ArvinMeritor European Purchase Order Terms & Conditions

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1. ACCEPTANCE:
1.1 This order is Buyer’s offer to purchase the goods or services (the “Products”) described in this order. Acceptance of this order is limited to its terms. This order consists only of the terms contained herein and in any documents or specifications expressly incorporated by reference. It does not constitute an acceptance by Buyer of the terms contained in any quotation, proposal or order confirmation furnished by Seller. For purposes of this order, the term Seller includes any seller of goods and/or seller/contractor providing services hereunder.

1.2 This order must be accepted in writing by Seller. If Seller does not accept this order in writing, any conduct by Seller which recognizes the existence of an agreement pertaining to the subject matter of this order shall constitute acceptance by Seller of this order and all of its terms and conditions. Buyer objects to any terms proposed by Seller in accepting this order which is in addition to or different from those contained in this order.

2. BLANKET ORDERS:
If this order is identified as a “blanket order”, Buyer shall issue a “Vendor Release and Shipping Schedule” to Seller for specific part revisions, quantities and delivery dates for Products. Buyer shall have the right to cancel, adjust or reschedule the quantities of Products shown in such “Vendor Release and Shipping Schedule,” except that it may not cancel, adjust or reschedule the Products shown as “Firm Obligations” on such “Vendor Release and Shipping Schedule.”

3. WARRANTY AND QUALITY IMPROVEMENT:
3.1 Seller warrants that it has good title to the Products, free and clear of all liens and security interests. Seller warrants the Products will conform to any drawings, specifications, statements of work, samples, and/or other descriptions and requirements relating to the Products furnished by Buyer as part of this order. Seller warrants that Products will be fit and sufficient for the purpose intended except to the extent that any defect in the Products is due to Seller's conformance to any drawings, specifications, statements of work, samples, and/or other descriptions and requirements of Buyer. Seller also warrants that all Products supplied will be of good material and workmanship, free from defect in design, manufacture and/or otherwise, and in compliance with all applicable laws, regulations and standards. These warranties shall survive inspection, test, acceptance of, and payment for the Products. These remedies shall be in addition to any other remedies that may be available to Buyer by law, contract, these terms, or otherwise for breach of warranty.

3.2 In addition to its other remedies, which shall include the right to require Seller to reimburse Buyer for all payments it may be required to make to its customers, end users
and end customers attributable to Seller's breach of warranty, Buyer may either return for credit or refund or require prompt correction or replacement of the defective or nonconforming Product or part thereof.

3.3.1 Unless otherwise agreed, the warranty period for defects shall end upon the expiry of 24 months from the date of first registration of the vehicles or from installation of spare parts or 36 months from the delivery to Buyer, subject to whichever period expires first.

3.3.2. Different from 3.3.1 above, for Products to be exported to North America (USA, Canada, Puerto Rico) the warranty period for defects shall end upon expiry of 48 months from the first registration date of the vehicle or installation of the spare parts or 60 months from the delivery to Buyer, subject to whichever period expires first.

3.4 Buyer may initiate various programs designed to improve quality, increase customer, and end user satisfaction, or reduce costs. Seller is required to participate in these initiatives to the extent reasonably requested by Buyer. Seller can learn more about such initiatives and programs by contacting Buyer and by accessing Buyer's website established for supplier related matters. Buyer's and Seller's obligations to treat information received under any such warranty reduction program or initiative as confidential information are described in Section 10.

3.5 If Seller initiates such a program or initiative covering the Products, Seller will specify the extent, if at all, to which the terms of such a program or initiative take precedence over or modify the terms contained herein.

4. QUALITY ASSURANCE:
Seller shall qualify as an acceptable vendor in compliance with the requirements of the current revision of Buyer’s Supplier Quality Systems Requirements RA-4901-797 (SQSR) within a reasonable time after Seller accepts Buyer’s initial order for Products. Seller shall maintain its status as an acceptable vendor in compliance with the requirements of Buyer's SQSR manual. Seller shall adhere to the terms and requirements set forth in the latest version of the SQSR manual which may be accessed by Seller on the website established by Buyer for supplier related matters. Seller shall also supply initial samples and documentation per the Production Part Approval Process (PPAP) for Buyer’s approval prior to the commencement of production runs by Seller. If Seller does not supply reports as required, Buyer may either reject the samples or inspect and test the samples itself and invoice Seller for such work at the usual hourly rate actually calculated at €75,00 per hour. After its initial qualification, Seller shall maintain its status as an acceptable vendor under Buyer’s supplier quality systems requirements.

