



SALES AGREEMENT

TO:

REFERENCE:

1. GRAVER WATER SYSTEMS, INC. ("Graver"), with offices at 675 Central Avenue Suite 3, New Providence, NJ 07974, Telephone No. (908) 516-1400, proposes to furnish to the above named purchaser ("Purchaser"), under the terms and conditions hereinafter set forth, the following equipment, materials and/or services as described in the attached Solicitation No. _____, dated _____

2. PRICE. Purchaser shall pay to Graver _____ U.S. Dollars (\$ _____) FOB _____ plus all applicable federal, state and municipal Sales, Use and Occupational Taxes.

3. TERMS OF PAYMENT. Subject to Graver's approval of credit, Purchaser shall pay the contract price as follows: _____

4. SHIPMENT AND COMPLETION. Graver shall forward to Purchaser prints of drawings for approval within weeks after Graver's acceptance of this contract and receipt for Purchaser of orientation drawings, plot plan and any other information needed for the preparation of drawings for Purchaser's approval. Graver shall schedule shipment for _____ weeks after receipt from Purchaser of approved drawings and all other information needed for fabrication.

5. THIS CONTRACT PROPOSAL IS SUBJECT TO THE ATTACHED TERMS AND CONDITIONS AND PURCHASER AGREES TO BE BOUND BY SUCH TERMS AND CONDITIONS. NO MODIFICATIONS OR ADDITIONS THERETO WILL BE BINDING UPON GRAVER UNLESS EXPRESSLY CONSENTED TO IN WRITING. QUOTED PRICES ARE GOOD FOR 30 DAYS ONLY.

HAVING READ AND APPROVED THIS PROPOSAL, PURCHASER HEREBY MAKES IT AN OFFER TO GRAVER:

ACCEPTED AT NEW PROVIDENCE, NEW JERSEY:

DATE: _____

DATE: _____

Name of Purchaser

GRAVER WATER SYSTEMS, INC.

By: _____
Name and Title

By: _____
Name and Title



TERMS AND CONDITIONS OF SALE

6. FREIGHT CHARGES. If freight rates change before shipment of equipment, the contract price shall be adjusted accordingly.
7. RISK OF LOSS. Purchaser shall be responsible for all loss or damage to materials, goods, merchandise, tools and equipment after delivery of same to the carrier for transportation to the jobsite.
8. FORCE MAJEURE. Shipping schedules are made in good faith and based upon prompt receipt of all necessary order information. Graver shall not be liable for any delay in delivery or non-delivery due to (a) causes beyond its reasonable control or beyond the reasonable control of Graver's suppliers; (b) acts of Purchaser, acts of God, acts of civil or military authorities, embargoes, priorities, fire, lockouts, strikes or other labor disturbances, floods, riot, war, lack or shortages of transportation facilities, delays in transportation; or (c) inability because of causes beyond its reasonable control to obtain necessary labor, materials or goods. The time of delivery shall be extended by any period of delay due to any of the foregoing causes or conditions.
9. SECURITY. Graver reserves the right to revoke credit or to require payment prior to shipment of any remaining goods, if, in Graver's opinion, Purchaser's financial condition or other circumstances do not warrant shipment on the terms originally specified in the proposal.
10. DEFAULT. Upon Purchaser's failure to make payments when due, at Graver's option, the unpaid balance of the contract shall become due and payable and Graver shall be entitled to interest on any such indebtedness from the date of default at the highest legal rate plus reasonable attorney's fees should Graver employ attorneys to collect any such indebtedness after default.
11. WARRANTY. Graver warrants the equipment and materials delivered hereunder to be free from defects in material and workmanship and to perform as stated in the specifications for a period of twelve (12) months after shipment, provided, that (a) Purchaser correctly and properly installs and operates the equipment in strict accordance with Graver's drawings and operating instructions; (b) Purchaser operates the equipment under the conditions and at loads specified and uses the equipment for the treatment of liquid or other material having the composition specified in the contract and (c) Purchaser permits Graver to review the design and adequacy of any chemical feed facility not furnished by Graver. Purchaser shall give Graver prompt notice of, and opportunity to inspect for, any claimed defect. Graver's obligation for breach of this warranty is expressly limited to the repair or replacement of defect equipment and materials, or refund of the purchaser price, at Graver's option. Graver will make no allowance or reimbursement for repairs, alterations, replacements or work of any kind done or ordered by others without Graver's prior written authorization. Repair, replacement or refund by Graver shall be the exclusive remedy for breach of this Warranty. GRAVER EXPRESSLY DISCLAIMS LIABILITY FOR INCIDENTAL AND CONSEQUENTIAL DAMAGES. THIS WARRANTY IS EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ALL IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE.
12. DRAWINGS. Graver's proposal illustrations, forms, bulletins and brochures are submitted for descriptive purposes to demonstrate general arrangement and style of equipment and to provide approximate dimensions. Graver reserves the right to make changes and modifications in proprietary equipment, materials and processes in the interest of improvement in design and



