

B2B WATERMELON WHOLESALE AGREEMENT AND POLICY

Governing All Commercial Sales Transactions

Effective Date: _____

SECTION 1. PURPOSE AND SCOPE

This B2B Wholesale Policy (hereinafter "Policy") constitutes the binding commercial framework governing all sales, deliveries, transactions, claims, and commercial relationships between the Seller and all commercial buyers (hereinafter collectively "Buyer"), including without limitation restaurants, schools, religious organizations, grocery retailers, wholesalers, distributors, institutional food service providers, and retailers.

All transactions subject to this Policy shall be governed by and construed in accordance with the following legal authorities:

- The Uniform Commercial Code, Article 2 (Sales), as enacted in the applicable jurisdiction;
- The Perishable Agricultural Commodities Act ("PACA"), 7 U.S.C. §499a et seq.;
- Applicable federal and state food safety regulations; and
- The terms and conditions set forth in all invoices, bills of lading, and sales confirmation documents issued in connection with each transaction.

In the event of any conflict between this Policy and the terms of a specific invoice or written agreement, the terms of the invoice or written agreement shall control.

SECTION 2. PRODUCT STANDARDS AND WARRANTIES

Seller represents and warrants that all watermelons tendered for shipment shall, at the time of shipment:

- Conform to commercially reasonable USDA produce standards applicable to wholesale distribution;
- Be fit for the ordinary purposes for which wholesale produce is commercially distributed;
- Be packed and transported in accordance with commercially reasonable industry practices; and
- Be in suitable shipping condition at the point of tender.

IMPORTANT NOTICE REGARDING PERISHABILITY.

Because watermelon is a perishable agricultural commodity, post-delivery shelf life is inherently variable and depends upon factors outside Seller's control, including without limitation handling practices, ambient weather conditions, transportation methods, refrigeration adequacy, and Buyer's storage conditions following delivery. Seller does not extend any warranty of shelf life beyond the point of delivery acceptance, unless expressly agreed in a separate written instrument signed by Seller's authorized representative.

Buyer's Post-Delivery Responsibilities.

Upon acceptance of delivery, Buyer assumes sole responsibility for:

- Proper and timely unloading of all product;
- Maintenance of appropriate temperature conditions during storage and handling;
- Compliance with applicable food safety storage requirements;
- Inventory rotation consistent with commercially reasonable produce handling practices; and
- All handling, storage, and care of product following delivery acceptance.

SECTION 3. ORDER ACCEPTANCE

No order shall be deemed binding upon Seller until Seller has: (i) issued a written acceptance of such order; (ii) confirmed available inventory; and (iii) approved the proposed delivery schedule. Seller expressly reserves the right to allocate available inventory among buyers during periods of shortage, to substitute comparable product grades where commercially reasonable, and to adjust order quantities in response to harvest conditions or supply chain disruptions beyond Seller's reasonable control.

Although verbal agreements for commercial goods transactions may be enforceable under applicable UCC provisions, Seller strongly requires written confirmation for all orders with a transaction value exceeding Five Hundred Dollars (\$500.00). Seller shall not be liable for any losses arising from Buyer's reliance upon unconfirmed verbal orders.

SECTION 4. DELIVERY POLICY

4.1 Delivery Schedules

All delivery dates and time windows specified by Seller constitute estimates only and shall not be deemed guaranteed delivery commitments, unless expressly designated in writing as "Time-Sensitive Guaranteed Delivery" and confirmed in a signed written instrument. Seller shall not be liable for delivery delays attributable to weather events, traffic conditions, mechanical breakdowns, agricultural harvest delays, governmental inspections or regulatory actions, road closures, labor shortages, or carrier disruptions.

4.2 Buyer Delivery Obligations

At the time of each scheduled delivery, Buyer shall:

- Maintain an accessible and adequate unloading location in compliance with applicable safety and operational requirements;
- Ensure that authorized personnel are present and available to receive delivery;
- Conduct an immediate inspection of all product upon arrival; and
- Report any visible defects, discrepancies, or damage to the Seller's delivery driver prior to departure, to the greatest extent practicable.

Buyer's failure to conduct an inspection at the time of delivery shall constitute presumptive acceptance of all visible conditions of the product as delivered.

4.3 Transfer of Risk of Loss

Risk of loss with respect to all product shall transfer to Buyer: (a) upon completed delivery and unloading at Buyer's designated delivery location; or (b) for FOB shipping-point transactions, upon Seller's tender of the product to a common carrier. Following delivery acceptance, Buyer bears all risk of loss arising from spoilage, theft, temperature abuse, mishandling, or storage deterioration.

