

PROVISIONS OF CONTRACT

THIS CONTRACT SHALL BE INTERPRETED UNDER AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK

(1) The Buyer shall pay service charge on all overdue bills at 3% above the prevailing prime rate charged by major New York Banks, provided such charges shall not exceed the highest rate permitted by law. Buyer shall pay reasonable attorney's fees if an attorney's services are utilized by Seller to collect payment hereunder.

(2) (a) In case any bill shall not be paid when due or upon Buyer's breach of or default in any term or condition of this or any other contract with Seller, all sums owing under this and any other contracts between Buyer and Seller, shall, at the option of Seller, at once become due, irrespective of the terms of sale, and the Seller may defer delivery under this and such other contracts until such sums shall be paid and for a reasonable time thereafter. If the total amount due or to become due under the contracts between Buyer and Seller exceeds the credit limit for Buyer which may be fixed or varied from time to time and in accordance with the sole discretion and opinion of Seller, Buyer agrees to pay cash before delivery or anticipate payment for any future sum in excess of such credit limit. Upon failure by Buyer to make any such payment within ten (10) days after demand, Seller shall have the option to cancel this and other contracts between Buyer and Seller, or to sell all or part of the merchandise undelivered thereunder, without notice, at public or private sale, holding Buyer responsible for any deficiency, or to bill Buyer as of the date of such demand for all or any part of the merchandise undelivered thereunder on terms of cash before delivery.

(b) Any property of the Buyer at any time in Seller's possession, including but not limited to merchandise paid for by the Buyer, shall be deemed held as security (with a security interest therein granted by Buyer to Seller) for Buyer's obligations under this or any other contract with the Seller. Such property, to the extent of the value thereof, may be applied by the Seller as a credit against such obligations of the Buyer, or such property or any part thereof may be sold by the Seller at public or private sale with the proceeds thereof applied as a credit against such obligations of the Buyer.

(3) (a) Invoices rendered by Seller shall be paid by Buyer in bankable funds regardless of controversies relating to other invoices or to other delivered or undelivered merchandise.

(b) Checks received from or for the account of Buyer, regardless of writings, legends or notations on such checks or of other writings, statements or documents may be applied against amounts owing by Buyer, without accord and satisfaction of Buyer's liability.

(4) (a) Deliveries under this contract are contingent upon plant receiving shipments of raw materials as ordered and the availability of energy or derivatives of energy products as ordered. If promised shipments are delayed, reduced in quantity or cancelled, Seller's deliveries of merchandise hereunder may be delayed, reduced or cancelled on a proportionate basis without liability.

(b) In the event that delivery under this contract is prevented or delayed by strikes, lockouts, embargoes, lack of shipping facilities or any cause or circumstances of whatever kind or nature, not limited to the aforesaid, beyond the Seller's control, the Seller's time for performance shall be extended by the period of said delay. Should embargo or lack of shipping facilities prevent or delay delivery of any merchandise ready for shipment, the Seller may immediately bill the merchandise to the Buyer and the Seller shall hold the merchandise for the account of the Buyer, the Buyer agreeing to make payment at the maturity of the bills so rendered.

(5) The acceptance of shipment by a common carrier or licensed public truckman shall constitute a delivery or in the absence of shipping instructions the mailing of an invoice shall constitute a tender of delivery and obligate Buyer to make payment in accordance with the terms thereof.

(6) (a) Delivery and/or tender made within 15 days after specified date of delivery shall constitute a timely delivery. Thereafter, delivery or deliveries and/or tender or tenders prior to receipt of written cancellation shall constitute timely delivery.

(b) Buyer agrees that delay in delivery or defect in quality shall entitle Buyer to cancel only that portion of the merchandise which is delayed in delivery or defective in quality.

(c) Delay in delivering sample pieces or other sample requirements shall not constitute a breach of this contract.

(d) Delivery which does not vary more than five percent (5%) greater or less than the yardage or quantity contracted for shall constitute compliance under this contract unless the goods are especially made to Buyers specifications or are exclusively confined to Buyer in which event delivery may vary ten percent (10%) greater or less than the yardage or quantity contracted for.

(7) (a) Seller shall not be liable for normal manufacturing defects nor for customary variations from specifications nor for defects resulting from imperfections inherent in the raw materials used over which Seller has no control. In the event of any claim that the quality of the goods delivered is not according to contract all such goods must be properly offered to the Seller for examination in the same condition as when delivered to the Buyer or his Agent. If Buyer, or his Agent, should fail to make such offer to Seller or to afford full opportunity for examination, Buyer shall not be entitled to any reduction, allowance or claim based upon or relating to such goods.

(b) Claims of any kind or nature, except latent defects, are specifically barred unless presented within ninety days after date of invoice. Claims on latent defects are barred unless presented within ninety days after date of invoice. No claim or allowance shall be made for goods after they have been cut or processed or changed from original state of delivery.

(c) SELLER MAKES NO WARRANTY OF THE FITNESS OF THE GOODS FOR ANY SPECIFIED PURPOSE OR USE UNLESS EXPRESSLY PROVIDED FOR ON THE FACE HEREOF AND IN THE ABSENCE THEREOF BUYER UNDERTAKES THE COMPLETE AND ENTIRE RESPONSIBILITY OF ASCERTAINING WHETHER THE GOODS SOLD HEREUNDER ARE SUITABLE FOR THE BUYER'S INTENDED USE!

