

American Faucet & Coatings
C O R P O R A T I O N

OEM

Standard Terms & Conditions
October 1, 2019

We are pleased that you have chosen American Faucet & Coatings Corporation (“AFCC”) OEM finishing services to enhance your products. AFCC is a high production finishing company. AFCC can detail production run quantities, or AFCC can offer pricing based on lot charges for special finishing needs.

Our goal is to provide effective and efficient services. Experience shows that our good relationship will be stronger if we continue it with a clear understanding of fees.

Our past policy was to bill per item finished, regardless of our actual costs. As costs increase, we have found it necessary to establish guidelines for minimum orders. This form outlines the fees required to continue to provide you with the best possible finishing. Some examples of small dollar amounts are hazardous waste disposal charges incurred when stripping chrome, or the need to use AFCC packaging materials, or when stripping PVD from your parts.

Each of our OEM customers is unique so these are general guidelines; our staff examines orders individually to determine appropriate fees. Fees may be waived depending on the circumstances, which is solely based on the discretion of AFCC. We are happy to discuss your account with you.

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STANDARD OEM TERMS AND CONDITIONS

Effective October 1, 2019

I. PRICING & QUOTES

1. **AFCC reserves the right to re-quote after the first production run due to problems caused by the customer's failure to indicate or disclose product information on the blueprint/sketch or during small sample runs. These problems include, but are not limited to, hidden finishing specifications or requirements, (e.g., aesthetics, tolerances, and packaging), pre-finish conditions (e.g., excess scale, lubricants, and shipping damage), and part configuration changes.**
2. Prices do not include taxes or duties.
3. All invoices are subject to an additional 10% environmental surcharge due to additional treatments requiring hazardous waste disposal and all rework orders.
4. AFCC explicitly limits its liability to the cost of its service.
5. **AFCC requires a complete scope of work prior to quoting payment terms. For orders requiring processes and quantities not covered in the original quote/quotes, payment terms may be increased.**
6. AFCC will not assume liability for the base cost of the product shipped to AFCC for finishing unless that cost is specifically addressed in the quote.
7. The prices in AFCC's quotes include a 3% annual shrinkage allowance.
8. AFCC will refer to customer parts by numbers assigned by customer or by assigning AFCC part numbers. We ask that customers notify AFCC in writing of changes to part names and/or numbers for easier communication.
9. All revisions must be made in writing for Purchase Orders, Price Quotations, Samples, Terms and Conditions.
10. Tooling and racking charges will be determined after AFCC receives the product.
11. PLEASE SEE STANDARD "MINIMUM CHARGES" 2019.
12. **See pages 3 - 6 for complete terms and conditions.**

II. LEAD TIMES

13. Lead times to be agreed upon in writing per factory quote.
14. Lead times are based on when the product is received at our factory, NOT at the time the pre-alert is sent.
15. Lead times for orders containing less than 1,000 parts will vary, and the lead time will be quoted based upon: (i) the type of product delivered to AFCC; (ii) the base material of the product; and (iii) the type of finishing requested.
16. Pre-Alerts to be supplied by all customers to OEM email, [oemorders@afccorp.net](mailto: OEMorders@afccorp.net).

III. SHIPPING

17. AFCC's policy is to ship complete orders. If the customer desires ship and backorder, the customer must say that on the PO. Backorders may be subject to minimum order charges.
18. All shipping prices are FOB our dock unless specified otherwise in the quote. AFCC will prepay and invoice customers for freight unless specified otherwise.
19. Special packaging is available at an additional charge. Packaging requirements will be agreed upon in writing by the parties before any work is performed.

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20. Crates and boxes will be charged to the customer as required.
21. All freight is by AFCC's discretion unless customer provides special freight instructions in writing.

