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**Standard Terms and Conditions for Services and Exchanges (ver. 1.1 rev. A)**

The following Terms and Conditions apply to all Company Service Transactions and Company Exchange Transactions, and they take precedence over any other terms and conditions that may apply to the Service Transaction. These Terms and Conditions are automatically incorporated by reference into each Quote issued by Company, and each Repair Order accepted by the Company.

**I. Definitions.** For purposes of these Terms and Conditions, the following definitions apply.

- A. **"Accepted"** has the meaning described in section X of these Terms and Conditions.
- B. **"Article"** has the meaning found in 14 C.F.R. § 21.1(b)(2). In these Terms and Conditions, the term includes but is not limited to Exchange Cores, Exchange Articles, and Repair Parts.
- C. An **"Authorized Release Document"** means a document as described in 14 C.F.R. § 21.137(o) or 14 C.F.R. § 43.9(a), and includes corollary release documents issued under the legal authority of another national aviation authority that has entered into a bilateral aviation safety agreement with the United States.
- D. The term **"Authorized Repair Facility"** means an appropriately-rated facility, from the Company list of authorized repair facilities, that is designated by the Company.
- E. An Article is considered **"Beyond Economic Repair"** when the estimated cost to return the Article to overhauled condition, in Company's sole opinion, would exceed 70% of current OEM list price for the same Article. For an Article for which there is no current OEM list price, the Article is considered **"Beyond Economic Repair"** when the estimated cost to return the Article to overhauled condition, in Company's sole opinion, would exceed 70% of fair market value of an overhauled Article; in such an analysis, "fair market value" will be assessed at the reasonable discretion of Company.
- F. **"Company"** means Four Star Accessory Overhaul, Inc.
- G. A **"Company Exchange Transaction"** means a transaction in which the Company provides an Exchange Article to the Customer and the Customer is expected to provide to Company payment plus a Serviceable Core.
- H. A **"Company Service Transaction"** is any sales of services by the Company, including but not limited to sales of maintenance, repair or overhaul of one or more aircraft parts for a Customer, and includes a Quote and/or a non-consummated offer by Company to a Customer.
- I. **"Customer"** means a person that has sought to do business with Company by (1) purchasing a Service from Company, or (2) exchanging one or more Company Articles for appropriate Serviceable Cores, when Company has agreed to provide the named Goods to that person.
- J. **"Claim"** has the meaning described in section XII of these Terms and Conditions.
- K. **"Cover Goods"** are any articles offered (or provided) by Company to Customer that do not fully conform to the Customer's Purchase Order, but that are believed to reflect acceptable replacement articles. Cover Goods shall include articles with alternative part numbers, articles subject to different revision levels, articles with different software levels than specified, and articles that vary in any way from the description in the Purchase Order.
- L. **"Goods"** means parts, materials, tools, software, drawings, data, manuals or any items that are required to be delivered pursuant to, or in connection with, a Purchase Order.
- M. It shall be considered to be **"Impossible"** to complete a Service Transaction if the Repair Part is Beyond Economic Repair, or if the Repair Part is lost, stolen, or otherwise becomes unavailable. It shall be considered to

be “**Impossible**” to complete a Service Transaction if United States law forbids the unlicensed export or shipment of the Repair Part to the Customer, or if the Repair Part is seized by the United States government. It shall be considered to be “**Impossible**” to complete an Exchange Transaction if the Company cannot reasonably provide an Exchange Part.

- N. “**Inspection Period**” has the meaning described in section VIII of these Terms and Conditions.
- O. “**Purchase Order**” means the order issued by a Customer for the supply of Goods by Company to the Customer, which may be a written or electronic document. If accepted by Company through the use of a Sales Order, then an oral or unwritten request may also be a Purchase Order. Each Purchase Order is considered to be an offer, which may be rejected or accepted by the Company.
- P. “**Quote**” means a written record provided by Company to Customer that estimates the cost of Services that would be performed on a Repair Part.
- Q. “**Repair Order**” means the order issued by a Customer for the Service Transaction. At a minimum, the Repair Order must identify the Repair Part, and it must identify either the Services required or the intended Condition.
- R. The “**Repair Part**” is the part described in the Repair Order. There may be more than one Repair Part described in a Repair Order but in such a case each shall be a Repair Part.
- S. “**Service**” means the actions expected to be taken in order to cause the Repair Part to meet the intended condition, and may include alteration, inspection, maintenance, modification, overhaul, repair, testing, or any combination of these.
- T. A “**Transaction**” may be a Company Service Transaction or a Company Exchange Transaction, depending on the context.
- U. An “**Unserviceable Tag**” is a document indicating that the Article to which it is attached or with which it is associated is not currently in a condition permitting it to be installed (usually by using the term “unserviceable”). The document may be in the form of a tag that is hung on the Article. An unserviceable Article may be in need of an inspection to verify airworthiness, it may be in need of repair, or it may be **Beyond Economic Repair**; but the Unserviceable Tag typically does not predict whether the Article is capable of being returned to a known airworthy condition.

