HONEYWELL STANDARD BAILEMENT TERMS AND CONDITIONS FOR
COMMERCIAL AVIATION (BGA AIRCRAFT)

1. LIMITED RIGHT TO USE, TITLE, FINANCING STATEMENTS.

1.1 Limited Use, Title. Honeywell makes available for use to Customer, and Customer accepts from Honeywell, the Honeywell-Owned or Honeywell-Provided Rental Equipment (individually and collectively “Equipment”) for the period specified in section 25 “Period of Rental/Loan” on the signature page of this Agreement, subject to the terms of this Agreement. Title to the Honeywell-Owned Equipment is and will remain vested in Honeywell; title to Honeywell-Provided Equipment is and will remain vested in the owner of the Honeywell-Provided Equipment provider at all times. Customer will not:

(A) acquire any title or other interest in the Equipment; or any right except the limited and conditional right to use as expressly set forth in this Agreement;
(B) permit any lien, encumbrance or security interest to attach to the Equipment;
(C) permit the Equipment to be subjected to any interchange or pooling arrangement, or
(D) permit the Equipment to be operated by or to be in the possession of any person other than Customer or Honeywell’s Authorized Service Center (“Service Center”).

1.2 Financing Statements. Customer agrees to execute documents upon request by Honeywell, including, UCC-1 and or FAA financing statements and/or other documents required under the Convention on International Interests in Mobile Equipment, for the purpose of, among other things, evidencing this Agreement and the transaction contemplated hereby, Honeywell’s title in the Equipment and providing notice of Customer's limited and conditional right to use the Equipment under this Agreement. The cost of such filing will be paid by Customer. Until Equipment is installed on aircraft, Customer will ensure the Equipment is stored in a secured facility suitable for the storage of aircraft parts, at no charge to Honeywell. Customer will permit Honeywell or its designee to visit and inspect the Equipment, work performed on the Equipment by Customer or its agents, and related records.

2. RENT, PAYMENT, SECURITY.

2.1 Rent.

(A) Customer will pay the Operating Charges, Minimum Charge, Deposit, Advance Payment, and other charges/fees (as applicable) (collectively “Rent”) provided on the signature page of this Agreement. Operating charges begin on the date Equipment is delivered to Customer and end on the date Honeywell receives the Equipment (including the logbook and all components originally delivered with the Equipment) at its designated facility indicated in section 27 “Equipment to be returned to” on the signature page of this Agreement. Customer will advise Honeywell, in writing, the number of operating hours accumulated for the Equipment in each calendar month by the 10th day of the subsequent calendar month. Charges and fees described in this article two are in addition to any charges and fees that may be due by Customer as described elsewhere in this Agreement.

(B) If Honeywell provides Equipment as a rental or bailement under a maintenance plan or agreement identified in sections six through eight, and (i) Customer’s equipment covered under the maintenance plan or agreement ceases to be covered under that maintenance plan or agreement; or
(ii) Honeywell determines after the execution of Honeywell’s standard bailement agreement, that repairs of Customer’s equipment covered under the maintenance plan or agreement are in fact not covered by that maintenance plan or agreement,

then, Honeywell may charge Customer Honeywell’s standard Equipment operating charges.

2.2 Payment. Customer will pay invoices within 30 days of invoice date, in U.S. currency and directed to the remittance address on the invoice. Credit terms are subject to approval by Honeywell. Honeywell may without notice modify or withdraw credit terms including, requiring advance payment, guarantees, or other security. If Customer is delinquent in any payment to Honeywell, then until all delinquent amounts and late interest, if any, are paid Honeywell may, at its discretion:

(A) set off any credit or sum owed by Honeywell to Customer against any undisputed amount owed by Customer to Honeywell;
(B) declare Customer’s performance in breach and terminate this Agreement;
(C) repossess Equipment for which payment has not been made;
(D) charge interest on delinquent amounts at a rate of 1.5% per month or the maximum rate permitted by law, if lower, for each month or part thereof;
(E) commence actions to collect payment including, without limitation, reasonable attorneys’ fees;
(F) if Customer is delinquent on a payment schedule, accelerate all remaining payments and declare the total outstanding balance then due and owing; or
(G) combine any of the above rights and remedies as may be permitted by applicable law.

