



## Standard Terms and Conditions of Sale for Services

### 1. General procedures

TES will perform the Services on Customer's aircraft, engine, or parts thereof ("Equipment") in accordance with specifications listed in the Proposal. TES may use parts from TES rotatable parts inventory to replace Customer repairable parts which will be repaired by TES at Customer expense. If such removed parts are later scrapped, condemned, or determined to be non-repairable, the parts will be disposed of at no expense to the Customer and Customer will pay the list price for replacement part, unless otherwise covered by Maintenance Program, less any applicable exchange fee previously paid. Title to parts and material furnished by TES will pass to Customer upon incorporation in the Equipment and, simultaneously, title to the parts replaced will pass to TES. When the Equipment is returned to Customer ("Redelivery") TES will provide Customer with copies of all work records required by the applicable aviation authority ("Approved Aviation Authority").

- **Maintenance Service Programs** (Honeywell MSP, GE On-Point, JSSI, etc.): TES obligations are subject to any applicable engine maintenance service program agreements (each a "Program Agreement") remaining in effect and in good standing throughout the entire term of any Agreement between TES and the Customer. In the event the Customer's coverage under the Program Agreement is terminated or otherwise ends before or during the term of any Agreement, Customer will be responsible for, and agrees to immediately pay TES for any and all costs and expenses that (1) would otherwise have been covered under the Program Agreement; (2) arise out of or in any way relate to the termination of coverage under the Program Agreement; and/or (3) not covered under the terms of the applicable Program Agreement, in each case on a time and materials basis as the same is charged by TES to its other customers. Maintenance must be performed within the manufacturers specified hourly and calendar tolerance to avoid financial penalties.



## **2. Rental Engines (if applicable)**

The entitlement of the Customer to receive a Rental Engine during Equipment servicing is contingent upon the execution of a TES Bailment agreement. TES retains the prerogative to demand a and Rental Engine availability which is on a non-exclusive basis. TES may require a security deposit, down payment and/or advance progress payment during the monthly operational hours. (For further details, please refer to TES Standard Terms and Conditions for Bailment:

<https://www.tesservice.com/wp-content/uploads/2024/01/TES-Standard-Terms-and-Conditions-for-Bailment-2024.pdf#page=1>)

Upon Redelivery of the Equipment for with the Rental Asset was provided, Customer shall return the Rental Asset to TES in accordance with the TES Standard Terms and Conditions for Bailment.

## **. Rental Tooling and Rental Equipment**

Customer may request to rent tooling from TES. If made available to the Customer, rental tooling will be priced at the current market price and subject to Customer signing a rental/bailment agreement for the same.

If TES is required to rent tooling to complete any Services, such tool rental charges, fees, and conditions will be charged and passed on to the Customer. The tooling will be returned following usage for the Services. If the Customer requests to maintain any TES rented tooling following completion of the Services, the Customer will enter into a direct agreement with the owner/lessor of such tooling and thereafter be directly liable for any additional charges.

## **4. Export/Import Governmental Regulations**

Customer will be the importer/exporter of record of the Equipment and, unless TES otherwise agrees in writing, Customer will be responsible for obtaining all necessary import/export licenses, permits and other required authorizations. All delivered items (including technical data) shall always be subject to all applicable import and export regulations including, without limitation, the U.S. Export Regulations, International Traffic in Arms Regulations of the U.S., and applicable



U.S. Customs Regulations. Customer will not dispose of USA-origin items furnished by TES (including technical data) other than in and to the country of ultimate destination specified in the Proposal, government license(s), and authorization(s), except as law and regulation permit.

