

AIRCRAFT PARTNERSHIP AGREEMENT

BETWEEN _____

AND _____

WITH REGARD TO

MAKE: _____

MODEL: _____

SERIAL #: _____

REGISTRATION #: N_____

DATE: _____

BASED AT: CAMARILLO AIRPORT, CAMARILLO, CALIFORNIA

This agreement is effective the ____ day of _____, 20____, by and between _____, _____, _____, and _____.

The persons above elect to form a co-ownership for the purpose of purchasing and owning as tenants in common, a _____ aircraft, registration number _____, and operating the aircraft for the co-owners' business, training and pleasure or any use the co-owners may agree upon by majority vote of the co-owners.

Purchase price of the aircraft is \$_____ to be sold in 1/3 shares in the amount of \$_____. Sales tax in the amount of _____ will be paid at the time of the purchase. See exhibit A for a complete breakdown of the transaction.

Co-owners shall contribute a monthly sum to cover regular, fixed costs including, but not limited to, hanger, insurance, personal property tax and wash and wax.

Funds to cover either fixed expenses or special assessments shall be payable on or before the first day of each month during the term of this Agreement. If any co-owner is more than sixty (60) days in arrears in the payment of the monthly contribution or special assessment, the non-delinquent co-owners may make a decision regarding the aircraft which, under the terms of this Agreement, would otherwise require mutual consent.

Management of the aircraft shall be overseen by Channel Islands Aviation. The Accounting Department shall maintain possession of the accounting records of the partnership and shall perform the necessary administrative accounting functions of the partnership.

Meetings of the partnership shall be held at least four (4) times each year, once every three (3) months, or more often as agreed by the co-owners. Notice of the time and place of each regular meeting shall be given by Channel Islands Aviation. Special meetings may be called by any partner as he/she may deem necessary for the continued welfare of the partnership with a minimum of 14 days notice.

Complete accounting records of all partnership activities shall be kept and shall be open to review by the other co-owners upon reasonable request. Copies of registration certificate, bills of sale, and aircraft logs shall be maintained by Channel Islands Aviation and made available to the other co-owners at any reasonable time and upon reasonable notice.

No co-owner, without the consent of the other co-owners shall:

- a. Sell, assign, hypothecate, encumber or pledge his/her equity in any of the co-ownership assets, except as provided for in this agreement;
- b. Borrow or lend money on behalf of the co-ownership;

c. Transfer, sell, consign or grant release of any claim of the co-ownership or consent to an arbitration on any dispute involving the co-ownership;

Rules and Regulations

The 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 which cause any civil penalties to be levied shall be borne by the person responsible for the violation. In the event that the violation is not directly attributable to the responsibility of one of the co-owners, the cost shall be borne equally by all co-owners.

Any co-owner finding an equipment condition that presents a hazard to further use shall have the right and duty to declare the aircraft disabled, grounded and incapable of further flight (or ground movement, as the case may be) until the condition is remedied. The condition shall immediately be reported to the co-owner in charge of maintenance as well as other co-owners.

Damage Due to Faulty Technique

Damage resulting from faulty flying and/or handling technique will be the responsibility of that individual co-owner causing such damage, except as may be paid by insurance on the aircraft. Damage caused by the negligence of a co-owner not indemnified by insurance (such as a deductible) will be repaired at his/her sole expense and in an expeditious manner so as to permit the operations of the co-ownership to continue without undue delay or inconvenience. Penalties levied against any co-owner for acts in violation of any law governing the operation of the aircraft shall be borne solely by the co-owner causing the violation.

Aircraft Use Restrictions

The aircraft will not be used commercially, for air taxi, or charter purposes. The co-ownership may, upon mutual consent, elect to lease the aircraft to a bona-fide flight training operation for the purpose of student training.

Pilot Currency

All co-owners flying the aircraft shall be current every 45 day and must be current on their instrument proficiency.

Runway Lengths, Surfaces

The aircraft shall be landed at licensed airports only. Landings at airstrips under _____ usable feet in length shall not be attempted. Landings should be made on suitable surfaces only.

