the replacement of a unit subject to warranty does not extend the initial warranty period.

-The foregoing obligations are in lieu of all other obligations and liabilities including negligence and all warranties, of merchantability or otherwise, express or implied in fact or by law, and state our entire and exclusive liability and buyer's exclusive remedy for any claim of damages in connection with the sale or furnishing of goods or parts, their design, suitability for use, installation or operation.

-We will in no event be liable for any special or consequential damages whatsoever, and our liability under no circumstances will never exceed the contract price for the goods for which liability is claimed.

2. Warranty Period

Unless otherwise stipulated, fully remanufactured components only, will be warranted for six (6) months from date of shipment.

-Copy of invoice to your customer as well as oil samples will be required in the event of any claim subject to warranty.

3. Exclusions

-Due to the fact that the diesel engine and machine condition are not consistent, all adjustments related to horsepower setting are not covered by our warranty. Hydrostatic Supply, Inc. and/or its authorized supplier/service center will not be responsible for the cost incurred for final adjustment that may be required at site.

-Any electronic devices mounted on remanufactured components such as pressure or position sensor and solenoids.

-Any equipment that has been opened without the written consent of Hydrostatic Supply, Inc., and/or its designated supplier/service center, altered or repaired after shipment by anyone, except our authorized employees.

-The warranty will not apply in any event of alterations or repairs except those made its written consent. Further, our warranty does not cover depreciation or damage caused by normal/excessive wear, lack of reasonable and proper maintenance, extreme environmental conditions, failure to follow operating instructions, misuse, lack of proper protection during storage, lack of oil sample certification or accident.

4. Warranty Procedures

-Claims submitted for warranty must contain detailed support information, as a minimum: model number, serial number of unit, date of installation, hours in service and detailed description of failure or problem.

-Units or parts may be returned for repair or replacement to Hydrostatic Supply's designated supplier/service center "Prepaid", using approved carrier, only after receipt of "Return Authorization number", which can be obtained from Hydrostatic Supply, Inc. and/or its authorized supplier/service center.

-The R/A number must appear on the packing list and should be on a tag attached to the unit.

-Hydrostatic Supply, Inc. and/or supplier/service center will pay the surface freight to and from the purchaser's place, only if warranty is accepted.

5. Warranty Inspection and Repair

-All units returned for warranty repair are considered to be purchaser's property, at all times, and are not to be charged to Hydrostatic Supply, Inc. by means of a debit memo.

-Any pump or motor returned for warranty and found, not to be defective, will be reassembled with new seals. A charge will be billed to the purchaser for disassembly and inspection.

-Any pump or motor found, upon inspection, to be the purchaser's responsibility for the failure, will be remanufactured at the expense of the purchaser, or scrapped at Hydrostatic Supply's designated supplier/service center, or returned to the purchaser in the disassembled condition.

-In the event that the purchaser elects to have the pump scrapped, no charges will be applied.

-If the purchaser elects to have the pump or motor returned in the disassembled condition, a disassembly and inspection charge will apply and return freight will be at the purchaser's expense.

TERMS AND CONTIONS OF SALE

1. Entire Contract: The Purchase Order of which these Terms and Conditions form part of, constitutes the entire contract between Hydrostatic Supply, Inc. (the Seller) and the corporation, partnership or other entity (the Buyer) designated on the purchase Order as the person to whom the product described in the Purchase Order are being sold, or from whom the product herein described are being repaired. The Purchase Order sets forth all of the covenants, promises, agreements, conditions and understandings between the Seller and the Buyer relating to the sales or repair of the product by the Seller. There are no covenants, promises, agreements, conditions or understandings either verbally or written between the Seller and the Buyer other than as herein set forth. No modification, alteration, amendment, change or addition to the Purchase Order shall be binding upon the Seller or the Buyer unless in writing and signed by each party.

2. Governing Law and Interpretation:

Each party agrees to comply with all laws, ordinances, rules and regulations applicable to such party and pertaining to the sales, installation, use and operation of the component and to hold the other party harmless from and against any fine, penalty or damage arising out of the failure to comply with any such laws, ordinances, rules or regulations. Each party shall notify the other party of any such laws, ordinances, rules or regulations of which such party is aware.

3. Price:

Except as otherwise expressly provided herein, all prices quoted are F.O.B. shipping point and include standard packaging. Prices do not include applicable sales tax, use, exercise, ad valorem, value added or other taxes imposed by any governmental authority. All such taxes will be added to Seller's invoice as a separate charge to be paid by the Buyer.

