



**Unscheduled**

**PistonPower™ Unscheduled Engine Maintenance Program Agreement**

**[AGREEING PARTY]**

**AGREEMENT NUMBER: U\_\_\_\_\_**

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Cooper City, Florida 33024**

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**PistonPower™**

**AEPC™ PistonPower™ Unscheduled Engine Maintenance Program Terms and Conditions**

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## PistonPower™

### AEPC™ PistonPower™ Unscheduled Engine Maintenance Program Agreement

Agreement Number: U \_\_\_\_\_

This PistonPower™ Unscheduled Engine Maintenance Program Agreement (“Agreement”) is entered into as of [Agreement Start Date], by and between [Client], [State Of Incorporation/Entity Type] (“Client”), and AEROENGINE PROTECTION CORP., a Florida corporation (“AEPC”).

#### The Parties

AEPC™ provides technical, logistical, and cost-management guidance and other services and advice to owners of piston engine aircraft in connection with unscheduled engine repairs and related aviation issues. AEPC™’s services include coordinating Unscheduled Maintenance and repairs. AEPC™ identifies aircraft maintenance, service, and Repair Facilities—throughout North America—authorized by engine manufacturers and/or Governing Aviation Authorities to perform the types and level of Maintenance required to return an engine to service. AEPC™ makes these services available to owners of piston engine aircraft under a PistonPower™ Engine Maintenance Program Agreement.

Client is the owner, lessee, lender, or operator of a piston engine aircraft that is seeking services and advice related to unscheduled engine repairs, cost-management, technical guidance, and overall advice regarding the maintenance and general use of their aircraft.

#### Purpose and Intent

Because of AEPC™’s technical expertise and knowledge, Client and AEPC™ desire to enter into a PistonPower™ Unscheduled Engine Maintenance Program Agreement on the terms and conditions stated below.

#### Terms and Conditions

All capitalized terms in this Agreement shall have the meanings ascribed to them in this Agreement or in Exhibit A (Defined Terms), which is part of and incorporated into this Agreement.

**The parties acknowledge that this Agreement is not an insurance policy or product, and the Agreement requires the Client to maintain a hull and liability insurance policy that covers the market value of the Covered Aircraft and Engine for unforeseeable damage.**

- I. **Engine Covered.** This Agreement covers the Engine identified on Exhibit B—that is part of and incorporated into this Agreement—while the Engine is installed on the Aircraft identified on Exhibit B (“Covered Aircraft and Engine”).
- II. **AEPC™’s Roles and Responsibilities**
  - A. **Advice and Guidance.** AEPC™ shall provide guidance and support in connection with Unscheduled Maintenance covered by this Agreement, cost-management or cost-containment advice, and, as needed, general information regarding reputable sellers of

aircraft components or accessories, aircraft repair facilities, and aircraft storage facilities throughout the United States and abroad.

**B. FAA-Approved Repair Facility (or their counterpart worldwide).** AEPC™ shall identify, in consultation with the Client, an FAA-Approved Repair Facility (or their counterpart worldwide) acceptable to AEPC™ that is authorized to perform Maintenance and repairs under this Agreement.

**C. Unscheduled Maintenance.**

1. Unscheduled Maintenance for certain parts or part numbers as identified on Exhibit C to this Agreement, shall be performed by an FAA-Approved Repair Facility (or their counterpart worldwide) at AEPC™'s expense for parts and labor, including the labor hours expended in Troubleshooting up to a maximum of two (2) hours. The Client shall be responsible for any additional troubleshooting hours unless approved in advance by AEPC™. Such advance approval shall not be unreasonably withheld.
2. Upon being notified by Client that a Engine requires Unscheduled Maintenance and of the location and condition of the affected aircraft, AEPC™ shall coordinate with an FAA-Approved Repair Facility to initiate one or more of the following actions, as it deems appropriate:
  - i. Dispatch appropriate personnel to the specified location; or
  - ii. Initiate timely Maintenance pursuant to a purchase order issued by AEPC™ whenever practicable.
3. In the event the FAA-Approved Repair Facility (or their counterpart worldwide) is required to access an internal Engine Component in the course of performing Unscheduled Maintenance of a Component, AEPC™ will only pay for 100% of the Unscheduled Maintenance that directly caused entry to the Engine in order to return the Engine to Service.

**D. Freight Charges.** AEPC™ shall pay all domestic (USA ONLY) truck/ground freight charges (if applicable and approved in advance by AEPC™) incurred in connection with the shipping of the Engine/Covered Component or Accessory (PLUS option) in connection with Unscheduled Maintenance covered under this Agreement.

**E. Rental Components and Accessories (PLUS option).** Subject to the specific provisions of this subsection, AEPC™ shall pay the costs to provide a Rental Component and Accessory, if required and available, during Unscheduled Maintenance covered by this Agreement that requires more than ten (10) business days AOG. As a condition to the FAA-Approved Repair Facility furnishing a Rental Component or Accessory to the Client in connection with Maintenance or repair covered hereunder, a Rental Agreement shall be executed between the Client and the FAA-Approved Repair Facility (or their counterpart worldwide). In no event shall AEPC™ pay for any Rental Component or Accessory for more than three (3) business days after completion of the Unscheduled Maintenance, and any rental charges incurred thereafter shall subject the Client to the FAA-Approved Repair Facility's (or their counterpart worldwide) standard rental charges. In the event a Rental Component or Accessory is provided in connection with any Exclusions, the Client shall be solely responsible for the FAA-Approved Repair Facility's (or their counterpart

worldwide) normal rental charges. AEPC™ has no obligation under this Agreement to pay any costs in connection with the repair, maintenance, or failure of a Rental Component or Accessory. As well, AEPC™ has no liability for any consequential damage resulting from the use of a Rental Component or Accessory.

