



## **EXCHANGE AGREEMENT**

<b>DATE</b> :	<b>PURCHASE ORDER #</b> :
<b>CUSTOMER</b> :	<b>CONTACT</b> :
<b>TEL #</b>	<b>EMAIL ADDRESS</b>

<b>PART NUMBER</b> :	<b>SERIAL NUMBER</b> :
<b>DESCRIPTION</b> :	<b>CONDITION</b> :
<b>EXCHANGE FEE</b> :	<b>OUTRIGHT VALUE</b> :
<b>EXCH TYPE</b> :	<b>DATE OF EXCHANGE</b> :
	<b>CORE DUE DATE</b> :

Subject to the terms and conditions below Bre'al Products. (Bre'al) agrees to exchange with the Customer a certified part referenced above ("Exchange Unit or Original Exchange Unit") in return for the Customer's ("Core").

### **TERMS AND CONDITIONS OF EXCHANGE**

1. Customer agrees to pay "The Exchange Fee" (noted above), the core re-certification costs, plus all transportation costs, transport insurance (charged at 1% of above outright value), customs duties/taxes, and any other associated charges which Bre'al Products incurs for the Core, whenever makes available an Exchange Unit to the Customer, regardless of whether the Customer returns the Exchange Unit used or unused.
2. Customer agrees to deliver the Core to Bre'al Products specified destination (delivered) within the above-mentioned core due date period ("Core Delivery Date"). Customer agrees to pay an additional identical exchange fee, plus any subsequent exchange fees due for further elapsed exchange periods (30-day exchange periods) Customer agrees to pay all charges incurred by Bre'al Products in case of wrong shipping not in accordance to Bre'al' instructions.
3. If Customer fails to deliver to the Core within 90 calendar days from the exchange unit date of shipment, the customer agrees to pay Bre'al; The full outright value, the original exchange fee, the subsequent additional exchange fees for each further exchange period, and any and all direct costs that Bre'al Products incurs in the support of the transaction until the Exchange Completion, including a 50% fee of the outright price which will be added in addition to the outright price.
4. Customer agrees that the Core must be the same OEM part number as supplied and will be certified back to the same or higher level of condition and the same or higher level of shop repair as the Original Exchange Unit. (I.E. A supplied OEM overhauled unit will return to the OEM for a full overhaul). All Cores must be repairable, and be the same Part Number, Dash Number, Model Number and Modification status as the Original Exchange Unit supplied unless agreed in writing by Bre'al Products prior to the Original Exchange Unit being issued. Customer agrees to pay in addition to the core repair charges for all modification charges needed to return the Core back to the same part number as supplied. In case the Core cannot be modified back to the same part number as supplied then Bre'al Products reserves the right to invoice the full outright value plus the incurred shop evaluation fee and associated shipping charges and the difference in value if the returned core is of lessor value and / or Bre'al Products has the option to reject and return the core at the Customers expense.
5. Landing Gear / Engine related components which are Life Timed/Cycle limited, the Cores must have the same or less Hours/Cycles and if applicable, a longer date of expiration than the Original Exchange Unit. Customer agrees that if the returned Core is older or has higher times/cycles then the supplied Original Exchange Unit, Bre'al Products reserves the right to reject the Off-Unit Core and/or invoice additional pro-rate charges to compensate for the depreciation in Original Exchange Unit outright value.
6. Escape Slides, Rafts and Cylinders, the core returned must have the Same or Newer Date of Manufacture than the Exchange Unit supplied by Bre'al. Otherwise, Customer agrees to pay in addition to any other charges a further



additional differential charge of ten percent (10%) of the above mentioned outright value will be charged for EVERY complete year (where differences are in months and not complete years the charge will be calculated on a proportional basis, IE 6 months = 5%, 18 months = 15%) that the core is older than the supplied Exchange Unit. Bre'al Products reserves the right to reject any Escape Slide, Raft or Cylinder Off-unit core that has a Date of Manufacture of twelve (12) years or greater.