4. Payment:

Unless otherwise stipulated the purchase price for the replacement parts and components shall be the price offered by telephone, fax, email, mail and/or in person and shall be due and payable in advance or upon reception of the invoice for those accounts with extended payment terms.

5. Legal Title:

Legal title to each parts or components shall be transferred to the Buyer when such Goods are made available for pick up by the carrier, at its selling point. The purchaser agrees that any and all liability resulting from and during the shipping process will be borne by the purchaser. The purchaser holds harmless Hydrostatic Supply, Inc. for any damages or liabilities resulting from the shipping process.

6. Partial Shipment:

Seller may ship the components in partial shipments, and reserves the rights to invoice for such partial shipment. Payment for partial shipments shall be made in accordance with the Payment Terms set forth in section 4 above.

7. Warranties of the Seller:

Unless otherwise stipulated, the Seller warrants that under normal use and service, each fully remanufactured component, shall comply with the applicable technical specifications set forth in the Quotation and shall be free of defects in material and workmanship, ordinary wear and tear for a period of (6) months, provided that such components will be installed, maintained and operated in strict compliance with the O.E.M. specifications and recommendations, under normal operating conditions and in an application for which they were originally designed. The Warranty shall take effect from the day that the product will be shipped to the purchaser. Proof or copy of original invoice to end-user may be required to validate warranty claim.

All Sales are final.

There will be no credit or refund whatsoever, for the purchase of any product of the seller, even if the product was found to be defective during the warranty period.

Should any component covered by this Warranty prove defective during the warranty period, Buyer shall notify Seller in writing. A Warranty Claim form shall be completed and returned promptly, but in no event later than ten (10) working days after the expiration of the warranty period.

Seller's sole obligation, and Buyer's exclusive remedy, under this warranty shall be limited to the repair or replacement, at Seller's option, of any parts or components covered by this warranty which proves defective in material or workmanship, or fails to comply with the technical specifications, during the warranty period provided, however, that Seller shall have no obligation with respect to any such defect unless Seller is given notice of the defect in the manner within the time specified (within 10 days of failure). If any defective components covered by this warranty require repair or replacement, Buyer shall at Seller's expense and direction, deliver (return authorization number required) the defective Component to Seller at the place of manufacture or to such other destination as Seller may direct. Seller shall be responsible for all transportation costs (domestic only) incurred in connection with the repair or replacement of any component covered by this warranty. The repair or replacement of any component pursuant to the foregoing warranty shall not extend the term of such warranty beyond the warranty period set forth above.

EXCEPT AS EXPRESSLY PROVIDED AND AS STIPULATED, SELLER MAKE NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, NATURE OR DESCRIPTION, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF ANY OF THE COMPONENTS FOR ANY PARTICULAR PURPOSE AND HEREBY DISCLAIM THE SAME.

8. Exclusions from Warranty: The warranty provided in section shall not apply to the repair or replacement of any parts or Components required in connection with the regular normal maintenance of the components and shall not apply to any damage to or any failure of components resulting from acts of God or conditions beyond the control of Seller, including but not limited to, accidents, exposure to extreme environmental conditions, fire, misuse, improper installation or adjustments, the failure of any electronic devices, including those mounted on remanufactured components such as pressure or position sensor and solenoids, modifications not approved by the manufacturer, alterations, tampering, disconnection, vandalism, or failure to properly maintain or operate the components as per the manufacturer's recommendations.

9. Limitation of Liability:

In no event shall Hydrostatic Supply, Inc. or their respective service centers, manufacturers, remanufacturers, distributors and suppliers be liable for any damages whatsoever, including, without limitation, material damages, damages for loss of production, business interruption and/or any other financial loss, including any direct or indirect variable labor cost arising out of the use or the inability to use the Hydrostatic Supply product being the object of the present contract. The customer consents that all legal action relative to the sale, repairs, replacement or other of any goods or equipment by Hydrostatic Supply, Inc. from this invoice to be processed in the judiciary district of WA (USA).

Any claim of any nature whatsoever shall never exceed the amount of the purchase price for the product or for the services set forth in the quotation.

Unless pre-approved by Hydrostatic Supply, Inc. any component or parts returned without valid justification will carry a charge of 25% calculated on the net sales price".

This limitation of liability is acknowledged by buyer upon purchase date.