

## GENERAL TERMS AND CONDITIONS OF PURCHASE OF PARTS AND SERVICES

1. **GENERAL.** The Proposal accompanying these General Terms and Conditions of Purchase of Parts and Services ("**Terms and Conditions**"), together with all subsequent work authorizations submitted to Customer by Yingling Aviation, LLC (hereinafter referred to as, "**Company**") that are accepted by Customer, any change orders submitted by Customer that are accepted by Company, and all other documents relating to the parts to be delivered to Customer by Company and the services to be performed by Company for Customer, are subject to these Terms and Conditions (collectively, the "**Proposal**"). The Proposal is for informational purposes only and shall not become a binding agreement between or among Customer and Company, unless the Proposal is signed by Customer and returned via electronic mail to Company at its principal place of business in Wichita, Kansas, and there accepted by Company within thirty (30) days from the date of the Proposal, unless sooner revoked by Company or rejected by Customer.

### 2. **DEPOSITS AND PROGRESS PAYMENTS.**

- (a) When services are being performed for the following departments: **Paint, Aircraft Services, Interiors and Avionics**, that are associated with a signed Proposal that exceeds One Hundred Thousand Dollars (\$100,000.00) will require one-third (1/3<sup>rd</sup>) of the approved Proposal amount paid prior to the aircraft input and one-third (1/3<sup>rd</sup>) paid at the originally scheduled mid-point of the project.
  - (i) Any change orders made during the duration of the project that require additional parts or labor, beyond the original Proposal, will be billed on the final invoice.
  - (ii) Company reserves the right to request a progress payment at any time during the duration of the project.
  - (iii) When services are scheduled for less than thirty (30) days and a change order of significance is required (with "significance" being determined in Company's sole discretion), a deposit is required for the additional parts or labor. The deposit is due upon request.
- (b) When services are being performed for the **Accessory Department**, Customers that have a signed Proposal that exceeds Twenty Thousand Dollars (\$20,000.00) shall be required to pay a

fifty percent (50%) deposit. The deposit is due upon signature of the Proposal.

- (i) Any change orders made during the duration of the project that require additional parts or labor, beyond the original Proposal, will be billed on the final invoice.
  - (ii) Company reserves the right to request a progress payment at any time during the duration of the project.
- (c) Unless otherwise approved via electronic mail by Company's Accounting Department, full payment for services rendered and parts supplied is required prior to the aircraft being returned to service and the aircraft being released for departure.
- (d) Acceptable methods of payment include company check (if previously approved), credit card or wire transfer.
- (e) A deposit, when required, must be received prior to an aircraft being placed on the schedule (see item 14). **Deposits are non-refundable and will be retained by Company as liquidated damages, and not as a penalty, in the event Customer cancels the project.**
- (f) For work covered by an approved third-party payment (e.g., insurance), Company will require proof acceptable to Company, in its sole discretion, that Company is a properly named payee.
- (g) If Company is unable to provide a final invoice at redelivery, Customer agrees to remit payment based upon an estimated invoice. Supplementary invoices reflecting the actual charges and balances will be submitted to Customer as soon as practicable and will be reconciled with the amounts previously invoiced to Customer and/or paid. All outstanding balances must be paid in full prior to aircraft departure unless credit terms have been established. Company reserves the right to assess a monthly finance charge of 1.75% for overdue payment. All payments must be in United States Dollar (\$USD) and in the form of certified funds, wire transfer, or ACH. If payment is arranged by another method, additional charges may apply. For payment or account questions, please contact Company's Accounting Department at (316) 943-3246. The Accounting Department must approve

exceptions to the payment terms or payment methods listed above in advance, with such approval evidenced by electronic mail.

