Accepted CW Apr/29/2010

SEAPLANE ADVENTURES LLC

FEBRUARY 16, 2010

FAA AIRCRAFT REGISTRATION
BRANCH, AFS-750
P.0. BOX 25504
OKLAHOMA CITY, 0K 73125

REF.: AIRCRAFT DEREGISTRATION

TO WHOM IT MAY CONCERN:

PLEASE CANCEL THE REGISTRATION FOR THE AIRCRAFT LISTED BELOW, AS IT HAS BEEN SCRAPPED.

MAKE	:	GRUMMAN MALLARD
MODEL	:	G73T
SERIAL No.	:	J-42
N. No.	:	N142 PA

ONCE THE AIRCRAFT HAS BEEN DEREGISTERED, PLEASE SEND CONFIRMATION BY FAX TO : 203 422 0602.

WE THANK YOU FOR YOUR ASSISTANCE.

SINCERELY,

ANDREW SHASHA
SEAPLANE ADVENTURES, LLC
MANAGING MEMBER

75 Holly Hill Lane, Greenwich, CT 06830 • Tel (203) 422-2512 • Fax (203) 422-0602

FILED WITH FAA
AIRCRAFT REGISTRATION BR

2010 APR 13 AM 7 56

OKLAHOMA CITY
OKLAHOMA

DEREGISTRATION OF UNITED STATES CIVIL AIRCRAFT

U.S. Registration	Temp	I.R.	Manufacturer	Model	Serial Number
N-142PA	Yes ☐ No ☒	Yes ☒ No ☐	GRUMMAN	G-73T	J42

Last Registered Owner SEAPLANE ADVENTURES LLC

GENEVA CONVENTION – Lien/Lease Information on File

☐ None

☐ Lien Conveyance No. _____ Lien holder: _____

☐ Lien Conveyance No. _____ Lien holder: _____

☐ Lease Conveyance No. _____ Lessee: _____

☐ Lease Conveyance No. _____ Lessee: _____

CAPE TOWN TREATY - Lien Information on File

☐ Written certification was received from IDERA authorized party that all registered interests ranking in priority to authorized party have been discharged or the holders of such interests have consented to the export.

Conveyance No. _____
IDERA Authorized Party: _____

☐ Written certification was received from the owner that all outstanding interests in the FAA aircraft record have been discharged or the holders of such interests have consented to the export.

☐ None

☐ Lien Conveyance No. _____ Lien holder: _____

☐ Lien Conveyance No. _____ Lien holder: _____

☐ Lease Conveyance No. _____ Lessee: _____

☐ Lease Conveyance No. _____ Lessee: _____

The above registration is to be canceled for the reason checked below:

☐ Accident ☐ Exported to: _____
☒ Totally destroyed or scrapped
☒ At the request of: ☒ Registrant ☐ Owner ☐ IDERA Authorized Party (Export only)
☐ Revocation
☐ Other (*Specify*) _____

INDEX CHECKED THROUGH:

Official approving the cancellation:	TIME:	DATE:
Name: DONNA THOMPSON		March 25, 2010

CONFIRM TO: _____ COPY TO: ☐ WIRE ☐ MAIL
FOREIGN MARKINGS: _____

The above registration has been canceled and records adjusted accordingly. Donna Thompson	DATE: March 25, 2010

Accepted DT Mar/25/2010

SEAPLANE ADVENTURES LLC

FEBRUARY 16, 2010

FAA AIRCRAFT REGISTRATION
BRANCH, AFS-750
P.0. BOX 25504
OKLAHOMA CITY, 0K 73125

REF.: AIRCRAFT DEREGISTRATION

TO WHOM IT MAY CONCERN:

PLEASE CANCEL THE REGISTRATION FOR THE AIRCRAFT LISTED BELOW, AS IT HAS BEEN SCRAPPED.

MAKE	:	GRUMMAN MALLARD
MODEL	:	G73T
SERIAL No.	:	J-42
N. No.	:	N142 PA

ONCE THE AIRCRAFT HAS BEEN DEREGISTERED, PLEASE SEND CONFIRMATION BY FAX TO : 203 422 0602.

WE THANK YOU FOR YOUR ASSISTANCE.

SINCERELY,

ANDREW SHASHA
SEAPLANE ADVENTURES, LLC
MANAGING DIRECTOR

75 Holly Hill Lane, Greenwich, CT 06830 • Tel (203) 422-2512 • Fax (203) 422-0602

FILED WITH FAA
AIRCRAFT REGISTRATION BR

2010 FEB 23 AM 11 03

OKLAHOMA CITY
OKLAHOMA

NB000162 Conveyance Recorded May/29/2008 01:36 PM FAA

DESCRIPTION OF AIRCRAFT:

MANUFACTURER: GRUMMAN

MODEL/SERIES: G-73T

SERIAL NUMBER: J42

U.S. REGISTRATION NUMBER: N 142PA

DISCLAIMER OF INTEREST

THIS WILL SERVE AS PUBLIC NOTICE THAT THE UNDERSIGNED HEREBY DISCLAIMS ANY AND ALL PURPORTED RIGHT, TITLE, OR INTEREST IN AND TO THE ABOVE DESCRIBED AIRCRAFT WHICH MAY HAVE ARISEN BY VIRTUE OF:

An unrecorded copy of a Subordination Agreement dated 06/18/06, filed 01/31/06 as micro #1258, refiled 03/15/06 as micro #1646, refiled 07/14/06 as micro #0009, and refiled on 06/20/07 as micro #1853, between Avignon Realty, Inc. and K & J Aircraft Parts, Inc. This document includes two Pratt & Whitney PT6A-34 engines with serial numbers 57462 and 57465, and two Hartzell HCB3TN-3DY propellers with serial numbers BU13940 and BU18209.

On 07/14/07, the FAA returned the Subordination Agreement to IATS in the PD Room for the certified copy to be corrected to match the original copy submitted.

DATED THIS 4th DAY OF January, 2008

Avignon Realty, Inc.
(NAME)

J. Paul M., President
(SIGNATURE & TITLE)

Form Provided Courtesy of Aero-Space Reports, Inc.

