

AI SYSTEMS INTERNATIONAL CORP.

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QUALITY ASSURANCE MANUAL

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Preface

AI SYSTEMS INTERNATIONAL CORP. started business in July 05th,1989.Its head office is located at 182-16 149TH ROAD,SPRINGFIELD GARDEN,NY 11413,USA.

This manual is intended and prepared in accordance with the Airline Suppliers Association,CASE inspection standards,ATA Specification 106 standards,and the policies and procedures of AI SYSTEMS INTERNATIONAL CORP.

Each person working for AI SYSTEMS . will have available current copies of this manual.

Quality Policy Statement

The Quality Assurance Manual is available to all employees of AI SYSTEMS. AI SYSTEMS has an approved Quality Assurance Manual which is applicable to every employee, who will be familiar with the contents of the manual and will comply with the standards,policies,and procedures contained in the manual.

The policy of AI SYSTEMS is to ensure the uncompromised quality and compliance to industry standards by excellence in the work palce,achieved by on going training and awareness.

AI SYSTEMS is an aviation sales integrated company where the action of its employees will have profound effect on others,both internally and externally. Compliance with policy and standards is the law,and will not be selective or discretionary.

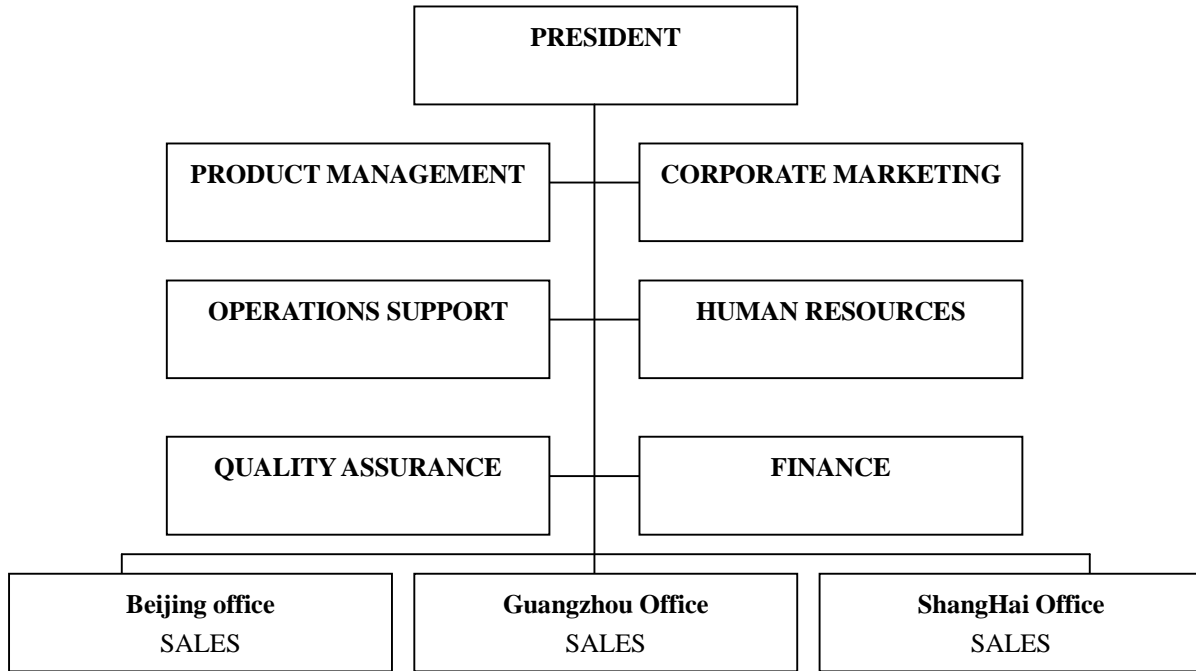
Company Description

AI SYSTEMS INTERNATIONAL CORP. the aviation industry on a world wide basis with a wide range of aircraft parts,engines parts,metal materials,bearings,AGSE,specializing in McDonell Douglas DC-8,DC-9,DC-10,MD-80,MD-81,MD-82,MD-11,Airbus A300,A310,A320,A340;boeing 707,727,737,747,757,767, and 777;Fokker F27,F28, and F100;Cessna ,Dornier-Fairchild and Lear.

Our procurement and sales staff is comprised of highly experienced individuals utilizing sophisticated purchasing,accounting, and shipping systems.It is our goal to ensure 100% customer approval that we provide.

AI SYSTEMS performs a quality check on parts received and contacts for outside consultant periodic audits of our operations and facilities.With respect to source and traceability, material certifications will reflect traceability to an approved FAA source, if possible.If such traceability is not possible then AI SYSTEMS aviation material certification will properly reflect the part or material status.

Company structure



Quality System and Quality Manual

Quality System

Introduction

Standard:

The distributor/dealer shall have an established quality system adequate to assure a quality product that complies with customer specification. The quality system, including procedures and operations, shall be described in detail in a quality manual, or other appropriate document.

Policy:

This manual has been intended and prepared in accordance with standards established for the industry use which are described in ASA (version 3.1), CASE Standard 3_A, and ATA Specification 106 Inspection Requirements in addition to the policies and procedures of AI SYSTEMS. It explains the inspection procedures that are used by AI SYSTEMS detailing inspection processes, responsibility for the material, from the receipt of material through the storage and shipping process.

Procedure:

The AI SYSTEMS staff and all contract consultants or assisting agencies will be tutored on the contents of this manual and follow the instructions contained therein.

The AI SYSTEMS Quality Assurance designee is responsible for the oversight of the Quality Program and the Inspection Program and reports directly to the President when exercising this responsibility.

Periodic contract with consultants and agencies for the direction and training will be utilized to assist Quality Assurance and the AI SYSTEMS staff.

Quality System and Quality Manual

Quality System

I General

A. This standard is a composite of standards developed by the Airlines Suppliers Association(which is the governing standard for both the organization and the contents of this manual),the Coordinating Agency for Supplier Evaluation and the Air Transport Association. The standards provide the members of the aviation community with the basic framework to assist them in pursuing a voluntary but customized quality companies which sell parts,supplies and or material for installation on aircraft with a quality system which satisfies aviation industry requirements.

B. The referenced standards are voluntary and not mandatory. The standards contained within each are advisory in nature and it provides only suggested minimum quality program requirements as developed by industry quality assurance on aircraft with a quality system which satisfies aviation industry requirements.

C. Compliance with any of the standards does not necessarily indicate that a distributor/dealer is in any way either accredited or acceptable as wither a seller or a buyer with in the aviation community.

D. The requirements listed in referenced standards satisfy a number of number of FAA Advisory circulars,which are either specified or inferred by the Federal Aviation Regulations (FARs),or are required for an air carrier's or repair station's compliance with the FARs.

E. The content of the referenced standards is regularly reviewed and revised as necessary to remain in compliance with the FARs as well as other government regulatory requirements.

F. Compliance with an industry accepted Accreditation Program may require both initial and recurrent audits in accordance with the standards established by the accrediting agency.

Quality System and Quality Manual

Quality System

II Definitions

1. Distributors-are brokers,distributors,resellers,or other individuals and agencies engaged in the sale of parts for aircraft, aircraft engines, propellers, and accessories for installation in type-certified products. They do not hold FAA certificates to act as distributors.
2. Distributor Accreditation-is the recognition by an industry group of the distributors'quality system, and its demonstrated ability through a third party audit to carry out that system.
3. Quality Syseem-is the distributors'total network of administrative/technical data and detailed procedures which is implemented, as required,to assure that the product and parts thereof conform to specified quality requirements.
4. Quality Systems Standards-are a set of quality system requirements that will provide a prescribed level of product quality .
5. Self-Audit/Self-Evaluation-is a quality program that,as documented and implemented,assures that a distributor has been internally and meets the requirements of the applicable quality standards.
6. Traceability-is the ability via documentation to track parts ,processes, and materials by lot or serial number to the original manufacturer,or to a civil authority approved certificate holder,or to an accepted industry standard.

Prcurement

System Description

Traceability

Standard:

The distributor/dealer shall maintain a procurement system such that quality materials are purchased. The distributor/dealer must have documented in its quality manual a system which demonstrates the ability to trace the parts to source of procurement and ideally to the source of production or to an FAA or CAA certificate holder. In addition, the distributor/dealer must be able to provide, upon request, information pertaining to the production approval status of each part in accordance with applicable U.S. Federal Aviation Regulations or applicable Civil Aviation Regulations of country or origin.

