

Terms and Conditions – Loan, Exchange and Sale of aircraft materials

I. Definitions:

“Agreement” means this Agreement for Single Component Availability for all HPA Units and any Purchase Orders hereunder.

“C&E Unit” means a consumable and expendable material which is classified as non repairable by HPA.

“CLP” of a HPA Unit means HPA’s then-current published list price for such HPA Unit.

“Core Unit” means the component to be replaced by a loaned or exchanged HPA Unit, to be sent from Customer to HPA in return for the HPA Unit, as specified in the applicable Purchase Order.

“Date of Return”: Proof of Delivery (POD) or documented goods receipt at HPA facility at specified return address.

“Day” in this Agreement means “calendar day” if not mentioned otherwise.

“Exchange” the customer (contract or non-contract customer) receives a HPA unit for a defined period of time. An Exchange is terminated by return of a Customer unit to HPA. The customer is charged for the Exchange (Exchange Fee plus Loan Fee if applicable as stated in the above Agreement) as well as the repair costs as agreed upon in advance.

“Exchange Unit” means HPA Unit specified in the Purchase Order to be sent to Customer in Exchange for the applicable Core Unit set forth in the Purchase Order.

“HPA” means Hawker Pacific Aerospace.

“Life Limited Part” is a part for which the Airworthiness Limitation Section of the Type Certificate Holder, Design Approval Holder or equivalent requires the permanent removal from service when, or before, the specified mandatory life limitation in the applicable parameter is reached.

“Loan” the customer (contract or non-contract customer) receives a HPA Unit for a defined period of time. A Loan is terminated by return of the same HPA unit (same serial no) to HPA. The customer is charged for the Loan (Loan Fee) as well as the repair costs as agreed upon in advance.

“HPA Unit” means a component made commercially available by HPA which is set forth in the applicable Purchase Order.

“Loan Unit” means a HPA Unit specified in the Purchase Order which is to be loaned by HPA to Customer during the Loan Period.

“LRU Unit” Line Replacable Units are characterized as repairable and reusable aircraft material with aviation administration certification.

“Purchase Order” means an order for Loan, Exchange or Sale of HPA Units submitted by Customer to HPA and accepted by HPA.

“Sale” Permanent transfer of HPA Unit to Customer with transfer of title to Customer.

“Time Controlled Component” is a component for which an aircraft or component maintenance program, or other approved sources require periodically the removal for restoration, the replacement or the quantitative inspection of component’s performance.