080431258387
$10.00 02/12/2008

FILED WITH FAA
AIRCRAFT REGISTRATION BR
2008 FEB 12 PM 12 54
OKLAHOMA CITY
OKLAHOMA

DOCUMENT LEVEL ANNOTATIONS

SEE RECORDED CONVEYANCE S132221 C358 PG1
RECEIPT #080781100565 3/18/08 $15.00

NB000161 Conveyance Recorded May/29/2008 01:36 PM FAA

DESCRIPTION OF AIRCRAFT:

MANUFACTURER: GRUMMAN

MODEL/SERIES: G-73T

SERIAL NUMBER: J42

U.S. REGISTRATION NUMBER: N 142PA

DISCLAIMER OF INTEREST

THIS WILL SERVE AS PUBLIC NOTICE THAT THE UNDERSIGNED HEREBY DISCLAIMS ANY AND ALL PURPORTED RIGHT, TITLE, OR INTEREST IN AND TO THE ABOVE DESCRIBED AIRCRAFT WHICH MAY HAVE ARISEN BY VIRTUE OF:

An unrecorded copy of a Subordination Agreement dated 06/18/06, filed 01/31/06 as micro #1258, refiled 03/15/06 as micro #1646, refiled 07/14/06 as micro #0009, and refiled on 06/20/07 as micro #1853, between Avignon Realty, Inc. and K & J Aircraft Parts, Inc. This document includes two Pratt & Whitney PT6A-34 engines with serial numbers 57462 and 57465, and two Hartzell HCB3TN-3DY propellers with serial numbers BU13940 and BU18209.

On 07/14/07, the FAA returned the Subordination Agreement to IATS in the PD Room for the certified copy to be corrected to match the original copy submitted.

DATED THIS 4 **DAY OF** Jan, 08.

K & J Aircraft Parts, Inc.

(NAME)

Pres.

(SIGNATURE & TITLE)

Form Provided Courtesy of Aero-Space Reports, Inc.

FILED WITH FAA
AIRCRAFT REGISTRATION BR
2008 FEB 12 PM 12 54
OKLAHOMA CITY
OKLAHOMA

DOCUMENT LEVEL ANNOTATIONS

SEE RECORDED CONVEYANCE S132221 C358 PG1
RECEIPT # 080781100565 3/18/08 $25.00

NB000160 Conveyance Recorded May/29/2008 01:20 PM FAA

LEASE TERMINATION

LESSOR:

SEAPLANE LEASING II, LLC, REASSIGNED TO
SEAPLANE ADVENTURES, LLC

LESSEE:

FLYING BOAT, INC.

ASSIGNED TO:

OCEAN BANK, REASSIGNED TO
K & J AIRCRAFT PARTS, INC.

RE:

N142PA
GRUMMAN MODEL G-73T
SERIAL NUMBER J42

ENGINES: PRATT & WHITNEY PT6A-34, SERIAL NUMBERS 57642 AND 57465

PROPELLERS: HARTZELL HCB3TN3DY, SERIAL NUMBERS BU13940 AND BU18209

LEASE AGREEMENT, DATED 10/28/99, RECORDED 12/08/99, AS CONVEYANCE NUMBER K23806;

ASSIGNMENT, DATED 11/30/01, RECORDED 01/15/02, AS CONVEYANCE NUMBER H104498;

RESTATED LEASE ASSIGNMENT, DATED 09/19/03, RECORDED 11/10/03, AS CONVEYANCE NUMBER H031323;

REAFFIRMATION AND ASSIGNMENT OF LEASE, DATED 02/07/05, RECORDED 03/31/05, AS CONVEYANCE NUMBER CC019969; AND

ASSIGNMENT, DATED 12/06/05, RECORDED 02/13/07, AS CONVEYANCE NUMBER HK030322.

FILED WITH FAA
AIRCRAFT REGISTRATION BR
2008 FEB 12 PM 12 54
OKLAHOMA CITY
OKLAHOMA

FILED WITH FAA
AIRCRAFT REGISTRATION BR
2008 MAR 18 AM 10 51
OKLAHOMA CITY
OKLAHOMA

THE UNDERSIGNED HEREBY CERTIFY AND ACKNOLEDGES THAT THE ABOVE-DESCRIBED AIRCRAFT LEASE HAS BEEN TERMINATED AND THAT THE ABOVE-DESCRIBED COLLATERAL IS NO LONGER SUBJECT TO THE TERMS AND PROVISIONS THEREOF. THE ABOVE DESCRIBED AIRCRAFT LEASE WAS TERMINATED ON _____.

LESSOR: SEAPLANE ADVENTURES, LLC

_____
(SIGNATURE & TITLE)

LESSEE: FLYING BOAT, INC.

_____
(SIGNATURE & TITLE)

ASSIGNED TO: K & J AIRCRAFT PARTS, INC.

_____
(SIGNATURE & TITLE)

FILED WITH FAA
AIRCRAFT REGISTRATION BR
2008 FEB 12 PM 12 54
OKLAHOMA CITY
OKLAHOMA

FILED WITH FAA
AIRCRAFT REGISTRATION BR
2008 MAR 18 AM 10 51
OKLAHOMA CITY
OKLAHOMA

THE UNDERSIGNED HEREBY CERTIFY AND ACKNOLEDGES THAT THE ABOVE-DESCRIBED AIRCRAFT LEASE HAS BEEN TERMINATED AND THAT THE ABOVE-DESCRIBED COLLATERAL IS NO LONGER SUBJECT TO THE TERMS AND PROVISIONS THEREOF. THE ABOVE DESCRIBED AIRCRAFT LEASE WAS TERMINATED ON _____.

LESSOR: SEAPLANE ADVENTURES, LLC

Managing Director

(SIGNATURE & TITLE)

LESSEE: FLYING BOAT, INC.

_____

(SIGNATURE & TITLE)

ASSIGNED TO: K & J AIRCRAFT PARTS, INC.

_____

(SIGNATURE & TITLE)

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OKLAHOMA CITY
OKLAHOMA

FILED WITH FAA
AIRCRAFT REGISTRATION BR
2008 MAR 18 AM 10 51
OKLAHOMA CITY
OKLAHOMA

DOCUMENT LEVEL ANNOTATIONS

SEE RECORDED CONVEYANCE K23806 ET AL C021 PG 1
CPY DOC ID #8721 FFR 4/16/08 RETD ASRI

NB000159 Conveyance Recorded May/29/2008 01:18 PM FAA

LIEN RELEASE

DEBTOR:
SEAPLANE LEASING Ii, LLC, REASSIGNED TO
SEAPLANE ADVENTURES, LLC

SECURED PARTY:
OCEAN BANK

ASSIGNED TO:
K & J AIRCRAFT PARTS, INC.

