

Bearing Inspection, Inc. ("Seller")
TERMS AND CONDITIONS OF SALE
Effective April 26, 2018

1. **Prices, Changes, Taxes and Other Charges.** Unless otherwise directed or agreed to in writing by Seller, all prices are EXW Seller's Plant, Los Alamitos, California, and the customer ("Buyer") shall pay all transportation, insurance, taxes, license fees, import, export and customs fees and duties, tariffs and other charges related to the products and services purchased hereunder. If claiming tax exemption, Buyer must provide Seller with valid tax exemption certificates. Unless otherwise expressly agreed in writing, the prices do not include any rights to any technical data, proprietary rights, or patent rights relating to the products or services purchased. Buyer will be billed for any expense due to changes requested by Buyer after order is placed and processed. Seller may apply a fee of up to 50% of the quoted price to recoup the costs incurred for expedite services. Seller will treat any additions to orders already entered as a new order, subject to current pricing.
2. **Exclusivity of Terms.** All purchases of services and products from Seller shall be subject to these Terms and Conditions of Sale. Unless otherwise agreed in a separate written instrument signed by Seller, nothing contained in any purchase order, request for quotation, or other instrument submitted by Buyer shall in any way modify or add any provision to these Terms and Conditions of Sale. Any terms contained in any purchase order or other document submitted by Buyer that contradict Seller's terms or materially add to Seller's terms are expressly rejected.
3. **Payment Terms.** Payment is required in advance unless otherwise approved by Seller. For customers with approved credit, payment terms are Net 30 days from date of invoice. All payments are required to be made in U.S. dollars. Claims for shortages, shipment errors, freight or pricing corrections or apparent damage to the packing or the products are waived unless asserted by Buyer in writing within 30 days following receipt of the goods.
4. **Inspection Charges.** Charges for Level I inspection service apply regardless of the result of the inspection. There is no charge for bearings rejected from Level II overhaul service and scrapped at Seller. If Buyer's bearing is rejected from Level II overhaul service, Seller will return the bearing rings without the retainer and rolling elements unless Buyer both (a) notifies Seller in writing and in advance of its desire to receive also the retainer and rolling elements, and (b) pays a \$200 Reject Service Fee.
5. **Order Cancellation/Delay.** Buyer may not delay or cancel an order for services or for the purchase of products without Seller's prior written consent, which consent may be withheld or conditioned in Seller's discretion. If Seller consents to a delay or cancellation, Buyer shall pay a delay/cancellation charge reflecting the unrealized costs and loss incurred by Seller in the performance of the order to the date of cancellation and those associated with the fact of the delay or cancellation, including, without limitation, labor, material, overhead, general and administrative costs, restocking charges, surcharges and cancellation charges of outside suppliers, excess inventory charges, and scrapping and disposal fees.
6. **Limited Warranty.**

6.a. Seller warrants that all services will be performed according to Seller's standards and specifications and all purchased products will be free from defects in material and workmanship. The warranty period will be one year from the date of shipment except for compressor cases, in which case the warranty period will be the earliest of 12 months from the date of shipment, six months from the date of first installation, or 500 flight hours. Buyer's exclusive remedy will be, at Seller's election, the re-performance of services, provision of a replacement product, or an extension of credit in the amount of the invoice price for the product or service that is the subject of the warranty claim. This limited warranty is provided IN LIEU OF any other warranties, express or implied, including any warranty of MERCHANTABILITY or fitness for a particular purpose. The warranty period for any product will continue for the duration of the original warranty period.

6.b. This Limited Warranty is void if any of the following conditions are not satisfied: (i) The product must be installed by a facility approved to perform that service with respect to the engine, drivetrain, or other system into which it is installed ("System"). (ii) The installer must have current manufacturer manuals and must use properly trained personnel for the installation. Installation of the product must be documented by approved engine assembly documents and work orders providing traceability and date of installation. (iii) The System into which the product is installed must be maintained and operated according to and within the limitations and guidelines outlined by the original equipment manufacturer's manual and technical data approved by or released by Seller or technical data approved by OEM or FAA. (iv) The System must not be modified in any way, except for FAA approved STC or modifications approved by the OEM. (v) The product must not, unless expressly approved by Seller, be modified, replaced or altered outside of Seller facilities in any way that might impair its safety, operation, or efficiency, or be subjected to misuse, neglect, corrosion, accident, foreign object damage, unusual physical, thermal or electrical stress, improper storage, or damage in transit or by the elements. (vi) Notice of a warranty claim must be given in writing to Seller no later than 30 days after malfunction or failure, and Seller must be given an opportunity to inspect the overhauled bearing.
7. **Limitation of Liability:** Seller's responsibility for any claims, damages, losses or liabilities arising out of or related to its performance of this contract or the products or services covered hereunder, including any repair or replacement of products under warranty, shall not exceed the sales price of the particular individual product or service that is the source of Buyer's claim. In no event shall Seller be liable for any special, indirect, incidental, consequential, or punitive damages, including loss of use of productive facilities or equipment, loss of profits, property damages, personal injuries or loss of production, whether suffered by buyer or any third party, and irrespective of whether such claims or actions for damages are based upon contract, warranty, negligence, strict liability or otherwise. Buyer will indemnify Seller for any liability not covered by Seller hereunder.
8. **Miscellaneous.** An action by Buyer to enforce any right or remedy against Seller, whether for warranty, price, delivery or otherwise, will be barred unless commenced within one year following the accrual of the claim upon which the action is based. All prices, terms, and conditions are subject to change by Seller to reflect Seller's then current pricing, terms or conditions. At Seller's option, all scrap resulting from the work shall and any property abandoned or where timely response is not received from Buyer shall be the property of the Seller. Seller shall not be responsible for any delays or other failure to perform where the result of force majeure. At the sole and exclusive election of Seller, any claim or controversy arising out of or relating to the transaction (s) between Seller and Buyer shall be settled by arbitration administered by the American Arbitration Association ("AAA") and judgment on the award rendered by the arbitrator (s) may be entered by any court or competent jurisdiction. The Arbitrator (s) shall be entitled to award the charges of the arbitrator (s) and the AAA to the prevailing party. Exclusive venue for any arbitration and for any court proceedings shall be as designated by Seller at the time of the action, and Buyer waives any defenses or objections to such venue and consents to such jurisdiction. These Terms and the transaction between Buyer and Seller shall be governed, interpreted and enforced in accordance with the laws of California, without regard to its conflict of laws rules. Seller shall be entitled to recover its reasonable attorneys' fees from Buyer incurred in connection hereunder. All business records related hereunder may be kept by Seller no longer than the period necessary for the proper conduct of business. No documents shall be required to be retained by Seller for any specific period, unless agreed upon by both parties in writing, and some documents may be held for a shorter period of time at the discretion of Seller.

Bearing Inspection, Inc.
4422 Corporate Center Dr.
Los Alamitos, Ca 92720
Ph: (714) 484-2400 Fax: (714) 484-2418; Ph: US and Canada only (800) 416-8881
FAA Repair Station SP3R849L, Accepted by the JAA

