

## TERMS AND CONDITIONS OF SALE

Unless otherwise provided on the reverse side hereof or an attachment hereto or specifically agreed to in writing signed by the buyer ("Buyer") of the products purchased hereunder (the "Parts") and an officer of Aero Controls, Inc. ("Seller"), the sale of the Parts to Buyer is made only upon the following terms and conditions.

- 1. Delivery** – Delivery of the Parts shall be made F.O.B. Seller's facility or other shipping location. Subject to Section 9, title to each Part and risk of loss shall pass to Buyer upon delivery of the Part at that location to Buyer or its representative or to a carrier for shipment to Buyer. In the absence of written instructions from Buyer regarding the carrier, the carrier shall not be the agent of Seller and Seller shall have no liability for any damage or delay incurred during the shipment to Buyer.
  - 2. Payment Terms** – The full net amount of the invoice, without any further discount, is due and payable in cash, in U.S. dollars, within thirty (30) days from the date of the invoice. If any payment is not received by Seller within such thirty (30) day period, in addition to any other available remedies, Buyer agrees to pay to Seller, as agreed liquidated damages and not as a penalty, an amount equal to interest on the unpaid balance that would accrue at the lower of the rate of two percent (2%) per month or the highest rate permitted by applicable laws from the 31<sup>st</sup> day after the date of the invoice, with a minimum billing of \$20.00.
- IT IS SPECIFICALLY UNDERSTOOD AND AGREED THAT THE TITLE TO ALL PARTS AND MATERIALS LISTED OR INCLUDED ON ABOVE INVOICE SHALL REMAIN THE PROPERTY OF AERO CONTROLS, INC. UNTIL PAYMENT OF SAME HAS BEEN RECEIVED. THE PURCHASER AGREES TO PAY ALL COSTS OF COLLECTION, INCLUDING A REASONABLE ATTORNEY'S FEE IN THE EVENT IT BECOMES NECESSARY TO ENFORCE PAYMENT THEREOF.
- 3. Taxes and Special Charges** – Unless expressly stated, the prices for the Parts listed heron do not include duties or sales, use excise, value added or similar taxes (excluding income taxes of Seller) payable as a result of Buyer's purchase or use of the Parts. Buyer shall, in addition to paying such specified prices, pay or reimburse Seller for any such duties or taxes. Such prices include charges for normal packaging, but unless expressly stated do not include any charges for packing for export outside the United States or necessary special handling charges which shall be paid or for which Seller shall be reimbursed by Buyer.
  - 4. Acceptance of Goods** – Delivery is deemed complete upon the receipt and inspection of the goods by Purchaser, which such inspection shall be made within forty-eight (48) hours of receipt of goods. Use of parts or failure to give notice of rejection within ninety-six (96) hours after receipt shall constitute acceptance of parts received. Acceptance shall be final and Buyer waives the right to revoke acceptance for any reason, whether or not known to Buyer at the time of acceptance. Goods may not be returned without Seller's prior authorization. Purchaser must make request for such authorization within ninety-six (96) hours of receipt of the goods. Goods authorized for return must be returned to Seller within thirty (30) days of Seller's shipping date. Upon the return of goods pursuant to authorization Seller may at its option repair or replace the goods, refund the purchase price or issue credit. Seller shall in now way be liable or responsible for incidental or consequential damages arising out of the shipment of non-conforming, defective and/or damaged goods.
  - 5. Returned or Rejected Goods** – Goods may not be returned without the prior consent of Aero Controls, Inc. Returned material may be subject to a restocking fee, currently at 20% of outright price. Any sale under \$500 USD is considered sold AS-IS, with no returns authorized.
  - 6. Export Compliance** – Buyer accepts responsibility for compliance with all U.S. Government rules and regulations pertaining to the export of goods, including those promulgated by the Departments of Commerce, State and Treasury, TSA, U.S. Customs and OFAC. Buyer will not cite Aero Controls on any export documents except as may be required by law.