- F. Replacement Components and Accessories (PLUS option).** Components and Accessories installed under this Agreement will not necessarily be new unless approved in writing by AEPC™ in advance. AEPC™ will only pay for the Component(s)/Accessory requiring replacement, not the entire or upgraded Assembly.
- G. No Conversion.** Nothing stated in this Agreement shall be deemed to provide for the conversion of any Engine to a later or improved model or for the replacement of Serviceable Components in response to design changes or regulatory changes after manufacture of the Engine.
- H. Replaced Hardware, Components and Accessories (PLUS option).** All non-consumable hardware and Components/Accessories removed and replaced during Engine repair shall become the property of AEPC™ and may not be destroyed or removed from the FAA-Approved Repair Facility without the prior written consent of AEPC™.
- I. Missing Components or Accessories.** Client shall be responsible for the costs to replace any Component or Accessory that is missing from an Engine covered hereunder. In addition, the Client shall be responsible for the costs to recertify any Component or Accessory missing its document of certification, if required.
- J. Prices for Parts and Labor.** In no event shall AEPC™ be required to pay (i) a price for any Component that exceeds the then-current OEM retail prices, as listed in the OEM parts catalog, or 110% of the price paid to the Component or Accessory provider whichever is less; or (ii) labor rates that exceed the then-current regional labor rate.
- K. Exclusions.** In no event shall AEPC™ be responsible for:
  - 1. Costs incurred to remedy or repair any loss or damage to a Covered Aircraft or Engine in any way attributable to Abuse;
  - 2. Costs incurred for the repair logistics expenses related to remote/on-site maintenance activities, including, but not limited to, rental equipment, travel, meals, lodging;
  - 3. Costs incurred to remedy or repair any loss or damage to a Covered Aircraft or Engine in any way attributable to a Non-Covered Component or Accessory failure that causes damage to any Covered Component or Accessory;
  - 4. Costs incurred to remedy or repair any loss or damage attributable to any external causes whatsoever, including, but not limited to, fire, extinguishing of fire, accident, Lightning Strike, explosion, impact or collision including Foreign Object Damage, prior damage history, total particulate matter (any solid particles or liquid droplets of all sizes that remain suspended in the air for any length of time, including, but is not limited to, volcanic ash, soot, dust, and fumes) and aerosols, corrosion, erosion, burglary, theft, vandalism, or natural catastrophe or any consequence of war, terrorism, invasion, act of foreign enemy, hostilities, civil war, rebellion, revolution, insurrection, mutiny, riot, strike, lock-out, labor

disruption, civil unrest, military or usurped power, conspiracy, confiscation, commandeering, requisition or destruction of or damage to property by order of any government or any public authority;

5. Costs to remedy or repair any loss or damage incurred while the Covered Engine is under the care, custody, and control of the FAA-Approved Repair Facility;
6. Payment of environmental fees, duties and import tariffs applicable to:
  - i. The repair, maintenance, sale, use, delivery, or transportation of the Covered Engine, Components or Accessory;
  - ii. Maintenance arranged or facilitated under the Agreement; or
  - iii. Repair logistics expenses related to on-site maintenance activities.
7. Any charges for overtime, night work, public holidays, call-out charges, or premium fees, unless otherwise agreed to by AEPC™ in writing.

**L. Limitation of Liability, Specific Exclusions, and Disclaimer of Warranty.** Client acknowledges and agrees that:

1. All repair and maintenance work performed under this Agreement will be performed by an FAA-Approved Repair Facility and not by AEPC™. The FAA-Approved Repair Facility, when performing Maintenance for Client in accord with this Agreement, shall be doing so as an independent contractor and shall in no case be considered an agent of AEPC™.
2. AEPC™ will use its best efforts to resolve any reasonable disputes between Client and the FAA-Approved Repair Facility but does not warrant or guarantee the work of any FAA-Approved Repair Facility in any respect. All warranties for repair and maintenance work performed shall be provided directly to Client by the FAA-Approved Repair Facility providing such Maintenance. AEPC™ hereby assigns to Client any and all warranties, if any, that an FAA-Approved Repair Facility may provide to AEPC in connection with providing such Maintenance.
3. **AEPC™ makes no warranty or representation, whether express, implied, statutory, or otherwise to the Client in connection with any repair and Maintenance performed by an FAA-Approved Repair Facility, whether arising under this Agreement or otherwise, including, without limitation, the implied warranties of merchantability and fitness for a particular purpose.**
4. **In no event shall AEPC™ be liable to Client for any loss or damage of any kind in any way relating to the performance of any repair and Maintenance work by an FAA-Approved Repair Facility or any other Maintenance provided by third parties in connection with this Agreement, whether based on breach of contract, tort, or any other theory or doctrine.**
5. **In no event shall AEPC™ be liable to the Client for any lost profits or savings, loss of data, loss of revenue, loss of use or money, loss of business, loss of opportunity, or any incidental, special, indirect, or consequential damages (whether or not also constituting one of the foregoing specific types of loss).**

**M. Authorized Maintenance Performed by the Client.** If Client is authorized by the Governing Aviation Authority, under FAR Part 43, Appendix A, Paragraph C, preventive maintenance or the Engine OEM, and approved by AEPC, to perform Unscheduled Maintenance (after the expiration of any applicable OEM's warranty period), the Client must deliver to AEPC™ a completed Reimbursement Request Form and any other documentation reasonably requested by AEPC™ within ten (10) business days of the labor performed and AEPC™ shall reimburse Client in accordance with this Agreement.

