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SPECIAL EQUIPMENT CONTRACT

(Not Including Installation)

PROPOSAL TO FURNISH AND DELIVER EQUIPMENT AND MATERIALS

To: _____
(Hereinafter called the "Purchaser")

The undersigned (hereinafter called the "Seller") hereby proposes to furnish and deliver the equipment and materials (hereinafter called the "Equipment") described in the plans and specifications (hereinafter called the "Specifications") attached hereto and made a part hereof, to be financed by a loan to the Purchaser by the United States of America, acting through the Administrator of the Rural Utilities Service (hereinafter called the "Administrator") and designated _____

The Seller has become informed as to the Specifications, including the location and characteristics of the proposed Equipment and the facilities over which the Equipment is to perform, and all other matters that may affect the cost and time of delivery of the equipment.

If, in submitting this Proposal, the Seller has made any change in the form of Proposal furnished by the Purchaser, the Seller understands that the Purchaser and the Administrator may evaluate the effect of such change as they see fit or they may exclude the Proposal from consideration.

The Seller agrees that if its Proposal is accepted the following terms and conditions shall govern.

Section 2. Acceptable Equipment. *The Seller agrees to furnish under this Proposal, if the contract is awarded to the Seller, only equipment which is included in the current "List of Materials Acceptable for Use on Telephone Systems of RUS Borrowers" including revisions adopted prior to date of Proposal.*

Section 3. Changes in Equipment. *The Purchaser, subject to the approval of the Administrator, may from time to time during the performance of the contract effected by acceptance of this Proposal make such change, additions to or subtractions from the Specifications which are part of the Proposal as conditions may warrant; provided, however, that if any change in the Equipment shall require an extension of time, a reasonable extension will be granted if the Seller shall make a written request therefor to the Purchaser within ten (10) days after any such change is made and, provided further, that, if the cost to the Seller shall be increased or decreased by any such change or addition, the contract price shall be increased or decreased by the reasonable cost thereof, in accordance with a contract amendment signed by the Purchaser and the Seller and approved by the Administrator, but no claim for additional compensation for any such change or addition will be considered unless the Seller shall have made a written request therefor to the Purchaser prior to the commencement of work in connection with such change or addition.*

Section 4. Taxes. *The prices herein set forth do not include any sums which are or may be payable by the Seller or the Purchaser on account of taxes imposed by any taxing authority upon the sale, purchase or use of the Equipment. If any such tax is applicable to the sale, purchase or use of the Equipment hereunder, the amount thereof shall be stated separately and added to the Proposal price and paid by the Purchaser.*

ARTICLE II

Section 1. Delivery. *The Seller will deliver the Equipment within the number of calendar days specified in Article 1, Section 1, after the Administrator shall have approved this contract in writing. The time for delivery shall be extended for the period of any reasonable delay due exclusively to causes beyond the control and without the fault of the Seller, including, but not limited to, acts of God, fires, strikes, floods, changes in the Specifications as herein provided, and acts or omissions of the Purchaser with respect to matters for which the Purchaser is solely responsible; provided, however, that no delay in such time for delivery of the Equipment shall result in any liability on the part of the Purchaser, and provided further that any claim for extension of time shall be adjusted at the time any such delay occurs or any such change is made.*

ARTICLE III

Section 1. Payments. *The Purchaser shall pay the Seller the following percentages of the price of the Equipment for each group or central office set forth in Article 1, Section 1, as and if revised:*

- (a) 90% when all the Equipment for each group or central office has been delivered to the delivery point.
- (b) When the Equipment has been installed, placed in satisfactory operating condition and tested, the Purchaser shall certify such fact to the Administrator. Upon the approval of such certification by the Administrator, the Purchaser shall make final payment therefor to the Seller; provided, however, such final payment shall be made not later than one hundred twenty (120) days after delivery of the Equipment, unless such approval by the Administrator shall be withheld because of the fault of the Seller.