II. Service Specifications General:

1. **General:** This Agreement shall exclusively apply to all customer agreements, unless HPA expressly waives their applicability in written form, and only as far as HPA and the customer have not agreed on any other terms and conditions provided by HPA. The customer’s standard terms and conditions shall not become part of the customer agreement, even if HPA has not expressly rejected their applicability. Further, if HPA replies to any communication of the customer that refers to the customer’s standard terms and conditions or any other set of terms and conditions (each being “other Terms and Conditions”), such reply shall not constitute an acceptance of such other Terms and Conditions, nor shall it result in the acceptance of such other Terms and Conditions.
2. **Applicable charges:** The Loan Fee, Exchange Fee and/or Sales Fee apply as described in the quotation attached unless for the partnumber in the quotation attached, (a) the MTBUR does not meet the GMTBUR as described in SSC Article 9.11 and (b) such GMTBUR underperformance has officially been recognized by the OEM of such Component and (c) confirmed to HPA by the OEM and (d) HPA has the obligation to fulfill such SSC obligation on behalf of the OEM and (e) confirmed in separate writing to Customer that the component will be provided at no charge to the Customer for the duration of the Remedial Period plus thirty (30) Days, under the conditions of SSC Article 9.11.1. If any of the before mentioned conditions do not apply or after end of the Remedial Period the charges as described in the quotation attached apply.
In case Customer cancels any order for HPA Units pursuant to a Purchase Order under this Agreement and the HPA Unit has already been released from stock, a cancellation fee as stated in quotation applies.
3. **Payment Terms:** All fees are payable net 10 Days after receipt of an invoice. A late payment charge of 1% per month shall be applied on all late payments. All amounts paid hereunder are non-refundable except as may be expressly set forth herein. HPA reserves the right to require prepayment for any Purchase Order.
4. **Condition and Inspection of HPA Unit:** Customer shall immediately inspect each HPA Unit upon delivery for conformity with the agreed specifications and quantity as well as for any visible defects. The HPA Unit shall be in serviceable condition and may contain PMA piece parts. The Customer shall notify HPA about any non-conformities or defects within seven (7) Days from receipt of the HPA Unit.
5. **Conversion Loan into Exchange or Sale and Exchange into Loan or Sale:** The conditions in this Agreement still apply if HPA agrees to sell the HPA Unit to Customer upon Customer’s request. HPA and Customer may also mutually agree to convert a Loan of an HPA Unit into an Exchange of such HPA Unit or an Exchange of an HPA Unit into a Loan of a HPA Unit in a separate written Agreement.
6. **Delivery of Unit to Customer:** HPA shall deliver all HPA Units FCA HPA’s facility (Incoterms 2020) (“Delivery”)
7. **Risk and cost of transport:** In the event that HPA arranges for shipment, risk and cost of transport and other charges including but not limited to packaging, customs duties, forwarding charges and taxes as well as the risk of loss or damage shall be borne by Customer. If Customer wants HPA to arrange shipment, Customer shall contact HPA’s AOG desk or given RFQ contact on quotation to clarify details.
8. **Warranty:** Subject to the limitations of this article, HPA warrants that all services and all material manufactured by HPA or its subcontractors shall be free from defects in workmanship and shall in all material aspects comply with the HPA quality system. The warranty is limited as follows:
 - a. A defect of LRU Units shall only be subject to warranty if it arises within twelve (12) months or within two thousand (2.000) Flight Hours after delivery of the HPA LRU Unit, whichever may occur first.
 - b. A warranty claim must be raised by Customer within seven (7) Days after the defect has or could have become reasonably apparent and HPA must be provided with the defective part for inspection and repair within an additional fifteen (15) Days after the warranty claim has been raised. The warranty claim has to be indicated clearly on the ident tag of the HPA Unit when returned to HPA. (refer to II.-4)
 - c. HPA does not warrant any defect in material not manufactured by HPA or a subcontractor or services not provided by HPA or a subcontractor.
 - d. For such material or services not covered by this warranty, any assignable rights to warranty granted to HPA by its suppliers shall be assigned to Customer. HPA shall use commercially reasonable efforts to support Customer in pursuing such warranty claim.
 - e. The defective part must not have been serviced, repaired, overhauled, maintained or modified by anyone other than HPA or its subcontractors.
 - f. Material must at all times have been stored, handled and operated in accordance with manufacturer’s recommendations.

HPA shall correct any defect covered by this warranty at its own cost and expense at one of its technical facilities or at any other place Customer and HPA may agree upon from time to time. In such case Customer shall arrange at its own risk and expense for the removal and the transport of the defective parts to and from the location where the repair shall be made and for the reinstallation of the respective parts. The remedies set forth in this article shall be the exclusive and sole remedy for Customer in case of any defect in workmanship or non-compliance with the HPA quality management system. Article III 9. shall remain unaffected. If after inspection of the unit, it is tested no failure found (“NFF”), HPA shall have the right to charge fees as follows:

In case of an NFF Exchange Unit during the applicable Exchange Period or a NFF Loan Unit during the applicable Loan Period or a NFF Sale Unit, HPA may charge recertification costs and transportation costs. In addition, in case were HPA provides to Customer a free of charge Loan Unit – the Loan Fee or Exchange Fee, as applicable, shall be charged for such time period until respective HPA Unit has been received by HPA.

In the event of a defect or non-conformity of a C&E Unit may in its sole discretion decide to replace it with an equivalent product which is free of defects and corresponds to the agreed specification.

Except as expressly provided in this section 8, HPA disclaims any and all warranties and guarantees, express, implied or otherwise, arising with respect to the HPA Units delivered hereunder or in connection with this Agreement.

9. **Compliance with Law/Liability/Indemnification:**

Compliance with Law: Customer agrees to comply with all laws and regulations relating to the use of each HPA Unit.

Disclaimer: HPA shall have no liability for any loss or damage suffered by Customer or a third party caused by or relating to the HPA Unit while in Customer's custody. Customer will use the HPA items at its own risk. In no event shall HPA be liable for loss of use, loss of data, loss of profits, business interruption, nor for punitive, incidental, consequential, special, or other indirect damages of any kind, even if advised of the possibility of such damages, except in case of willful misconduct. Customer agrees that HPA's aggregate liability under this Agreement shall not exceed the amounts paid to HPA hereunder in the then-prior six (6) month period.

