

**PROFESSIONAL AVIATION ASSOCIATES, INC.
TERMS AND CONDITIONS OF SALE**

1. **ACCEPTANCE.** Buyer's purchase order is accepted subject to the following terms and conditions and no others unless the same have been consented to in writing by PROFESSIONAL AVIATION ASSOCIATES (PAA). The placing of this order by Buyer and subsequent acceptance by PAA shall be conclusive evidence of the Buyer's approval of, and consent to the terms and conditions herein contained.
2. **MINIMUM PURCHASE AMOUNT.** The minimum accepted amount for a sales order is \$50.00
3. **PRICE AND PAYMENT.** All prices are EX WORKS (EXW) from PAA's facility, and unless otherwise stated, do not include cartage, insurance, taxes, imposts, or other similar charges. All payments shall be made in accordance with the terms set forth on the face of the quote or invoice to which these terms are attached. In the event invoices are not paid by the Buyer as set forth herein, PAA reserves the right to impose, and Buyer agrees to pay, a late fee equal to the lesser of (1) point zero five percent (.05%) per day, or (2) the maximum rate allowable by law, which late fee shall be added to the amount due and owing to PAA. If PAA determines in its sole judgment that Buyer's credit worthiness is adversely changing, then PAA, upon three (3) days prior written notice to Buyer, shall have the right to request a change in payment terms. If Buyer and PAA cannot reach agreement on new payment terms within ten (10) days thereafter, then PAA shall have the option of ceasing all work in process and terminating any sale immediately. Buyer agrees to pay all reasonable attorneys' fees, costs and related expenses incurred by PAA in the enforcement of this Agreement, including, without limitation, the collection of any and all amounts to be paid by Buyer hereunder.
4. **PERFORMANCE/DELIVERIES.** PAA shall not be liable for delays in delivery, performance, or failure to perform, manufacture, or deliver due to causes beyond its reasonable control; or acts of God, acts of the Buyer, acts of civil or military authority, Governmental priorities, fires, strikes, floods, epidemics, war riot, delays in transportation or shortages; or inability due to causes beyond reasonable control to obtain necessary labor, materials, utilities, components, or manufacturing facilities. In the event of any such delay, the date of performance/delivery shall be extended for a period of time as may be reasonably necessary to compensate for any such delay.
5. **WARRANTY.**
 - (a) PAA warrants that the articles delivered hereunder conform to final specifications, drawings, and other descriptions agreed in writing to be applicable. These warranties shall run to the Buyer, its successors, assigns and customers, to the extent permitted by law.
 - (b) The responsibility of PAA hereunder and the sole and exclusive remedy of Buyer, its successors, assigns or customers for a breach of any warranty hereunder, is limited to correction or replacement by PAA at its facility without charge of any article or part which has been returned to PAA and which is not in accordance with this warranty; provided, however, (1) PAA must be notified in writing of the defect or nonconformity within the warranty period and the effected article or part returned to PAA within ten (10) days after discovery of such defect or nonconformity; (2) if PAA is unable to repair or replace a defective or non-conforming article or part within a reasonable time after receipt thereof, Buyer shall be credited for its value at the original purchase price; and (3) PAA shall not be responsible for any cost or expense related to the removal, reinstallation or transportation of such part or article.
 - (c) PAA shall have the sole right to determine whether returned articles or parts shall be repaired or replaced.
 - (d) PAA's responsibility, unless stated differently, under these warranties shall expire six (6) months after the Date of purchase or two-hundred and fifty hours (250) flight hours from the date of installation, whichever occurs first. Warranties shall apply for components in serviceable or better condition. Any deviation from this standard warranty policy must have prior approval from PAA.
 - (e) Unless otherwise agreed, and except as may be necessary to comply with these warranties, PAA reserves the right to make changes in its products without any obligation to incorporate such changes in any product manufactured, overhauled, or repaired prior to such change being implemented.
 - (f) Buyer agrees to assume round-trip transportation costs for defective or non-conforming articles to and from PAA's facility.
 - (g) These warranties will not apply if the articles or any part thereof have been subjected to (1) any maintenance, overhaul, installation, storage, operation, or use, handling or environment which is improper or not in accordance with PAA's or the manufacturer's instructions; (2) any alteration, modification, or repair by anyone other than PAA or its authorized representative; or (3) any accident, misuse, neglect, or negligence after delivery by PAA. The warranty shall not apply to any article to the extent that the defect or nonconformity is attributable to any part not supplied by or approved by PAA.