**II. Abbreviations.** For purposes of these Terms and Conditions:

- A. **AR** is a condition code that means As Removed, and includes Articles that have been installed but never operated (never acquired operating hours nor operating cycles).
- B. **EASA** means the European Aviation Safety Agency
- C. **FAA** means the United States Federal Aviation Administration
- D. **FOB** is a delivery term which means “free on board” and has the same meaning and connotation as the term has in section 2-319 of the Uniform Commercial Code.
- E. **NDA** means Non-Disclosure Agreement
- F. **NEW** is a condition code that means new and unused (never previously installed) and includes both factory new articles and new surplus articles.
- G. **RMA** means Return Merchandise Authorization

- H. **UNK** is a condition code that means Unknown, and refers to those Articles whose source, history or provenance may be unknown.

### **III. Scope of Terms and Conditions**

These Terms and Conditions apply to all Company Service Transactions and all Company Exchange Transaction. These Terms and Conditions are considered to be incorporated by reference into each Quote, Exchange Agreement, and Customer Repair Order document issued by Company. Unless they are specifically incorporated by reference in a writing signed by Company, these Terms and Conditions do not apply to any transaction that is not a Company Service Transaction or a Company Exchange Transaction. Any terms or conditions that are offered by the Customer and that are inconsistent with, or in addition to, these Terms and Conditions are automatically rejected.

### **IV. Communications Standards**

- A. Company communicates Company obligations through emails and through formal written documents on Company letterhead. No written communication shall be valid to bind Company to any obligation unless the communication is through email or through a formal written document. In particular, communications through short message service (SMS), text, Whatsapp, Wechat or other similar services are not permitted by Company and will not be bind company to any obligation.
- B. Obligations made orally or by phone shall only be binding on Company to the extent that they are confirmed in writing.

### **V. Acceptance of Repair Orders**

- A. Company may provide to a Customer a Repair Quote, which is an offer. If a Customer accepts the offer with a Repair Order, then Company shall form a contract on the same terms as the Quote (subject to the inclusion of these terms and conditions), and subject to the following additional conditions:
1. Quote expires thirty (30) days after the date of the Quote, and is then no longer a valid offer;
  2. Quote is subject to availability of any Articles needed to complete the quoted service, and if an Article listed in the Quote or anticipated by the terms of the quote is not available at the time of the Customer's Repair Order, then the Repair Order may be rejected by Company, in whole or in part;
  3. Company may correct pricing errors of a clerical, arithmetical, or typographical nature and these shall not be considered price changes.
- B. If Customer submits a Repair Order without a prior Company Repair Quote, then by submitting the Repair Order to Company, Customer is accepting that these Terms and Conditions apply to the Repair Order and supersede any conflicting terms and conditions. Any terms and/or conditions from the Customer Repair Order that conflict with these Terms and Conditions are explicitly rejected.
- C. A Repair Order is expected to indicate the intended Condition that the Customer desires to result from the Service to be performed. If no Condition is stated in the Repair Order then the default intended Condition shall be "overhauled."
- D. In the event the Service Transaction becomes Impossible, Company shall provide a certification to the Customer of the impossibility but shall have no obligation to return the Repair Part to Customer. If Company destroys the Repair Part, then Company shall provide Customer with a certificate of destruction. Company may also store and subsequently disposition the Repair Part in accordance with these Terms and Conditions.

### **VI. Price and Terms of Payment – Service Transactions**

The Terms and Condition in this section VI apply only to Service Transactions.

- A. Unless otherwise specified in a Quote, all payments, costs and fees in the Service Transaction shall be in US Dollars. Unless otherwise agreed in a writing signed by both parties, all payments shall be made by Customer to Company by remitting to:
- Bank of America N.A.  
222 Broadway  
New York, NY 10038  
SWIFT: BOFAUS3N  
Wire Routing/ABA: 026009593  
ACH Routing/ABA: 125000024  
Account: 106000374889
- B. Customer's failure to pay, or failure to pay on time, shall be considered a material breach for which Customer does not enjoy a right to cure, and if Company (in its sole discretion) permits an option to cure such deficiency then that does not limit any other right enjoyed by Company.
- C. Actual shipping costs associated with the Transaction shall be paid by the Customer to Company according to the credit terms agreed-upon between Company and Customer, as if the costs had been incurred as part of the original Transaction and shall be due when the first payment for the original Transaction is due and shall be paid with the original amount to be paid.
- D. Service Charges owed, based on method of payment, shall be paid with the original amount to be paid. If an owed Service Charge is not paid, then it will be considered to be delinquent and shall begin accruing interest at the rate shown in subsection G of this section, as of the time of the payment with which it was associated.
1. Customer shall pay a Service Charge, in addition to the total amount paid, of 2% for any payment made by Credit Card. Company accepts Visa, American Express, and MasterCard but this is subject to change at Company discretion, with or without Notice.
  2. Customer shall pay a Service Charge, in addition to the total amount paid, of \$15.00 for each payment made by wire transfer.
- E. Late payments will incur an interest charge at the rate shown in subsection G of this section, beginning on the date on which the payment was due and ending on the date on which payment was made.
- F. Quoted prices are valid for thirty (30) days.
- G. In order to be eligible for credit terms, Customer must apply for credit terms and Company must grant credit terms in writing. If Customer has been granted credit terms, then those credit terms will apply except where explicitly language in these Terms and Conditions provide other guidance. If the credit terms granted to Customer are silent on any of the following points, then these credit terms will serve as default standards that only apply when the credit terms are otherwise silent on these points:
- a. All balances must be paid net thirty (30) days;
  - b. All past due amounts shall bear interest at the lesser rate of (i) one and one-half percent (1 1/2%) per month, compounded monthly, or (ii) the maximum amount permitted by law;
  - c. Interest on past due amounts shall begin to accumulate on the due date and shall continue to accumulate until the outstanding balances are paid in full;
  - d. Customer agrees to pay any and all costs and fees associated with and/or incidental to collection of past due amounts including collection service fees and/or attorney's fees;
  - e. Customer shall not have a right to set-off amounts against any amount owed by Company to Customer;
  - f. Company reserves a purchase money security interest in each Article sold pursuant to the Transaction and proceeds thereof until payment in full is made for each Article provided in connection with the Transaction; and Customer agrees to execute any financing statement requested by Company for the purpose of perfecting a security interest in the Article(s).