Indemnification: Customer shall defend, indemnify and hold harmless HPA, its officers, directors, employees and subcontractors from and against (i) any damages, cost and expenses, including consequential damages, and (ii) any third party claims, in each case arising out of or in connection with the Loan, Exchange and Sale of HPA Unit(s) under this Agreement or Customer's use of such HPA Units.

10. **Force Majeure:** HPA shall not be liable for any delay or damage caused by force majeure, including but not limited to, acts of the public enemy, war, insurrections or riots, fires, floods, explosions, earthquakes, serious accidents, epidemics or quarantine, any act of government or governmental authority, strikes or labour troubles causing cessation, slowdown or interruption of work, or general hindrance in transportation. In particular, HPA will be entitled to the agreed upon Loan Fees and/or Exchange Fees during delays caused by force majeure.
11. **Term and Termination:** This Agreement will take effect upon its execution by both parties, at the latest on the Day that the unit is shipped by HPA to Customer, and shall automatically terminate after the Loan/Exchange Unit has been returned and all respective charges/fees have been finally paid by customer. HPA may terminate this Agreement at any time for reasons of misuse or neglect of the unit by the Customer.
12. **Communication:** Except as otherwise stated in this Agreement, messages and correspondence exchanged in connection with this Agreement in Day-to-Day business shall be made in writing and delivered to suitable postal, telefax, e-mail or other addresses and telephone numbers. The addresses given on the cover letter may be used.
13. **Confidentiality:** The Parties shall treat as strictly confidential for the term of this Agreement and thereafter, this Agreement, including the document itself as well as individual provisions contained herein. In particular each party shall treat as strictly confidential the contents of the negotiations leading up to this Agreement. Neither party shall disclose this Agreement or the contents of the negotiations leading up to this Agreement to any employee, third party or other person except where such disclosure is mandatory by law and/or necessary in order to fulfill the obligations under this Agreement and except that HPA may disclose this Agreement and the contents of the negotiations leading up to this Agreement to a company directly or indirectly controlled by Deutsche Lufthansa AG.
14. **Change of Law / Compliance with foreign export and import regulations:** The Parties have agreed that certain laws and regulations regarding certification and regulatory requirements are to be observed in the performance of obligations under this Agreement. Neither party can foresee to what extent those laws and regulations will change after the execution of this Agreement. While HPA will try to mitigate any impact on the performance of its obligations because of a change of laws, regulations or their interpretation by the relevant governmental authority, any such impact and any resulting additional cost incurred by HPA shall be the responsibility of and be borne by Customer
15. **Assignment:** Customer agrees that HPA may assign its rights and obligations under this Agreement in total or in part to a company directly or indirectly controlled by Deutsche Lufthansa AG. Customer shall be informed about such assignment duly in advance. The assignee shall perform its obligations under this Agreement in the quality and standards and in accordance with the Terms and Conditions laid down in this Agreement. Any other assignment of rights or obligations arising from this Agreement shall require the prior written approval of the other party. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their successors and permitted assigns.
16. **Waiver and Severability:**
a. The failure by either party to enforce any of the provisions of this Agreement shall not be construed as a waiver of its rights.
b. Nothing contained in this Agreement shall require either party to take any action contrary to the law or to any order or regulation of any government or contrary to any permit or authorization granted to either party by any governmental authority. If any of the provisions of this Agreement are held unlawful or otherwise ineffective by any court of competent jurisdiction, the remainder of this Agreement shall remain in full force and the unlawful or otherwise ineffective provision shall be substituted by a new provision reflecting the intent of the provision so substituted.
17. **Export Clause:** Customer shall comply with all applicable domestic and foreign export compliance requirements, including applicable US export laws and regulations and those of other relevant foreign jurisdictions. Upon HPA's request, Customer shall promptly provide HPA with appropriate certifications as required by such applicable export laws and regulations, or as necessary to ensure continuing compliance with such applicable export laws and regulations.
18. **Governing Law / Jurisdiction:** This Agreement shall be governed by and construed in accordance with German law excluding German law's conflict of laws rules and the United Nations Convention on the International Sale of Goods (CISG). Place of jurisdiction for all claims arising out of this Agreement shall be Hamburg, Germany. For claims against HPA, this place of jurisdiction shall be exclusive.