 - (h) PAA's obligations under these warranties are conditioned on Buyer's obligation to maintain records which will accurately reflect maintenance performed on Buyer's equipment and establish the nature of any unsatisfactory condition of Buyer's equipment. PAA, at its request, shall be given access to such records for sustaining warranty claims
 - (i) No warranty is given with respect to articles or parts not manufactured, overhauled or repaired by PAA.
 - (j) THE PARTIES HEREBY EXPRESSLY ACKNOWLEDGE AND AGREE THAT ALL OTHER WARRANTIES, WHETHER EXPRESS, IMPLIED OR STATUTORY, ARE HEREBY EXCLUDED AND DISCLAIMED, AND PAA HEREBY DISCLAIMS AND BUYER HEREBY WAIVES, RELEASES AND RENOUNCES, ANY AND ALL OBLIGATIONS AND LIABILITIES OF PAA AND RIGHTS, CLAIMS AND REMEDIES OF BUYER AGAINST PAA, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE, WITH RESPECT TO ANY FAULT OR DEFECT IN SUCH PARTS OR ANY OTHER THING DELIVERED UNDER THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO (A) ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS, (B) ANY IMPLIED WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE, AND (C) ANY OBLIGATION, LIABILITY, RIGHT, CLAIM OR REMEDY IN TORT WHETHER OR NOT ARISING FROM PAA'S NEGLIGENCE, ACTUAL OR IMPUTED.
 - (k) UNDER NO CIRCUMSTANCES SHALL PAA BE LIABLE TO BUYER FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR EXEMPLARY DAMAGES, WHETHER IN CONTRACT OR TORT (INCLUDING STRICT LIABILITY AND NEGLIGENCE), SUCH AS, BUT NOT LIMITED TO, LOSS OF REVENUE OR ANTICIPATED PROFITS.
 - (l) No agreement extending this warranty shall be binding upon PAA unless in writing and signed by PAA's duly authorized officer or representative.
 - (m) The above warranty is the only warranty given unless other warranties are attached and hereby made a part hereof.

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6. **LIMITATION OF LIABILITY.** The parties expressly agree that PAA's liability arising from any claim of any kind, including without limitation negligence, for any loss or damage arising out of, connected with, or resulting from this order, or from the performance or breach thereof, or from the manufacture, sale, delivery, resale, repair or use of any article covered by or furnished under this order shall in no case exceed the price paid by Buyer to PAA for the article or part which gives rise to such claim. UNDER NO CIRCUMSTANCES SHALL PAA BE LIABLE TO BUYER FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR EXEMPLARY DAMAGES, WHETHER IN CONTRACT OR TORT (INCLUDING STRICT LIABILITY AND NEGLIGENCE), SUCH AS, BUT NOT LIMITED TO, LOSS OF REVENUE OR ANTICIPATED PROFITS. Buyer shall defend, indemnify and hold harmless PAA together with its directors, officers, employees, assignees, agents and shareholders (hereinafter collectively called the "Indemnified Parties"), from and against all claims, demands, suits, obligations, liabilities, damages, losses and judgments (including, but not limited to, costs and expenses related thereto, reasonable attorney's fees and expenses, any obligation or liability for loss of use or any other incidental or consequential damages, and any liability, obligation or claim in tort)(hereinafter collectively called "Claims"), which may be asserted against, suffered by, charged to or recoverable from the Indemnified Parties by reason of (i) injury or death of any person, including employees of Buyer and any operator of any aircraft upon which any part or article acquired hereunder is installed, or (ii) loss of or damage to any property, including aircraft, upon which any part or article acquired hereunder is installed, whether or not such event arises in any way from any form of fault or negligence of PAA (whether passive, active, sole, joint, comparative or concurrent).
