

TERMS AND CONDITIONS OF SALE

1. **Payment.** Buyer shall pay Columbia Forest Products, Inc. (“**Seller**”) the amount shown on Seller’s invoice for all goods sold to Buyer within thirty (30) days from Seller’s invoice date for the goods sold.
2. **Prices and Taxes.** All prices quoted or charged by Seller shall be F.O.B. Seller’s plant, unless otherwise agreed. Prices do not include sales, excise, use, or other taxes measured by the sales price of the goods sold or arising under such sale. Buyer shall pay any and all such taxes.
3. **Quantities Vary.** Seller’s shipments of goods ordered by Buyer may increase or decrease by 10%. Shipments with such quantity variations of 10% shall be accepted by Buyer as compliant with Buyer’s order.
4. **Delivery of Goods.** Seller shall deliver the goods sold to Buyer by placing the goods with a carrier for delivery to Buyer. Delivery dates are estimated only. In no event shall Seller be liable to Buyer or any third parties for any damages of any kind, direct or indirect, in the event of delay of delivery. In the event of any such delay, Seller shall have such additional time within which to perform its obligations hereunder as may reasonably be necessary under the circumstances.
5. **Inspection, Shortages, and Acceptance.** Buyer shall inspect the goods at the place of destination promptly upon arrival, or may inspect the goods at point of origin. Buyer must make shortage claims within five (5) days after delivery. Buyer’s acceptance of the goods will be conclusively presumed and any breach of warranty waived if Buyer fails to give Seller notice of defective or non-conforming goods within fifteen (15) days after delivery in the case of defects discoverable through inspection, and within fifteen (15) days after discovery in the case of defects not discoverable through inspection. The notice shall describe the rejected goods and the defects upon which the claims are based. Seller shall be given a reasonable opportunity to investigate all claims and to inspect allegedly defective goods. Repair or replacement of defective goods, or repayment of the purchase price, will be made only upon the return of the defective goods, which shall not be returned until Seller has consented thereto and has delivered to Buyer written shipping instructions.
6. **Grant of Security Interest.** Buyer hereby grants to Seller a security interest in all goods sold by Seller to Buyer, together with all products and proceeds thereof, to secure full payment of the purchase price for such goods and the full performance of all of Buyer’s obligations to Seller whether arising hereunder or under any other agreement between Buyer and Seller.
7. **Warranties.** Seller warrants that it has the legal right to sell the goods and that the goods are free from encumbrances, liens, or claims. Seller warrants that if the goods sold are hardwood plywood, such hardwood plywood shall be in accordance with the specifications contained on Seller’s invoice and meet the applicable standards of ANSI, within allowable tolerances, in effect at the time of sale respecting such goods. Seller warrants that other goods sold are in accordance with the specifications contained on Seller’s invoice and meet any applicable grading agency standards, within allowable tolerances, in effect at the time of sale. **THERE ARE NO OTHER WARRANTIES OR REPRESENTATIONS, STATUTORY OR OTHERWISE, EXPRESS OR IMPLIED, OR ARISING BY USAGE OF TRADE, OR OTHERWISE, EXCEPT THOSE SPECIFIED HEREIN. SELLER DOES NOT WARRANT THAT THE GOODS ARE MERCHANTABILITY OR FIT FOR A PARTICULAR USE OR PURPOSE.**
8. **DISCLAIMER OF WARRANTIES.** Seller does not warrant that applicable ANSI standards or other grading agency standards for the goods sold will meet any of Buyer’s requirements. Seller does not warrant the goods to any third parties for any purpose or use whatsoever. **SELLER DISCLAIMS ALL IMPLIED WARRANTIES, INCLUDING, WITHOUT LIMITATION, ALL IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.**
9. **BUYER’S REMEDIES.** If any goods do not meet applicable specifications or warranties, Seller, upon notice from Buyer, shall promptly repair or replace the non-conforming goods, or, in the alternative, at Seller’s option, Seller may repay Buyer that portion of the amount actually paid by Buyer for the non-conforming goods.
10. **LIMITATIONS ON BUYER’S REMEDIES. IN NO EVENT SHALL SELLER BE LIABLE FOR ANY OF BUYER’S INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING IN ANY WAY FROM THE SALE OR DELIVERY OF NON-CONFORMING GOODS OR ANY OTHER BREACH OF CONTRACT BY SELLER. The limitation of Seller’s liability is applicable to any and all claims or theories of recovery asserted by Buyer, including, without limitation, breach of contract, breach of warranty, expressed or implied, strict liability in tort or negligence, or in the event that Buyer claims, alleges, or otherwise asserts that any loss or damage is attributable to the negligence of Seller. Seller shall not be liable for any failure of ANSI standards or other applicable grading agency standards to meet Buyer’s requirements.**
11. **Limitation on Time to Bring Action.** Any action for Seller’s breach of its warranties or any other breach of contract must be commenced by Buyer within one year after the cause of action has accrued.
12. **Interest.** Interest shall accrue on all amounts past due at the annual rate of eighteen percent (18%) or the maximum amount allowed by law, whichever is less.
13. **Delays and Force Majeure.** Seller shall not be in default or otherwise responsible for any delay in performance or delay in delivery caused by circumstances beyond its control, including, but not limited to, an act of God, fires, floods, wars, government actions, accidents, labor troubles, labor shortages, unavailability of materials, unavailability of equipment, or unavailability of transportation. Seller may, without liability to Buyer or any third party, suspend its performance when Seller’s performance is delayed or prevented by weather conditions, fires, floods, accidents, riots, acts of God, war, government interference, embargo, strikes, labor disputes, shortage of labor, fuel, power, materials or supplies, transportation delays, or any other cause or causes (whether or not similar in nature to any of those hereinabove specified) beyond Seller’s reasonable control. If such conditions continue for ninety (90) consecutive days, Seller may terminate its performance to Buyer.
14. **Seller’s Remedies.** In the event Buyer defaults, Seller shall have all remedies afforded under Oregon’ Uniform Commercial Code, at law or in equity. Without limiting the generality of the foregoing, Seller may immediately accelerate all amounts due from Buyer to Seller, bring an action for the price, withhold further deliveries or terminate any order without notice, or stop in transit any shipment to Buyer or Buyer’s designee. Seller shall have the power, but not the duty, of resale of any goods in Seller’s possession for Buyer’s account after seven (7) days’ written notice thereof has been given to Buyer. Seller’s remedies set forth in this paragraph are cumulative.
15. **Indemnity.** Buyer assumes all liability (including, without limitation, liability for injury to person or property, economic loss, or business interruption) for all claims arising from the sale or use of the goods sold by Seller. Buyer will indemnify, defend, protect, and hold harmless Seller, at all times from and after the date hereof, from and against all claims, damages, actions, suits, proceedings, demands, assessments, adjustments, costs, and expenses (specifically including reasonable attorneys’ fees and expenses of investigation) incurred by Seller as a result of or arising from (a) any goods sold by Seller to Buyer, (b) any use of the goods sold hereunder by Buyer or any third party, (c) any nonfulfillment of any covenant or agreement on the part of Buyer under these Terms and Conditions, including, without limitation, any breach of