practice as it sees fit. Unless otherwise specified, the contract price shall include four sets of drawings for approval and four sets of final drawings.

13. INSTRUCTIONS. Unless otherwise specified, the contract price shall include four sets of installation and operating instructions. Graver shall furnish these instructions after issuance of final drawings to Purchaser.
14. PURCHASER RESPONSIBILITY. Unless otherwise stated in this contract, Purchaser shall furnish materials, labor, equipment and structures required for the proper installation and operation of Graver's equipment furnished under this contract, including the following:
 - (a) all piping to inlet and from outlet of each unit; all interconnecting piping from one unit to another, all by-pass piping and valves; and all regenerant chemical piping;
 - (b) piping and pumps, if required, to furnish backwash water at specified flow rate as well as sumps and drains for disposal of waste liquids (acid-proof where necessary);
 - (c) pressure reducing and relief valves to prevent exceeding guaranteed working pressure or equipment and air-chambers or other devices to prevent damage by water hammer and/or sudden fluctuations in pressure;
 - (d) all labor and material for erection of Graver's equipment on Purchaser's foundation;
 - (e) all labor and materials for concrete structures, reinforcement, supports, platforms, stairs, ladders, housing, storage tanks, pumps, motors, starters, electric wiring and conduit, as well as storage facilities near foundations for storing and protecting Graver's equipment, materials and tools prior to erection and/or installation; and
 - (f) all chemicals required for testing and operating equipment furnished under this contract.
15. SERVICE ENGINEER. If not included in the contract, the services of a trained water treatment engineer are available in the United States, its possessions, and in Canada at Graver's prevailing per diem rate for the standard eight-hour working day, including travel time. In other areas, engineer's services are available on a portal to portal basis for the standard eight-hour day with days being charged from the date of the engineer's departure from his home office to the date of his return thereto. Actual traveling and living expenses are additional on all service. Overtime shall be charged at time and one-half, Sundays and Holidays at double time. If the engineer cannot render services due to delay or conditions beyond his control, Purchaser shall nevertheless be responsible for all per diem and other charges. Purchaser shall give Graver two weeks notice of its need for an engineer and shall provide all necessary equipment, materials and labor. Upon completion of erection, the engineer shall inspect the installed equipment and materials, place equipment in proper operation and instruct Purchaser's personnel in the proper operation and maintenance of the equipment and materials.
16. VENDORS AND SUPPLIERS. Graver reserves the right to substitute alternate subvendors for those specified in the contract where the specified subvendor materially changes previously quoted terms such as price and delivery.



17. **TERMINATION BY PURCHASER.** In the event that Purchaser cancels or terminates the contract for any reason or refuses to accept the equipment herein contemplated, Purchaser shall pay to Graver, as termination charges and not as a penalty, the greater of (a) 10% of the purchase price, or (b) a sum equal to Graver's loss of anticipated profits, administrative costs incurred, salesmen's commissions incurred or payable, the cost of all material and work furnished or done or purchased by Graver up to the time of termination or refusal to accept any termination charges incurred by Graver to its suppliers.