### III. Client's Responsibilities.

**A. Pre-Enrollment Engine Review.** The Client, at their expense, must submit the requested Covered Aircraft for a Pre-Enrollment Engine Review, which consists of an inspection of the Engine and associated logbooks to determine the eligibility for acceptance of any Engine into the Program.

**B. Operation and Maintenance.** During the term of this Agreement, Client shall:

1. Operate and maintain all Covered Aircraft and Engine in accord with the applicable Aircraft and Engine flight manual and in accord with all applicable Aircraft and Engine OEM maintenance manual recommendations and procedures.
2. Be responsible for all Costs incurred in connection with Scheduled Maintenance, Routine Maintenance, the consumption of fuels, lubricants and fluids, and for parts or labor incurred in connection with compliance with any Service Bulletin, inspections for continued airworthiness (ICA) or mandatory Airworthiness Directive issued by the applicable Governing Aviation Authority.
3. Not operate Covered Aircraft and Engine for any Prohibited Purpose.
4. Have all warranty maintenance completed by a Repair Facility authorized by the OEM to perform warranty maintenance, unless otherwise agreed to in writing and signed by the parties. Engine manufacturer (OEM) or engine rebuilder's Warranty is always applied first and any remaining repair costs will then be considered with the appropriate application.
5. Promptly report any Exclusion or discover any damage to the Covered Aircraft or Engine, which may result in an Exclusion to AEPC™.
6. Upon request from AEPC™, permit engine exceedance testing to be performed on the Covered Aircraft and Engine. The testing shall be performed by a Repair Facility in accordance with generally accepted practices to determine if any Exceedance of the OEM's Engine parameters has occurred. AEPC™ has the right to collect and examine any and all testing data related to the Engine, components and/or Accessories. Client shall preserve all such data.
7. At its cost, participate in an engine trend monitoring program for the Engine, as requested.
8. At its cost, submit Engine oil samples and filter elements, as requested, for analysis by AEPC™'s approved laboratories at each and every oil change or as directed by AEPC™ using an oil analysis kit approved by AEPC™.

9. Permit AEPC™ to determine in good faith and utilizing the Client's trend monitoring data as described above whether Client's operation of the Covered Aircraft or Engine is in accord with the current Aircraft flight manual.
10. Return each Component replaced under this Agreement (a "Core") to the Repair Facility or other provider of the replacement Component and/or Accessory in accordance with such facility's or provider's requirements.
11. Be responsible for payment of any late fees assessed due to Client's failure to timely return a Core. Client acknowledges that AEPC™ shall invoice Client for the full retail price of any Core not returned in accordance with this provision.

**C. Client's Representations and Warranties**

1. Client represents and warrants that it has, to the best of its knowledge, disclosed to AEPC™ any Exclusion or damage to the Covered Aircraft or Engine known to or suspected by it.
2. Client represents and warrants that the logbooks and records for the Covered Aircraft and Engine now contain, and shall continue to contain, accurate entry of all operating times, operating events, and any modifications, repairs, or maintenance required to be recorded for the purposes of this Agreement and by the Governing Aviation Authority, the OEM, or as required by law. Client shall promptly furnish such information to AEPC™ upon request and at the conclusion of each Agreement Year. During Unscheduled Maintenance, Client shall provide all logbooks and any other pertinent operating records, if required, with the Covered Aircraft and Engine to the Repair Facility designated to perform the specified maintenance or repairs.

- D. Insurance.** Client shall maintain throughout the term of this Agreement a hull and liability insurance policy with a deductible less than \$10,001, which covers the market value of the Covered Aircraft and Engine for unforeseeable or accidental damage.

**IV. Transfer, Termination, and Continuation of Service.**

- A. Term; Renewal Agreement.** The initial term of this Agreement is thirty-six (36) months. Except in accord with the specific provisions of this Section III, this Agreement is non-cancelable by either party. At the conclusion of each thirty-six (36) month period, a renewal agreement subject to the then-current AEPC™ terms and conditions may be issued to the Client as mutually agreed by the parties, with such agreement not to be unreasonably withheld, conditioned, or delayed. At the time of issuance of such renewal agreement, Client must be in compliance with all terms and conditions of this Agreement, including, but not limited to, payment of Overage Charges.
- B. Assignment.** This Agreement may not be assigned by the Client without the prior written consent of AEPC™. AEPC™ shall be entitled to assign some or all of its rights and remedies under this Agreement without notice or prior consent of Client.
- C. Transfer of Aircraft to Affiliate.** In the event the Client determines to transfer the Covered Aircraft to an Affiliate during the term of this Agreement, the Client shall provide written notice to AEPC™ at least ten (10) days prior to the date of such transfer. Such notice shall include the name and address of the Affiliate, the intended use of the Air-

craft, the State/Country and climate in which the Affiliate intends to operate the Aircraft, and any other information reasonably requested by AEPC™. If the Client is in full compliance with the terms and conditions of this Agreement at the time of the proposed assignment, then AEPC™, the Client, and the Affiliate shall take all necessary steps to arrange for the assignment and assumption of all rights and obligations of Client under this Agreement to such Affiliate. Notwithstanding the foregoing, in the event the Client assigns its rights and obligations under this Agreement to an Affiliate as provided in this subsection, and such Affiliate intends to utilize the Aircraft in a manner or in a geographical climate or region that warrants an adjustment to the Agreement Terms and/or rates, AEPC™ shall have the right to make an appropriate adjustment to the Agreement Terms and/or rates.