5. SERVICE AND REPLACEMENT PARTS:
5.1 If requested by Buyer, Seller will produce and sell to Buyer pursuant to the provisions of this order Products necessary for Buyer to fulfill its service and replacement parts requirements during series production at the prices set forth in this order. During the 15 year period starting at the end of series production, Seller will produce and sell to Buyer pursuant to the provisions of this order Products necessary for Buyer to fulfill its service
and replacement parts requirements. Unless otherwise agreed to by Buyer, the price(s) for Products during the first five (5) years of the above 15 year period will be those in effect at the end of series production. For the remainder of Seller’s supply obligation of service and replacement parts hereunder, the prices for Products will be as agreed to by the parties based upon good faith negotiations. Seller shall ensure that its sub-contractors also comply with this provision.

5.2 If Buyer or any of its related companies has a legal obligation to make the service and replacement parts available for a longer period, Buyer will so advise Seller and Seller will supply the service and replacement parts for this longer time period at prices agreed to by the parties based upon good faith negotiations.

6. PRICES, TERMS OF PAYMENT; TRANSFER OF TITLE:
6.1 Subject to sections 6.3 and 6.4 below, the prices shown in this order shall remain firm throughout the term of this order. The prices shown include all charges by Seller for packing, reusable containers, and transportation to the point of delivery. The prices shown also include all applicable federal, state, and local taxes except taxes which Seller is required by law to collect from Buyer. Seller shall show taxes which it is required by law to collect from Buyer separately on its invoices and shall not invoice any tax for which Buyer has furnished a valid exemption certificate.

6.2 Seller represents that its prices charged for Products under this order are at least as low as the prices charged by Seller to buyers of the same kind as Buyer under conditions substantially similar to those specified in and at the time of this order.

6.3 The foregoing notwithstanding, Seller understands and agrees that it will be required during the term of the order to achieve annual price reductions for the Products through commercial and productivity give backs, including value added and value engineering give backs. The specific price reduction amounts will be negotiated for each program to which this order applies.

6.4 Buyer may evaluate the prices of Seller at any time, in particular as to the effects of past, present or future cost reduction possibilities. If Buyer has reason to believe that a reduction of the prices for the Products may be appropriate, Buyer shall notify Seller accordingly setting out the reasons for the request for a price reduction; the parties shall enter into good faith discussions with a view to achieve joint amicable price reduction. Seller is obliged to reasonably take part in such discussions.

6.5 Buyer will pay the purchase price within 90 (ninety) days of delivery and receipt of proper invoice.

6.6 Property of the Products will pass to Buyer upon full payment of the purchase price. Any prolonged or extended retention of Seller’s title is excluded.
6.7 If Products are found nonconforming Buyer is entitled, without prejudice to its other rights under clause 3, to withhold payment of the invoiced amount in the proportion of the nonconforming Products.

7. SHIPPING AND DELIVERY:
7.1 Seller will comply with Buyer’s “ship to” and “bill to” instructions as shown in this order or in the applicable “Vendor Release and Shipping Schedule.” Seller will route its shipments in accordance with instructions of Buyer or its shipping agent. Title to and risk of loss of the Products shall pass to buyer upon delivery of the Products in accordance with the shipping terms specified by Buyer. Seller understands that Buyer establishes its manufacturing schedules in reliance on Seller’s timely performance of this order and that time is of the essence in Seller’s performance.

7.2 Seller must immediately notify Buyer in writing of any and all circumstances which arise or of which Seller becomes aware as a result of which the agreed delivery date cannot be met. Such notification does not release the Seller from its obligations of delivery on the scheduled shipping date according to Buyer’s “ship to” and “bill to” instructions.

