

AXEON SYSTEMS WARRANTY

ONE-YEAR LIMITED WARRANTY

WARRANTY TERMS

Subject to the terms and conditions set forth hereinafter, AXEON Water Technologies (hereafter "AXEON") warrants to the original purchaser (hereafter the "Customer") that the systems and products manufactured by AXEON are free from defects in material and in workmanship for twelve (12) months from the Warranty Commencement Date (as defined below) only when used strictly in accordance with the applicable operating instructions and within the range of the operating conditions specified by AXEON for each such product.

This Warranty does not extend to systems, equipment, or components manufactured by others, nor to systems, equipment, or components manufactured by others and distributed by AXEON. This Warranty does not extend to equipment or components manufactured by others which have been incorporated into an AXEON product but, if allowable, AXEON hereby assigns, without warranty, to the Customer its interest, if any, under any warranty made by the manufacturer of such equipment or component. This Warranty does not cover disposable items such as fuses, o-rings, regeneration materials/chemicals, or other such disposable items, which must be replaced periodically under the normal and foreseeable operating conditions of the goods warranted hereby.

WARRANTY COMMENCEMENT DATE

The Warranty Commencement Date for each AXEON product shall be the later of the date of: (1) receipt by the Customer, or (2) the date of installation at the Customer's premises provided that such installation must occur within three (3) months of shipment from the AXEON's manufacturing facility in Temecula, California. In no event shall the Warranty Commencement Date exceed three (3) months from the shipment from AXEON's manufacturing facility. The Customer shall provide proof of purchase in order to exercise rights granted under this Warranty. If requested by AXEON, the Customer must also provide proof of the installation date. Proof of installation shall be returned by Customer to AXEON within thirty (30) days after installation by virtue of supplying a Warranty Validation Card supplied with each AXEON product fully completed and signed in ink by Customer and the authorized installer of the product.

WARRANTY SERVICE

AXEON'S OBLIGATION UNDER THIS WARRANTY IS LIMITED TO THE REPAIR OR REPLACEMENT (AT AXEON'S SOLE DISCRETION) OF ANY PRODUCT, OR COMPONENT THEREOF, PROVED TO BE DEFECTIVE IN MATERIAL OR WORKMANSHIP WITHIN THE COVERED WARRANTY PERIOD.

The Customer, at the Customer's risk and expense, shall be responsible for returning such product or component, only after obtaining a Return Goods Authorization (RGA) number from AXEON, arranging for freight prepaid, and in conformance with any special packaging and shipping instructions set forth on the operation documentation or RGA instructions, or as otherwise reasonably required, to AXEON's address set forth below, together with (1) RGA number issued by AXEON at Customer's request; (2) proof of purchase and, if necessary, proof of installation date; (3) a Return Goods Authorization Form; (4) a description of the suspected defects; (5) the serial number of the AXEON product alleged to be defective; and (6) a description of the type of water and pretreatment equipment which has been utilized in connection with the product, if any. AXEON shall, in AXEON's reasonable discretion, be the sole judge of whether a returned product or component is defective in material or workmanship. Required or replaced products or components shall be returned surface freight. In genuine emergency situations, AXEON will (at AXEON's sole discretion) forward replacement parts to Customer without waiting for authorized return of the questionable part(s). In such cases, Customer will issue a purchase order or other payment guarantee prior to shipment. If the returned part is found to have been misused or abused, or the defective part is not received by AXEON within thirty (30) days; the Customer will be invoiced for the replacement part(s) provided. This Warranty does not cover or include labor and/

or travel to the Customer's premise or location or any other location. Charges of \$1000 per day plus associated travel expenses will be incurred by the Customer in providing the Warranty Service at any location other than AXEON's main headquarters; that is if AXEON deems that the product is not covered by said Warranty. AXEON reserves the right to precondition such travel to Customer's premises upon prepayment of AXEON's anticipated costs of attending such premises.

VOIDABILITY OF WARRANTY

This Warranty shall be void and unenforceable as to any AXEON product which has been damaged by accident, mishandling, abuse or has been repaired, modified, altered, disassembled or otherwise tampered with by anyone other than AXEON or an authorized AXEON service representative; or, if any replacement parts are not authorized by AXEON have been used, or, the product has not been installed, operated and maintained in strict accordance and adherence with the operating documentation and manuals for such product. Any expressed warranty, or similar representation of performance set forth in the operation documentation for media or resin incorporated into an AXEON product shall be void and unenforceable unless the feed water requirements set forth in the operating documentation for such product are unequivocally and strictly adhered to.

LIMITATIONS AND EXCLUSIONS

THIS WARRANTY AND REMEDIES DESCRIBED HEREIN AND HEREINABOVE ARE EXCLUSIVE AND IN LIEU OF ANY AND ALL OTHER WARRANTY OR REMEDIES, EXPRESSED OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. IN NO EVENT SHALL AXEON BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL OR OTHER SIMILAR TYPES OF DAMAGES, FOR DAMAGES FOR THE LOSS OF PRODUCTION OR PROFITS, OR INJURY TO PERSON OR PROPERTY. NO PERSON HAS ANY AUTHORITY TO BIND AXEON TO OTHER THAN WHAT IS SET FORTH ABOVE.

THIS WARRANTY GIVES THE CUSTOMER SPECIFIC LEGAL RIGHTS AND THE CUSTOMER MAY ALSO HAVE OTHER RIGHTS WHICH VARY FROM JURISDICTION TO JURISDICTION. THE PARTIES RECOGNIZE AND AGREE, THAT IN ALL RESPECTS THE LAWS OF THE STATE OF CALIFORNIA SHALL APPLY TO AND SHALL GOVERN ANY INTERPRETATION OR LEGAL SIGNIFICANCE OF THIS DOCUMENT.

NO WARRANTY OR OTHER LIABILITY OF AXEON TO CUSTOMER UNDER THIS AGREEMENT OR OTHERWISE WILL IN ANY EVENT EXCEED THE COST OF REPLACEMENT OF THE APPLICABLE AXEON PRODUCT, PART, OR ACCESSORY THAT IS SUBJECT TO ANY BREACH OF AXEON'S WARRANTY. AXEON WILL NOT BE LIABLE FOR ANY DAMAGE TO ANY PROPERTY OF CUSTOMER OR TO CUSTOMER'S CUSTOMERS FOR ANY CONSEQUENTIAL, INCIDENTAL, OR ECONOMIC LOSS OR COMMERCIAL DAMAGE WHATSOEVER. REMEDIES HEREIN PROVIDED ARE EXPRESSLY MADE THE SOLE AND EXCLUSIVE REMEDIES FOR BREACH OF ANY WARRANTY OR OTHER OBLIGATION HEREUNDER EXPRESS OR IMPLIED OR FROM THE OPERATION OF LAW.

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