RE:
N142PA
GRUMMAN MODEL G-73T
SERIAL NUMBER J42

ENGINES: PRATT & WHITNEY PT6A-34, SERIAL NUMBERS 57642 AND 57465

PROPELLERS: HARTZELL HCB3~~5~~N3DY, SERIAL NUMBERS BU13940 AND BU18209

SECURITY AGREEMENT, DATED 10/22/99, RECORDED 12/07/99, AS CONVEYANCE NUMBER K23778;

SECURITY AGREEMENT, DATED 10/28/99, RECORDED 12/08/99, AS CONVEYANCE NUMBER K23805;

AMENDED AND RESTATED SECURITY AGREEMENT, DATED 11/30/01, RECORDED 01/15/02, AS CONVEYANCE NUMBER H104497;

AMENDED AND RESTATED SECURITY AGREEMENT, DATED 09/19/03, RECORDED 11/10/03, AS CONVEYANCE NUMBER II031322;

REAFFIRMATION AND ASSUMPTION OF AMENDED AND RESTATED SECURITY AGREEMENT, DATED 02/07/05, RECORDED 03/31/05, AS CONVEYANCE NUMBER CC019968; AND

FILED WITH FAA
AIRCRAFT REGISTRATION BR
2008 FEB 12 PM 12 54
OKLAHOMA CITY
OKLAHOMA

FILED WITH FAA
AIRCRAFT REGISTRATION BR
2008 MAR 18 AM 10 51
OKLAHOMA CITY
OKLAHOMA

ASSIGNMENT, DATED 12/06/05, RECORDED 01/26/06, AS CONVEYANCE NUMBER Y013753, AND Subordination Agreement, 12-6-05, 8-22-07, as S/1322/.

THE UNDERSIGNED HEREBY CERTIFIES AND ACKNOWLEDGES THAT THEY ARE THE TRUE AND LAWFUL HOLDER OF THE NOTE OR OTHER EVIDENCE OF INDEBTEDNESS SECURED BY THE CONVEYANCE REFERRED TO HEREIN ON THE ABOVE DESCRIBED COLLATERAL AND THAT THE SAME COLLATERAL IS HEREBY RELEASED FROM THE TERMS OF THE CONVEYANCE. ANY TITLE RETAINED IN THE COLLATERAL BY THE CONVEYANCE IS HEREBY SOLD, GRANTED, TRANSFERRED, AND ASSIGNED TO THE PARTY WHO EXECUTED THE CONVEYANCE, OR TO THE ASSIGNEE OF SAID PARTY IF THE CONVEYANCE SHALL HAVE BEEN ASSIGNED; PROVIDED, THAT NO EXPRESS WARRANTY IS GIVEN NOR IMPLIED BY REASON OF EXECUTION OR DELIVERY OF THE RELEASE.

SECURED PARTY: K & J AIRCRAFT PARTS, INC.

(SIGNATURE & TITLE)

FILED WITH FAA
AIRCRAFT REGISTRATION BR
2008 FEB 12 PM 12 54
OKLAHOMA CITY
OKLAHOMA

FILED WITH FAA
AIRCRAFT REGISTRATION BR
2008 MAR 18 AM 10 51
OKLAHOMA CITY
OKLAHOMA

DOCUMENT LEVEL ANNOTATIONS

SEE RECORDED CONVEYANCE K23778 ET AL C021 PG121
CPY DOC ID #8722 FFR 4/16/08 RETD ASRI

DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION

THIS FORM SERVES TWO PURPOSES
PART I acknowledges the recording of a security conveyance covering the collateral shown.
PART II is a suggested form of release, which may be used to release the collateral from the terms of the conveyance.

PART I CONVEYANCE RECORDATION NOTICE

NAME (last name first) OF DEBTOR

SEAPLANE ADVENTURES, LLC

NAME and ADDRESS OF SECURED PARTY/ASSIGNEE

AVIGNON REALTY, INC.

NAME OF SECURED PARTY'S ASSIGNOR (if assigned)

FAA REGISTRATION NUMBER	AIRCRAFT SERIAL NUMBER	AIRCRAFT MFR. (builder) and MODEL
N142PA	J42	GRUMMAN G-73T

ENGINE MFR. and MODEL	ENGINE SERIAL NUMBER(S)

PROPELLER MFR. and MODEL	PROPELLER SERIAL NUMBER(S)
HARTZELL HCB3TN3DY	BUA22968 AND BUA24001

THE SECURITY CONVEYANCE DATED 06/01/05 COVERING THE ABOVE COLLATERAL WAS RECORDED BY THE FAA CIVIL AVIATION REGISTRY ON 02/13/06 AS CONVEYANCE NUMBER UU038101.

PART II – RELEASE – (This suggested release form may be executed by the secured party and returned to the Civil Aviation Registry when the terms of the conveyance have been satisfied.)

THE UNDERSIGNED HEREBY CERTIFIES AND ACKNOWLEDGES THAT THEY ARE THE TRUE AND LAWFUL HOLDER OF THE NOTE OR OTHER EVIDENCE OF INDEBTEDNESS SECURED BY THE CONVEYANCE REFERRED TO HEREIN ON THE ABOVE DESCRIBED COLLATERAL AND THAT THE SAME COLLATERAL IS HEREBY RELEASED FROM THE TERMS OF THE CONVEYANCE. ANY TITLE RETAINED IN THE COLLATERAL BY THE CONVEYANCE IS HEREBY SOLD, GRANTED, TRANSFERRED, AND ASSIGNED TO THE PARTY WHO EXECUTED THE CONVEYANCE, OR TO THE ASSIGNEE OF SAID PARTY IF THE CONVEYANCE SHALL HAVE BEEN ASSIGNED; PROVIDED, THAT NO EXPRESS WARRANTY IS GIVEN NOR IMPLIED BY REASON OF EXECUTION OR DELIVERY OF THE RELEASE.

DATED THIS 4 DAY OF January, 2008.

AVIGNON REALTY, INC.
(Name of security holder)

SIGNATURE IN INK [signature] TITLE President

ACKNOWLEDGMENT (If required By Applicable Local Law):

Form Provided Courtesy of Aero-Space Reports, Inc.

NB000158 Conveyance Recorded May/29/2008 01:14 PM FAA

FILED WITH FAA
AIRCRAFT REGISTRATION BR
2008 FEB 12 PM 12 54
OKLAHOMA CITY
OKLAHOMA

FILED WITH FAA
AIRCRAFT REGISTRATION BR
2008 MAR 18 AM 10 51
OKLAHOMA CITY
OKLAHOMA

DOCUMENT LEVEL ANNOTATIONS

SEE RECORDED CONVEYANCE UU038101 C309 PG3
CPY DOC ID #8717 FFR 4/16/08 RETD ASRI

NB000157 Conveyance Recorded May/29/2008 01:10 PM FAA

DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION

THIS FORM SERVES TWO PURPOSES
PART I acknowledges the recording of a security conveyance covering the collateral shown.
PART II is a suggested form of release, which may be used to release the collateral from the terms of the conveyance.

