

## QUEST AIRCRAFT COMPANY AGREEMENT FOR PURCHASE OF SUPPLIER DESIGNED GOODS

**THIS AGREEMENT FOR PURCHASE OF SUPPLIER DESIGNED GOODS** (hereinafter, "Agreement") is effective as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (hereinafter, "Effective Date"), by and between \_\_\_\_\_, a \_\_\_\_ (insert state where business is officially organized) \_\_\_\_\_ (insert entity type, [corporation, LLC, etc]\_\_\_\_) having its principal place of business in \_\_\_\_\_ (hereinafter, "Supplier" or "Seller"), and Quest Aircraft Company, an Idaho corporation having its principal place of business in Sandpoint, Idaho, U.S.A. (hereinafter "Quest" or "Buyer"), either or both of which may hereinafter be referred to as "Party" or "Parties," respectively.

**WHEREAS**, Quest is currently engaged in the development, manufacture, sale and support of general aviation aircraft;

**WHEREAS**, Supplier is engaged in the design, development, manufacture, sale and support of \_\_\_\_\_ (hereinafter, "Goods"); and

**WHEREAS**, Supplier has agreed to design, develop, manufacture, test, qualify, support and sell its Goods to Quest in compliance with the technical, commercial and administrative requirements set forth in this Agreement and the requirements of the Federal Aviation Administration ("FAA").

**NOW THEREFORE**, for and in consideration of the above recital and the mutual promises, covenants and agreements set forth herein, the Parties hereby agree as follows:

### **1. Contract Formation & Purchase Order Acceptance.**

The purpose of this Agreement is to set forth the general terms and conditions which will be incorporated by reference into any Purchase Orders issued by Quest relating to the purchase of the Goods described herein. This Agreement does not create an obligation upon Quest to purchase Goods from Supplier and Supplier agrees that Quest has made no representation, warranty, guarantee or commitment to purchase any minimum quantity of Goods under this Agreement. Quest's determination of what Goods to purchase and when to purchase such Goods will be made in its sole discretion and will be reflected in Purchase Orders issued by Quest to Supplier. Supplier further agrees that any inventories which Supplier may produce or which may otherwise arise from Supplier's performance under this Agreement without such Goods being specifically ordered by Quest on a Purchase Order shall be at Supplier's sole risk and responsibility and Quest shall have no obligation to purchase such inventory from Supplier. This Agreement will apply to both production Goods and aftermarket Goods purchased by Quest from Supplier. Any waiver or modifications to this Agreement will be binding only if signed by an authorized representative of both Supplier and Quest. Supplier agrees to acknowledge Purchase Orders within five (5) calendar days of receipt. Supplier agrees that it will accept all Purchase Orders issued in accordance with this Agreement and the agreed pricing and lead times established by the Parties. Quest's Purchase Order will be deemed accepted if Supplier does not acknowledge the same within ten (10) calendar days of receipt. To acknowledge a Purchase Order, Supplier may return any form of acknowledgement of receipt that Supplier normally issues, provided the contents of any such form are restricted to the acknowledgement of receipt. It is understood that Quest objects to and will not be bound by any additional or different terms or conditions of sale proposed by Supplier in an acceptance of a Purchase Order, invoices or other forms issued by Supplier and all such additional or different terms or conditions are agreed to be null and void, and will not be binding on Quest.

### **2. Pricing & Payment**

- (a) Goods pricing will be as specified in Attachment 1 to this Agreement "Goods, Prices and Lead Times". Supplier represents that the prices set forth in Attachment 1 are no less favorable than those offered to any other customer of Supplier for the same or substantially similar Goods. In the event Supplier's pricing structure is revised downward resulting in the prices of Goods delivered or services rendered being higher than those offered to any other customer of Supplier, Supplier agrees to retroactively adjust the prices set forth in Attachment 1 downward so that Quest is not required to pay more than any other customer of Supplier at any point in time after the Effective Date.
- (b) In order to ensure Supplier's compliance with paragraph 2(a) above, Quest shall have the right, through independent auditors acceptable to both Parties, to examine and audit during normal business hours, at most on a yearly basis, any and all records, data and documents in whatever shape or form including, but not limited to, electronic media that may contain information bearing directly or indirectly upon the prices or conditions applicable to the providing of Goods or services similar to, or interchangeable with, the Goods or services offered to a third party. Such records shall be kept clear and accurate, and in a form and content sufficient and adequate to permit the audit. Such audit shall be at Quest's expense if there is no violation of the terms of paragraph 2(a) above and at Supplier's expense if a violation of paragraph 2(a) is verified by the audit.

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- (c) Payment terms will be Net 45 days unless otherwise specified on Quest's Purchase Order and will commence upon receipt at Quest's facility. Supplier understands that any inaccuracy as to Supplier's invoice or any other required document herein may result in the delay of payment.