18. **PATENTS.** Graver shall defend any suit or proceeding brought against Purchaser so far as based on a claim that any equipment furnished under this contract constitutes an infringement of any patent of the United States, if so notified and given authority, information and assistance (at Graver's expense) for the defense of same, and Graver shall pay all damages and costs awarded therein against Purchaser. In the event said equipment is held to constitute infringement and the use of said equipment is enjoined, Graver shall, at its own expense, and at its option; (a) procure for Purchaser the right to continue using said equipment; (b) replace same with non-infringing equipment or modify

it so it becomes non-infringing; or (c) remove said equipment and refund the purchase price and the transportation and installation costs thereof. The foregoing states Graver's entire liability for patent infringement. Graver shall not be liable for consequential damages. For any equipment manufactured to Purchaser's design, Graver assumes no liability for patent infringement.

19. **NO ASSIGNMENT.** Purchaser shall not assign this contract except by a written approved and signed by an officer of Graver.

20. **ENTIRE AGREEMENT.** This contract constitutes the entire agreement between Graver and Purchaser, all prior representations and understandings having been merged herein. This contract shall not be modified or terminated except by in written approved and signed by an officer of Graver.

21. **CONTROLLING LAW.** This contract shall be governed by and construed according to the laws of the State of New Jersey.



The following terms and conditions are supplied to clarify the extent of the engineering work to be performed by Graver with respect to the equipment or goods sold hereunder. These conditions are not intended to restrict Purchaser's review and study of designs, or Purchaser's requirements regarding equipment orientation.

1. Unless otherwise specified in the contract, Graver will furnish as part of this contract the following drawings;
 - (a) Layout drawings showing equipment dimensions, operating weights for customer's foundation, utility requirements, and piping furnished by Graver with this contract;
 - (b) Flow Diagram, when required, to coordinate various system components furnished by Graver;
 - (c) Electrical and Control Diagrams for automatic equipment furnished by Graver;
 - (d) Sub-vendor's dimension outline drawings covering major resale items which are necessary for Purchaser to complete its engineering;
 - (e) Bill of Material specifications which lists and describes all of the components being furnished by Graver; and
 - (f) Assembly drawings deemed necessary for field assembly of equipment.
2. Unless otherwise specified in the contract, four (4) sets of final prints on paper will be furnished. Additional prints over and above this quantity or of a type not covered in paragraph 1, will be furnished at a handling charge of one dollar and seventy-five cents (\$1.75) per print.
3. Unless otherwise specified in the contract, Graver shall furnish four (4) sets of operating instructions. Additional copies will be at Purchaser's cost which shall be the greater of \$100.00 or \$1.00 per page.
4. The following terms will govern custom designed products:
 - (a) Purchaser may elect to waive approval of drawings to expedite delivery which will then be determined from the date of Graver's acceptance of the order.
 - (b) Graver will submit only major drawings (items (a) and (b) of paragraph 1) for approval. Items (e) and (f) will be submitted for approval if Purchaser informs Graver at the time of placing the order. Purchaser's request for opportunity to approve Graver's Advance Order Bill or Material will automatically delay release of purchase orders to Graver's subvendors. Shipping commitments are contingent upon return of approved drawings to Graver within three (3) weeks after submittal. Fabrication of the equipment will not begin until drawings are returned marked "Approved" or "Approved as Noted." Delays in return of drawings or any other submittals will automatically extend the shipping date by the amount of the delay.
 - (c) Graver does not certify drawings that are submitted for approval. Drawings of



custom designed equipment are certified correct only after incorporation of customer comments.

- (d) Drawings returned marked "Approved" and "Approved as Noted" will not be resubmitted for approval. The "Approved as Noted" drawings will be returned as final drawings. Graver will make one transmittal of approval drawings and one transmittal of final drawings. Equipment will be released for fabrication upon receipt of "Approved" or "Approved as Noted" drawings.
- (e) Should the Purchaser decide to make additional changes to any drawings, previously marked "Approved" or "Approved as Noted," Purchaser shall pay the greater of \$100.00 or the actual cost of labor to revise plans. Graver will submit an estimate before making changes.