IV. CUSTOMER RESPONSIBILITIES

22. All incoming orders must have a packing slip.
23. All documents must state the base material of the product and the work required.
24. All material must arrive at AFCC free of dirt, rust, and scaling. The product should be ready to plate. AFCC will examine all raw materials received; if the condition of the raw materials does not meet the quality stipulated on quote, then the customer will be assessed a "Charge to Quote Fee" ("QC"). (See attached QC standards). Customers that submit already coated products (i.e. Chrome) to be refinished or recoated must ensure that the product is free of defects, or it too will be subject to additional service charges. By signing this agreement, the customer agrees to pay for all applicable service fees to finish your supplied parts.
25. If plastic parts are to be finished in the PVD chamber, they must arrive chrome-plated.
26. AFCC is not responsible for missing parts; **however, AFCC will promptly notify customers, in writing, of missing parts if the customer has included a packing slip in the order.**
 - a. Customers may elect to send replacement parts or cancel the balance of the order.
 - b. If replacement parts are sent, customers may choose to have the processed parts sent immediately or have them held to go with the shipment of a subsequent order.
27. If the customer does not identify the raw material of an already plated product, the order will be subject to a base material analysis fee.
28. If parts are chrome plated, and require PVD or chemical strip, it is not American Faucet & Coatings Corporation responsibility to replace parts that are destroyed by either process due to the chemical attack or excessive temperatures required to perform the standard procedure for Brass or Copper Alloys.
29. **If the customer does not inform American Faucet & Coatings Corporation about the base metal conditions, it is possible that during the PVD process, the PVD machine will be grossly contaminated and will require a "bake out" to clean the system. This "bake out" costs \$750.00 and will be charged to the customer. If parts are in a mixed load (brass and Zinc Die Cast), the failure rate for Brass is increased to 80%, possibly 100%. All parts that fail will require a chemical strip and reprocess. This will be charged to the customer who supplied the zinc product along with associated costs for reworking harmed parts.**
30. PVD is optimized when used over perfect chrome plated parts. PVD on Plastic or Zinc only adheres to chrome; thus, if the PVD appears to be lifting, it is because the nickel or copper below the chrome was not properly prepared by the customer's supplier.
31. AFCC can strip chrome off zinc or plastic and re-plate the product, but AFCC cannot plate zinc or plastic parts from their raw state.
32. All welded or soldered parts must be assembled using **high-temperature silver solder** with at least a melting point of **900 degrees Fahrenheit**.
33. When customers supply low-temperature solder, it usually melts or flows out of joints and ruins the entire chamber load of product.

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I. PLATING SERVICE MINIMUM CHARGE - \$500.00 PER ORDER

- Customers will be charged a minimum of \$500 (per color and/or per process) for plating orders when the size of the order results in chargeable services totaling less than **\$500.00 net**.
- Final pricing will depend on the substrata material, i.e. zinc, stainless steel, plastic and/or brass.
- The minimum charge also will apply if the customer requests to “ship and backorder” a PO, which causes at least one of the shipments to be less than **\$500.00 net**. If AFCC decides it is necessary to ship a partial order, this will not apply.
- Please note that this is a per order charge, not a per piece charge.

II. PVD ONLY MINIMUM CHARGE - \$1,600.00

- Customers will be charged a minimum of \$1,600 .00 (per run) for PVD orders when the size of the order results in chargeable services totaling less than **\$1,600.00 net**.
- PVD costs per part will be provided if there is consistent monthly processing of customer’s parts, otherwise pricing will be quoted as a lot charge.
- **Should your supplied Zinc, Plastic, Steel, Copper, or Brass parts outgas in the PVD chamber so that the part appears defective, you will be charged for all parts, good or bad.**
- Zinc parts must be supplied pre copper or chrome plated by customer, or an additional cost will occur from stripping or chrome plating of the parts.
 - Note: Zinc has a higher out gassing or failure rate, especially if manufactured in Asia or by using old die cast tools. **All metal failures are fully chargeable.**

III. PVD EXCLUSIVE MINIMUM CHARGE - \$2,400.00

- When the customer requests that a chamber runs exclusively for the customer’s parts, regardless of the number of parts, the base fee is no less than **\$2,400.00 net** each run.
- All conditions discussed in Section II (PVD Minimum Charge) also apply to the PVD Exclusive Minimum Charge (except the price of the minimum charge).

IV. COMBINED PLATING AND PVD SERVICE MINIMUM CHARGE - \$1,000.00 PER ORDER

The minimum PVD charge is higher than the minimum plating charge because PVD services require greater consumption of electricity, extra handling by technicians, and more procedural steps. The minimum charge for orders requiring both plating and PVD is \$1,000.00.

- Customers will be charged a minimum of \$1,000.00 for POs that require a combination of plating and PVD when the size of the order results in chargeable services totaling less than **\$1,000.00 net**.
- The minimum charge also will apply if the customer requests to “ship and backorder” a PO, which causes at least one of the shipments to be less than **\$1,000.00 net**. If AFCC decides it is necessary to ship a partial order, this will not apply.
- Please note that this is a per invoice charge, not a per piece charge.

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V. POWDER COATING ONLY MINIMUM CHARGE - \$750.00

- Customers will be charged a minimum of **\$750.00** (per color and/or per process) for powder coating orders when the size of the order results in chargeable services totaling less than **\$750.00 net**.
- Final pricing will depend on the substrata material, i.e. zinc, stainless steel, plastic and/or brass.
- The minimum charge also will apply if the customer requests to “ship and backorder” a PO, which causes at least one of the shipments to be less than **\$750.00 net**. If AFCC decides it is necessary to ship a partial order, this will not apply.
- Please note that this is a per order charge, not a per piece charge.
- Customers with large finishing accounts should provide AFCC with a written agreement that details the customer’s required specifications to ensure that the customer’s POs are not unnecessarily delayed.
- Powder coating adheres best to nickel or chrome plated parts.

