



**Avacore LLC Exchange Agreement**

<b>Section 1 - Customer Details</b>					
a. Name	b. Customer PO#			c. Avacore Invoice #	
<b>Section 2 - Unit Information</b>					
a. Part No.	b. Serial No. Out			c. Condition	
<b>Section 3 - Exchange Terms</b>					
a. Date of Exchange:	b. Exchange Period (Days)		c. Return Due Date:		
d. Exchange Fee:	e. Outright Value:		f. Scrap/Return Surcharge % (if appl):		
<b>Section 4 - Additional Terms</b>					<b>Return Core to:</b>

**I. Title**

a. The title for Avacore LLC, hereinafter referred to as Avacore, shipped unit, remains in the name of Avacore, until Customer has satisfied all terms and conditions set forth herein. At the time of shipment of the exchange unit to the Customer, the Customer's off-unit becomes the property of Avacore and title for it transfers to Avacore. Once evaluated by the repair shop, Customer is invoiced as outlined below, with Avacore reserving the sole discretion in the disposition of the core unit. Customer agrees that any option to have the core unit returned or scrapped is governed by the terms and parameters of this agreement, as defined in Paragraph II.

**II. Standard Fees/Charges and Outright Billing**

- a. You are being charged the exchange fee indicated in Section 3(d), the cost to recertify your core to SV/OH condition, and any differential charges, as outlined in Section 4. Cores are to be delivered to Avacore (DDP), with charges including all freight, customs clearance, and packaging, as applicable.
- b. Upon evaluation of the core unit by the shop, the outright value in Section 3(e) is your maximum liability for recertification of the core unit. In no way does the outright value (3e) act as a purchase price, after the fact, once the core is returned. Based on the shop estimate, the following will apply:
  - i. In cases where the estimated repair cost, including any applicable differential charges, exceeds the outright value (3e), the Customer will be invoiced the outright value (3e), plus shop evaluation and freight, with the core unit remaining the property of Avacore for our disposition, subject to II(c). In lieu of the outright charge, the Customer may elect, within three business days of receipt of the shop estimate/invoice, to provide a replacement core. In this case, the outright charge is credited, with the exchange subject to the replacement terms defined in IV(e).
  - ii. In cases where the estimated repair cost, including any differential charges, is less than the outright value (3e), no option for replacement or outright conversion/core return is available, unless otherwise noted in Section 4 or agreed to and offered by Avacore. In this case, Avacore, in its sole discretion, will proceed with disposition of the core unit per Paragraph V, with repair charges invoiced per this agreement.
- c. In cases where the outright is invoiced per II(b)(i) and no replacement is provided, the option to have the core unit returned/scrapped may be available for an additional scrap surcharge, above and beyond the outright value (3e). The surcharge is calculated as a percentage (3f) of the outright value (3e). If Section 3(f) is marked "----", the core unit is not available to be returned/scrapped. Customer must request return/scrap of the core and acceptance of the surcharge in writing, within three business days of receiving the shop estimate/invoice, otherwise core is retained by Avacore.
- d. If, prior to core return, the Customer elects to convert the exchange to an outright purchase, they must notify Avacore, in writing, within 24 hours from the date of the exchange, to have the exchange fee waived. For requests made after 24 hours, the fee (3d) will be due in addition to the outright value.
- e. Once a unit leaves Avacore's facility, the exchange agreement is in effect in its entirety. Cancellations and/or original units returned unused are still subject to the full exchange fee. Late charges and recertification charges may also apply, subject to return requirements defined in Paragraph IV.
- f. Payment terms are as indicated on the Avacore invoice. Avacore will not be held responsible, in any way, for late or delayed billing of repair charges.

