

GENERAL TERMS AND CONDITIONS

Except as otherwise noted on the face page of this Purchase Order:

1. **Definitions:** As used in this Purchase Order, the following words and phrases shall have the meanings indicated below:

"Aircraft Parts" means Goods which are aircraft materials or component parts.

"Buyer" means Shey Systems Inc., an Iowa corporation.

"Code" means the Iowa Uniform Commercial Code.

"FAA" means the United States Federal Aviation Administration.

"Goods" means the items identified on the front of this Order, including all component parts thereof, if any.

"EASA" means the European Aviation Safety Agency, is an agency of the European Union with responsibility for civil aviation safety.

"Order" or "Purchase Order" means this instrument, including the face pages, these general terms and conditions and any attachments hereto.

"OEM" means original equipment manufacturer.

"Person" means an individual, corporation, limited liability company, partnership, trust or other entity or organization.

"Seller" means the Person to whom this Order is directed, or the Person who, with or without Buyer's consent, accepts this Order or ships the Goods pursuant to this Order instead of the Person to whom it is directed.

2. **Warranty of Title:** Seller represents and warrants that (a) Seller has good and marketable title to the Goods; (b) the Goods are free and clear of all encumbrances, security interests, liens and charges; (c) Seller has the right to convey such title to the Goods in accordance with this Purchase Order. Seller agrees to indemnify, defend and save Buyer, its successors and assigns, harmless from and against any right, claim or interest asserted by any party claiming an interest in the Goods in breach of the foregoing warranty of title, whether asserted against Buyer or its successor or assigns, their possession, or the Goods.

3. **Documentation:** With or prior to the time of delivery of the Goods to Buyer, Seller shall provide Buyer with the following documentation as applicable:

(a) Raw Materials: Seller must provide physical & chemical properties reports traceable to heat code or lot number.

(b) Standard Parts: Seller must provide a Certificate of Conformity (COC) from producer.

(c) New parts, products, and appliances with regulatory airworthiness approval documents: Seller must provide an FAA Form 8130-3, EASA Form 1, TC Form One, or other regulatory airworthiness approval documents from nations that have signed bilateral agreements with the United States.

(d) New parts, products, and appliances without regulatory airworthiness approval documents, including new PMA or TSOA parts identified only through markings (in accordance with 14 CFR Part 21 and Part 45): Seller must provide a certified statement as to identity and condition of the Aircraft Part.

(e) Used parts, products, and appliances with approval for return to service: Seller must provide an approval for return to service meeting provision 14 CFR sections 43.9, 43.11, or 43.17.

(f) Used parts, products, and appliances without approval for return to service: Seller must provide a certified statement as to identity and condition of the Aircraft Part (must use "as-is" or comparable term to describe condition).

(g) All Aircraft Parts must be accompanied by a Non-Incident Statement from each Person having ownership of the Aircraft Part back to an FAA approved or certified source. This statement must be duly signed and dated by an authorized representative of each such former owner of the Aircraft Part. Each statement must be in a form reasonably acceptable to Buyer and reflect the part number and serial number of the Aircraft Part and state that the Aircraft Part has not been involved in or exposed to any incident. Parts that have been subjected to conditions of extreme stress, heat, or environment must be identified as such.

(h) All aircraft parts must be accompanied by a completed Material Traceability Certification in a form reasonably acceptable to Buyer. This certification must be duly signed and dated by an authorized representative of each such former owner of the Aircraft Part. All Aircraft Parts must be traceable to an FAA or EASA approved or certified source. Seller agrees to assume all responsibility for failures to comply with these traceability mandates. Additionally, traceability must be substantiated by documentation such as packing list, invoice, material certification, and identification tag.

(i) All Airworthiness Directives (AD's) that are represented as having been accomplished must be documented in a certificate of

compliance. This certificate should specify AD number, AD amendment number, and method of compliance.

(j) Life-Limited Material must be accompanied by documentation back to birth. This documentation must confirm life-limited status, including remaining cycles or hours.

(k) Aircraft Parts identified as overhauled, repaired, or modified must have the appropriate signed and dated documentation attached to substantiate the condition of the part.

4. Prices: Unless otherwise noted on the face pages of this Purchase Order, all pricing is stated and shall be paid in United States Dollars.

5. **Shipping and Delivery:**

(a) Shipment, insurance and delivery of Goods shall be in strict accordance with such instructions as Buyer shall provide on the face pages of this Purchase Order. In the absence of specific instructions, all Goods shall be delivered by Seller FOB, Buyer's facility at 2050 Progress Drive, Hiawatha, Iowa 52233, at Seller's risk. There shall be no charge for boxing, packaging or cartage of the Goods unless authorized in writing by Buyer. Seller will promptly notify Buyer in writing in the event of any delay in deliveries as specified. Should Seller not meet the specified shipping dates, any excess transportation charges to reduce delay and delivery are deductible by Buyer as are any transportation charges on partial shipments or back orders. Buyer reserves the right to discount invoice price because of late delivery dates.

(b) All paperwork for Aircraft Parts or other Goods being imported into the United States needs to have the message "US Goods Returning to Country of Origin" if they were manufactured in the United States. Customs paperwork must state a description that defines the Goods as aircraft or avionics for civilian use only.