The above remedies are in addition to all other remedies available at law or in equity.

2.3 Security. Upon Honeywell’s reasonable request, Customer grants to Honeywell a security interest in the Aircraft described on signature page of this Agreement and in Customer's equipment delivered to Honeywell for repair or overhaul to secure payment of Customer’s liabilities to Honeywell under this Agreement. If Customer is unable to grant this security interest in favor of Honeywell, Customer will establish an alternative form of security acceptable to Honeywell, such as an irrevocable standby letter of credit in favor of Honeywell in the form, amount, and duration specified by Honeywell. Customer will provide to Honeywell a letter of credit in favor of Honeywell in the form, amount, and duration specified by Honeywell. Customer will provide to Honeywell a letter of credit in favor of Honeywell in the form, amount and duration specified by Honeywell. If Customer is unable to establish a letter of credit in favor of Honeywell, Customer will establish by a letter of credit in favor of Honeywell, or other security acceptable to Honeywell, such as an irrevocable standby letter of credit in favor of Honeywell in the form, amount, and duration specified by Honeywell. Customer will provide to Honeywell a letter of credit in favor of Honeywell in the form, amount and duration specified by Honeywell.

DELIVERY, INSTALLATION, SHIPPING CHARGES. Delivery terms are EXW Honeywell's facility, or a Honeywell authorized facility, as applicable, (incoterms 2010). Honeywell will schedule delivery in accordance with its standard lead time unless: (A) Customer’s order requests a later delivery date; or (B) Honeywell agrees in writing to a different delivery date. Customer will pay all expenses in connection with installation, removal and transportation of Equipment to and from Honeywell authorized facilities (including insurance and customs duties) or any claims to be filed with the carrier. If Honeywell prepays transportation charges, Customer will reimburse Honeywell upon receipt of an invoice for those charges. Honeywell reserves the right to impose additional charges for any special routing, packing, labeling, handling, or insurance requested by Customer.

ACCEPTANCE. Equipment is presumed accepted unless Honeywell receives written notice of rejection explaining the basis for rejection within five calendar days of delivery. Customer must disposition rejected Equipment to Honeywell in accordance with Honeywell’s written instructions. Honeywell will have a reasonable opportunity to repair or replace rejected Equipment, at its option. Honeywell assumes shipping costs in an amount not to exceed normal surface shipping charges to Honeywell's designated facility for the return of properly rejected Equipment. Following initial delivery, the party initiating shipment will bear the risk of loss or damage to Equipment in transit. If Honeywell reasonably determines that rejection was improper, Customer will pay all expenses caused by the improper rejection.

SOFTWARE LICENSE & DATA TERMS. Subject to this Agreement’s terms, Honeywell grants to Customer a nonexclusive, limited license to use any software or software documentation that may be delivered for use with the Equipment (“Licensed Software”) only in the course of the normal operation of the Equipment on which it is installed. Customer may not either itself or with the assistance of others, make modifications to the Licensed Software including translating, decompiling, disassembling or reverse assembling, reverse engineering, creating derivative or merged works, or performing any other operation on Licensed Software to recover any portion of the program listing, object code or source code or any information contained therein. Honeywell may receive data output from, input to, generated by or otherwise accessible through the Equipment as a result of its use or operation (hereinafter “Equipment Data”). The Equipment may be enabled with sensing or diagnostic capabilities of automatically retrieving, recording, transmitting or storing Equipment Data. Customer gives Honeywell the irrevocable right to retain, use, copy, modify, license, and disclose the Equipment Data for any purpose.

MAINTENANCE. Customer will perform all maintenance and maintain a true and accurate log of all maintenance performed on the Equipment as required by (1) operating procedures, manuals, service bulletins or other instructions published by Honeywell; (2) other applicable publications including aircraft flight manuals; and (3) all applicable government directives, law, rules, and regulations.

RETURN OF EQUIPMENT, EXTENDED USAGE CHARGES.

7.1 Return of Equipment.

(A) Customer agrees that its right of possession and use of the Equipment terminates in accordance with this Agreement’s article 17 Term and Termination irrespective of whether there is a dispute of the proper amount of the charges, or responsibility for repair or overhaul of the Customer's own equipment or other charges.

