

# General Sales Conditions

## I. Offers/Contract of Sale/Transfer of rights:

1. Any quotation or offer by Messrs. M&D is given without obligation and remains subject to alternation unless explicitly otherwise agreed.
2. An order placed by a prospective buyer shall be binding on that buyer for a period not exceeding four weeks from the date of the order. A contract of sale covering specified goods or services shall not be deemed to exist until an agreed deposit has been paid, its receipt has been acknowledged and acceptance of the order has been confirmed in writing by Messrs. M&D within the period stated above.  
However, if it should not prove possible the order, every effort will be made to notify the intending buyer as soon as the production and delivery situation has been clarified.
3. All statements must be in writing. This applies also to any collateral arrangements, assurances or subsequent variations of the contract of sale.
4. Any transfer of rights and obligations arising under the contract of sale to a third party requires the previous written consent of the seller and may be subject to conditions.

## II. Payment and default:

1. Payment of the agreed price and any additional charges arising is due in cash on delivery of the goods or services in accordance with the contract, or at the latest within 8 days of receipt of notification that they are available for collection or despatch of the invoice. Checks may be accepted at the seller's discretion. Payment Orders, Checks, Drafts or Bills will be accepted only if expressly agreed and solely as instruments of payment, all collection or negotiating charges being charged to the buyer.
2. Only such counter claims or charges may be allowed against claims or charges made by Messrs. M&D as have been established as being legally binding, and which are not contested. Either party may withhold delivery or payment only where justified under the terms of the contract.
3. If the buyer falls behind with his payments, he may be charged with interest at a rate of 4 % above the current interest rate of the Deutschen Bundesbank for the period of the default.
4. Notwithstanding the foregoing, our legal rights to termination of contract or to claim damages due to non-compliance with its terms shall remain unaffected.
5. If the buyer defaults on payments – including part payments where agreed – the seller may without prejudice to any of his right, grant buyer an extension together with a statement that after expiry of this period of grace he will terminate the contract. If the default continues at the expiry of this further period of grace, the seller is entitled to cancel the contract in writing, or to claim damages due to non-compliance with its terms.

## III. Delivery and Delivery Delay:

1. Dates of delivery or delivery periods must be agreed in writing. Compliance with these delivery terms is subject to the due receipt by the supplier of all the necessary instructions, information and documentation, including those to be furnished by the buyer, and to observance of the terms of payment and of all other obligations. If these preconditions are not complied with in due time, the delivery period will be appropriately extended.
2. If failure to meet delivery dates of goods or services can be proved to be due to mobilization, war, civil commotion, strike, lock-out, epidemic, unforeseeable circumstances, or substantial interruption of production beyond our control, the delivery period will be appropriately extended.
3. The right is served to introduce technical modifications prior to delivery, provided that the goods or services are not substantially modified and that they may reasonably be considered to be acceptable to the buyer.
4. In case of delivery delay the buyer may advise the sell in writing of a reasonable extension of the delivery period, stating that after expiry of this period of grace acceptance of the goods or services ordered will be refused. If delivery is delayed beyond this period of grace, the buyer shall be entitled to withdraw from the contract by means of a written statement to that effect, or to sue for damages in the case of international default or gross negligence.
5. Packing is charged separately and is not returnable.
6. Delivery is ex work. Consignments will be insured only on the buyer's express instructions and costs will be charged to the buyer.
7. If the goods are collected, they (aircraft) will be handed over de rigged. If a handover in rigged condition is desired, this must be expressly agreed in advance. In this case, the extra labor required for rigging and de-rigging will be charged in addition.

## IV. Acceptance:

1. The buyer is entitled to inspect the goods or services within 8 days after the notified date of availability at the agreed place of delivery, but is also obliged to accept delivery within this period.
2. If the buyer fails to take delivery of the goods or services forming part of the contract within 14 days of receiving the notification of availability, it shall be open to Messrs. M&D to stipulate to the buyer in writing an appropriate period of grace, stating that on expiry of this period the delivery will be refused. If the matter remains unresolved after expiry of this extension period, Messrs. M&D shall be entitled to withdraw from the contract in writing, or to claim damages arising from failure to comply with its terms.  
If the buyer categorically and irrevocably refuses acceptance of the goods or services, or if he is manifestly unable to pay the contract price ever after a period of grace, the seller shall be relieved of the obligation to notify availability for delivery or to grant a period of grace.
3. If the seller decides to claim damages, these shall be assessed at the rate of 15 % of the purchase price, unless the buyer can prove either that no damages were caused, or that they amount to less than this standard rate. In any case Messrs. M&D reserve the right to claim damages at such higher rate as can be shown to be justified, as e.g.: in case of customised work.

