



OMM Development and Sales Terms

Old Mexico Manufacturing is a product development / production facility that manufactures the highest quality leather and leather/textile goods available.

Our commitment is to consistently create and produce your products at the highest quality - on time, and as ordered. We strive to deliver the high quality and responsiveness that you would expect if you owned the operation yourself. Please note: pursuing Product Development with OMM is your consent to these terms.

Our normal working days are from Monday thru Friday from 8am to 5:30pm CST. Saturday appointments may be available for each area upon request; with a minimum 48 hour advance.

Development Process and Cost

You are reading this because you have expressed interest in having OMM develop product for you. You are in Phase 1.

Phase 1 - Initial discussions where you communicate as many details as possible regarding the product you want developed. The more you can provide here the better we can determine if we are a good fit for you, and the better we can estimate development costs. Some customers have a complete set of schematics with detailed material specifications and the techniques for production. Others come to us with a few photographs... "I want something that looks kind of like that". The second will have a higher development cost...

A critical part of Phase 1 is for you to communicate your **target price** for the product. Nothing is more frustrating for us *both* than to work for weeks developing a product, then quote it and find out, "that's too high!!". We can design to your target price, or tell you that we can't hit your target price.

At this stage you will also receive the **OMM Credit Application** to fill out. The results will determine your payment terms if you move to production.

At the end of Phase 1, we will send you the **Development Cost** for the product, and an *estimate* of the minimum order quantity you can expect if you move to production. Development Costs can range from \$150 for a small, relatively simple item to over \$1,000. When we receive your payment, you move to Phase 2.

Phase 2 - Your project manager will work with you to build a prototype of your product. Aside from design and technique considerations the most important consideration at this stage is selecting the materials.

OMM stocks a variety of quality leather, lining, hardware, zippers, and other materials from vendors with whom we have good relationships. Customers have more success if they try to use those materials. If needed, we are happy to work with you to find just the right material you want, but please note: it will add time and expense to the development. If you move to production, you could be facing high minimum order quantities (MOQ) from the suppliers – which you will need to fund. OMM cannot buy and hold material we don't normally use. At the end of Phase 2, you will receive your prototype, price quote, and minimum order quantity. Your approval of the prototype and acceptance of the quote and MOQ moves you to Phase 3.

Phase 3 - As soon you have approved the prototype we will give you quote(s) to order dies, stamps, and any other tooling costs or special material purchases. All set-up component costs will be passed through to you, and will only be used to create your products. Upon receipt of your payment, we will purchase the required set-up and tooling items, and you move to Phase 4.

Phase 4 - We produce your Final Samples on our production line. You will be invoiced at the quoted price for the one(s) you receive. OMM will keep one as our "gold sample" for when we produce. You're finished with development and ready to make big bucks in production!

Production Orders

You send in an order, preferably in Excel format with the SKU, Description, and Qty you want to order (remember that MOQ!). We will confirm receipt of your PO by sending you a Sales Order and an Invoice with payment instructions. Standard payment terms are 50% down before we enter your PO into our production schedule. The remaining 50% is due before we ship. You may qualify for other terms based on the results of the OMM Credit Application.

Our standard lead time for orders is 45 days; from receipt of your down payment, not the date of the PO. The standard 45 day timeframe will be adjusted to the next closest business day (not including weekends or holidays not a Saturday or Sunday, or observed company holiday). Please note: If you have chosen materials which we do not normally stock (or if your order is large!) the delivery date will be extended by up to 3 - 4 weeks while we purchase and wait for materials to be delivered. Any problem with material suppliers could extend this time; and we will keep you notified.

Shipping

We will ship your order to the address listed on your Sales Order unless you state otherwise. All OMM prices are Ex-Factory, meaning we either ship Freight Collect, or we will invoice you for the actual shipping cost. If any unanticipated customs fees arise they will be added to your final invoice. If additional duties are incurred that are not due to a mistake by OMM, we will initiate a claim for dispute. You will be billed for those duties only if the customs dispute claim is denied.

Please note: OMM will not ship a PO if you have a past due balance.

Product Warranty

We will produce your first class products, always with the same consistently high quality level that matches your, and our, Final Sample.. We are committed to Customer Satisfaction and doing things right, or making it right.

Leather is a natural material, and you should expect some differentiation in color, shade and tone.

Products should be inspected within 30 days of receipt; and any issues should be reported immediately upon discovery. In this event, please send a complete description of the problem, several clear photos showing the issue, and **a photo of the label placed on the plastic bag your product was packed in**. This label has all the information we need to know the date and line on which the item was produced.



If we reach agreement that the problem is due to a defect in our materials or workmanship, we will do one of the following:

- Replace the item at our cost.
- Repair the item at our cost.
- Negotiate an Invoice Credit

OMM will pay for the shipping required to repair/replace any defective product(s).

If a product defect is caused by material that you selected and approved, and which failed due to undetectable quality issues, Old Mexico Manufacturing will repair or replace the product(s) at your expense, if possible, once you approve the repair/replacement and submit payment.

Price Changes

Quoted prices are valid for **six months** from date of quote.

Force Majeure:

Neither party shall be liable for any loss or damage or be deemed to be in breach of this Agreement to the extent that performance of such party's obligations or attempts to cure any breach under this Agreement are delayed or prevented as a result of any event or circumstance beyond its reasonable control, including without limitation, war, invasion, terrorism, act of foreign or internal enemy, hostilities, civil war or rebellion (whether war be declared or not), strike, lockout or other industrial dispute, or act of God; then, for the duration of such contingency, or for a period of thirty (30) days, whichever is shorter, the Customer may suspend the performance of this Agreement by providing written notice to OMM to such effect. If the force majeure lasts more than thirty (30) days, the Customer may terminate this Agreement by providing to OMM written notice to such effect.

Termination: At time of termination OMM agrees to fulfill all open PO's and the Customer agrees to pay for all open PO's and any outstanding balance. OMM will return any materials, stamps or dies paid for by the customer, and OMM will, at its discretion, sell to the customer any of the same not purchased by the customer.

Intellectual Property

The Customer owns its designs. OMM will exercise diligence to protect Customer designs, and will notify the customer of any infringement by other factories when observed.

Whew!! We look forward to working with you to make both of us successful.

Lindel Townsley
General Manager
Old Mexico Manufacturing