



The Sales Order and Security Agreement is a legal contract to purchase the items specified on the front of this document, and it includes the following additional terms and conditions:

THE CLIENT AND ABETECH HEREBY WARRANT, REPRESENT AND AGREE THAT:

1. AbeTech agrees to extend credit to Client, or to otherwise arrange for the extension of credit to Client, if necessary, for the purchase of the items specified on the front of the Machine Sales Order (which items are hereinafter referred as the "Equipment"), subject to the terms herein.
2. Client will use the Equipment in a lawful manner consistent with this agreement.
3. Client will at any time or times hereafter execute such financing statements or other instruments and perform such acts as AbeTech may request to establish and maintain a valid security interest in the Equipment.
4. Client shall not sell, lease, mortgage, conceal or otherwise transfer the Equipment without the written consent of AbeTech at any time during which any part of the purchase price of the Equipment remains due and owing to AbeTech and shall: (a) disclose to AbeTech at its request the location of the Equipment and permit AbeTech inspect the Equipment at all reasonable times; (b) keep the Equipment in good repair; (c) keep the Equipment insured for its full value against loss by fire or other hazard; (d) permit all payments of loss under such insurance on the Equipment to be applied upon any indebtedness of Client to AbeTech; and for such purpose Client does hereby assign all such payments to AbeTech; (e) pay promptly when due all taxes on, and all bills for repairing, servicing, improving, insuring or storing the Equipment; (f) prevent and avoid any attachment, garnishment of or seizure of the Equipment by others and any adjudication/bankruptcy or appointment of a receiver or other liquidator of Client.
5. Legal Title to the Equipment shall remain in AbeTech until all sums payable under the Sales Order and Security Agreement or other Agreements are fully paid in cash, whereupon said legal title shall pass to Client. No obligation of Client or any co-signer or guarantor shall be released by any transfer or extension of the time of payment of this contract or by any transfer, loss of or damage to the Equipment.
6. Client shall be in default under this agreement upon the happening of any of the following events: (a) nonpayment, when due of any amount payable on any of Client's payment obligations with respect to the Equipment, or failure to observe or perform any term hereof; (b) if any covenant, warranty or representation herein shall prove to be untrue in any material respect; (c) Client becomes insolvent or unable to pay debts as they mature or makes an assignment for the benefit of creditors, or any proceeding is instituted by or against Client alleging that such Client is insolvent or unable to pay debts as they mature; (d) entry of any judgment against Client; (e) dissolution, merger or consolidation, or transfer of a substantial part of the capital stock or property of a Client which is a corporation or a partnership; or (f) if AbeTech deems itself insecure for any reason with respect to its ability to collect from Client any indebtedness with respect to the Equipment, or to protect the Equipment at any time during which Client is indebted to AbeTech with respect to said Equipment.
7. In the event of a default by Client, AbeTech shall have the right, at its option and without demand or notice, to declare all or any part of the Client's payment obligations with respect to the Equipment immediately due and payable. In addition to the rights and remedies granted hereby, AbeTech may also: (a) exercise all of the rights and the remedies of a secured Party under the Uniform Commercial Code or any other applicable law; (b) take possession of the Equipment and for that purpose enter the premises where the Equipment may be, thereby terminating all of Client's rights in the Equipment; and (c) effect all necessary insurance, pay the premiums thereon, and pay any taxes, liens and encumbrances on the Equipment, and any such payments made by AbeTech with interest thereon at the highest legal rate allowed by law shall be repaid to AbeTech by the Client. In the event of the Client's default, Client agrees to deliver and make the Equipment available to AbeTech at a place or places acceptable to AbeTech. Client further agrees to pay all costs and expenses of AbeTech, including attorney's fees, incurred in the collection of any indebtedness of Client with respect in the Equipment; or incurred in the repossession, transport, storage or repair to the Equipment; or incurred in the enforcement of any of AbeTech's rights hereunder. AbeTech shall not be liable to Client for any damages or losses sustained by Client as a result of the enforcement by AbeTech of any of its rights or remedies hereunder, and Client hereby waives all defenses to AbeTech, enforcement of its rights hereunder. In any instance where AbeTech and Client have entered into more than one Sales Order and Security Agreement, Client's default under any one such contracts shall constitute a default under all such contracts and AbeTech shall be entitled to enforce appropriate remedies for Client's default under each such contract.
8. If any notification of intended disposition of any of the Equipment is required by law, such notification shall be deemed reasonably and properly given if mailed at least ten (10) days before such disposition, postage, prepaid, addressed to the Client at its last known address.
9. Waiver of any default hereunder by AbeTech shall not constitute a waiver of any other default or of a same default on a later occasion. No delay or failure by AbeTech to exercise any right or remedy shall be a waiver if such right or remedy and no single or partial exercise by AbeTech of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy at any other time.
10. This agreement and all rights and obligations hereunder, including matters of construction, validity and performance, shall be governed by the laws of the State of Minnesota. If any part of this contract shall be adjudged invalid, the remainder shall not thereby be invalidated.
11. If more than one party shall sign the Sales Order and Security Agreement, the term "Client" shall mean all parties and each of them and all such parties shall be jointly and severally obligated hereunder. All rights of AbeTech shall inure to the benefits of its successors and assigns, and all obligations of Client shall bind Clients heirs, executors, administrators, successors and assigns.
12. Service charge of 1.5% per month or highest legal rate will be charged on all past due accounts.
13. FOB Terms: Origin/shipping point All claims for mis-shipments must be made within 5 days of receipt.