

§1 Place of Performance

The place of performance for all services arising from the contract of delivery is the place of the commercial establishment of the seller.

§2 Choice of Forum

The choice of forum (also for actions on a bill of exchange and cheques) is the place of trading business of the plaintiff or the place of business of his or her trade and cartel organization. The court first resorted to has jurisdiction.

§3 Content of the Contract

- (1) All sales are concluded only for fixed-term delivery dates, quantities and quality (and set prices). Both parties are bound to this.
- (2) However, block orders are admissible and can be settled by implementing regulations.
- (3) Rearrangements within a placed contract are only admissible by mutual agreement. Details can be settled by implementing regulations. Beyond that, a cancellation of contracts will not be carried out.

§4 Delivery

- (1) The delivery of the goods takes place ex seller's warehouse. The buyer bears the costs of shipment.
- (2) In case of delivery from external warehouses, the cargo will be charged ex seller's warehouse. Instead, an additional fee for storage on a flat rate basis can be charged.
- (3) In case of dispatch by rail, the freight charge/carriage from the seller's warehouse to the rail depot is not invoiced. Buyers who have their commercial establishment at the same place as the seller do not pay any transportation costs; also the transportation costs from an delivery warehouse to the buyer at the same place as the delivery warehouse are not charged.
- (4) Packaging will only be charged if the dispatch takes place in crates or if a special packaging is requested by the buyer. The buyer will be reimbursed at the invoiced amount once he has returned the crates in a usable condition and within two months. If rented containers are used, the buyer is responsible for the shipping costs, the seller will cover the rental costs.
- (5) Unsorted partial deliveries are only allowed with the buyer's agreement.
- (6) Unless otherwise agreed, the goods will be sent uninsured.
- (7) If, due to the fault of the buyer, a delivery is not received on time, the seller, at his/her option, has the right after granting a respite of 10 days to either issue an arrears invoice or to withdraw from the contract or claim damages.

§5 Interruption of Delivery

- (1) In the case of force majeure, labor disputes, governmental actions, as well as those interruptions of business which last longer than 1 week or will last longer than a week's duration, the period of delivery or rather the period of receipt are readily extended to the period of delay, however, at the longest for 5 weeks in addition to an extended period of delivery. The extension will not happen if the other party is not immediately notified of the reason of the delay as soon as it is assessed that the named period cannot be adhered to.
- (2) If the delivery or acceptance does not occur on time, the other contract party can rescind the contract. It must, however, two weeks prior to exercising the right of rescission, give written notice either as a registered letter or as a telex message.
- (3) If the delay lasts longer than five weeks and the other contract party is not immediately notified on request that there will be a punctual delivery, the other contract party can directly rescind the contract.
- (4) Damage compensation claims are excluded in the cases mentioned above.

§6 Extended Period of Delivery

- (1) At the end of the period of delivery an extended period of delivery in the amount of the period for delivery, however, at the longest 12 days, occurs automatically without the need for notification. At the end of deadline for delayed delivery rescission is deemed to have occurred under exclusion of damage compensation claims. Rescission under §5(1) sentence 2 does not occur if during the extended period of delivery the buyer notifies the seller that he insists on performing the contract. However, the seller is released from the delivery if the buyer, upon request of the seller, does not make a statement within the extended period of delivery as to whether he/she insists on performance of contract. Time bargains will not be carried out.
- (2) If the buyer claims damage compensation for non-performance, he/she must inform the seller that within four weeks that seller has to complete performance and that otherwise upon expiration of this period the buyer will reject contract performance. The respite will be charged from the day on which the notification of the buyer is sent either by registered post or telex message. This regulation applies in case of §6(1) sentence 2, instead of the right of rescission stated there, only when this period of notice of the buyer reaches the seller within the extended period of delivery.
- (3) The deadline for delayed delivery for commodities out of warehouses which are ready for dispatch amounts to five days at the longest. In other respects the provisions of §6 (1) and (2) apply.
- (4) Before the end of the extended period all claims by the buyer concerning delayed deliveries are excluded.

§7 Notice of Defects

- (1) Complaints must be reported immediately and must be sent, at the latest within two weeks after the receipt of the goods, to the seller after the receipt of his/her agreement.
- (2) After cutting or other processing of the delivered goods, any claim of defect is excluded.
- (3) Commercial or minor, technical unavoidable deviations from quality, color, width, weight, outfit or design may not be claimed as defects.
- (4) In case of justified claims the buyer has the right of repair or a delivery of flawless equivalent goods within ten days after the receipt of the damaged goods.
- (5) At the end of the period named in §6(4) legal provisions apply.
- (6) In the case of hidden damages legal provisions apply.
- (7) Complaints are excluded after an invoice is settled.

§8 Payment

- (1) The invoice will be issued on the day of the delivery or rather the provision of the goods. Postponement of maturity (valuation time) is excluded in general. In case a premature delivery is justified between the contracting partners, the implementing regulations can determine exceptions from this regulation.
- (2) Invoices are payable as follows:
 - (2)1. Within 10 days with 4% discount
 - (2)2. Within 30 days net.
- (3) Payments will always be applied to offset the oldest due accounts in addition to application to the delays interest due on such sums.

