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## Quotation Terms & Conditions

### Introduction Section:

**L&R Precision Tooling, Inc., DBA L&R Precision Machining and Manufacturing, hereinafter referred to as 'L&R Precision Machining and Manufacturing,' is a corporation organized and existing under the laws of the Commonwealth of Virginia, with its principal place of business located at 3720 Cohen Place, Lynchburg, VA 25401.**

**NOTICE** Effective March 8, 2022: *Pricing and lead time quoted herein is subject to change: due to supply chain shortages and raw material market volatility, all quotes and orders are subject to the prevailing price in effect at the time of shipment (PIE) for raw materials, outside processing and purchased sub-components. Pricing is reflected on this quote and any purchase order aligned to this quote will adjust accordingly as market conditions impact lead time and pricing.*

**Quote Validity:** Price and lead times specified in L&R Precision Machining and Manufacturing's quotation are valid for the time period specified therein. If no such time period is specified in L&R Precision Machining and Manufacturing's quotation, price and lead times are valid for 10 days after the date our quote is submitted. All orders received pursuant to L&R Precision Machining and Manufacturing's quoted expiration date, are subject to acceptance by L&R Precision Machining and Manufacturing.

**Payment Terms:** Buyer agrees to pay L&R Precision Machining and Manufacturing five percent (5 %) interest, or the maximum rate permitted by law, whichever is less, per month on all invoices unpaid 30 days after the agreed upon term. If Buyer defaults in payment, Buyer shall pay L&R Precision Machining and Manufacturing, the cost of collection including reasonable attorney fees in addition to damages. Acceptance of any partial payment shall not constitute a waiver of L&R Precision Machining and Manufacturing's right to payment in full amounts owing from Buyer or the waiver of any breach of this agreement. Payment will be made in U. S. dollars and in immediately available funds. L&R Precision Machining and Manufacturing, without liability, reserves the right to suspend any further performance under this agreement or otherwise assert alternative payment terms, in the event payment is not made when due, or if, in L&R Precision Machining and Manufacturing's sole discretion, Buyer's credit is or becomes unsatisfactory. Buyer waives any right to set off any claims by Buyer against L&R Precision Machining and Manufacturing against any payment owed to L&R Precision Machining and Manufacturing.

**Security Interest:** Buyer hereby grants L&R Precision Machining and Manufacturing a purchase money security interest in all goods obtained by Buyer pursuant to Buyer's order and on all products and proceeds thereof, including, without limitation, accounts receivable, contract rights, deposit accounts and cash. Buyer hereby authorizes L&R Precision Machining and Manufacturing to file one or more financing statements recording such security interest and L&R Precision Machining and Manufacturing shall have all rights of a secured party under the Commonwealth of Virginia Commercial Code or analogous statute in all relevant jurisdictions.

**Effect of Buyer Modifications on this Quotation:** The price and delivery terms in this quotation are subject to change if a buyer wishes to change any terms of this quotation upon negotiated agreement in writing with L&R Precision Machining and Manufacturing.

**Acceptance of Quotation by Buyer:** Acceptance of this quotation by Buyer may be by any reasonable and customary communication.

**Acceptance of Order by L&R Precision Machining and Manufacturing:** All orders pursuant to L&R Precision Machining and Manufacturing's quoted expiration date are subject to acceptance by L&R Precision Machining and Manufacturing. Acceptance of any order issued to L&R Precision Machining and Manufacturing by Buyer shall not be assumed. If L&R Precision Machining and Manufacturing receives a purchase order we may acknowledge receipt of the document, but this does not indicate our acceptance of the order. Acceptance of orders must be made in writing and must include the term "Sales Order Acknowledgment". L&R Precision Machining and Manufacturing is bound by all U.S. laws, export regulations, restrictions, trade embargoes, etc. ("U.S. Government Action"); therefore, any order by a non-US Buyer to whom such sales are

prohibited by such U.S. Government Action, will not be valid and will be deemed not accepted without any liability whatsoever to L&R Precision Machining and Manufacturing.

**Price of Materials:** This quotation is based on the present cost of materials at the time the quote was submitted. The buyer is responsible to pay for any increase in cost of materials purchased by L&R Precision Machining and Manufacturing.

