

## Rungu Sales Terms, Conditions and Warranty

**1. PARTIES.** This Contract represents the terms and conditions of sale of Rungu Products by and between Standard Bearer Machines LLC, of 213 Calle Potranca, San Clemente, California, 92672, (Seller), and Buyer.

**2. ITEMS PURCHASED.** Seller agrees to sell, and Buyer agrees to buy, one or more of the following products (the "Goods") in accordance with the terms and conditions of this Contract:

<i>Products</i>
Rungu Juggernaut
Rungu Dualie Series
Rungu Dualie XR Series
Rungu Hitch Rack v2.0
Rungu Cargo Rack
Components of any product mentioned above

**3. INTELLECTUAL PROPERTY.** Intellectual property created, made, or originated by the officers, employees, or contractors of Seller shall remain the sole and exclusive property of Seller. Any intellectual property associated with Goods shall remain the property of Seller. Seller retains all rights to its pre-existing intellectual property and any intellectual property it creates in connection with the development and manufacturing of the Goods of this agreement. Parties agree that Seller will retain ownership of all rights in any invention and work product developed pursuant to the agreement and acknowledges that all materials created by the Seller pursuant to and related to the agreement belong to the Seller under United States intellectual property laws.

**4. LIMITED WARRANTY.** The Goods are sold on an "**AS IS**" basis. SELLER SHALL IN NO EVENT BE LIABLE FOR ANY INCIDENTAL, SPECIAL, OR CONSEQUENTIAL DAMAGES OF ANY NATURE, EVEN IF SELLER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. Seller's liability, if any, for defective Goods, is limited to replacement, repair or refund of the defective Goods, at Seller's option for up to two years from date of purchase and for up to six months from date of purchase for Goods sold as "Used" or refurbished. Buyer agrees to pay all shipping charges for returns and replacement charges when third party performs replacement. Warranty does not cover items damaged from ordinary wear and tear as determined by Seller; Seller requires photographs for all warranty claims prior to processing.

Wear and tear includes:

1. Broken chains
2. Bent, broken, or damaged cassettes and cassette cogs
3. Damaged/bent derailleurs
4. Tire damage
5. Inner tube punctures

Special requirements for RECHARGEABLE BATTERIES: ALL BATTERIES MUST BE RETURNED TO SELLER FOR EVALUATION PRIOR TO WARRANTY

REPLACEMENT OR REPAIR. Warranty does not cover batteries tested by Seller to show less than 85% of original capacity at room temperature (20 – 30 degrees C). Warranty does not cover batteries damaged (swollen batteries, broken housings, torn leads, etc.) due to neglect or failure to maintain battery according to Seller instructions and common-sense guidance (e.g. shorting battery output wires, etc.). Warranty does not cover batteries damaged from water ingress as evidenced by wet or rusted terminals and internal components as identified during Seller evaluation.

NO TRANSFER OF WARRANTY. Warranty does not include products with ownership transferred from original buyer.

**5. PERSONAL USE.** Buyer agrees to limit the operation and use of purchased Goods to personal recreational use. Buyer agrees to not develop or resell Goods, its components, or documentation to another party without Seller's written authorization.

**6. PRODUCT RISKS.** Buyer acknowledges that the ownership and operation of newly-developed experimental human-powered and electric-assist vehicles, including the subject Goods contemplated by this contract, comes with many unforeseeable risks and potential hazards. Buyer has reviewed the risks and safety hazards provided by Seller and attached in "Exhibit A" and incorporated into this Contract by this reference. The Goods are not for the ordinary consumer cyclist. Buyer has considered these risks and represents himself as a consumer with a sophisticated understanding of cycling mechanics, vehicle physics, riding safety protocols, and the concepts underlying the Goods' design. Buyer accepts all foreseeable and unforeseeable risks associated with the ownership and operation of the The Goods, components, and related equipment.