7. The Core will be delivered to Bre'al Products with the following documents:

Core return must be fully traceable and documented to an FAA certificated part 91/121/125/129/135/145 or to the OEM.

NON-INCIDENT STATEMENT (ATA106 FORM) & Packing Slip from the aircraft operator declaring that "The Core is non-incident related and has not been subjected to any severe stress or heat, immersed in salt water (as in major engine failure, accident, incident or fire) and was not obtained from any US Government or Military Source". Furthermore, the statement must declare the airline, aircraft type and tail-number that the Core was removed from.

NON-INCIDENT STATEMENT (ATA106 FORM) & Packing Slip from each ADDITIONAL entity involved in the Exchange chain to evidence FULL trace on material flow from the regulated End-User back to Bre'al Products.

Time or Cycle life-limited parts must have full records and traceability documents to the OEM (back to birth).

Unserviceable airline tag or an Airline Official Document, containing "reason for removal" information.

At no time will Bre'al Products be responsible for submitting or processing a warranty claim on behalf of the Customer. With Bre'al Products written approval, Customer may send a Core Return for warranty claim directly to its vendor; however, the Calendar days in which the Core Return is due to Bre'al Products will continue to accumulate, which may cause the Customer to incur Additional Exchange Fees, until the Core Return transaction is satisfied per the Agreement. Cores received with DER repair/s will not be accepted unless Bre'al Products (1) recognizes the DER repair to be authorized by the OEM, or (2) authorizes in writing the return of a Core having a DER repair. Cores received with PMA part/s will not be accepted unless Bre'al Products(1) authorizes in writing the return of a Core having the PMA part/s. then Bre'al Products reserves the right to charge the full Outright Value outlined in this agreement plus the repair shop evaluation, transportation costs, customs duties/taxes plus all additional expenses incurred relating to this transaction and return the core to the customer if core from customer is not returned due to PMA/DER parts or repairs Bre'al Products reserves the right to have these removed during the repair process and replaced with OEM parts at the customers expense. All traceability documents must be received by Bre'al Products at the same time the core is received, if said traceability documents are not received at the same time, the customer will have a two-day grace period to deliver said documents, after the 2<sup>nd</sup> day Bre'al Products reserves the right to invoice customer an additional identical exchange fee, as per paragraph (2). For any missing document as required above, the actual Off-Unit Core delivery date will be the date of full receipt of completion of the missing documents. Bre'al Products reserves the right to test/overhaul any returned Original Exchange Unit

8. Once the Core repair charges are submitted, Customer has three (3) working days to advise their acceptance/rejection of the applicable re-certification charges. Customer agrees that if no response is given to Bre'al Products within three (3) working days, then Bre'al Products has full authority to immediately approve the applicable repair charges and invoice the Customer the full relevant repair, shipping, handling charges and any other costs incurred as part of the transaction.

9. Customer agrees to pay Bre'al Products a handling charge of % 10 (minimum \$100) of the applicable Core repair charges.

10. Should the returned Core prove to be Beyond Economical Repair or Irreparable, Customer agrees to either:

- A) Pay Bre'al Products the full Outright Value outlined in this agreement plus the repair shop evaluation/scrap fee, transportation costs, customs duties/taxes plus all additional expenses incurred relating to this transaction.
- B) Or, supply a replacement repairable unit within seven (7) days of issuance of the repair shop report, otherwise the full Outright value plus ancillary charges incurred as outlined above will be invoiced and the transaction considered concluded. Should the customer insist on supplying a replacement unit after this seven (7) day period, then customer agrees to pay additional exchange fee(s) for every further 21-day period until a valid exchange core is returned plus any evaluation costs, shipping charges and any other costs incurred as part of the transaction.