SECTION 5. INSPECTION AND ACCEPTANCE POLICY

Buyer shall conduct a thorough inspection of all shipments immediately upon delivery. For purposes of this Policy, acceptance shall be deemed to have occurred upon any of the following events: (i) Buyer's unloading of the product; (ii) Buyer's use or transfer of the product; (iii) Buyer's failure to timely reject the shipment; or (iv) Buyer's failure to provide timely written notice of material defects within the periods specified herein.

Consistent with PACA industry standards and applicable trade practice:

- Visible defects must be reported to Seller immediately upon discovery at delivery;
- Concealed defects not detectable upon reasonable inspection at delivery must be reported within twenty-four (24) hours of discovery; and
- For disputes involving alleged defects exceeding five percent (5%) of a shipment's invoice value, Seller may require a USDA inspection or third-party inspection prior to processing any claim.

Buyer's failure to provide prompt notice of defects as required herein shall constitute a waiver of any right of rejection with respect to such defects, except to the extent such waiver is expressly prohibited by applicable law.

SECTION 6. SPOILAGE CLAIM POLICY

6.1 Claim Requirements

All spoilage claims must be submitted to Seller in writing within twenty-four (24) hours of discovery and shall include the following documentation:

- Written notice of claim specifying the nature and extent of the alleged defect;
- Photographic evidence of the affected product and associated packaging;
- Temperature records, where refrigerated transport or storage was required;
- Lot numbers and invoice numbers identifying the affected shipment;
- Quantity of product affected; and
- A detailed description of the alleged defect and the circumstances of discovery.

Seller reserves the right, upon reasonable notice, to: inspect the affected product; request a USDA or third-party inspection; and require that allegedly damaged product be preserved for inspection purposes. Seller shall not be obligated to process any claim where Buyer has discarded the affected product prior to affording Seller a reasonable opportunity to inspect.

6.2 Excluded Claims

Seller shall bear no liability for spoilage or product deterioration attributable to: improper storage or handling by Buyer; delayed unloading following delivery; failure to maintain adequate refrigeration; cross-contamination caused by Buyer; acts of God; Buyer's delayed resale or mismanagement of inventory after acceptance. Natural agricultural variation, cosmetic irregularities, and ordinary ripening processes shall not constitute actionable spoilage.

6.3 Limitation on Claim Recovery

Seller's aggregate liability with respect to any spoilage claim shall not exceed the original invoice value of the affected product. In no event shall Seller be liable for lost profits, consequential damages, business interruption losses, loss of third-party contracts, reputational harm, or any other indirect, special, incidental, or punitive damages.

SECTION 7. PAYMENT TERMS

7.1 Standard Payment Terms

Unless expressly modified by a written agreement executed by both parties, all amounts due under this Policy shall be payable within ten (10) calendar days of the invoice date. Electronic payment is the preferred method. Returned or dishonored payments shall be subject to applicable returned payment fees.

7.2 Late Payment Consequences

Past-due balances shall accrue a finance charge at the rate of one and one-half percent (1.5%) per month (eighteen percent (18%) per annum), to the extent permitted by applicable law. In addition, Seller reserves the right to recover all reasonable collection costs and attorney's fees incurred in connection with the enforcement of payment obligations, and to pursue all available PACA trust enforcement remedies.

Seller further reserves the right, in its sole discretion, to suspend future deliveries, require prepaid terms for future orders, or cancel pending orders in the event of non-payment or a history of late payment by Buyer. Buyer's failure to make timely payment may result in enforcement actions under PACA and applicable commercial law.

SECTION 8. PACA STATUTORY TRUST NOTICE

NOTICE: The perishable agricultural commodities listed in all invoices issued pursuant to this Policy are sold subject to the statutory trust authorized by Section 5(c) of the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. §499e(c)). The seller of these commodities retains a trust claim over these commodities, all inventories of food or other products derived from these commodities, and any receivables or proceeds from the sale of these commodities until full payment is received.

Buyer acknowledges and agrees that: (i) Seller retains all trust rights in the commodities sold under this Policy; and (ii) such trust rights extend to all related inventories, proceeds, receivables, and derivative food products until Seller has received full payment of all amounts owed.

SECTION 9. RETURN AND REFUND POLICY

Given the inherently perishable nature of the commodities sold hereunder, all sales shall be deemed final upon Buyer's acceptance of delivery. Returns shall not be permitted without Seller's prior written authorization. Any unauthorized returns may be refused by Seller at its sole discretion.

Refunds or credits shall be considered only where: (i) Seller independently confirms a material nonconformity with the product as delivered; (ii) the product failed to meet commercially reasonable shipping condition standards at the time of tender; and (iii) Buyer has fully complied with all inspection and notice requirements set forth in Sections 5 and 6 of this Policy. Where salvage value exists with respect to affected product, Seller may, in its discretion, issue a partial credit reflecting such value.