Policy:

Material, parts, or components received shall have information and substantiation documentation attached as appropriate identification in accordance with the following procedure:

Procedure:

1. All parts received must be accompanied with, at a minimum, at least one of the following:
 - A. An FAA Form 8130-3
 - B. A JAA Form-one
 - C. An ATA Spec.106 Aircraft Part or Material Certification
2. Parts, materials, or hardware sent out for maintenance, overhaul, repair, test, re-certification or modification shall only be sent to FAA Certificated Repair Stations, parts (if the part qualifies a standard part under FAR's).
 - A. All documents (From Certified Agencies) relative to the part(s) or material(s) will be duplicated at time of sale. The originals of customer. A full set of copied will be made for AI SYSTEMS who will retain this documentation for a period of seven(7) years.

NOTE-Only documentation and certifications from certificated agencies and persons will be passed on to buyers at time of sale.

Procurement

System Description

Traceability

- B. DAR/DER certification will be provided by persons certificated to do so by the FAA, if requested by the customer.
- C. Repair Station personnel performing work for AI SYSTEMS shall be made knowledgeable of the requirements set forth by AI SYSTEMS.
- D. Work Accomplished by an FAA Certificated Repair Station, Part 121 Operator other certificated person shall return the part to service and /or determine its STATUS (in accordance with the specified terms applicable to block 12 of ATA Spec. 106). The certificate Holder must also initiate a Maintenance Release Document (8130-3) to which has been attached a statement of work accomplished, and a Tear-down/Inspection Report stating work performed and material replaced.

Procurement

System Description

Listing of Approved and Unapproved Parts

Standard:

A system shall be in place to assure that special requirements are adequately communicated to the distributor's/dealer's sources. The distributor/dealer shall maintain a list of approved suppliers and a quality history for each source.

Policy:

AI SYSTEMS maintains records of all suppliers indicating their status and quality history. AI SYSTEMS utilizes CASE standard 3-A as its means for judgment of a suppliers capability and ability to operate in accordance with industry accepted standards.

Procedure:

1. AI SYSTEMS may in some instances require a supplier to complete a "AI SYSTEMS Quality Survey" to determine their quality standards. The survey which AI SYSTEMS is an excerpt of the CASE Standard 3-A "Suppliers of New and Surplus Parts Audit Check Lis", which has been modified so that it can be completed by a prospective supplier.
2. The listing of approved suppliers is designated and maintained by AI SYSTEMS as an "Approved Vendor List", which has been modified so that it can be completed by a prospective supplier.
3. The use of unapproved source for any purpose is possible only with written approval from the president of AI SYSTEMS.

System Description

Documentation Requirements

Standard:

AI SYSTEMS will ensure that the procurement of parts/material is supported by full traceability to its source of supply.

Policy:

AI SYSTEMS has selected as the basis for its procurement requirement ATA Specification 106 and in particular the procedures and instructions involving the Parts & Material Certification document.

Procedure:

Please see attached as excerpted from the ATA Specification 106 Document.

Procurement
System Description

Documentation Requirements

Aircraft Part or Material Certification

Introduction

1. The following aircraft part or material certification document and its attendant instructions for completion were devised initially to provide the air carrier industry with a consistent document which would be used for the transfer of ownership(sale)of items from an air carrier to another person. The document is primarily for that purpose, however, should an air carrier or any other buyer of a part or material wish to impose the requirement of a document use and completion per the instructions during purchase, then it is also applicable for that purpose and it is certainly within their prerogative to do so . The main use and need for the document is to provide the buyer of a part of material with information so that he may draw judgment of its condition(s) for use on an aircraft.It does not in any way purport to insure a blind acceptance of airworthiness. It is simply a document that transmits all the information that is deemed pertinent at the time of ownership transfer.
2. The document does however; should it be required by a buyer, demand that truth be exercised in its accomplishment. Neither the document nor do its attendant instructions require anyone, certificated by the FAA or otherwise, to attest to any information that they do not know with certainty or do not have reasonable belief to be true. If information required is “unknown”,that this is an appropriate entry.
3. The requiement for a signature is by design and is such that it is binding from a legal standpoint. Should the seller of a part or material complete the document and in any way misrepresent, lie ,or err in the information provided, that he is liable for legal judgment and in some cases criminal prosecution.
4. The copy of the from on the following page is an integral part of the completion instructions for AI SYSTEMS.

System Description
Documentation Requirements
Procurement

Part or Material Certification Form Completion Instructions

Block1. Documentation Title: “Part or Material Certification”

Block2. Seller’s Name (AI SYSTEMS INTERNATIONAL CORP.)

Block3. Certificate Ref. No.

Unique identification established by the owner/seller to identify or track this certification and thereby provide traceability.

Block4. Organization

Seller’s identification to entail at least the following, if applicable and established:

1. Seller’s Address
2. Seller’s Telephone Number
3. Seller’s Fax Number
4. Seller’s Certification Number(If seller is FAA certificated or if a certificated person is taking responsibility for completion of the certification).
5. The seller must state or explain his status with regard to FAA certification,manufacturing authority or function by selecting one of the following representative designations:
 - Type Certificate Holder
 - Production Certificate Holdr
 - Supplemental Type Certificate Holder
 - Parts Manufacturing Authority
 - Technical Standard Order Holder
 - Mfg to be an established U.S Specification
 - Repair Station(Domestic or Foreign)
 - U.S. Certificated Air Carrier
 - FAA Certificated individual(state Type)
 - Foreign Certificated Air Carrier
 - Foreign Manufacturer
 - Surplus Parts Supplier
 - New Parts Distributor
 - Parts Broker New, Used or Surplus Parts
 - Other,Specify

Procurement
System Description
Documentation Requirements

Part or Material Certification Form Completion Instructions

Block 5A. Work Order/Contract/Invoice(Seller)

For traceability, record the “Seller’s” contract/work order/ invoice number related to the shipment as applicable.

Block 5B. Work Order/Contract/Invoice(Buyer)

For traceability, record the “Buyer’s” contract/work order/ invoice number related to the shipment as applicable.

Block 6. Item

Block 7. Description

Actual part’s noun description as specified by the manufacturer’s (TC,PT,STC,PMA,TSO holder)illustrated parts catalog.

Block 8. Mfg. and part Number

The original manufacturer of the part must be identified. The original manufacturer’s part number of this part, or part number of this particular part if alteration or modification has caused the original manufacturer’s part number to be changed or amended.

Block 9. Eligibility

The aircraft, propeller, engine, or appliance model on which the part may be installed if known.

In the case if a part manufactured under a technical standard order(TSO) or equivalent, no entry is necessary since eligibility for installation will be determined at the time of installation.

NOTE: The information in Block 9 only relates to the basic type or model. It does not constitute authority to fit the part(s) to a particular aircraft, engine, propeller, or appliance. The user/installer must confirm via documents such as the maintenance manual, Illustrated Parts Catalog, service bulletins, etc., that the part(s) is /are suitable for installation on a particular aircraft, engine, propeller, or appliance.

Block 10. Quantity

Enter the quantity of parts released for each item listed.

Procurement
System Description
Documentation

Part or Material Certification Form Completion Instructions

Block11.Serial/Batch No.

Specific part(s) Serial number is so marked.If part(s) are not serialized,then a Lot number,Batch number, or some other manufacturers/suppliers/distributors identification number should be used . Provide the date of manufacture, if known.A manufacturer's certification identifying lot ,batch test data, or records of conforming inspections must be available if so requested.

Block12.Status/Word

The following eight terms in quotation marks,with their definitions, indicate the status of the part being released. One or a combination of these eight terms shall be stated in this block. The status of each item listed be clearly identified in relation to its items numbers.

1. "New."Describes an airframe,aircraft engine, propeller,appliance,part or material produced in conformity with approved data that is accompanied by a manufacturer's material certification at the time of sale ,and has no operating time or cycles.
2. "New Surplus(unused).”Describes an airframe, aircraft engine ,appliance, part,or material produced in conformity with approved data which has been released as surplus by the military ,manufacturer,owner-operator, rpair facility,etc.and has no operating time or cycles and may be accompanied by the manufacturer's material certification at the time of sale.
3. "Rebuilt.”Describes an airframe,aircraft engine,appliance,or component part which has been disassembled, cleaned,inspected,repared as necessary,reassembled and tested to the same tolerances and limits as a new item ,in conformity with approved data,using either new or used parts that conform to new part tolerances and limits or to approved oversized or undersized dimensions.This can only be accomplished by the manufacturer/
4. "Overhauled.”Describes a used airframe, aircraft engine,propeller,appliance,or component part which has been overhauled using methods,techniques,and practices acceptable to the FAA and has been disassembled, cleaned, inspected,repared as necessary, and reassembled.In addition it has been tested in accordance with acceptable standards and technical data, or in accordance with current standards and technical data applicable to the FAA.

