



SERRATO CORPORATION
STANDARD TERMS AND CONDITIONS FOR PURCHASE ORDERS AND SUBCONTRACTS

1. DEFINITIONS

As used throughout this document, the following terms shall have the meaning indicated below:

- A. The terms "Government," "Federal," "Federal Government," and "United States" mean the United States of America.
- B. The term "SERRATO" means Serrato Corporation.
- C. The term "prime contract" means the contract issued by the Government under which the subcontract is executed by SERRATO.
- D. The term "contract" means the purchase order or subcontract to which the terms and conditions are attached.
- E. The term "Contractor" and/or "Seller" means the individual, partnership, corporation, or association contracting with SERRATO hereunder to furnish the article(s) and/or service(s) described in the contract.

2. CONTRACT

The provisions of this contract constitute the complete and exclusive agreement between the parties hereto and supersede all previous communications, representations or agreements, whether oral or written, between the parties hereto with respect to the subject matter hereof. No agreement or understanding varying or extending the terms and conditions of this contract will be binding unless in writing and signed by an authorized SERRATO representative. If any term in Seller's agreements or documents is contrary to the terms of this contract, this contract is controlling. This shall become a binding contract on the terms and conditions set forth herein, when it is accepted by Contractor, either by acknowledgement or commencement of performance. Contractor agrees at all times to comply with all applicable state, federal, and local laws.

3. WAGE COMPARABILITY

As appropriate and required, Contractor shall pay Davis-Bacon and/or Service Contract Act prevailing wages and ensure that their subcontractors follow those provisions. Contractor is liable for costs if wages are paid below the prevailing rates. The prior sentence will survive the expiration or termination of this agreement.

4. HAZARDOUS MATERIALS/SUBSTANCES

Subcontractor shall identify material containing a hazardous substance including, but not limited to, those governed by the Resource Conservation and Recovery Act, Hazardous Materials Transportation Act, and Toxic Substance Control Act and any similar acts and regulations there under. Each self-contained unit and carrier shall be marked identifying the existence of a hazardous material or substance and its name.

5. ADMINISTRATION AND LIAISON

All inquiries, including technical inquiries and correspondence regarding all orders, will be directed to the attention of cognizant buyer. SERRATO will not be bound by any agreements or changes to any part of any contract made as a result of inquiries and liaison between Contractor and SERRATO personnel, other than authorized procurement personnel.

6. INVOICES AND PAYMENT

Contractor shall prepare at the time of shipment full and complete invoices of the goods sold and shall deliver said invoice by mail or otherwise to SERRATO. Contractor shall be paid in accordance with the terms of the contract, upon the submission of said invoices at the prices stipulated in the contract for materials



delivered and accepted, or services rendered and accepted. For purposes of discounts, the effective date of the invoice shall be construed to be the date of receipt of the goods and actual acceptance at SERRATO (or such other destination as designated in the contract schedule) or the date of receipt by SERRATO of Contractor's acceptable invoice, whichever occurs later.

7. QUALITY AND INSPECTION:

The materials supplied hereunder shall be of good quality, free from any faults and defects, in conformance with this order and shall at all times be subject to SERRATO's inspection before acceptance by SERRATO. Neither, however, SERRATO's inspection nor failure to inspect shall relieve Subcontractor of any obligations, representations or warranties hereunder. If the Materials fail to conform to SERRATO's specifications or are otherwise defective, Subcontractor shall promptly replace same at subcontractor's sole expense. Any service supplied hereunder shall be of good quality, free from any faults or defects and in conformance with this order.

SERRATO or the Government, through any authorized representatives, has the right, at all reasonable times, to inspect or otherwise evaluate the work performed or being performed and/or material delivered hereunder and the premises in which it is being performed, assembled or manufactured. If any inspection or evaluation is made by SERRATO or the Government on the premises of Contractor or its subcontractors, Contractor shall provide and shall require its subcontractors to provide all reasonable facilities and assistance for the safety and convenience of SERRATO or the Government representatives in the performance of their duties. All inspections and evaluations shall be performed in such a manner as to not unduly delay Contractor's work.