VI. STRIP AND REWORK MINIMUM CHARGE - \$500.00

- AFCC will rework product at no charge if the product is defective because of any improper process caused by AFCC. The customer will be billed a rework fee, plus the price of the original quote, if the customer’s product is **faulty, has porosity, out gasses, solder work fails, or has any other problem due to poor material or workmanship**.
- The minimum strip and rework fees are **\$500.00 net**.
- The stripping and rework fees for different finishes may vary depending on the chemicals and mechanical methods required to finish the product.
- Some metals may not be able to withstand the rigors of stripping. AFCC is not responsible for the results of stripping on inferior brass, copper, steel, stainless steel, zinc, or plastic.
- We will notify you in writing before to stripping and reworking your product.
- The strip and rework fee may be charged per product or per purchase order, depending on the condition of the customer’s materials.

VII. STRIP ONLY MINIMUM CHARGE - \$500.00

- This charge covers purchase orders when the customer requests stripping services without any reworking.
- AFCC is generally uninterested in “Strip Only” orders due to environmental concerns, and because AFCC’s primary business is plating and coating. AFCC requests that customers use AFCC for “Strip Only” jobs as a last resort.
- The minimum “Strip Only” fee is **\$500.00 net** per invoice most finishes and materials.

VIII. SAMPLE CHARGE - \$275.00 – FINISHES, PLATING, ETC.

- To help offset the costs of freight, materials, and labor, a charge will be invoiced.
- **\$275.00** minimum per Sample Request per color, shape, or size each.
- If the customer requires non-standard finish development, or a sample of finishes on metals we have not finished for you previously, a minimum charge of **\$2,500.00** per color created for each product line will also apply. Sample requests are approved by AFCC once the sample request form is reviewed and approved. (See attachment.)

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IX. TOOLING CHARGES – DETERMINED ON A CASE-BY-CASE BASIS

To assist us in providing the best and most efficient finishing result possible, payment for tooling or racking may be requested by AFCC.

- Custom racking and/or specialty holding devices for PVD and Plating generally range between **\$500.00** and **\$1,000.00 per rack**.
- AFCC charges tooling fees on a case-by-case basis.
- AFCC will maintain the racking and holding devices.
- AFCC will provide the customer with a written estimate before making any racks.
- Generally, AFCC stocks the appropriate racks for 60% of customer needs.

X. CHARGE TO EXPEDITE ORDERS – DETERMINED ON A CASE-BY-CASE BASIS

- If the customer requests a lead-time that is shorter than the standard lead-time, then the customer will be charged to cover special handling and personnel overtime.
- A minimum order fee will be assessed depending on size of the customer's order and the current workload at AFCC.
- Weekend rates will increase the customer's standard cost 100% - 200% for labor.
- Freight is always at the customer's expense.
- 5-7 Day expedite has a minimum fee of at least 50% of the initial PO.
- Less than 5 days has a minimum fee of at least 100% of the initial PO.
- Overnight expedite has a minimum fee of at least 100% to 200% of the initial PO.

XI. CHARGE TO QUOTE – DETERMINED ON A CASE-BY-CASE BASIS

The process to assess the finishing variables of the customer's product and quote the PO fairly is extremely labor intensive. The process involves several departments of AFCC's facility.

To avoid a charge to quote, please provide AFCC with the following:

- Five (5) samples of the parts to be quoted.
- The parts should be completely disassembled, removing all O-rings and any other parts that will not be finished.
- **The parts should be in the same condition that we will receive them in.**
- If AFCC is to assemble and/or package the customer's parts, please submit complete instructions, including a sample of packaging and installation instructions to be provided in the customer's final product.
- AFCC can develop customer packaging or bulk packaging (which is our standard) to meet the customer's needs.
- The customer should include complete drawings and/or clear photographs, with the part number clearly labeled for the product. AFCC will charge a service fee, starting at \$125.00, to provide clear documentation and accurate quotes.
- AFCC will quote all assemblies as parts, rather than sets or kits, to save the customer the labor cost of the AFCC staff tracking unassembled sets throughout the factory.
- AFCC makes judgment calls based on needs of its customers. We are open to negotiate fees on a per customer basis.

Plating and PVD

Lead times for Brass, Stainless Steel, Zinc, Aluminum, Steel, Chrome Plated Plastic, and uncoated Copper.

Average runs will be determined based upon the size of the PO, desired lead-time, and the standards of quality control.

When a customer delivers Brass, Steel, and Zinc on the same PO, lead-times will be extended. AFCC does not have combination delivery dates for combined base metal orders.

AFCC can expedite products, rush orders, and combine smaller orders to meet the customer's shipping needs for an additional charge. AFCC has several ways to expedite orders. If all else fails, AFCC will meet the needs of true emergencies.

AFCC requires that the customer includes clear and concise information about the product in shipment so that AFCC can properly receive the customer's product. AFCC requests that the customer places a copy of the PO inside the shipment to ensure efficient processing of all orders.

- **All lead times will be quoted at the time your project is clearly defined**