### 3. Shipping Instructions

- (a) Supplier will be responsible for the proper packaging of Goods hereunder.
- (b) Unless otherwise directed, all items shipped in one day from and to a single location must be consolidated on one bill of lading or airbill, as appropriate. No charges will be allowed for packing, crating, freight, local cartage, and/or any other services unless so specified in Quest's Purchase Order.
- (c) Unless otherwise directed by Quest in writing, all Goods and data will be shipped by Supplier DAP (Incoterms® 2010) to Quest's continental U.S. location stated on the Purchase Order. Supplier will be responsible for any loss or damage during shipment and shall be responsible for any insurance deemed necessary to ensure delivery without damage or delay. Supplier shall be responsible for all import/export fees required to deliver the Goods to Quest's facilities within the continental United States regardless of Supplier's point of origin, manufacture or assembly.
- (d) Unless otherwise agreed, Supplier will deliver Goods and data required by Quest in strict accordance with the delivery schedule in the applicable Purchase Order.
- (e) Supplier will at all times comply with Quest's written shipping instructions.
- (f) Supplier will submit all required shipping papers to Quest prior to final payment.

### 4. Lead Time, Delivery, Notice Of Delay, Acceptance & Rejection

- (a) "Lead Time" means the time period between Quest's placement of a Purchase Order and the delivery date of Goods to Quest's designated location. The applicable Lead Time for Goods will be as defined in Attachment 1, "Goods, Prices and Lead Times".
- (b) Title and risk of loss will pass to Quest upon accepted delivery of the Goods to Quest at the destination noted on the Purchase Order.
- (c) Time is of the essence. No acts of Quest, including without limitation, modifications of a Purchase Order or acceptance of late deliveries, will constitute a waiver of this provision. Quest reserves the right to refuse or return at Supplier's risk and expense shipments made in excess of Quest's orders, in advance of required schedules, or to defer payment on advance deliveries until scheduled delivery dates.
- (d) In the event of an actual, potential or threat of delay to the delivery schedule or timely performance of a Purchase Order, Supplier will: (i) notify Quest in writing immediately of the reasons for the delay, including delays attributed to labor disputes; (ii) provide Quest a corrective action plan addressing the delay in writing within five (5) calendar days; and (iii) if requested by Quest, ship via air or other expedited method to avoid or minimize the delay. Supplier will be responsible for the added cost of any expedited shipment required to meet the delivery schedule. Nothing in this paragraph will relieve Supplier of any obligation herein or be construed as a waiver by Quest of the delivery schedule or timely performance of a Purchase Order.
- (e) Quest will have the option, without additional cost to Quest, to accelerate or decelerate the Goods delivery schedule as needed to meet Quest's Master Aircraft Production Schedule. Quest will provide written notice to Supplier of such delivery schedule changes.
- (f) Any Goods or services which are nonconforming as to the quality or quantity or the delivery schedule will constitute a breach of the Purchase Order and Quest will have the right to reject such Goods or services, in whole or in part, and notify Supplier thereof. In the event of such a tender, Quest will be entitled to all remedies as provided by law, and in addition thereto will have the right to do any or all of the following: (1) to hold such nonconforming Goods for a reasonable period at Supplier's risk and expense pending a determination to accept or reject any or all thereof; (2) to return such nonconforming Goods to Supplier at Quest's election and at Supplier's risk and expense for replacement or correction; (3) to accept such nonconforming Goods or services subject to an equitable price reduction; (4) to replace or correct such nonconforming Goods or services and charge to Supplier the cost occasioned to Quest thereby; (5) to recover by offset or otherwise any and all expenses, costs, price reductions, and damages paid, incurred, or suffered by Quest as a result of such holding, return, removal and replacement, correction, reductions, or rejections of nonconforming Goods or services; or (6) to terminate the affected Purchase Order and any other Purchase Order not yet performed and all other agreements related to the subject matter as provided in paragraph 6 hereof.

### 5. Termination for Convenience

- (a) Quest may by written notice direct Supplier to terminate a Purchase Order in whole or in part at any time, and such termination will not constitute a default. In the event of a partial termination, Supplier is not excused from performance of the balance of the non-terminated work under the Purchase Order.

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- (b) In the event of Termination for Convenience, Supplier will be reimbursed for actual, reasonable, and substantiated costs incurred prior to the date of termination, plus a reasonable profit for work performed to date of termination. Quest may take immediate possession of all work performed hereunder upon notice of termination.
- (c) Supplier's obligations under the warranty, patent, indemnity and confidentiality provisions of this Agreement or any Purchase Order will survive such termination.