Procurement

Procurement

System Description

Documentation Requirements

Part or Material Certification Completion Instructions

5. "Inspection." Describes a used airframe, aircraft propeller, appliance, or component part which has been examined by means of visual or test procedures to establish conformity with acceptable data.
6. "Modified." Describes an airframe, aircraft engine, Propeller, appliance, or component part which has been altered in conformity with approved data.
7. "Repaired." Describes any airframe, aircraft engine, propeller, appliance, or component part which has been restored to a serviceable condition in conformity with acceptable data.
8. "As Is." Describes any airframe, aircraft engine, propeller appliance, component part, or material, the condition of which cannot certainly and accurately be classified under one of the previous definitions, and therefore the status is unknown.

Block 13A. Remarks

It is mandatory to include any information in this block, either directly or by reference to supporting documentation, which may be necessary for the use/installer to make a final determination as to the airworthiness and eligibility of part.

1. Information Relevant to New Parts

Approved replacement parts should be identified by one of the following methods:

A. Authorized Release Certificate Approval Tag, FAA Form 8130-3 (Formerly Airworthiness Approval Tag, FAA Form 8130-3).

The Approval Tag identifies a part or group of parts that have been approved for export by authorized FAA representatives or certificate holders, as required under FAR 21, subpart L, section 21.325(a), (2).

B. Joint Aviation Authority, (JAA Form One)

The Authority Tag identifies a part or parts coming to the U.S. from a foreign country that holds a bilateral agreement for exchange of such parts. May also be used by FAA-foreign Certified Repair Stations, as a maintenance release. However, prior to installation on a U.S. (cont.)

Procurement

System Description

Documentation Requirements

Part or Material Certification Form Completion Instruction

(Cont)registered aircraft a determination would have to be made as to the status of the parts ,components ,or assemblies after manufacture and to work accomplished under approval of the National Aviation Authority(NAA)member of the Joint Aviation Authority(JAA).The document alone does not automatically constitute authority to install the part,component,or assembly.Foreign countries not holding bilateral agreement with the U.S.may continue to use an official certificate of their own design. This is currently restricted to new parts.

C. FAA Technical Standard Order(TSO)number and identification mark.The name and address of the manufacturer,the name,type,part number,or model designation of the article,and the applicable TSO number.A TSO authorization is issued under Subpart O,FAR Part 21.

D. FAA/Parts Manufacturer Approval Symbol,“FAA-PMA”.

Each part is marked in accordance with Section 45.15 of FAR Part 45,and includes the letters“FAA-PMA”,the name,trade mark,or symbol If the holder of the Parts manufacturer approval,the part number;name and model designation of each certificated product on which the part is eligible for installation.An FAA-PMA is issued under Section 21.303 of FAR Part 21.Pqrts too small in size or otherwise impractical to be marked may ,as an alternative,If the marking on the tag is too extensive to be practical ,the tag attached to a part or container may refer to a readily available manual or catalog for part eligibility information.

E. Shipping ticket,invoice,or other documents.

These documents provide evidence that a part was produced by a manufacturer who maintains an FAA approved Quality Contorol/Inspection System and holds FAA Certification in accordance with any one of CFR Part21,Sub PartsF,G,Kor 0.The manufacturer’s FAA issued certificate number should be evidenced on the document.

Procurement

System Description

Documentation Requirements

Part or Material Certification Form Completion Instructions

F. Certification of Airworthiness for Export.

The Joint Authority Tag, JAA form One can be used by countries holding a bilateral agreement to export aircraft. Other countries may use a certificate of export approved by their aviation authority.

G. Direct Ship Authority

Domestic and foreign manufacturers (Production Certificate Holders) must authorize their suppliers or parts other than standard parts, which do not hold FAA Certification for manufacture, in writing of any direct shipping authority and establish procedures which will ensure that the shipped parts will conform to the type design and are in an airworthy condition. A statement to the supplier from the certificate holder authorizing direct shipment and date of authorization should be included on the shipping ticket, invoice, or other transfer document containing a declaration that the individual part was produced under the terms of a production approval. The shipping document should also identify the product on which the part is eligible for installation, and the Production Certificate holder's production number.

H. A document of certification.

In the case of a standard part it must be associated with a document /certification stating that it conforms to an established industry or U.S. specification.

2. Information Relevant to Used or Surplus Parts.

The following information may be useful and/or should be included when assessing and substantiating the status of a used or surplus part.

A. Maintenance records and part status.

- (1) If the part has been rebuilt, overhauled, inspected, modified, or repaired, the records should include a maintenance release, return to service tag, repaired parts tag (sometimes known as the Yellow Tag), or similar document from an FAA certificated person. (Cont)

Procurement

System Description

Documentation Requirements

Part or Material Certification Form Completion Instructions

(Cont)In addition,documentation describing the maintenance performed and parts replaced must accompany the part in accordance with requirements specified by FAR 43.9,Should this certification be used by a certificated repair station as a maintenance release document in accordance with CFR Part 43 Appendix B,then a worded statement per Paragraph (b)(4) of that appendix may be entered in this block.

(2)The records should include information,either directly or by reference to supporting documentation,which may be helpful to the user or installer in making a final determination information to be quoted or attached are as follows:

- (a) Airworthiness Directive Status
- (b) Compliance with,or non-compliance with Service Bulletins
- (c) Shelf life data,including manufacturing date or cure date
- (d) Usage restrictions for repaired items
- (e) Shortages applicable to assemblies or kits
- (f) Import or export certificates

(3)If a particular part was obtained from any of the following,then it must be so identified:

- (g) Government agency or non-FAA certificated aircraft
- (h) Aircraft or engine subjected to extreme stress or heat ,major failure, accident ,orfire.

(4)If the part has been utilized in operation,then time or cycles should be represented as follows:

- (a) If total time (TSN)on the part is known ,then it should be indicated
- (b) If the part is serialized and “Life Limited”,then both operational time and cycles must be indicated.Historical records that clearly establish and substantiate time and cycles must be evidenced.
- (c) If the part has not been operated,then state as zero.

Procurement

System Description

Documentation Requirements

Part or Material Certification Form Completion Instructions

- (d) If the time since overhaul(TSO)is known,then it should be indicated.
 - (e) Previous operator(s)and reasons for removal/sale should be indicated if known.
- (5)Record any additional information relative to the parts condition such as:
- (a)Condition of the part if it has been subjected to preservatives
 - (b)Usage restrictions for repaired items
 - (c)Shortages if the part is an incomplete assembly

B. Surplus Parts

- (1)Should parts be sold as surplus and if their condition and status (per block12)is attested to by an FAA certificated person,by virtue of their identification on this certification,then this certification can alone suffice to establish each status.
- (2)Should parts be sold as surplus and their condition and status (per Block12)is not attested to by an FAA certificated person,then the status of the part must be judged solely on the basis of the original documents initiated by an FAA certificated person and the documents must be attached as evidence of such certification.

Block13B. Obtained From

State seller's source of purchase .If the seller is an FAA certificated person then the he may state "Not Applicable".

Block13C. Last Certificated Agency

Name the last certificated agency and its certificate number who last performed maintenance on the part.

Block14. New Parts/Materials Certification:(Status 1 parts only)

The following signature attests that the part(s) or material(s)identified above was (were)manufactured by a FAA Production Approval Holder (PAH),or to an industry or commercial standard.

Procurement

System Description

Documentation Requirements

Part or Material Certification Form Completion Instructions

Block 15. Signature

Person qualified and authorized by the organization to sign.

1. New Parts/Materials-All persons attesting to such part or material certification should only do so with full awareness that the information provided and approve type design data,its airworthiness,and that such certification is
 - A. Under CFR14,Part 21or applicable U.S.bilateral agreements,this certification constitutes a record of assurance that the part(s)or which insures that upon completion under a fabrication in spection sy stem which insures that upon completion the specified part(s) or material(s) applicable type certificated products (reference CFR14,Part 21,Subparts F,G,K,andO).
 - B. Standard parts (such as bolts and nuts)(reference CFR14,21.308(b)(4)conforming to established industry or U.S.specifications must be manufactured under an applicable U.S.established fabrication and inspecon system.

Block 16. Name (Type or Printed)

Same as appears and signature block.

Block17. Date

Date of signature and part release.

Block18. Used,Repaired,or Surplrs Parts Certification:(Status 2 through 8 parts)

The following signature attests that the documentation specified above or attached is accurate with regard to the item(s)described.

Procurement
System Description
Documentation Requirements

Part or Material Certification Form Completion Instructions

Block 19. Signature

Person qualified and authorized by the organization to sign.