11. If the Core repair parts exceeds over ninety (90) days delivery, Bre'al Products reserves the right to invoice the full outright value plus the incurred shop evaluation fee and associated shipping charges and reject and return (at the Customers expense) the Core.



12. Customer's re-certification of the Core is only acceptable with Bre'al Products prior written consent. The "Customer Certified" core must be the same OEM part number as supplied, with a tag date within the past 30 (thirty) days and certified back to the same or higher level of condition and the same or higher level of shop repair as the Original Exchange Unit. (I.E. A supplied OEM overhauled unit will require a return of a freshly OEM overhauled core). Customer is to provide a full warranty coverage for the "Customer Certified" core; 6 months for SVC, 12 months for OHC from date of dispatch, not tag date. Due to lack of warranty coverage, Bre'al Products will not accept any "Customer Certified" core which has only been Inspected/Tested. If the Core is returned to Bre'al Products "Customer Certified" without the aforementioned consent, the certified Core will be subject to Bre'al acceptance and additional recertification charges may apply until complied to clause 1 of this agreement. The same charges will apply in case of receiving a Core with missing and/or non-original airworthiness certification and teardown report. All Core Exchange Units, will be sent to a Bre'al Products approved vendor repair station ONLY. Customer Core Exchange Units returned in repaired/ Overhauled condition without this approval will be subject to Bre'al's acceptance and may be subject to additional charges and / or rejected.
13. If the Customer wishes to return the Exchange Unit unused, then it must be returned (delivered) to Bre'al Products within seven (7) calendar days from the Original Exchange Unit date of shipment and will be subject to a restocking charge of not less than thirty percent (30%) of the Exchange Fee, minimum US\$250. If an unused Exchange Unit is returned (delivered) to Bre'al Products after seven (7) calendar days from the Original Exchange Unit date of shipment then the Exchange Fee is payable in full without any concession.
14. For all returned unused exchange units, the Customer must provide an official written statement on letter head declaring the unit is being "Returned in the same condition as received and has not been fitted to an aircraft". Furthermore, all original certificates must be included with the returned Original Exchange Unit, otherwise the returned unit will be considered as a Core as per the above terms of the Exchange. If the Customer is unable to produce an acceptable non-usage statement or if there is any evidence that the part was in fact used or the security seal removed from the unit then Bre'al Products reserves the right to send the unit for re-certification and re-charge the Customer with all the applicable re-certification and shipping charges.
- 15. STANDARD EXCHANGE**

Standard exchange prices are calculated with a standard repair/overhaul price provision for the core unit shipped back by the Customer to Bre'al. In the event that the core unit must undergo a major repair or the customers core has suffered physical damage, catastrophic failure or needs cost prohibited parts not routinely replaced during repair, the corresponding additional charges will be invoiced and the customer agrees to pay for the cost of these items. In case the core unit is BER or customer does not provide a repairable core, the customer will pay the core charge, in addition to the exchange fee. (Core charge is defined as the difference between the exchange price and the outright sale price). All other terms and conditions within this agreement apply.
- 16. FLAT RATE EXCHANGE**

Flat rate with no additional billing, unless necessitated by the condition of the core. This policy is based on the return of a repairable core of the same model and same part number as the unit supplied by Bre'al Products and a unit that can be economically repaired. If the cost to repair the core exceeds 80% of the flat rate charge the unit may be deemed to be beyond economical repair. All other terms and conditions within this agreement apply.
- 17. FREE OF CHARGE EXCHANGE FEE (FOCE)**

Customer is not charged an upfront exchange fee. If customer does not return an economically repairable core within the 30-return period customer will be billed a fee equal to 15% of the outright core cost and subject to all terms and conditions within this exchange agreement.
18. Customer agrees to pay all Bre'al Products invoices in full as per Bre'al Products standard terms and conditions, billing all costs until the Core is certified and back on the Suppliers shelf: "The Exchange Completion."
19. Changes to this agreement can only be made with Bre'al Products written consent
20. Notwithstanding the above, Bre'al Products reserves the right to reject any Off-Unit Core not fully complying to the Exchange Agreement.