  - 7. Limited Warranty** – Subject to Section 7, Seller warrants to Buyer that each Part delivered to Buyer hereunder will conform to its general description (excluding its condition code) set forth on the reverse side hereof or in the attachment hereto and that to the best of Seller's knowledge based on the documentation for the Part available to Seller and at the time of its delivery or shipment will conform to the condition code indicated on the reverse side hereof or an attachment hereto. An RMA (Returned Material Authorization) number must be issued by Seller and accompany any returned Part. Any replaced Part shall become the property of Seller, EXCEPT AS SET FORTH IN THIS SECTION 6, THE PARTS ARE SOLD TO BUYER "AS-IS". SELLER MAKES NO WARRANTY, AGREEMENT OR REPRESENTATION, EXPRESS OR IMPLIED, AS TO THE QUALITY, CONDITION, VALUE OR UTILITY OF THE PARTS, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTY OF MERCHANTABILITY OF FITNESS FOR A PARTICULAR PURPOSE, AND SELLER AND ITS SHAREHOLDERS, DIRECTORS, EMPLOYEES, AGENTS AND AFFILIATED ENTITIES (COLLECTIVELY, "RELATED PARTIES") SHALL HAVE NO LIABILITY IN CONTRACT, TORT (INCLUDING FOR NEGLIGENCE OR STRICT LIABILITY OF SELLER OR ANY RELATED PARTY) OR OTHERWISE FOR ANY LOSS, DAMAGE, EXPENSE OR INJURY RESULTING FROM OR ARISING OUT OF ANY DEFECT IN OR NONCONFORMITY OF THE PARTS PURCHASED HEREUNDER.
  - 8. Limitations on Liability** – IN NO EVENT SHALL SELLOR OR ANY OF ITS RELATED PARTIES BE LIABLE IN CONTRACT, TORT (INCLUDING NEGLIGENCE OR STRICT LIABILITY) OR OTHERWISE FOR LOST REVENUES OR PROFITS, LOSS OF USE OF THE PARTS OR ANY OTHER SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES RESULTING FROM OR ARISING OUT OF ANY BREACH BY SELLER OR ITS RELATED PARTIES OF THIS AGREEMENT, OTHER OBLIGATIONS OR DUTIES RELATING TO THIS TRANSACTION OR BUYER'S ORDERING, USING, OWNING OR DISPOSING OF THE PARTS, EVEN IF SELLER OR ITS RELATED PARTIES HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THE TOTAL LIABILITY OF SELLER AND ITS RELATED PARTIES TO BUYER AND OTHERS IN CONTRACT, TORT (INCLUDING NEGLIGENCE OR STRICT LIABILITY) OR OTHERWISE RESULTING FROM OR ARISING OUT OF ANY CAUSE WHATSOEVER IN CONNECTION WITH THIS AGREEMENT OF BUYER'S PURCHASE, USE AND DISPOSITION OF ANY ITEM OF THE PARTS SHALL UNDER NO CIRCUMSTANCE EXCEED THE PURCHASE PRICE PAID FOR THE ITEM BY BUYER. NO ACTION, REGARDLESS OF FORM, ARISING OUT OF THIS AGREEMENT OF BUYER'S PURCHASE OF THE PARTS MAY BE BROUGHT AGAINST SELLER OR ANY OF ITS RELATED PARTIES MORE THAN ONE (1) YEAR AFTER THE CAUSE OF ACTION ACCRUES.
  - 9. Seller's Security Interest** – To secure the full performance of Buyer's obligations hereunder, Seller retains and Buyer hereby grants to Seller a purchase money security interest in the Parts, including all accessions to and replacement and proceeds of the Parts. Buyer shall cooperate fully with Seller in executing such documents, including Uniform Commercial Code financing statements and filings under the rules of the Federal Aviation Administration, and effecting the filing and/or recording thereof as Seller may deem necessary for the perfection and protection of such security interest. Buyer authorizes Seller to sign any financing statement or filing as Buyer's attorney-in-fact and to file a copy of this document as a financing statement with any appropriate additions to the information set forth herein. If Buyer defaults in making payments or in its other obligations hereunder, Seller, in addition to its other rights and remedies provided in the Washington Uniform Commercial Code and otherwise, may enforce its security interest and retake possession of the Parts in accordance with applicable laws. It is agreed that fifteen (15) days shall constitute reasonable notice to Buyer with respect to the enforcement of such rights and remedies in the event applicable laws require such notice. Seller's security interest shall terminate upon full performance of Buyer's obligations hereunder.
  - 10. Governing Law, jurisdiction and Severability** – This agreement and performance by the parties hereunder shall be construed in accordance with and governed by the laws of the State of Washington. Any action or proceeding to enforce or relating to any provision of this agreement may be brought in the courts of the State of Washington and Buyer and Seller hereby consent to the non-exclusive jurisdiction of such courts for any purposes of any action or proceeding. If any provision of this agreement shall be held by a court of competent jurisdiction to be unenforceable to any extent, that provision shall be enforced to the full extent permitted by law and the remaining provisions shall remain in full force and effect.
  - 11. Successors and Assignments** – This agreement shall be binding upon the parties and their respective successors and assigns. However, unless otherwise agreed to in writing by Seller, any assignment of this agreement or any rights or duties hereunder by Buyer shall be void. This agreement is not intended to confer rights against Seller to any person other than Buyer and its successors and assigns.
  - 12. Entire Contract** – The express terms and conditions contained on the face and on the reverse side hereof and those set forth on any continuation sheets, contain the entire understanding of the parties with respect to the sale of the material. Any terms and conditions proposed in Buyer's Purchase Order which add to, vary from or conflict with the terms and conditions herein are hereby expressly objected to, and may become effective only if accepted by Aero Controls Inc. in writing.

