

Tooling Loan Agreement

5/30/2018

"[Supplier's Name]"

"[Supplier's Rep.]"

"[Supplier's Rep. Title]"

"[Supplier's Street Address]"

"[Supplier's City, ST ZIP Code]"

THIS IS A BLANKET TOOLING LOAN AGREEMENT GOVERNING THE POSSESSION AND USE OF ONTIC ENG & MFG PROPERTY AND SHALL REMAIN IN FULL FORCE AND EFFECT SO LONG AS SUPPLIER IS IN POSSESSION OF SUCH PROPERTY.

THIS TOOLING LOAN AGREEMENT AND ANY AMENDMENTS HERETO SHALL GOVERN THE POSSESSION AND USE OF ONTIC OWNED TOOLING (AS HEREINAFTER DEFINED) WHICH IS (1) LOANED TO SUPPLIER BY ONTIC OR (2) ACQUIRED OR OBTAINED BY SUPPLIER AND SOLD TO ONTIC PURSUANT TO AN ONTIC PURCHASE ORDER ISSUED SUBSEQUENT HERETO.

1. Ownership of Tooling on Loan

Supplier acknowledges that all items of Tooling, including tools, gauges, devices, equipment, jigs, molds, and fixtures (here after referred to as "Tooling") in Supplier's control, together with all drawings and other documentation which are provided to the Supplier by Ontic or which are purchased by Ontic from the Supplier, shall be and shall remain the exclusive property of Ontic. The Supplier shall not mortgage or encumber the Tooling in any manner whatsoever.

If the Supplier modifies the Tooling provided on loan this shall be carried out for Ontic and only on Ontic's explicit instructions. Ontic becomes sole owner of the items created by and for the modifications.

Ontic reserves the right to inspect the Tooling at all reasonable times. Supplier shall not move the Tooling to another manufacturing location or to a subcontractor's location without prior written approval of Ontic.

2. Identification of Tooling on Loan

Supplier agrees to apply an identification tag, supplied by Ontic, if one is not currently applied to the tool. This tag identifies Ontic (or 3rd party, if applicable) as the owner of the tool and states the tool identification number. Supplier agrees that Tooling shall remain identified throughout the entire length of the loan.

3. Tooling Inventory

Supplier agrees to maintain and keep up to date an ongoing inventory listing of all tooling that is owned by Ontic in the suppliers' possession or that is located at and in the possession of a Supplier to the Ontic Supplier.

4. Tooling Storage and Insurance

Supplier agrees to maintain adequate storage to ensure that all the Ontic owned tooling is stored in usable condition and in such a location or facility to ensure against theft and damage. Supplier also agrees to maintain adequate insurance coverage for the replacement cost of the tooling in the event of the tooling being damaged or destroyed for whatever reason.

5. Tooling Disposal

Supplier agrees to notify Ontic in writing to request permission to scrap out any tooling owned by Ontic and will not scrap out any tooling until authorized on Ontic. The request is to be made in writing and sent to the Ontic Purchasing Department or representative below. Once the request has been approved by Ontic, it will be forwarded back to the Supplier granting the authorization to scrap out the requested tool. Any scrap will be documented on a Scrap Certificate which shall be provided to Ontic with documented evidence i.e. Photos.

6. Maintenance and Repair

Tools, Gauges, Devices, Equipment, Jigs, and Fixtures

The Supplier shall maintain the above items in good operating condition at all times. During the time the items are in the Supplier's possession, the Supplier, at its own expense, shall maintain the Tooling in proper working condition.

Molds

Please see document labeled "Supplier Mold Preventative Maintenance Agreement" which states Ontic's standards on mold maintenance. During the time the mold is in Supplier's possession, the Supplier, at its own expense, shall maintain the mold per the *Preventive Maintenance Agreement*. Ontic requires that a log be kept that documents the frequency of the maintenance and any repairs that were made to the mold. The Supplier is obliged to provide Ontic at any time upon request current PM documentation.