- H. When the Services for a Repair Part are complete, Company shall provide an invoice to Customer that lists each Service Fee and each Additional Charge (collectively, the "Repair Charge"). In the event an Additional Charge or other charge is incurred after the invoice is provided, then Company shall provide a supplemental invoice to Customer and Customer shall pay that supplemental invoice promptly.
- I. Customer shall pay to Company the Repair Charge associated with the Service Transaction for the Repair Part. Unless otherwise arranged through a credit agreement, this must be paid before the part is released to Customer, and Company shall be entitled to retain custody, control and/or possession of the Repair Part until the Repair Charge is paid. If Company issued any supplemental invoices before the release of the part, then Company shall be entitled to retain custody, control and/or possession of the Repair Part until the supplemental invoice is paid.
- J. In the event the Repair Part is stored at Company's facility for longer than one week (measured from the earliest of (i) the day on which the approval for return to service for the Repair Part is signed, (ii) the day that the Customer is notified that the Article part is available for pick-up, or (iii) the day on which the Customer is otherwise notified that Company services on the Article are complete, or are not being rendered [hereinafter the "First Day of Storage"]), then Customer shall incur a Storage Fee of \$10 per Repair Part, per day or part thereof. The Storage Fees shall be incurred from the First Day of Storage. Storage Fees are Additional Charges.
- K. If the Repair Part (or any other Article) is stored at Company's facility for longer than eight weeks from the First Day of Storage, then Customer agrees that ownership of the Repair Part shall be transferred to Company, in exchange for a remission/refund of the Storage Fees incurred for that Repair Part. In such a case, Company shall provide to the Customer a written Notice that Company has exercised this right to transfer ownership with respect to the Repair Part. Customer agrees to complete any documentation deemed necessary by Company to confirm or verify this transfer of ownership.
- L. Customer may, at any time, choose to relinquish ownership of a Repair Part in Company's custody. This will transfer the Repair Part to Company's ownership. This shall be accomplished by notifying Company of this intent. Customer agrees to complete any documentation deemed necessary by Company to confirm or verify this transfer of ownership.
- M. If Customer has agreed to complete documentation deemed necessary by Company to confirm or verify any transfer of ownership of an Article, and if Customer has failed to complete such documentation within 30 days of a Company request, then the parties agree that (i) Company shall incur costs related to maintenance of the Article, management of the Article, and storage of the Article, as well as damage to Company's reputation, (ii) actual damages from such a Customer breach would be difficult to calculate and calculation may incur significant additional costs, and (iii) Customer shall be liable to Company for liquidated damages equal to the lesser of (a) the fair market value of the Article or (b) \$50,000, plus any fees and costs (including attorneys' fees) incurred in the collection of these liquidated damages.
- N. The Customer shall owe to Company an Inspection Fee of \$100 for each Repair Part that is inspected and found to be Beyond Economic Repair.

## **VII. Sale Price and Terms of Payment – Exchange Transactions**

The Terms and Condition in this section VII apply only to Exchange Transactions.

- A. An Exchange Transaction is initiated by Company when Company issues an Exchange Agreement to the Customer. This is an offer to Customer. Any communications prior to this offer are not part of the Contract formed by the Exchange Agreement and are rejected, unless explicitly made a written part of the Exchange Agreement offer that is issued by Company.

- B. The Exchange Agreement shall specify an Exchange Fee and a Core Charge. The Exchange Fee shall be due and payable upon the signing of this agreement, without regard to Company's extension to Customer of credit terms.
- C. The Company shall select either an "Flat Fee Exchange Option" or a "Cost Plus Exchange Option." The Exchange Agreement shall indicate what payments need to be made under each option.
- D. An Acceptable Core means an Article that meets the following conditions:
- a. The Article has the same part number as the one described in the Exchange Agreement;
  - b. The Article is in repairable condition;
  - c. The Article is not Beyond Economic Repair;
  - d. The Article was produced and previously maintained in compliance with any applicable FAA regulations;
  - e. The Article is accompanied by complete documentation, including but not limited to:
    - i. aircraft registration, time on/off, cycles, etc.,
    - ii. removal record that includes a squawk and is signed by a certified technician or corporate officer;
    - iii. documentation that (at a minimum) identifies the Article, identifies the condition of the Article, and certifies that the Article has not been installed on an accident-related or incident related aircraft or has been subsequently cleared through appropriate maintenance;
  - f. The Article has not been damaged by external events such as fire, crash, submersion in water, cannibalization, improper repair, or abnormal wear; and
  - g. The Authorized Repair Facility determines that the Article can be returned to an overhauled condition for a price that is not more than 90% of the Core Charge quoted to the Customer on the Exchange Agreement.