8. DELIVERIES, OVERAGES AND EXTRAS

Deliveries are to be made both in quantities and at the time and method specified in the contract or modification thereof. SERRATO will have no liability for payment for material or items delivered to SERRATO, which are in excess of quantity specified in the delivery schedules, unless such excess is agreed upon by SERRATO in writing by an authorized procurement representative.

9. WARRANTY

Subcontractor warrants that all articles, materials, and equipment supplied under this order conform to the specifications of this order, to be of merchantable quality, and to be free from defect in materials and workmanship. Subcontractor shall honor standard commercial guarantees and warranties offered by the manufacturer, and any other specific warranty or guarantee specified elsewhere in this order.

Construction Orders: Subcontractor warrants that all construction work will be free from defects not inherent in the quality required or permitted; and that the work will conform to the requirements of this Purchase Order. The Subcontractor agrees to repair or replace, at its expense, workmanship, materials, or other portions of the work that do not conform to this warranty, within the first year following completion or work.

10. TAXES

Contractor agrees that, unless otherwise indicated in the contract, (a) the prices therein do not include any state or local sales, use or other tax from which an exemption is available for purposes of the contract under Public Law 99-496, and (b) the prices herein include all other applicable federal, state, and local taxes in effect at the date of this contract. In the event it shall ever be determined that any tax included in the prices therein was not required to be paid by Contractor, Contractor agrees to notify SERRATO and to make



prompt application for the refund thereof, to take all proper steps to procure the refund and when received to pay the same to SERRATO. It is agreed that Contractor will be treated as an independent individual contractor and not as an employee of SERRATO for federal tax purposes.

11. INSURANCE

Where applicable, contractor shall maintain and provide proof of (1) worker's compensation insurance complying with State and Federal requirements with employer's liability limits of not less than \$500,000; (2) general liability insurance with a minimum limit of \$1,000,000 for each occurrence and an aggregate limit of \$3,000,000; (3) where appropriate, Comprehensive Business Automobile Liability Insurance with a minimum combined single limit of \$1,000,000; (4) where appropriate, Professional Liability Insurance with a minimum limit of \$1,000,000 for each occurrence and an aggregate of \$3,000,000.

12. INDEMNIFICATION

Contractor shall defend, indemnify and hold harmless SERRATO and its officers, directors, employees, agents, shareholders, partners, joint ventures, affiliates, successors and assigns from and against any and all liabilities, obligations, claims, demands, suits, losses, expenses, damages, fines, judgments, settlements and penalties, including without limitation, costs, expenses and attorneys' fees incident thereto, arising out of or based upon contract damages, property damage or bodily injury (including death at any time resulting therefrom) to any person including Contractor's employees, affiliates, or agents, occasioned by or in connection with (1) Contractor's performance of (or failure to perform) the contract duties hereunder; (2) a violation of any laws or any negligent act or omission by Contractor or its affiliates, subcontractors, agents or employees during the performance of the contract duties hereunder; or (3) a breach of this Agreement by Contractor or any of its affiliates, subcontractors, agents, or employees.

13. TITLE TO DRAWINGS AND SPECIFICATIONS

SERRATO shall at all times have title to all drawings and specifications furnished by SERRATO to Contractor and intended for use in connection with the contract. Contractor shall use such drawings and specifications only in connection with the contract and shall not disclose such drawings and specifications to any person, firm or corporation other than Contractor's employees, subcontractors or Government inspectors. Contractor shall, upon SERRATO's request or upon completion of the contract, promptly return all drawings and specifications to SERRATO.

14. ASSIGNMENT

Contractor shall not delegate any duties, nor assign any rights or claims under the contract, or for breach thereof, without prior consent of SERRATO, and any such attempted delegation or assignment shall be voided.

15. NOTICE OF DELAYS AND LABOR DISPUTES

Whenever Contractor encounters any difficulty that is delaying or threatens to delay the timely performance of this contract (including actual or potential labor disputes), Contractor shall immediately give notice thereof in writing to SERRATO stating all relevant information with respect thereto. Such notice shall not in any way constitute a basis for an extension of the delivery schedule or be construed as a waiver by SERRATO of any rights or remedies to which it is entitled by law or pursuant to provisions of this contract. Failure to give such notice, however, may be grounds for denial of any request for an extension of the delivery schedule because of such delay.



