

TERM AGREEMENT

<Company>
AND

DOD Surplus, LLC

Term Contract No. SVTC XXXX-XXXX

This Agreement is entered into on this ____ day of _____, 20__, between _____ (“Company”) and DOD Surplus, LLC (DOD Surplus). The effective date of this agreement shall be the later of (a) the date this Agreement is signed by the Company, (b) the date the Earnest Money deposit is received, or (c) the day after any existing term contract for the same material is terminated. If the effective start date is the day after the termination date of an existing term contract, DOD Surplus will notify the Company of the effective start date by electronic mail.

A. TERMS AND CONDITIONS:

1. Company agrees to purchase all of the following property (the “Property”) offered by DOD Surplus at {insert location} (the “Location”). This is a term contract for approximately [INSERT PROPERTY DESCRIPTION ALONG WITH ANY LOGISTICS REQUIREMENTS, SUCH AS PROVIDING CONTAINERS, BUYER LOAD, ETC.] Amounts described above are estimates based on historical deliveries, and are not a guarantee of quantities that will be delivered to the Company under this Agreement. Company will receive only the described property which is actually available at the described location(s) during the term of the Agreement. DOD Surplus shall not be liable to the Company for failure to deliver any specified quantity, and the only remedy available to the Company for failure to deliver the estimated quantity will be the return of the amount of purchase price payable hereunder with respect to the property not delivered by DOD Surplus to the Company. Any items not specified in the lot description are not included in the sale and may be removed by DOD Surplus. In the event the Property contains unsaleable material or debris, Company will remove all these items and the costs of removal, separation and disposal will be borne by Company. No adjustments to the weight ticket will be made based on the presence of unsaleable material or debris mixed with the Property.
2. Company is responsible for removing property within __ days of notice by DOD Surplus. Notice may be given via email, fax or letter. Failure to timely remove property will be considered a material breach of this Agreement.
3. All sales are “**AS IS, WHERE IS, AND WITH ALL FAULTS**”. THERE ARE NO WARRANTIES, EITHER EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. No returns, exchanges or refunds will be made. In the event that the total weight exceeds the estimate provided, Company may elect to accept the excess weight (and will be billed accordingly based on the price per pound derived from the bid amount), or may accept only the estimated amount and deem the Agreement fully performed. In the event that DOD Surplus does not deliver the estimated quantity of property to the Company during the

period of performance specified in Paragraph C of this Agreement, the Company will only be required to pay the pro rata portion of the purchase price bid due with respect to the quantity of property actually delivered, based on a unit price calculation of the bid price plus the buyers premium. Title to Property shall not transfer to Company until all conditions of this Agreement have been met.

4. Unless provided otherwise in Section 1, all Property must be picked up within 5 business days of notification by DOD Surplus. Company's failure to remove Property within this time (or to make suitable accommodations for an extension) is a material breach of this Agreement. Company is responsible for securing and transporting Property in a timely manner, and assumes all costs and risks associated with removal. DOD Surplus is only responsible for loading (unless otherwise stated in 1 above) the Property once Company arranges transport. The date and time of pick-up must be arranged in advance with DOD Surplus. Pick-up of large pieces that cannot be moved by Company itself must also be arranged in advance. Company may not resell the Property on DOD Surplus property or at the Location. In the event that an item of Property is recalled for any reason, Company will cooperate with DOD Surplus to return the item at DOD Surplus' expense.
5. Some purchases require a complete and approved End Use Certificate (EUC) DLA Form 1822. When an EUC is required as part of the sale, this Agreement and the transactions contemplated hereby are wholly contingent upon the Company's obtaining the necessary EUC approval. The Company shall act expeditiously and in good faith to secure such approval. Some items may be subject to export restrictions imposed by applicable United States laws and regulations. Company is fully responsible for complying with all such laws and restrictions. Company agrees to perform all demilitarization or other mutilation of Demilitarization as a Condition of Sale (DCS) property in accordance with applicable Department of Defense regulations (See DOD 4160.21-M-1, Defense Demilitarization Manual) and the surveillance plan (applies only to Demilitarization-as-condition-of-sale Property) attached (Exhibit A).
6. All scrap sold under this Agreement must be mutilated by Company either prior to removal (if allowed by the base), or witnessed and certified by DOD Surplus at another facility arranged by Company within the continental U.S. or within the state or territorial boundaries of Alaska, Hawaii or Guam (if the property was sold from Alaska, Hawaii or Guam). Mutilation must begin no later than two weeks from the date of removal, unless approved in writing by the site manager. If required by DRMS, Company will allow U.S. Government personnel to accompany DOD Surplus to witness the mutilation.
7. Company is aware that certain items may contain residual chemicals or materials that (in certain concentrations) would meet the definition of a hazardous material or waste. Company will take all required actions under all applicable laws and regulations in the handling of Property sold, and agrees to release, hold harmless and indemnify DOD Surplus against any damages or injuries resulting from the sale of Property containing residual hazardous materials or waste.

