

ARTO STANDARD TERMS AND CONDITIONS

These Standard Terms and Conditions ("Standard Terms") govern all sales by Arto Brick/California Pavers ("Arto") of products ("Products") to buyer ("Buyer"). By purchasing Products, Buyer agrees to be bound by these Standard Terms.

PURCHASE OF PRODUCTS: Each purchase of Products must be made by (a) a purchase order issued and signed by an authorized representative of Buyer and accepted by Arto in writing ("Purchase Order") or (b) other ordering documentation that is issued by Buyer, converted by Arto into a signed written order confirmation and then provided to and signed by an authorized representative of Buyer ("Signed Confirmation").

PRICES: Prices for Products are set forth in written quotations made by Arto and provided to Buyer, and are F.O.B. Arto's warehouse unless expressly stated otherwise. Written quotations are valid for sixty (60) days unless otherwise indicated in the written quotation. Arto may also publish prices for Products from time to time and may change these prices without prior notice.

PAYMENT: Terms of payment for customers with established lines of credit are net ten (10) days from the date of invoice. A late charge of one and one-half percent (1½%) per month (or, if less, the maximum rate permitted by applicable law) will be charged on all amounts past due. In addition to the late charge, and without limitation, Buyer shall reimburse Arto for all costs and expenses (including, without limitation, attorneys' fees and costs) incurred in collecting past due amounts. Payment terms for customers that do not have established lines of credit will be determined by Arto on an order by order basis.

TAXES: Prices for Products do not include any local, state, federal, or international taxes, duties or similar fees and amounts, all of which are for the account of and paid by Buyer.

INSURANCE: Insurance is recommended and is the sole responsibility of Buyer, unless otherwise agreed upon in writing by Arto and Buyer.

DELIVERY AND RISK OF LOSS: Title and all risk of loss, damage and destruction to Products will pass to Buyer upon delivery by Arto to the carrier. Proposed delivery dates are set forth in the applicable Purchase Order or Signed Confirmation. Arto will use commercially reasonable efforts to meet such delivery dates but is not liable for any failure to do so.

CANCELLATION AND RETURNS: Buyer may cancel any order made under a Purchase Order or Signed Confirmation; provided that (a) Buyer's account is current and (b) if Buyer cancels an order after production has begun, Buyer pays for the set-up charges and the Products that have been made at the time of cancellation (custom and special orders are not cancellable). Products may be returned for a refund of the applicable purchase price (i) if Buyer's account is current, (ii) subject to a restocking fee of 35% and (iii) if the Products are returned in original condition (custom and special orders are not returnable). In no event will returned Products be accepted without written return merchandise authorization by Arto.

ACCEPTANCE AND INSTALLATION: Buyer is deemed to have accepted the Products (a) five (5) days from the date of delivery of the Products (unless it notifies Arto of a breach of warranty in accordance with the Warranty section below) or (b) upon the installation of the Products by or on behalf of Buyer or Buyer's agents (or user or

project owner or their agents), whichever occurs first. Buyer and Buyer's agents (and user and project owner and their agents) are solely responsible for all costs, expenses and liability relating to, based on or arising from the selection, storage, application, inspection, installation and sealing of the Products. Arto is not responsible for any improper installation of the Products.

WARRANTY: Arto warrants that when it delivers the Products to the carrier they will materially conform to their specifications. Arto may, at its discretion, either repair, replace or provide a credit for any Products that fail to conform to this warranty if notified in writing within five (5) days from the date of delivery of the Products. Buyer's failure to notify Arto of any breach of warranty constitutes Buyer's acceptance of the Products as is and with all faults. Incoming freight costs for Products returned under warranty will be paid by Buyer and return freight costs (if any) will be paid by Arto. The forgoing remedy is Buyer's sole and exclusive remedy for any breach by Arto of this warranty. Buyer will report any shortages of Products within five (5) days from the date of delivery of the Products.

