

US Aviation Group LLC.

WORK AUTHORIZATION AGREEMENT TERMS AND CONDITIONS

- 1. SCOPE OF AGREEMENT.** This work authorization agreement (the “Agreement”) identifies the work to be performed by US Aviation Group including its affiliated entities, (collectively USAG) plus the associated terms and conditions. It constitutes the parties’ agreements with respect thereto. This Agreement’s terms and conditions (but excluding work scope and overtime authorizations) may not be altered except by writing that expressly references this Agreement and is signed by authorized representatives of both parties.
- 2. WORK SCOPE AND CHANGES.** USAG is authorized by the Customer to expend labor and materials reasonably appropriate to the work scope items. Work scope changes (including requests for overtime) require mutual agreement of USAG and Customer. Customer’s oral work change and overtime authorizations are binding so long as USAG’s work scope change documents identify the approving Customer representative’s name and date of authorization (unless otherwise provided by law).
- 3. PRICING AND BILLING.** All work (including engineering services) performed under this Agreement will be on a **TIME AND MATERIALS BASIS** unless expressly subject to a formal quote signed by both USAG and Customer. **CUSTOMER ACKNOWLEDGES THAT ESTIMATES AS TO EXPECTED HOURS/MATERIALS COSTS ARE NOT QUOTES AND WILL BE BILLED SOLELY ON A TIME AND MATERIALS BASIS.** All labor (including engineering services) will be billed according to the standard rates set forth in the USAG Aircraft Services Rate Letter in effect as of the date on which the work is performed, except that the Customer approved overtime will be billed at the applicable overtime rate set for in such letter. All materials shall be billed according to USAG’s standard prices in effect as of the date the material is used.
- 4. PMA PARTS.** Customer acknowledges that FAA PMA approved parts may be used in connection with the work performed hereunder.
- 5. EXCHANGES, RETURNS AND USED PARTS.** Customer agrees to (a) return worn exchange cores freight prepaid to USAG within twenty one (21) days from the work completion date, (b) pay a core charge on untimely returns and (c) pay for all replacement parts in the overhaul of the exchange core not required as part of a normal overhaul. USAG will return all non-repairable cores or parts upon written request if Customer pays all shipping charges, taxes, duties and other costs. All parts sales are final and USAG shall have no obligation to accept returns. Any return of parts shall require USAG’s prior written permission and Customer’s prepayment of all restocking and recertification charges.
- 6. PAYMENT TERMS.** The payment terms are cash on delivery unless prior approval is agreed in writing by both USAG and Customer. For work estimated to exceed \$5000, Customer agrees to make progress payments on the following schedule: 50% of the estimated amount upon input of aircraft, 25% within ten (10) days after USAG’s written notice that the work scope is approximately 50% complete, and final payment is cash on delivery of final invoice. If any portion of an invoice is disputed, then Customer shall nevertheless pay all undisputed amounts

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per this paragraph's schedule USAG shall not be required to release USAG Customer's Aircraft to depart if Customer's outstanding balance for work hereunder exceeds \$5000 or Customer's total outstanding balance owed to USAG exceeds Customer's authorized credit limit. All sums past due shall bear interest at the lesser of 1 ½% per month or the maximum rate allowable by law. USAG reserves the right to file a lien on such aircraft if payments are not paid as agreed. To the extent that USAG, at its sole discretion, retains legal services for collection of funds, Customer will be responsible for all legal fees associated with such collections.

7. TAXES. All Federal, State, Local and Foreign taxes, levies, penalties and tariffs applicable to the work performed hereunder, the materials used or transportation shall be Customer's responsibility and Customer shall indemnify and hold USAG harmless with respect thereto.

8. CAUSAULTY LOSS. Except as otherwise provided in this Agreement, USAG shall indemnify and hold Customer harmless for damage to the Aircraft that occurs while the Aircraft is on the ground in an USAG facility and in USAG's custody and control if such damage is proximately caused by USAG's (including its employees, agents, contractors and affiliates) negligence or willful misconduct. Customer shall indemnify and hold USAG (including its contractors and affiliates) harmless with respect to any damage to or loss of the Aircraft not covered by preceding sentence.

9. WARRANTY-GENERAL. USAG warrants that the work, except for inspection activities, shall conform to the pertinent specifications prescribed by the applicable aircraft/component manufacture, and that any of USAG manufactured components supplied hereunder shall be free from defects in material and workmanship. USAG's warranties hereunder shall extend to defects which become apparent within three (3) months after completion of work hereunder; provided, however, that any work performed as warranty work shall have a warranty period on such work equal to the unexpired warranty period on the initially repaired item.