8. Company agrees to defend, indemnify and hold harmless DOD Surplus, its agents, affiliates and employees, from and against all damages, loss, costs, claims or liability (including reasonable attorneys' fees) for any injuries to persons or property, occurring during or resulting from the sale, removal, use or operation of the Property or otherwise arising out of this Agreement or the transactions contemplated in this Agreement.
9. In the event of a dispute arising from or related to this Agreement, the parties agree to act in good faith to resolve the dispute prior to filing suit. Company agrees that the existence of a dispute between the Parties shall not be cause for Company to cease performance under this Agreement. Except with respect to its conflict of laws provisions, this Agreement shall be interpreted in accordance with Arizona law. Company agrees to exclusive jurisdiction and venue in a court of competent jurisdiction in Maricopa County, Arizona. The prevailing party in any dispute is entitled to its costs and reasonable attorneys fees.
10. Company will comply with all applicable international, federal, state, local and DOD laws, statutes, ordinances, regulations, and procedures pertaining to the handling, scrapping, transport, removal, disposal or recycling of the Property, and Company agrees to defend, indemnify and hold DOD Surplus and DRMS harmless against all claims, losses, costs or liabilities arising out of or associated with Company's failure to comply with those laws and regulations.
11. Company shall maintain the following insurance covering DOD Surplus, LLC, the U.S. Government, any subcontractor, any and all services performed by Company or Company's subcontractor and any individuals or third parties directly or indirectly employed by Company. Company shall also provide insurance covering DOD Surplus and its directors, officers and employees when required herein. The insurance shall include a provision that insurance coverage will not be canceled or changed without giving the DOD Surplus at least thirty (30) days prior written notice.
 - a. Automobile and Commercial General Liability Insurance (either primary or combination of primary and umbrella coverage) including coverage for products and completed operations, with limits of not less than \$1,000,000 with respect to bodily injury or death to any one person, not less than \$1,000,000 for bodily injury or death to any number of persons in one accident or occurrence, and not less than \$1,000,000 property damage in any one accident or occurrence;
 - b. Fire Legal Liability (Minimum \$100,000);
 - c. Personal and Accident Injury Insurance with limits of not less than \$300,000 per occurrence;
 - d. Worker's Compensation Insurance, as required by law with limits of not less than \$500,000 per occurrence and per disease limit, and Employer's liability insurance with limits of not less than \$100,000 with respect to bodily injury or death to any number of persons in one accident or occurrence, and not less than \$100,000 property damage in any one accident or occurrence;
 - e. Company shall maintain a blanket fidelity bond covering all employees in an amount not less than \$100,000 for each employee; and
 - f. Such other types and amount of insurance as required by law or deemed necessary by DOD Surplus in connection with the work to be performed under this Agreement.