ARTICLE IV

Section 1. Inspection and Tests. *All Equipment furnished hereunder shall be subject to the inspection, tests, and approval of the Purchaser and the Administrator and the Seller shall furnish all information required concerning the nature or source of any Equipment and provide adequate facilities for testing and inspecting the Equipment at the plant of the Seller.*

Section 2. Defective Material and Workmanship. *The Equipment furnished hereunder shall become the property of the Purchaser upon delivery to the point to which shipment is to be made provided, however, that the Purchaser or the Administrator, within one year (or 90 days with respect to vacuum tubes) after delivery or within the period for which the Equipment is guaranteed, whichever is longer, may reject any defective Equipment and any Equipment which does not comply with the Specifications or with the guarantees, if any, of the Seller and the manufacturer. Upon any such rejection, the Seller shall repair or replace such rejected Equipment*

within a reasonable time after notice in writing from the Purchaser and in the event of failure by the Seller so to do, the Purchaser may make such replacement and the cost and expense thereof shall be paid by and recoverable from the Seller. All manufacturers' guarantees of Equipment, if any, shall be transferred and assigned to the Purchaser upon delivery of any Equipment and before final payment is made for such Equipment.

ARTICLE V

Miscellaneous

Section 1. Patent Infringement. *The Seller shall hold harmless and indemnify the Purchaser from any and all claims, suits, and proceedings for the infringement of any patent or patents covering any Equipment purchased hereunder. The Seller shall, at its own cost, (and Purchaser agrees to permit Seller to do so) defend any suits which may be instituted by any party against the Seller for alleged infringement of patents relative to the Equipment.*

Section 2. Materials and Supplies. *The Seller shall use only such unmanufactured articles, materials and supplies as have been mined or produced in the United States, and only such manufactured articles, materials and supplies as have been manufactured in the United States substantially all from articles, materials or supplies mined, produced or manufactured, as the case may be, in the United States; provided that foreign articles, materials or supplies may be used in the event and to the extent that the Administrator shall expressly in writing authorize such use pursuant to the provisions of the Rural Electrification Act of 1938, being Title IV of Public Resolution No. 122, 75th Congress, approved June 21, 1938. The Seller agrees to submit to the Purchaser such certificate or certificates, signed by the Seller and all subcontractors, with respect to compliance with the foregoing provisions as the Administrator from time to time may require.*

Section 3. Completion on Default. *If any of the provisions contained herein are violated by the Seller or by any of the Seller's subcontractors, the Purchaser may serve a written notice upon the Seller of intention to terminate the contract resulting from acceptance of this Proposal, which notice shall specify the reasons therefor. Unless within ten (10) days after the serving of such notice upon the Seller such violation shall cease and an arrangement for the correction thereof satisfactory to the Purchaser be made, such contract shall, upon the expiration of the said ten days, cease and terminate. In the event of any such termination, the Purchaser may purchase the Equipment necessary for complete performance of such Contract for the account and at the expense of the Seller, and the Seller shall be liable to the Purchaser for any excess cost occasioned thereby. The foregoing shall be in addition to every right or remedy now or hereafter existing at law or in equity or by statute.*

Section 4. Compliance with Statutes and Regulations. *The Seller acknowledges that it is familiar with the Rural Electrification Act of 1936, as amended, the so-called "Kick-Back" Statute (48 Stat. 948), and all regulations issued pursuant thereto, and 18 U.S.C. §§287,1001 as amended and the Seller agrees to comply with the provisions of all of such statutes and regulations.*

Section 5. Nonassignment of Contract. *Each and all of the covenants and agreements contained in the contract resulting from acceptance of this proposal shall extend to and be binding upon the successors and assigns of the parties thereto. However, the Seller shall not assign such Contract or any part thereof or enter into any contract with any person, firm, or corporation for the performance of the Seller's obligations hereunder, without the approval, in writing, of the Purchaser and the Administrator.*

Section 6. Approval of the Administrator. *The acceptance of this Proposal by the Purchaser shall not create a contract unless such acceptance shall be approved in writing by the Administrator within ninety (90) days after the date of the Proposal.*

DATE OF PROPOSAL

SELLER

By _____

TITLE

(If executed by one other than President, Vice-President, a partner or the individual owner, a power of attorney authorizing execution should accompany this Proposal.)

ACCEPTANCE

Subject to the approval of the Administrator, the Purchaser hereby accepts the Proposal of _____

(Dated _____) for the Equipment herein described for the Total Base Price of \$ _____
and the following options for.

Spare Parts _____

_____ \$ _____

Maintenance Tools _____

_____ \$ _____

Test Equipment _____

_____ \$ _____

Other Options: (Describe) _____

_____ \$ _____

_____ \$ _____

_____ \$ _____

TOTAL CONTRACT PRICE ----- \$ _____

ATTEST:

SECRETARY

PURCHASER

DATE OF ACCEPTANCE

By _____
PRESIDENT