PART I CONVEYANCE RECORDATION NOTICE

NAME (last name first) OF DEBTOR

SEAPLANE ADVENTURES, LLC

NAME and ADDRESS OF SECURED PARTY/ASSIGNEE

SHELTAIR AVIATION CENTER, LLC

NAME OF SECURED PARTY'S ASSIGNOR (if assigned)

FAA REGISTRATION NUMBER	AIRCRAFT SERIAL NUMBER	AIRCRAFT MFR. (builder) and MODEL
N142PA	J42	GRUMMAN G-73T

ENGINE MFR. and MODEL	ENGINE SERIAL NUMBER(S)

PROPELLER MFR. and MODEL	PROPELLER SERIAL NUMBER(S)

THE SECURITY CONVEYANCE DATED 08/05/05 COVERING THE ABOVE COLLATERAL WAS RECORDED BY THE FAA CIVIL AVIATION REGISTRY ON 08/23/05 AS CONVEYANCE NUMBER E006691.

PART II – RELEASE – (This suggested release form may be executed by the secured party and returned to the Civil Aviation Registry when the terms of the conveyance have been satisfied.)

THE UNDERSIGNED HEREBY CERTIFIES AND ACKNOWLEDGES THAT THEY ARE THE TRUE AND LAWFUL HOLDER OF THE NOTE OR OTHER EVIDENCE OF INDEBTEDNESS SECURED BY THE CONVEYANCE REFERRED TO HEREIN ON THE ABOVE DESCRIBED COLLATERAL AND THAT THE SAME COLLATERAL IS HEREBY RELEASED FROM THE TERMS OF THE CONVEYANCE. ANY TITLE RETAINED IN THE COLLATERAL BY THE CONVEYANCE IS HEREBY SOLD, GRANTED, TRANSFERRED, AND ASSIGNED TO THE PARTY WHO EXECUTED THE CONVEYANCE, OR TO THE ASSIGNEE OF SAID PARTY IF THE CONVEYANCE SHALL HAVE BEEN ASSIGNED; PROVIDED, THAT NO EXPRESS WARRANTY IS GIVEN NOR IMPLIED BY REASON OF EXECUTION OR DELIVERY OF THE RELEASE.

DATED THIS 14 DAY OF January, 2008.

SHELTAIR AVIATION CENTER, LLC
(Name of security holder)

SIGNATURE IN INK _____ TITLE Manager

ACKNOWLEDGMENT (If required By Applicable Local Law):

Form Provided Courtesy of Aero-Space Reports, Inc.

FILED WITH FAA
AIRCRAFT REGISTRATION BR

2008 FEB 12 PM 12 54

OKLAHOMA CITY
OKLAHOMA

FILED WITH FAA
AIRCRAFT REGISTRATION BR

2008 MAR 18 AM 10 51

OKLAHOMA CITY
OKLAHOMA

DOCUMENT LEVEL ANNOTATIONS

SEE RECORDED CONVEYANCE E006691 C307 PG1
CPY DOC ID #8716 FFR 4/16/08 RETD ASRI

D007074

LEASE TERMINATION

CONVEYANCE RECORDED

2008 MAR 10 AM 9 42

FEDERAL AVIATION ADMINISTRATION

LESSOR:
TPI LEASING MANAGEMENT, INC.

LESSEE:
AIR ALASKA COMMUTER LEASING, INC.

SUBLESSOR:
AIR ALASKA COMMUTER LEASING, INC.

SUBLESSEE:
FLYING BOAT, INC.

SEE RECORDED CONVEYANCE
NUMBER F69556 etal
DOC ID C013 PAGE 1

RE:

N142PA
GRUMMAN MODEL G-73T
SERIAL NUMBER J42

ENGINES: PRATT & WHITNEY PT6A-34, SERIAL NUMBERS 57462 AND 57465

PROPELLERS: HARTZELL HCB3TNDY, SERIAL NUMBERS BU14534 AND BU12826

LEASE AGREEMENT, DATED 07/31/98, RECORDED 08/10/98, AS CONVEYANCE NUMBER F69556;

SUBLEASE AGREEMENT, DATED 07/31/98, RECORDED 08/10/98, AS CONVEYANCE NUMBER F69557.

THE UNDERSIGNED HEREBY CERTIFY AND ACKNOLEDGES THAT THE ABOVE-DESCRIBED AIRCRAFT LEASE HAS BEEN TERMINATED AND THAT THE ABOVE-DESCRIBED COLLATERAL IS NO LONGER SUBJECT TO THE TERMS AND PROVISIONS THEREOF. THE ABOVE DESCRIBED AIRCRAFT LEASE WAS TERMINATED ON 4/7/08.

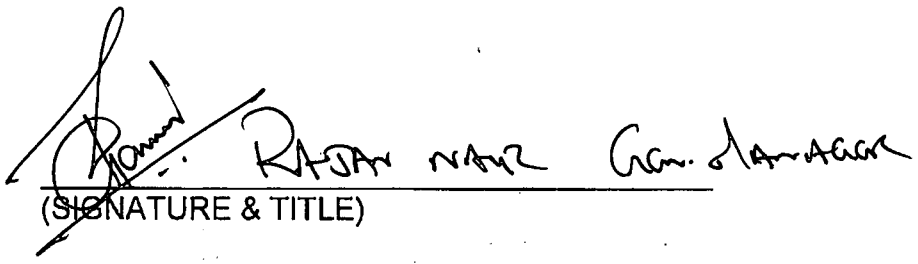
FILED WITH FAA
AIRCRAFT REGISTRATION BR
2008 FEB 12 PM 12 54
OKLAHOMA CITY
OKLAHOMA

LESSOR: TPI LEASING MANAGEMENT, INC.

_____

(SIGNATURE & TITLE)

LESSEE/SUBLESSOR: FLYING BOAT, INC.



_____

(SIGNATURE & TITLE)

SUBLESSEE: AIR ALASKA COMMUTER LEASING, INC.

_____

(SIGNATURE & TITLE)

FILED WITH FAA
AIRCRAFT REGISTRATION BR
2008 FEB 12 PM 12 54
OKLAHOMA CITY
OKLAHOMA

U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION

FORM APPROVED
OMB NO. 2120-0043

TT0287952

THIS FORM SERVES TWO PURPOSES
PART I acknowledges the recording of a security conveyance covering the collateral shown.
PART II is a suggested form of release which may be used to release the collateral from the terms of the conveyance.