- D. Sale of Covered Aircraft: New Agreement with Purchaser.** In the event the Client determines to sell the Covered Aircraft during the term of this Agreement, the Client shall provide written notice to AEPC™ at least ten (10) days prior to the date of closing of such sale. Such notice shall include the name, telephone number, email address, and address of the Purchaser, the estimated Covered Aircraft and Engine Operating Hours as of the closing date, and any other information reasonably requested by AEPC™. If the Client is in full compliance with the terms and conditions of this Agreement at the time of sale, the Purchaser is acceptable to AEPC™, and the Purchaser desires to maintain enrollment in the Program, AEPC™ and the Client shall take all necessary steps to arrange for the execution and delivery of a new agreement between AEPC™ and the Purchaser. The new agreement will be subject to the then-current AEPC™ terms and conditions, including the then current Transfer Fee, and shall be entered into on or before the closing date of such sale.
- E. Sale of Covered Aircraft: Termination of Agreement.** In the event of a sale of the Covered Aircraft to a Purchaser (which Purchaser shall not be an Affiliate of the Client) not desiring to participate in the Program, AEPC™ shall consent to termination of this Agreement with the Client under the following terms:
1. The receipt by AEPC™ of any data and documents reasonably requested by AEPC™ in order to establish the Client's liabilities and/or obligations accrued under this Agreement;
  2. Full payment of all amounts due and owing by the Client through the date of termination of this Agreement;
  3. Receipt by AEPC™ of evidence satisfactory to AEPC™ of the sale of the Covered Aircraft; and
  4. Return of all equipment on loan to the Client hereunder.
- F. Upgrade of Program: New Agreement with Client.** In the event the Client desires to upgrade to another AEPC™ PistonPower™ Engine Maintenance Program Agreement at any time during the term of this Agreement, the Client shall provide written notice to AEPC™ requesting the upgrade. Such notice shall include the program type and the desired effective date of such upgrade. If the Client is in full compliance with the terms and conditions of this Agreement at the time of the proposed upgrade, then AEPC™ and the Client shall take all necessary steps to arrange for the execution and delivery of a new agreement between AEPC™ and the Client under the desired program, subject to the then-

current AEPC™ terms and conditions. This Agreement shall be terminated as of the date AEPC™ and the Client enter into the new agreement, and neither AEPC™ nor the Client shall have any further obligations under this Agreement.

- G. Early Termination: Irreparable Damage or Theft of Aircraft.** In the event the Covered Aircraft is damaged beyond economical repair or is unrecoverable because of theft, or otherwise is a complete loss, the Client shall provide written notice to AEPC™ describing such damage, theft, or loss within five (5) business days following the occurrence and shall pay all amounts then due and owing under this Agreement and return all equipment on loan to the Client under this Agreement. The liability of the parties in further performance of this Agreement shall be terminated effective as of the date of such damage or theft.
- H. Early Termination: Client's Failure to Pay or Failure to Perform.** In the event the Client fails to pay any amounts due and owing within thirty (30) days after such amounts are due, or fails to perform any of its other obligations under this Agreement or under any other written agreement between the Client and AEPC™, AEPC™ shall have the right to terminate this Agreement after providing written notice to the Client of such failure to perform and the passage of a thirty-day (30) period where such failure to perform persists. This Agreement shall be terminated effective as of the date of the Client's receipt of a written notice from AEPC™ advising the Client of the termination. In connection with any such termination, the Client shall immediately pay all amounts due and owing by the Client through the date of termination of this Agreement and return of all equipment on loan to the Client under the Agreement.
- I. Early Termination: Falsification, Misrepresentation, or Withholding of Data.** In the event the Client falsifies, misrepresents, or withholds any data required to be maintained or submitted to AEPC™ or any FAA-Approved Repair Facility pursuant to this Agreement or pursuant to any other written agreement between the Client and AEPC™, AEPC™ shall thereafter have the right to terminate this Agreement by providing written notice thereof to the Client. The liability of the parties in further performance of this Agreement shall be terminated effective as of the date of the Client's receipt of such notice. In connection with any such termination, the Client shall immediately pay all amounts due and owing by the Client through the date of termination of this Agreement and return of all equipment on loan to the Client under the Agreement.
- J. Early Termination: Insolvency or Bankruptcy.** AEPC™ shall have the right to terminate this Agreement under the following circumstances:
1. The Client is or becomes insolvent or generally fails to pay or admits in writing its inability to pay debt owed as it becomes due; or
  2. The Client applies for, consents to, or acquiesces in the appointment of a trustee, receiver, or other custodian for the Client or any of its property, or makes a general assignment for the benefit of creditors, or, in the absence of such application, consent, or acquiescence a trustee, receiver, or other custodian is appointed for the Client or for a substantial part of Client's property and is not discharged within sixty (60) days; or
  3. Any bankruptcy, reorganization, debt arrangement, or other case or proceeding under any bankruptcy or insolvency law is commenced in respect of the Client,

and if such case or proceeding is not commenced by the Client, it is consented to or acquiesced by the Client or remains pending for sixty (60) or more days; or

4. Any proceeding shall be instituted by or against the Client for its liquidation or dissolution; or
5. If the Client's business, which has an interest in the Covered Aircraft, shall terminate for any reason or the Client takes any action to authorize, any of the foregoing.