For the avoidance of doubt, if the estimated repair costs or actual repair costs exceed 90% of the Core Charge, or if the Authorized Repair Facility determines that the Article cannot be repaired, or if the Article cannot be returned to an overhauled condition by the Authorized Repair Facility for any other reason, then the Article is not an Acceptable Core.

- E. The Core that is provided to Company by Customer shall be shipped DDP (Incoterms 2020) to Company, unless Company provides other written instructions to Customer. This term overrides any other conflicting term in these Terms and Conditions, or in the related transactional documents. All packaging for the Core shall meet ATA Spec 300 requirements, in addition to any other applicable standards. Upon delivery at Company's facility (or other delivery location as directed in writing by Company), the Core shall become the property of Company. If the Core is Beyond Economic Repair, fails to meet terms specified in the Exchange Agreement, or otherwise fails to meet the Acceptable Core standards of subsection D of this section VII, then the Parties agree that (a) the Core shall be considered to be valueless as between the Parties, (2) the Core still becomes the property of Company, and (c) the transaction shall be treated as if an Acceptable Core was not provided according to the terms of the Exchange Agreement.
- F. In the event an Acceptable Core is not provided according to the terms of the Exchange Agreement, Customer shall owe to Company the Core Charge as listed on the Exchange Agreement.
- a. If the Core Charge line is not properly completed on the Exchange Agreement, then the Core Charge shall be equal to the fair market value of the Part Sold by SAS (as that article is listed on the Exchange Agreement) minus the Exchange Fee that was already paid. The fair market value of the Part Sold by SAS shall be assessed based on resources to be chosen at the discretion of Company.
  - b. If Company or an Authorized Repair Facility finds that the Article that is returned to Company is not an Acceptable Core (the "Finding") then at the time of the Finding, the Finding shall serve as a constructive notification from Customer to Company that Customer is not providing an Acceptable Core. Company shall promptly communicate the Finding to the Customer.
  - c. Notwithstanding any credit terms, Customer shall owe to Company the Core Charge on: (1) the Deadline, if Customer fails to provide an Acceptable Core by the Deadline stated in the Exchange Agreement (and if the Exchange Agreement fails to state a deadline then the Deadline shall be 30 days after the Exchange Agreement is signed) or (2) the date of the Customer notification, if Customer notifies Company that it shall

not provide an Acceptable Core, or (3) the date that the Finding is communicated by Company to Customer, through an invoice or through any other means.

### **VIII. Ownership and Security**

- A. Except as described in this Agreement, the Repair Part shall remain the property of Customer and Risk of Loss shall remain with the Customer.
- B. If title to the Repair Part passes from Customer to a third party while the Repair Part is subject to the Service Transaction, then Customer shall immediately notify Company.
- C. Until full payment is made for the Service Transaction, Company shall have a security interest in the Repair Part for Customer's unpaid debt. Upon Company's request, Customer shall complete and sign such additional documentation – including but not limited to financing statements - as may be requested by Company to document and/or perfect Company's security interest in the Goods. Company may file a financing statement with an appropriate filing agency for the perfection of a lien at Company's discretion.
- D. Until full payment is made for the Service Transaction, Company may retain possession, custody and control of the Repair Part, and Customer shall not interfere with this.
- E. It is the Customer's responsibility to know what they are sending to Company, for service. Articles may be excluded from the final assembly after service either (1) because they are replaced or (2) because they were not part of the configuration described by the applicable maintenance instructions (this can include additional articles added to an assembly) or (3) because they were outside of the work scope, or (4) for other reasonable reasons. The customer is responsible for describing the expected disposition of the Articles that are not part of the final assembly in the repair order. If the Customer fails to make this description, then (1) Customer agrees that it shall waive all right and title to those extra articles and (2) Company may dispose of the extra articles at its discretion, including scrapping such articles. Except as otherwise directed in the Repair Order, Company is not responsible for identifying, providing value, nor holding such extra articles after Customer submits the Repair Order to Company.
- F. In an Exchange Transaction, the Exchange Core shall become the property of Company as soon as Company determines that it is an Acceptable Core. The Exchange Part shall become the property of Customer when risk of loss passes from Company to Customer.

### **IX. Shipment and Delivery**

- A. When shipping an Article from Company to the Customer, risk of loss shall pass from Company to Customer, upon the earliest of these events: (1) the first tender of the Article to the carrier at the Company location, (2) the first tender of the Article to Customer's representative if the Article is picked up from Company's location by Customer's representative, (3) the first tender of the Article to the carrier at some other location from which the Article is shipped, or (4) Ex Works Company, if none of the first three conditions apply. When risk of loss passes it shall pass at the location at which the Goods exist at the time that risk of loss passes to the Customer. If the passage of risk of loss is ambiguous or unclear, then risk of loss shall be deemed to have been passed to Customer at the earliest time that it could have passed.
- B. Customer shall promptly reimburse Company for actual shipping costs associated with the Transaction.
- C. Unless otherwise agreed in writing, Company may ship Goods using any commercially reasonable method.
- D. Company shall ship to the address specified in the Repair Order; if no address is specified, or if the address is ambiguous, the Company shall ship to Customer at any reasonable address associated with Customer.

