

Richmor Aviation, Inc.

Work Order Authorization Terms and Conditions

1. **Work order authorization**

This work order authorization(referred to herein as “Agreement”) including the description of the work or work scope on the reverse side (hereinafter referred to as “work”) to be performed by Richmor Aviation, Inc (hereinafter referred to as “Richmor”) to customers aircrafts, components and engines(s) (collectively hereinafter referred to as “Aircraft”). Richmor is authorized to acquire on behalf of customer all parts, components, materials necessary to complete the work payment for the work. Payment for the work is to be made pursuant to the payment terms of this agreement. Customer is the legal entity or person who has, by executing this Agreement; represented he/she/it has the legal authority to bind the aircraft owner or a lesser to this Agreement.
2. **Title to Aircraft, Parts, Components & Materials**

Title to the aircraft in all parts thereon and all parts, equipment, engines, and items removed from the aircraft shall remain with the owner thereof and not with Richmor except for those materials provided by Richmor pursuant to this Agreement. Title to the materials provided by Richmor pursuant to this Agreement shall pass to customer upon receipt by Richmor of all payments due in pursuant to this Agreement. Until all payments due Richmor before or at time of redelivery of the aircraft have in fact been received by Richmor, Richmor shall have the right to retain possession of the aircraft pending receipt of such amounts and customers shall bear all costs of delay in redelivery of the aircraft cause thereby. Customer agrees that Richmor shall have the right to file and or perfect mechanics lien should customer fail to pay in full all sums due under this agreement.
3. **Payment Terms**

Unless customer and Richmor agree, in writing, to other payment terms, Customer agrees to pay the total due in full to Richmor for the work prior to Richmor relinquishing possession of the Aircraft to customer. All other payment terms are contained in the section entitled payment terms on the front of this agreement.
4. **Taxes**

The amount of all federal, state or local taxes applicable to this sale, use of transportation of the parts sold or the work performed hereunder and all duties, imports, tariffs, or other similar levies shall be added to the price and paid by the customer, except where the customer shall furnish the appropriate certificate of exemption therefrom. Customer agrees to indemnify and hold Richmor harmless from an against the payment or imposition of any such taxes.
5. **Exchanges**

Customer agrees that if parts are replaced hereunder on an exchange basis and the exchange core requires replacement parts not normally required during the overhaul, or if the core is rejected, then in such event the customer shall be invoiced for and shall pay for such replacement parts or additional costs associated with the core until being beyond economical repair.
6. **Changes**

Any changes or additions to the work set forth on the reverse side of this agreement and in any applicable drawings, specifications or designs accompanying this agreement may be made only through the initiation of a request for a change to the workscope on a Richmor discrepancy tracking sheet such changes or additions may affect price and delivery. And the increase in price shall be borne by the customer.
7. **Excusable Delay**

Where a delivery schedule has been given, Richmor will make a good faith effort to comply with such delivery schedule, however, Richmor shall not be considered in default hereunder and no liability as assumed by Richmor or any change in delivery schedule due to any cause not reasonably within the control of Richmor including, but not limited to force majeure, fire, explosion, riot, acts of God, civil disturbances, floods, earthquakes, and casualties similar in nature of the foregoing or due to additional workscope request made by the customer when advised that additional of such item might impact the schedule upon which the original promised delivery date was based. Should events occur which would give rise to customers claim that Richmor is in default of the agreed delivery schedule, customer shall first give Richmor a thirty (30) day written notice of its claim during which time Richmor may cure any claimed default and incur no liability therefore.
8. **Indemnification**

Customer agrees and acknowledges that neither Richmor, its subsidiaries, parent Corporation, its shareholders or its respective Directors, employees, officers, agents and subcontractors (the “Indemnitees”) shall be liable for, and customer hereby agrees to indemnify and hold harmless that indemnities, from and against any and all claims, demands, suits judgments, causes of action or by third party against any indemnity, and any out of pocket cost or expenses incurred in connection therewith including reasonable legal fees and expenses (any and all which hereinafter referred to as “Claims”) for on account or in respect of:

 - a. any damage to or loss of use of the property of any person whomsoever and howsoever arising out of or in connection with, the aircraft or any loss of use, revenue or profit rising out of or in any way connected with therewith, and/or

- b. injury to or death of any person whomsoever, which occurs or arises in any manner out of or in relation to the Aircraft or any services performed hereunder or in the materials or parts used or supplied by Richmor or any act or omission committed by any of the indemnities in connection with the performance of this Agreement.

