

## TERMS AND CONDITIONS – REPAIR and SERVICING ORDERS

**Terms and conditions:** This terms and conditions agreement ("Agreement") accompanies and governs any Quotation and/or Work Order ("Quotation/Work Order") between Aircraft Repair and Overhaul Service Inc., including all of its subsidiaries and affiliates, ("ARO Service") and Customer, as identified in the Quotation/Work Order. Customer is deemed to accept these terms and conditions by a written or electronic acknowledgment of accompanying Quotation/Work 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/Work Orders referencing this Agreement.

**Authority to Execute:** The person signing 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 ARO Service 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. 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, service bulletins, catastrophic failure, major part replacement and/or missing detail parts, in which case the subject unit would be quoted for approval of additional charges prior to proceeding. The Customer shall provide ARO Service such information as date of installation, hours in service as reflected in aircraft logbook, nature of defect and other information applicable to the repairable unit. ARO Service 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 ARO Service's reasonable control, including, without limitation, act of Customer, embargo or other governmental act, regulation or request affecting the conduct of ARO Service's business, fire, explosion, accident, theft, vandalism, riots, insurrection or sabotage, floods, labor difficulties, lightning, windstorm, or other catastrophes or acts of nature, 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 a supplier of ARO Service, or causes beyond the reasonable control and without the fault or negligence of ARO Service.

**Right of Possession:** ARO Service 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, ARO Service 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

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performed on the aircraft part or component, ARO Service 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 be the Customer. Unless otherwise agreed upon in writing, payment for repair services are due and payable upon demand. If payment in good funds is not tendered to ARO Service within sixty (60) days from the time that fees for repair services become due and payable, ARO Service 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. ARO Service is not liable for any damages caused by 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 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, ARO Service 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 ARO Service'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 ARO Service is required to maintain possession of the aircraft part or component due to Customer non-disposition within 90 days of quote and/or non-payment of services, ARO Service is entitled to collect a monthly fee for storage equal to 5% of the servicing amount quoted or amount of invoice. Storage fees shall commence upon default of the demand for amounts due or quoted. ARO Service 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 ARO Service scrap a part in-house, ARO Service reserves the right to salvage and retain ownership of any detail or piece parts.

**No Bailment:** No bailment is created by ARO Service'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. ARO Service 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 suppliers, fires, floods, acts of nature, 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.

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**No Waiver:** The failure of ARO Service to immediately enforce any provision, right, or remedy of this contract does not waive the right of ARO Service to enforce the provision, right, or remedy at some later time, nor does it preclude the right of ARO Service to enforce any other provision, right, or remedy of this contract. The failure of ARO Service 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 ARO Service 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 Orange County, California. ARO Service also reserves the right, at its sole discretion, to bring any action in the jurisdiction and courts of the state where the repair services were performed.

**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.