- E. Company shall ensure that each Article is packed and marked (including appropriate markings and labels for hazardous substances and/or materials) in accordance with industry standards and that such packages comply with applicable laws and carrier requirements. In the event special packaging or shipping mechanisms are necessary to meet legal requirements or Customer requirements, then Customer shall be responsible for so-informing Company in the Purchase Order. If Customer notifies Company that the Article is flammable, toxic, volatile or otherwise hazardous, then Company shall package the Article in accordance with manufacturer's instructions, local regulations and hazardous materials (dangerous goods) regulations, as applicable.
- F. Company is not liable for any delay in performance due to causes beyond Company's control including, but not limited to, embargoes, blockages, delays or refusals to grant export or import licenses or the suspension or revocation thereof, or any other acts or omissions of government, fires, floods, severe weather, or any other acts of God, quarantines, labor strikes, riots, insurrection, acts of criminals or terrorists, war, material, shortages or delays in delivery by third parties. In the event of such delay the delivery date shall be extended for a period of time that is reasonable (in Company's judgment) to account for such delay. Company is not liable for lost profits, loss of business or other incidental, consequential, indirect or punitive damages arising out of any delay. Customer agrees that, for any liability arising out of delay, Company is not liable or responsible for any amount of damage above the aggregate dollar amount paid by Customer for the purchase of the Article under that Sales Agreement.

#### **X. Inspection and Acceptance**

- A. Customer has an obligation to inspect Articles upon receipt. Customer may reject any or all of the Articles that do not conform to the requirements of the Company Warranty found in section XVII of these terms within ten days of Delivery of the Goods [the "**Inspection Period**"]. If Customer accepted the document associated with the Articles before the Articles were shipped, and if the delivered documentation remains substantially unchanged from the accepted documentation, then Customer may not reject (nor revoke acceptance of) the Articles on the basis of the documentation.
- B. Notwithstanding any other provision, Notice of Rejection shall be delivered to Company using the methods shown in section XIX.
- C. If an Article is rejected, the Customer shall contact Company before the end of the Inspection Period to request a Returned Merchandise Authorization (RMA) from Company. Failure to do so waives the rejection.
- D. Except for an Exchange Core, an article may not be returned to Company without Company's written permission, which is only issued through a Company RMA.
- E. If an Article is returned, then the Article shall be returned at the Customer's expense, and Customer shall promptly reimburse Company for any such expenses paid by Company. The packaging for the return shall meet ATA Spec 300 requirements, in addition to any other applicable standards.
- F. An Article is considered accepted by Customer if it is (i) affirmatively accepted by Customer in writing or (ii) installed in an aircraft or in a higher-level assembly (or subject to an installation attempt), or (iii) used in a manner inconsistent with ownership by any other person than Customer, or (iv) not rejected within the Inspection Period [**"Accepted"**].

#### **XI. Assignment and Subcontracting**

- A. Customer may not assign any of its rights or delegate any of its obligations under the Quote, Repair Order and/or Service Transaction (including those arising under associated documents) without Company's prior written consent. Company may, at its option, void any attempted assignment or delegation undertaken without Company's prior written consent.
- B. Customer may not subcontract any of its rights or obligations under the Quote, Repair Order nor the Service Transaction (including those arising under associated documents) without Company's prior written consent.

- C. To the extent allowed by applicable law, no person who is not a party to a Quote, Repair Order or Service Transaction shall be entitled to enforce or take the benefit of any of the terms of such a document (including those arising under associated documents) whether as a result of applicable legislation, custom or otherwise.

## **XII. Term and Termination**

- A. Each Service Transaction and each Exchange Transaction forms a separate contract and remains in effect with respect to that transaction until either the Transaction is terminated in accordance with this section, or the Articles are delivered and accepted by Customer as anticipated by the Transaction.
- B. Before the Article(s) are delivered and accepted by Customer, Company may terminate any previously accepted Transaction for those same Article(s), for any of the following reasons:
- If Company believes that the Transaction has become Impossible;
  - If Company believes that the transaction may violate applicable laws (including an inability to obtain in a timely manner licenses necessary to permit the transaction to be accomplished as intended).

Such termination shall be effective upon written Notice to Customer. Company shall have no further obligation in connection with any such-terminated Transaction.

- C. Any obligations or duties which, by their nature, extend beyond the conclusion or termination of the Transaction shall survive the conclusion or termination of the Transaction.

## **XIII. Confidential Information and Publicity**

- A. If Company and Customer have entered into a NDA which covers disclosure of confidential information under the Transaction, and if the term of the NDA expires before the expiration or completion of any Transaction, then the term of the NDA shall be automatically extended to match the term of the Transaction, with respect to all matters related to the Transaction.
- B. The Company and Customer shall treat the terms, conditions, and existence of each Transaction as Confidential Information belonging to Company.
- C. Customer shall obtain Company's written consent prior to any publication, presentation, public announcement, or press release concerning its relationship with Company.