9. Flight by Richmor

This agreement does not cover delivery flights of Customer's Aircraft by Richmor nor any such flights of customers aircraft. In the event that Customer desires Richmor to perform such services, they will be rendered under a separate Agreement which will require appropriate insurance and indemnification protection of Richmor by customer before the commencement of such flights. Before any such flights are undertaken by Richmor, Customer shall deliver to Richmor a certificate of insurance naming Richmor as an additional insured for the entire value of the hull of the Aircraft and for third party casualty liability in the amount of \$5,000,000 (FIVE MILLION DOLLARS)

10. Richmor Limited Warranty

Richmor Represents and warrants to customer that all they were pertaining to the Work (hereinafter referred to as "Labor") shall be performed by Richmor in accordance with applicable U.S. Federal Aviation Administration Regulations, Richmor standard practices and the current manufacturers maintenance manual (hereinafter collectively referred to as "Standards").

The stated warranty as outlined in the article constitutes Richmor's entire warranty, and it states the full extent of Richmor's liability to Customer, its agents, employees, and all others claiming or who may make claims through the customer, the obligations and liabilities of Richmor are set forth herein or executive of, and customer, hereby expressly waives, all other remedies, warranties, guarantees, liabilities, whether express or implied, arising by law or otherwise, including without limitation, any obligations of Richmor with respect to fitness, merchantability, loss of profit or revenue, indirect or consequential damages.

To the extent allowed by applicable law, the obligations of Richmor set forth herein shall be the executive remedies for any breach of warranty hereunder and, to the same extent, Richmor shall not be liable for any general, multiple punitive, consequential, or incidental damages including without limitation, any damages for diminution of market value, loss of use or loss of profits, or any damages upon the theories of negligence or strict liability in tort.

The entire extent of Richmor's liability under this limited warranty shall be the repair and or replacement, at Richmor's option, of parts requiring repair and/or replacement as a result of Richmor's failure to perform labor in accordance with standards.

Richmor's Liability under this limited warranty does not extend to manufacturers and vendors parts including, without limitation, to any defect existing in such parts. Such parts warranties, if any, are supplied by the manufacturers and or vendors of such parts. Customer agrees that liability for manufacturers and vendor parts is limited to the warranties, if any, provided by the manufacturers and vendor of such parts.

Written notice of any claim for the performance of Labor and/or repair and/or replacement of parts pursuant to Richmor's limited warranty must be given to Richmor at the facility where the Work was performed. Within (150) hours of operation of the aircraft or (90) days whichever occurs first since delivery of the Aircraft by Richmor to Customer. **Any action against Richmor for breach of this limited warranty must be commenced within one year after the cause of action accrues.**

This limited warranty shall be governed by and constructed in accordance with the laws of the state of New York

11. Applicable Law and Jurisdiction

This Agreement has been entered into in the State of New York and shall be construed in accordance with, and its performance shall be governed by, the laws of the State of New York. The parties agree that, in the event of a legal dispute, any action or suit shall be brought executively in, and hereby submit to the jurisdiction of the State of New York or Counties of Ulster, Columbia, and Schenectady.

12. Non-Waiver

Customer and Richmor agree that the waiver of any rights herein set forth by the other party shall not be construed as a waiver the same rights at a future time or as a waiver to any other right herein provided.

13. Estimated Pricing

Estimated pricing is defined to mean in approximate calculation only. The final price may exceed the estimated price.

14. Waiver of Subrogation

The customer waives any and every claim which arises or may arise in its favor or in favor of its insurance carriers and against Richmor for any loss of, or damage to, the aircraft, which loss or damage is covered by valid and collectible fire, casualty, aircraft and/or extend coverage insurance policies, to the extent that such loss or damage is recoverable under said insurance policies, and as much as this waiver will pre-clude the assignment of any aforesaid claim by way of subrogation (or otherwise) to any insurance company (or any other person). The Customer agrees to immediately require each insurance company which has issued to it fire, casualty comma aircraft and/or extended coverage liability policies to property endorse said policies, if necessary, to prevent the invalidation of such insurance coverage by reason of said waiver.

