

GENERAL PURCHASE AND SALES PURCHASE & AGREEMENT

Lafayette Textiles Corp., dba Millknit, Millennium Knitting hereafter refer to Millennium Knitting and the person or entity identified as the "Buyer", this shall be the agreement between the parties for all purchases by Buyer of merchandise sold by Millennium Knitting to Buyer.

1. **OVERDUE BILLS AND ANTICIPATION:** No allowance for anticipation unless otherwise provided in writing on the face hereof. Buyer shall pay a service charge on past due bills at a rate three (3%) percent higher than prime rate then charged by major California banks provided that such charge shall not exceed the highest rate permitted by law, in which case the highest permitted by law shall be charged.

2. **CREDIT-DEFAULT:** (a) Buyer warrants and represents to Millennium Knitting that it is fully solvent and able to meet its obligations as they mature; (b) Buyer's failure to fulfill any obligations to Millennium Knitting at maturity under this or any other agreement shall accelerate and make due and payable immediately all amounts owing to Millennium Knitting under this or any other agreement irrespective of the terms of payment set forth in this or such other contracts, if Millennium Knitting so elects; (c) the signing of this agreement by Millennium Knitting shall not imply that Millennium Knitting has investigated the financial responsibility of Buyer and found it satisfactory, and in any event Millennium Knitting shall at all times have the right to limit or cancel Buyer's credit line upon notification to Buyer. If, in Millennium Knitting's sole opinion, the financial condition of Buyer at any time warrants such action, Millennium Knitting may demand payment in cash in whole or part, or anticipation of payment of other obligations, before acquiring, manufacturing, processing, or delivering the goods or any part thereof, and Buyer agrees to comply with such demand. Upon Buyer's failure to make such payment or anticipation within ten (10) days after demand, Millennium Knitting, in addition to its other rights set forth in this agreement or granted to it by law shall have the right to cancel the agreement and recover its damages from Buyer, sell all or any part of the undelivered goods at public or private sale and hold Buyer responsible for its damages.

3. **DELIVERY AND TENDER:** (a) The acceptance of a shipment by any common carrier or licensed truckman shall constitute a delivery to Buyer, or in the absence of shipping instructions, the mailing of the invoice to Buyer shall constitute a delivery effective upon deposit into the United States Mail, postage prepaid. Upon the occurrence of either event the risk of loss shall pass immediately to Buyer; (b) Any delivery or tender made within twenty (20) days after the specified date of delivery shall constitute a good delivery or tender. Thereafter any delivery or tender made prior to receipt of Millennium Knitting of written cancellation shall constitute a good delivery or tender. In case of cancellation by the buyer, any deposit held by Millennium Knitting for that order will be forfeited and the buyer has no right or claim to the deposit.

Where Buyer has declared or manifested an intention not to accept delivery in accordance with this agreement, no tender of delivery shall be necessary, but Millennium Knitting may, at its opinion, give notice in writing to Buyer that Millennium Knitting is ready and willing to deliver in accordance with this agreement and such notice shall constitute a valid tender of delivery; (c) Millennium Knitting reserves the right to make delivery of either ten (10%) percent over or under the specified quantity, or ten (10%) percent over or under each assorted style, color or pattern hereunder. Any defect in quality or delay in delivery shall not affect the balance of this agreement.