16. CHANGES

No modification of any of the terms or conditions of this order, including, but not limited to, delivery, price, quality, quantities, and specifications, will be effective without the prior written consent of SERRATO.

17. DEFAULT

In the event either party shall be in breach or default of any of the terms, conditions, or covenants of this agreement, and such breach or default continue for a period of thirty days after the giving of written notice by the other party hereto, then in addition to all other rights and remedies of law or equity or otherwise, the other party hereto shall have the right to cancel this agreement without any charge or liability whatsoever, except as to payment for material already received and accepted by SERRATO.

18. FORCE MAJEURE

Supplier or SERRATO may delay delivery or acceptance occasioned by causes beyond Supplier's or SERRATO's reasonable control. If such delay exists beyond a period of five working days, SERRATO, at its own option, shall have the right to: (a) terminate the Purchase Order, in whole or in part, (b) suspend the Purchase Order for the duration of the delaying cause, (c) resume performance under the Purchase Order once the delaying cause ceases, (d) or extend the effective dates up to the length of time the contingency endured, all without liability to the Supplier.

19. INFORMATION CONCERNING ENROLLEES, PARTICIPANTS, OR ACTIVITIES

Contractor agrees to keep confidential and not to use or disclose to others any information related to SERRATO, its enrollees/participants and/or activities or the terms of the contract, without prior written approval of SERRATO. This paragraph will survive the expiration or termination of this agreement.

20. DUPLICATION OF EFFORT

Contractor hereby certifies that costs for work to be performed under this contract and any subcontract hereunder are not duplicative of any charged against any other Government contract, subcontract, or other SERRATO or Government source. Contractor agrees to advise SERRATO in writing of any other Government contract or subcontract it has performed, or is performing, which involves work directly related to the purpose of this contract.

21. STUDIES/EVALUATIONS

Contractor agrees that all studies, evaluations, proposals and data produced or developed in the performance of this contract for which reimbursement is appropriate hereunder shall become the property of SERRATO. This provision does not preclude Contractor from seeking copyright of materials, other than those described above, such as teaching material and curricula.

22. TERMINATION DUE TO LOSS OF GOVERNMENT FUNDING

SERRATO has the right to cancel this contract, immediately, should the applicable government agency no longer provide funding for this contract.

23. TERMINATION OF CONTRACT

SERRATO may terminate this contract for any reason upon giving of thirty days written notice to the other party of such termination.



24. SEVERABILITY

In the event any term, condition, or provision contained herein shall be held to be invalid, unlawful, or unenforceable to any extent, such term, condition, or provision shall, to that extent, be omitted from the Agreement and not affect the validity, legality, or enforceability of the remaining sections of the Agreement.

25. FEDERAL ACQUISITION REGULATION (FAR) CLAUSES

The contractor shall be required to adhere to the FAR Clause(s) applicable to this project. The section and title of the applicable clause(s) is listed below.

52.252.2 Clauses Incorporated By Reference (Feb 1998)

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer shall make their full text available. Also, the full text of a clause may be accessed electronically at this/these address(s): <https://www.acquisition.gov/far/>.