(B) Customer will, at its expense, within five calendar days of the first to occur of the expiration or termination of this Agreement, return the Equipment, in Serviceable Condition, (including the logbook, if applicable, and all components originally delivered with the Equipment), via airfreight, to the Honeywell designated facility identified in section 27 “Equipment to be returned to”: on the signature page of this Agreement. Serviceable Condition is defined as a condition in which Equipment is in operating condition meeting the limits and conditions defined in Honeywell’s current maintenance manual, documentation, and/or publications. Customer must confirm in a non-incident letter that the Equipment has not been involved in, or been removed from an aircraft which was involved in an incident or accident, major failure or fire, that the parts installed have not been subject to extreme stress or heat, and not obtained from any Government, Military, or unapproved source. Component Maintenance Modification Card (“CMMC”) and Life Limited Card (“LLC”) will be provided if applicable.

Honeywell Mechanical Service Center Commercial Aviation (BGA Aircraft) Bailement Agreement 30 June 2016 (Rev2)
7.2 Extended Usage Charges. Customer acknowledges the necessity for timely return of the Equipment and agrees to pay the Extended Usage Charges set forth in section 23 “Extended Usage Charges” on the signature page of this Agreement. If Customer does not perform a proper serviceability inspection of the Equipment, Honeywell will:
(A) inspect the Equipment on behalf of Customer; and
(B) if applicable, invoice Customer the amount in section 22 “Test Cell Fee” on the signature page of this Agreement as the reasonable cost of performing such inspection.

7.3 Serviceability Delay Charges. The following Serviceability Delay Charges apply:
(A) Any Equipment returned to a designated Honeywell Authorized Service Center or Honeywell repair facility for post-rental inspection that is missing parts or operating information which delays the “return to service” of that Equipment, will be subject to a $1,000.00 “Serviceability Delay Charge.”
(B) Parts and operating information, as applicable, must be forwarded within ten calendar days from the date of notification to avoid additional charges above the $1,000.00 Serviceability Delay Charge.
(C) Parts not received within ten calendar days will be subject to replacement and immediate billing at 150% of the then-current Honeywell catalog list price or published price for such parts.
(D) Operating Information (log book or other missing information) not received after ten calendar days will be subject to additional fees equal to the cost Honeywell incurs to obtain operating information or replacement documents.
Penalty billings including Serviceability Delay Charge, extended use fees, and Customer induced damage charges are not covered by any of the service protection plans described in sections six through eight on the signature page of this Agreement.

7.4 Additional Equipment Fees. Customer is responsible for the following fees, as applicable, for failure to return Equipment as required under this Agreement:
(A) If the same quantity of Equipment is not returned to Honeywell, Customer will be invoiced the then-current Honeywell catalog list price or published price for any unreturned Equipment. On a case by case basis and with written approval from Honeywell, Customer may return a like quantity of equipment in a serviceable condition as was bailed to Customer.
(B) If Honeywell determines the returned Equipment is not in serviceable condition, Customer will be invoiced 150% of the then-current Honeywell time and material repair price for any Equipment not returned in serviceable condition to bring the Equipment to a serviceable condition.
(C) If Honeywell determines the returned Equipment is scrap, Customer will be invoiced 150% of the then-current Honeywell catalog price or published price for such Equipment.
(D) Any lease fees (including extended usage fees) accrued up to the time (1) an invoice is issued for unreturned Equipment; or (2) the Equipment is returned to a serviceable condition; or (3) an invoice is issued for Equipment returned in a scrap condition; or (4) of loss, destruction, or damage.
(E) If Customer does not provide Honeywell a rental removal condition form to confirm that the unit was removed in serviceable condition as applicable, Honeywell will charge fee shown in section 22, “Test Cell Fee” on the signature page of this Agreement.

