

## REPAIR TERMS AND CONDITIONS

March 1, 2023

**Terms and Conditions:** This Terms and Conditions agreement ("Agreement") accompanies and governs any Quotation and/or Repair Order. ("Quotation/Work Order") between Aircraft Component Repair, Inc. ("ACR") and Customer, as identified in the Quotation/Repair Order. The customer is deemed to accept these terms and conditions by a written or electronic acknowledgment of accompanying Quotation/Repair Order or by commencement of work as contemplated by this Agreement. Acceptance hereof by Customer supersedes, nullifies, and voids any other terms, conditions, representations, understandings, in oral or written form with respect to the Quotation/Repair Orders referencing this Agreement.

**Authority to Execute:** The person signing/accepting this Agreement ("Customer") has actual authority, as owner of the aircraft part or component, or authorized agent for the owner of the aircraft part or component, to authorize ACR to undertake and perform all repair services requested, contemplated, or deemed necessary, as determined by the work proposal attached hereto. When applicable, all references to customer noted in this contract include the owner of the aircraft, part, or component.

**Scope of Repairs:** Standard Repair services include, but are not limited to, the furnishing of labor, parts, materials, components, appliances, and supplies for the purpose of repairing, restoring, replacing, or upgrading the aircraft part or component and any items located thereon or attached thereto. ACR has inspected the part(s) noted in the above referenced Purchase Order (PO) or Repair Order (RO), and the discrepancy(ies) found are shown in the following quote table which includes our repair scope, per unit cost per repair in U.S. dollars, and our projected turnaround time initiating upon the date of Quote Approval. Repair services do not include freight charges, fuel or flight costs, and any applicable government taxes or articles which are subjected to alteration, modification, accident, misuse, neglect, erosion, or environmental hazard resulting in deterioration of the article's performance efficiency or negligence prior to delivery which may also become due and payable. Repairs quoted as "Firm Fixed Price" (FFP) are subject to exceptions such as physical damage, service bulletins, catastrophic failure, and major part replacement in which case the subject unit would be quoted for approval of additional charges prior to proceeding. Please review this quote and email the "OK to Proceed" at your earliest convenience so that we may initiate the necessary repair(s) to the part(s). The quote provided to the Customer shall expire automatically thirty (30 days) after the date the quote was originally provided. It is the responsibility of the end user to obtain all necessary National Aviation Authority Approvals for the repairs noted above, and to ensure the part(s) is installed in the associated commercial next higher assembly in the appropriate platform for which it is intended unless otherwise specified on the PO or RO. If the part(s) are returned for an advance exchange or just for an exchange, an exchange quote will be provided. For an advance exchange, if ACR does not receive the core, a core charge will be assessed for the replacement value of the core with the addition of the exchange price. If the returned core is damaged beyond repair, or does not meet ACR's Exchange Criteria, a replacement quote will be provided. The customer assumes all responsibility for proper installation into the next higher assembly or installation in the appropriate platform. ACR assumes no responsibility for improper installation or damage caused by improper maintenance of the next higher assembly. The Customer will be required to provide ACR such information as date of installation, hours in service as reflected in aircraft logbook, nature of defect and any other information to allow ACR the opportunity to meet any warranty requirements. ACR reserves the right to update (or amend) the repair scope during the repair process as

we deem fit to restore the part to its original design specification as long as the original contract pricing to which both parties agreed does not change. ACR shall not be liable for any loss, damage or penalty as a result of any delay in or failure to repair, deliver or otherwise perform hereunder due to any cause beyond ACR's reasonable control, including, without limitation, act of Customer, embargo or other governmental act, regulation or request affecting the conduct of ACR's business, fire, explosion, accident, theft, vandalism, riots, insurrection or sabotage, floods, labor difficulties, lightning, windstorm, or other catastrophes or acts of God, unusually severe weather, accidents, epidemics or quarantine restrictions, acts of local, state or national governments, or public agencies, labor disputes or shortages, energy or material shortages, utility or communication failures or delays, threats or acts of terrorism, delays of ACR, or causes beyond the reasonable control and without the fault or negligence of ACR.