## V. Retention of Title:

1. The goods or services remain the property of the seller until all charges and obligations due to the seller under the terms of the contract have been settled.
2. The buyer is entitled to dispose of the goods or services supplied by way of normal trade. However, so long as the seller's retention of title still applies, any sums and other right and entitlements due to the buyer from his customer in respect of the said goods or services shall be regarded as having been ceded to Messrs. M&D. It is not permissible to mortgage, cede, assign or transfer, or in any way to change or relinquish title of ownership in the goods or services so as to impair the interests of the seller.
3. Any attachment or distraint of the goods or services, or any measures which may affect the seller's right of title, must be notified to the seller immediately. The buyer must immediately inform the Third Party of Messrs. M&D's retention of ownership in the goods. The buyer is liable for all costs incurred in lifting the intervention, unless they can be recovered from the Third Party.
4. The buyer is obliged to maintain the goods in good condition for the duration of the retention of title, and to have all maintenance or necessary repairs stipulated in the maker's instructions – other than emergency action – carried out without delay by the seller or at a workshop approved by the seller.

## VI. Warranty:

1. The seller warrants the goods or services supplied to be free from defect affecting suitability for their purpose.
2. In the first instance, the buyer is entitled only to the repair or rectification of defects free of charge.  
The seller may, however, opt to provide replacement of defective work or parts instead of repairs or rectification within a reasonable period, at his discretion.
3. The buyer must notify the seller in writing of any defects complaints without delay as soon as they become apparent, or give him an opportunity of assessing them.
4. If the defects cannot be rectified, or if the buyer cannot reasonably be expected to accept further attempts at rectification, or if replacement is not provided within a reasonable period, the buyer is entitled to claim revision (abrogation of contract) or amelioration (reduction of charges).
5. Warranty claims are void if the cause of a defect is materially contributed to by:
  - a) failure on the part of the buyer to notify a defect in accordance with clause 3 above and to furnish an opportunity for rectification or repair without delay; or
  - b) improper use of, or overstressing the goods, or not providing reasonable care and maintenance; or
  - c) Incorporating components in the goods which are not approved by the makers, or by repairs carried out by unauthorized third parties.
6. Normal wear and tear is not covered by the warranty.
7. The above listed terms of the warranty will cease to apply after 6 months from date of delivery have elapsed.
8. Any other claims against Messrs. M&D, their employees or agents are excluded, and in particular any claims for indemnity arising from defects not inherent in the goods or services supplied.  
This exclusion shall not apply legally binding proof can be brought of default by intent or gross negligence, or where the goods or services supplied fail to meet standards they were represented to fulfil.

## VII. Withdrawal from the Contract:

1. The seller has the right to cancel if the buyer has given misleading information concerning his creditworthiness, or suspends payments, or bankruptcy liquidation proceedings have been instituted against him, unless full settlement in advance is made forthwith.
2. If the contract is cancelled on these grounds, Messrs. M&D shall be entitled to compensation for all costs incurred.

## VIII. Transfer of Risk:

All risks, including obligation to pay the contract-price in full, notwithstanding any loss or damage of the goods, pass to the buyer on delivery of the goods or services.

If free delivery terms were agreed, this risk passes to the buyer at the time of despatch or collection of the consignment. Despatch will be effected by the supplier's in accordance with their best judgement an endeavour.

## IX. Liability:

Claims for damages by the buyer arising from delay, frustration of the contract, breach of contract or breach of obligations during contract negotiations, or from inadmissible acts, are excluded; this exclusion will not apply in cases of binding legal liability on the grounds of intent or gross negligence of the seller, his legal representative or his employees or agents.

## X. Legal Domicile and Address for Service, Jurisdiction, Partial Nullity:

1. Address for service for all obligations arising from the contract is D-26446 Friedeburg.
2. Legal domicile and the competent Court are at Aurich (if the buyer is an incorporated Business). This also applies to debt collection proceedings.
3. The contract shall be governed by the law of the Federal Republic of Germany.
4. Should any condition contained in these General Sales Conditions or any clause otherwise arrived at in the course of negotiations, should be or any clause otherwise arrived at in the course of negotiations, should be or become unenforceable, the validity of all other conditions or agreements shall not thereby be affected.

Friedeburg, 2007

M&D Flugzeugbau GmbH & Co KG