1. Used ,Repaired or Surplus Parts-All persons attesting to such part or material certification should only do so with full awareness that :
 - A. The information provided and certification so attested is a certification of the part or parts conformity to such information so provided;and ,
 - B. That all available information has been reviewed for content and substantiation;and ,
 - C. That all information and data provided,in fact, matches the physical part or material;and;
 - D. That all substantiating documents referred to are attached.

If a person is unable to attest to any of the above information,then the part/material status as specified in Block 12“Status/Work”must be deemed “AS IS”in accordance with those defintitions.

Block 20.Name (Typed or printed).

Same as appears in the signature block.

Block21.Date

Date of Signature and part release.

Note #1 “Person” means an individual,firm,partnership,corporation, company,association,joint stock ownership or governmental entit.It includes a trustee,receiver,assignee or similar representative of any of them.(Reference CFR 14 Part1)

Note #2 “Approved data”means in accordance with or traceable to a manufacturing design approved by the FAA.

Note #3 All information blocks must be filled in .If the information specified,as applicable for that block ,by the certification is “unknown”then so state.

Procurement

System Description

Stressed Parts

Standard:

The distributor/dealer of surplus parts have a procurement system which assures that parts from an aircraft or engine that were subjected to extreme stress or heat (as in a major engine failure, accident, or fire) are identified as coming from such an aircraft or engine. In addition, parts themselves that have been subjected to extreme stress or heat (e.g., a warehouse fire) should be so identified.

Policy:

Please refer to Chapter---

Procurement
System Description
Traceability

Standard:

The distributor/dealer of surplus parts should have a procurement system, which assures that all parts procured for sale have traceability and /or airworthiness certification as required by the Federal Aviation Regulations(FAR'S)

Policy:

Please refer to chapter---

Procurement
System Description
Airworthiness Directives

Standard:

The distributor/dealer of surplus parts should have a procurement system, which assures that all Airworthiness Directives(AD'S)that have been accomplished are documented. Certification of compliance shall specify AD numbr,AD amendment number,date,and method of compliance.

Policy:

AI SYSTEMS requires that all repair and overhaul shops provide the status of all Airworthiness Directives and Service Bulletins which are embodied and/or effect airworthiness of any component sent to them for service.

Procedure:

AI SYSTEMS will maintain an Airworthiness Directives File of all Airworthiness Directives applicable to components parts .Should AI SYSTEMS send a component to a Repair Station for maintenance ,direction will be given to the Repair Station that they must advise of all applicable Airworthiness Directives and they must advise which are accomplished and which are not .Airworthiness Directive identification by number shall then be included in the direction for work to be accomplished.

Procurement

System Description

Item Identification

Standard:

The Distributor/dealer of surplus parts should have a procurement system which assures that all items identified as overhauled, repaired or modified have all appropriate signed and dated documentation attached to substantiate the condition of the part.

Policy:

In all cases, AI SYSTEMS will assure traceability to its sources of the purchase.

The requirement for full documentation properly authorized, stating that the status and Condition of the item is mandatory.

Procedure:

AI SYSTEMS will communicate to the seller of used parts ,the terms and condition of the units being purchased. The system of purchase to be utilized shall be in accordance with ATA Specification 106.

Procurement

System Description

Selection of Certificated Repair Stations

Standard:

AI SYSTEMS will only use Repair and Overhaul who are certificated by the FAA or the JAA for the repair and overhaul of parts as identified on their operations specifications. Prior to selecting a Repair and Overhaul Facility ,a AI SYSTEMS manager will confirm,through past experience and the AI SYSTEMS approved Repair Station Listing,that the vendor conforms to AI SYSTEMS quality standards.Further, the vendor will be required to show proof of certification and operational capability.

Policy:

1. Repair and overhaul will only be accomplished for AI SYSTEMS by an approved Repair and Overhaul Facility who has demonstrated compliance with all FAA or JAA regulations.
2. The first choice for repair and overhaul will be the OEM or a facility with OEM approval .The second choice will be repair stations approved by AI SYSTEMS who have demonstrated an exceptional capability of performance.

Procedure:

As a general rule AI SYSTEMS will select Repair and Overhaul vendors from the listing of suppliers as approved by either CASE(Coordinating Agency for Supplier Evaluation)or EASE(Europenan Agency for Supplier Evaluation).This will be done in coordination with prospective buyers.

Receiving Inspection
Receiving Process

Standard:

The supplier/distributor shall have a receiving process for all incoming

parts and materials .

Policy:

AI SYSTEMS staff will conform to the established AI SYSTEMS receiving process on all incoming parts and materials.

Procedure:

Receivng will visually check each shipment received for such things as but not limited to:physical damage,dents bends,distortions or other defects which may have occurred during shipping;all attendant paperwork which transfers ownership of the shipment and contracted for under the purchase agreement.

Receiving Inspection
Visual Inspection/Check
Physical Damage

Standard:

The Supplier/distributor shall conduct a complete visual check of all

incoming parts and materials for damage incurred during shipping.

Policy:

AI SYSTEMS staff will conform to the requirements involved in the check for damage.

Procedure:

Staff will visually check parts for such things as but not limited to physical damage ,dents ,bends ,other defects which may affect the use of the part .

Receiving Inspection
Visual Inspection/Check
Caps and Plugs

Standard:

A visual check shall include verifying that all appropriate plugs and caps

are installed.

Policy:

Managers will verify that all caps and plugs are in place.

Note:Tape shall not be used to cover electrical connectors or fluid fittings/openings. Adhesive residue can insulate electrical connections and contaminate hydraulic or fuel units.

Procedure:

All parts with openings,orifices,ventricles,oil lines,cylinders,etc.will be sealed to prevent the entrance of foreign material into the part .When available,only proper sealing plugs will be used.

Receiving Inspection
Visual Inspction /Check
Part Numbrs

Standard:

Visual Inspection shall include verification that part numbers(including

dash numbers and letters), model numbers, serial numbers, lot and /or batch number ,etc ,of the items ,match the accompanying documentation.

Policy:

AI SYSTEMS shall perform a visual check that will include the verification that all specifications match the accompanying documentation.

Procedure:

1. The part number and other identifiers to be verified may be painted, etched, stamped or applied by other means to the part itself.
2. Deviations will be recorded on file and the part/material held for reconciliation.

Receiving Inspection
Visual Inspection/Check
Quantities / Substitutes

Standard:

Visual check shall include verification that the quantity, part numbers or

noted part number substitutes(including dash numbers and letters),model numbers,etc.,of the items match the request/purchase order or the agreed upon method between the buyer and supplier for part number substitution.

Policy:

AI SYSTEMS staff shall verify through visual check that the qualities and part numbers match the purchase order. AI SYSTEMS does not accept without question alternate part numbers at the point of receipt.

Procedure:

1. The staff will verify from the purchase order the quantity and part number of the material that was ordered.
2. No substitutes or alternates will be accepted unless authorized in writing by AI SYSTEMS prior to shipment .
3. Deviations will be recorded on file ,and the part/material held for reconciliation.

Receiving Inspection
Visual Inspection/Check
Documentation

Standard:

Visual check shall include verification that all appropriate required

documentation (maintenance release, material certification, traceability documents, etc.) are at hand, properly completed, and signed.

Policy:

AI SYSTEMS shall confirm that all appropriate required documentation is properly completed and signed.

Procedure:

1. Receiving will visually check all parts and materials received in accordance to company standards and procedures.
2. The receiving process involving documentation received shall include but not being limited to the following requirements.
 - A. Receiving will visually check all supporting documents to insure that they accurately describe the material which is being received.
 - B. If the material is to be stocked then all documentation will be contained in an envelope which will be attached to the part.
 - C. If Discrepancies are noted then the material will be held in quarantine until supporting documents are cleared.
 - D. Material being held for supporting documentation in regards to traceability is to be sealed in a plastic bag and have included with its records a copy of the AI SYSTEMS discrepancy report, Request for Further Documentation.
 - E. Complete and Fax to the seller the Request for Further Documentation.
 - F. If course of action is not satisfied within five (5) days, return the part to the seller for credit.

Receiving Inspection
Visual Inspection/Check
Fasteners

Standard:

A receiving check of aircraft fasteners shall include a sample visual check for general workmanship and presence of certifications and test reports.

Policy:

AI SYSTEMS will insure that a sample visual check of fasteners is completed and that the certifications and test reports are on file.

Procedure:

Upon receipt, fasteners are checked for correct quantity and matching documentation and test reports ,as supplied.

A representative sample is visually checked for checked for general workmanship and obvious damage.

Receiving Inspection
Visual Inspection/Check
Unapproved Parts Reporting

Standard:

Unapproved parts should be reported in accordance with FAA Advisory Circular AC 21-29A.

Policy:

AI SYSTEMS will report unapproved parts in accordance with the FAA Advisory Circular AC21-29A.

