

AIRCRAFT PARTNERSHIP

SAMPLE SAMPLE SAMPLE

READ VERY CAREFULLY. GET YOUR ATTORNEY TO REVIEW. We've used this agreement in other partnerships. It seems to have worked out very well. Good luck. John

This Partnership is entered into this 1st day of November, 1995 by and between;

XXXX#1
XXXX#2
XXXX#3
XXXX#4

The undersigned desire to constitute themselves a partnership for the purpose of acquiring a 1984, Aero Vodochody L39C Ser # 436767, and holding title thereto as Tenants in Common.

The purchase price shall be \$320,000.00, Of which 1/4, or \$80,000.00 shall be paid in cash equally by the partners.

Liability/Hull Insurance

Adequate insurance shall be carried by the partnership to insure against the reasonably anticipated risk of the operations intended.

Basing

The aircraft shall be based at the Reid Hillview Airport, and the costs of Tie-down/Shelter at said base shall be borne equally by the partners. Cost attributable to storage, parking, tie-down, or landing fees while the aircraft is being operated away from the base, shall be borne by the person so operating.

Other Pilots

No other person other than the partners shall be authorized to operate the aircraft except with the express consent of all the partners, and then only if that person has the experience level required by the insurance policy or policies carried.

Usage

No commercial or for hire operations, as defined by current FAA regulations , may be performed in the aircraft.

The above stated Partners may receive flight instruction to maintain or upgrade their current certification. No other flight instruction activities will be performed in the aircraft.

Fixed Expenses

A Fixed Expense Account shall be maintained and contributed to equally by the partners. The contribution rate will be \$500.00 per partner, per month.

This rate will be adjusted periodically in order to cover anticipated expenses.

Out of this fund the fixed expenses shall be paid. The fixed expenses are defined as tie-down/hanger at the base, insurance, annual inspection and licensing, and taxes.

Operating Expenses

Operating expenses shall include such items as oil changes replacement of tires, brakes, battery, hydraulic fluid, radio airframe, engine, and access ory repair and maintenance. These operating expenses shall initially be paid for by the partners equally. There shall be a yearly adjustment upon the basis of

total hours flown in the aircraft by each for the preceding year. Each person operating the aircraft shall clean, fill, and service all systems at the end of each flight, at his/her own expense.

Insurance Deductibles

The person operating the aircraft during the time of an accident is responsible to the extent of the deductible amounts under the insurance policies.

Flight Scheduling

The aircraft will be reserved on the Aircraft Use Schedule on a first-come, first-served basis, with the exception of the Priority Pilot. The reservation is canceled if the reservist fails to show in the first 15 minutes of the scheduled time. In the event of a delayed take off such as a weather delay the aircraft must be rescheduled on the first-come first-served basis.

First-come, First-served usage is limited to three hours duration for non-priority pilots. Any anticipated usage greater than three hours must secure the permission of the Priority Pilot.

Only the Priority Pilot may RON, if a non priority pilot wishes to schedule a RON, he/she must secure the permission of the Priority Pilot, once given, it is irrevocable.

NOTE: The Priority Pilot method will be reviewed at regular intervals to determine if there are problems with aircraft availability. A more stringent method would require verbal permission from the Priority pilot prior to any non-priority pilot usage.

Priority Pilot

The partners will serve as Priority Pilot on a weekly rotation, the changeover occurring at 2359hrs (Calif) on Wednesday. The Priority Pilot may RON at any time, but must make every effort to notify persons bumped from the schedule .

The Priority Pilot may bump non priority pilots off the schedule, however, the Priority Pilot may not bump if the non priority pilot already has possession of the aircraft, IE; preflight, or already airborne.

If a non priority pilot is bumped, the Priority Pilot should make every effort to notify the bumped person of that fact.

Even though the Priority Pilot can have exclusive use of the aircraft, it's recommended that they schedule their usage in the Aircraft Use Schedule. This guarantees the aircraft will be there during that time and also makes planning for the non-priority pilot much easier.

Aircraft Use Schedule

An Aircraft Use Schedule shall be maintained at the aircraft Tie-down/Shelter site. This schedule will contain the Priority Pilot schedule and any other aircraft usage, such as maintenance, annuals, etc. that can be scheduled ahead of time.