**Limitation of Warranties:** The goods sold to Buyer will be as described, and no other express or implied warranties are made by L&R Precision Machining and Manufacturing. THIS WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. Buyer has furnished L&R Precision Machining and Manufacturing with the drawings and specifications for the goods and Buyer is not relying on L&R Precision Machining and Manufacturing to select goods or engineering designs.

**Importing Expenses, Licensing & Regulations:** For shipments outside the United States, Buyer is solely responsible for payment of any and all import expenses, duties, satisfaction of the respective licensing requirements, and compliance with all U.S. Government Action and all other applicable laws, regulations and standards, which are required by any governmental authority to whose jurisdiction Buyer is subject or which has jurisdiction over the place to which goods are shipped.

**Raw Materials Availability:** This contract is contingent upon the availability of raw materials required for the manufacture of the goods. L&R Precision Machining and Manufacturing shall not be deemed in breach of this agreement for delay in manufacture or delivery where such raw materials are unavailable. In such cases, L&R Precision Machining and Manufacturing may, at its option, cancel this agreement or deliver to you its pro-rata share of production.

**Force Majeure:** L&R Precision Machining and Manufacturing will not be liable for any delay or failure in performance resulting from labor disputes, war, riot, insurrection, fire, flood, accident, storm, act of God, or other causes beyond its control, or from L&R Precision Machining and Manufacturing, Incorporated's good-faith compliance with any foreign or domestic governmental law, rule, order or regulation, whether or not it later is held invalid.

**Special Tooling:** Unless otherwise specifically provided in L&R Precision Machining and Manufacturing, Incorporated's quotation, special tooling developed by L&R Precision Machining and Manufacturing to complete this contract shall be the property

of L&R Precision Machining and Manufacturing. Special tooling supplied by Buyer or special tooling developed by L&R Precision Machining and Manufacturing, subject to property ownership of buyer shall be maintained by L&R Precision Machining and Manufacturing with reasonable care at Buyer's risk to loss or damage arising from force majeure events, and Buyer is encouraged to provide its own insurance against such loss or damage. In the event Buyer does not claim such special tooling within two years after completion of L&R Precision Machining and Manufacturing's deliveries under this contract, then L&R Precision Machining and Manufacturing shall have the right, following 30 days' written notice to Buyer, to dispose of such special tooling without liability.

**Buyer's Request for Changes:** Following acceptance of any order, any technical changes and / or changes to quantity, delivery or other requested by Buyer shall be in writing and shall be construed as a request to renegotiate the contract without prejudice to the rights of L&R Precision Machining and Manufacturing under the contract.

**Engineering Charges:** Buyer agrees to accept responsibility for any loss of production time when any L&R Precision Machining and Manufacturing is on hold waiting for a response from the Buyer, if the issue involves a Buyer engineering problem (such as a drawing or specification error, a document that is unclear or a drawing change). The cost of the downtime will be negotiated with Buyer but typically the charges would be the number of hours the machine is down multiplied by our current shop rate. If the response from Buyer will take more than one day, we reserve the right to remove the Buyer's job and replace it with another job; Buyer's job will be placed on hold and will need to be rescheduled out by the Buyer. When this situation occurs Buyer shall be responsible for the costs of removing the set-up and subsequent re-set up of the job. Set-up charges typically would be the number of hours to do the set-up multiplied by our current shop rate.

**Cancellation by Buyer:** In the event Buyer desires to cancel its order following acceptance by L&R Precision Machining and Manufacturing, Buyer agrees to pay L&R Precision Machining and Manufacturing, the greater of: (a) 2% of the contract amount, or (b) L&R Precision Machining and Manufacturing's expenditures for raw material, tooling, labor incurred, handling and overhead, and for all work completed to date and in progress but not yet delivered to Buyer, plus a cancellation charge of 5% of the L&R Precision Machining and Manufacturing's expenditures, provided, however, that if the parts are complete at the time of the cancellation then the Buyer is responsible to pay L&R Precision Machining and Manufacturing for these parts at the full agreed upon contract price. This is without prejudice to such other and additional rights as are available to L&R Precision Machining and Manufacturing under the law.

**Incidental Charges:** Any special packaging requirements, source inspection by Buyer on the premises of L&R Precision Machining and Manufacturing, or other requirements not expressly provided in Buyers Request for Quotation (RFQ) or Contract shall be subject to additional charges by L&R Precision Machining and Manufacturing.