7.3 In the event of delays in timely performance attributable to Seller or its agents, Seller shall be responsible for all costs and expenses resulting from such delays, including all costs and expenses imposed on Buyer by its customers, end users and end customers. Additionally, Seller shall also bear the costs and expenses of expedited freight, which may be required to mitigate such Seller delays.

7.4 Seller agrees to show the engineering revision level of the Products shipped on all shipping documents.

8. INSPECTION:
8.1 Buyer and/or Buyer’s customer shall have the right to review any designs, drawings or specifications prepared by Seller under this order and to inspect and test Products at Seller’s premises prior to delivery to Buyer. Buyer shall make such inspections and tests so as not to delay the work unduly. Buyer shall also have the right to inspect Products at Buyer’s plant within a reasonable time after delivery. Any review, inspection or test by Buyer under this section shall not relieve or excuse Seller from its obligations under this order.

8.2 In view of the quality management system adopted by Seller pursuant to Section 4 the Parties agree that in stead of Buyer inspecting incoming Products the Seller will examine the Products prior to delivery to Buyer. Thus the parties also agree that Buyer will inspect the Products on delivery only with regard to their identity, completeness, obvious transport damage or other externally noticeable damage, and that Buyer will notify Seller in writing of any possible wrong or poor delivery or any damage without delay. If Buyer detects any defects later on, it will notify the Seller thereof in writing as soon as such deficiencies have been discovered in the course of orderly business. The Seller waives its right to reject delayed notifications of deficiency.
9. CHANGES:
By giving written notice to Seller, Buyer may modify at any time the specifications, designs or drawings, samples or other description to which the Products are to conform, the methods of shipment and packaging Products, or the place of delivery. If such modification affects the cost of, or the time required for, the performance of any part of the work under this order, and if Seller makes a written claim for adjustment within thirty (30) days after receipt of the written notice of modifications, then Buyer shall make an equitable adjustment to the terms of this order within a reasonable time. Only modifications for which Buyer submits a written notice to Seller shall become part of this order.

10. CONFIDENTIAL INFORMATION:
10.1 If Buyer supplies drawings, data, designs, inventions, computer software or other technical information to Seller to facilitate the performance of this order, then such information shall remain Buyer’s property and Seller shall hold it in confidence and regard it as confidential information. Seller shall not reproduce, use or disclose such information to others for any purposes other than the performance of this order without Buyer’s prior written consent. Seller may use Buyer's confidential information only for the production and supply of Products to Buyer. Seller shall have no right to use Buyer's marks, trademarks, or trade names except as authorized in writing by Buyer. Such information shall be returned to Buyer upon completion by Seller of its obligations under this order, termination of this order according to clause 16, or upon demand, along with all copies Seller has made and all other documents in which such information has been incorporated.

10.2 Unless Buyer has entered into a separate written non-disclosure agreement with Seller, and such agreement is specifically incorporated by reference in this order, any information which Seller may disclose to Buyer with respect to the design, manufacture, sale or use of the Products covered by this order shall be deemed to have been disclosed as part of the consideration for this order, and Buyer shall be free to use such information.

11. BUYER’S PROPERTY:
11.1 All property used by Seller in connection with this order which Buyer owns and delivers to Seller, or pays Seller for, including, but not limited to, tools, dies, jigs, molds, patterns, fixtures and equipment and any replacement thereof, shall be and remain the property of Buyer. Buyer may remove or inspect such property at any time and Buyer shall have free access to Seller’s premises for such purposes during normal business hours. All property owned by Buyer shall be marked as Buyer’s property and used only for performing Buyer’s orders. Seller shall maintain and repair such property and return it to Buyer in its original condition, reasonable wear and tear excepted, at the request of the Buyer.

11.2 Seller hereby grants to Buyer an exclusive, irrevocable option to purchase at the then current book value any Seller owned tools, dies, jigs, molds, patterns, fixtures and equipment used by Seller exclusively to produce or manufacture Products. Buyer may
exercise its option to purchase under this Section 11 at any time during the term of the order or within three (3) months after expiration or any termination thereof.