Procedure:

Upon receipt of an alleged unapproved part, the seller is given 24 hours to show proof of airworthiness. If the vendor not comply, the part is placed in quarantine and the necessary FAA forms are completed. The vendor is placed on an Unapproved Vendor List and kept on file.

Receiving Inspection
Standard Parts Verification

Standard:

A distributor /dealer of new standard parts shall maintain an inspection program

which includes periodic verification that standard parts meet the technical specifications applicable to the part number. The distributor/dealer shall insure that adequate specifications are available to support the inspection process, and that these specifications are current. The distributor/dealer shall maintain a record of inspections and tests used to make this verification. Suggested programs include sample tests of physical and chemical properties and check of manufacturer's test reports.

Policy:

AI SYSTEMS will obtain test reports which verify the physical and chemical Properties of all standard parts sold do meet the technical specifications for the Applicable part number. Such test reports will be kept on file for each batch/lot of parts sold.

Procedure:

1. Standard parts purchased directly from manufacturers or their authorized distributors must be accompanied with a certification that the parts meet the technical specifications for parts purchased and the quantity be identified by lot and /or batch number. Should it be anticipated that in the future buyers will require full test reports verifying physical and chemical performance to technical specifications then those test reports must be required as a condition of purchase.
2. Standard parts purchased from sources other than the original manufacturers or their authorized distributors must be handled as follows:
 - A. Those purchased from FAA Certificate holders must be accompanied with a certification that each batch of part numbers sold meet technical specifications.
 - B. Those purchased from non-certificate holders must be accompanied with certifications from the original manufacturer stating conformance to specifications.
 - C. Those purchased, which have no verifiable certifications accompanying them, must be sent to an outside testing laboratory for both physical and chemical conformance tests to technical specifications.
 - D. Should none of the previous be viable or possible then such parts or material will only be sold as "AS-IS" status.

**Measuring and Test Equipment
Equipment Maintenance****Standard:**

If required by contract for sample inspection ,test equipment shall be maintained under an effective calibration program. Test equipment, measuring devices, and gauges used to verify conformance to applicable standards and specifications shall be calibrated periodically to maintain accuracy per NIST standards or one recommended by the manufacturer.

Policy:

AI SYSTEMS does not use any equipment which qualifies for any maintenance calibration system.

**Measuring and Test Equipment
Calibration System**

Standard:

The distributor/dealer shall have procedures to prevent tools/equipment which are past due calibration from being used. Each unit in the calibration program must be traceable to the standard against which it was calibrated. Current documentation of calibration status shall be maintained.

Policy:

AI SYSTEMS does not use any equipment which qualifies for any calibration system.

Material Control
Material Handling

Standard:

Material shall be handled in an appropriate manner and shall be protected from damage and deterioration. Special packaging shall be maintained as necessary. The storage area for air craft parts should be periodically checked for overall effectiveness of storage and identification methods.

Policy:

AI SYSTEMS shall handle material in an appropriate manner, protecting it from damage or deterioration.

Procedure:

When possible ,material and parts will be stored in the original manufacturers or repair station packaging .When appropriate parts and materials will be repackaged in reseal able storage containers applicable to the specific part or material . All parts will be stored in a climate controlled area , if applicable ,with appropriate identification of part number, serial number(where applicable),batch,and /or lot numbers (if known)and with the condition of material clearly labeled or tagged on the package.

**Material Control
Segregation****Standard:**

Batch segregation shall be maintained for parts so identified by the manufacturer such as aircraft fasteners. Additionally, the distributor must maintain records indicating the quantities sold from each batch to each customer to facilitate a manufacturer's recall notification if required. Purchases less sales should equal inventory which must balance on batch/lot numbered inventories.

Policy:

AI SYSTEMS segregates inventory by batch or lot received and by identifying part number.

Procedure:

Materials, parts and components which are not serialized will be stocked by lot /batch, by manufacturers' part number and by a bin locator number. Parts and materials, which are being stocked for owners who have contracted AI SYSTEMS to sell for them on consignment, are stored in a separated and/or areas set aside for owner of the inventory. Items will be inspected and identified and appropriately protected prior to being stored. The on-going protection and control while in storage, will be accomplished in accordance with good standard practice, company policies and AI SYSTEMS requirements.

Material Control**Packaging****Storage**

Standard:

Whenever practical ,materials shall be stored and delivered in the manufacturer's original packaging shall identify the manufacturer,distributor , part number,serial number ,lot or batch number (if applicable),and the quantity.

Policy:

AI SYSTEMS management will insure that all material is properly stored and or packed prior to sale. Packaging material shall adequately protect the parts or material from derange during shipping .Where possible, the OEM packaging will be supplied ,bearing the part number of the parts or material.

Material Control
Packaging
Shipping

Standard:

The distributor/dealer shall use ATA Specification 300 packaging or customer specified packaging when appropriate. If practical ,environmentally friendly packaging material should be utilized . Flammable ,Toxic ,or volatile materials be stored in a safe manner per manufactuer's recommendations or as specified by local regulations .

Policy:

AI SYSTEMS uses ATA Spec 300 packaging when appropriate and always endeavors to use environmentally friendly packaging whenever possible. All hazardous material will be appropriately packaged.

Procedure:

Managers will insure that boxes and packaging material are more than adequate to insure material arrives safely at its final destination. Flammable, toxic or volatile material will be adequately marked for safety and reliability to adhere to all specified regulations.

**Material Control
Part Numbering****Standard:**

The distributor/dealer shall ensure that no part number ambiguity exists. Parts shall not be labeled with multiple part number ,if such labeling may cause confusion as to the part's manufacturer or applicable specification. A distributor/dealer's alteration to or replacement of the date ,place or manufacturer's part number is unacceptable ,unless authorized by the FAA or an FAA certificate holder.

Policy:

AI SYSTEMS does not physically apply additional part numbers to any part or material. AI SYSTEMS does , however, utilize a bin locator system in accordance with the following procedure.

Procedure:

AI SYSTEMS applies the part number to the parts status tag in accordance with that assigned by the manufacturer and /or one which may have been assigned by a consigner. Alternate part numbers are recorded on the GAPF-10,Receiving Form-Stores only in instances where a manufacturer illustrates parts catalog or a manufacturers part number change notice properly shows such authorization for an alternate.

**Material Control
Non-Conforming Materials****Standard:**

A closed loop system shall exist to implement corrective action following the detection of substandard or otherwise non-conforming parts . Rejected materials shall be identified as such and segregated from usable stock.

Policy:

AI SYSTEMS identifies rejected or non-conforming with a purchase order is to be identified with a BAAF-11 form “Receiving Form Exception Report”and segregates such from usable stock.

Procedure:

Any parts or material received which is substandard or in any way non-conforming with a purchase order is to be identified with a BAAF-11 form ,have all pertinent certifications and identification data installed in its identification envelope and be quarantined pending corrective action.

Material Control
Scrapped Parts
Scrapping Method

Standard:

There shall be a documented procedure in place to mutilate scrapped parts by drilling ,grinding, or other appropriate means . Parts shall be mutilated to the extend that will preclude the possibility of their being restored and returned to service.

Policy:

Material identified as scrap will be destroyed beyond recognizable condition in a manner to prevent practical attempt to repair/reuse, and scrapped /disposed of in an appropriate manner.

Procedure:

1. CONSIGNMENT MATERIAL: When consignment material is identified as scrap,it will be placed in a quarantined are ,tagged and held for 30 days pending the owners direction. If no instruction is received, the material will be returned to the consigner.
2. OWNED MATERIAL: Should AI SYSTEMS owned material be identified as scrap ,it will be destroyed beyond recognizable condition in a manner to prevent any attempt to repair/reuse, and scrapped/disposed of in an appropriate manner.

NOTE:FAA ADVISORY CIRCULAR 21-38“UNSAVBLE PARTS” WILL BE USED AS GUIDANCE FOR THE SCRAPPING AND DISPOSING OF SUCH PARTS.

**Material Control
Scrapped Parts
Records**

Standard:

Records and documentation shall be maintained on all serialized scrapped parts. The procedure shall identify by title or position the individual responsible for verifying parts were adequately mutilated before discard.

Policy:

AI SYSTEMS records on all serialized scrapped parts for a period of 7 years.

Procedure:

CONSIGNED MATERIAL: The consignor will be notified by letter that their property is going to be returned for their disposition. The letter will request instructions regarding the disposition of the material.

OUT-SOURCED MATERIAL: If satisfaction cannot be reached regarding the receipt of substandard or non-conforming parts, the source of supply will be notified by a letter that unless satisfaction is forthcoming the parts and materials are going to be returned.

All documents regarding scrapped parts or material will be file with a “scrap” file and held for a period of seven (7) years.