## 5. Taxes

Customer agrees to pay all taxes, duties, fees, charges, or assessments of any nature that assessed or levied in connection with the Services and supply of parts, materials, equipment and tooling (including the loan and lease of the same) under the Agreement and any Proposal. This includes federal, state and local taxes, import/export and other duties, tariffs, VAT and similar fees imposed by any government, all of which shall be listed separately on the invoice. If TES, for any reason, pays for any taxes for which the Customer is responsible, Customer shall promptly reimburse TES for such payment, along with any expenses thereto. If Customer is exempt from or eligible for a reduced rate in respect of any taxes, Customer shall provide to TES a valid tax exemption certificate or other required documentation prior to the date that Services are scheduled to commence on the Equipment.

Customers requiring goods and services in the European Union may also be asked to confirm Economic Operators Registration and Identification (EORI) if required

## 6. Prices / Payment

**Maintenance Program:** (Honeywell MSP, GE On-Point, JSSI, etc.) if the Services listed in any Proposal or Customer Work Request are to be covered by a Program Agreement, the TES Proposal or Work Order shall indicate this information. If the Customer elects to undertake any work that is not covered by a Program Agreement, TES prices for Services will be stated in the Proposal in U.S. Dollars. In respect of any such additional charges, Customer will, in addition to any other charges set forth in the Agreement, be charged an amount equal to 5% of the billed labor charges, which amount will be added to the final invoice to cover the cost of miscellaneous shop supplies and hazardous material disposal. This charge will apply to all engine work orders and should not exceed the maximum amount of the total invoice.



**Time and Material:** Services not covered under a Program Agreement may, at TES discretion, require a downpayment (prepayment) before Services will commence. TES can and may also request that payment agreements including incremental, or progress payments be issued for Time and Material work. All Time and Material Customers will, in addition to any other charges, be charged an amount equal to 5% of the billed labor charges, which amount will be added to the final invoice to cover the cost of miscellaneous shop supplies and hazardous material disposal.

Additionally, for Services not covered by Maintenance Program, TES shall have a lien on all personal property in its possession for all sums owed or owing to TES<sup>1</sup>. If said sums have not been paid by Customer within thirty (30) calendar days of the date on which the sum was due, TES shall have the right to file for abandonment of the Equipment and to sell said property to satisfy the sum due in addition to any other rights it may have at law or under this agreement. Any amount realized from any such sale more than sums owed shall be credited toward future services. If a lien may not be placed on Customer's property, TES shall retain possession of Customer's asset until such time sums are paid. The customer shall indemnify and hold harmless TES as to any claims, suits, and all associated costs in the event a third party claims an interest in the property sold.

Any Service that is not priced in the Proposal, and not covered by Maintenance Program, shall be invoiced at TES then current rates. Unless otherwise stated in the Proposal, all invoices are due prior to Redelivery and shall be paid by wire transfer as stated on TES invoice, immediately available for use and without set-off. If a Customer's account becomes delinquent, Customer shall grant TES commercially acceptable assurances of payment. In addition, the Customer shall pay all reasonable storage, preservation, attorney fees, expenses and other related costs incurred by TES in attempting recovery of any sum owed by the Customer.

## **7. Force Majeure**

TES will not be liable to Customer or any other party for, any delay in TES performance due to causes beyond TES control, including but not limited to:

1. War, warlike operations, armed aggression, insurrection, terrorist act, riots;



2. Fires, floods, earthquakes, inclement weather;
3. Any acts of government, governmental priorities, allocation regulations or orders, sanctions or other economic or trade restrictions and including delays, failure or refusal to grant approval(s) by the FAA or other aviation authority;
4. Acts of God or of the public enemy;
5. Failures of delays in transportation;
6. Epidemics, pandemics, quarantine restrictions, or other similar circumstance;
7. Inability to procure materials or parts including unavailability of Original Equipment Manufacturer (“OEM”) parts;

In the event of such a delay, TES may at the commencement of such delay invoice the Customer for all completed Services. If the Customer causes a delay, TES may stop Services on Customer Equipment, which may result in a greater day-to-day delay in the completion of Services and the Equipment may be placed in storage in accordance with section 17 – Risk of Loss.