AEPC™ shall have the right to terminate this Agreement by providing written notice thereof to the Client and the liability of the parties in further performance of this Agreement shall be terminated effective as of the date of the Client's receipt of such notice. In connection with any such termination as described in this Section, the Client shall immediately pay all amounts due and owing by the Client through the date of termination of this Agreement, including any Overage Charges and return of all equipment on loan to the Client under the Agreement.

**K. Early Termination: Repossession.** In the event that during the Agreement term the Covered Aircraft is repossessed by a lender, lessor, or third party who does not wish to continue the Agreement, the parties hereto shall have no further obligations under this Agreement, except as follows:

1. The receipt by AEPC™ of any data and documents reasonably requested by AEPC™ in order to establish the Client's liabilities accrued under this Agreement;
2. Client shall immediately pay all amounts due and owing by the Client through the date of repossession of the Aircraft, including any Overage Charges; and
3. Client shall return all equipment on loan to the Client under this Agreement.

## **V. Fees and Other Charges.**

**A. Agreement Effectiveness.** AEPC™ shall have no obligations under this Agreement unless and until this Agreement is executed and delivered by both parties, all Initial Fees as specified on Exhibit D are paid, the Pre-Enrollment Engine Review has been completed and paid for by Client, and the Covered Aircraft/Engine has/have been accepted by AEPC™.

**B. Payment.** Upon the execution hereof and at the conclusion of this Agreement the Client shall make a payment as described in Exhibit D. If payment for any agreement is not received, whether required under this Agreement or under any other written agreement between the Client and AEPC™, all Maintenance provided under this Agreement may be discontinued and late charges (as described in Subsection (F) of this Section) may be assessed.

**C. Reporting Engine Hours Per Year.** Not later than ten (10) days after the end of each Agreement Year, the Client shall submit a report online using the AEPC™ website, via email, or fax, providing accurate operational information, including the Covered Aircraft's total time and Engine Operating Time for each Covered Engine. If Client's annual report for any agreement is not received within ten (10) business days after due, whether required under this Agreement or under any other written agreement between

the Client and AEPC™, all Maintenance provided under this Agreement may be discontinued and late charges (as described in Subsection (F) of this Section) may be assessed.

- D. Payments in U.S. Dollars.** All payments under this Agreement shall be made in U.S. Dollars, payable subject to AEPC™'s standard payment policies and procedures.
- E. Minimum Reimbursement.** AEPC™ will not reimburse any amounts less than Two Hundred Fifty (\$250.00) Dollars for any Repairs on Covered Components, approved by AEPC™.
- F. Late Charges.** In the event the Client fails to make any payment when due under this Agreement or under any other written agreement between the Client and AEPC™, whether relating to payment of an invoice for the Client's repair or maintenance, and such payment remains unpaid for a period of at least thirty (30) days after the date of the invoice, all Maintenance provided under this Agreement may be discontinued. AEPC™ shall also have the right to assess a late charge on the outstanding invoice amount at a rate of eighteen percent (18%) per annum, assessed monthly, from the date of the invoice to the date such invoice is paid.
- G. Tax-Exempt Status.** If the Client is tax-exempt, the Client must provide to AEPC™ written evidence of its tax-exempt status issued by one or more taxing authorities upon execution of this Agreement and upon any renewal of or change to such tax-exempt status. If the Client fails to provide current proof of tax-exempt status to AEPC™, AEPC™ will be unable to obtain tax-exempt treatment on behalf of the Client with respect to repair and maintenance costs covered under the Agreement and shall invoice the Client directly for any taxes actually assessed.
- H. Transfer Fees.** In the event of a transfer or sale of the Covered Aircraft, as described in Subsection IV(C) and IV(D), which results in the execution of a new agreement with the Purchaser, a Transfer Fee payable by the Purchaser shall be due and payable to AEPC™ as set forth on Exhibit D.

## VI. General Provisions.

- A. Entire Agreement.** This Agreement constitutes the entire agreement of the parties hereto concerning the subject matter hereof and supersedes all prior and contemporaneous agreements between the parties. No modification of this Agreement shall have any force or effect unless the same is in writing and duly executed by each of the parties hereto.
- B. Notices.** Any notice or other communication to be given hereunder shall be in writing and shall be deemed to have been duly given on the date of delivery, provided delivery is actually tendered at the appropriate address, addressed to the person to receive such notice, 1) in person, 2) by courier service, or 3) within three (3) days after deposit in the U.S.P.S. by first class certified mail, postage prepaid, return receipt requested, all addressed as set forth on Exhibit D or such other address as either party hereto shall designate to the other in conformity with the foregoing.
- C. Governing Law.** This Agreement shall be governed by, and construed in accord with, the laws of the State of Illinois.
- D. Waiver; Remedies.** No delay on the part of any party in exercising any right shall operate as a waiver thereof, nor shall any waiver of any right operate as a waiver of any oth-

er right, power or privilege. The rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies that the parties otherwise may have at law, in equity, or both.