12. INDEMNITY:
12.1 Seller will indemnify and hold Buyer, its principals, affiliates and subsidiaries, including their respective directors, officers, employees, agents and representatives, harmless from and against any and all liabilities, damages, losses, claims, demands, actions, costs or expenses (including actual fees for attorneys, experts and consultants, settlement costs and judgments), occasioned by, resulting from, or arising out of any claim, by whomever asserted and regardless of nature or kind, including without limitation, for personal injuries (including death) and damage to property, whether in tort or under contract, directly or indirectly, in whole or in part occasioned by, resulting from, or arising out of (a) any defect in the Products supplied by the Seller if Seller is at fault, which condition does not apply in the event of strict product liability; (b) any noncompliance or noncompliance by the Seller with any of its representations, warranties or obligations under an order; or (c) any negligence or fault of the Seller in connection with the design, production, or manufacture of the Products.

12.2.1 Seller also shall indemnify Buyer, its successors, assigns, agents, customers and users of the Products against loss, damage or liability, including costs and expenses, including attorneys’ fees, which may be incurred on account of any suit, claim, judgment or demand involving infringement or alleged infringement of any patent, copyright, industrial design, right or other intellectual property rights in the manufacture, use or disposition of the Products supplied under this order to the extent that the loss, damage or liability is caused by Seller. If the Products delivered under this order are produced to a specification or design other than one provided by Buyer, it shall be a condition of this indemnity that Buyer shall notify Seller of any suit, claim or demand against it and shall permit Seller to defend or settle such suit, claim, judgment or demand. Seller shall promptly notify Buyer of any suspected claims of which it becomes aware.

12.2.2 The indemnity set out in 12.2.1 is limited to a period of ten years starting at delivery of the infringing Product.

12.3 In addition to the foregoing, Buyer shall have any other remedies that may be available to it by law, contract or these terms.

13. RELEASE OF INFORMATION AND ADVERTISING:
Seller and Buyer agree that this order is confidential business information. Neither of them, without the prior written consent of the other, shall make any news release or public announcement of this order or advertise or publish the fact that Buyer has placed this order with Seller.

14. ASSIGNMENT:
Seller may assign this order or any of Seller’s rights or duties under this order, including any assignment by operation of law, or subcontract the performance of any of its duties under this order, only with Buyer’s prior written consent. The terms and conditions of this order shall bind any permitted successors or assigns of Seller.
15. FORCE MAJEURE:
Neither Seller nor Buyer shall be liable for damages for delay in or prevention of its performance of this order arising out of causes beyond its reasonable control including, but not limited to, acts of God or of the public enemy, acts of any Government in either its sovereign or contractual capacity, fires, floods, or freight embargoes but excluding strikes, lockouts or other labor disputes. It shall be a condition of excuse under this section that the party seeking excuse notifies the other party in writing within ten (10) days after the beginning of any cause which may excuse performance under this section. If all or any material portion of Seller’s performance under this order is excused under this section for a period exceeding ninety (90) days, Buyer shall have the right to terminate this order immediately upon written notice to Seller without further liability or obligation to Seller.

16. TERMINATION RIGHTS:
16.1.1 Each Party may terminate this order (or any part thereof) for cause upon written notice of termination to the defaulting party if (a) the defaulting Party fails to cure any material failure to perform, discharge or fulfill its obligations under this order to the reasonable satisfaction of the terminating Party within thirty (30) days after receipt of a written notice from the terminating Party that the terminating Party considers the other Party to be in material default under this order; (b) a Party, without the prior written consent of the other Party, assigns or transfers all or part of its rights and obligations under this order to another person, either voluntarily or by operation of law; or (c) if a Party due to a direct or indirect change of ownership of its shareholding comes under the dominating control of a competitor of the other Party.

16.1.2 Each Party may immediately terminate this order without liability to the other Party in any of the following events: (i) insolvency of the other Party, (ii) filing of a voluntary petition in bankruptcy by the other Party, or (iii) appointment of a receiver, administrator or trustee for the other Party.