#### **8. Work Stoppage**

If the Customer causes any postponement or stoppage of Services, the Customer will be liable to TES for any postponement and delay costs associated with the work stoppage including but not limited to storage, reasonable storage fees, inspections, preservation costs and disruption costs and expenses. The Customer agrees that such postponement charges will be invoiced monthly, which invoices are due and payable when received by the Customer. The Customer further agrees that the Services will not be reinstated until such invoices are paid in full. Upon lifting of the work stoppage, TES will assess the impact on the Services schedule and provide the Customer with a new Redelivery date.

#### **9. Warranty**

Reference Customer Proposal for full statement of warranty and its relation to the binding nature of the document. The Terms and Conditions, in reference to Warranty, is superseded by the Proposal Language.

#### **10. Equipment Storage**

In the event that:

- a) The Equipment remains at the TES Facility for than 3 (three) business days after Redelivery;



- b) Customer fails to pay for the Services agreed in the Proposal and, if applicable, a PCR;
- c) Customer delays or fails to respond to TES notices for acceptance or rejection of Services proposed by TES before the expiration of the forty-eight (48) hour period following TES's notice to Customer of the need of such an approval or rejection;

Then the Customer agrees to pay TES, upon demand, a storage fee of \$1,000.00 per day. Upon the commencement of the storage fees being charges to Customer, Customer agrees that TES shall be authorized to move and store Customer's Aircraft outside of its hangar facilities and that TES will have no obligation of any kind or nature whatsoever to provide any further Services for the continued maintenance, preservation or protection of the Aircraft, Engines, or parts thereof. The foregoing shall be in addition to any rights or remedies due to TES may have under law or equity.

#### **11. Customer Indemnity**

Customer will indemnify TES from third party losses for damage to or destruction of any property (including the Equipment) or any injury to or death of any person caused by Customer's use, operation, repair, maintenance, or disposition of the Equipment; provided, however, Customer shall not be required to indemnify TES for any losses caused by TES willful misconduct in its performance of the Services. Customer shall indemnify TES from and against all losses resulting in injuries or damage suffered by employees of Customer and Customer's Maintenance Representative while at TES's premises.

#### **12. Limitation of Liability**

The total liability of TES in respect of any Proposal shall not exceed the dollar value of the amounts paid by the Customer for the Services provided. In no event shall TES be liable to Customer or any other party for indirect, special, incidental, punitive or consequential damages including, without limitation, loss of use, revenue, or diminution of value whether because of breach of contract, warranty and any other claims at law or in equity including claims for fraud or tort.

#### **13. Customer Insurance**



If TES is providing Services on Customer's Equipment, Customer shall, at its expense, procure, maintain, and keep in full force and effect hull insurance to protect the value of the Equipment. Additionally, the Customer shall, at its expense, for the same duration, procure, maintain, and keep in full force and effect a general liability policy with minimum limits of \$300,000,000.00 per occurrence (or such other amount as may be agreed in a Proposal), and will name TES as an additional insured. All Customer policies will be endorsed to waive all subrogation against TES. Before Services commence, Customer will provide TES with Certificates of Insurance evidencing the waiver of subrogation and providing that the insurance may not be cancelled without 30 days prior written notice to TES. Customer acknowledges that TES is not liable for loss of the Aircraft or other damage to property, personal injury, or death of any person, while the Aircraft is in flight unless such occurrence is solely caused by a product or component improperly repaired by TES under the terms of this Agreement. For purposes of this clause, the term "in flight" is defined as the time period commencing when the Aircraft moves forward in taking off or attempting to take-off for air transit, while in the air and until the Aircraft comes to rest after landing or, the landing run having been safely completed, and power is applied for taxiing. Furthermore, TES shall not be liable for damage to the Aircraft while in the care, custody, or control of TES if such damage was a result of an Act of God or reasons beyond the control of TES unless such damage is due to the willful misconduct of TES.