**Material Control
Scrapped Parts
Sub-Contractor Requirement****Standard:**

The distributor/supplier shall impose this same requirement for scrapping

parts on their subcontractor and or/repair facilities with whom they do business. The distributor/supplier shall maintain a record of all serialized parts scrapped out . The record shall contain a description of the part ,its part number and serial number, if applicable, and the date the part was scrapped .The Distributor/supplier shall retain this record for at least seven years.

Policy:

Should AI SYSTEMS require work by a subcontractor , any serialized parts deemed scrap will be returned to AI SYSTEMS for the scrapping process for further disposition.

Procedure:

Please refer to previous page marked “Procedure”.

Security**Standard:**

Material shall be controlled in an appropriate manner shall be protected from access by unauthorized personnel. The storage area for aircraft parts should be periodically checked for overall effectiveness of storage and

identification methods.

Policy:

AI SYSTEMS maintains its parts and materials area in a manner which insures security from unauthorized personnel.

Procedure:

Unauthorized personnel are not permitted in AI SYSTEMS parts and materials storage areas . This is to include both AI SYSTEMS and non AI SYSTEMS employees permitted to be in the parts and materials storage areas are those who are holders of inspection and check stamps . Should other AI SYSTEMS or non-employees need to have access to those areas they must be accompanied by an authorized person. In the event that unauthorized AI SYSTEMS personnel require a check of inventory then they will utilize AI SYSTEMS Check Form BAACF-13. Please refer to following page.

Material Control**Security****Inventory Check form BAACF-13**

Part Number _____

Warehouse Location _____

	Sales	Warehouse
Quantity	_____	_____
Condition	_____	_____
Notes:	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____

Requested by: _____

Checked: _____

Date: _____

Date: _____

Material Control

Recall Control

Standard:

The distributor must maintain records for parts identified by batch number and the quantities sold from each batch to each customer ,to facilitate a

manufacturer's recall notification, if required , which insures that parts shipped can be traced and recalled.

Policy:

AI SYSTEMS maintains documentation of traceability for at least seven years from the time of sale to the customer. Documentation demonstrates serial number ,or lot and batch traceability when applicable. AI SYSTEMS maintains a filing system such that the data is readily available and identifiable for each customer , and each purchase.

Procedure:

Traceability documentation is attached to each applicable purchase order and is filed by a customer and invoice order number. Recall will be initiated in the event that either AI SYSTEMS ,the FAA or the original manufacturer deems such to be imperative.

**Material Control
Shelf Life Control****Standard:**

There shall be a system to adequately identify and control shelf life limited parts and materials. Out-of-time or out-dated parts and materials shall be segregated from serviceable items discarded. The program shall specify a system that will assure that no expired material or part will be issued. This program includes component subassemblies containing shelf life limited parts.

Policy:

AI SYSTEMS has a shelf life control program which is in accordance with the following procedure.

Procedure:

-Parts having a cure date and/or packing date are identified to the customer as such by the manufacturer either on the OEM packaging or such information is also available from the OEM on specification sheets for each product manufactured. These life limiting dates of expiration are adhered to by AI SYSTEMS and no products or materials are sold for aircraft use if an expiration date has been exceeded.

-Components with sub-assemblies containing certain parts which have some type of life limit due to physical or chemical deterioration are always labeled with a "caution" or "warning" of such by either the manufacturer or an FAA certificated repair station. Such cautions and warnings adhered to by AI SYSTEMS.

-Any parts or materials in AI SYSTEMS inventory which are subject to exceeding some designated life limit are reviewed on a quarterly basis to determine capability for sale, Outdated parts or materials quarantined, set aside for destruction, or set aside for direction for repair to a repair station for tear down and life limited parts replacement. It is, however, acceptable to segregate components which have exceeded an internal seal or material life limit and tag them as such in the event that no possible sale is deemed likely.

-As a general rule

- A. Black rubber parts are considered to be eligible for sale up to 10 years past the cure date, if they are maintained in their original packaging, unless specifically designates otherwise by the manufacturer.
- B. Colored rubber or plastic materials (such as polyurethane, Teflon etc.) are considered to be eligible for sale up to 15 years past the cure date, if they are maintained in their original packaging, unless specifically designated otherwise by the manufacturer.

Certification and Release of Materials
Certification**Standard:**

The distributor/supplier shall provide the customer with a certification of traceability which can be accomplished by use of one of the following:

-FAA Form 8130-3

- JAA Form One
- CASE Certification
- ATA Specification 106 Certification
- Canadian CAA Form 72-40

Policy:

AI SYSTEMS recognizes all the certifications listed under the standard as valid certifications for traceability. AI SYSTEMS has chosen the ATA Specification 106 as standard certification document for any part or material which it ships to a buyer.

Procedure:

-AI SYSTEMS has adopted the ATA Specification 106 Certification and its attendant procedures as written (except where specifically noted otherwise).

NOTE

The ATA Specification 106 Parts and Material Certification and its attendant instruction were chosen by AI SYSTEMS as a standard because the instructions are much more complete and detailed than those utilized for other standards. The requirements for use and therefore the benefits to both the buyer and the seller are also more stringent than any of the other certifications presently in use. AI SYSTEMS believes that this selected standard surpasses all others and therefore has elected to impose the standard on both itself and those from whom it would purchase parts.

Please refer to the following pages for the following certs;

1. FAA FORM 8130-3
2. JAA Form One
3. Case Material Certification
4. ATA Specification 106 Certification

1. FAA/United States	FAA FORM 8130-3 Airworthiness Approval TAG US Department of Transportation Federal Aviation Administration	3. Form Tracking Number: 03118109
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4. Organization Name and Address:						5. Work Order.Contract.of.Invoice Number
6.Item	7.Description	8.Part Number	9.Eligibility'	10.Quantity	11.Serial/Batch Number	12. Staus/work
13.Remarks " AIRWORTHINESSAPPROVAL-PARTS.THIS FORM IS NO EXPORT APPOVAL "						
Limited life Parts must be accompanied by maintenace history including total time/total cycles/time since new.						
14. New Newly Overhauled Certifies That the new or newly overhauled part(s)identified above, Except as otherwise specified in block13was(were)manufactured In accordance with FAA approved design data and aiworthiness Regulations. Note: In case of parts to be exported,the special requirements Of the imporing county have been met.			19. TO Return to Service in Accordance With FAR43.9 Certifies that the vork specified in block 13 (or attached)adove was Camied out in accordalce with FAA airworthiness reulations and in Respect to the work performned the part(s)is (are)approved for return To servicr.			
15.Signatuer		16.FAA Authortation No.		20.Aurthorized signature:		21.Cruificate Number.
17.Name (Typed or pnnted):		18.Date:		22.Name(typed or ehnted):		23.Oate:

AUTHORIZED RELEASE CERTIFICATE

Certification and Release of Materials**Certification****JAA Form One**

1. Country	JAA FORM ONE AUTHORISED RELEASE CERTIFICATE					3. Certificate Ref. No Page:
4.Organisation approve by the Luftfahrt-Bundesamt to issue this Form: AI SYSTEMS INTERNATIONAL CORP. (UNAUTHORISED) Address:182-16 149 TH ROAD,SPRINGFIELD GARDEN,NY 11413,TEL 718-244-6215,FAX 718-656-7009					5.Work Order/Contract/Invoice	
6..Item	7.Description	8.Part No	9.Eligibility	10.Qty	11.Serial/Barch No	12.Status/Work
13.Remarks						
Limited life parts must normally be accompanied by maintenance history including life design life used.						

14.New Parts Certifies that the part(s)identified above except as otherwise specified in block 13was(were)manufactured/inspected in accordance with the applicable design data and with the airworthiness regulations of the stated country.		19.Used Parts – JAR – 145.50 Release to Service Certifies that the work specified above except as otherwise specified in block 13 Was carried out in accordance with JAR – 145 and in respect to that work,the Part(s) is (are) considered ready for release to service.(see over)	
15.Signature	16.Apprivak Reference Number	20.Signature	21.Approval Reference Number
17.Name	18.Date(d/m/y)	22.Name	23.Date(d/m/y)

Certification and Release of Material

Certification of Condition

Stressed Parts (accident)

Standard:

A certificate of condition may be issued about the material or parts certifying that they were not removed from an aircraft or engine that was subjected to extreme stress or heat (as in a major engine failure, accident or fire)

Policy:

AI SYSTEMS shall state on its parts and material certification if a part or material has been subjected to extreme stress or heat if has knowledge of such.

Certification and Release of Material

Certification of Condition

Stressed Parts (Other Incidents)

Standard:

A certificate of condition may be issued about material or parts certifying that they were not themselves subjected to extreme stress or heat (i.e. warehouse fire)

Policy:

AI SYSTEMS shall state on its material certification when a part or material has been subjected to extreme stress or heat if it has knowledge of such.