SECTION 10. ORDER CANCELLATION POLICY

Orders canceled within twenty-four (24) hours of the scheduled shipment date may be subject to charges for harvest costs, packaging costs, freight charges, and restocking fees actually incurred by Seller in connection with the canceled order. Custom-packed or special-order shipments shall be deemed noncancelable once packing operations have commenced.

Seller reserves the right to cancel any order, without liability to Buyer, in the event of crop failure or shortage, unsafe weather conditions, nonpayment history, or government-imposed restrictions affecting the production, shipment, or sale of the commodity.

SECTION 11. FORCE MAJEURE

Seller shall not be in default or otherwise liable for any delay in performance, shortage, non-delivery, or change in product condition caused directly or indirectly by circumstances beyond Seller's reasonable control, including without limitation: hurricanes, floods, drought, excessive rainfall, heat waves, freezes, crop disease or pest infestations, labor disputes, fuel shortages, transportation interruptions, pandemics or public health emergencies, governmental actions or regulatory orders, acts of God, war, civil unrest, or carrier failures (collectively, "Force Majeure Events").

During a Force Majeure Event, Seller may, in its discretion: allocate available inventory equitably among buyers; modify delivery schedules; and suspend performance obligations to the extent rendered impracticable by such event. Seller's performance obligations under this Policy shall be excused for the duration of any applicable Force Majeure Event.

SECTION 12. FOOD SAFETY COMPLIANCE

Seller represents that it follows commercially reasonable food safety practices with respect to field sanitation, produce handling, traceability procedures, and transportation sanitation, consistent with applicable federal and state food safety regulations in effect at the time of shipment.

Buyer is solely responsible for: (i) maintaining safe and compliant storage conditions following delivery acceptance; (ii) ensuring compliance with all applicable local health and food safety regulations; and (iii) all product handling practices from the point of delivery acceptance forward. Seller shall bear no liability for contamination, adulteration, or safety incidents occurring after transfer of possession to Buyer.

SECTION 13. LIMITATION OF LIABILITY

SELLER'S MAXIMUM AGGREGATE LIABILITY ARISING OUT OF OR IN CONNECTION WITH ANY TRANSACTION GOVERNED BY THIS POLICY SHALL NOT EXCEED THE INVOICE AMOUNT ATTRIBUTABLE TO THE AFFECTED PRODUCT. IN NO EVENT SHALL SELLER BE LIABLE, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE, FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, SPECIAL, OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION LOST REVENUES, LOST PROFITS, LOSS OF THIRD-PARTY CONTRACTS, BUSINESS INTERRUPTION LOSSES, THIRD-PARTY CLAIMS, OR REPUTATIONAL HARM, EVEN IF SELLER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THIS LIMITATION OF LIABILITY REFLECTS A REASONABLE ALLOCATION OF RISK BETWEEN COMMERCIAL PARTIES AND IS AN ESSENTIAL ELEMENT OF THE BASIS OF THE BARGAIN BETWEEN THE PARTIES.

SECTION 14. DISPUTE RESOLUTION

Prior to initiating any formal legal proceeding, the parties agree to engage in good-faith negotiation to attempt to resolve any dispute arising out of or in connection with a transaction governed by this Policy. Absent resolution through good-faith negotiation, any litigation shall be brought exclusively in the state court of competent jurisdiction in the county selected by Seller, or as otherwise required by PACA or applicable federal law.

The prevailing party in any litigation or formal dispute resolution proceeding shall be entitled to recover its reasonable attorney's fees, court costs, and collection expenses from the non-prevailing party, to the extent permitted by applicable law.

SECTION 15. GOVERNING LAW

This Policy and all transactions governed thereby shall be construed and enforced in accordance with: (i) the Perishable Agricultural Commodities Act (PACA), 7 U.S.C. §499a et seq.; (ii) the Uniform Commercial Code (Article 2), as enacted in the applicable state jurisdiction; and (iii) all other applicable federal and state agricultural and commercial regulations. Where PACA and state law conflict, PACA shall control to the extent of such conflict.

SECTION 16. ENTIRE AGREEMENT; MODIFICATION

This Policy constitutes the entire agreement between Seller and Buyer with respect to the subject matter hereof and supersedes all prior or contemporaneous understandings, representations, or agreements, whether oral or written, relating to such subject matter. This Policy shall apply to all

transactions between the parties unless expressly modified by a written instrument signed by an authorized representative of Seller.

Buyer's acceptance of delivery of any product constitutes Buyer's unconditional acceptance of all terms and conditions set forth in this Policy, as well as any terms contained in the applicable invoice or bill of lading.

ACKNOWLEDGMENT AND ACCEPTANCE

By signing below, the authorized representative of Buyer acknowledges that Buyer has read, understood, and agrees to be bound by all terms and conditions of this B2B Watermelon Wholesale Agreement and Policy.

BUYER: _____

By (Signature): _____

Printed Name: _____

Title: _____

Date: _____