A. All Contracts:

FAR Reference	Date	Title
52.202-1	(Jul-04)	Definitions
52.203-3	(Apr-84)	Gratuities
52.203-5	(Apr-84)	Covenant Against Contingent Fees
52.204-7	(Apr-08)	Central Contractor Registration
52.204-9	(Jan 2011)	Personal Identity Verification of Contractor Personnel
52.219-8	(Jan 2011)	Utilization of Small Business Concerns
52.222-21	(Feb-99)	Prohibition of Segregated Facilities
52.222-26	(Mar-07)	Equal Opportunity
52.222-40	(Dec 2010)	Notification of Employee Rights Under the National Labor Relations Act
52.222-50	(Feb-09)	Combating Trafficking in Persons
52.223-5	(May 2011)	Pollution Prevention and Right-to-Know Information
52.223-6	(May-01)	Drug-Free Workplace
52.223-10	(May 2011)	Waste Reduction Program
52.223-12	(May-95)	Refrigeration Equipment and Air Conditioners
52.223-15	(Dec-07)	Energy Efficiency in Energy-Consuming Products
52.223-16	(Dec-07)	IEEE 1680 Standard for the Environmental Assessment of Personal Computer Products
52.223-17	(May-08)	Affirmative Procurement of EPA-Designated Items in Service and Construction Contracts
52.224-1	(Apr-84)	Privacy Act Notification
52.224-2	(Apr-84)	Privacy Act
52.225-13	(Jun-08)	Restrictions on Certain Foreign Purchases
52.228-7	(Mar-96)	Insurance-Liability to Third Persons
52.228-8	(May-99)	Liability and Insurance-Leased Motor Vehicles
52.230-2	(Oct 2010)	Cost Accounting Standards
52.230-6	(Jun 2010)	Administration of Cost Accounting Standards
52.232-9	(Apr-84)	Limitation on Withholding of Payments
52.232-18	(Apr-84)	Availability of Funds
52.232-25	(Oct-08)	Prompt Payment/Alternate I (Feb-02)
52.232-33	(Oct-03)	Payment by Electronic Funds Transfer-Central Contractor Registration
52.233-1	(Jul-02)	Disputes/Alternate I (Dec-91)
52.233-3	(Aug-96)	Protest after Award/Alternate I (Jun-85)



FAR Reference	Date	Title
52.233-4	(Oct-04)	Applicable Law for Breach of Contract Claim
52.237-2	(Apr-84)	Protection of Government Buildings, Equipment, and Vegetation
52.244-6	(Dec 2010)	Subcontracts for Commercial Items
52.246-25	(Feb-97)	Limitation of Liability-Services

B. All Contracts in excess of \$2,000 (include all of the above) - Construction

FAR Reference	Date	Title
52.222-6	(Jul-05)	Davis-Bacon Act – Secondary Site of the Work
52.222-10	(Feb-88)	Compliance with Copeland Act Requirements
52.222-11	(Jul-05)	Subcontracts (Labor Standards)
52.222-13	(Feb-88)	Compliance with Davis-Bacon and Related Act Regulations
52.242-2	(Apr-91)	Production Progress Reports
52.242.15	(Aug-89)	Stop Work Orders/Alternate 1 (Apr-84)

C. All Contracts in excess of \$2,500 (include all of the above) – Services (including medical)

FAR Reference	Date	Title
52.222-41	(Nov-07)	Service Contract Act of 1965
52.222-50	(Feb-09)	Combating Trafficking in Persons
52.222-51	(Nov-07)	Exemption from Application of the Service Contract Act to Contracts for Maintenance, Calibration, or Repair of Certain Equipment – Requirements
52.222-53	(Feb-09)	Exemption from Application of the Service Contract Act to Contracts for Certain Services – Requirements
52.237-7	(Jan-97)	Indemnification and Medical Liability Insurance

D. All Contracts in excess of \$3,000 (include all of the above)

FAR Reference	Date	Title
52.219-28	(Apr-09)	Post-Award Small Business Program Representation
52.222-1	(Feb-97)	Notice to the Government of Labor Disputes
52.222-2	(Jul-90)	Payment for Overtime Premiums
52.222-3	(June-03)	Convict Labor
52.225-1	(Feb-09)	Buy American Act-Supplies
52.232-23	(Jan-86)	Assignment of Claims

E. All Contracts in excess of \$10,000 (include all of the above)

FAR Reference	Date	Title
52.222-36	(Oct 2010)	Affirmative Action for Workers with Disabilities



F. All Contracts in excess of \$30,000 (include all of the above)

FAR Reference	Date	Title
52.209-6	(Dec 2010)	Protecting the Government's Interest when Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment

G. All Contracts in excess of \$100,000 (include all of the above)

FAR Reference	Date	Title
52.222-35	(Sept 2010)	Equal Opportunity for Veterans
52.222-37	(Sept 2010)	Employment Reports on Veterans