Tooling from Ontic is loaned to the Supplier in the condition in which they exist, with wear or possible deficiencies not being excluded. Under normal circumstances, Ontic will perform inspection and preventive maintenance of Tooling prior to the loan, generate a report documenting the results of these activities (hereafter called *Pre-Loan Tooling Inspection/Maintenance Report*), then amended the *Pre-Loan Tooling Inspection/Maintenance Report* to the *Tooling Loan Agreement Document*.

The Supplier shall cover the cost of all minor repairs, up to \$250 per repair. Costs over this amount shall be paid by Ontic, if approved by Ontic before they are performed and the damage that initiates the repair is not a result of Supplier negligence. Ontic has the right to evaluate the costs over \$250 for reasonableness and request three vendor quotes for any third-party work required.

All replacement tooling and documentation shall become Ontic property and shall be subject to all the terms and conditions of this agreement.

7. Tool Damage

The Supplier shall be responsible for damage (with the exception of normal wear and tear) and ruin (destruction or loss) of the Tooling on loan. The Supplier shall be responsible for Tooling to its full replacement value, against damage and ruin, from fire, theft, burglary, misappropriation, vandalism, and environmental risks.

The Supplier shall also be responsible for any Tooling damage resulting from transport operations which the Supplier carries out.

8. Confidentiality / Patent Rights

The Supplier shall not exploit, for other purposes than those agreed upon, the functionality and method of operation of the Tooling on loan. Any unique technology associated with the Tooling shall remain confidential and the right to patent application shall remain exclusively reserved by Ontic.

9. Termination of the Agreement

This Agreement is concluded for an indefinite period of time. The parties can cancel at any time, by following the below guidelines.

- In the event that the supplier wishes to terminate this agreement with Ontic, proper notification must be given.
 - Proper notification is defined as a letter submitted to ONTIC Purchasing Manager documenting the part numbers for which supply is to be terminated, the reason for termination of supply, and the date of the last shipment planned to ONTIC.
 - The above letter must be submitted to ONTIC based on the following formula: (Submission date + (Total lead time of component x 2.5)) = (Date of last shipment to ONTIC)
 - Example: A component with a 4 week lead time requires a 10 week advanced notice before the last shipment to ONTIC is made.
After submission of the above notification, a response from ONTIC in writing is required before the notification of supply termination is accepted.
- Regardless of the circumstances under which the supply of a component to ONTIC is terminated, the Supplier's responsibility for the quality and performance of the component shall remain unchanged.

The Supplier shall return any or all Tooling and Tooling documentation to Ontic without cost except any reasonable transportation and/or special packing charges that may be billed to Ontic. The Supplier shall also provide Ontic all PM and Repair Documentation at that time.

10. US Government Property

Any US Government owned tooling shall also be governed by the following clauses. The following clauses shall have the same force and effect as if set forth below in full text. All notifications and other communications required by these clauses shall be made through Ontic's Purchasing Representative.

- 52.245-1 Government Property
- 52.245-9 Use and Charges
- 252.245-7001 Tagging, Labeling, and Marking of Government-Furnished Property
- 252.245-7002 Reporting Loss of Government Property
- 252.245-7003 Contractor Property Management System Administration
- 252.245-7004 Reporting, Reutilization, and Disposal

SUPPLIER'S ACCEPTANCE AND AGREEMENT

This Tooling Loan Agreement shall govern the possession and use of all Ontic Tooling that is now in Supplier's possession or that may be placed in Supplier's possession during the time this Tooling & Equipment Loan Agreement is in force.

Supplier Printed Name:	Ontic Representative Printed Name:
Supplier Title:	Ontic Representative Title:
Signature:	Signature
Date:	Date:

Attachments:

- 1. Inventory of Tooling Loaned to Supplier**
- 2. Ontic's Pre-Loan Tooling Inspection/Maintenance Report(s)**

Other Regulating Documents:

- 1. Supplier Mold Preventative Maintenance Agreement (if required)**
- 2. QCF-106 - Control of Monitoring and Measuring**
- 3. QCF-106-14 – Borrowed Tool Request Form**

ATTACHMENT 1: INVENTORY OF TOOLING LOANED TO SUPPLIER
"[Supplier's Name]"

Item#	Tool Description	Tool Id # (if applicable)	Program/Part	Tool Owner
1				
2				
3				
4				
5				
6				