**3. ADDITIONAL CHARGES.** The following additional charges are not reflected in the Proposal prices and shall be paid by Customer to Company upon demand, if applicable:

- (a) Charges for any rework of, or additions to, Customer-furnished engineering.
- (b) Repair of any customer-furnished parts, material or equipment found not otherwise suitable for its intended use.
- (c) Charges of a third party that provided services or parts in connection with the work, where invoices for such charges were not received until after Company's issuance of final invoice at time of redelivery.
- (d) Charges for fuel, oil, insurance, and flight crews required for flight testing and certification of an aircraft and/or redelivery flights.
- (e) Overtime charges for work performed to meet Customer's requested acceleration of the completion date. Pursuant to the terms of the Proposal, any overtime cost associated with the acceleration of the completion date will be estimated and a revised Proposal forwarded to Customer for approval, and Customer will have the option to pay overtime rates or adjust the redelivery date.
- (f) Additional certification costs to bring existing aircraft systems into compliance, including, without limitation, costs to engage an FAA Designated Airworthiness Representative or FAA Designated Engineering Representative, will be billed on a time and material basis.
- (g) Necessary replacement parts.
- (h) Cores that are returned for credit that are rejected, charged additional fees for excessive damage, or for overhaul charges.
- (i) A hazardous waste fee equal to 1.45% of the final invoice will be charged to any paint related work for the disposal of hazardous waste and materials.
- (j) A shipping and handling fee equal to 1.25% of the final invoice will be charged for avionics installation. A shipping and handling fee equal to 2.25% of the final invoice will be charged on all other MRO activity.
- (k) A consumable charge of 4% will apply to all billed labor charges not to exceed \$2,500.00.
- (l) A 15% handling fee will be assessed for all customer-supplied parts and services.

**4. PLACE AND TIME OF PERFORMANCE.** The price in the Proposal is based on all services being performed at Company's facilities in Wichita, Kansas. Company will attempt to schedule the performance of its obligations required by the terms of the Proposal for the convenience of Customer, and Customer's schedule, subject only to the availability of materials, parts, hangar and shop space, and labor. Unless otherwise agreed in writing, Company's performance pursuant to the Proposal shall be conducted during regular working hours as opposed to overtime hours.

**5. CHANGES IN DESIGN.** Company shall have the right to incorporate minor changes in design, construction, installation, and substitute equivalent equipment, accessories, parts or material where such changes are deemed necessary by Company to improve product control, performance, reliability, utility, manufacture or appearance of the goods or materials supplied. If due either directly or indirectly to governmental prohibitions, restrictions or priorities, any of the materials of construction specified or contemplated herein are not readily procurable for use for their intended purpose, then Company shall have the right to substitute other materials suitable for the job.

**6. LIMITED WORKMANSHIP WARRANTY.** Maintenance and modification workmanship (i.e., a defect because of Company's services and labor) is warranted against defect for a period of ninety (90) days following delivery of the aircraft to Customer, or one hundred eighty days (180) in the case of propeller overhauls following delivery to Customer. New miscellaneous wiring and hardware (switches, relays, etc.) utilized in avionics modifications are warranted against defect for a period of one (1) year following delivery to Customer. Complete strip and paint workmanship is warranted against defect for a period of two (2) years following delivery to Customer; however, certain exceptions shall be reflected in the Proposal (e.g., rivet popping and cracking along sealed seams). These warranties shall apply only if (a) the alleged defect is discovered during the applicable warranty period, (b) Customer provides written notice to Company of such a claim of defective condition no later than the earlier to occur of thirty (30) days after Customer has actual or constructive knowledge of such a defective condition and the expiration of the applicable warranty period, (c) the notice sent by Customer to Company sets forth a detailed written description of the alleged defect and the date such alleged defect was discovered, (d) the aircraft/product is returned to Company's facilities in Wichita, Kansas, at Customer's expense, (e) the repair work is performed by

employees of Company at its facilities in Wichita, Kansas; and, (f) will be scheduled during normal business hours. This limited warranty does not apply to Customer-supplied parts, nor does it cover labor to remove, replace or troubleshoot issues with Customer-supplied parts.

**7. LIMITED PARTS WARRANTY.** Company does not warrant parts, material, components, equipment or services supplied/performed by other companies, but agrees to use its best efforts to ensure that the suppliers' and subcontractors' warranties with respect to such parts, materials, components, equipment or services will be extended to cover and be enforceable by Customer. Company will act for its Customers in the processing of any claims or adjustments arising out of and because of defective parts, materials, components, equipment or services in accordance with such suppliers' and subcontractors' warranties.