16.2 Buyer may terminate this order (or any part thereof) at any time without cause upon written notice of termination to Seller. Upon receipt of such notice, Seller shall, unless the notice directs otherwise, immediately discontinue work under this order. Within thirty (30) days after receipt of the written notice of termination, Seller shall submit any claim for its expenses resulting from the termination and Buyer shall promptly make a reasonable settlement of the claim. Buyer shall only consider Seller's actually incurred direct out of pocket expenses directly attributable to Buyer's termination pursuant to this paragraph of this Section 16. Moreover, Seller shall not be entitled to seek recovery for its costs of tooling used for the manufacture of Products unless Buyer and Seller have entered in separate written agreement pursuant to which Buyer has agreed to be responsible for such costs.

16.3 In addition to the foregoing, Buyer may terminate this order (or any part thereof) for cause upon written notice to Seller if (a) Seller is unable, in the reasonable judgment of Buyer, to remain competitive in terms of price, technology, quality or other material terms of sale with other suppliers of such Products, and fails to re-establish its
competitive position to the reasonable satisfaction of Buyer within ninety (90) days after Buyer notifies Seller of such issue, specifying the manner in which such Products have become uncompetitive.

16.4 Upon termination of the order for whichever reason, Seller grants to Buyer a nonexclusive, worldwide right and license to use Seller's intellectual property rights to obtain from alternate sources products and services similar to the products and services for use in vehicles and or component parts covered by this order. There will be no fee for this license if (1) Buyer terminates this order for Seller's default, or (2) Seller terminates this order other than for Buyer's default. Otherwise, the parties will negotiate a reasonable fee for Seller's intellectual property rights.

17. HAZARDOUS MATERIALS & RESTRICTED SUBSTANCES:
17.1 Seller shall notify Buyer of all “hazardous materials” (as that term is defined in applicable federal, state and local laws) which are contained in the Products. Seller shall furnish Buyer with copies of all applicable “Material Safety Data Sheets” for Products no later than the initial shipment date under this order. Seller shall also comply with all laws, orders and regulations pertaining to the use, storage, transportation and disposal of restricted, toxic and hazardous materials.

17.2 For Products that are incorporated into Buyer’s customers’ products, Seller shall disclose restricted materials information to Buyer upon request. Such disclosure shall include, but is not limited to, Seller’s entry of parts information into the International Material Data System ("IMDS") and forwarding such information to Buyer (IMDS ID #2199). At a minimum, Seller shall disclose those materials listed on the IMDS International List of Reportable Substances.

18. RECALL CAMPAIGNS:
18.1 Seller shall indemnify and hold Buyer harmless against all loss, liability, damage cost or expense incurred by Buyer or its customers if Buyer or its customers recall, replace or refund any Products furnished hereunder or an end product employing any such Products as a part or component thereof.

18.2 This indemnity shall apply only if the recall, repair, replacement or refund (a) is required pursuant to applicable laws or regulations; or (b) is required pursuant to Buyer’s contractual obligations to its customers, end users or end customers referred to in this order, to the extent such recall is due to failure of Seller’s Products, which condition does not apply in the event of strict product liability.

18.3 If Seller’s Products are not the sole cause of such recall, repair, replacement or refund, then the costs, damages and expenses shall be attributed as is reasonable and equitable in accordance with the principle of contributory negligence.

18.4 Buyer shall use reasonable efforts to inform Seller promptly after Buyer learns of facts which may require a recall, or repair, replacement or refund pursuant to this section. Buyer shall have the right, without the consent of Seller, to report to any administrative
or regulatory body any information which Buyer obtains indicating that the Products furnished by Seller either fail to conform to any standard required by law, or constitute or create of themselves or within the end product of which they are a part or component a situation requiring recall or notice as defined by the applicable law.

18.5 Seller shall prepare, maintain and file with the appropriate agency those records and reports relating to the manufacture, sale, use and characteristics of the Products furnished to Buyer under this order which may be required by any federal, state or local law or regulation concerning the manufacture, sale or use of the Products or the end products of which the Products may be a part or component. Seller shall provide Buyer with copies of such records at Buyer’s request and shall give Buyer access to Seller’s records that allow Buyer to confirm Seller’s compliance with this section.