- E. Beneficiaries of Agreement.** The rights and obligations contained in this Agreement are provided for the exclusive benefit of the parties hereto and shall not benefit, and do not benefit, any third parties.
- F. Force Majeure.** Neither party shall be liable for any failure or delay in the performance or fulfillment of any of its duties or obligations under this Agreement directly or indirectly resulting from any cause or circumstance beyond its control, including, but not limited to, acts of nature, Federal, State, or local laws or governmental regulations, orders or restrictions, war, war-like conditions, hostilities, mobilization, blockade, embargo or other transportation delay, detention, revolution, riot, looting, strike, lockout or other labor dispute, shortage of labor, inability to secure fuel, materials or supplies of power at reasonable prices or because of shortages thereof, epidemic, fire, or flood.
- G. Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.
- H. Severability.** Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be valid under applicable law. Notwithstanding anything contained in this Agreement to the contrary, if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remaining provisions of this Agreement.
- I. Waiver of Resorting to the Courts.** Each party knowingly, voluntarily, and intentionally waives any right it may have to resort to the courts in respect to any claim, dispute, or litigation arising out of, under, or in connection with this Agreement or any other document or instrument delivered to the other as of the date hereof, prior thereto, or thereafter, or any course of conduct, course of dealing, statements (whether verbal or written), or actions of the parties hereto. This waiver includes any constitutional right to a trial by jury the parties may have. Each party acknowledges and agrees that it has received full and sufficient consideration for this provision and that this provision is a material inducement for such party entering into this Agreement.

  - 1. Arbitration.** The parties agree that any and all claims and/or disputes between the parties arising out of or in any way relating to this Agreement, including the scope and interpretation of this Agreement and the arbitrability of any claim or dispute, shall be resolved by binding arbitration by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures and in accordance with the Expedited Procedures in those Rules. Judgment on the Award may be entered in any court having jurisdiction. This clause shall not preclude the parties from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction.
  - 2. Venue.** Each of the parties hereby knowingly, voluntarily, and intentionally agrees that arbitration proceedings shall be held in Chicago, Illinois. Each of the parties acknowledges and agrees that it has received full and sufficient consid-

eration for this provision and that this provision is a material inducement for such party entering into this Agreement.

3. **Governing Law.** This Agreement and the rights of the parties under this Agreement shall be governed by and construed in accordance with the laws of the State of Illinois exclusive of conflict or choice-of-law rules. The parties acknowledge that this Agreement evidences a transaction involving interstate commerce. Notwithstanding the provision in this Section with respect to applicable substantive law, any arbitration conducted pursuant to the terms of this Agreement shall be governed by the Federal Arbitration Act (9 U.S.C. Sections 1–16).
- J. **Arbitration Expenses.** If a judgment is rendered in favor of a party hereto in connection with a breach or threatened breach of this Agreement by the other party, the prevailing party shall be entitled to recover its reasonable arbitration expenses, including attorneys' fees.
- K. **Headings.** The titles of the sections and subsections have been inserted as a matter of convenience and reference only, and shall not control or affect the meaning, interpretation, or construction of this Agreement.
- L. **Counterparts.** This Agreement may be executed and delivered in any number of counterparts, each of which shall be considered an original and all of which, collectively, shall constitute a single agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this AEPC™ PistonPower™ Unscheduled Engine Maintenance Program Agreement Number: U \_\_\_\_\_ as of the date first above written.

**AEROENGINE PROTECTION CORP.**

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**CLIENT**

\_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

## EXHIBIT A

### DEFINED TERMS

**The following words and phrases when used in this Agreement shall have the respective meanings set forth below and shall apply to the singular and plural forms of the defined terms.**

1. ABUSE means (i) operation of the Aircraft and/or Engine other than in accord with the Aircraft or Engine operating manual and Certificate of Airworthiness or (ii) maintenance, repair, alteration, change in configuration and/or design of an Airframe, Engine or Component, or use of Components that deviates from the Governing Aviation Authority or the OEM specifications in applicable Service Bulletins, applicable maintenance manuals or repair and Overhaul manuals. Abuse specifically includes careless handling, packaging and storage, lack of sufficient protection from the elements, including but not limited to, those that expose the Airframe or Engine to the damaging effects of Corrosion, and failure to properly preserve the Engine in accordance with the OEM's specifications in applicable Service Bulletins, maintenance manuals, or repair and Overhaul manuals.
2. COVERED ACCESSORY means (as an example) a starter, engine driven fuel pump, alternator or magneto as listed on Exhibit C (PLUS option)
3. AEPC™ means AEROENGINE PROTECTION CORP., a Florida corporation.
4. AFFILIATE means any person or entity that controls, is controlled by, or is under common control with the Client. For the purposes hereof, "control" means not less than 50% ownership.
5. AGREEMENT YEAR means the calendar year commencing on the date of this Agreement and each calendar year thereafter commencing on the identically numbered day. For example, an Agreement dated October 1, 2016, will have as its first (1st) Agreement Year the period commencing on October 1, 2016, and ending on September 30, 2017, and so on, going forward.
6. AIRCRAFT means a device, that includes Airframe or Engine, that is used or intended to be used for flight in the air.
7. AIRFRAME means the body of an aircraft, distinct from its Engine as described on Exhibit B.
8. AIRFRAME/ENGINE DATA means the application for enrollment under this agreement as such on Exhibit B.
9. ANTICIPATED AIRCRAFT FLIGHT PROFILE means the Client's Aircraft usage identified as such on Exhibit B.
10. AOG means "aircraft on ground" due to the failure of a Covered Component.
11. COMPONENT means a part, a combination of parts, a subassembly unit of an Airframe, or Engine as referenced in the appropriate illustrated parts catalogue, which perform a distinctive function necessary to the operation of a system.
12. COVERED COMPONENT means the Engine components covered under this Agreement as listed on EXHIBIT C.