8. RISK OF LOSS AND DAMAGE.

8.1 Commencing on the date Equipment is shipped to Customer and until Customer has returned Equipment to Honeywell’s designated facility indicated in section 27 “Equipment to be returned to” on this signature page of this Agreement, Customer is responsible for all loss and damage to the Equipment arising from:
(A) any omission of maintenance or improper maintenance performed by the Customer or on behalf of the Customer;
(B) any repair, overhaul, storage, installation, inspection, service, packing, removal, shipping, and/or operation which occurs following Honeywell's shipment of Equipment to Customer and not in accordance with Honeywell manuals, instructions, service bulletins, or other applicable publications including aircraft flight manuals and government directives;
(C) loss of Equipment logbook(s) or failure to log maintenance performed on the Equipment; or
(D) any loss, accident, foreign object damage, or other event (excluding normal wear and tear) not caused solely by the negligence of Honeywell.

8.2 Customer will pay all charges (in accordance with Honeywell's then-established replacement or repair prices) necessary to replace or repair the Equipment (including the Equipment logbook, if applicable) because of any such loss, damage or diminution in value.

9. INSURANCE.

9.1 Customer will maintain at its sole cost, until return of the Equipment to Honeywell, insurance coverage naming Honeywell as an additional insured, under Customer's Aircraft Liability Insurance, including public liability, passenger liability and property damage liability in an amount of not less than $25,000,000 unless Honeywell specifically authorizes a deviation in writing and it is noted at Section 20, “Additional Information” on the signature page of this Agreement. In addition, Customer will obtain from its hull insurance carriers a loss payable clause, in favor of Honeywell. Hull insurance will be at least the minimum amount shown in section 24 “Equipment Replacement Cost/Fair Market Value” on the signature page of this Agreement, insuring the Equipment against all risks of theft, fire, war perils, or other loss or damage, including in-flight, on the ground, or in transit. Additionally, such insurance policies will:
(A) be primary insurance, with any insurance maintained by Honeywell and its affiliates being secondary;
(B) waive all rights of subrogation against Honeywell and its affiliates;
(C) include breach of warranty protection in favor of Honeywell and its affiliates;
(D) be in form and substance satisfactory to Honeywell including, without limitation, any deductibles;
(E) cover the Equipment at each location that the Equipment may be used; and
(F) include coverage for contractual liability assumed by Customer in this Agreement.

9.2 In the event that Equipment is lost, stolen, or destroyed, Customer will pay Honeywell the amount of the insurance required in section 24 “Minimum Insurance Amount for Equipment” on the signature page of this Agreement. In the event Customer receives any proceeds of such insurance and at such time that has not fully paid Honeywell hereunder, Customer will immediately pay over such proceeds to Honeywell to the extent of any outstanding obligation to Honeywell.

9.3 Upon execution of this Agreement and prior to Equipment being transferred to Customer or Service center, as applicable, Customer will provide evidence of such insurance and all insurance provisions as required by this Agreement.

10. APU FOD REPAIR PROGRAM. Foreign Object Damage (FOD) means damage to any portion of the Equipment caused by an outside or foreign object or debris, substance, or element including Skydro, silica, de-ice fluid, and ice. If Customer elects the FOD Repair Program, Honeywell will pay for repairs on the Equipment arising from FOD up to the maximum value purchased by Customer as reflected in section 28 “APU FOD Repair Fee” on this signature page of this Agreement. Customer will pay all charges exceeding this maximum value. Honeywell will direct Equipment to the repair facility of its choice.

11. INDEMNIFICATION. Customer will indemnify, defend and hold Honeywell, its affiliates and their respective officers, directors, shareholders and employees (“Indemnified Persons”) harmless from all liabilities, damages, penalties, claims, actions, suits, costs and expenses of every kind and nature incurred by or asserted against any Indemnified Person in any way relating to or arising out of the bargain, leasing, possession, rental, use, condition, operation, transportation, or return of any equipment or failure to comply with any applicable law or regulation unless due to the sole negligence of Honeywell.