### 6. Quest's Assistance & Termination for Default

- (a) In the event Quest reasonably believes Supplier to be in default, or unable to meet any delivery date or specification herein, Quest may, in its sole discretion, provide representatives at Supplier's facility to consult with, advise and assist Supplier in fulfilling its commitments under this Purchase Order; provided however, Quest's activities will not relieve Supplier of its obligations hereunder. Supplier will pay Quest's reasonable costs and expenses associated with such activities.
- (b) Quest may terminate this Purchase Order, or work under this Purchase Order, in whole or in part, for the breach of one or more of its terms and Supplier's failure to fully cure such breach within ten (10) calendar days following Quest's issuance of written notice to Supplier advising of such breach and Quest's intent to terminate this Purchase Order for Supplier's default. Quest is not required to provide assistance to Supplier pursuant to paragraph 5(a) before such termination. Quest may terminate this Purchase Order immediately and without prior notice upon the insolvency of Supplier, filing of a voluntary or involuntary petition of bankruptcy by or against Supplier, or the making of an assignment for the benefit of creditors by Supplier. Quest may terminate this Purchase Order immediately and without prior notice should the Supplier, or any of 'Supplier's officers, directors, owners, partners, managers or supervisors be debarred, suspended, proposed for debarment or declared ineligible for the award of contracts by any federal department or agency.
- (c) In the event of Supplier's default hereunder, Quest may exercise any or all rights accruing to it both at law or in equity.
- (d) Supplier's obligations under the warranty, patent, indemnity and confidentiality provisions of this Purchase Order will survive such termination.
- (e) If, after termination, it is determined that Supplier was not in default, the termination will be deemed for Quest's convenience and the rights and obligations of the parties will be as set forth in paragraph 5, above.

### 7. Force Majeure

Except for defaults of Supplier's subcontractors at any tier, neither Quest nor Supplier will be liable for any failure to perform due to any cause beyond their reasonable control and without their fault or negligence. Such causes include, but are not limited to, acts of God or of the public enemy, acts of the Government in either its sovereign or contractual capacity, fires, floods, epidemics, terrorism, quarantine restrictions, strikes, freight embargoes and unusually severe weather ("Force Majeure Event"). If performance of one or more Purchase Orders are hindered, delayed or adversely affected by a Force Majeure Event, the Party whose performance is so affected will so notify the other Party's authorized representative in writing and, at Quest's option, the Purchase Order(s) will be completed with such adjustments as are reasonably required by the existence of the Force Majeure Event or the Purchase Order(s) may be terminated on a no-fault basis.

### 8. Stop Work Order

Quest, may, upon a ten (10) calendar day written notice, issue a stop work order to Supplier to suspend all work on Goods delivered or services rendered, without compensation. In due course, Quest will issue written notice to Supplier to restart the work and Supplier will do so within ten (10) calendar days after receipt of Quest's notice. Supplier will subsequently perform in accordance with a mutually agreed revised schedule. During the stop work period, Supplier and Quest will hold meetings as required to determine the course of action. If the stop work order lasts for more than six (6) months, Supplier and Quest will together review the stop work order and decide by mutual agreement to extend the period of the stop work order or terminate the Purchase Order on commercially reasonable terms based upon the circumstances that caused the stop work order.

### 9. Disputes

- (a) Any controversy or claim arising out of or relating to one or more Purchase Orders or the breach thereof may be settled at Quest's sole discretion either by submitting the claim to: (i) a court of competent jurisdiction or (ii) binding arbitration, before a single arbitrator in the state of Idaho, in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Judgment upon an arbitrator's award may be entered in any court having jurisdiction thereof.
- (b) Irrespective of where a Purchase Order is performed, this Agreement and the Purchase Order will be construed and interpreted according to the laws of the State of Idaho without resort to Idaho's conflicts of law rules.

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- (c) Pending resolution or settlement of any dispute arising under this Agreement or a Purchase Order, Supplier will proceed diligently as directed by Quest with the performance of any Purchase Order.

### 10. Remedies

- (a) The rights of both Parties hereunder will be in addition to their rights and remedies at law or in equity. Failure of either Party to enforce any right will not constitute a waiver of such right or of any other rights.
- (b) In no event will Supplier be entitled to anticipatory profits or to special (including multiple or punitive), incidental, or consequential damages arising from or relating to this Agreement or any Purchase Order, or any breach thereof.

### 11. Confidentiality

- (a) Unless otherwise expressly agreed in writing to the contrary, all specifications, information, data, drawings, software and other items supplied to Quest by Supplier will be disclosed to Quest on a non-confidential basis and may be used and/or disclosed by Quest without restriction.
- (b) All specifications, information, data, drawings, software, and other items which are (i) supplied by Quest, (ii) obtained by Supplier and paid for by Quest for performance of a Purchase Order, or (iii) which are to be furnished by Supplier on a Purchase Order will be confidential. Supplier will not disclose this information to any third party, Supplier's attorneys, financial institutions, and accountants without Quest's prior written consent.
- (c) Supplier will not publish, distribute or make any news release about the subject matter of this Agreement or any Purchase Order or any program relating thereto or use the Quest Aircraft Company name (or the name of any division, affiliate or subsidiary thereof), logo, trademark, service mark, or trade dress for the purpose of advertising, making a news release, creating a business reference, creating website content or for products or service endorsement without Quest's prior written approval.
- (d) This Agreement and any Purchase Order are confidential between and among the Parties. The terms and conditions set forth herein may not be disclosed, either in whole or in part, to any third party unless the party desiring to make such disclosure first obtains the express written approval of the other Party.