**Right of Possession:** ACR is entitled to payment for all repair services performed on any aircraft part or component. Until such time as the total amounts owed have been paid, ACR has a right to maintain possession of the aircraft part or component and all original logbooks or documentation associated therewith. Upon full payment for all repair services performed on the aircraft part or component, ACR shall release the aircraft part or component and its accompanying original logbooks or documentation to the customer or any other person so designated, in writing, by the owner of the aircraft part or component. For purposes of this section, the owner of the aircraft part or component is to be determined by reference to be the Customer. Unless otherwise agreed upon in writing, payment for repair services is due and payable upon demand. Payment terms are 1%, 10 or net 30, unless previously negotiated and approved by both the customer and ACR or are prepayment or COD as determined by the fiduciary relationship between ACR and the customer. All customer accounts must be in good standing with no overdue accounts receivable or ACR will hold the part until the customer's account is brought current. If payment in good funds is not tendered to ACR within sixty (60) days from the time that fees for repair services become due and payable, ACR is entitled to file and record a mechanic's lien for payments due and/or any security interest under the UCC, which may be enforced in accordance with applicable California Statutes. This contract is in no way intended to waive the application of California's lien statutes. ACR is not liable for any damage caused by the delay in returning the aircraft part or component to service when the delay is due to failure to make full payment when due. Payment of all non-disputed invoices shall be made in full within thirty (30) days of the invoice date, and a finance charge of 1.5% per month shall be applied to all past due accounts commencing from the date on which the invoice amount becomes due.

**Lien Enforcement:** If, prior to the time that full payment for repair services has been made, ACR elects, in its sole and exclusive discretion, to release possession of the aircraft part or component, the parties mutually agree that this release of possession constitutes a good and valuable benefit in favor of the customer. For consideration of this benefit, the parties mutually agree that the customer knowingly and intentionally waives any right to contest the validity of any mechanic's lien recorded pursuant to California law due to ACR's failure to have actual possession of the aircraft parts or components at the time the mechanic's lien is recorded.

**Fees for Storage:** In the event that ACR is required to maintain possession of the aircraft part or component due to non- disposition within 90 days of quote and/or nonpayment of services, ACR is entitled to collect a fee for storage equal to that amount ACR customarily charges (three times the repair quote) for storage of an aircraft part or component of like type, commencing upon default of the demand for amounts due and owing. ACR shall thereafter be entitled to maintain and enforce a lien for hangar rent or storage in accordance with applicable California Statutes.

**Scrapping:** If the Customer requests that the ACR scrap a part in-house, the ACR reserves the right to salvage any serviceable and repairable piece parts.

**No Bailment:** No bailment is created by ACR's possession of the aircraft part or component. The customer bears the risk of loss of the aircraft part or component due to unforeseen hazards or events. ACR shall not be liable for any failure to perform repair services due to causes beyond its control, including but not limited to strikes, lockouts or other labor difficulties, machinery breakdowns, inability to obtain transportation, delays of carriers or ACRs, fires, floods, acts of God, acts of terrorism, war, or other outbreaks of hostilities, and any foreign or domestic embargoes. Under no circumstances shall either party be liable to the other party for indirect, consequential, special, or exemplary damages, whether in contract or tort (including strict liability and negligence) such as, but not limited to, loss of use or diminution in value.

**No Waiver:** The failure of ACR to immediately enforce any provision, right, or remedy of this contract does not waive the right of ACR to enforce the provision, right, or remedy at some later time, nor does it preclude the right of ACR to enforce any other provision, right, or remedy of this contract. The failure of ACR to immediately collect payments when due is not a waiver of any amounts due and owing, and the acceptance of partial payments does not mean that ACR has waived the right to collect the full amounts due and owing.

**Contract Construction:** In interpreting this contract, the parties agree that it should be interpreted as if neither party had drafted it for its own benefit, such that there is no presumed bias in favor of, or against, either party.

**Severability:** If a court of competent jurisdiction determines that any section of this Agreement is not enforceable, or otherwise void or illegal, the remainder of the Agreement shall remain in full force and effect, and the parties remain bound by its provisions.

**Dispute Resolution:** This Agreement is to be construed in accordance with the laws of the State of California, without regard to the principles of conflict of laws. Any disputes arising under this Agreement, including claims regarding actions leading to the execution of this Agreement or for any repair services performed hereunder, shall be resolved under the jurisdiction of the state and federal courts in Los Angeles, California.

**Attorney's Fees:** In the event of litigation, arbitration or any other action or proceeding between the parties to interpret or enforce this Agreement or any part thereof or otherwise arising out of or relating to this Agreement, the prevailing party shall be entitled to recover its costs related to any such action or proceeding and its reasonable attorney's fees and costs incurred by such party in connection with any such action or proceeding, including all pre-trial, trial, and appellate levels.

Please feel free to contact ACR Customer Service if you have any questions or comments and thank you for your continued support of ACR.