12. TAXES. Honeywell’s pricing excludes all taxes (including, but not limited to, sales, use, excise, value-added or other similar taxes), duties and charges (collectively, “Taxes”) unless otherwise stated in section 20 on the signature page of this Agreement, the Equipment and any related documents are provided as-is without any express or implied warranties including, without limitation, any express warranty as to the airworthiness or condition of the Equipment and any implied warranty as to merchantability, fitness for a particular purpose, or non-infringement and this is HONEYWELL’S SOLE WARRANTY OBLIGATION AND CUSTOMER’S SOLE
14. DISCLAIMER. IN NO EVENT WILL HONEYWELL BE LIABLE FOR ANY INCIDENTAL DAMAGES, CONSEQUENTIAL DAMAGES, SPECIAL DAMAGES, INDIRECT DAMAGES, LOSS OF PROFITS, LOSS OF REVENUES, OR LOSS OF USE, EVEN IF INFORMED OF THE POSSIBILITY OF SUCH DAMAGES. HONEYWELL'S LIABILITY FOR DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT IS LIMITED TO THE GREATER OF RENT CHARGES PAID BY CUSTOMER TO HONEYWELL UNDER THIS AGREEMENT, IF ANY, OR ONE THOUSAND DOLLARS. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THESE LIMITATIONS AND EXCLUSIONS WILL APPLY REGARDLESS OF WHETHER LIABILITY ARIS ES FROM BREACH OF CONTRACT, WARRANTY, TORT (INCLUDING BUT NOT LIMITED TO NEGLIGENCE), BY OPERATION OF LAW, OR OTHERWISE.

15. THIRD PARTY BENEFICIARY, POWER OF ATTORNEY. If this Agreement is obtained through a Honeywell Authorized Service Center (Service Center), Customer acknowledges and agrees that the Service Center signing this Agreement is an express third party beneficiary of this Agreement and that Service Center has been granted a limited power of attorney to sign this Agreement on Honeywell's behalf and to enforce the rights of Honeywell under this Agreement. The rights of Honeywell under this Agreement will be transferable to any one or more persons or entities, and all covenants and agreements under this Agreement will benefit and be enforceable by, the successors and assigns of Honeywell. Honeywell will be entitled to the benefit of this Agreement as if the Agreement had been made directly between the Customer and Honeywell. Honeywell will have no obligation to provide maintenance, support or warranties or any other services or any goods to Customer, except as otherwise agreed in writing by Honeywell.

16. EXPORT. 16.1 Customer is responsible for compliance with all import and export control laws and regulations. Customer will obtain, at its sole expense, all import, export, and re-export approvals and licenses required for Equipment delivered and will retain documentation evidencing compliance with those laws and regulations. Honeywell will not be liable to Customer for any failure to provide Equipment as a result of government actions that impact Honeywell's ability to perform, including: (A) the failure to provide or the cancellation of export or re-export licenses; (B) any subsequent interpretation of applicable import, transfer, export or re-export law or regulation after the date of any order or commitment that has a material adverse effect on Honeywell's performance; or (C) delays due to Customer’s failure to follow applicable import, export, transfer, or re-export laws and regulations.

16.2 If Customer designates the freight forwarder for freight shipments from the United States, then Customer's freight forwarder will export on Customer's behalf and Customer will be responsible for any failure of Customer's freight forwarder to comply with all applicable export requirements. Honeywell will provide Customer's designated freight forwarder with required commodity information.

17. TERM AND TERMINATION. 17.1 Term. This Agreement and Customer’s right of possession and use of Equipment will expire upon the earlier of the Ending Date in section 25 on the signature page of this Agreement or 15 days after Customer’s Equipment is declared serviceable (21 days for equipment serviced outside the continental United States).

17.2 Termination for Default. Either party may terminate this Agreement by giving written notice to the other upon the occurrence of any of the following events:

(A) the other party materially breaches this Agreement and does not remedy the breach within 30 calendar days after receipt of written notice that specifies the grounds for the material breach;

(B) the other party fails to make any required payment to be made under this Agreement when due and fails to remedy the breach within 30 calendar days after receipt of written notice of non-payment;

(C) any insolvency or suspension of the other party's operations or a petition is filed or proceeding made by or against the other party under any country, state, federal or other applicable law relating to bankruptcy, arrangement, moratorium, receivership or assignment for the benefit of creditors or other similar proceedings.

If Honeywell terminates this Agreement under article 17.2(A) or 17.2(B) above, Customer will pay all reasonable attorneys’ fees, costs, and expenses incurred by Honeywell or its agent as a result of a non-payment breach of this Agreement by Customer.