## EXCHANGE TRANSACTION TERMS AND CONDITIONS

- Your exchange unit must be returned within fifteen (15) days. Units not returned within this time will be subject to either an additional charge of 1% of the outright sales price per day (minimum daily charge USD\$10.00) OR a second exchange fee, at Aero Controls' option. Units not returned within forty-five (45) days may be invoiced at the full outright sales price.
- Customer exchange units are to be returned to Aero Controls, Inc. in good repairable condition. Modification charges may be incurred, at Aero Controls' option, if the part returned is not the same part number and/or Service Bulletin as originally shipped by us. These modification charges will be billed in conjunction with the applicable repair/overhaul charges.
- Exchange units returned for credit must be returned within ten (10) days of the date of sale unless prior authorization is given. Original exchange units returned for credit will be subject to a restocking fee of \$250.00, or 20% of the outright sales price whichever is greater, plus any additional charges in accordance with paragraph 1 above. Original tags and teardowns must accompany the unit or the part will be re-certified at the customer's expense. Aero Controls reserves the right to re-certify all electronic units, which must be in original, unopened packaging.
- Original exchange units returned without the original certification or in a used condition will be considered the customer's exchange core and customer will be invoiced in accordance with all applicable exchange transaction terms and conditions.
- Aero Controls will submit, in writing, a cost evaluation for Customer's exchange core. Customer has one (1) week to approve or provide mutually agreed upon alternative to the cost estimate, after which it is agreed that Customer has approved the repair, which will then commence and be invoiced in accordance with the cost evaluation.
- If the Customer's exchange unit is determined to be beyond economical repair (BER), the Customer will have two (2) weeks to respond to our written cost estimate before transaction is converted to an outright sale whereupon the BER core will be returned "as is" and an inspection fee will be invoiced.
- A credit for exchange fees may not apply if the exchange is converted to an outright sale due to Customer's failure to return an acceptable core within forty-five (45) days.
- Parts quoted "Exchange Only" at time of transaction will be invoiced at factory new price plus reacquisition costs if exchange core units are not returned or determined BER.