**Short Count:** Buyer shall be deemed to have accepted the numerical count of goods shipped unless Buyer notifies L&R Precision Machining and Manufacturing in writing of any claim for short count within 48 hours after delivery to Buyer.

**Damaged Goods:** Buyer shall report to L&R Precision Machining and Manufacturing any damage found from shipping within one (1) business day of receipt of product.

**Nonconforming Goods:** It shall be assumed that product delivered to Buyer conforms to the contract, and acceptance of such product is assumed unless Buyer notifies L&R Precision Machining and Manufacturing in writing of any claim of nonconformance within five (5) business days after delivery to Buyer. Buyer will then await instructions from L&R Precision Machining and Manufacturing, and unless otherwise agreed to in writing by L&R Precision Machining and Manufacturing, Buyer assumes the full risk and expense of returning goods to L&R Precision Machining and Manufacturing, including but not limited to damage arising from Buyer's improper packaging. L&R Precision Machining and Manufacturing agrees to repair or replace nonconforming goods.

**Customer Furnished Raw Material or Semi-Finished Materials:** In the event the contract requires L&R Precision Machining and Manufacturing to perform work on raw material or semi-finished materials supplied by Buyer (such as castings and forgings) but not purchased by L&R Precision Machining and Manufacturing from Buyer, Buyer shall supply an adequate excess to allow for machining losses. All customer furnished materials are considered the property of the Buyer at all times. If L&R Precision Machining and Manufacturing scraps any such materials, it shall not be liable to Buyer for such scrapped materials. The buyer warrants that any raw or semi-finished materials shall be suitable for the operations intended to be performed by L&R Precision Machining and Manufacturing and shall be free of defects in workmanship and material. If found defective during processing, Buyer shall promptly deliver suitable replacements at no charge to L&R Precision Machining and Manufacturing. The buyer shall pay L&R Precision Machining and Manufacturing for all work performed to the time when the defect was discovered.

**Buyer's Assumption of Risk, Covenants, and Indemnity:** Buyer assumes all risk, liability and responsibility for any loss, damage, cost and expense arising out of or resulting from the handling, use, storage, disposal, or application of the goods and services ordered hereby. Buyer hereby assumes and agrees to indemnify, defend, and hold L&R Precision Machining and Manufacturing and its officers, owners, employees and agents harmless from and against all liability, loss, cost, damage, expense

(including reasonable attorney's fees) arising out of or in connection with claims by Buyer, its employees, customers, independent contractors, and any third parties based upon or resulting from the handling, use, storage, disposal, or application of the goods and services ordered hereby. Buyer warrants that the goods and services ordered hereby shall not be resold, transferred, exported, or reused in any way by Buyer in violation of any U.S. Government Action. Buyer will indemnify, defend and hold L&R Precision Machining and Manufacturing, including reasonable attorney's fees, court costs, and costs of investigation and defense, from any harm or damages or liability caused to L&R Precision Machining and Manufacturing by any breach of the foregoing warranty or for the failure to comply with any laws or regulations, including without limitations, U.S. Government Action.

**Limitation on Liability:** L&R PRECISION MACHINING AND MANUFACTURING LIABILITY, IF ANY, WHETHER ARISING FROM BREACH OF WARRANTY, CONTRACT, NEGLIGENCE, INDEMNITY, STRICT LIABILITY OR OTHER TORT, OR OTHERWISE WITH RESPECT TO ITS PRODUCTS IS LIMITED TO AN AMOUNT NOT TO EXCEED THE PRICE OF THE PARTICULAR PRODUCTS OR SERVICES GIVING RISE TO THE LIABILITY. IN NO EVENT SHALL L&R PRECISION MACHINING AND MANUFACTURING BE LIABLE FOR ANY INDIRECT, INCIDENTAL, LOST PROFITS, CONSEQUENTIAL, PUNITIVE, EXEMPLARY OR SPECIAL DAMAGES, WHETHER FORESEEABLE OR NOT, THAT ARE IN HEREOF, LOSS OF GOODWILL OR PROFITS, LOST BUSINESS HOWEVER CHARACTERIZED AND/OR FROM ANY OTHER CAUSE WHATSOEVER.

**Taxes:** Prices quoted are subject to added charges levied by any government taxing authority, all of which shall be paid by Buyer.