### 12. Property

- (a) Unless otherwise agreed by the Parties in writing, special dies, tools, jigs, fixtures, equipment, and patterns required to produce the Goods will be furnished by and at the expense of Supplier. Said special dies, tools, jigs, fixtures, equipment, and patterns will be kept in good condition and from time to time, when necessary, will be replaced by Supplier without expense to Quest.
- (b) All confidential information plus all drawings, special dies, tools, jigs, fixtures, equipment, and patterns and other items furnished by Quest to Supplier, or specifically paid for by Quest, will be the property of Quest, will be subject to removal upon completion or termination of this Agreement or an applicable Purchase Order at Quest's request, will be used only in filling orders from the Quest, will be held at Supplier's risk, and will be kept insured by Supplier while in its care, custody or control in an amount equal to the replacement cost thereof, with loss to be paid to Quest. Quest tooling will not be reworked, altered, or constructed by Supplier without prior written permission from Quest. Supplier will maintain proper care and maintenance of Quest's tooling and will notify Quest within seven (7) calendar days of any damage, significant wear or loss that occurs thereto. Supplier will not relocate Quest's tooling without Quest's prior written authorization and Quest's tooling shall not be pledged as collateral for any debt or financing arrangement.
- (c) Supplier agrees to make no charge for storing Quest's tools after completion of this Purchase Order unless such charges are authorized by a separate storage agreement entered into by both Parties..
- (d) Goods manufactured or services rendered in accordance with Quest's specifications and drawings will not be furnished or quoted to any other person or concern without Quest's prior written consent.
- (e) Any invention or similar intellectual property first made or conceived by Supplier in the performance of a Quest Purchase Order or which is derived from or based on the use of confidential information supplied by Quest will be considered as being a "work made for hire" and will be and become the property of Quest; and Supplier will execute such documents necessary to perfect Quest's title thereto.

### 13. Data

- (a) Data, as used in this Agreement, means technical writing, sound recordings, pictorial reproductions, drawings, or other representations and works of a technical nature, which are specified to be delivered or which are produced pursuant to this order.
- (b) All Data first produced in the performance of a Quest Purchase Order will be the sole property of Quest, subject to any right or interest of the United States Government. Supplier agrees not to assert any rights in or to use said Data without the prior written consent of Quest.

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- (c) Supplier will supply top level drawings to Quest for all Goods, parts, assemblies and components. Supplier will clearly identify and specify any special processes on the top level drawing.

### 14. Subcontracting

No lower-tier subcontract or purchase order valued at (i) \$100,000 or more or (ii) 10 percent of the indicated value of the Purchase Order, whichever figure is less, will be issued by Supplier to any party for furnishing any of the completed or substantially completed supplies (except spare parts) or other work herein contracted for without the written approval of Quest.

### 15. Warranty

- (a) Supplier warrants that the Goods delivered or the services rendered pursuant to this Agreement shall: (i) be suitable for use in the Aircraft; (ii) conform to and meet the specifications and technical requirements for the Goods; (iii) be free from defects in design (unless such design was provided by Quest); (iv) be free of operational or functional problems as a result of computer software, processes and systems; (v) be free from asbestos or asbestos containing materials, PCBs, 1,1,1-Trichloroethane, trichloroethylene, perchlorethylene, carbon tetrachloride, methylene chloride, lead, CFC-12, radioactive material, mercury, or chloroform and that the following will not be used in the production of Goods without the written consent of Quest: chromium, cadmium, methyl ethyl ketone, and benzene; and (vi) be free from defects in material or workmanship. These warranties shall survive final acceptance and payment for the Goods.
- (b) Supplier's warranty contained in paragraph 15(a), items (i), (ii), (iii), (iv) and (v) shall start at the time of delivery of each of the Goods to Quest, and shall remain in full force and effect for an unlimited period of time.
- (c) Supplier's warranty contained in paragraph 15(a), item (vi) shall start at the time of delivery of each of the Goods to Quest, and shall apply to those defects becoming apparent prior to the expiry of the following periods:
  - (i) Goods for new aircraft: Sixty (60) months following delivery of the aircraft containing such Goods to Quest's customer; however, for structural Goods, the warranty period shall be twenty (20) years following delivery of the aircraft to Quest's customer.
  - (ii) For spare parts: Thirty-six (36) months following installation.
  - (iii) For repaired or overhauled Goods: Twenty-four (24) months from date of installation.
  - (iv) For replacement Goods: The warranty for Goods replaced under the terms of the applicable warranty shall be for the unexpired period of the applicable warranty, or twenty-four (24) months from installation, whichever is greater.
- (d) Supplier shall be liable for, and hold Quest harmless from, any loss, damage, cost, or expense whatsoever that Quest may suffer from the breach of any of these warranties, including replacement, if Quest so elects, of non-conforming Goods. Such expenses, include but are not limited to: 1) reimbursement of labor for removal, installation and troubleshooting; 2) freight costs; 3) the excess costs incurred to purchase and have delivered conforming goods from another supply source; 4) international customer duties; and 5) interim lift for Customers, irrespective of Quest's contractual agreements with its Customers.
- (e) This warranty shall extend to Quest, Quest's customers, and their respective successors and assigns.
- (f) Supplier will notify Quest within twenty-four (24) hours of the discovery of any defect or latent defect in the Goods furnished or services rendered under any Quest Purchase Order.