Certification and Release of Material Certification of Condition Government or Military Parts

Standard:

A certificate of condition may be issued about the material or parts certifying that they were obtained from the U.S. Government or military services.

Policy:

AI SYSTEMS will fully advise ,at sale, via its parts and material certification when it has obtained a part or material from an U.S. Government or military source.

Certification and Release of Material Maintenance Release from Contract Agencies

Standard:

The distributor/dealer shall provide a document from an FAA approved repair station or air carrier for each serviceable part indicating that the part is serviceable (not applicable to new parts unless work or test was performed on the part). The maintenance release must be **HAND SIGNED!** Inspection stamps or symbols or printed/stamped names are not acceptable. Refer to FAR 43 ,appendix B and to FAA Advisory Circular AC145.3, Appendix 1 for examples of a maintenance release statement for air carrier work. Refer also to FAA form 8130-3, Airworthiness Approval Tag for approval for return to service. A copy of the teardown report that describes the condition found at overhaul and list of significant parts replaced should be included.

Policy:

Parts and materials, on which maintenance has been performed for AI SYSTEMS ,by FAA Certificated Repair Stations , Part 121 Operators or other appropriately rated FAA certificate holders must be accompanied by a maintenance release document which clearly describes the “STATUS/WORK” of the part or material. Included with the document must be all applicable tear down, build up and test reports which must include a listing of the parts replaced.

Procedure:

-Any and all defined as “Maintenance” under the FAR’s, which is performed for AI SYSTEMS by outside contract agencies, will only be accomplished by appropriately rated FAA Certificate Holders.

-Upon Completion of the work ,the parts or materials returned must be an FAA form 8130-3 accomplished in accordance with FAA Notice 8130-21A. Included with the 8130-3 certification must be all applicable tear down , build up ,test reports and listing of parts replaced . The certification must clearly indicate the STATUS of the part or material. The certification must be **HAND SIGNED** . Stamps may be used but only for the purpose of verifying the hand signature. All documents must be originals . The certificate holder may retain copies if he/she so desires or is required to do so by regulation.

-Should parts or material be returned with inappropriate or incomplete documentation attached they will be quarantined until AI SYSTEMS requirements are satisfied.

Certification and Release of Material Traceability

Standard:

The distributor/dealer must have documented in its quality manual a system which demonstrates the ability to trace the parts or materials to the source of production or to an FAA certificate holder. In addition, the distributor/dealer must be able to provide, upon request, information pertaining to the approval status of each part .

Policy:

AI SYSTEMS will transmit to a buyer the original records evidencing traceability of all parts purchased. AI SYSTEMS purchases parts and materials in accordance with procedures established in our “Procurement” portion of this manual which assures traceability or determination that traceability does not exist. Parts or materials will only be sold with an honest and true material/part certification from AI SYSTEMS .The certification will divulge all that is known and will have attached all substantiating documents , in as close to their original form as possible, to support statements and certifications made . Buyers will be made aware of traceability prior to purchase.

Procedure:

- AI SYSTEMS requires traceability in accordance with section entitled “procurement” of this manual.
- The AI SYSTEMS certification BAAF-5 utilized is in accordance with the ATA Specification 106 standard that AI SYSTEMS has imposed on any and all suppliers from whom it purchases parts or materials . AI SYSTEMS demands traceability in accordance with that standard.
- In the event that traceability of a part or material is possible in accordance with the standard then AI SYSTEMS will make such information fully known on its certification. Should a buyers expectations for traceability be such that the part or material owned by AI SYSTEMS no qualify under the buyers standard that AI SYSTEMS will simply no sell the part.
- Consignment parts and materials will normally be handled in the same manner as any other items purchased , however, depending on who the consigner is , authorized letters specifying traceability against an inventory list may be acceptable in some case.

Certification and Release of Material

AI SYSTEMS Standard Certificate form BAAF-5

Standard:

AI SYSTEMS will utilize a standard parts material certificate for the release of materials . The standard adopted is the standard established by the Air Transport Association in ATA Specification 106.

Policy:

AI SYSTEMS adheres to policies and procedures established by the ATA standard in accordance with the following.

Procedure:

1. No parts or materials will be sold without being accompanied by a AI SYSTEMS Certification.
2. The BAAF-5 Certification satisfies a number of purposes:
 - A. It serves to completely identify any part(s) or material(s) being sold so any buyer is completely appraised of what he has purchased.
 - B. It serves as a liability protection for AI SYSTEMS in the event that some previous owner misrepresented parts or materials that have found their way into AI SYSTEMS possession.
 - C. It protects AI SYSTEMS from immediate buyers or future owners who might make false claims regarding the identification.,Status ,condition, etc of apart or material that had been in the possession of AI SYSTEMS.
 - D. It,by the statement of verification at block 18,makes clear to all parties that two the best of its n=knowledge the AI SYSTEMS authorized signature “.....attests that the documentation specified above or attached is accurate with regard to the item(s) described”.IT DOES NOT ATTEST TO ANYTHING BEYOND THAT.
 - E. It satisfies FAR43.9(a) requirment for the generation of a record when signed by an FAA certificated A & Pand the inclusion of his/her certificate number. The description of work performed shall be detailed in block 13A regardless of how miner the work may have been.
3. The BAAF-5 Certification will always be signed on the right side at block 19.
4. All certifications will be hand signed by the manager of quality assurance or his designee. The signers identification/inspection stamp will be applied over a portion of the signature.
5. The full procedures shich attend the BAAF-t Certification are covered in this manual in the section entitled “Procurement”.
6. The sample ATA 106 certification referenced at “Procurement section” has been.duplicated here in this section in this section in full size format. This is for use by AI SYSTEMS in the event that a seller of a part or material does not have an acceptable certification . AI SYSTEMS can send the seller a copy of the ATA 106 form and direct him to fill it out to the satisfaction of AI SYSTEMS.

Certification and Release of Material ATA Specification 106 Certification

1. PART OR MATERIAL CERTIFICATION FORM ATA specification 106						
2. Seller's name:			3. Reference			
4. Organization: Address:			Phone: FAX: Email: Slatus:			
5A.Seller's Contrack#			5B. Buyer's Contract#			
6.Item	7.Description	8.Part#& Maunufacturer	9.Eligibility	10. Qty	11.Serial/ Batch#	12. Stalus
13A. Remarks: The above parts have not been subiecf to severe stress or heat (as in a major engine failure.accident or file)and it was not obtained from any U.S.government .or military source.						
13B. Obtained From			13C. Last Cerlifiecaled Agency			
14. New Parts/Material Verification: The following signature attests that the part(s) or Material(s) identified above was (were)mfg by a FAA Production Approval Holder (PAH),or to an industry or commercial standard.			16. Used.Repaired or Overhauled Parts Venfication: The following signature attests that the documentation specified above or attached is accurate with regard to the item(s) described.			
15. Signature			19. Signature			
16.Name		17.Date:	20.Name		21.Date	

NOTICE: The above signature binds the seller and the SIGNER to the accuracy of the information provided in the Form Should the information provided in this Form contain inaccuracies or misrepresentaiions the signer and the SELLER may be liable for damages and the be subject to criminal prosecution under

Shipping Packaging

Standard:

The distributor/dealer quality system shall require components and parts to be shipped in an ATA-300 Specification Container appropriate for the unit being shipped, or as specified by the customer. The items should be packed in the container in a manner that will prevent damage from rough handling of the container.

Policy:

AI SYSTEMS uses ATA Spec 300 packaging when appropriate and always endeavors to use environmentally friendly packaging whenever possible. All hazardous material will be appropriately packaged. Big Air Aviation will take all steps necessary to ship parts in an appropriate manner to prevent contamination or damage.

Procedure:

1. Shipping will ensure that boxes and packaging material are more than adequate to insure material arrives safely at its final destination. Flammable, Toxic or volatile material will be adequately marked for safety and reliability to adhere to all specified regulations.
2. Shipping will visually check parts for such things as but not limited to physical damage, dents, distortions or other defects which may affect the use of the part.

Shipping Visual Inspection/Check

Standard:

The distributor/dealer quality system shall provide for appropriately trained personnel to conduct a complete visual inspection of all items being shipped.

Policy:

The Manager of Quality Assurance or his designee will check/inspect outgoing material parts and components for such things as but not limited to :Damage,part identification(part number, model number, serial number, description),quality ,state of preservations,condition, shelf life expiration,shipping container,and supportingdocumentation (packing slips ,certifications,tags, tear down reports, custom releases)prior to shipment.