**These warranties are the only warranties made by Company. Repair or replacement as provided herein shall be the exclusive remedy for a breach of the warranties given herein. These warranties shall not apply to any installation which, in the judgment of Company, has been repaired or in any way altered to adversely affect its performance or reliability, or which has been subjected to misuse, negligence or accident.**

**8. DISCLAIMER OF WARRANTIES. COMPANY MAKES NO IMPLIED WARRANTY OF ANY KIND AND, TO THE FULLEST EXTENT PERMITTED BY LAW, SPECIFICALLY DISCLAIMS ANY AND ALL IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND DISCLAIMS ANY WARRANTIES ARISING BY USAGE OF TRADE OR BY COURSE OF DEALING.**

**9. LIMITED LIABILITY. TO THE FULLEST EXTENT PERMITTED BY LAW, COMPANY'S LIABILITY ON ANY CLAIM OF ANY KIND RESULTING FROM THE PERFORMANCE OF WORK DESCRIBED IN THE PROPOSAL, OR BREACH THEREOF, SHALL IN NO CASE EXCEED THE PRICE ALLOCABLE TO THE PRODUCT, PART OR THE SERVICES OR LABOR WHICH GIVES RISE TO THE CLAIM AND, IN ANY EVENT, WITHIN THIRTY (30) DAYS FROM THE DATE OF OCCURRENCE OF THE CLAIM UNLESS THE PARTIES HAVE AGREED IN WRITING TO A DIFFERENT CLAIM PERIOD. UNDER NO CIRCUMSTANCES SHALL COMPANY BE LIABLE FOR ANY INDIRECT, CONSEQUENTIAL, OR INCIDENTAL DAMAGES, OR ANY PUNITIVE OR SPECIAL DAMAGES, INCLUDING, WITHOUT**

**LIMITATION, ANY TYPE OF CLAIM FOR DOWNTIME OF THE AIRCRAFT, DIMINUTION IN THE VALUE OF THE AIRCRAFT AND/OR LOSS OF REVENUE.**

**10. TITLE; LIEN.** Title to the work performed by Company passes to Customer when Customer takes delivery of the airplane/product. Customer grants to Company a continuing, first priority security interest in and lien upon the aircraft and all parts and equipment installed on the aircraft, and any proceeds thereof, including but not limited to insurance proceeds or proceeds from the sale or disposition of the aircraft or any portion thereof and the proceeds of such proceeds (collectively, the "**Collateral**") to secure prompt repayment of any and all amounts owed by Customer to Company. Should Customer stop communication with Company (i.e., "ghost" or "go dark,") Company reserves the right to foreclose upon the Collateral and to sell the Collateral in accordance with the provisions of the Uniform Commercial Code as adopted in the State of Kansas or as otherwise permitted by applicable law. Company's security interest in and lien upon the Collateral shall attach to all of the Collateral upon the execution and delivery of the Proposal, without further act being required on the part of either Customer or Company; provided, however, Company expressly reserves the right to assert a mechanics' lien against the aircraft. Enforcement of said security interest and lien shall be in accordance with applicable state and federal law.

**11. INSPECTION FLAT RATE.** Inspection labor Proposals include flat-rate labor for complete inspection in accordance with the requirements specified in the manufacturer's current inspection manual, or Customer's FAA approved aircraft inspection program.

**12. TAXES.** Proposal pricing does not include any applicable sales tax. Currently, the state of Kansas does not require Company to charge Kansas sales tax on sales of aircraft repair, modification and replacement parts and sales of services employed in the remanufacture, modification and repair of aircraft per KSA 79-3606(g). Customer could be subject to the sales and use tax laws of its jurisdiction of incorporation, its principal place of business, or jurisdictions in which its aircraft operates, and should seek its own tax advice. All federal, state, or local taxes applicable to the sales, possession, use, or transportation of the articles sold or the work performed and all duties, imposts, tariffs, or other similar levies, shall be added to the invoice and paid by Customer, unless Customer furnishes an appropriate certificate of exemption in a form satisfactory to Company in its sole determination. Customer shall indemnify and hold Company harmless from the payment or imposition of any tax or levy

imposed on any articles sold or for any work performed, together with any penalties, interest, or reasonable attorneys' fees connected with the imposition of any such tax or levy.