III. **Service Specifications Loan & Exchange:**

1. **Period:** The "Loan Period" or "Exchange Period" as agreed in the attached Agreement shall begin on delivery and shall end at the end of such period (the "Date of Return").
2. **Fees:** Customer shall pay the fee agreed in the attached Agreement. If not otherwise stipulated in Art. III 3 below, the fee shall be due as of the first (1st) Day of the Loan/Exchange Period. In the event the initial period is extended, the fee for such extended period shall be due at the first date of each such extended period. Customer agrees to pay for the repair/overhaul costs of the Loan Unit or the exchanged Core Unit, plus all transportation costs. After receipt of the cost estimate of the repair overhaul cost by HPA, customer shall confirm such repair cost within five (5) Days. In case customer does not reply within five (5) Days, HPA shall be entitled to charge additional loan fees for the remaining time period until customer either approves the repair or redelivers the Loan Unit / Exchange Unit to HPA.
- Loan:** The agreed Loan Fee is applicable from the first Day on and each subsequent Day of the Loan. Customer shall pay the variable fee per Day and the fixed fee, if applicable. The fee may be invoiced for the first time at the initial Date of Return, in any case HPA will have the right to issue a partial invoice every 30 Days until Loan Return.
- Exchange:** The Exchange Fee for the initial Exchange Period shall apply regardless of the timing of delivery of the Core Unit to HPA. In case the Core Unit is not received by HPA from Customer within the initial Exchange Period, the mentioned Exchange Fee will apply for each and every subsequent period (period length as stated in the quotation attached) until such Core Unit is delivered to HPA (refer to III-5 "Late return of Core Unit"). Customer shall pay the variable fee per defined period and the fixed fee, if applicable. The Exchange Fee will be invoiced upon the commencement of each Exchange period and each renewal thereof.
3. In case a Loan Unit or Exchange Unit is provided to Customer free of charge by HPA, the fee agreed in the attached Agreement shall – in deviation to Article III. 2 above – only be due as of the start of the sixteenth (16th) Day of the Loan Period for such Loan Unit and/or the Exchange Period for such Exchange Unit.
4. **Shipment instructions:** The HPA Unit (in case of Loan) and Core Unit (in case of Exchange) must be returned to according to the following instructions:

Hawker Pacific Aerospace
11240 Sherman Way
Sun Valley, CA 91352, USA
ATTN Receiving Department

The shipping documents must reflect the given HPA Reference. Loan/Core Units are to be returned to HPA via prepaid freight (DAP HPA facility).

HPA reserves the right to invoice additional handling charges of 250 EUR in case of non agreed return location.

5. **Return of Loan Unit respectively Core Unit:** In case HPA used reusable packaging to provide the relevant Loan/Exchange Unit the Loan/Core Units must be returned to HPA using the same packages HPA used. If not, Customer accepts an extra charge of the cost price of the packaging and shall ensure that such packaging is at least as protective as the packaging utilized by HPA.

Loan: The Loan Unit shall be accompanied by the unserviceable tag and a non-incident-statement. In case the TC-, DA-Holder or HPA requires tracking of flight hours and/or cycles and/or any other parameter which has an impact on HPA's product integrity it is mandatory to provide Times Since New and/or Times Since Overhaul/Repair have been provided.

Exchange: The part number, serial number, non-incident-statement, the latest Certificate Released to Service (e.g. EASA Form 1) and an unserviceable tag, if applicable, shall be provided. In case the TC-, DA-Holder or HPA requires tracking of flight hours and/or cycles and/or any other parameter which has an impact on HPA's product integrity it is mandatory to provide cycles and times since new and/or times since overhaul/repair, as appropriate, for all repairable Core Units while possessed/installed on Customer or Customer's aircraft. In case customer has not provided such times and cycles, HPA is entitled to charge Exchange Fee until the respective times and cycles have been provided.

Please send the information to this email address: product-parts@hawker.com HPA

- a. **Documentation:** In order to demonstrate compliance with Part-M.A.305 or equivalent the owner or operator shall provide particular information for certain components. The status for Life Limited Parts and Time Controlled Components shall be supported by following documentation, as appropriate:

- the certificate of release to service to prove partnumber, serialnumber and/or date of installation/removal (in case of originally fitted to an aircraft and/or a higher assy the certificate of release to service can be e.g. a readiness logbook or an assy log card.
- date of removal, accumulated operating times and any other parameter necessary to appropriately control an airworthiness limitation shall be given by an approved document.
- to comply with Part-145 and/or Part-M or equivalent and be in line with market usage the following shall apply in case Life Limited Parts are fitted to higher assies:
 - i. each of the fitted Life Limited Part shall have its own certificate of release to service
 - ii. if manufacturing/maintaining procedures do not provide a certificate of release to service for every single Life Limited Part the current status of each Life Limited Part' shall be recorded on the certificate of release to service of its higher assy or on a certified cover sheet (e.g. log card or traceability sheet)
 - iii. if Life Limited Parts' are not tracked by serial number these parts must be controlled by the higher assy itself. Therefore the higher assy shall be treated as a Life Limited Part even when it is not required for any limitation. The current status of each Life Limited Part' shall be recorded on the certificate of release to service of its higher assy or on a certified cover sheet (e.g. log card or traceability sheet)
- The certificate of release to service and 'detailed maintenance records' for the last accomplishment of any scheduled maintenance, and any subsequent unscheduled maintenance, on all Life Limited Parts and Time Controlled Components until the scheduled maintenance has been superseded by another scheduled maintenance of equivalent scope and detail.