18.6 Seller shall comply with all Product Safety and Compliance Requirements contained in the SQSR manual, and on the Seller accessible website established by Buyer for supplier-related requirements and related matters.

19. INSURANCE
19.1 Seller shall at all times be committed to take out an insurance with appropriate coverage against all risks for product liability including the risk of recalls and, upon request by Buyer to submit the insurance policy to Buyer for inspection.

19.2 Seller shall also be liable for all Products or parts thereof delivered by him even if not produced by him. The Seller shall be liable for his representatives, especially for his sub-suppliers, to the same extent as he shall be liable through his own fault.

20. GOVERNING LAW:
This order shall be governed by the law of the country in which Buyer’s ordering entity is located but excluding the provisions of the United Nations Convention on Contracts for the International Sale of Goods. The competent courts for the location of Buyer’s ordering entity shall have exclusive jurisdiction.

21. EXPORT, TRADE CREDITS, OFFSET & COUNTER TRADE CREDITS:
To the extent permitted by applicable law, Seller shall assign to Buyer all such credits which arise from this order with the right to reassign such credits as determined by Buyer.

22. CUSTOMS DOCUMENTATION
22.1 Seller shall provide Buyer all necessary information and documentation of Seller relating to the Products supplied under this order and required to comply with applicable customs, product marking, country of origin, and other laws as well as any change thereof.

22.2 If required, Seller shall prove his declaration as to the origin of the Products by means of a written form confirmed by local customs authorities.
22.3 Seller shall hold Buyer harmless for any and all increased costs or customs duties or other penalties or damages incurred by Buyer as a result of deficient or erroneous documentation supplied by Seller for purposes of establishing the status of Products supplied under this order.

22.4 Buyer and its subsidiaries and affiliates shall be entitled to, and Seller hereby assigns to Buyer all duty and import drawback rights of Seller related to the Product. These rights include, without limitation, those rights developed by successorship and rights which may be acquired by Seller from its suppliers.

22.5 Seller agrees to inform Buyer of the existence of any such rights and upon request will supply such documents as may be required to obtain or assign such drawback rights.

23. GOVERNMENT CONTRACTS:
If this order is placed in support of a government contact, Seller will comply with all applicable government regulations.

24. SETOFF:
To the extent permitted by law, Buyer may at any time and without notice deduct or setoff any amounts due to or to become due to Seller and/or its affiliates/subsidiaries (related companies) from Buyer and/or its affiliates/subsidiaries against any claims that Buyer has or may have arising out of this or any other order, or transaction between Buyer and Seller.

25. REMEDIES:
The remedies in the terms contained herein are cumulative and in addition to any other or further remedies provided by law or in equity. Resort by Buyer to any remedy, as provided in the terms contained herein or otherwise, will not be deemed an election of remedies or a waiver of any breach or remedy.

26. ENTIRE AGREEMENT, ELECTRONIC TRANSMISSION:
26.1 This order, including all documents incorporated by reference, contains the entire agreement between Buyer and Seller with regard to the purchase and sale of the Products sold under this order. This order supersedes any prior agreements or discussions (whether written or oral) between Buyer and Seller about the subject matter of this order. No amendment or modification to this order (other than a written notice of change issued by Buyer under section 10) shall be valid unless made in writing and signed by a duly authorized representative of each of Buyer and Seller.

26.2 Seller and Buyer may use electronic means, including computer-based telecommunications systems, to transmit this order, Seller’s acknowledgment of this order, Buyer’s “Vendor Release and Shipping Schedule,” or other correspondence or information relating to the placing of this order or its performance. The terms and conditions contained in this order shall supersede any terms and conditions contained in any such electronic transmission.
27. SALVATORY CLAUSE:
In the event any provision of these Terms is found to be invalid, illegal or unenforceable, such provision shall be deemed to be modified or restricted to the extent necessary to make such provision valid, legal and enforceable. If such modification or restriction is not possible, the nullity of one or more of the present clauses will not affect the validity of the others or the validity of the contract.