10. REMEDY FOR BREACH OF WARRANTY. USAG's sole obligation for breach of warranty for work other than inspections, and Customer's sole remedy, is limited to the repair, replacement or correction (at USAG's discretion) of the warranted item or work. USAG shall not be responsible for any costs or expenses associated with Customer's transporting the Aircraft or warranted items to USAG or an Authorized Facility. USAG's sole remedy is limited to refund of any payments made by Customer for that portion of such inspection claimed to be defective. Customer acknowledges that USAG is not responsible for any damages to an aircraft that result from any alleged negligent inspection of an aircraft. Further, USAG's warranty obligations hereunder are expressly conditioned upon Customer's compliance with all of the following: NOTICE-Customer must provide USAG with written notice within thirty (30) days after the defect becomes apparent; RETURN OF THE PROPERTY-Customer must return or otherwise dispose of the item at issue as directed by USAG within thirty (30) days after receipt of USAG's instructions; and RECORDS-Customer shall maintain and make available to USAG all records reasonably related to the maintenance, use and condition of the item at time of issue.

11. TERMINATION OF WARRANTIES. These warranties shall be void if either the Aircraft or warranted item have been subjected to IMPROPER USE-Maintenance, overhaul, installation, storage, operation, or use which is improper or not in accordance with the

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aircraft/component manufacturer's instructions, including failure to comply with approved operating and maintenance manuals, instructions or bulletins; or ACCIDENT OR CASUALTY- any accident or casualty that proximately causes or contributes to the failure or substandard performance of the warranted item.

12. DISCLAIMERS. ALL OTHER WARRANTIES WHETHER EXPRESS, IMPLIED, OR STATUTORY, SUCH AS WARRANTIES OR MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ARE HEREBY EXCLUDED AND DISCLAIMED TO THE EXTENT THAT THEY EXCEED THE WARRANTIES PROVIDED HEREIN, WHICH WARRANTIES COMPRISE USAG'S ENTIRE RESPONSIBILITY WITH RESPECT TO ANY FAILURE OR DEFECT ARISING OUT OF THE WORK PERFORMED HEREUNDER TO THE EXCLUSION OF ALL OTHER LIABILITY IN TORT (WHETHER FOR USAG'S OWN NEGLIGENCE OR OTHERWISE) OR IN CONTRACT, INCLUDING ANY LIABILITY USAG WITH RESPECT TO INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES. DAMAGES EXCLUDED HEREUNDER INCLUDE, BUT ARE NOT LIMITED TO, DAMAGES FOR LOSS OF USE, LOSS OF MARKET VALUE, LOSS OF REVENUE OR PROFIT AND COSTS OF REPLACEMENT TRANSPORTATION.

13. ACCEPTANCE OF DELIVERY. USAG will tender the Aircraft to Customer for acceptance at the facility where the work was performed, unless otherwise agreed to in writing. Customer shall make an appropriate inspection of the work, and, upon correction of any discrepancies in such work by USAG, Customer shall accept the Aircraft.

14. EXCUSABLE DELAY. USAG will use reasonable efforts to complete the work by the date forth in this Agreement. If the work scope is altered by the Customer or unexpected Aircraft conditions, reasonable efforts shall not include overtime unless the Customer agrees to bear overtime charges. USAG shall not be liable for delays reasonably beyond its control, including without limitation Act of God, force majeure; any act of government; delay in transportation; strikes or labor trouble causing cessation, slow-down or interruption of work; or the inability after due and timely diligence of USAG to procure materials, accessories, equipment, or parts necessary to the completion of the work under this agreement.

15. TITLE. Title to all components or other materials which will be installed in the Aircraft under this Agreement, regardless of the manner of affixation or installation therein, shall not pass to the Customer or any other person, until delivery of the Aircraft to Customer following completion of the work.

16. SAFETY AND SECURITY. Customer's employees and representatives shall abide by all applicable USAG policies, procedures and safety protocols when present on USAG's premises.

17. ARBITRATION. Any controversy or claim arising out of either this Agreement or Customer's service visit to USAG shall be settled by one (1) arbitrator per the Commercial Arbitration Rules of the American Arbitration Association ("AAA") in the City where the work hereunder was performed. The parties shall use their best efforts to agree upon an arbitrator within thirty (30) days after service of the claim, and if agreement is not reached by such date then either party may request the AAA to appoint an arbitrator in accordance with its rules.

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18. CHOICE OF LAW. This agreement shall be interpreted under the laws of the State of Texas without regard for rules concerning conflicts of the law.

19. AUTHORIZATION OF AIRCRAFT OWNER. The person signing this Agreement hereby represents, warrants and affirms that he is an AUTHORIZED AGENT OF THE AIRCRAFT OWNER(S) with full authority to enter into this Agreement and bind such owner(s) with respect to all work contemplated herein.

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