- b. **Time Controlled Components:** The current status should be provided which indicates, for each affected 'Time Controlled Component', compliance with the required periodic maintenance task(s); It should include the life accumulated by the affected components, the applicable parameter, as appropriate, since the last accomplishment of scheduled maintenance specified in the aircraft or component maintenance program.

- c. **Life Limited Parts:** The current status should be provided which indicates, for each affected Life Limited Part, the total number of accumulated flight hours and/or flight cycles and/or calendar time and/or life in any other applicable parameter, as appropriate, as well as modifications subject to airworthiness limitation completed by an 'in-service-history-record'.

The 'in-service-history-records' should clearly:

- i. identify the part by its part number and serial number;
- ii. show the date of installation and removal (i.e. date on/date off);
- iii. show the details of the installation and removal, i.e. type, serial number, weight variant, thrust rating, as appropriate, of the aircraft, engine, engine module, propeller or component to which the particular component has
- iv. been fitted, along with the reference to the installation and removal; show the total in-service life accumulated in flight hours and/or flight cycles and/or landings and/or calendar time and/or any other applicable parameter, as corresponding to the dates of installation and removal of the part.

Any other event that would affect the life limitation, such as a modification (in accordance with airworthiness directives, service bulletins or any product improvements) that affects the life limitation or changes the limitation parameter, must also be included in the 'in-service-history-record'.

If the data is not provided with the return of the applicable Core Unit or Loan HPA will charge the Loan/Exchange Fee for until the data and the unit are handed over to HPA.

- d. **Return of unserviceable Unit:** Upon receipt of the returned Loan Unit or Core Unit, HPA shall inspect, re-certify, repair, overhaul and upgrade such Unit to same modification standard as the Loan Unit or Core Unit was when supplied, at the sole cost and expense of Customer. If the returned Core Unit is beyond economical repair according to HPA definition, the Unit may be returned to Customer, if requested, in its unserviceable condition at the sole cost and risk of Customer. Customer may supply - subject to HPA's approval and within ten (10) Days - an alternate Unit as replacement. In this case, Exchange Fees will apply for the time until the equivalent replacement is received by HPA, based on the hereunder given Terms and Conditions. If the returned Loan Unit is beyond economical repair it will be locally scrapped and scrap costs as well as Loan Fees will be charged. Alternatively the Loan/Exchange shall, upon HPA's request, be converted into an Exchange/Loan or a Sale as described in Terms and Conditions.

- e. **Return of serviceable Unit:** The acceptance of a return of a serviceable unit must be mutually agreed between the parties. In case of return of a serviceable Loan Unit or Core Unit, HPA will test and recertify the unit at the sole expense of Customer in order to comply with HPA's quality system. Returns of new units shall in any case be accompanied, clearly indicated to the respective item, by an entirely completed Certificate of Release to Service (CRS) substantially in accordance with the following requirements:

- EASA Form one or
- FAA 8130-3 (FAA 8130-4 for engines) or
- TCCA 24-0078 or
- Certificate of conformance accepted by the aviation authority in the manufacturer's country (not for EASA states, USA or Canada) or
- Manufacturer's certificate of conformance (only with acceptance by HPA) and Maintained units shall be accompanied by all operational records and a combined CRS (Dual Release) in accordance with the following requirements:
 - A CRS valid for EASA/FAA Customers, issued by a maintenance organization holding both an EASA Part-145 Approval and a FAA 14 CFR Part 145/TCCA CAR 573 Certificate, certified:
 - on an EASA Form 1 including a CFR Part 43 Return to Service statement when the organization is located in an EASA country;
 - on a FAA Form 8130-3 including and EASA Part-145.A.50 Release to Service statement when the organization is located in the USA;
 - on a TCCA Form 24-0078 including an EASA Part-145.A.50 Release to Service statement when the organization is located in Canada;

New units shall be provided with a minimum of six (6) month warranty from date of receipt.