**7. INDEMNIFICATION.** Buyer shall defend, indemnify, and hold harmless Seller, including its officers and agents, from any and all actual or alleged claims, demands, causes of action, liability, loss, damage and/or injury (to property or persons, including without limitation wrongful death), associated with the ownership and operation of the Goods of this contract. This indemnity shall apply in all actions, whether brought by an individual or other entity, or imposed by a court of law or by administrative action of any federal, state, or local governmental body or agency, arising out of or incident to any acts, omissions, negligence, or willful misconduct of Buyer, its personnel, employees, agents, contractors, or volunteers in connection with or arising out of Buyer's actions. This indemnification applies to and includes, without limitation, the payment of all penalties, fines, judgments, awards, decrees, attorneys' fees, and related costs or expenses, and any reimbursements to Seller for all legal expenses and costs incurred by it.

**8. REMEDIES ON DEFAULT.** In addition to any and all other rights a party may have available according to law, if a party defaults by failing to substantially perform any provision, term or condition of this Contract (including without limitation the failure to make a monetary payment when due), the other party may terminate the Contract by

providing written notice to the defaulting party. This notice shall describe with sufficient detail the nature of the default. The party receiving such notice shall have 30 days from the effective date of such notice to cure the default(s). Unless waived by a party providing notice, the failure to cure the default(s) within such time period shall result in the automatic termination of this Contract.

**9. ARBITRATION.** Any controversies or disputes arising out of or relating to this Contract shall be resolved by binding arbitration in accordance with the then-current Commercial Arbitration Rules of the American Arbitration Association. The parties shall select a mutually acceptable arbitrator knowledgeable about issues relating to the subject matter of this Contract. In the event the parties are unable to agree to such a selection, each party will select an arbitrator and the two arbitrators in turn shall select a third arbitrator, all three of whom shall preside jointly over the matter. The arbitration shall take place at a location that is reasonably centrally located between the parties, or otherwise mutually agreed upon by the parties. All documents, materials, and information in the possession of each party that are in any way relevant to the dispute shall be made available to the other party for review and copying no later than 30 days after the notice of arbitration is served. The arbitrator(s) shall not have the authority to modify any provision of this Contract or to award punitive damages. The arbitrator(s) shall have the power to issue mandatory orders and restraint orders in connection with the arbitration. The decision rendered by the arbitrator(s) shall be final and binding on the parties, and judgment may be entered in conformity with the decision in any court having jurisdiction. The agreement to arbitration shall be specifically enforceable under the prevailing arbitration law. During the continuance of any arbitration proceeding, the parties shall continue to perform their respective obligations under this Contract.

**10. NOTICE.** Any notice or communication required or permitted under this Contract shall be sufficiently given if delivered in person or by certified mail, return receipt requested, to the addresses listed above or to such other address as one party may have furnished to the other in writing. The notice shall be deemed received when delivered or signed for, or on the third day after mailing if not signed for.

**11. ASSIGNMENT.** Neither party may assign or transfer this Contract without prior written consent of the other party, which consent shall not be unreasonably withheld.

**12. ENTIRE CONTRACT.** This Contract contains the entire agreement of the parties regarding the subject matter of this Contract, and there are no other promises or conditions in any other agreement whether oral or written. This Contract supersedes any prior written or oral agreements between the parties.

**13. SEVERABILITY.** If any provision of this Contract shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Contract is invalid or unenforceable, but that by limiting such provision it would become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

**14. WAIVER OF CONTRACTUAL RIGHT.** The failure of either party to enforce any provision of this Contract shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Contract.

**15. APPLICABLE LAW.** This Contract shall be governed by the laws of the State of California.

## EXCHANGE OF GOODS

*The following provisions relate to the physical exchange of Goods and payment forming the transaction of this agreement.*

**16. TITLE/RISK OF LOSS.** Title to and risk of loss of goods shall pass to the buyer upon delivery F.O.B. at the Seller's place of business to an agent of the buyer including a common carrier, notwithstanding any prepayment or allowance of freight by the Seller.

**17. INSPECTION.** Buyer, upon receiving possession of Goods, shall have a reasonable opportunity to inspect the Goods to determine if the Goods conform to the requirements of this Contract. If Buyer, in good faith, determines that all or a portion of the Goods are non-conforming, Buyer may return the Goods to Seller at Buyer's expense. Buyer agrees to follow the returns procedure outlined by the Returns Policy as defined by Standard Bearer Machines, LLC.