## **XIV. Indemnification**

- A. As used in this section, these capitalized terms have these meanings:
- a "Claim" is any claim, demand, loss, damage, liability, cost, or expense (including professional fees and costs as incurred);
  - the "Affiliated Entities" of a Business are (i) each entity that directly or indirectly, through one or more intermediaries, owns more than 50% of the outstanding voting securities of the Business [parent organizations], (ii) each entity that directly or indirectly through one or more intermediaries, is Controlled by the Business [child organizations], and (iii) each entity that directly or indirectly through one or more intermediaries, is Controlled by the same entity as the Business [sister organizations];
  - "Controlled" means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, by contract interest, or otherwise.
- B. Customer shall defend, indemnify, and hold Company harmless from and against any and all Claims as incurred, arising out of or in connection with any (i) act or omission of Customer (including its Subcontractors) in the performance or fulfillment of the Transaction; (ii) any infringement of a third party's Intellectual Property Rights or

any other rights, (iii) any negligent or willful acts or omissions of Customer which results in personal injury (including death) or damage to tangible property, (iv) any failure or Claim associated with an Exchange Core provided to Company by Customer or Customer's agent, (v) installation or use by a third party of the Articles procured under the Transaction, or (vi) failure to perform as expected on the part of the Article(s) procured under the Transaction. For purposes of this paragraph only, the term "**Company**" also includes the employees, officers, directors, agents, of Company and of each of Company's Affiliated Entities.

- C. Company will provide the Customer with prompt written Notice of the Claim and permit Customer to control the defense, settlement, adjustment, or compromise of any Claim, subject to the terms of this section. Company may employ counsel at its own expense to assist it with respect to any Claim. Customer will have no authority to settle, adjust, or compromise any Claim on the Company's behalf, except where the settlement, adjustment, or compromise has been accepted, in writing, by Company.
- D. Nothing in this section shall limit any other remedy of the Company and Customer.

#### **XV. Liability**

- A. NOTWITHSTANDING ANYTHING ELSE IN THE PURCHASE ORDER OR OTHERWISE, COMPANY SHALL NOT BE LIABLE TO CUSTOMER WITH RESPECT TO THE SUBJECT MATTER OF THE TRANSACTION UNDER ANY CONTRACT, NEGLIGENCE, STRICT LIABILITY OR OTHER LEGAL OR EQUITABLE THEORY FOR ANY AMOUNTS IN EXCESS IN THE AMOUNT CUSTOMER PAID TO COMPANY UNDER THE TRANSACTION.
- B. IN NO EVENT SHALL COMPANY BE LIABLE TO CUSTOMER FOR ANY INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL DAMAGES OR LOSS OF PROFITS ARISING OUT OF, OR IN CONNECTION WITH, THE TRANSACTION, WHETHER OR NOT COMPANY WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGE.
- C. THE LIMITATIONS OF THIS LIABILITY SECTION WILL APPLY NOTWITHSTANDING ANY FAILURE OF ESSENTIAL PURPOSE OR ANY LIMITED REMEDY PROVIDED HEREIN.

XVI. **Insurance.** Company shall carry aviation liability insurance in sufficient amounts, in Company's sole discretion. No other insurance obligation shall be required of either party.

#### **XVII. Warranty, Breach and Remedies.**

- A. This warranty applies only to Articles identified by Company as "altered," "repaired," or "overhauled," in an Authorized Release Document issued by Company for maintenance or alteration. The condition will be found in the "status/work" block of the Authorized Release Document. All other articles sold or provided by Company are provided in as-is-where-is condition and bear no warranty.
- B. Company warrants that an Article subject to this warranty will meet the condition indicated in the accompanying documentation completed and provided by Company. This warranty shall be invalid (and Company may deny a warranty claim made) for an Article that has been subject to abuse, neglect, improper handling or use, installation or operation inconsistent with Company's expectations, damage, or invasion of seals.
- C. Except for article(s) subject to paragraph (E) of this section, Company will, at its sole option, repair, replace, or refund the purchase price of Articles found to violate the warranty during the warranty period.
- D. The warranty period begins upon the earlier of (1) when the Article is shipped by Company to the Customer, or (2) when the Article passes to the Customer's constructive or actual possession, or (3) when the Article is proffered by Company for delivery to the intended destination. Except where otherwise stated by Company, the warranty period ends upon the earlier of:
  - a. Six (6) months from the date the Article is first shipped to Customer if the "status/work" block shows the Article was not overhauled by Company; or