#### **14. TES Insurance**

TES will bear the cost of maintaining the following insurance coverage until the Equipment is returned: Aviation Products Liability, encompassing Aviation Premises, Products, and Completed Operations, as well as Hangar keepers Liability, with a combined Single Limit for Bodily Injury and Property Damage set at \$200,000,000 per occurrence (with an aggregate limit applicable to products liability).

#### **15. Confidentiality**

Unless mutually agreed upon in writing, any shared information shall remain confidential and must not be disclosed to third parties, except to each party's insurers and advisers. However, this confidentiality provision does not apply to information that:



- a. becomes part of the public domain through means other than a breach of confidentiality.
- b. was already known to the receiving party prior to receiving it from the disclosing party; and/or
- c. is required to be disclosed by TES pursuant to the terms, conditions or other requirements of any Program Agreement.

Furthermore, this Agreement does not confer upon either party the right to utilize the trademarks of the other party or to acquire any rights to patents or proprietary data owned or licensed by the other party. Any such usage or rights may be subject to a separate agreement, as necessary.

## **16. Termination**

Either party has the right to terminate this Agreement with a written notice of thirty (30) days for a material breach unless such breach is rectified within the same thirty (30) days. TES retains the right to immediately terminate this Agreement if the Customer:

- fails to fulfill any required payments by the stipulated deadlines,
- enters into any agreement with its creditors due to its inability to meet its financial obligations in a timely manner,
- undergoes compulsory or voluntary liquidation,
- becomes insolvent, or
- is subjected to the appointment of a receiver for all or a substantial portion of its assets.

In the event of termination, the Customer remains obligated to pay TES for all Services rendered. Further the Customer will remain liable for fees associated with return shipment of the Equipment and other parts, equipment and other related items. In addition, the Customer may be charged by TES for any costs and associated expenses incurred by TES in connection with such termination.

## **17. Risk of Loss**

The responsibility for any loss or damage to the Equipment is the Customers during initial shipment and Redelivery. Following delivery and up to Redelivery of the Equipment, TES assumes responsibility of the Equipment. However, if the Customer's Equipment cannot be Redelivered on schedule due to:





1. the Customer's actions or inaction, including but not limited to, failure to make payment,
2. refusal to accept Redelivery, or
3. a request to postpone Redelivery despite the Equipment being ready,

the risk of loss transfers to the Customer once the Equipment is placed in storage (whether at TES's facility, parked, or moved elsewhere for storage). In such circumstances, the Customer is accountable for reimbursing TES for all reasonable expenses incurred, such as preparation for storage, handling, reasonable storage fees, inspection, and preservation, upon receipt of TES's invoice. Additionally, the Customer must cover all insurance costs and indemnify TES for any expenses related to storage or parking, including any losses, or missed opportunities resulting from the Customer's failure to vacate an available slot in TES's facilities.

#### **18. Customer Furnished Material**

In accordance with the charges outlined in the Proposal, the Customer is permitted to provide agreed-upon parts to TES under the following conditions:

- (a) The part must be accompanied by an Approved Aviation Authority serviceability tag.
- (b) The part must be in a state of immediate usability.

If the Customer's delay in providing parts results in a delay in TES's performance, TES reserves the right to procure the necessary parts at the Customer's expense. TES holds no liability for such parts, and the Customer agrees to indemnify TES against all claims, demands, losses, costs, and expenses associated with the use of such parts.

#### **19. Representations**

Each Party represents and warrants to the other that: (i) it has full right and authority to enter into this Agreement and any Proposal incorporating the terms hereof and that by entering into this Agreement, it is not in violation of its charter, bylaws, articles of incorporation or organization, or any law, regulation or agreement by which it is bound or to which it is subject; (ii) the execution, delivery and performance of this Agreement by such Party has been duly authorized by all requisite corporate/company action, and that the signatory for such Party is authorized to execute this Agreement and the accompanying Proposal(s); and (iii)



such Party is a business entity duly organized and validly existing and, as applicable, in good standing under the laws of its jurisdiction of organization.