Primary Responsibility

Channel Islands Aviation shall be responsible for the receipt and disbursement of all monies relating to co-ownership business, and CIA shall be responsible for the initiation and implementation of maintenance activity and programs.

International Operations

The aircraft may be flown to a foreign country only if the pilot makes the required documentary arrangements for the trip. Insurance necessary to comply with the destination country's laws must be arranged at the sole expense of the pilot prior to entering the airspace of that country. Under no circumstances will a country not honoring U.S. passports be entered.

Arbitration

If any dispute arises under or by virtue of any of the terms of this Agreement and which the co-owners cannot resolve, the co-owners shall submit the dispute to arbitration at _____, _____, pursuant to the rules regulations of the American Arbitration Association. Judgment may be entered into in any court of competent jurisdiction upon the rendition of any final decision by the arbitrators.

Aircraft Insurance

Liability insurance in the amount of not less than \$_____ per person, \$_____ per occurrence and \$_____ per passenger shall be procured from a carrier specializing in aircraft insurance. Hull insurance in the amount of \$_____ shall be maintained in force during the term of this Agreement. Hull limit increases shall be incorporated when hull value increases by \$_____ or more by virtue of any circumstance. Hull damage deductibles shall not exceed \$_____ for loss while NOT IN MOTION and \$_____ while IN MOTION.

Scheduling

The aircraft will be posted on CIA's on-line schedule. A 7 day maximum scheduling is allowable without the other partner's consent. Maximum utilization for _____ share is _____ hours.

Conditioning After Use

Following the use of the aircraft by any co-owner, he/she shall install gust locks, chains, chocks, weather covers and other devices which secure the aircraft to the ground appropriate to foreseeable weather or other physical conditions whether at home base or while at any temporary base.

DOC or Direct Operating Costs

Fuel

Partners are responsible for their own cost of fuel and shall pay the partnership account an amount based on an hourly rate of \$_____.

Maintenance

Partners will be responsible for all maintenance costs pro-rated to their percentage of hourly use. This is to include but not limited to periodic inspections, oil changes, replacement of tires, brakes, battery, hydraulic fluids, radios, airframe, engine, propeller and accessory repair, aircraft cleaning and maintenance. The aircraft will be maintained to manufacturer's recommendations including 50 hour oil changes and 100 hour/ annual inspections.

Fixed Expenses

The fixed expenses such as tie down/hanger, insurance, engine overhaul reserves and other required inspections, licensing and taxes. Fixed costs will be divided evenly between the four partners on a monthly basis or Fixed costs will be pro rated to the percentage of hourly use.

Overhaul

Each partner is responsible for their pro-rated share of the overhaul.

The existing _____ hours of engine time will be allocated equally at the time of the purchase.

Upgrades

Partners will be accessed for upgrades when the majority agree necessary.

Additional Equipment

The co-owners may, by mutual agreement, add additional equipment to the aircraft or support equipment inventory. This added equipment must be kept operational to assure flight status per the Federal Air Regulations governing in-aircraft equipment of this type.

Right of First Refusal

No co-owner shall sell his/her interest in the co-ownership except upon the following terms:

The existing partners shall have the right of first refusal. Any new partner that would be brought into the partnership would have to be approved by the existing partners. In the event the partners could not agree the dispute is subject to arbitration.

In the event the dispute could not be resolved and the partners could not agree it would be necessary to liquidate the aircraft.

Lien or Dissolution

Any just charges owed by one co-owner to another shall become a lien upon the interest of the co-owner indebted and shall be satisfied out of the proceeds of sale upon dissolution. Indebtedness may be satisfied by a like increase in the equity of the creditor co-owner with the mutual consent of the other co-owners.

In AGREEMENT THEREOF the co-owners have signed this Agreement the day and year first executed on Page 1 and are:

_____	_____
Co-owner	Date
_____	_____
Co-owner	Date
_____	_____
Co-owner	Date
_____	_____
Co-owner	Date