**Construction, Modification:** This quotation, upon acceptance, becomes the entire understanding of the parties with respect to this subject matter and supersedes all previous representations or understandings relating thereto. It may not thereafter be modified orally, but only in writing, signed by the party to be charged; and it shall be construed in accordance with the laws of the Commonwealth of Virginia.

**Minimum Order / Minimum Charge:** Our Minimum Order Amount for new customers is \$300.00, and the Minimum Shipment amount is \$200.00.

**Expedite Policy:** When the contract stipulates that product is to be expedited, L&R Precision Machining and Manufacturing will make our best effort to meet the accelerated delivery date requested by the customer. It is important to note that expedite fees help L&R Precision Machining and Manufacturing to pay for overtime and other activities required to speed up the process to produce the product quicker than normal lead-time. This includes paying our vendors to expedite processing of the parts. Therefore, expedite fees will be charged by L&R Precision Machining and

Manufacturing and paid by Buyer regardless of the actual date the product ships to customer, unless an exception to this policy is agreed upon in writing and approved by L&R Precision Machining and Manufacturing management.

**Return Authorization:** If Buyer determines that product supplied by L&R Precision Machining and Manufacturing should be returned due to a defect, customer must obtain a Return Materials Authorization (RMA) number from L&R Precision Machining and Manufacturing prior to returning the items. All returns shall state the specific reason for such return. L&R Precision Machining and Manufacturing may elect not to accept any returns that do not reference an RMA number. The buyer shall be financially liable for all labor associated with our verification time that ultimately determines that the return/rejection is invalid. Buyer may only return product that is defective or was not ordered on the latest "accepted" Purchase Order.

**Orders Placed on Hold Status:** Any order received by L&R Precision Machining and Manufacturing shall be placed on hold if there are any differences between our quoted price, delivery, quantity, instructions, or any other factor that was not agreed to in writing at the time of our quotation. When an order is placed on hold, the Buyer shall be notified by L&R Precision Machining and Manufacturing, via phone, e-mail and / or fax. It is important that the Buyer understand that when an order is placed on hold, L&R Precision Machining and Manufacturing will not perform any work until the discrepancy is resolved and the hold status is removed. Therefore, L&R Precision Machining and Manufacturing is not responsible for missed deliveries if an order is placed on hold and the buyer does not resolve the issue within a reasonable amount of time.

**Price Escalation:** Pricing of items quoted by L&R Precision Machining and Manufacturing and accepted by Buyer is subject to re-negotiation if the cost of raw material, purchased components and / or outside processing increases by more than 5% at any time during the term of the supply agreement.

**NOTE:** All product that L&R Precision Machining and Manufacturing manufactures for Buyer are considered Commercial and Non-Military (not subject to requirements and regulations of ITAR) unless Buyer discloses to L&R Precision Machining and Manufacturing that the items are in fact intended for Military / Defense use.

**Acceptance of these Terms:** Buyer understands that by issuing a purchase order to L&R Precision Machining and Manufacturing based on a quotation which specifically referenced these terms and conditions, all the terms and conditions listed above are incorporated in Buyer's purchase order, unless otherwise specified in the purchase order.

**Expedite Processing & Fees:** When agreeing to an expedited delivery schedule in support of the customer's request, L&R Precision Machining and Manufacturing agrees in good faith to support the customer and to produce the parts in question posthaste. Every effort shall be made to deliver the specified units in line with the buyer's expectation. Should L&R Precision Machining and Manufacturing meet the anticipated delivery date, buyer agrees to pay all associated expedite fees in full.

**Rough Order of Magnitude Pricing (R.O.M.):** R.O.M. pricing represents our best budgetary estimate to produce the intended product given the materials, dimensions, tolerances, and outside processing (or lack thereof) as defined at the date of our quotation. Pricing estimates may be predicated on rush requirements, preliminary designs, and / or incomplete solid models not suitable for contractual purposes, or missing information; said pricing is subject to change when the buyer's approved drawings are released for review by L&R Precision Machining and Manufacturing. Reliance on the accuracy of this pricing at this juncture is made at the customer's discretion only and does not constitute a binding price with regard to any future purchase order(s) issued to L&R Precision Machining and Manufacturing. Pricing will be validated only when both L&R Precision Machining and Manufacturing and the buyer agree on firm pricing at a suitable and agreed upon time.