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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. 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.
3. 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.
 - 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.
4. 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.
5. 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.
6. The warranty sets forth in the General Provisions of this contract shall apply to the repair/rework accomplished pursuant to this clause.
7. 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.
8. Seller shall reference Buyer's packing sheet number and unit serial number, if applicable, on all documents, invoices and Seller packing sheets or shippers.