- b. One (1) year from the date the Article is first shipped to Customer if the “status/work” block shows the Article was overhauled by Company; or
  - c. Five hundred (500) hours of usage for Articles whose time is tracked by hours; or
  - d. Five hundred cycles of usage for Articles whose time is tracked by cycles.
- E. For life-limited parts, and for parts subject to consumption or degradation as a consequence of normal use, the exclusive remedy for a warranty claim will be the repair of the non-conforming unit (and no other remedy will apply).
- F. COMPANY AND CUSTOMER ACKNOWLEDGE THAT THIS WARRANTY ENTIRELY REPLACES ALL OTHER WARRANTIES, INCLUDING IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE OR MERCHANTABILITY, AND THAT NO SUCH IMPLIED WARRANTIES NOR OTHER WARRANTIES APPLY TO THIS TRANSACTION.**
- G. In the event that an Article breaches this warranty, and the breach was not discerned during the Inspection Period, Customer may make a warranty claim by notifying Company in writing of the breach, with a description of the reason for return, nature of the breach, and of all facts relevant to the claim of breach (“Warranty Claim”).
- H. If the Warranty Claim appears to be timely and facially valid, then Company will issue an RMA to Customer and Customer may return the Article to Company at Customer’s expense. Company shall then assess the Article based on the written Warranty Claim.
  - a. If the assessment shows that the Warranty Claim is valid, then Company shall provide the remedy or remedies described in this section.
  - b. If the assessment shows that the Warranty Claim is not valid, then Company may, in its sole discretion, (1) retain the Article as security for payment if Customer owes to Company or will owe to Company any debt, (2) destroy the Article, if authorized by Customer, (3) return the Article to Customer at Customer’s expense, or (4) recertify the Article, return the Article to the Customer, and invoice the Customer for each cost incurred in the recertification of that Article.

**XVIII. Documentation of Goods**

- A. For each Article provided to Company in a Transaction under this Agreement, if the Article has been installed on an accident-related aircraft or an incident-related aircraft then Customer shall notify Company of this fact in the Repair Order for that Article or the Exchange Agreement for that Exchange Core. If no such notification is provided, then Company may rely on this as a verification that the Article has not been installed on an accident-related aircraft or an incident-related aircraft.
- B. For each Article provided to Company in a Transaction under this Agreement, if the Article has been subject to unusual heat, stress or environmental conditions, then Customer shall notify Company of this fact in the Repair Order for that Article or the Exchange Agreement for that Exchange Core. If no such notification is provided, then Company may rely on this as a verification that the Article has not been subject to unusual heat, stress or environmental conditions.
- C. For each Article provided to Company in a Transaction under this Agreement, if the Article has seals, then Customer shall notify Company if the seals have been broken. If no such notification is provided, then Company may rely on this as a verification that the seals on the Article have not been broken.
- D. For each Article provided to Company in a Transaction under this Agreement, if any parts, components or subassemblies have been removed from the Article, then Customer shall notify Company of any part, component and subassembly that has been removed from the Article. If no such notification is provided, then Company may rely on this as a verification that no parts, components or subassemblies have been removed from the Article.

- E. For each Article provided to Company in a Transaction under this Agreement that is a Critical Part, Customer shall provide to Company the commercially-normal documentation that demonstrates the current life status of the Article, as well as any commercially-normal documentation demonstrating the back-to-birth traceability for the Article.
- F. For each Article provided to Company in a Transaction under this Agreement that normally has a logbook, Customer shall provide to Company the logbook for the Article. If no such logbook is provided, then Company may rely on this as a verification that no logbook exists for the Article.
- G. For each Article provided to Company in a Transaction under this Agreement that has been removed from an aircraft and for which a removal tag was issued, Customer shall provide to Company the removal tag for the Article. If no such removal tag is provided, then Company may rely on this as a verification that no removal tag was issued for the Article.
- H. If Company discovers that any Article documentation or verification that is subject to this section XVIII is false, inaccurate or misleading then this shall represent a material breach of this agreement by Customer, and Customer shall owe to Company as anticipated compensatory damages such sums as may have been expended by Company to ensure compliance and to protect Company, the aviation industry, and the flying public from harm (which sums shall be expended at the sole discretion of Company, and shall include also include all costs and expenses incurred, including attorneys' fees).
- I. When the Article meets the intended Condition, and upon its return to Customer, Company shall provide an approval for return to service that is completed in accordance with 14 C.F.R. Part 43 (such as an 8130-3 tag or other acceptable documentation). This subsection does not apply to any Article that is returned after a Finding that it is Beyond Economic Repair.
- J. If Company returns an Article that does not meet the documentation requirements of this section, then Customer must give Notice to Company of this failure and such Notice must reach Company within ten days of Delivery of the Article. Upon such Notice, at Company's discretion, Company may (1) cure the issue by providing acceptable documentation within ten days of receipt of such Notice, or (2) reject the issue (e.g. if Company feels the provided documentation met the requirement). An effort to cure is not an admission that the earlier documentation was inadequate. This clause shall be Customer's sole remedy for Customer's documentation-related Claims.

**XIX. Notice**

- A. Where Notice is required, Notice shall be delivered in writing and may be delivered using hand delivery, email, postal mail, facsimile transmission, or overnight delivery service.
- B. Notice to Company shall be delivered to the Company postal address, Company email address, or Company facsimile number shown in the letterhead of the Quote.
- C. Notice to Customer may also be delivered to the same address as the Repair Order, using the same mode of delivery as the Repair Order. Where multiple copies of a Repair Order have been sent (such as where an emailed copy and a postal-mailed copy are both transmitted), Notice to Customer may be sent using any one of the modes by which the Purchase Order was sent. Notice to Customer may also be delivered to the Customer's physical office by postal service, personal service or overnight service.