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21. Failure to return this agreement duly signed, and use of the Exchange Unit will be considered as if the customer has signed and accepted the terms of this agreement.

22. Customer Charge-Backs. If Customer elects to pay by credit card or by Automated Clearing House ("ACH"), in the event that the Customer, or any of its representatives, initiates a charge-back, immediately upon the charge-back

becoming effective, the Customer shall be obligated to pay to Bre'al Products the amount subject to the charge-back, any fees or costs charged to Bre'al Products as a consequence of the charge-back, and any fees or costs, including attorneys' fees, associated with Bre'al Products actions to collect payment from the Customer.

22 Security Interest. Until such time as all fees and costs identified in the Agreement are fully paid, the parties agree that Bre'al Products retains a security interest in any Articles shipped to the Customer and such Article be a collateral for all fees and costs due from the Customer, and Customer agrees, upon Bre'al Products written request, to promptly complete and sign a UCC financing statement representing Bre'al Products security interest in such Article.

23 Customer Solvency. Customer warrants that it is solvent and has no knowledge of any impending insolvency proceedings against it at the time of the transaction.

24 Timing. In all Bre'al Products Agreements, unless otherwise specified, time is considered of the essence. Failure by a Customer to meet any of the deadlines specified in any of Bre'al Products Agreements shall be considered a material breach of such Agreement.

25 Jurisdiction. All Agreements made by Bre'al Products are made in their local jurisdiction and shall be governed by and interpreted in accordance with the laws of its local jurisdiction, not including the state's conflict of laws' provisions. Both parties agree that any suit or proceeding based on any matter arising out of or brought in connection with the parties' dealings under the Agreement are subject to these Standard Terms and Conditions, or to enforce any clause of any such Agreement, shall be brought in a trial court in its local jurisdiction. Both parties agree to be subject to the jurisdiction and venue of that court.

26 Costs and Attorneys' Fees. In the event that either party incurs fees or costs for a collection agent or attorneys' services or in connection with its use of an arbitrator, mediator, court system, or other legal proceeding in order to collect a payment of any amounts owed or otherwise enforce any of either party's rights' or obligations under any Agreement subject to the Agreement and these Standard Terms and Conditions, the non-prevailing party shall be obligated to pay to the prevailing party any and all costs and fees, including attorneys' fees, associated directly or indirectly with any such actions by the prevailing party.

27 Compliance. Customer warrants that all Articles will be used in compliance with all applicable laws. Customer warrants that Article will not be subsequently used nor shipped in violation of U.S. and applicable laws, including all export laws and hazardous materials laws. Customer warrants that Articles will not be subsequently used nor shipped in violation of the laws of any jurisdiction through which or into which the Articles are shipped.

28 Indemnification. Customer agrees to defend, hold harmless, and indemnify Bre'al, its affiliated companies, their directors, officers, employees and agents from and against any and all present and future liabilities, damages, losses, demands, fines, penalties and claims of any kind whatsoever, including all costs, expenses and reasonable attorneys' fees incidental thereto, which are or may be suffered by, accrued against, be charged to, or be recoverable by reason of any loss or damage to property or injuries or death of any person arising from the Article that is the subject of the Agreement and these Standard Terms and Conditions.

29 Rejection. of Amendments / Additions. No amendments or additions to the Agreement and these Standard Terms and Conditions of the transaction will be accepted unless they are in writing and signed by both Bre'al Products and the Customer.

The undersigned agrees to the terms and conditions established by the agreement, and warrants that he or she has the authority to enter into the agreement on behalf of the company / customer as written herein.

**PLEASE SIGN IN BELOW BOX AND INITIAL EACH PAGE**

Purchase Order#	Customer	Authorized Signature	Print Name	Date