7. **EXCHANGES AND RETURNS.** Unserviceable exchange cores must be returned, freight prepaid, to PAA's facility within fifteen (15) days from the date of shipment for domestic exchanges in the U.S. and thirty (30) days for international exchanges. Delay in accomplishing a timely return will subject Buyer to a penalty charge at the then current rate as established by PAA. Returned cores must be economically repairable and traceable to an approved source. Buyer agrees to pay for all excessive repairs in the overhaul of the Buyers exchange core beyond a standard overhaul. Buyer shall be invoiced for any such replacement parts and/or repairs. PAA has up to 60 days after receipt of core for evaluations and additional billings. All sales are final. No return of unused parts will be permitted unless previously authorized by PAA. All authorized returns will be subject to a minimum restocking fee of \$200.00 or 20% of the sale price, whichever is greater, plus any recertification charges. No unauthorized returns accepted after 30 days except for warranty repair considerations. Buyer will be notified whenever the returned core is "Beyond Economical Repair" (referred to herein as "BER"). If the returned core is BER, Buyer will be given 10 days to supply an alternate core that is not BER. If Buyer fails to supply a non-BER core, Buyer shall pay the core charge identified on PAA's invoice. Buyer is responsible for and will be invoiced for core evaluation charges if core received from Buyer is deemed BER.
8. **TAXES.** The amount of all Federal, State, or local taxes applicable to the sale, use, or transportation of the articles sold or work performed hereunder and all duties, imposts, tariffs, or other similar levies, shall be added to the prices and paid by the Buyer, except where the Buyer shall furnish an appropriate certificate of exemption therefrom. Buyer indemnifies and holds PAA harmless from the payment or imposition of any tax imposed on any articles sold or used hereunder, or for any work performed hereunder under the provisions of any State Sale or Use Tax Act plus penalties, interest and/or attorneys' fees connected with the imposition of any such sales or use tax in connection with the articles sold or used or the work performed hereunder.
9. **EXPORT.** If any article sold hereunder is for export, Buyer shall be responsible for arranging all transportation, insurance and export clearances.
10. **SEVERABILITY.** Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceable in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, each party hereby waives any provision of law which renders any provision hereof prohibited or unenforceable in any respect.
11. **APPLICABLE LAW.** This Agreement shall be interpreted in accordance with the laws of the State in which PAA's facility is located, as set forth on the front face of this Agreement, exclusive of any choice of law rule of that State, or any other jurisdiction which could cause any other matter to be referred to the law or jurisdiction other than that State. The parties hereto agree that any litigation arising out of this Agreement shall be in which PAA's facility is located as set forth on the front face of this Agreement. Any legal action Buyer for breach must be commenced within one (1) year from the date of breach. Buyer agrees to pay all costs and expenses, including reasonable attorneys' fees, incurred by PAA in any action to enforce its rights hereunder. The United Nations Convention on Contracts for the International Sale of Goods, 1980, and any amendment or successor thereto is expressly excluded from this Agreement.
12. **WAIVER.** Failure by PAA to assert all or any of its rights upon any breach of this Agreement shall not be deemed a waiver of such rights either with respect to such breach or any subsequent breach, nor shall any waiver be implied from the acceptance of any payment or service. No written waiver of any such right shall extend to or affect any other right PAA may possess, nor shall such written waiver extend to any subsequent similar or dissimilar breach.
13. **ESTIMATED PRICING.** Estimated pricing is defined to mean an approximate calculation only. The final price may exceed the estimate price.
14. **ENTIRE AGREEMENT.** Upon acceptance of this Agreement by Buyer, the provisions hereof (including the pertinent documents, drawings, and specifications applicable hereto) shall constitute the entire Agreement between the parties and supersede all prior prices, offers, negotiations and agreements relating to the subject matter hereof.
15. **INDEPENDENT CONTRACTOR.** Buyer and PAA shall act at all times as independent contractors, and nothing contained herein shall be construed to create the relationship of principal and agent, or employee between Buyer and PAA. It is mutually understood and agreed that personnel assigned to perform services hereunder are solely the employees, agents or subcontractors of PAA.
16. **ASSIGNMENT.** This Agreement shall not be assigned or otherwise transferred (by operation of law or otherwise) by Buyer without the ACCEPTANCE. Buyer's purchase order is accepted subject to the following terms and conditions and no others unless the same have been consented to in writing by PAA. The placing of this order by Buyer and subsequent acceptance by PAA shall be conclusive evidence of the Buyer's approval of, and consent to the terms and conditions contained herein.