**18. PAYMENT.** Payment due shall be made to Standard Bearer Machines LLC, or Seller's authorized representative, by cash, bank transfer or credit card prior to shipment of Goods. If an invoice is not paid when due, seller will not ship Goods to Buyer. In addition to any other right or remedy provided by law, if Buyer fails to pay for the Goods when due or reverses credit card charges after shipment of Goods, Seller has the option to treat such failure to pay as a material breach of this Contract, and may cancel this Contract and/or seek legal remedies.

**19. PAYMENT OF TAXES.** Buyer agrees to pay all taxes of every description, federal, state, and municipal, that arise as a result of this sale, excluding income taxes.

## EXHIBIT A

### Risks, Hazards, and Safety Precautions

*You have made a significant investment in a unique and sophisticated machine. In order to protect yourself from injury and preserve your investment, familiarize yourself and those who might operate the Goods with the Goods' mechanical functions and the following hazards and safety precautions.*

Like any recreational activity, operating the Goods involves risks of injury and damage. Some risks can be mitigated with proper planning and protective equipment; however, significant risk of injury always remains. By choosing to operate the Goods, the operator assumes the responsibility for that risk, and the operator needs to know and practice the rules of safe and responsible operation and of proper use and maintenance. Proper use and maintenance of the Goods reduces risk of injury.

Because it is impossible to anticipate every situation or condition which can occur while operating the Goods, this document makes no representation about the safe use of the Goods under all conditions. There are risks associated with the use of any vehicle which cannot be predicted or avoided, and which are the sole responsibility of the operator.

1. Personal Protective Equipment (PPE): PPE is safety gear intended to mitigate the risk of bodily injury or death as a result from a collision or spill while operating a vehicle. Operators of all ages should wear approved PPE while operating the Goods. PPE includes helmets, gloves, wrist guards, elbow guards, knee guards, body armor, and skin-protecting clothing. Failure to wear a helmet and other appropriate PPE could result in serious injury or death. Know your limits and always wear a helmet and other appropriate PPE. Even with state-of-the-art protective safety gear, an operator could be seriously injured or killed when jumping, stunt riding, riding downhill at speed or in competition.

2. Traffic Laws: It is the operator's responsibility to know and obey the laws. The area in which you operate the Goods may require specific safety devices. It is the operator's responsibility to become familiar with the relevant local, state, and Federal laws and to comply with all applicable laws, including properly equipping yourself and your vehicle as the law requires. Observe all local vehicle and bicycle laws and regulations. Be mindful of laws and regulations pertaining to:

- helmet laws,
- vehicle lighting,
- licensing,
- riding on sidewalks,
- use of bike paths and trail use,
- child carrier laws, and
- special bicycle traffic laws.

3. Terrain: Operators should use caution when operating the Goods, especially on rough, uneven, or steep terrain. Extreme and aggressive riding will cause the operator to be hurt, and the operator voluntarily accepts a greatly increased risk of injury or death. Consult with expert riders, warning signs, topographic maps, area site personnel, and race officials regarding conditions and equipment advisable at the site where you plan to operate. If operating near bodies of water, be aware of tidal changes and cliffs by conducting a thorough site survey before operating in that area. Wear safety gear that is appropriate to the terrain, including an approved full face helmet, full finger gloves, and body armor. Ultimately, it is the operator's responsibility to have proper equipment and to be familiar with course conditions.

4. Mechanical Limitations: Not all vehicles are designed for and may not be suitable for all types of aggressive riding. When operating at high speed down a hill or steep grade, an operator can reach speeds achieved by motorcycles, and face similar hazards and risks. Have your Goods and equipment carefully inspected by a qualified mechanic and be sure it is in perfect condition. The Goods and their components have limitations with regard to strength and integrity, and aggressive riding can exceed these limitations.

