

BDS Terms and Conditions Guide

Clause Number: J001

Effective: 05/27/2014

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REPAIR/REWORK

1. Upon receipt for repair/rework of the material that is the subject of this contract, Seller shall immediately acknowledge such receipt including any evidence of damage in shipment, and promptly advise Buyer. Seller is authorized to inspect the material, including disassembly if necessary, and start repairs under the terms of this clause.

2. Identify additional provided property (e.g. equipment, special test equipment, special tooling) required for performance of this purchase contract by completing and returning Form X36080, "Supplier Property Identification Checklist". The X36080 form will be provided by the Procurement Agent upon Seller request. Under no circumstances is use of additional provided property authorized for this purchase contract until properly identified as specified herein **and** authorized for use in accordance with E000.

- a) When proposed, all property acquisition costs shall be priced separately from other non-recurring and recurring (parts) costs. Pricing must be clearly presented in a format the Procurement Agent can separately distinguish the special tooling from equipment/special test equipment costs. Costs for supplier fabricated or acquired shop aids; general purpose, perishable or portable tools that do not fit the definition of special tooling, equipment or special test equipment must be funded by the supplier or otherwise be treated as accountable special tooling.

3. Seller may commence repair/rework of the items if the estimated repair and/or rework charges will not exceed fifty percent (50%) of the current replacement costs for a new item of the same description or \$100,000, whichever is less. In the event Seller requires the use of additional provided property for performance of this repair/rework, as identified in paragraph 2 above, use must be authorized in E000 of this purchase contract, **before** additional provided property can be used.

4. Seller shall promptly furnish in writing, a complete failure report for repair/rework, suggested corrective action, estimated time for accomplishing the necessary repair/rework effort and a firm price quotation for such work. The quotation shall include a detailed cost breakdown including labor hours and rates, material costs including repair/replacement parts list, overhead and profit.

- a) The above requested firm price quotation must be submitted promptly and before Seller expends forty percent (40%) of the estimated costs of the repair/rework charge.

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- b) In addition to the firm price repair and/or rework quotation Seller shall submit a firm price and delivery date for furnishing a current replacement for each repair/rework item.
5. In the event Seller determines that the returned material, or any item thereof, is not repairable/reworkable, Buyer shall be notified in writing by Seller and Buyer will furnish to Seller written disposition instructions.
6. Buyer, at its election, may terminate, in accordance with the General Provisions of this contract, any and all inspection or repair/rework activity; provided, however, that claims arising out of a termination for convenience shall be submitted by Seller to Buyer no later than three (3) months after the effective date of termination.
7. The warranty sets forth in the General Provisions of this contract shall apply to the repair/rework accomplished pursuant to this clause.
8. Upon agreement on the scope of work, pricing and delivery schedule for the repair/rework proposed, Buyer will issue a change to this contract authorizing the repair/rework effort.
9. Seller shall reference Buyer's packing sheet number and unit serial number, if applicable, on all documents, invoices and Seller packing sheets or shippers.