6. **Taxes.**

(a) Buyer shall pay any taxes imposed by the State of Iowa or local governments in Iowa in the nature of a sale, use or excise tax, which is assessed on or arises out of this transaction, unless Buyer submits to Seller prior to delivery of the Goods, an exemption or resale certificate or other documentation in form and substance reasonably satisfactory to Seller indicating that such taxes do not apply.

(b) Except for the taxes payable by Buyer pursuant to the Section 6(a), if any, Seller shall pay, all other federal, state, local or foreign taxes, whether presently or hereafter applicable, assessed, to be withheld or arising out of this transaction, whether in the nature of an occupation, ad valorem, transfer, income, import, or excise tax, imposed upon or assessed against Buyer or Seller or in any way relating to the Goods. Seller shall be the importer of record for any of the Goods shipped from outside the United States, and shall be responsible for any import taxes, fees, anti-dumping duties or countervailing duties which may be imposed in connection with the importation of the Goods. Seller will indemnify and hold Buyer harmless for any such taxes, duties, and fees, and any related penalties, interest, costs or liabilities sought to be imposed on Buyer as a result of consummation of this Order.

7. **Payment and Inspection:** Unless otherwise agreed, Seller's invoices are not due and payable until the materials or equipment purchased hereunder are received and inspected by Buyer. All materials and equipment will be inspected by Buyer within a reasonable time after delivery to insure that the materials satisfy Buyer's specifications and requirements. Rejected materials and equipment may be, at Buyer's option, either (a) held at Seller's expense; (b) returned to Seller, at Seller's expense, for credit, (c) retained by Buyer with a negotiated reduction in price; or (d) repaired and/or appropriately certified by Buyer at Seller's expense. Payment for any Goods or services under this Order shall not be deemed an acceptance thereof.

8. **Acceptance:** Acceptance of the Goods shall occur after Buyer has a reasonable opportunity to inspect and test the Goods and signifies to Seller that the Goods are conforming or that it will take or retain them in spite of their non-conformity, with an allowance for deterioration, damage or deficiency. Buyer's acceptance of any of the Goods ordered shall not relieve Seller of any obligations and warranties under this Order.

9. **Risk of Loss:** Risk of loss shall not pass to Buyer until the Goods are accepted by Buyer in accordance with Section 8.

10. **Warranties:** Seller hereby assigns to Buyer all OEM or repair facility warranties applicable to the Goods. Seller represents, warrants and covenants that the Goods (and any services supplied to Buyer) shall (a) conform to Buyer's certification requirements and to the description furnished by Seller or specified by Buyer; (b) be fit and sufficient for the purpose intended; (c) be merchantable; and (d) be delivered, supplied, completed or rendered, as the case may be, by the times or within the periods specified in this Order. These warranties are in addition to those implied by or available at law to Buyer and shall exist notwithstanding the acceptance and/or inspection by Buyer of all or a part of the materials, with respect to which such warranties are applicable. Seller shall indemnify and hold harmless Buyer from any losses, costs, fines, expenses (including reasonable attorney fees), claims, demands, and actions whatsoever arising out of Seller's non-compliance with any warranties or covenants set forth in this Order.

11. **Remedies:** The rights and remedies of Buyer under this Order shall not be exclusive, but shall be cumulative and in addition to any other rights and remedies under the Code, in law or equity including, but not limited to, the right of Buyer to set-off amounts payable to Seller under this Order against any amounts otherwise owed to Buyer by Seller.

12. **Time of Performance:** Time is of the essence with respect to this Order, and if delivery of items or rendering of services specified in this Order is not completed by the time promised, Buyer reserves the right, without liability, in addition to its other rights and remedies, to cancel this Order by notice effective when received by Seller, as to stated items not yet shipped or services not yet rendered, and to purchase substitute items or services elsewhere and charge the Seller with any loss incurred. Any provisions herein for delivery of articles or the rendering of services by installments shall not be construed as making the obligations of Seller severable.

13. **Assignment; Non-Waiver:** Without Buyer's prior written consent, Seller shall neither delegate in any manner to any other Person the performance of any of Seller's obligations hereunder nor assign any amount which may be or which may become due hereunder. The failure of Buyer to insist on the performance of any of the terms, or to exercise any right or privilege, or its waiver of any breaches shall not thereafter waive any such terms, conditions, rights or privileges that it might otherwise have under this Order.

14. **Governing Law:** This Order shall be governed decided in accordance with the law of the State of Iowa (without regard to conflict of laws principles), and the applicable federal laws of the United States. Any action or proceeding seeking to enforce any provision of, or based on any right arising out of, this Order may be brought only and exclusively in the United States or Iowa courts located in Linn County, Iowa, USA, and Seller and Buyer consent to the jurisdiction of such courts in any such action or proceeding and waive any objection to venue laid therein. Process in any action or proceeding referred to in the preceding sentence may be served on any party anywhere in the world.

15. **Entire Agreement:** The provisions contained in this Order, shall constitute the entire agreement between the parties. All previous communications, representations, and agreements, either verbal or written, between the parties hereto with respect to the subject matter hereof are hereby superseded. Buyer hereby objects to any inconsistent or additional terms in Seller's acceptance of this Purchase Order, or in any invoice or other document forwarded by Seller to Buyer with respect to this Order.