PART I CONVEYANCE RECORDATION NOTICE

CONVEYANCE RECORDED
2008 JAN 8 AM 6 48
FEDERAL AVIATION ADMINISTRATION

NAME (last name first) OF DEBTOR
SEAPLANE LEASING II LLC

NAME and ADDRESS OF SECURED PARTY/ASSIGNEE
K & J Aircraft Parts Inc.
~~OCEAN BANK~~
~~780 N W 42 AVE~~
~~MIAMI FL 33126~~

NAME OF SECURED PARTY'S ASSIGNOR (if assigned)
OCEAN BANK

Do Not Write In This Block
FOR FAA USE ONLY

FAA REGISTRATION NUMBER	AIRCRAFT SERIAL NUMBER	AIRCRAFT MFR. (BUILDER) and MODEL
142PA	J42	GRUMMAN G-73T
ENGINE MFR. and MODEL	SEE RECORDED CONVEYANCE NUMBER K23805 DOC ID C401 PAGE 99	ENGINE SERIAL NUMBER(S)
PROPELLER MFR. and MODEL		PROPELLER SERIAL NUMBER(S)

THE SECURITY CONVEYANCE DATED 10/28/1999 COVERING THE ABOVE COLLATERAL WAS RECORDED BY

THE CIVIL AVIATION REGISTRY ON 12/6/1999 AS CONVEYANCE NUMBER K23805

As Assigned conveyance Y013753
Recorded 1/26/06

Kim-Chi Ton-That
Kim-Chi Ton-That
LEGAL INSTRUMENTS EXAMINER

PART II - RELEASE - (This suggested release form may be executed by the secured party and returned to the Civil Aviation Registry when terms of the conveyance have been satisfied. See below for additional information.)

THE UNDERSIGNED HEREBY CERTIFIES AND ACKNOWLEDGES THAT THEY ARE THE TRUE AND LAWFUL HOLDER OF THE NOTE OR OTHER EVIDENCE OF INDEBTEDNESS SECURED BY THE CONVEYANCE REFERRED TO HEREIN ON THE ABOVE DESCRIBED COLLATERAL AND THAT THE SAME COLLATERAL IS HEREBY RELEASED FROM THE TERMS OF THE CONVEYANCE. ANY TITLE RETAINED IN THE COLLATERAL BY THE CONVEYANCE IS HEREBY SOLD, GRANTED TRANSFERRED, AND ASSIGNED TO THE PARTY WHO EXECUTED THE CONVEYANCE, OR TO THE ASSIGNEE OF SAID PARTY IF THE CONVEYANCE SHALL HAVE BEEN ASSIGNED: PROVIDED, THAT NO EXPRESS WARRANTY IS GIVEN NOR IMPLIED BY REASON OF EXECUTION OR DELIVERY OF THE RELEASE.

This form is only intended to be a suggested form of release, which meets the recording requirements of the Federal Aviation Act of 1958, and the regulations issued thereunder. In addition to these requirements, the form used by the security holder should be drafted in accordance with the pertinent provisions of local statutes and other applicable federal statutes. This form may be reproduced. There is no fee for recording a release. Send to Aircraft Registration Branch, P.O. Box 25504, Oklahoma City, Oklahoma 73125.

DATE OF RELEASE 12/13/07

K & J. Aircraft Parts Inc
(Name of security holder)

SIGNATURE (In Ink)

TITLE President
(A person signing for a corporation must be a corporate officer or hold a managerial position and must show his title. A person signing for another should see parts 47 and 49 of the Federal Aviation Regulations (14 CFR))

ACKNOWLEDGMENT (If Required By Applicable Local Law):

AC Form 8050-41 (4/01)

FILED WITH FAA
AIRCRAFT REGISTRATION BR
2007 DEC 19 PM 12 52
OKLAHOMA CITY
OKLAHOMA

U.S. DEPARTMENT OF TRANSPORTATION

FEDERAL AVIATION ADMINISTRATION

CROSS-REFERENCE--RECORDATION

SEE CONVEYANCE NO

FILING DATE:

This form is to be used in cases where a conveyance covers several aircraft and engines, propellers, or locations. File original of this form with the recorded conveyance and a copy in each aircraft folder involved.

TYPE OF CONVEYANCE	DATE EXECUTED
SUBORDINATION AGREEMENT	12/6/2005
FROM K & J AIRCRAFT PARTS INC	DOCUMENT NO. S 132221
TO OR ASSIGNED TO AVIGNON REALTY INC	DATE RECORDED August 22, 2007

THE FOLLOWING COLLATERAL IS COVERED BY THE CONVEYANCE:

AIRCRAFT (List by registration number) — TOTAL NUMBER INVOLVED 1

N142PA CONVEYANCE # II031322 (Doc ID C301, Pg 23), K & J AIRCRAFT PARTS INC. SUBORDINATING TO AVIGNON REALTY INC

N653SS CONVEYANCE # A063210

ENGINES — TOTAL NUMBER INVOLVED 2

MAKE(S)	SERIAL NO.
PRATT & WHITNEY PT6A-34	57462 57465

PROPELLERS — TOTAL NUMBER INVOLVED 2

MAKE(S)	SERIAL NO.
HARTZELL HCB3TN-3DY	BU13940 BU18209

SPARE PARTS --LOCATIONS — TOTAL NUMBER INVOLVED

LOCATION

RECORDED CONVEYANCE FILED IN:
N142PA Grumman/G-73T s/n J42

AFS-750-23 (04/07)

S132221

I hereby certify this is a true and exact copy of the original.
Insured Aircraft Title Service, Inc.

CONVEYANCE RECORDED

2007 AUG 22 AM 7 55

FEDERAL AVIATION ADMINISTRATION

SUBORDINATION AGREEMENT
Grumman G-73 Mallard
U.S. Registration No. N142PA
Manufacturer's Serial No. J-42

THIS SUBORDINATION AGREEMENT is made and entered into this day of June, 2005, by and between AVIGNON REALTY, INC., a Florida corporation ("Avignon"), and K & J AIRCRAFT PARTS, INC., a Florida corporation ("KJ INC").. This Subordination Agreement is sometimes hereinafter referred to as the "Agreement"

RECITALS:

A. Seaplane Adventures, LLC, a Delaware limited liability company ("Pledgor"), as debtor, executed and delivered to Ocean Bank, as secured party, that certain Reaffirmation and Assumption of Amended and Restated Aircraft Security Agreement dated February 7, 2005* to secure the payment and performance of certain obligations more specifically set forth therein. Said Reaffirmation and Assumption of Amended and Restated Aircraft Security Agreement and the Security Agreements set forth therein have been assigned by Ocean Bank to KJ INC by assignments dated Dec 6 2005

B. Pursuant to Ocean Bank's Security Agreement, Pledgor has confirmed that Ocean Bank has a continuing security interest and lien on all of Pledgor's right, title and interest in, whether now existing or hereafter acquired, the following airframe (the "Aircraft"): * recorded 3-31-05 as doc# 0508122 on N 142PA, Grumman G-73 SN: J-42 063631055379 $20.00 12/29/2006

Manufacturer: Grumman
Model No. G-73 Mallard
U.S. Registration No. N142PA
Manufacturer's Serial No. J-42

071711404014
$10.00 06/20/2007

C. The Aircraft is subject to a continuing security interest and lien in favor of Avignon pursuant to that certain Security Agreement dated Dec. 9, 2005

D. KJ INC has agreed to confirm that the security interest in and lien on the Aircraft pursuant to the Ocean Bank Security Agreement is subordinate to the security interest in and lien on the Aircraft pursuant to the Avignon Security Agreement and Avignon has agreed to grant KJ INC certain rights as more particularly set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises, covenants and representations set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, KJ INC and Avignon hereby agree as follows:

1. **Subordination of KJ INC Security Agreement.** KJ INC agrees that the Ocean Bank Security Agreement shall be and is hereby made wholly, absolutely and unconditionally subject, subordinate, inferior and junior in all respects and for all purposes to the Avignon Security Agreement.**

2 **Rights of KJ INC With Respect to Avignon's Security Agreement.** Unless and until the obligation secured by the Ocean Bank Security Agreement are indefeasibly paid in full:

(a) Avignon shall not amend or modify the Avignon's Security Agreement in any manner without the prior written consent of KJ INC.