## **20. Dispute Resolution and Governing Law**

This Agreement will be governed by the laws of the State of Texas, with the exclusion of its conflict of law provisions, the UN Convention on Contracts for the International Sale of Goods, and any laws governing the validity, perfection, or creation of any lien or security interest herein, as well as the exercise of rights or remedies concerning such lien or security interest for a specific item, which will be subject to the laws of the applicable jurisdiction regarding liens. In the event that the Parties fail to resolve any dispute amicably within thirty (30) days, the dispute will be resolved through binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The exclusive location for such arbitration shall be in Tarrant County, Texas and Customer irrevocably submits to the jurisdiction of Tarrant County, Texas and waives any objection to the same or that such location is an inconvenient forum for the conduct of such arbitration. Either Party may pursue appropriate legal action for the enforcement of the arbitration award.

## **21. Subcontracting**

TES will not subcontract Services that it can perform itself. However, TES reserves the right to subcontract any other Service to subcontractors certified by the Approved Aviation Authority. TES will pass on all available warranties to the Customer and make commercially reasonable efforts to assist the Customer in managing any warranty claims.

Based on the availability of subcontracting services and fluctuations of the open market, services from subcontracted vendors may fluctuate based on the demand and time the Services are rendered. In such cases where a change in pricing or turn-around time occurs, TES will provide a cost estimate to the Customer in a timely manner not to exceed 3 (three) days from the date the quote is received from the subcontractor. The Customer will have 3 (three) days to accept or reject said quote. If a response is not provided within 3 (three) days by the Customer, TES may, at its discretion, proceed with the subcontracted Services in accordance with said quote and any applicable markups that may be related.

## **22. Assignment**



This Agreement may not be assigned by Customer without TES's prior written consent.

### **23. Waiver of Immunity**

If Customer is incorporated or operates outside the United States, Customer hereby waives any sovereign or other immunity from legal action that Customer or any of Customer's property may be entitled to in connection with this Agreement.

### **24. Language, Notices**

All correspondence and documentation related to this Agreement will be in English and deemed effective upon receipt. Such communications will be sent to the addresses specified in the Proposal, which may be updated by written notice.

### **25. Non-Waiver of Rights and Remedies**

Failure or delay in the exercise of any right or remedy under this Agreement will not waive or impair such right or remedy. No waiver given will require future or further waivers.

### **26. Survivability**

Any portion of this Agreement determined to be contrary to any controlling law, rule, or regulation shall be revised or deleted and the remaining balance will remain in full force and effect.

### **27. Compliance Certification**

Customer agrees to all conditions and statements as set forth in the Compliance Certification which can be found on the TES Website at [https://www.tesservice.com/about/resources-and-certifications/Compliance\\_certification.pdf](https://www.tesservice.com/about/resources-and-certifications/Compliance_certification.pdf).

### **28. Tax**

TES is required to collect state sales tax on all transactions where applicable by law. The applicable state sales tax rate will be determined based on the location where the service is performed, or the product is delivered. If the transaction is subject to state sales tax, TES will calculate and include the tax in the total invoice amount presented to the Customer. The Customer agrees to pay any such taxes in addition



to the agreed-upon price for the products or services provided. In the event the Customer is exempt from state sales tax, it is the Customer's responsibility to provide TES with a valid sales tax exemption certificate prior to the transaction.

For Customers located outside the United States, Value Added Tax (VAT) may be applicable depending on the country's regulations. TES will include any required VAT in the total invoice amount presented to the Customer. The Customer agrees to pay any such VAT in addition to the agreed-upon price for the products or services provided. It is the Customer's responsibility to comply with their local VAT regulations and provide TES with any necessary documentation to facilitate the accurate calculation and remittance of VAT.