The Non-Priority Pilot may also make RON and other permission request in the schedule. This is accomplished by entering the departure time and expected return time into the schedule. If the Priority Pilot initials and dates the entry, this is considered irrevocable permission to use the aircraft during those times .

Partners should review the Aircraft Use Schedule on a regular basis. Daytime

and Evening phone numbers will be maintained in the schedule for anyone who reserves the aircraft.

Aircraft Use Log

An Aircraft Use Log will be maintained at the aircraft tie-down/Hanger site .

All aircraft usage times will be entered into the log, along with any equipment write-ups, any maintenance performed on the aircraft, any oil required during servicing, etc. These entries are the responsibility of the person operating/maintaining the aircraft.

Aircraft Servicing

After each use the person using the aircraft will tie-down/Shelter the aircraft, chock the wheels, empty cockpit and seat pockets, and ensure the general cleanliness of the aircraft. The person using the aircraft will also ensure that the fuel level is filled after their flight. It's recommended that each person who anticipates using the aircraft set up a charge account with the on base fuel supplier. Persons failing to fill will reimburse the person who ultimately fuels the aircraft.

Aircraft Use Fee

Each person who uses the aircraft should reimburse the partnership Operating Expense Account at an initial rate of \$150.00 per hour. This rate will be adjusted according to operating expenses as agreed upon by the partners.

Individual usage will be determined on a monthly basis by reviewing the Aircraft Use Log. Funds collected will become part of the Operating Expenses Fund for the aircraft.

Away from base

Unscheduled maintenance or repairs required to return the aircraft to a flyable condition, while away from base, will be considered operating expenses and be borne equally by the partners. However, additional expenses

incurred as a result of the non-flyable aircraft, such as lodging, food, alternate transportation are the sole responsibility of the person operating the aircraft.

If the aircraft has to remain at another base, expenses incurred in returning to pick up the aircraft, such as lodging, food, and transportation, should be negotiated between partners as an operating expense. However, if negotiations fail, the person who left the aircraft at the away base is solely responsible for these expenses.

Additional Equipment

Any partner/partners may add additional equipment to the aircraft, providing all partners agree to the installation. If the partners are unable to agree upon the cost of the addition equipment, any partner or partners may add such other equipment, and pay the cost of such equipment, its installation, and cost associated with the equipment.

At the time of dissolution, one of two options will apply;

- 1) The original purchasers may be reimbursed based on the cost of the equipment and installation, not to exceed \$1,500.00, regardless of its then depreciation value. This shall not apply to materials or labor expended for maintenance, repair or replacement of equipment necessary to keep the aircraft in substantially the same condition as on its acquisition.
- 2) The original purchaser must restore the aircraft to its original configuration, and bear all cost with the restoration process.

Rules and Regulations

This aircraft shall at all times be flown and maintained in accordance with all applicable Federal Air Regulations and requirements of duly constituted authority. Any deficiencies resulting therefrom which cause any civil penalties to be levied shall be borne by the persons responsible for the violations. In the event that the violation is not directly attributable to the responsibility of one partner, the cost shall be borne equally.

Unilateral Authority

No partner shall, without the consent of the others, contract, or otherwise obligate the partnership to the payment of any sum of money in excess of \$1000.00. No partner shall, without the consent of the others, suffer any lien to be levied against the aircraft in excess of said \$1000.00. If a lien is levied, it shall be grounds for dissolution of the partnership, at the option of the innocent partners, and the costs required to satisfy said lien shall come out of the share of the retiring partner.

Delinquencies

Any delinquency in the payment of charges, costs or fees arising out of the terms of this agreement, whether fixed, operating usage, finance or otherwise, which are delinquent for more than thirty (30) days, shall result in the deprivation of flight privileges of the delinquent partner. Any delinquency which continues thereafter for an additional sixty (60) days, shall be grounds for involuntary dissolution at the option of the non-delinquent party, pursuant to the terms hereinafter specified for involuntary dissolution. If there be any default in the payment of loans secured by the aircraft, the non-defaulting

party may at his/her election cure the default, and he/she shall be subrogated to the extent to the interest of the lien holder. Such default shall then be treated as a delinquency.

Buy-Out Insurance

It is the present intention of the partners to apply for policies of term insurance upon the life of the others, in the face amount of \$100,000.00. It is intended thereby to enable the surviving partner/partners to buy out the shares of the deceased partner/partners.