H. All Contracts in excess of (SAP) \$150,000 (include all of the above)

FAR Reference	Date	Title
52.203-6	(Sept-06)	Restrictions on Subcontractors Sales to the Government
52.203-7	(Oct 2010)	Anti-Kickback Procedures
52.203-8	(Jan-97)	Cancellation, Rescission, and Recovery of Funds for Illegal or Improper Activity
52.203-10	(Jan-97)	Price or Fee Adjustment for Illegal or Improper Activity
52.203-12	(Oct 2010)	Limitation on Payments to Influence Certain Federal Transactions
52.204-4	(May 2011)	Printed or Copied Double-Sided on Post-Consumer Fiber Content Paper
52.215-2	(Oct 2010)	Audit and Records-Negotiation
52.215-2	(Mar -09)	Audit and Records-Negotiation/Alternate I
52.215-14	(Oct 2010)	Integrity of Unit Prices
52.215-15	(Oct 2010)	Pension Adjustment and Asset Reversions
52.215-18	(Jul-05)	Reversion or Adjustment of Plans for Post-Retirement Benefits (PRB) Other than Pensions
52.215-21	(Oct 2010)	Requirements for Certified Cost or Pricing Data or Other Than Certified Cost or Pricing Data-Modifications/Alternate IV
52.215-22	(Oct 2009)	Limitations on Pass-Through Charges – Identification of Subcontract Effort
52.215-23	(Oct 2009)	Limitations on Pass-Through Charges
52.219-14	(Dec-96)	Limitations on Subcontracting
52.222-4	(Jul-05)	Contract Work Hours and Safety Standards Act-Overtime Compensation
52.222-54	(Jan-09)	Employment Eligibility Verification
52.227-1	(Dec-07)	Authorization and Consent
52.227-2	(Dec-07)	Notice and Assistance Regarding Patent and Copyright Infringement
52.232-17	(Oct 2010)	Interest
52.242-13	(Jul-95)	Bankruptcy
52.244-2	(Oct-10)	Subcontracts/Alternate I (Jun-07)
52.244-5	(Dec-96)	Competition in Subcontracting
52.245-1	(Aug-10)	Government Property
52.245-9	(Aug-10)	Use and Charges



I. All Contracts in excess of \$650,000 (include all of the above)

FAR Reference	Date	Title
52.219-9	(Jan 2011)	Small Business Subcontracting Plan/Alternate II (Oct-01)
52.219-16	(Jan-99)	Liquidated Damages-Subcontracting Plan

J. All Contracts in excess of \$700,000 (include all of the above)

FAR Reference	Date	Title
52.230-3	(Oct-08)	Disclosure and Consistency of Cost Accounting Practices
52.242-3	(May-01)	Penalties for Unallowable Costs

K. All Contracts in excess of \$5,000,000 (include all of the above)

FAR Reference	Date	Title
52.203-13	(Apr 2010)	Contractor Code of Business Ethics and Conduct
52.203-14	(Dec 2007)	Display of Hotline Posters - Posters: DOL OIG Hotline Obtain from: http://www.oig.dol.gov/public/hotlineposter.pdf

L. Contracts resulting in a conversion from in-house performance to contract performance, regardless of value.

FAR Reference	Date	Title
52.207-3	(May-06)	Right of First Refusal of Employment

M. Contracting by Negotiation

FAR Reference	Date	Title
52.215-8	(Oct-97)	Order of Precedence-Uniform Contract Data
52.217-8	(Nov-99)	Option To Extend Services (30 days)
52.217-9	(Mar-00)	Option to Extend the Term of the Contract (a) 30 days; 60 days. (c) 5 years

N. Solicitations and contracts when a cost-reimbursement contract or a time-and-materials contract (other than a contract for a commercial item) is contemplated.

FAR Reference	Date	Title
52.216-7	(Jun 2011)	Allowable Cost and Payment
52.242-1	(Apr-84)	Notice of Intent to Disallow Costs
52.245-1	(Aug-10)	Government Property
52.245-9	(Aug-10)	Use and Charges
52.249-14	(Apr-84)	Excusable Days
52.251-2	(Jan-91)	Interagency Fleet Management System Vehicles and Related Services

O. Solicitations and contracts when a cost-plus-incentive-fee contract is contemplated.

FAR Reference	Date	Title
52.216-10	(Jun 2011)	Incentive Fee