**III. Return Units and Late Fees**

- a. Units are to be returned to Avacore by the date indicated in Section 3(c). It is the Customer's responsibility to return a core on time. Avacore is not responsible for outgoing or incoming transit delays for any reason, customs clearance delays, or lack of required paperwork.
- b. Cores not received by the due date (3c) will be charged an additional exchange fee (3d), giving the Customer an additional exchange period (3b) to return the core. Prior to the due date, the Customer has the option to accept a late charge or be invoiced the full outright value (3e). If the Customer does not respond by the due date, an additional fee will be invoiced. For subsequent exchange periods, unless otherwise noted in Section 4, the Customer will be notified whether an additional fee will be invoiced or an outright billing is required. Customer may advise, prior to any due date period, to go outright in lieu of receiving an additional fee. Customer is responsible for managing due dates/returns, regardless of any notifications provided by Avacore. If the exchange is invoiced outright, for any reason, the original exchange fee and all late charges invoiced to date remain due.
- c. Units are not considered received until ALL requirements in Paragraph IV are satisfied. Until then, the exchange remains open, subject to late charges.
- d. It is hereby understood and agreed by the parties to this agreement that the late fees set herein are established because the parties cannot readily ascertain the full extent and nature of the damages that will be suffered by Avacore in the event the terms and conditions set forth herein are not complied with by the Customer. The parties acknowledge and agree that the late fees set forth herein constitute reasonable damages.

**IV. Return Core Requirements**

- a. Core units are to be returned to Avacore in "As Removed" condition. Avacore is under no obligation to accept a certified unit to close the exchange. Any request to return a certified unit should be made prior to the exchange and is only valid if given written approval by Avacore. If permitted, the Customer must meet all required Avacore conditions set forth in writing and is still subject to all the other terms and conditions set forth in this agreement.
- b. Avacore reserves the right to reject cores for time-controlled items that are too old or any item deemed by the shop to be non-repairable to the equivalent state of the outgoing unit. In this case, the Customer core will be rejected, with the rejection/replacement per IV(e).

- c. Core units must be accompanied by full trace paperwork: signed removal tag, packing slip (P/S), and certification (Cert) with a non-incident statement (NIS) from an approved regulated source, along with a P/S & Cert from each party handling the material from regulated source to Avacore. If the Customer traces the unit to a 145 (Repair/MRO), the 145 Cert must contain last operator/aircraft removal information, along with an NIS from that operator; with anything less approved by Avacore. Units received without acceptable paperwork will be rejected and Customer will not have satisfied their duty and obligations under this agreement, thereby subject to late fees/outright billing per III and rejection/replacement per IV(e).
- d. Units returned unused must be accompanied by all original, unaltered, paperwork or be subject to recertification charges and/or rejection. In addition, unused units must be returned with certification signed by the quality department of any party who handled the unit, stating the unit was not installed or used in any manner. Units returned unused after 45 days from the exchange date are subject to recertification charges given the aging to the outgoing certification. Unused units that appear to incur customer-induced damage, unexpected wear or transit damage will be sent to the shop for recertification. Recertification charges for unused NEW/OH outgoing units are subject to condition differential charges, as outlined in VI(d).
- e. If the Customer is notified by Avacore that a core unit is rejected, the Customer will have three business days in which to elect an outright billing and have the core returned or to supply a replacement unit. Replacement cores are subject to the following terms and conditions:
  - i. Exchange reverts back to open from original exchange date as if the original core was not received, subject to all late charges per this agreement. Customer is responsible for all evaluation/freight/packaging charges related to the original core.
  - ii. The original core is not returned to the Customer until replacement core is returned and evaluated.
  - iii. Customer may only elect to supply a replacement one time.