the representations and warranties made by Buyer in favor of Seller, and (d) any claim made by a third party, or the commencement of any action or proceeding by a third party, that would give rise to Seller's right of indemnification under these Terms and Conditions.

16. Clerical Errors. Stenographic, computer, mathematical computation, or other clerical errors made by Seller on either an acknowledgment or invoice issued to Buyer shall be subject to correction by Seller.

17. Complete Agreement. These Terms and Conditions are the parties' final and complete expression of their agreement regarding the subject hereof. These Terms and Conditions supersede and replace all prior oral and written representations and agreements. To the extent that any of the terms herein differ from Buyer's documents, such documents shall not control and varying terms are hereby rejected.

18. Choice of Law. These Terms and Conditions shall be governed by and construed under the laws of the State of Oregon.

19. Arbitration and Attorney Fees. Any and all disputes arising under these Terms and Conditions or arising from any sale of goods by Seller to Buyer, or otherwise, shall be resolved by binding, mandatory arbitration under the authority of the American Arbitration Association; provided, however, that Seller may obtain injunctive relief in any court of competent jurisdiction to enforce its security interest in goods sold. Such arbitration proceeding shall be conducted in Portland, Oregon. The prevailing party in any arbitration (or other action) arising hereunder shall be entitled to its reasonable attorney fees and all expert and deposition costs, and all other costs of arbitration, from the non-prevailing party.