12. The terms and conditions of sale from DOD Surplus's web site are hereby incorporated by reference. The terms may be found at <http://www.govliquidation.com/terms.html>. In the event of any discrepancy between the terms and conditions posted on the web site and the provisions of this Agreement, the terms of this Agreement shall control.

B. PAYMENT AND REMOVAL:

Company will pay the amount of \$____, which is based on an assumed delivery of _____ lbs.] of Property. Invoices will be calculated by dividing the total price bid plus buyer's premium by the total lbs., and then applying the price lb. to the actual lbs. removed. DOD Surplus will collect sales tax when applicable. An earnest money deposit of 10% of the total price bid is due within three (3) business days of award of the Agreement to the Company. Subsequent payments are due not later than three (3) business days from date of invoice. All earnest money deposits will be retained until all invoices under this Agreement or any extension of this Agreement have been paid, and DOD Surplus reserves the right to retain any earnest money deposit until such time as all weight tickets have been received and the Company has paid in full all invoices for all Property removed. Interest will accrue on all late payments at the rate of 18% annually or the maximum amount allowed by law, whichever is less. Invoices will be sent via email to the email address provided for the account. Payment must be made by credit card, wire transfer, cashier's check, certified check, company check or money order. Sales tax will be charged unless proof of exemption is provided at the time the Agreement is executed and that the exemption is valid during the term of the Agreement.

C. TERM AND TERMINATION:

This Agreement is in effect for ____ months (the "Term"), and may be terminated by either party upon 30 days prior written notice. Notice shall be considered delivered upon delivery by U.S. mail, overnight courier, electronic mail (e-mail) or hand delivery. The parties will continue performance during the 30-day period unless otherwise agreed. When using e-mail to provide notice, the receiving party must respond via "reply" acknowledging receipt of the e-mail notification. If the sending party fails to receive acknowledgement of such receipt, an alternative form of notification must be used.

D. TERMINATION FOR CAUSE:

In the event of a material breach of this Agreement, the breaching party shall have ten (10) calendar days to cure the breach, except where the breach is for non-payment, in which case the breach must be cured within three (3) calendar days. A material breach may include (but is not limited to): failure to pay by the payment due date, failure to complete the demilitarization of the property in accordance with the terms specified in Item 1 above, failure to return property under escort to DOD Surplus at the end of the business day, or failure to submit proper EUC documentation. If the breach is not cured within the time periods described above, the non-breaching party may terminate this Agreement by giving written notice of termination to the breaching party. In the event that the Company breaches this Agreement, DOD Surplus may increase the earnest money deposit required as additional assurance of the Company's ability to perform this Agreement.

E. EXCLUSIVITY:

During the Term, DOD Surplus will not sell a like commodity at the Location to any other customer.

F. COUNTERPARTS:

This Agreement may be executed in counterparts, each of which will be deemed to be an original, and all of which will constitute one and the same instrument. The parties agree that a facsimile signature page has the same force and effect as an original signature.

G. AUTHORIZATION FOR PICK-UP

Company will execute an authorization for pick-up if they elect to hire a third party carrier to remove the Property on their behalf. The authorization for pick-up form will be provided by GL, and once signed by the Company will remain in effect throughout the period of performance of this Agreement or until replaced by a subsequent authorization for pick-up form or a written notice of cancellation.

H. AGREEMENT TO BE BOUND:

By my signature below I certify that I am an officer or principal of the Company and am authorized to bind the Company to this Agreement, and that the Company has read, understands and agrees to be bound by the terms of this Agreement.

<Company>

DOD SURPLUS, LLC

By: _____

By:

Print Name: _____

Print Name:

Dated: _____

Dated: _____

Telephone: _____

Email: _____

Guaranty

The undersigned, an officer or principal of the Company, personally guarantees the full payment and performance of all obligations of Company under this Agreement. Please attach a photocopy of a government-issued photo ID of the guarantor to this Agreement.

By: _____

Print Name: _____

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8/30/2011

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Dated: _____