**13. PRICING.** Pricing is subject to change by the original equipment manufacturer or other suppliers without notice to Company. As a result, Customer acknowledges and agrees that Company reserves the right to modify any Proposal to reflect any such price increases upon notice to Customer. Once Customer has been notified of any such price increase, the Proposal shall be deemed to have been modified as if Customer submitted a change order.

**14. DELAYS.** Company shall not be liable for delays in delivery, performance or failure to perform, manufacture or redeliver due to causes beyond its reasonable control, including, without limitation, pandemics, acts of God, acts of Customer, acts of government or military authority, increases in scope of work requested by Customer, condition of the aircraft, delays in transportation or shortages of parts, or inability due to causes beyond its reasonable control to obtain necessary labor, materials, utilities, components or manufacturing facilities.

**15. INSURANCE.** Customer shall be responsible for maintaining insurance on the aircraft, including hull insurance, equal to or greater than the value of Customer's aircraft during the performance of the work or services.

**16. AUTHORITY.** Anyone signing for Customer represents that he or she is duly authorized to sign the Proposal and any change orders or other documents related hereto and confirms that he or she is acting as Customer's duly authorized agent and is unequivocally authorized to bind Customer to the Proposal, any work authorization, and any change orders or other documents related hereto.

**17. MODIFICATIONS.**

- (a) Modification Proposals, unless otherwise agreed to in writing, are contingent upon Customer supplying Company with existing avionics, electrical and aircraft prints, drawings, and diagrams that accurately represent the current condition of the aircraft. Should there be any discrepancies found in this data that cause Company additional work to accomplish the items referenced in the Proposal, Customer shall be notified, and additional estimates shall be executed, detailing the cost and downtime impact of such additional work.
- (b) Work not defined will be accomplished on a time and material basis at current posted labor rates

and will receive Customer's approval prior to proceeding.

- (c) Parameters of the Proposal could change once a detailed engineering analysis of the aircraft can be accomplished.
- (d) Proposals are exclusive of any specific aircraft operation expenses, including, without limitation, the flight testing, certification expenses, and redelivery expenses described in Item 3(d), as these expenses shall be the responsibility of Customer. Certification costs may be shown as a separate item on the Proposal.
- (e) Company shall use its best efforts to ensure that all original equipment manufacturer equipment performance and compatibility specifications are as advertised but it is not responsible for the original equipment manufacturer's inability to supply equipment that delivers all its advertised features, nor is it responsible for vendor-to-vendor incompatibilities that may be discovered during the course of a modification.
- (f) Modification Proposals do not include pricing for removal and reinstallation, or modification, of interior components unless otherwise specified.
- (g) Modification Proposal pricing does not include costs associated with relocation of existing avionics equipment.

**18. AIRCRAFT STORAGE.** Due to limited aircraft storage space, during active/ongoing maintenance, Customer's aircraft will be kept inside storage facilities. Should Customer stop communication (i.e., "ghost" or "go dark,"), Company reserves the right to place Customer's aircraft outdoors on secured tie-down. Upon completion of aircraft work, Customer shall have a grace period of three (3) days for aircraft redelivery, and any time after that will be subjected to local ramp or hangar fees. Company will not be responsible for Customer's aircraft once the grace period has expired. Aircraft storage fees will apply to aircraft not in work or awaiting Customer approvals beyond three (3) days. Company may store Customer's aircraft in a hangar if hangar space is available and confirmation of such arrangements have been confirmed in writing (including via electronic mail) between Customer and Customer's project coordinator or manager overseeing Customer's project at Company's location. Kansas weather events can be sudden, severe, and cause considerable damage to aircraft. Company's staff will not make decisions on behalf of Customer regarding a choice of storage and will not be responsible for aircraft damage caused by wind, hail, tornado, or other acts of God. The

choice of storage is solely the decision of Customer or Customer's authorized representative.

**19. PARTS.** Customer agrees that parts carrying the FAA "parts manufacturer approval" may be used unless otherwise agreed to by Company and Customer. Any parts or assemblies permanently removed from the aircraft as part of any maintenance or modification while Company is performing work for Customer shall become the property of Company unless otherwise specified in writing and agreed to by both Customer and Company.