DISCLAIMERS: EXCEPT AS EXPRESSLY SET FORTH IN THESE STANDARD TERMS, ARTO MAKES NO WARRANTY, EXPRESS OR IMPLIED, OF ANY KIND WHATSOEVER, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. Buyer acknowledges and agrees that (a) the Products are handcrafted products and are subject to efflorescence, porosity, color change, wear, the development of a patina and variation of surface texture, size and color and (b) all weights and dimensions (which may contain an allowance for joints) may vary within accepted standards for handcrafted products. Arto makes no warranty, express or implied, of any kind whatsoever, including merchantability, with respect to any of the forgoing. Arto has not authorized any person or entity to make any warranty on its behalf and will not be liable in any manner if any person or entity does so.

LIMITATION OF LIABILITY: ARTO IS NOT LIABLE TO BUYER OR ANY THIRD PARTY FOR ANY SPECIAL, EXEMPLARY, INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE OR CONSEQUENTIAL DAMAGES OF ANY KIND WHATSOEVER, INCLUDING, BUT NOT LIMITED TO, THOSE ARISING FROM CLAIMS OF NEGLIGENCE OR NEGLIGENT MISREPRESENTATION. THIS LIMITATION EXTENDS TO THE RECOVERY OF LOST PROFITS, BUSINESS INTERRUPTION LOSSES, LABOR USED TO REMOVE OR REPLACE PRODUCTS AND CLAIMS FOR LOSS OF GOODWILL. THIS LIMITATION OF LIABILITY APPLIES TO CLAIMS FOR DAMAGES ARISING FROM CONTRACT, TORT OR OTHERWISE, WHETHER FORESEEABLE OR UNFORESEEABLE, BASED ON ANY CAUSE OF ACTION, AND WHETHER OR NOT ARTO IS OR SHOULD BE AWARE OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT WILL ARTO'S TOTAL LIABILITY FOR DAMAGES RELATING TO, BASED ON OR ARISING FROM THE PRODUCTS EVER EXCEED THE PRICE BUYER HAS ACTUALLY PAID FOR SUCH PRODUCTS, REGARDLESS OF THE NATURE OF THE CLAIM. THIS CLAUSE IS INDEPENDENT OF ANY OTHER LIMITATION OF LIABILITY, AND REFLECTS A SEPARATE ALLOCATION OF RISK FROM PROVISIONS SPECIFYING OR LIMITING A PARTY'S REMEDIES.

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STORAGE FEES: A storage fee of \$25 per pallet per day will be added to orders not shipped within five business days of the order being completed. If your order is not shipped within 30 business days ARTO reserves the right to use the product for other orders.

NO REFUNDS RETURNS OR CANCELLATIONS: All of our products are made to order and there are no refunds, credits, returns or cancellations unless with our prior written authorization.

ABANDONMENT OF PROPERTY: After three (3) months of notifications that the product ordered was ready to ship or be picked up and said property has not been shipped or picked up said property is deemed abandoned. Arto may dispose of the property using its sole discretion and any deposits or payments for the abandoned property previously received are forfeited to Arto.

COMPLIANCE WITH LAWS: Buyer shall comply with all applicable federal, state and local laws, ordinances, rules and regulations with respect to its use and/or sale of the Products.

INDEMNIFICATION: Buyer shall indemnify, defend and hold harmless Arto and its affiliates, representatives, agents, shareholders, directors, officers and employees from and against any and all loss or damage (including, attorneys' fees and costs) incurred in connection with any suit or proceeding brought against them insofar as such suit, action or proceeding is based upon a claim based on, relating to or arising from (a) any breach by Buyer or Buyer's agents (or user or project owner or their agents) (collectively, the "Indemnifying Parties") of any provision of these Standard Terms or (b) the selection, storage, application, inspection, installation or sealing of the Products, (c) the failure of any of the Indemnifying Parties to follow written instructions or (d) the combination of the Products with other products.