4. **CLAIMS AND ALLOWANCES:** Millennium Knitting shall not be liable for normal manufacturing defects nor for customary variations from quantities or specification nor for defects resulting from imperfections inherent in the fibers or yarns used, over which Millennium Knitting has no direct control. If Buyer claims goods are defective in quality, they must be offered to Millennium Knitting for examination within five (5) days of said claim. Buyer must make available for inspection and examination by Millennium Knitting or its designees all goods which Buyer claims to be defective. Millennium Knitting may replace any goods claimed by Buyer to be defective within TEN (10) DAYS after Buyer makes them available for inspection and examination and such replacement shall constitute a satisfaction and discharge of all claims of Buyer relative to goods so replaced. Buyer's right to cancel goods by reason of defects shall at all times be limited to that portion of the goods actually defective. Claims of any kind or nature, except for latent defects, are barred unless made writing within five (5) days after delivery (or tender) as herein defined of the goods complained of, but prior to the cutting, processing or altering of the goods in any manner from the original condition as shipped. Claims for latent defects are barred unless made in writing thirty (30) days after delivery of the goods complained of. The limit of liability of Millennium Knitting for late delivery or nondelivery or any other breach shall be the difference, if any, between the contract price and fair market price, on the contract date of delivery, of the goods delivered or to be delivered. IN NO EVENT SHALL BUYER BE ENTITLED TO CLAIM ANY OTHER DAMAGES OF ANY NATURE WHATSOEVER OR ANY CONSEQUENTIAL DAMAGES, AND IN NO INSTANCE SHALL DAMAGE INCLUDE PROFIT ON CONTEMPLATED USE OR PROFIT OF ANY DESCRIPTION.

5. WARRANTIES: MILLENNIUM KNITTING MAKES NO WARRANTY OF FITNESS OF THE GOODS SOLD HEREUNDER FOR ANY SPECIFIC PURPOSE OR END USE UNLESS OTHERWISE EXPRESSLY STATED HEREIN, AND IN THE ABSENCE THEREOF BUYER UNDERTAKES THE COMPLETE AND ENTIRE RESPONSIBILITY OF ASCERTAINING WHETHER THE GOODS PURCHASED HEREUNDER MEET THE REQUIREMENTS OF OR ARE SUITABLE FOR THE BUYER'S INTENDED USE. Millennium Knitting does not warrant fastness of color, breaking strength, amount of shrinkage, exact match of color, or variations in shade from piece to piece unless specifically set forth on the face of this agreement. Due to elasticity and other characteristics inherent in knitted and other fabrics, the weight and yield may vary five (5%) percent either way from the designated weight and yield, and the width may vary one (1) to two (2) inches either way from designated width. Buyer warrants that all merchandise covered by this agreement is purchased for resale as tangible personal property or to be incorporated as a component or part of other tangible property to be produced for sale by manufacturing assembling, processing, sponging or refining.

6. MISCELLANEOUS: THIS AGREEMENT SUPERSEDES BUYER'S PURCHASE ORDER AND/OR CONTRACT, IF ANY. No part of any such Buyer's purchase order and/or contract shall be deemed confirmed or accepted by an provision or part hereof. Buyer and Millennium Knitting agree that this agreement represents the final, complete and exclusive statement of the terms of their agreement, that it may not be modified or discharged in whole or in part except by a writing signed by the party or an authorized officer of the party against whom enforcement of any modification or discharge is sought. No waiver of any default by either party shall operate as a waiver of any other default or of the same default on a future occasion. If any provision of this agreement is or at any time becomes unenforceable or invalid no other provision shall be affected thereby and the remaining provision of this agreement shall continue with the same force and effects as if such unenforceable or invalid provision had not been inserted herein.

Buyer may not assign this agreement or any interest therein without the prior written consent of Millennium Knitting.

7. HOLD HARMLESS: Buyer shall hold harmless Millennium Knitting and its officers directors, shareholders, employees, and representatives from and against any claims or suit brought against any of them by any third party on account of merchandise sold to Buyer hereunder, and shall indemnify them from any loss, cost or expense any of them may incur by reason thereof (including actual attorney's fees and costs).

8. APPLICABLE LAW, JURISDICTION AND VENUE: This Agreement shall be governed and construed in accordance with the laws of the State of California. The parties agree that any dispute between them shall be resolved in any court with subject matter jurisdiction in the Central District of the County of Los Angeles, State of California, and Buyer irrevocably consents to personal jurisdiction and venue of any such court.

9. ATTORNEY'S FEES AND COSTS: In the event suit is brought to enforce any provision of this Agreement the prevailing party, shall in addition to any other recovery which may be awarded, be entitled to recover all of the actual attorney's fees and costs of suit incurred.