Procedure:

1. The Manager of Quality Assurance will check all outgoing parts and material for conformity to AI SYSTEMS policy. Upon completion of all packaging and labeling the container will be placed in a dry environment to await pick up by the shipper.
2. When out going material does not meet the specification,it will be held in a designated area and an Exception Report Form BAAF-11 will be completed.

Shipping

Visual inspection/Check

Damage

Standard:

The supplier/distributor shall conduct a complete visual check of all shipped parts and materials for damage insured during shipping or storage.

Policy:

A Visual check shall include, but not limited to ,a check for any obvious physical damage.

Procedure:

Shipping will visually check parts for such things as ,but not limited to ,physical damage, dents, bends, distortions or other defects which may affect the use of the part.

Shipping Visual Inspection/Check Plugs and Caps

Standard:

Visual inspection shall include, but is not limited to verifying that all appropriate plugs and caps are installed.

Policy:

Department Managers will adhere to the same policies and procedures for the shipping of parts and materials as is AI SYSTEMS requirement for receiving inspection . These same requirements also prevail while parts and materials are stocked at AI SYSTEMS.

Procedure:

1. Shipping will verify that all caps and plugs are in place.

NOTE:TAPE SHALL NOT BE USED TO COVER ELECTRICAL CONNECTIONS OR FLUID FITTINGS/OPENINGS. ADHESIVE RESIDUE CAN INSULATE ELECTRICAL CONNECTIONS AND CONTAMINATE HYDRAULIC FUEL UNITS.

2. All parts with openings ,orifices,ventricles,oil lines ,tubing,cylinders,etc.will be sealed to prevent the entrance of foreign material to the part .When available only proper sealing plugs will be used.

Shipping

Visual Inspection/Check

Part Number Verification-shipping

Standard:

Visual inspection shall include verification that part numbers (including dash numbers and letters),model numbers ,serial numbers, lot and /or batch number ,etc.,of the items ,match the accompanying documentation.

Policy:

Quality Assurance will verify the part numbering of all parts and materials shipped .

Procedure:

1. The AI SYSTEMS Quality Assurance Manager or his designee shall perform a visual check that will include verification that all specifications match the accompanying documentation.
2. The part number and other identifiers to be verified may be painted etched,stamped or applied by other means to the part itself.
3. Deviations will be reported on the Exceptions Report BAAF-11 and the part/material held for reconciliation.

Shipping

Visual Inspection/Check

Part Number Verification-Requested

Standard:

Visual inspection shall include verification that part numbers(including dash numbers and letters),model numbers ,serial numbers ,lot and /or batch number ,etc.,of the items ,match the customers request/purchase order.

Policy:

Quality Assurance will review customers purchase orders prior to shipment.

Procedure:

Quality Assurance will verify at shipment that the part numbers of the parts or materials being shipped matches the customer request/ purchase order.

Shipping Visual Inspection/Check Packing Slips

Standard:

Visual inspection shall include verification that packing slips contain all information required by the customer.

Policy:

AI SYSTEMS will assure that packing slips contain all the information necessary in order for the customer to identify the shipment .

Procedure:

1. One(1)“copy”of the packing slip will be attached to the outside of each shipment.
2. A“second copy”will be included with the AI SYSTEMS certification which will be installed in an envelope which is included in the shipment.
3. A copy of the packing slip will be retained with the certification file.

Shipping Visual Inspection/Check Container and Packaging

Standard:

Visual inspection shall include verification that the shipping container and packaging is appropriate for the items being shipped.

Policy:

AI SYSTEMS uses ATA Spec 300 packaging when appropriate and always endeavors to use environmentally friendly packaging whenever possible . All hazardous material will be appropriately packaged.

Procedure:

Shipping will ensure that boxes and packaging material are more than adequate to ensure material will arrive safely at its final destination. Flammable ,toxic or volatile material will be adequately marked for safety and reliability to adhere to all specified regulations.

Shipping

Visual Inspection/Check

Documentation Completion

Standard:

Visual inspection shall include verification that all appropriate required documentation(maintenance release, material certification,traceability documents, etc.)are at hand ,properly completed,and signed.

Policy:

AI SYSTEMS maintains on file or attached to all stock ,copies all pertinent documentation,along with inspections ,receiveng and shipping documents .

Procedure:

AI SYSTEMS will ship each part(s) or material(s) sold all appropriate documents involving maintenance release, certification,traceabiliyt,etc,in accordance with the procedure specified by the material specification. Please refer to the form entitled BAAF-5. Such documents shall be in their original form or if not originals than at least in the form received. Copies of all pertinent documentation will be retained by AI SYSTEMS as a package for each individual sale transacted.

Records Traceability

Standard:

The distributor /dealer shall maintain documentation of traceability for at least seven years from the time of sale to the customer. Documents must demonstrate serial number or lot and batch traceability when applicable. The distributor/dealer shall maintain a filing system such that the data is readily available and identifiable for each customer, each purchase.

Policy:

AI SYSTEMS maintains documentation for at least seven years.

Procedure:

Traceability documentation is attached to each applicable purchase order and is filed by customer and invoice order number.

Records

Raw Stock

Standard:

The distributor/dealer shall have in place a system governing the storage, distribution, and retrieval of documents confirming that the physical and chemical properties of raw stock aircraft materials (materials that are installed on and become part of the aircraft) are in conformance with applicable technical specifications.

Policy:

Documentation confirming the physical and chemical properties of raw stock will be maintained in accordance with the following procedures.

Procedure:

1. All “original” records for the part number stock which also must identify it by lot/batch number shall be filed in an envelope and maintained with the raw stock at receipt.
2. As each order for the stock is processed a full “copy” of all the “original” records is made and goes with the shipment along with all other AI SYSTEMS certifications and shipping documents. A second full copy of the original records is filed with the purchase order from the customer.
3. When the full stock in the batch/lot has been depleted than the “original” records are filed by the last sae invoice number.
4. The “original” records will remain on file for at least seven years.

Records

Standard Parts

Standard:

Records confirming fastener integrity including physical and chemical test reports, shall be maintained for a minimum of seven years.

Policy:

Records confirming fastener integrity by physical and/or chemical test will be maintained along with traceability documentation.

Procedure:

1. The procedure for maintaining records for standard parts is the same as that specified for raw material. The only difference would be that raw material are sold by linear measurement and standard parts such as fasteners are sold by a numbered quantity.
2. Refer to section entitled Records/Raw Stock on previous page

Records

Life Limited Parts

Standard:

All life limited parts shall have records confirming their life limited status.

Policy:

Each life limited part purchased by AI SYSTEMS must be accompanied by a Certification Documents produced by the previous operator at the time the part was removed form service. In addition,the document is requied to certify the part number,serial number, total time ,total cycles,serial number and part number and part number/model number of the aircraft/component that the part was removed from .This document must be sigend by an FAA or CAA Certificated organization or individual.

Procedure:

1. All life limited parts will be accompanied by records to birth ,with no discrepancies or gaps.
2. The certification accompanying the part must be either an 8130-3,JAA Form-1,or an ATA Specificaton 106 certification.
3. The certification in its original signed form will remain with the part while in AI SYSTEMS possession and will be transferred with the part to new owner at the time of sale.
4. A copy of all pertinent documentaion will remain with AI SYSTEMS at the time of sale and will be retained for seven years.

Technical Data Control

Technical Data

Standard:

Technical data when required shall be maintained in a manner that ensures such data is up to date and accessible as appropriate. Hand entries or corrections to technical data are not acceptable.

Policy:

AI SYSTEMS does not engage in maintenance as regulated by FAR 43.13. Therefore AI SYSTEMS does not maintain any data for any purpose where maintenance is accomplished. Any and all data in the possession of AI SYSTEMS of any sort, kind or type is for reference and familiarization only.

Procedure:

In the event that inspection is performed that qualifies as maintenance and can only be done in accordance with current applicable data than such data will be obtained for use by FAA certificated personnel. The data will be referred to in the record of maintenance performed and a copy of the applicable data will be retained and filed with all pertinent records.

Contract Review Process

Standard:

AI SYSTEMS shall have and utilize a standard for authorization and limitations concerning the entering into of agreements with customers.

Policy:

AI SYSTEMS may enter into various agreements between sources of supply ,vendors ,customers and other clients which are related to the companies business.Evauation of proposed contracts will be the responsibility of the president who ,will ersure that the company is capable of performing the obligatlon of the contract.

Procedure:

1. The President,as an officer of the company ,is the only person at AI SYSTEMS authorized to execute standing contracts of obligation with any agency.
2. Individual agreements involving the instant purchase or sale of parts or materials may be executed by authorized personnel.
3. Standing contracts which have been executed will be kept on file . The file will be reviewed thirty days prior to the anniversary date for renewal or cancellation.



President of AI Systems