INDEMNIFICATION PROCEDURE: Buyer has the right to: (a) employ attorneys to institute or defend any action, suit or proceeding, which attorneys must be reasonably acceptable to Arto, (b) take any other reasonably appropriate steps to protect all rights and interests at issue and/or (c) settle, compromise in good faith or in any other manner dispose of any suit, action or proceeding, and satisfy any award or judgment that may be rendered, except that no compromise, settlement or other disposition of any such suit, action or proceeding may be effected or committed by the Indemnifying Parties without the consent of Arto, which will not be unreasonably withheld.

INDEPENDENT PARTIES: Nothing contained in these Standard Terms will create or be construed as creating, a joint venture or partnership between Arto and Buyer. Neither Arto nor Buyer is, by virtue of these Standard Terms or otherwise, authorized as an agent or legal representative of the other. Neither Arto nor Buyer is granted any right or authority to assume or to create any obligation or responsibility, express or implied, on behalf of or in the name of the other, or to bind the other in any manner.

NO THIRD PARTY BENEFICIARY: Nothing contained in these Standard Terms will be deemed to create, or be construed as creating, any third party beneficiary right, remedy or action for any third party or entity.

GOVERNING LAW, VENUE AND JURISDICTION: These Standard Terms are entered into in the State of California, and their validity, construction, interpretation and legal effect will be governed by the laws and judicial decisions of the State of California (irrespective of California's choice of law principles). Any legal action

or proceeding arising from, based on, or relating to these Standard Terms will be filed only in an appropriate State or Federal Court located in the County of Los Angeles, California. Each of Arto and Buyer hereby irrevocably consents and submits to the exclusive personal jurisdiction of such courts for the purposes of litigating any such action, and waives any objection to such jurisdiction it may have based on forum non conveniens or any similar doctrine.

ATTORNEYS' FEES: The prevailing party in any legal action, suit or proceeding based on, relating to or arising from these Standard Terms shall be entitled to recover its reasonable attorneys' fees and costs from the other party. Any party who unsuccessfully seeks to avoid this contract's limitations on liability extra-contractual claims, or otherwise, shall be liable to Arto for reasonable attorneys' fees and expenses incurred by Arto in defending such claims.

ENTIRE AGREEMENT: These Standard Terms constitute the entire understanding and agreement, and supersede any and all prior or contemporaneous representations, understandings and agreements, written or oral, between the parties with respect to the subject matter of these Standard Terms. These Standard Terms will prevail and be given precedence over any terms or conditions that appear on Buyer's purchase orders, acknowledgments and other documents and forms unless otherwise agreed upon by the parties in writing.

AMENDMENTS: No provision of these Standard Terms may be amended, supplemented or modified except by a writing that is signed by the parties.

WAIVER: No waiver of any provision of these Standard Terms, or of any rights or obligations of the parties, will be effective except pursuant to a written instrument signed by the parties, and any such waiver will be effective only in the specific instance and for the specific purpose stated in such writing.

SEVERABILITY OF PROVISIONS: In the event that any portion of these Standard Terms is held invalid or unenforceable, such portion will be deemed modified so as to make it valid and enforceable, consistent with the parties' intentions or if it cannot be so modified, will be deemed stricken, with the remaining portions of these Standard Terms to remain in full force and effect.

BINDING EFFECT: These Standard Terms will be binding upon and inure to the benefit of each of the parties and their respective successors, heirs and assigns.

FORCE MAJEURE: Arto will not be deemed in default if it or its performance or obligations are delayed or become impossible or impractical by reason of any act of God, war, fire, earthquake, labor dispute, sickness, accident, civil commotion, epidemic, act of government or government agency or officers, or any other cause beyond the control of Arto.

HEADINGS: The headings to sections of these Standard Terms are for convenience or reference only and do not form a part of these Standard Terms and will not in any way affect their interpretation.

INTERPRETATION: In these Standard Terms, whenever the context so requires, the masculine, feminine and neuter genders include the others, and the singular and plural include the other.

CONSTRUCTION: There is no presumption against Arto on the ground that it was responsible for drafting these Standard Terms.