(b) The principal amount of the indebtedness secured by the Avignon Security Agreement shall not exceed $244,000, plus accrued and unpaid interest thereon; provided, the foregoing shall not be a limitation on the right of Avignon to make protective advances under the Avignon Security

FFR 1-31-2006 micro #1258 DUP ORIG RET'D
FFR 3-15-2006 micro #1646 DUP ORIG RET'D

** Dated Dec. 9, 2005 recorded Feb. 13, 2006 as doc # 0603310 on N. 653 SS Grumman G-73, SN J-53

ORIG RET'D TO IATS

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OKLAHOMA CITY
OKLAHOMA

Agreement to preserve the priority of the security interest and lien of the Avignon Security Agreement or to prevent the impairment of its security under the Avignon Security Agreement.

(c) In the event of a default under the Avignon Security Agreement, Avignon agrees to give written notice thereof to KJ INC at its address. KJ INC shall have ten (10) days after its receipt of such notice to effectuate a cure of such default, without the obligation to do so. Avignon agrees not to exercise any right or remedy under the Avignon Security Agreement with respect to such default unless default is not cured within such 10 day period unless Avignon, in its reasonable judgment, determines that it must exercise a right or remedy prior to the expiration of such ten (10) day period to prevent the impairment of its security under the Avignon Security Agreement.

3. Binding Effect; No Third Party Beneficiaries. This Agreement shall bind and inure to the benefit of KJ INC and Avignon and their respective successors and assigns. No other person or entity (including, but not limited to, Pledgor) shall be deemed a third party beneficiary hereof.

4. Recordation; Filing. KJ INC and Avignon agree that this Agreement may, at the option of KJ INC be delivered to the FAA for recordation.

5. Governing Law. The existence, validity, construction and operational effect of this Agreement shall be determined in accordance with the laws of the State of Florida without regard to any conflicts of law, rule or principle which would give effect to the laws of another jurisdiction.

6. Attorneys Fees. In the event of any controversy, claim or dispute between the parties hereto relating to the subject matter of this instrument, the prevailing party shall be entitled to recover from the non-prevailing party all of its reasonable expenses, including, but not limited to, reasonable attorneys fees and costs (including such fees and costs incurred in connection with bankruptcy and/or appellate proceedings).

7. Waiver of Jury Trial. EACH PARTY HEREBY KNOWINGLY AND VOLUNTARILY WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY CLAIM OR CAUSE OF ACTION BASED UPON OR RISING OUT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

AVIGNON REALTY, INC.

Witness:
Print Name: _____

JOSE HERRERA
President

B. Meyer
Witness
Print Name: B. Meyer

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OKLAHOMA

Witness:
Print Name: _____

K & J AIRCRAFT PARTS, INC.

Witness: Nancy I Dill
Print Name: NANCY I DILL

James Confalone
President

STATE OF FL
COUNTY OF MIAMI-DADE

The foregoing instrument was acknowledged before me this 19 day of Jan, 2006 by JOSE HERRERA, President of AVIGNON REALTY, INC., and individually. He is personally known to me did take an oath.

B. Miguez
Notary Public, State of Florida
Print Name: _____

My commission expires:

B. MIGUEZ
MY COMMISSION # DD416024
EXPIRES: April 30, 2009
Fl. Notary Discount Assoc. Co.
1-800-3-NOTARY

STATE OF MAINE
COUNTY OF PISCATAQUIS

The foregoing instrument was acknowledged before me this ___ day of _____, _____ by JAMES CONFALONE, President of K & J AIRCRAFT PARTS, INC. He is personally known to me and did take an oath.

Nancy I Dill
Notary Public, State of Florida
Print Name: _____

My Commission Expires

NANCY I. DILL
NOTARY PUBLIC
STATE OF MAINE
MY COMM. EXPIRES 6-18-2012

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U.S. DEPARTMENT OF TRANSPORTATION

FEDERAL AVIATION ADMINISTRATION

CROSS-REFERENCE--RECORDATION

SEE CONVEYANCE NO

FILING DATE:

This form is to be used in cases where a conveyance covers several aircraft and engines, propellers, or locations. File original of this form with the recorded conveyance and a copy in each aircraft folder involved.

TYPE OF CONVEYANCE
ASSIGNMENT OF AIRCRAFT LEASE AGREEMENT AND AIRCRAFT SECURITY AGREEMENT - SEE CONVEYANCE # CC019969 C303 PG 1

DATE EXECUTED
12/06/2005

FROM
OCEAN BANK
ASSIGNOR

DOCUMENT NO.
HK030322

TO OR ASSIGNED TO
K & J AIRCRAFT PARTS INC
ASSIGNEE

DATE RECORDED
February 13, 2007

THE FOLLOWING COLLATERAL IS COVERED BY THE CONVEYANCE:

AIRCRAFT (List by registration number) — TOTAL NUMBER INVOLVED 1

N142PA

ENGINES — TOTAL NUMBER INVOLVED 2

MAKE(S)	SERIAL NO.
PRATT & WHITNEY PT6A-34	57462 57465

PROPELLERS — TOTAL NUMBER INVOLVED 2

MAKE(S)	SERIAL NO.
HARTZELL HCB3TN-3DY	BU13940 BU18209

SPARE PARTS --LOCATIONS — TOTAL NUMBER INVOLVED

LOCATION

RECORDED CONVEYANCE FILED IN: N142PA GRUMMAN G-73T S/N J42

AC FORM 8050-23 (1-96) (0052-00-582-6000)

HK030322

ASSIGNMENT OF AIRCRAFT LEASE ASSIGNMENT AND AIRCRAFT SECURITY AGREEMENT

CONVEYANCE RECORDED

Dated as of December 6, 2005

2007 FEB 13 AM 10 07

FEDERAL AVIATION ADMINISTRATION

KNOW ALL MEN BY THESE PRESENTS that **OCEAN BANK**, a Florida banking corporation, having an address at 780 N. W. 42nd Avenue, Miami, Florida 33126 ("Assignor") in consideration of Ten Dollars and other good and valuable consideration received from **K & J AIRCRAFT PARTS, INC.**, a Florida corporation, having an address at 1000 MacArthur Causeway, Miami, Florida 33132 ("Assignee") does hereby assign and transfer to Assignee, its successors and assigns, without recourse, representation or warranty of any kind or nature whatsoever, all of the right, title and interest of Assignor in and to the documents and instruments described on Exhibit "A" hereto, together with all indebtedness thereby evidenced or secured and all monies due or to become due thereon, and all right, title and interest of Assignor (if any) in and to the properties therein described. N142PA, GRUMMAN, G-73T, S/N: J-42

IN WITNESS WHEREOF, Assignor has duly executed this instrument as of the 6 day of December, 2005.