**V. Repair Terms and Conditions**

- a. Unless otherwise stated in Section 4, if Avacore supplies a unit with OEM certification (New, OH, or SV condition), core unit will be sent to the OEM's repair shop. If Avacore supplies a unit with non-OEM certification, Avacore will determine which repair shop (non-OEM) will be used.
- b. Customer is responsible for all charges to bring core units to the same, "like-for-like", configuration as the outgoing unit supplied. This includes any modifications and/or service bulletins (SBs) present in the original outgoing unit, as well as the use of PMA/DER, if applicable. In addition, Customer is also responsible for the incorporation of any modifications, SBs, or Airworthiness Directives (ADs) that become mandatory, either through regulatory agencies (FAA/EASA) or the OEM, during the time the unit is out on exchange or at the repair shop, regardless of the original outgoing configuration.
- c. Avacore, in its sole discretion, will approve/reject shop estimates. Avacore reserves the right to not proceed with or to change the workscope at a later date. The final shop invoice is not provided and payment may not be delayed for this reason. If the final shop invoice, once work is completed, contains additional charges not found during evaluation, Customer will be invoiced separately at that time. If Avacore approves an estimate more than 60 days from the date the original estimate is invoiced to the Customer, the Customer will not be responsible for any additional charges.
- d. Customer will be invoiced based on the shop evaluation/estimate to bring their return core to the same condition supplied by Avacore. Upon receipt of the invoice/estimate, Customer will have three business days to dispute the shop findings, after which time the invoice is final. In cases where an itemized, priced teardown is not attainable, either due to flat rate/contract pricing or repair shop policy, Avacore is under no obligation to provide this material, nor can the Customer delay payment in any way for this reason. Avacore will not be held responsible for differences between the quoted pricing received, and that which the Customer may be able to obtain via their own status, relationships, and/or contracts. Repairs will remain in Avacore's name and at no time will work orders be transferred to the Customer or a third party.
- e. Any special shop requests required by the Customer, such as pictures or test results, should be made prior to the unit being returned to Avacore, so they may be passed on to the shop accordingly. Avacore will make every effort to retrieve additional information at all times, however, Avacore cannot be held responsible, nor can the Customer delay payment, in any way for lack of this information.
- f. Customer is not permitted to supply parts for use in repair under any circumstances.
- g. Any parts requiring replacement on the shop evaluation/estimate will be quoted in NEW condition by the shop.
- h. If a replacement component required for repair/overhaul is not in stock with a lead time greater than 90 days, Avacore reserves the right to reject and return the core unit. If rejected, Customer will have the option of supplying a new core, with the time the original core was at the shop abated, or to have the core returned with an outright billing.

**VI. Warranty Claims**

- a. Warranty for items supplied under this agreement are provided by the manufacturer or repair facility. Claims must be made in writing to Avacore, at which time Customer will be directed where to ship the item to begin the evaluation process. Full failure report is required to process warranty.
- b. Claims will be handled based on standard warranty procedures and in no way affect the terms of this agreement. Warranty units are to be returned in due time. Units returned late, regardless of warranty disposition, are subject to late charges if not received by the required due date. Units returned for warranty may be designated as the core to close the current exchange, otherwise the core unit still remains due per the agreement and is subject to late charges if not received. If Customer requires a replacement unit and Avacore can supply, a 2<sup>nd</sup> exchange transaction must be opened.
- c. If warranty is denied for any reason, the exchange fee and all applicable charges per this agreement are due. If warranty is honored, the original exchange fee is credited with shop charges waived.
- d. In cases where the outgoing unit condition is NEW or OH and warranty is denied for any reason, Customer will be responsible for the lesser of the shop charges to bring the unit to OHC or the repair/inspection charges plus a condition differential charge equal to 20% of the outright value (3e).

**VII. General Terms and Conditions**

- a. Any and all amendments to this agreement must be in writing and signed by both parties. No verbal commitments will be honored unless confirmed in writing and signed by both parties. The Customer, by signing below, has read, accepts, and agrees to all the terms and conditions contained on all pages of this agreement and acknowledges that any other terms or clauses which may appear on Customer paperwork will not apply.
- b. Customer agrees to pay Avacore per agreed payment terms. If not, Customer agrees to a 1% late payment fee per month on outstanding balance, any and all reasonable collection and legal fees subject to the state of Delaware law and jurisdiction. Customer agrees not to withhold payment of exchange fee, repair charges, late fees, or outright price. Disputes will be handled thereafter.
- c. Avacore suggests that all terms and conditions in this agreement be passed on to your Customer(s). We are not responsible for any losses you may incur due to incompatibility of this agreement with any subsequent agreement made by the Customer.

**FOR AND ON BEHALF OF:**

COMPANY	NAME OF SIGNATORY (TYPED OR PRINTED)	SIGNATURE	DATE
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