**20. GOVERNMENTAL AUTHORIZATIONS.**

Customer shall be solely responsible for making certain all articles, parts or equipment delivered by Customer to Company comply at all times with all applicable laws, including, without limitation, the United States Export Administration Regulations, International Traffic in Arms Regulations and Customs Regulations. Customer shall not, and represents and warrants that neither Customer nor anyone acting through or on Customer's behalf, shall not dispose of any item of United States origin provided by Company other than in full compliance with the foregoing laws and regulations, and to the country of ultimate destination specified in Customer's purchase order and approved government license(s) or authorization(s), except as such applicable laws and regulations may permit. Customer must timely obtain any and all required governmental authorizations, including import or export licenses and exchange permits. Customer shall remain importer/exporter of record, regardless of whether Company provides Customer with assistance in this area. Company shall not be liable if any authorization is delayed, denied, revoked, restricted, or not renewed and Customer shall not be relieved of its obligation to pay for the parts provided and services performed by Company.

**21. COMPLIANCE WITH LAW.** Customer, by signing the Proposal, represents and warrants to Company, that neither Customer nor any person who owns a direct or indirect interest in Customer is a person with whom a U.S. person is prohibited from transacting business of the type contemplated by the Proposal, whether such prohibition arises under U.S. law, regulation, executive orders and lists published by the Department of Treasury's Office of Foreign Assets Control ("**OFAC**") (including those executive orders and lists published by OFAC with respect to Specially Designated Nationals and Blocked Persons) or otherwise. Customer and, to Customer's knowledge, each shareholder, member or partner, as applicable, of Customer is (i) not identified on OFAC's Specially Designated Nationals and Blocked Persons List ("**OFAC's List**") maintained by the OFAC or the Department of Treasury and/or on any other similar list maintained and

published by OFAC pursuant to any authorizing statute, executive order or regulation, (ii) in compliance with the regulations of OFAC (including those named on OFAC's List) and any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action relating thereto, (iii) not a person or entity with whom a citizen of the United States is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation, or executive order of the President of the United States and (iv) have not been indicted for or convicted of any Patriot Act Offense. None of the funds or other assets of Customer constitute property of any Embargoed Person (as hereinafter defined) and, to Customer's knowledge, no Embargoed Person owns any interest in Customer. The term "**Embargoed Person**" means any shareholder, member or partner, as applicable, of Customer that is subject to trade restrictions under U. S. law, including but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. §1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any executive orders or regulations promulgated thereunder with the result that such investment in Customer is prohibited by law. Upon request, Customer shall supply such information necessary for Company or Company's agents, or any escrow agent to complete necessary "Know Your Customer" review.

**22. GOVERNING LAW.** These Terms and Conditions, the Proposal and any other documents associated with the Proposal, or the work performed by Company thereunder shall be governed by the laws of the State of Kansas and any action brought by either Customer or Company shall be brought in the Kansas state District Court sitting in Sedgwick County, Kansas.

**23. DISPUTES.** Customer and Company shall make a good faith effort to resolve any dispute arising out of, connected with or incidental to the relationship between any of them in connection with the Proposal, these Terms and Conditions or any services and parts provided by Company. If Customer and Company are unable to resolve their differences, then any remaining disputed issues shall be submitted to the court identified in Item 24; however, Company reserves the right to file an action in any jurisdiction for the purpose of foreclosing on the lien described in Item 10 or to enforce any judgement against Customer. CUSTOMER AND COMPANY HEREBY IRREVOCABLY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL WITH RESPECT TO ANY ACTION, CAUSE OF ACTION, CLAIM, OR DISPUTE BETWEEN CUSTOMER AND COMPANY ARISING

OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP BETWEEN THEM, INCLUDING, WITHOUT LIMITATION, THE MATTERS CONTEMPLATED HEREBY. INSTEAD, ANY SUCH DISPUTE SHALL BE RESOLVED IN COURT IN A BENCH TRIAL WITHOUT A JURY.

**24. ATTORNEYS' FEES.** In the event suit or action is instituted on account of the breach of the Proposal or these Terms and Conditions by either party, the losing party shall pay the prevailing party such additional sum as the court may adjudge reasonable as attorneys' fees in such suit or action, including any appeal thereon.