**XX. Timing.** Failure by a Customer to meet a deadline specified in any Transaction document or other agreement with Company will be considered a material breach of these Terms and Conditions.

**XXI. Compliance With All Laws.**

- A. Customer guarantees that its actions and omissions are in full compliance with all relevant laws, regulations, and government policies, including but not limited to those related to airworthiness and export. Customer agrees to defend, hold harmless, and indemnify Company from any Claims that are caused by or attributed to non-compliance

with this guarantee. Customer agrees to promptly reimburse Company for any fees, expenses, fines, penalties or other costs (including attorneys' fees, reasonably foreseeable consequential and incidental damages, and the reasonable economic effect of any injunctive relief) that are caused by or attributed to non-compliance with this guarantee.

- B. Customer understands that Articles purchased from Company may be subject to export controls under the laws of the United States, including but not limited to: (i) U.S. exports regulations governing the export, transfer, or re-export of U.S. manufactured products, and products containing U.S. components, software, or technology as set forth in the U.S. Export Administration Regulations (EAR), 15 C.F.R. §§ 772 et seq.; (ii) U.S. export regulations and laws restricting U.S. companies and their foreign affiliates and subsidiaries from doing business with certain embargoed countries and entities as set forth in the U.S. Foreign Asset Control Regulations (FACR), 31 C.F.R. §§500 et seq.; and (iii) the International Traffic in Arms Regulations, 22 C.F.R. §§ 120 et seq. Customer agrees, warrants and represents that it will not export or re-export any Article purchased from Company in violation of the export laws of the United States. Customer shall provide any and all import and export documents as requested by Company in order to comply with the requirements herein. Should Customer fail to provide such documents, Company shall be entitled cancel the order.
- C. If a license is required to return a Repair Part to Customer, then Company shall make best efforts to obtain such a license. Any legal fees incurred in seeking such a license shall be considered Additional Charges.
- D. If the Customer is subject to any US Treasury Department restriction, designation or sanction, then credit terms Company can offer shall be limited according to this paragraph, and this limitation shall apply notwithstanding any other conflicting language, except that more restrictive terms shall take precedence over these terms. A Customer subject to this paragraph shall be required on to pay on a net-5 payment term, and that Customer grants to Company a purchase money security interest in the Articles that Customer has purchased from Company.
- E. If the Transaction is a routed transaction as described under U.S. export regulations, then the Customer shall (a) authorize a U.S. agent (not Company) to prepare and file the EEI, (b) expressly assume responsibility for determining licensing requirements and obtaining license authority, and (c) identify its U.S. agent (and not Company) as the exporter for all government representations. At Company's request, Customer shall promptly execute a writing that expressly assumes the responsibilities of this paragraph.
- F. If Transaction Goods are seized by any government, or if any government agency notifies Company (directly or indirectly) that Company may not do business with Customer or Customer's transaction partners, then Company may cancel any part of each Transaction for that Customer and Company may charge to Customer a fee equal to 100% of the expected revenues from the cancelled transactions. This charge may be deducted from any prepayment or deposit already provided by Customer to Company. Goods seized, detained or otherwise impeded by government action are the responsibility of the Customer, and Customer shall remain liable for payment for such Goods.
- G. if the US Govt tells us you are a bad actor or if they seize the goods being sent to you then your account is frozen immediately with no further shipments. Customer shall indemnify, defend and hold harmless Company for all fees, fines, penalties, attorneys' fees, or any other costs incurred because of or in relation to an act, error or omission by Customer or Customer's agent.

XXII. **Jurisdiction.** All agreements made by Company are made in Washington and shall be interpreted under the laws of Washington, not including the state's conflict-of-laws provisions. Both parties agree that any suit brought in relation to this agreement, or to enforce any clause of this agreement, shall be brought in a trial court in King County, Washington. Both parties agree to be subject to the personal jurisdiction and venue of that court.

XXIII. **Costs and Attorneys' Fees.** In the event that Company needs to hire an agent or attorney or make use of an arbitrator, mediator, court system or other legal mechanism in order to secure a right owed to Company or otherwise

enforce a right enjoyed by Company under any agreement subject to these terms and conditions, Customer shall be liable to Company for all costs and fees (including attorneys' fees) associated directly or indirectly with this process.

- XXIV. **Additional Company Liability Limits.** Notwithstanding any other provision of these Terms and Conditions or any agreement or document to the contrary, the following terms shall always apply to Transactions:
- A. Company will not be liable for any penalty fees nor delivery delay fees.
  - B. Company will not be liable for penalties nor damages when its performance is delayed or prevented by strike, fire, riot, war, rebellion, insurrection, acts of God, failure or delay in transportation by third parties, governmental regulations, or other causes beyond its control, including any occurrence that would be described as a force majeure. In the event of such a delay, performance shall be tolled until performance can reasonably be accomplished, unless performance becomes impossible or impracticable for Company in which case the portion of the Company Service Transaction that is impossible or impracticable shall be cancelled with no further liability.
- XXV. **Severability:** If any term, clause or provision contained herein is declared or held invalid or enforceable by any court of competent jurisdiction, such declaration shall not affect the validity or enforceability of any of the term, clause or provision hereof.