



DOC 322
Phase I/Phase II Terms and Conditions

The attached Purchase Order is placed as two parts and referred to as:

Phase I - Repair Estimate/Failure Analysis Phase II - Repair/Modification/Disposition

A. Phase I - Repair Estimate

1. Statement of Work - In consideration of the mutual promises contained herein, the CONTRACTOR shall furnish all labor, material, facilities and equipment necessary to disassemble and inspect the Work furnished hereunder to the extent necessary to determine repairs required and submit to ULA an offer, including all labor and material separately stated, and a delivery schedule for repairing, modifying and testing the Work in accordance with the Purchase Order description (all of which is hereafter referred to as Phase II Work). The offer will also set forth the price for Phase I effort and the price of a new, comparable unit.

After receipt of said offer, ULA shall have the option to modify the purchase order to include the Phase II Work, price and schedule agreed to by ULA. If ULA elects not to authorize Phase II Work, then ULA shall modify the purchase order to incorporate the agreed to Phase I evaluation price and give instructions for the disposition of the Work.

The CONTRACTOR shall not proceed with Phase II Work until he has received written notification from the Procurement Representative identified on the face of the purchase order.

2. Time of Performance - CONTRACTOR shall submit his complete quotation to ULA within the time stated on the purchase order or if no time is stated for Phase I, then within ten (10) calendar days after receipt of the Work.
3. Payment - Payment shall not be made for Phase I effort until the purchase order is modified in accordance with paragraph A.1. above.

B. Phase II - Repair/Modifications

1. Statement of Work - The CONTRACTOR shall furnish all facilities, equipment, labor and material (a) to repair or modify and test the Work in accordance with the Phase II Work specified in the purchase order as modified; or (b) to dispose of the Work as directed in the modification.
2. Delivery - Phase II Work shall be completed as specified in the purchase order.
3. Payment - The entire purchase order price shall be paid upon acceptance by ULA of the article after the Phase II Work; or upon disposition of the Work as directed, whichever the case may be.

C. Bailment

The property delivered hereunder, whether Government or ULA owned, or otherwise, shall constitute a bailment for value for the benefit of the CONTRACTOR, and in the event of loss or damage to said property the CONTRACTOR shall compensate the owner, or indemnify ULA if ULA is held responsible, in an amount representing such loss or damage.

At its expense, CONTRACTOR shall maintain in force at all times property damage and risk insurance covering loss or destruction of or damage to each item of property in an amount equal to the full Replacement Value with insurance carriers rated by A.M. Best A- VII or better. Such insurance policy or policies shall be all risk and shall be endorsed to name "ULA, its subsidiaries, their respective its agents, officers, directors, employees and assigns" as Loss Payee (hereinafter "Loss Payee"). CONTRACTOR shall be responsible for any deductibles or self-insurance.

CONTRACTOR shall provide to ULA certificates of insurance evidencing full compliance with the requirements of this paragraph C. Insurance maintained pursuant to this clause shall be considered primary as respects the interest of ULA and is not contributory with any insurance which ULA may carry. Such certificates shall provide for not less than thirty (30) days advance written notice to ULA in the event of cancellation or material change in the policies of insurance adversely affecting the interests of any Loss Payee, provided, however such notice shall not relieve CONTRACTOR of its obligations to carry the required insurance.

D. Failure Analysis Report (If specified in the Purchase Order)

Together with the offer required by Phase I, and as part of the Phase I effort, submit one (1) reproducible copy of a Failure Analysis to the Procurement Representative as noted in the purchase order.

In the event of any conflict between these instructions and General and Special Provisions identified on the Purchase Order, these instructions shall prevail.