### 16. Inspection

- (a) Prior to delivery to Quest, Supplier will inspect and test all Goods delivered or services rendered to ensure compliance to all requirements for the Goods.
- (b) All Goods delivered or services rendered will be subject to inspection and testing by Quest, its customers and any higher-level contractors having cognizance over the Purchase Order, including government agencies, before, during performance and after delivery. Any inspection or testing described herein will not constitute an acceptance of the Goods delivered or services rendered. Acceptance of an inspection or testing will not relieve Supplier of any obligation herein and will not be construed as a waiver by Quest of Quest's rights or remedies set forth herein.
- (c) If inspections and tests are made on the premises of Supplier or Supplier's lower tier subcontractors, Supplier will furnish without additional charge all reasonable facilities, access and assistance for the safe and convenient inspection and tests required by the inspectors in the performance of their duty.
- (d) Quest's failure to inspect does not relieve Supplier of any responsibility to perform according to the terms of the Purchase Order.
- (e) Quest, its customers and any higher-level contractors having cognizance over any Purchase Order, including government agencies, will have the right to inspect Supplier's manufacturing facilities, processes, inspection systems, quality assurance systems, data, and equipment as may be related to the Goods furnished or services rendered under any Purchase Order.

**17. Changes**

- (a) Quest will have the right by written order to suspend work or to make changes from time to time in the services to be rendered or the Goods to be furnished by Supplier hereunder and the delivery dates. If such suspension or changes cause an increase or decrease in the cost of performance of the affected Purchase Order or in the time required for its performance, an equitable adjustment will be negotiated and the Purchase Order will be modified in writing accordingly. Any claim by Supplier for adjustment under this clause must be asserted in writing within thirty (30) calendar days from the date of receipt by Supplier of notification of the change or suspension and will be followed as soon as practicable with specification of the amount claimed and supporting cost figures. Nothing herein will excuse the Supplier from proceeding with the Purchase Order as changed pending resolution of the claim.
- (b) Information, advice, approvals or instructions given by Quest's technical personnel or other representatives will be deemed expressions of personal opinion only and will not affect Quest's and Supplier's rights and obligations hereunder unless set forth in a writing which is signed by Quest's purchasing representative and which states it constitutes an amendment or change to this Agreement or a Purchase Order.

**18. Patents**

Supplier warrants that the sale, use, or incorporation into manufactured products of all machines, parts, components, services, devices, materials, Goods and rights furnished or licensed hereunder which are not of Quest's design, composition, or manufacture will be free and clear of alleged infringement of any valid patent, copyright, trade mark or other proprietary rights. Supplier will hold Quest and its customers harmless from any and all expenses, liability, and loss of any kind (including all costs and expenses including attorneys' fees) arising out of claims, suits, or actions alleging such infringement, which claims, suits, or actions Supplier hereby agrees to defend. Supplier may replace or modify infringing Goods with comparable Goods of substantially the same form, fit, and function so as to remove the source of infringement. If the use or sale of any Good is enjoined as a result of such claim, suit or action, Supplier, at no expense to Quest, will obtain for Quest and its customers the right to use and sell said Goods.

**19. Taxes**

Unless a Purchase Order specifies otherwise, the price of the Goods includes, and Supplier is liable for and will pay, all taxes, impositions, charges and exactions imposed on or measured for the Goods specified on a Purchase Order except for applicable sales and use taxes that are separately stated on Supplier's invoice. Prices will not include any taxes, impositions, charges or exactions for which Quest has furnished a valid exemption certificate or other evidence of exemption. To the extent that Quest is required to do so under applicable United States federal or state law or tax regulations, Quest may deduct from any payments due Supplier pursuant to this Purchase Order such taxes as Quest is required to withhold from such payments and pay such taxes to the relevant tax authorities; provided, however, that Quest provides Supplier with relevant tax receipts or other suitable documentation evidencing the payment of such taxes promptly after such taxes are paid.

**20. Assignments**

- (a) Supplier may not assign any rights or obligations due or to become due under a Purchase Order without the prior written consent of Quest. Quest may assign, sell, transfer or dispose of (in whole or in part) any of its rights or obligations under this Purchase Order.
- (b) Supplier will promptly notify Quest in writing in advance of any organization changes planned by Supplier, including name or ownership changes, mergers or acquisitions

**21. Set Off**

Quest will have the right at any time to set off any amount owing from Supplier to Quest or Quest's subsidiaries and/or affiliates against any amount due and owing to Supplier or any of its subsidiaries pursuant to a Purchase Order or any other contractual agreement between Quest and Supplier or their respective subsidiaries and/or affiliates.