OCEAN BANK

Maria E. Perez
Print Name: MARIA E. PEREZ

C. Richard Munyon
Print Name: C. Richard Munyon

By: [signature]
Name: ROBERT C. NORONA
Title: V.P.

063561432401
$5.00 12/22/2006

070441115089
$ 20.00 2/13/07

STATE OF FLORIDA)
)
COUNTY OF MIAMI-DADE)

The foregoing instrument was acknowledged before me this 6 day of December, 2005, by ROBERT NORONA as VICE-PRESIDENT of **OCEAN BANK**, a Florida banking corporation, on behalf of that corporation.

Signature: Maria E. Perez
Name: [Print or type] MARIA E. PEREZ
Title: Notary Public
Serial No., if any: DD199825
My commission expires: JUNE 28, 2007

I hereby certify this is a true and exact copy of the original.
Trish Stanford
Insured Aircraft Title Service, Inc.

Maria E. Perez
MY COMMISSION # DD199825 EXPIRES
June 28, 2007
BONDED THRU TROY FAIN INSURANCE, INC.

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FILED WITH FAA
AIRCRAFT REGISTRATION BR

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OKLAHOMA CITY
OKLAHOMA

EXHIBIT "A"

Aircraft Lease Assignment and Aircraft Security Agreement dated October 28, 1999, by and among Seaplane Leasing II, LLC, Flying Boat, Inc. and Ocean Bank, recorded by the Federal Aviation Administration under Conveyance No. K23806 (See Item 26), as amended and restated by Amended and Restated Aircraft Lease Assignment and Aircraft Security Agreement dated November 30, 2001 by and among Seaplane Leasing II, LLC, Flying Boat, Inc. and Ocean Bank, recorded by the Federal Aviation Administration under Conveyance No. H104498 (See Item 41), as amended and restated by Assignment of Amended and Restated Aircraft Lease Assignment and Aircraft Security Agreement dated September 19, 2003 by and among Seaplane Leasing II, LLC, Flying Boat, Inc. and Ocean Bank recorded by the Federal Aviation Administration on November 10, 2003 under Conveyance No. II031323, as reaffirmed and assumed by Reaffirmation and Assumption of Amended and Restated Aircraft Lease Assignment and Aircraft Security Agreement dated February 7, 2005 by and among Seaplane Leasing II, LLC, Seaplane Adventures LLC, Flying Boat, Inc. and Ocean Bank, recorded by the Federal Aviation Administration on March 31, 2005 under Conveyance No. CC 019969.

N142PA, GRUMMAN G-73T, S/N: J-42

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OKLAHOMA CITY
OKLAHOMA

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U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION

FORM APPROVED
OMB NO. 2120-0043

THIS FORM SERVES TWO PURPOSES
PART I acknowledges the recording of a security conveyance covering the collateral shown.
PART II is a suggested form of release which may be used to release the collateral from the terms of the conveyance.

CONVEYANCE RECORDED
2006 SEP 12 PM 1 00
FEDERAL AVIATION ADMINISTRATION

PART I CONVEYANCE RECORDATION NOTICE

NAME (last name first) OF DEBTOR
SEAPLANE ADVENTURES LLC

NAME and ADDRESS OF CLAIMANT

ALLIGATOR INC
1930 AIRPORT ROAD
LAWRENCE
KS 66044

SEE RECORDED CONVEYANCE
NUMBER UU038103
DOC ID 1309 PAGE 1

NAME OF SECURED PARTY'S ASSIGNOR (if assigned)

Do Not Write In This Block
FOR FAA USE ONLY

FAA REGISTRATION NUMBER	AIRCRAFT SERIAL NUMBER	AIRCRAFT MFR. (BUILDER) and MODEL
N142PA	J42	GRUMMAN G-73T

ENGINE MFR. and MODEL	ENGINE SERIAL NUMBER(S)

PROPELLER MFR. and MODEL	PROPELLER SERIAL NUMBER(S)

THE CLAIM OF LIEN DATED 1/12/2006 COVERING THE ABOVE COLLATERAL WAS RECORDED BY

THE CIVIL AVIATION REGISTRY ON 2/14/2006 AS CONVEYANCE NUMBER UU038103

Vanesia L Dodson
LEGAL INSTRUMENTS EXAMINER

PART II - RELEASE - (This suggested release form may be executed by the secured party and returned to the Civil Aviation Registry when terms of the conveyance have been satisfied. See below for additional information.)

THE UNDERSIGNED HEREBY CERTIFIES AND ACKNOWLEDGES THAT THEY ARE THE TRUE AND LAWFUL HOLDER OF THE NOTE OR OTHER EVIDENCE OF INDEBTEDNESS SECURED BY THE CONVEYANCE REFERRED TO HEREIN ON THE ABOVE DESCRIBED COLLATERAL AND THAT THE SAME COLLATERAL IS HEREBY RELEASED FROM THE TERMS OF THE CONVEYANCE. ANY TITLE RETAINED IN THE COLLATERAL BY THE CONVEYANCE IS HEREBY SOLD, GRANTED TRANSFERRED, AND ASSIGNED TO THE PARTY WHO EXECUTED THE CONVEYANCE, OR TO THE ASSIGNEE OF SAID PARTY IF THE CONVEYANCE SHALL HAVE BEEN ASSIGNED: PROVIDED, THAT NO EXPRESS WARRANTY IS GIVEN NOR IMPLIED BY REASON OF EXECUTION OR DELIVERY OF THE RELEASE.

This form is only intended to be a suggested form of release, which meets the recording requirements of the Federal Aviation Act of 1958, and the regulations issued thereunder. In addition to these requirements, the form used by the security holder should be drafted in accordance with the pertinent provisions of local statutes and other applicable federal statutes. This form may be reproduced. There is no fee for recording a release. Send to Aircraft Registration Branch, P.O. Box 25504, Oklahoma City, Oklahoma 73125.