13. CORROSION means the breaking down of essential properties in a material due to chemical reactions with its surroundings.
14. ENGINE means the Engine identified on Exhibit B that is used or intended to be used for propelling an Aircraft. It includes appurtenances and accessories necessary for its functioning, but does not include Propellers.
15. ENGINE OPERATING HOURS means the time interval as designated by the OEM approved flight manual or as recorded in the permanent Aircraft records
16. EROSION means the gradual changing of a surface by mechanical action or friction
17. EXCEEDANCE(S) mean any operation of the Airframe and/or Engine outside the OEM's recommended operating limits.
18. EXCLUSION(S) means the events defined in Subsection II(K) of this Agreement.
19. FAA-APPROVED REPAIR FACILITY (or their counterpart worldwide) means a maintenance facility that is authorized by the Governing Aviation Authority and acceptable to AEPC as a maintenance facility that is authorized to perform Maintenance on the Aircraft, Engines, and Components.
20. FLIGHT HOUR(S) means the cumulative number of hours, or parts thereof, in operation of the Airframe and/or Engine as applicable and indicated by the HOBBS meter.
21. FOREIGN OBJECT DAMAGE ("FOD") means any damage to an Engine caused by material that is foreign to (not a part of) that Engine.
22. GOVERNING AVIATION AUTHORITY means the applicable aviation authority having jurisdiction over the Aircraft. For the purposes of this Agreement, the Governing Aviation Authority is identified on Exhibit B as the FAA (or their counterpart worldwide).
23. INSPECTION means the comparison of an Engine or Component or parts thereof, against the applicable maintenance manual limits through disassembly, fiber optic scope, or other means approved by the Governing Aviation Authority or the OEM for the purpose of determining Serviceability.
24. LIGHTNING STRIKE means an occurrence in which lightning has contacted the Aircraft or caused some outside electrical charge to be introduced into the Airframe or Engine.
25. NON-COVERED COMPONENT means any Component part, a combination of parts, a subassembly unit of an Airframe, or Engine as referenced in the appropriate illustrated parts catalogue, which perform a distinctive function necessary to the operation of a system, that is not a Covered Component.
26. ORIGINAL ENROLLMENT DATE means the date on which the Engine, as applicable, were originally enrolled on the AEPC program, as specified on Exhibit D, provided there has been no lapse in coverage.
27. ORIGINAL EQUIPMENT MANUFACTURER ("OEM") means the original manufacturer, authorized design holder, or type certificate holder of an Engine, Component, and/or Airframe and is generally used to refer to the Original Equipment Manufacturer's specified parts, practices, or procedures.
28. OVERHAUL means the maintenance procedure in which an Engine, or Component is disassembled to the extent needed to determine the condition of all its parts, repaired as necessary to meet "NEW" limits standards, reassembled, test run performed in accordance with the OEM's

overhaul manual and approved for return to service, in accordance with the OEM's requirements or as otherwise approved by the Governing Aviation Authority.

29. PRE-ENROLLMENT ENGINE REVIEW means the Pre-Enrollment Engine Review as such on Exhibit E that may be required to enroll the Covered Engine in the Program under this Agreement.
30. PROHIBITED PURPOSE means agricultural crop dusting, production flight tests, banner towing, target towing, air show or exhibition, maritime patrol, experimental use, skydiving, racing, hostile military operations, any use of the Aircraft in connection with illegal activity, or any use of the Aircraft in such geographical or climatic environments as to expose the Airframe or Engine to the damaging effects of Corrosion.
31. PURCHASER means an individual or entity to whom or to which ownership of the Aircraft is transferred during the term of this Agreement.
32. RENTAL AGREEMENT means the agreement that sets forth the terms and conditions under which a Repair Facility or AEPC™, as applicable, agrees to provide the Client with a Rental Component, Rental Module, or Rental Engine during Unscheduled Maintenance, if applicable and available.
33. RENTAL COMPONENT means a rental Component provided to the Client by a Repair Facility under the terms of this Agreement pursuant to a Rental Agreement between the Client and the Repair Facility.
34. REPAIR means a maintenance procedure in which a damaged Component is restored to a condition that allows it to fulfill its design function.
35. REPAIR FACILITY means any maintenance facility or service center authorized by the OEM and/or Governing Aviation Authority to perform the type and level of Maintenance on the particular Engine make and model in accord with this Agreement. Notwithstanding the foregoing, AEPC shall have the right to agree and sign off on Client's selection of a specific maintenance facility or service center to perform any Unscheduled Maintenance covered hereunder.
36. REPLACEMENT AIRCRAFT means an Aircraft enrolled in the AEPC™ PistonPower™ Maintenance Program pursuant to a new agreement with the Client within six (6) months from the date of the termination of this Agreement under either Subsection IV(D) or (F), as applicable.
37. ROUTINE INSPECTION means Inspection and Serviceability checks as defined as routine inspections in the OEM's Engine maintenance manuals. Routine Inspections include all scheduled checks up to Overhauls.
38. SCHEDULED EVENT means any maintenance event that is described as scheduled in the applicable operator's manual or as required by the Governing Aviation Authority.
39. SCHEDULED MAINTENANCE means the disassembly, inspection, repair, reassembly and the functional test of an Engine, and/or Component in accordance with the requirements of the applicable maintenance, repair, and Overhaul manuals or as required by the Governing Aviation Authority. Scheduled Maintenance does not include Routine Inspections and maintenance. Scheduled Maintenance specifically includes (i) the repair of any damage discovered during the course of performing a Scheduled Event, even if any such repair is not described and scheduled by the OEM in the applicable OEM manual.

