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PURCHASE ORDER TERMS AND CONDITIONS
(ADVANCE PAYMENTS)

ADVANCE PAYMENT. In consideration of the Advance Payments (payments made to Seller in advance of Buyer's final acceptance of the Products ordered herein) being made by Buyer to Seller pursuant to this Order, it is agreed:

1. Title to all parts, materials, inventories, work in process, tools and test equipment covered by Order and all like property thereafter acquired or produced by Seller and allocated or properly chargeable to this Order under generally accepted accounting principles shall immediately vest in Buyer.
2. Except to the extent Buyer shall have otherwise expressly assumed the risk of loss of property, title to which vests in Buyer pursuant to paragraph 1 of this clause, in the event of the loss, theft, or destruction of or damage to any such property before its delivery to and acceptance by Buyer, Seller shall bear the risk of loss and shall repay Buyer an amount equal to the Advance Payments based on costs allocable to such lost, stolen, destroyed or damaged property.
3. Seller shall execute any and all documents or forms necessary to establish Buyer's right, title and interest in the subject products in order to guarantee Buyer's recoupment of its Advance Payments in the event of Seller's insolvency, bankruptcy or reorganization, or in the event of any creditors' arrangement or liquidation proceedings by or against Seller, appointment of a trustee or receiver for Seller's property or business or any assignment by Seller for the benefit of creditors, all whether voluntary or involuntary on the part of Seller.
4. Seller shall keep the property/products ordered herein free and clear of all liens, claims and encumbrances.
5. Advance Payments hereunder are to be used by Seller solely for the purposes of making payments for direct materials, direct labor, and administrative and overhead expenses required for the purposes of this Order and properly allocable thereto in accordance with generally accepted accounting principles.