**22. Compliance with Law & Gratuities**

- (a) Supplier warrants that the Goods to be furnished and the services to be rendered under this Purchase Order will be manufactured, sold, and used in compliance with all relevant federal, state, and local laws and regulations. Supplier further warrants it has fully complied with Sections 6, 7, 12, and 15 of the Fair Labor Standards Act of 1938, as amended, and the regulations and orders of the U.S. Department of Labor under Section 14 thereof.

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- (b) Supplier certifies that all equipment, Goods delivered and services rendered under this Purchase Order are in conformance with applicable OSHA requirements.
- (c) Supplier certifies that in the performance of any Purchase Order, it will comply with all applicable U.S. Department of Transportation regulations on hazardous materials and any other pertinent federal, state, or local statutes, laws, rules, or regulations; and Supplier further agrees to save Quest harmless from any loss, damage, fine, penalty, or expense whatsoever that Quest may suffer as a result of Supplier's failure to comply with this certification. The foregoing is in addition to and not in mitigation of any other requirements of any Purchase Order.
- (d) Supplier warrants that it has not offered or given and will not offer or give to any employee, agent, or representative of Quest any gratuity or any kickback within the meaning of the Anti-Kickback Act of 1986 with a view toward securing any business from Quest or influencing such person with respect to the terms, conditions, or performance of any contract with or Purchase Order from Quest. Any breach of this warranty will be a material breach of each and every contract and/or Purchase Order between Quest and Supplier.
- (e) **Contractors and subcontractors shall abide by the requirements of 41 CFR 60-300.5(a). This regulation prohibits discrimination against qualified protected veterans, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans.**
- (f) **Contractors and subcontractors shall abide by the requirements of 41 CFR 60-741.5(a). This regulation prohibits discrimination against qualified individuals on the basis of disability, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities.**

### 23. Insurance & Indemnification

- (a) Supplier will maintain such Public Liability, Property Damage, Employer's Liability and Compensation Insurance and Motor Vehicle Liability (Personal Injury and Property Damage) Insurance in such amounts as will protect Supplier (or its subcontractors) and Quest from said risks and from any claims under any applicable Workers' Compensation, Occupational Disease, and Occupational Safety and Health statutes including the Occupational Safety and Health Act. Supplier will provide Quest with certificates evidencing required insurance upon Quest's request.
- (b) Supplier will defend, indemnify, and hold harmless Quest and Quest's directors, officers, employees agents and customers from any liability, claim of liability, expense, cause of action, loss, or damage whatsoever, including attorney's fees arising out of or in any way connected with Supplier's performance or failure to perform any Purchase Order or that of Supplier's agents, employees, or subcontractors.
- (c) Supplier will without limitation as to time indemnify and hold Quest and its customer harmless from all alleged claims which may be asserted against property covered hereunder or under any Purchase Order, including without limitation mechanic's liens or claims arising under worker's compensation or occupational disease laws and from all claims for injury to persons or property arising out of or related to such property unless the same are caused solely and directly by Quest's negligence.
- (d) Supplier does hereby irrevocably indemnify and agree to defend any claim or litigation, or to pay or reimburse any judgment and all loss and expense costs (including reasonable attorney fees) incurred in connection with any claim or litigation which asserts or is based upon any alleged design or manufacturing defect, negligence, failure to warn, or breach of warranty related to Supplier's product(s) (including parts and components thereof purchased by Supplier from its suppliers), delivered to Quest. This indemnity will be deemed an agreement made in Idaho, to be construed and enforced according to the laws of that state.

### 24. Change Control

Paragraphs (a) through (g) below apply to suppliers of Goods not approved under CFR 21, Subpart O, Technical Standard Order Authorizations (TSOA) or under CFR 21, Subpart B, Type Certificates (TC):.

- (a) All changes to the Goods will be classified as either Major or Minor. Determination of whether a change is "Major" or "Minor" will be made at the aircraft level and will be in accordance with the following definition from 14 CFR §21.93: "Minor Change" is one that has no appreciable effect on the weight, balance, structural strength, reliability, operational characteristics, or other characteristics affecting the airworthiness of the Goods. "Major Change" is one that is not minor.
- (b) Supplier will not have authority to make any changes to Quest's drawings or drawings supplied by a prime contractor to whom Quest is a subcontractor.
- (c) Supplier will only be entitled to make changes to the Goods if Supplier has design authority for the Goods and Quest has approved the change. Regardless of which party has design authority for the Goods and

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regardless of Major/Minor classification, Supplier must obtain Quest's prior approval for a change to Goods covered by a Purchase Order as follows:

- (i) Supplier will submit a notification of change (NOC) prior to change implementation. The NOC will include the following:
  - (1) Description of the problem or issue
  - (2) Rationale for change
  - (3) Copy of revised drawing(s)
  - (4) Description of change to part or assembly including any software or firmware changes internally to the Goods or any changes to subcomponents including any software or firmware.
  - (5) Any change in suppliers or subcontractors including foreign sources of manufacturing of subcomponents of the Goods.
  - (6) Description of critical process specification changes
  - (7) Any change in manufacturing processes or sequences that could affect the physical or chemical properties of the Goods, including the intentional or inadvertent use of heat or chemicals to alter or induce a molecular transformation of the Goods. Such processes may include, but not be limited to: heating, plating, peening, cleaning, coating, hardening, annealing, stripping, blasting, welding, sawing, brazing, etching, and artificial aging.
  - (8) Supplier's proposed FAA classification as either a Major Change or a Minor Change.
- (ii) Quest will:
  - (1) Review proposed Major/Minor classification;
  - (2) Determine if change affects interchangeability or maintainability;
  - (3) Concur with Supplier's assessment that proposed Minor Change is Minor and submit such approvals to the FAA, or reject the proposed classification and require that the change be submitted as a Major Change;
  - (4) Approve Major Changes or notify Supplier that the change is not approved.
  - (5) Additional sub-tier level drawings and data may be requested as part of Quest's review.
- (d) Supplier may ship Goods subject to a minor change, at Supplier's risk, prior to concurrence by Quest. Supplier may not ship Goods subject to a Major Change until the change is approved by Quest. Supplier will bear the costs and expenses incurred by Quest resulting from any change made by Supplier without Quest's prior approval.
- (e) For Major Changes, First Article conformity inspection results must be submitted with first shipment to Quest after changes are approved and implemented.
- (f) Supplier must re-identify the Goods covered by this Purchase Order when a configuration change is made as defined in item (c) above. Major Changes require a re-identification of the part. Minor Changes may or may not require re-identification depending on interchangeability. Factors that may require part re-identification include but are not limited to:
  - (i) Performance or durability is affected to such an extent the prior part(s) must be replaced in delivered aircraft for reasons of safety or unsatisfactory functioning.
  - (ii) A serialization record is needed.
  - (iii) A supplier's part is no longer available and an identical part is to be procured from another supplier under a different part number.
  - (iv) Prior part is limited for use in specific articles or models and the redesigned part is not so limited.
- (g) Supplier will supply copies of Goods documentation, if updated, even if updated documentation does not affect the Goods purchased by Quest.
- (h) Suppliers of Goods approved under CFR 21, Subpart O TSOA authority or under CFR 21, Subpart B TC authority will notify Quest of all changes to the Goods and the Supplier's Major or Minor classification of the changes. Quest will review such changes and paragraph (d) will apply to any Goods shipped by Supplier.
- (i) Supplier will provide at no cost to Quest the changes to Supplier's Component Maintenance Manuals resulting from any change to the Goods.
- (j) A hardcopy of Information regarding Supplier's changes will be provided to Quest's Procurement Department.

### 25. Specialty Metals Approval

Any specialty metals (as defined in DFARS 252.225-7014) supplied by Supplier will be melted in the U.S., its possessions or Puerto Rico unless prior approval from Quest for use of other sources.

### 26. United States Government Contracts

If Quest purchases Goods for incorporation into aircraft that are subject to mandatory provisions under United States Government contracts, the additional requirements for such purchases will be set forth in supplements



hereto, will be deemed incorporated herein for all purposes and will be controlling over any other provisions in this Agreement.

**27. Export/Import Controls**

- (a) If Supplier is a U.S. company that engages in the business of either manufacturing or exporting defense articles or furnishing defense services, the Supplier hereby certifies that it has registered with the U.S. Department of State Directorate of Defense Trade Controls and understands its obligations to comply with International Traffic in Arms Regulations ("ITAR") and the Export Administration Regulations ("EAR").
- (b) Supplier will control the disclosure of and access to technical data, information and other items received under this Agreement or any Purchase Order in accordance with U.S. export control laws and regulations, including but not limited to the ITAR. Supplier agrees that no technical data, information or other items provided by the Quest in connection with this Purchase Order will be provided to any foreign persons or to a foreign entity, including without limitation, a foreign subsidiary of Supplier or foreign national employees of Supplier, with the express written authorization of Quest and Supplier's obtaining of the appropriate export license, technical assistance agreement or other requisite documentation for ITAR-controlled technical data or items. Supplier will indemnify Quest for all liabilities, penalties, losses, damages, costs or expenses that may be imposed on or incurred by Quest in connection with any violations of such laws and regulations by Supplier.
- (c) Supplier will immediately notify Quest if it becomes listed on any Excluded or Denied Party List of an agency of the U.S. Government or its export privileges are denied, suspended or revoked.

**28. International Transactions**

- (a) Payment will be made in United States dollars unless otherwise specified on the Purchase Order.
- (b) Supplier will identify the foreign content of Goods that Supplier procures itself or procures from subcontractors for work directly related under any Purchase Order. Supplier agrees that Quest, its subsidiaries, affiliates or its designees may exclusively use the value of the Purchase Order to satisfy any international offset obligations with Supplier's country, subject to the offset qualifying laws, rules and regulations of that country.