Unless specifically stated on the face of this contract, no warranty is made as to any factors of quality including but not limited to fastness of color, breaking strength, performance of finish, piling, sagging, shrinkage or residual shrinkage.

(d) In case of defective goods Seller shall have the privilege of accepting for return or making an allowance mutually agreeable to both parties. In case goods are accepted for return Seller shall have the privilege of replacing same at contract price.

(8) (a) Goods invoiced and held at any location for whatever reason, whether paid for by Buyer or not, shall be at the Buyer's sole risk, and must be removed from storage within ninety (90) days from date of invoice. After holding goods for ninety (90) days, if Buyer has failed to issue shipping instructions, Seller, at its options, may ship goods to the Buyer without prior notice, by motor carrier collect, and Buyer shall be liable to Seller for storage and handling charges.

(b) RISK OF LOSS AND INSURANCE – All goods shipped to Seller for processing or otherwise or held by Seller for Buyer's account are at Buyer's sole risk with respect to damages to such goods caused by fire, sprinkler leakage, water, theft or any other casualty of like or unlike nature, both while such goods are in transit to or from Seller and while in Seller's possession. Buyer assumes the sole responsibility of providing sufficient and proper insurance coverage to protect itself against any such losses or damages.

(9) No right to the use of any trade-name or trademark of the Seller passes to the Buyer under this contract and the Buyer agrees to refrain either directly or indirectly from using any of the Seller's trade-names or trademarks unless specifically authorized to the contrary by the Seller in writing.

(10) (a) Price on any undelivered portion of this contract is subject to adjustment by the amount that Seller's costs on said portion is affected by legislation, governmental rule, regulation, or order, either Federal, State, or local, enacted, after the date of this contract imposing any tax, excise, duty, or other charge applicable to the merchandise sold hereunder. The amount of any adjustment payable to Seller under this section shall be invoiced separately or shall be set up as separate items on invoices of the subject goods.

(b) Prices on all imported goods are subject to increase to the extent of any increase in tariff, revenue laws, Treasury regulations, or appraisal of the market value by the customs authorities.

(11) Upon breach by Buyer as to any installment, Seller, at his option, may treat such breach as severable or as a breach of the entire contract. If Buyer breaches this contract or any installment thereof, in addition to all other rights provided by law, Seller may sell the goods at public or private sale without notice to Buyer, and Buyer shall be liable for the difference between the contract price and the amount received on such sale, together with the costs and expenses of such sale. At such sale, Seller may become the buyer of such goods.

(12) (a) This contract supersedes Buyer's purchase order, if any, and contains the entire agreement between the parties. There are no oral understandings, representations or agreements relative to this contract which are not fully expressed herein.

(b) No modification of this contract shall be binding unless in writing and signed by Seller.

(c) Waiver by Seller of a breach by Buyer of any provision of this contract shall not be deemed a waiver of future compliance therewith and such provision, as well as all other provisions hereunder, shall remain in full force and effect.

(13) The limit of liability of Seller for a breach of any of the terms, conditions and/or provisions of this contract shall be in the case of defective goods the difference in value on contract date of delivery between goods specified and goods actually delivered, and in the case of late or non-delivery the difference between the contract price of the goods and the market value on contract delivery date. In no instance shall Buyer be entitled to claim consequential damages for defective or late delivery or non-delivery, and in no instance shall damages include profit on contemplated use or profit of any description.

(14) If any provision of this contract is or becomes, at any time and under any law, rule or regulation unenforceable or invalid, no other provision of this agreement shall be affected thereby, and the remaining provisions of this agreement shall continue with the same effect as if such unenforceable or invalid provisions shall not have been inserted in this agreement.

(15) Any action, arbitration, or proceeding of any kind arising hereunder or relating hereto against Seller by Buyer shall be barred unless commenced by Buyer within one (1) year from the date Buyer's right, claim or cause of action first accrued. This is an express condition of this contract which may be determined and enforced by the Court notwithstanding the provisions for arbitration herein.

(16) (a) Any controversy arising under or in relation to this order or contract, or any modification thereof, shall be settled by arbitration. In the absence of agreement otherwise among the parties hereto such arbitration shall be held in the City of New York in accordance with the laws of the State of New York, and the rules then obtaining of the American Arbitration Association, or the General Arbitration Council of the Textile and Apparel Industries, as the party first referring the matter to arbitration shall elect; and the parties consent to the jurisdiction of the Supreme Court of the State of New York, and further consent that any process or notice of motion or other application to the Court or a judge thereof, and any notice in connection with the arbitration proceedings, may be served within or without the State of New York by registered mail or by personal service, provided a reasonable time for appearance is allowed. Judgment upon the award rendered by the arbitrator(s) may be entered in any State or Federal court having jurisdiction thereof. Any arbitration hereunder involving a claim of \$20,000 or more (exclusive of interest and costs), shall be before a panel of three arbitrators.

(b) The arbitrators shall not have the authority or power to modify or alter any express condition or provision of this contract or to render an award which has the effect, directly or indirectly, of awarding to Buyer (i) any consequential, incidental, or special damages, or (ii) damages for profit on contemplated use or profit of any description, or (iii) damages which exceed in amount the total purchase price of the goods sold by Seller to Buyer hereunder,

(c) Any arbitration hereunder, between the parties hereto, shall not be consolidated, tried, heard or administered together with any other arbitration proceeding involving any other party(s), and the parties hereby expressly waive any right, and agree to oppose any application, to have any arbitration hereunder consolidated, tried, heard or administered together with any other arbitration involving any other party(s).