

SELLING GUIDELINES FOR AGENTS IN THE UNITED STATES AND CANADA

PRICES:

All prices are LIST price. All prices and discount factors are subject to change without notice.

ORDERS:

All orders must be in writing (made out to Nortec Humidity Inc. or Nortec Humidity Ltd. hereinafter collectively referred to as Nortec) and are subject to acceptance by the Nortec's Credit Manager prior to production release and are contingent upon governmental regulations, availability of labor and materials, strikes, accidents, fires, and all other causes beyond the control of Nortec Industries Inc.

SHIPPING TERMS:

Shipping Terms: All packaged goods, (electric and gas-fired) humidifiers, SAM-e, Livesteam distribution systems, HP and AirFog, are shipped FOB factory, standard ground freight included to continental North America. Parts orders that are over \$1,000 net invoice value are shipped freight included. All ME products are shipped freight and crating extra. All air freight charges are extra. Export crating and export shipping costs are extra.

RISK OF LOSS & DAMAGE:

Risk of loss or damage passes to the Buyer when the equipment described herein is delivered to the carrier. Any claim for goods lost or damaged in transit, shall be made by the Buyer against the carrier.

CHANGED OR CANCELED ORDERS:

- All canceled orders, in production or completed, are subject to a cancellation charge of 30%.
- Orders other than "Quick Ship Orders" may generally be cancelled within 48 hours of being placed. Nortec will make every effort to stop production of an order upon written notice of cancellation. If production has not started, Nortec will waive the cancellation charge.
- Orders for equipment specially fabricated, which is not a regular stock item, cannot be cancelled. E.g. SAM-e, LiveSteam, HP, ME, and DL.
- Parts orders that are regular stock items are not subject to a cancellation charge. However, if a parts order is changed, which includes adding new parts to an order; this may cause a delay in delivery.

RETURNED GOODS:

- Nortec will accept unused equipment returned for credit only when prior approval has been given. Prior to returning goods a Return Material Authorization Number (RMA) must be obtained and it must be clearly marked on all returned goods. Goods received without an RMA will not be accepted and credit will not be issued. Any material accepted for return must be shipped back prepaid by the Buyer and must reach Nortec without damage.
- An RMA will only be issued within 3-months of the equipment's shipping date.
- Any unused equipment accepted for return is subject to a 30% restocking charge.
- Equipment specially fabricated, cannot be returned. E.g. SAM-e, Livesteam, HP, ME, and DL.
- Credit will only be issued to the original purchaser.
- Credit will be issued in the form of a credit note, which can be used towards a future purchase.

WARRANTY - UNITS:

Nortec warrants for a period of two years from date of shipment, that Nortec's manufactured and assembled products, not otherwise expressly warranted, are free from defects in material and workmanship. No warranty is made against corrosion, deterioration, or suitability of substituted materials used as a result of compliance with government regulations.

Nortec's obligations and liabilities under this warranty are limited to furnishing replacement parts to the customer, F.O.B. Nortec's factory, providing the defective part(s) is returned freight prepaid by the Buyer. Parts used for repairs are warranted for the balance of the term of the warranty on the original humidifier or 90 days, whichever is longer.

The warranties set forth herein are in lieu of all other warranties expressed or implied by law. No liability whatsoever shall be attached to Nortec until said products have been paid for in full and then said liability shall be limited to the original purchase price for the product. Any further warranty must be in writing, signed by an officer of Nortec. In no event will Nortec be liable for any incidental, special, indirect or consequential damages or for loss of profits, business or goodwill whether based in contract or in tort or other liability to provide indemnification or any other remedy. This limitation applies whether or not Nortec has been advised or is aware of the possibility of such damages.

Nortec's limited warranty on accessories, not of Nortec's manufacture, such as controls, humidistats, pumps, etc. is limited to the warranty of the original equipment manufacturer from date of original shipment of the products to the Buyer.

Nortec makes no warranty and assumes no liability unless the equipment is installed in strict accordance with a copy of the catalog and installation manual in effect at the date of purchase and by a contractor approved by Nortec to install such equipment. Nortec makes no warranty and assumes no liability whatsoever for consequential damage or damage resulting directly from misapplication, incorrect sizing or lack of proper maintenance of the equipment. Nortec retains the right to change the design, specification and performance criteria of its products without notice or obligation.

REPLACEMENT PARTS:

- All requests for replacement parts, whether they are for warranty consideration or not, require a covering purchase order, prior to Nortec releasing the goods. Goods will be shipped to the Buyer with an invoice.
- To obtain credit for parts covered by Nortec's warranty, defective parts must be returned for inspection. To return parts the Buyer must request a Return Material Authorization (RMA) and it must be clearly marked on all returned parts. Parts returned without an RMA will not be accepted and credit will not be issued. All parts returned for credit must be shipped back prepaid by the Buyer.
- All parts must be returned within 3-months of an RMA being issued. Parts returned more than 3-months from when the RMA was issued will not be accepted.
- Credit for parts covered under warranty will be issued, if inspection indicates the returned parts are defective.

PAYMENT:

Terms of payment are net 30 days from date of invoice, unless otherwise specified. The offer of these terms is contingent upon approval by the Credit Manager at the time of receipt of the Buyer's official order. The Buyer agrees that interest on all overdue accounts may be charged monthly at a rate of 2.0% per month (24% per annum). Maintaining good credit will assist in meeting delivery.

For quick ship orders, of five working days, add 15% to the total net value of the order.