- (4) The postal receipt stamp determines the date of receipt of payment. In the case of bank transfer, the day preceding the credit of the bank of the seller is deemed to the receipt of payment.

§9 Delay of Payment

- (1) In the case of delay of payment, interest on arrears to the amount of 5% above the federal bank's discount will be calculated.
- (2) Before complete payment of due invoiced amounts including interest on arrears, the seller is not obligated to make any further delivery from any current contracts.
- (3) If the buyer is late with payment that is due or if there is a considerable deterioration of his/her financial circumstances, the seller can demand payment by cash before delivery of the goods for upcoming deliveries from any current contract while ending the date of required payment.

§10 Payment Methods

- (1) Payments must be made in cash or by cheque, by bank transfer or giro cheque transfer.
- (2) The offsetting is only admissible for undisputed or legally valid claims. This does not apply in case of suspension of payments by the seller. Any other deductions (e.g. postage) are inadmissible.
- (3) Bills of exchange will only be accepted as payment provided that any bank or discount charges and collection expenses are reimbursed. Any bills of exchange and accepted bills having maturity dates exceeding three months will not be accepted.

§11 Retention of Title of the Clothing Industry

Until payment the delivered goods remain property of the seller. However, the buyer can, within a proper business establishment, sell or process the goods. Every obligation or provision as security of these goods for the benefit of a third party is excluded if there is no agreement from the seller. In case of seizure of these goods by a third party, the buyer must immediately report to the seller.

The extended reservation of ownership of fabrics industry:

- (1) The delivered goods remain property of the seller until there is complete payment of all demands of the business relation between the seller and the buyer. The adjustment of single demands for current invoices, as well as account balancing does not affect the reservation of ownership. Payment is considered effected upon receipt of the equivalent value by the seller. If the payment is made via check or transfer, the ownership reservation will continue to apply till the redemption of the transfer by the buyer.
- (2) The buyer is entitled to resale of conditional goods within proper business dealings, however, he/she is not allowed obligations or provisions as security.
- (3) The buyer transfers his/her demands of the resale of conditional goods to the seller; the seller accepts this ceding. Regardless of the ceding and the right of collection on the part of the seller, the buyer is entitled to collection as long he fulfills his obligations to the seller and does not come into deterioration of assets. On demand of the seller, the buyer has to provide the seller with all necessary data about the right of collection concerning his/her transferred demands and has to notify the debtors about the ceding.
- (4) The buyer carries out any revision or processing of the conditional goods for the seller, from which no obligations arise for the latter. In case of processing, connecting, mixing or confusing of conditional goods with other goods, which do not belong to the seller, the seller is entitled to the co-ownership share of the new product in the ratio of the value of the conditional goods to the rest of the processed goods at the time of the processing, connecting, mixing or confusing. If the buyer acquires sole ownership of the new item, the contracting partners are in agreement that the buyer transfers co-ownership of the new item to the seller according to the ratio of value for the processed, mixed or confused conditional good to the value of the new item created and will keep this safe for seller without charge.
- (5) If the item to which we retain title is resold along with other products, regardless of whether it is resold without or after processing, connecting, mixing or use, the above stated anticipatory assignment will apply only in respect of the amount of the value of the conditional item that is being resold with the other products.
- (6) In the event of debt execution measures by third parties against the conditional goods or the previous transferred demands, the buyer must immediately notify the seller, handing over all necessary documents necessary for intervention.
- (7) The seller is obliged, on demand of the buyer, to release attributable securities in accordance with the aforementioned terms insofar as their value exceeds the receivables to be secured by more than 10%.

§12

- (1) General terms and conditions, especially conditions of purchase, delivery and payment of the customer, are not valid if they contradict the general terms and conditions of the supplier.
- (2) The offset with counterclaims of the customer is excluded in all conceivable cases, with exception of undisputed or legally valid counterclaims. A right of retention to purchase prices is excluded, unless the counterclaims are undisputed or legally valid.
- (3) The supplier is entitled to transfer his demands from deliveries and services for the purpose of financing.
- (4) If the customer does not pay in time, all other demands become payable forthwith, without any separate notice of default necessary.
- (5) For deliveries and services for customers in foreign countries, it is explicitly agreed upon that all costs for legal prosecution by the supplier in case of delay of payment of the orderer, be it judicial or extrajudicial, will be at the expenses of the orderer.
- (6) If the contracting partner is a merchant, the place of jurisdiction for all resulting disputes is the principal establishment of the company of the supplier. However, the supplier is entitled to take legal action at the place of jurisdiction of the contracting partner.
- (7) The contractual relationship is for both sides exclusively bound to German law.
- (8) The voidness of individual terms and conditions (AGB) does not affect the validity of the remaining stipulations.