5. Care and Maintenance of Components: The Goods are complicated and customizable machines. Frequent inspection of your vehicle is important to your safety. Each component is independently calibrated and adjustments can have significant effects on the operability of the entire vehicle. When making adjustments to its components, always tighten to the correct torque. Many vehicle service and repair tasks require special knowledge and tools. Seek assistance from the Seller or an expert mechanic if you lack the knowledge or tools to make appropriate adjustments to the components of your Goods. Do not begin any adjustments or service on your vehicle Goods until you have learned from your mechanic how to properly complete them. Improper adjustment or service may result in damage to the vehicle or in an accident which can cause serious injury or death.

- a. Bolts & Fasteners: Bolts that are too tight can stretch and deform. Bolts that are too loose can move and fatigue. Bolts and fasteners that are too loose or too tight can lead to a sudden failure of the component, causing the operator to lose control and collide or fall.
- b. Frame: Inspect the frame for cracks, bulges, dents, or other irregularities. Do not ride a bicycle or component with any crack, bulge or dent, even a small one. Riding a cracked frame, fork or component could lead to complete failure, with risk of serious injury or death.
- c. Handlebar Stems: An insufficiently tightened stem clamp bolt, handlebar clamp bolt or bar end extension clamping bolt may compromise steering action, which could cause you to lose control and fall.

- d. Brakes: Riding with improperly adjusted brakes or worn brake pads is dangerous and can result in serious injury or death. Applying brakes too hard, too suddenly, or too excessively can lock up a wheel, which could cause you to lose control and fall, or pitch the operator's body over the handlebars, which may result in serious injury or death. Correctly adjusted brakes allow the full braking power to be applied within available brake lever travel. If improperly adjusted, brake lever travel may be insufficient to apply full braking power, and can result in loss of control, serious injury or death.
- e. Wheels and tires: While the three-wheeled design of the vehicle Goods offer additional buoyancy, it increases exposure to the risk of a punctured tire or other wheel malfunction. Each time, before you operate the vehicle, check that the wheel is securely clamped and that tires are adequately inflated with air.
  - i. Wheels: Riding with an improperly secured wheel can allow the wheel to wobble or fall off the vehicle, which can cause serious injury or death. It is very important that an operator know how to secure the wheels correctly, and how to apply the correct clamping force that safely secures the wheel. Ask an expert mechanic to advise you on correct wheel removal and installation in accordance with the wheel manufacturer's specifications.
  - ii. Tires: Never inflate a tire beyond the maximum pressure marked on the tire's sidewall. Exceeding the recommended maximum pressure may blow the tire off the rim, which could cause damage to the Goods and injury to the operator and bystanders. PSI should be measured with an accurate dial gauge.
- f. Saddle: A loose saddle clamp or seat post clamp can cause damage to the seat post, or can cause you to lose control and fall. A correctly tightened saddle adjusting mechanism will allow no saddle movement in any direction. Periodically check to make sure that the saddle adjusting mechanism is properly tightened. After any saddle adjustment, be sure that the saddle adjusting mechanism is properly seated and tightened before riding. Some people have claimed that extended riding with a saddle which is incorrectly adjusted or which does not support your pelvic area correctly can cause short-term or long-term injury to nerves and blood vessels, or even impotence. If your saddle causes you pain, numbness or other discomfort, listen to your body and stop riding until you see a bicycle mechanic about saddle adjustment or a different saddle.
- g. Gear shifting: Shifting gears must occur while the vehicle and either its pedals are in motion. Never move the shifter while pedaling backward, nor pedal backwards immediately after having moved the shifter. This could

jam the chain and cause serious damage to the vehicle. Never move the shifter while the motor is providing all the power to the chain and rear wheel. This could break the chain and damage the cassette cogs requiring replacement not covered by warranty terms.

6. Weather Conditions: Wet weather impairs traction, braking and visibility, both for the vehicle operator and for other vehicles sharing the road. The risk of an accident is dramatically increased in wet weather conditions and should be avoided by the operator.

7. Lighting Conditions: No Reflectors are supplied with the Goods. Riding at dawn, at dusk, at night or at other times of poor visibility without an adequate vehicle lighting system and without reflectors is dangerous and may result in serious injury or death. Use reflectors or optional lighting systems to improve your visibility in these conditions.