17.3 Other Termination. Honeywell may terminate this Agreement:

(A) if there is a material change in the nature of the business of Customer, or a dissolution or discontinuance of the business of Customer in which case Honeywell may terminate this Agreement immediately upon written notice to Customer; or

(B) for any reason without cause upon five calendar days written notice to Customer.

Termination does not affect any debt, claim, or cause of action accruing to any party against the other before the termination. The rights of termination provided in this article 17 are not exclusive of other remedies that either party may be entitled to under this Agreement or in law or equity.

17.4 Repossession. In the event of termination or default of this Agreement, or Customer's insolvency, discontinuance or suspension of operations and/or liquidation of assets, Honeywell or its agents, may, with 24 hours notice, gain access to Customer's facility in order to retrieve the Equipment free from any civil or criminal allegations of trespass by Customer. Customer will cooperate in all respects with Honeywell's retrieval of the Equipment and will be responsible for all of Honeywell's costs associated therewith.

18. ASSIGNMENT. Customer will not assign any rights or delegate any obligations under this Agreement or any portion thereof without Honeywell's advance, written consent, which will not be unreasonably withheld. Honeywell may assign the Agreement in connection with the sale or transfer of (1) the Equipment or (2) all or substantially all of the assets of the product line or business to which it pertains. Any attempt to assign in violation of this article 18 will be void.

19. APPLICABLE LAW. This Agreement will be governed by the laws of the State of New York, U.S.A. without regard to conflict of law principles. The United Nations Convention on Contracts for the International Sale of Goods, 1980, and any successor agreement, will not apply. The Federal or State courts sitting within the state of New York, USA will have exclusive jurisdiction to adjudicate any dispute arising out of or related to this Agreement.

20. SETOFF. Customer will not set off or recoup invoiced amounts or any portion thereof against sums that are due or may become due from Honeywell, its parent, affiliates, subsidiaries or other divisions or units.

21. SEVERABILITY. If any provision of this Agreement is determined to be illegal, invalid, or unenforceable by a court of competent jurisdiction in accordance with article 19 “Applicable Law”, then the validity and enforceability of the remaining provisions of this Agreement will not be affected and, in lieu of such illegal, invalid, or unenforceable provision there will be added as part of this Agreement one or more provisions as similar in terms as may be legal, valid and enforceable under applicable law.

22. WAIVER. The failure of either party to enforce at any time any of the provisions of this Agreement will not be construed to be a continuing waiver of any provisions of this Agreement.

23. NON-DISCLOSURE AND CONFIDENTIALITY. Customer will not disclose the existence of this Agreement or any specific terms of this Agreement to any third party without Honeywell’s prior written consent. Customer will protect the confidential aspects of the Equipment from disclosure, including the inner workings and design, and will not, by itself or through others, engage in (1) disassembling (except as may be required to perform ordinary maintenance or determine whether and why a malfunction has occurred); (2) reverse engineering; or (3) manufacturing or enabling the manufacture of the Equipment (or any portions thereof), or products similar to or competitive with, the Equipment. In this provision, “information” includes any information referred to in this Agreement and is limited to Customer under this Agreement.

24. SURVIVAL. All rights, duties and obligations which by their nature should apply beyond the term of this Agreement including, articles 2-Rent, Payment, Security, 5-Software License, 7. Return of Equipment, 11-Indemnification, 12-Taxes, 13-Warranty/Remedies, 14-Disclaimer, 19-Applicable Law, and 21-Severability, 22-Waiver, 23-Non-Disclosure and Confidentiality, 24-Survival, and 26-Entire Agreement will remain in force after expiration or termination of this Agreement.

25. COUNTERPARTS. This Agreement may be signed in counterparts (including faxed and any electronic or digital format), each of which will be deemed one and the same original. Reproductions of this executed original (with reproduced signatures) will be deemed to be original counterparts of this Agreement.

26. ENTIRE AGREEMENT. The terms contained in this Agreement constitute the entire agreement between Customer and Honeywell with respect to its subject matter and supersede any prior representations and agreements, oral or written, and all other communications between Customer and Honeywell relating to its subject matter. This Agreement will not be varied except by an instrument in writing subsequently executed by an authorized representative of each party.