Voluntary dissolution

If for any reason any of the partners wishes to dissolve the partnership, he/she shall send a written notice to that effect to the other partners by certified mail, return receipt requested, at the address set forth above. Within ten (10) days from receipt thereof, the remaining partners shall send written notice by certified mail, return receipt requested, to the retiring partner, at the address set forth above, of the election of the remaining partners to proceed in one of three ways:

- (a) To purchase from the retiring partner his/her share of the partnership assets, at one-fourth of the appraised value.
- (b) To allow the retiring partner to sell his/her share to whomsoever he/she chooses, for no less than one-fourth (1/4) of the appraised value of the assets.
- (c) To sell all of the assets of the partnership to whomever he/she wishes, for no less than the appraised value of the assets.

Upon the sending of the notice of dissolution, each partner shall nominate one

qualified appraiser. If the partners fail to agree on a value of the partnership assets, then the four named appraisers shall nominate a fifth, who, together, shall at their earliest convenience, determine the fair market value of the partnership assets, which value shall then become the appraised value. The cost of such appraisal shall be borne equally by the partners.

In the event that the remaining partners, in a voluntary dissolution, elect under subparagraph (a) or (c), the purchase or sale shall be completed within ninety (90) days from the receipt of the notice of dissolution. If at the end of the ninety (90) day period the remaining partners have not consummated the sale or purchase, then the retiring partner shall have the option to either (a) sell entirely and to whomsoever he/she pleases, all of the assets of the partnership for no less than appraised value, or (b) sell his/her share of the partnership assets to whomever he/she pleases, for no less than one-fourth the appraised value. If the remaining partners elects under subparagraph (a) and the purchase is consummated as provided, then the remaining partners may at any subsequent time sell all or any portion of their interest, without accounting for the proceeds to the retiring partner.

Whenever the retiring partner has the right to sell his/her share of the partnership assets, he/she may only sell his/her share to a single individual, to avoid dilution of the ownership and the problems attendant upon an increase in the number of users. In the event a new partner is thus brought into the partnership, it shall expressly be stipulated that he/she must agree to and sign the partnership agreement.

Involuntary Dissolution

If any party shall be in default of any of the terms in this agreement, and

fails
for thirty (30) days after notice thereof to cure such default then the partners
who are not in default may initiate dissolution proceedings. In this event,
the
dissolution shall be considered involuntary, and the non-defaulting partners
shall be considered as the remaining partners, and the partner who is in
default shall be considered the retiring partner, for the purposes of the
procedure set out above under voluntary dissolution; provided however, that

thirty (30) day default provision shall not apply to defaults in the payment of
money, which defaults have been provided for elsewhere in this agreement
with respect to involuntary dissolution.

Lien on Dissolution

Any just charges owed by the partner to the others shall become a lien upon
the interest of the partnership indebted, and shall be satisfied out of the
proceeds of sale upon dissolution.

Death of a Partner

The demise of any of the partners shall be considered as a notice of
dissolution, and the provisions relating to voluntary dissolution shall
apply.

Estimated Value

Once each calendar year each partner will submit their estimate of the value
of the aircraft. The estimated value shall become the average of those three
values. If during the course of dissolution or any other matter, and all partners
agree, the appraised value of the aircraft shall become this estimated value.
Also, if all partners agree, the appraised value of the partnership assets shall

become the estimated aircraft value, plus the current value of the fixed and operating expense funds, plus any miscellaneous equipment belonging to the partnership.

Sale Above Appraised Value

Upon the sale of either partner's share of the assets, or the entire assets of the partnership, whether by voluntary or involuntary dissolution, if the sale price exceeds the appraised value, or one-fourth (1/4) thereof, as the case may be, the balance shall be divided equally between the partners .

Sale Below Appraised Value

No sale of one-fourth or all of the partnership assets shall be for less than the appraised value thereof, without the mutual consent of the partners.

Arbitration

If any dispute arises under or by virtue of any of the terms of this agreement, the partners shall submit the dispute to arbitration at the American Arbitration Association, San Francisco, Ca., pursuant to the rules and regulations of the American Arbitration Association. Judgment may be entered in any Court of competent jurisdiction upon the rendition of any final decision by the arbitrators .

Partner

Partner

Partner1

Partner

Partner