**29. Quality Program**

Supplier will implement and maintain a quality program acceptable to Quest for the Goods delivered and services rendered under Quest Purchase Orders. Supplier will allow Quest to review the quality program by reviewing Supplier's procedures, instructions, practices, processes and other related documents to determine their acceptability. Supplier will have the continuing obligation to immediately notify Quest of change or deviation from Supplier's approved quality program and to notify Quest of any Goods delivered or services rendered during the period of such change or deviation. QUEST will at all times be entitled to place and maintain a resident quality representative at Supplier's principal place of business or at Supplier's subcontractor(s) to review and ensure Supplier's performance of the approved Quality Program.

**30. Access to Facilities**

Both Supplier and Quest will comply with rules established for access to the other's facilities and activities in and around such facilities or premises.

**31. Records**

Supplier will retain and maintain complete and accurate records and documents pertaining to the Goods ordered or services rendered under any Purchase Order. Such records will support all work performed and will include without limitation, bill of materials for Goods, parts serial logs, catalogs, price lists, costs incurred, invoices, inventory records, direct labor hours, material costs, burden rates and subcontracts. Quest will have the right to examine and audit such records at Supplier's facility directly or through a third party auditor at Quest's expense upon reasonable notice to Supplier.

**32. Waiver**

The failure of either Party to enforce at any time any of the provisions of this Agreement or a Purchase Order will not be construed to be a waiver of such provisions, nor affect the validity of any Purchase Order, nor the right of the said Party thereafter to enforce each and every such provision.

**33. Severability**

If any provision of this Agreement or any Purchase Order or application thereof is found invalid, illegal or unenforceable by law, the remainder of this Agreement or Purchase Order will remain valid, enforceable and in full force and effect, and the Parties will negotiate in good faith to substitute a provision of like economic intent and effect.

**34. Incorporated Documents**

All documents attached hereto are hereby incorporated as an integral and inseparable part of Quest's Purchase Orders issued hereunder.

**35. Order of Precedence**

- (a) In the event of a conflict between the terms and conditions of this Agreement, United States Government contract requirements, a Quest Purchase Order and the documents which form a part of the foregoing, the conflict will be resolved by giving precedence in the following order: (i) if applicable, United States Government mandatory provisions; (ii) this Agreement and attachments hereto; and (iii) Quest's Purchase Order and attachments thereto.
- (b) In the event of conflict between the specifications, drawings, samples, designated type, part number, or catalog description, the specifications will govern over drawings, drawings over samples, whether or not approved by Quest, and samples over designated type, part number, or catalog description. In cases of ambiguity in the specifications, drawings, or other requirements applicable to a Purchase Order, Supplier must, before proceeding, consult Quest, whose written interpretation will be final.

**36. Electronic Signature or Acknowledgement, Counterparts & Photocopies**

The Parties agree that a photocopy of this Agreement shall have the same effect as an original and this Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same agreement. The Parties expressly agree that a photocopy or an electronically scanned copy of this Agreement or any Purchase Order issued hereunder shall have the same effect as an original.

**37. Entire Agreement**

This Agreement, along with agreed Purchase Orders, contain the entire agreement of the Parties and supersedes any and all prior agreements between the Parties, written or oral, with respect to the transactions contemplated herein. There are no verbal understandings, agreements, representations or warranties between the Parties which are not expressly set forth herein. This Agreement or any Purchase Order may be changed only by an agreement in writing signed by both Parties.

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement as of the Effective Date specified in the introductory paragraph to this Agreement.

Supplier Name:	_____	Quest Aircraft Company
Signature:	_____	Signature _____
Print Name:	_____	Print Name: <u>Woody Goodvin</u>
Title:	_____	Title: <u>Vice President of Supply Chain</u>
Date:	_____	Date: _____

**Attachment 1  
Goods, Prices and Lead Times**

1. The following Goods, Base Prices and Lead Times shall apply for all Goods produced by Supplier pursuant to a Quest Purchase Order:

Goods Part Number	Specification/Description	Lead Time (in days/weeks, etc.)	Base Price

2. Supplier represents that prices set forth herein in this Attachment 1 are firm fixed prices, not subject to any adjustment through     (insert date)    . These prices shall: a) include all costs of, packaging and return transportation of reusable containers, if applicable; b) apply to all Goods sold to Quest whether such Goods are for new aircraft production, spare parts for the Quest production line or after-market sales; c) Goods pricing will not change due to part number changes that do not affect the materials, processes or manufacturing time required to produce the Goods, the fact that the location where the Goods are produced changes or a change in the Quest aircraft model or name that the Goods are installed.

3. For each Good delivered under this Agreement the price due from Quest to Supplier at the time of delivery shall be the "Base Price" specified in this Attachment 1. The Base Price will be subject to an annual Economic Price Adjustment starting in \_\_\_\_\_ and as described in this Attachment 1. Purchase Orders may not be invoiced at a higher purchase price than shown on the face of the Purchase Order.