In case the returned unit is not accompanied by above mentioned certification section III.4.a of this Terms and Conditions applies. In case the returned unit is a serviceable HPA Unit, clearly undamaged and properly packed and sealed conform original HPA standard an inspection and recertification will not be necessary.

6. **Late Return**

Late return of Loan Unit: If the HPA Unit is not returned on time, HPA will continue to charge the Loan Fees. Alternatively, instead of charging the Loan Fees and insisting on return of the Loan Unit, HPA reserves the right to sell the Loan Unit to Customer. In case of Sale, Customer shall be charged with 120% of the CLP of the Loan Unit plus 100% of the Loan Fees accumulated up to that date on the applicable unit. Upon payment of this amount, title to the Loan Unit shall transfer to Customer. The possibility of converting into Loan/Exchange/Sale according Article II 5 remains valid.

Late return of Core Unit: In case the Core Unit is not received within the Exchange period, the attached Exchange Fee will apply for each and every subsequent Exchange period (period length as stated in the Agreement). If HPA does not receive the Core Unit within 42 Days after shipment of the HPA Unit, HPA reserves the right to convert the Exchange into Sale or Loan hereunder.

In case of a Sale, Customer shall be charged with 120% of the applicable CLP plus 100% of the Exchange Fees accumulated up to that date on the applicable Loan Unit or Exchange Unit.

In case of a conversion into Loan, the Loan Fees as specified in the attached Agreement apply in addition to the Exchange Fees accumulated up to that date on the applicable Exchange Unit. The minimum fee for Loan Units may apply according to given Agreement. The Loan Unit shall be loaned to Customer until HPA requests the return of the applicable HPA Unit and in accordance with the Terms and Conditions hereunder.

7. **Return of Exchange Unit:**

Additionally to Article 4 the following applies: The Core Unit must be repairable and be the same part number as the Exchange Unit supplied by HPA. An interchangeable part number may be returned as well, if the interchangeability complies with HPA regulations. Furthermore the Core Unit must be the same modification status or be capable of modification to the same status.

If the Core Unit is a life limited part and of significant greater "life" than the HPA Exchange Unit was, HPA reserves the right to charge Customer: Value of each Day for the unit is defined by CLP/Life Limit. Customer has to pay the difference in value between the returned Core Unit and the supplied HPA Unit. It shall be upon HPA's sole decision to accept the exchange core unit after inspection of the unserviceable part. In case HPA does not accept the exchange, loan fees shall further apply for customer.

8. **Transfer of Title for Exchange Units:** Title of the Exchange Unit shall pass to Customer upon full payment of all amounts owed under the Terms and Conditions for Exchanges in this Agreement. Title to the Core Unit shall transfer to HPA after delivery to HPA's premises. Until such transfer of title, Customer shall be responsible for the loss or damage of the Core Unit. In case the Core Unit is beyond economical repair, HPA shall be entitled to charge additional fees, such as but not limited to, scrap and inspection fees.

9. **Handling of Loan/ Exchange Unit:** The Loan Unit and Exchange Unit shall not be repaired or otherwise modified without written approval by HPA. Customer shall handle such units in good airline manner and in accordance with the applicable technical manuals. HPA shall not be responsible for the installation of the Loan Unit or Core Unit.

10. **Loss/Damage:** Customer is responsible for the loss (e. g. during shipment) or the damage beyond normal wear and tear of the HPA Unit while the Unit is in the possession of Customer. In the event of loss or damage beyond economic repair, HPA shall be entitled to charge 120% of the CLP of such HPA Unit plus 100% of the Loan Fees or the applicable Exchange Fees accrued until HPA was notified of the loss or damage. Alternatively Customer may supply an alternate unit, subject to HPA's approval as replacement – in this case Exchange Fees will apply for the time until the replacement is handed over to HPA, based on the Terms and Conditions of this Agreement.

IV. Service Specifications Sale:

1. **Sales Fee:** The Sales Unit will be specified in each applicable Purchase Order. HPA will provide Customer with a quotation which shall include handling charges and administration fees. All prices are exclusive of VAT, other applicable taxes, customs duties and bank fees, which shall also be borne by Customer, unless specifically indicated otherwise.

2. **Transfer of Title for sold Units:** Title of the Sale Unit shall pass to Customer upon full payment of all amounts owed under the Terms and Conditions hereunder. Before and after the transfer of title, Customer shall be responsible for the loss or damage of the HPA Unit in its possession.