40. SERVICE BULLETIN is a document issued by the OEM, which specifies an optional, recommended, or mandatory compliance procedure related to improving performance, maintainability, and reliability, and in some cases, may be issued to correct an airworthiness deficiency.
41. SERVICEABLE COMPONENT or Accessory (PLUS option) means an Engine or Component or Accessory that is in a certifiable airworthy operating condition per the applicable maintenance manuals and the requirements of the applicable Governing Aviation Authority.
42. TRANSFER FEE means the fee identified as such on Exhibit D.
43. TROUBLESHOOTING means an investigative maintenance action that may result in the identification of a malfunctioning or failed Engine or Component.
44. UNSCHEDULED MAINTENANCE means unexpected maintenance or repair necessitated by malfunctions of an Engine, Component, or Accessory (PLUS option) or part thereof, which maintenance is not related to or required in connection with the sign off of a Scheduled Event.

**EXHIBIT B**

**AIRFRAME DATA, ENGINE DATA**

AGREEMENT NUMBER: U \_\_\_\_\_

Aircraft Make: \_\_\_\_\_

Aircraft Model: \_\_\_\_\_

Aircraft Serial Number: \_\_\_\_\_

Aircraft Registration Number \_\_\_\_\_

Aircraft Manufacture Date: \_\_\_\_\_

Aircraft Warranty Expiration Date: \_\_\_\_\_

Engine Make: \_\_\_\_\_

Engine Model: \_\_\_\_\_

Engine Serial Number: \_\_\_\_\_

Engine Manufacture Date: \_\_\_\_\_

Engine Warranty Expiration Date: \_\_\_\_\_

Total Time Since New: \_\_\_\_\_

Time Since Overhaul: \_\_\_\_\_

Time to Overhaul: \_\_\_\_\_

Aircraft Operating Hours per Year: \_\_\_\_\_

Aircraft Base: \_\_\_\_\_

Maintenance Base: \_\_\_\_\_

Governing Aviation Authority: \_\_\_\_\_

## **EXHIBIT C**

### **COVERED COMPONENTS and ACCESSORIES**

## FEEES AND AUTHORIZED CONTACTS

Agreement Effective Date: \_\_\_\_\_ Original Enrollment Date: \_\_\_\_\_

### FEE SCHEDULE (All fees in US Dollars)

Enrollment Fee: \$ \_\_\_\_\_

Agreement Transfer Fee: \$ \_\_\_\_\_

### CONTACTS

Enrolling Party:

Contact:

Job Title:

Address 1:

Address 2:

City:

State:

Postal Code:

Country:

Telephone:

Fax:

E-mail:

Lien Holder /Lessor  
contact information:

Phone:

Email:

Name:

## AEPC™

### PISTONPOWER™

#### Pre-Enrollment Engine Review

#### Checklist for Repair Station Performing Engine Review

**AEPC™ Contract Number: U** \_\_\_\_\_

A/C Registration #: \_\_\_\_\_ Engine Serial #: \_\_\_\_\_

\* Please initial or check mark each item as competed. List details and/or finding at bottom of page.

1. Ground run to warm up engine for compression check.
2. During ground run check idle speed, oil pressure and perform magneto check. Record results:
  - A. Idle speed: \_\_\_\_\_
  - B. Oil Pressure: \_\_\_\_\_
  - C. Magneto RPM drop: Left: \_\_\_\_\_ Right: \_\_\_\_\_
3. Remove Cowling from “warm” engine
4. Compare Engine Serial Number to Logbook
5. Complete a Magneto Timing Check
6. Check for oil leaks
7. Check cylinders for cracks in prone locations and around spark plug bosses
8. Check engine case for cracks
9. Check oil breather system for obstructions
10. Check compression using differential method. If Continental engine obtain master orifice reading before compression test: Compression results: #1 \_\_\_\_\_ #2 \_\_\_\_\_ #3 \_\_\_\_\_  
D. #4 \_\_\_\_\_ #5 \_\_\_\_\_ #6 \_\_\_\_\_
11. Take oil sample and send to lab. Oil sample should be Blackstone Labs sample kit, fill out paperwork completely please. If unable to complete paperwork for sample completely please contact AEPC® for assistance.
12. Cut oil filter open and check for unusual metal or other contamination. If metal is found place filter media in zip lock bag. Contact AEPC for further instructions.
13. Install new oil filter.
14. Reinstall cowling.
15. Check oil level.
  - AEPC™ may request a borescope inspection and possibly a valve guide inspection depending on engine condition and compression check readings.
  - When this checklist is complete please scan and email in PDF format to: techsupport@pistonpower.com.
  - AEPC™ would also like a signed PDF copy of any log entry and the completed invoice emailed to the address above.