15. Entire Agreement

The provisions hereto (including the pertinent documents, drawings, and specifications applicable hereto) shall constitute the entire Agreement between the parties and supersede all prior prices, offers, negotiations, statements, or Agreements relating to the subject matter hereof.

16. Miscellaneous Provisions

- a. The failure of either Customer or Richmor to enforce any Agreement, condition, covenant or term shall not be deemed to void or affect the right of such party to enforce the same or any other Agreement, condition, covenant, or term on the occasion of a subsequent default or breach by the other.
- b. All exhibits described in this agreement shall be incorporated herein and made a part of this Agreement, except that if there is any inconsistency between this Agreement and the provisions of any exhibit, the provisions of this Agreement shall prevail.
- c. Richmor may subcontract work it deems necessary; however, no such subcontract shall relieve Richmor of any of its obligations.

17. Changes

The provisions of this Agreement, including any specifications or Customer furnished data, Material or instructions may be changed only by written mutual Agreement.

Pricing & Payment

Service Agreement by and Between Richmor Aviation, Inc. and "Customer"

Pricing

1. **Fixed Pricing-** for Workscope items:
Will be described in formal quote (if applicable).
2. **Labor Rate-** Pricing for Customer requested items and non-routine items all individual non-routine items and Customer request items shall be performed for an agreed fixed price, or on a time and material basis as mutually agreed in accordance with the current published price schedule.

Notes

1. There is a call out fee of \$150 on all after hour AOG services. There is also 4 hours minimum on all after hour call outs.
 2. There will be a 4% charge on all labor charges for miscellaneous shop supplies and environmental cost.
 3. Customer furnished parts will be assessed at 15% surcharge at the time of installation based on the manufacturer suggested retail price (MSRP). For rebuilt, reworked, overhauled, or refurbished parts where there is no MSRP Richmor Aviation, will at its sole discretion, determine the basis of the surcharge. Customer supplied parts must be accompanied by a properly executed release for return to service in accordance with FAA regulations and Richmor Aviation' Repair station manual (RSM) requirements. If such release or documentation is not supplied, an overhaul, upgrade, certification, or repair necessary to be in compliance with the RSM must be accomplished prior to installation of the parts. Any such overhaul, upgrade, certification, or repair is a sole responsibility of the customer. Richmor Aviation disclaims all liability for customer furnished parts and specifically excludes all express, implied or stationary warranties for such parts including, but not limited to, the warranties of merchantability and fitness for a particular purpose, customer waives any claim or right to any cause of action against Richmor Aviation, its employees, directors, officers, agents, and subcontractors, for the performance of such parts and installation by Richmor Aviation without inspection of such parts
 4. Richmor Aviation Policy requires that progress payments be made when work is estimated to exceed \$25,000
 5. All credit terms are payable net 30 days from the invoice date. All sums passed do shall bear interest of 1.5% per month or the maximum rate allowed by law
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3. Escalation- If the work or any portion thereof is to be performed in paid for on a time and material basis and if during the performance of this agreement Richmor publishes to its Customers a general increase or decrease in the basis per hour rates charged for the type of work to be performed herein, then such increased or decreased rates shall be changed to and paid by Customer for work performed subsequent to Richmor's publication of such rates.
 4. Materials & Outside Services- Pricing for all material and or outside services purchased, procured, or provided to Customer by Richmor shall be in accordance with the following: Material and/or Outside Services invoice plus a standard markup.
 5. Material & Outside Services Pricing Notes
 - a. Material Pricing- In addition to the percentage markup identified above, Richmor shall invoice customer all costs incurred by Richmor relating to freight, shipping, custom duties, plus any applicable governmental levies including taxes.

- b. Outside Services Pricing- In addition to the percentage markup identified above, Richmor shall invoice Customer all costs incurred by Richmor relating to any applicable government levies including taxes, and any travel related expenses.

Payment Terms

- 1. **Payment Milestones-** Customer shall remit to Richmor the sums due in accordance with the pricing provisions above, as follows:

Item	Payment	Due
a. 50% of Fixed Priced Workscope	\$	Prior to Delivery
b. 50% of fixed Priced Workscope And all estimated charge for additional Services and Materials	\$	Prior to Redelivery

- 2. **Interest Charges-** A charge of 1.5% (one and one-half percent) per month, 18% (eighteen percent) per annum, accrued daily, shall be added to all payments which are not within 30 (thirty) days of the invoice date.