DATE OF RELEASE 18 JULY 2006

ALLIGATOR, INC.
(Name of security holder)

SIGNATURE (In Ink)

TITLE PRESIDENT
(A person signing for a corporation must be a corporate officer or hold a managerial position and must show his title. A person signing for another should see parts 47 and 49 of the Federal Aviation Regulations (14 CFR))

ACKNOWLEDGMENT (If Required By Applicable Local Law):

AC Form 8050-41 (4/01)

Rec'd 7-31-06 #318

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OKLAHOMA CITY
OKLAHOMA

I CERTIFY THAT THIS IS A TRUE AND COMPLETE COPY AND HAS BEEN COMPARED WITH THE ORIGINAL

MECHANIC'S LIEN STATEMENT

UU038103

State of Kansas, County of Douglas.

Alligator, Inc. whose address is 1930 Airport Road, Lawrence, Douglas County, Kansas 66044, a corporation organized under the laws of the state of Kansas has claim against Flying Boat Inc, which is doing business as Chalks Ocean Airways, whose address is 704 S.W. 34TH ST., STE 100, Ft. Lauderdale , Florida 33315 for the sum of $5,674.08 and that such work including labor, materials and other contracted services are evidenced by invoices dated, 23 September 2005, 1 November 2005 and 9 December 2005.

CONVEYANCE RECORDED
2006 FEB 14 AM 6 34
FEDERAL AVIATION ADMINISTRATION

9 December 2005 is the date of providing the last of these labor, materials and other contracted services. Such labor, material and other contracted services were performed in the County of Broward, State of Florida and in the County of Douglas State of Kansas.

Such labor, materials and services are as evidenced by a contract between the parties dated 13 September 2005, and such labor, material and services were performed upon or furnished for and used on the airplane as described below, and was accepted by Chalks Ocean Airways / Flying Boat Inc. Chalks Ocean Airways / Flying Boat Inc. are the legal lessees, or operators, as applicable of the below described airplane which is registered with the FAA under the name of Seaplane Adventures, LLC, whose address is 75 Holly Hill Ln, Greenwich, Connecticut 06830-6098 of the county of Fairfield.

Manufacturer: Grumman
Model: G-73T
Serial Number: J42
Registration Number: N142PA

In said Counties and States above referenced; that said sum is just and unpaid and Alligator, Inc. has and claims a lien upon said aircraft, to the sum of $5674.08 as above set forth according to the laws of the State of Florida statute FL STAT TIT.25, Sec 329.01, 329.51, 713.58 and according to the laws of the state of Kansas, statute K.S.A Vol 4, Chap. 58, Sec 58.201

Dated this 12 day of January 2006

Claimant Ronald R.L. Renz, President, Alligator, Inc.

ACKNOWLEDGEMENT

State of: Kansas
County of: Douglas
Seal

MY COMMISSION EXPIRES 11/21/07

Janice K. Smith
Notary Public

Notary Public - State of Kansas
Janice K. Smith
My Appt. Exp 11/21/07

dup rec'd

01/17/2006 $5.00

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OKLAHOMA

U.S. DEPARTMENT OF TRANSPORTATION

FEDERAL AVIATION ADMINISTRATION

CROSS-REFERENCE--RECORDATION

SEE CONVEYANCE NO

FILING DATE:

This form is to be used in cases where a conveyance covers several aircraft and engines, propellers, or locations. File original of this form with the recorded conveyance and a copy in each aircraft folder involved.

TYPE OF CONVEYANCE	DATE EXECUTED
Security Agreement	June 1, 2005
FROM Seaplane Adventures LLC	DOCUMENT NO. UU038101
TO OR ASSIGNED TO Avignon Realty Inc.	DATE RECORDED 21306

THE FOLLOWING COLLATERAL IS COVERED BY THE CONVEYANCE:

AIRCRAFT (List by registration number)	TOTAL NUMBER INVOLVED 1
N142PA	

ENGINES	TOTAL NUMBER INVOLVED
MAKE(S)	SERIAL NO.

PROPELLERS	TOTAL NUMBER INVOLVED 2
MAKE(S) Hartzell HC-B3TN-3DY	SERIAL NO. BUA22968 BUA24001

SPARE PARTS --LOCATIONS	TOTAL NUMBER INVOLVED
LOCATION	

RECORDED CONVEYANCE FILED IN: N142PA, Grumman G-73T, s/n J42.

UU038101

NA

I hereby certify this is a true and exact copy of the original.
Angie Kisley
Insured Aircraft Title Service, Inc.

SECURITY AGREEMENT

CONVEYANCE RECORDED

SECURITY AGREEMENT dated June 1, 2005, made by U.S. DISTRIBUTORS, INC., a Florida Corporation, FLYING BOAT PARTS, INC.,a Florida Corporation, SEAPLANE ADVENTURES, LLC, and JAMES CONFALONE (Grantor) to AVIGNON REALTY, INC. a Florida Corporation, (Secured Party).

FEDERAL AVIATION ADMINISTRATION

PRELIMINARY STATEMENT

WHEREAS, U.S. Distributors, Inc., Flying Boat Parts, Inc. and James Confalone have executed and delivered to the Secured Party a certain Promissory Note in the original principal amount of $244,000.00 (Note) to evidence a loan in said amount form the Secured Party to Grantor; and

WHEREAS, to secure repayment of the Note, the Secured Party has required that Grantor grant to Secured Party a blanket security interest in all assets, tangible and intangible, of the Grantor, wherever located, whether now owned or hereafter acquired, as provided in this Agreement; and

WHEREAS, to the extent additional monies are advanced by the Secured Party to Grantor, same are likewise intended to be secured by this Agreement.

NOW, THEREFORE, in consideration of the premises and in order to induce the Secured Party to lend money to the corporation the Grantor hereby agrees as follows:

1. Grant of Security. The Grantor hereby assigns and pledges to the Secured Party, and hereby grants to the Secured Party a security interest in all property, both tangible and intangible, as follows:

(a) Grumman Mallard Aircraft Serial #J-53 complete, together with its engine, in airworthy condition i.e. the propellers, all spare parts, engine logs, aircraft logs, all radios, and electronic equipment available as was inspected by Steve Hamilton's representative.

(b) Grumman Aircraft Serial J-42, N142PA, two ~~Pratt & Whitney PTGA-34 aircraft engines, serial numbers: 57462~~ and 57026 and two propellers HC-B3TN-3DY, serial numbers: BUA22968 and BUA24001. Hartzell

(c) Grumman aircraft parts presently owned by Flying Boat Parts, Inc.

2. Security for Obligations. This Agreement secures the payment of all obligations of the Grantor to Secured Party now or hereafter existing under the Note, whether for principal, interest, fees, expenses or otherwise, and all other obligations of the

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OKLAHOMA

Grantor to the Secured Party now or hereafter existing, whether direct or indirect, whether absolute or contingent and whether acquired directly or by assignment (all such obligations of the Grantor being the Obligations).

3. Grantor Remains Liable. Anything herein to the contrary notwithstanding, (a) the Grantor shall remain liable under the contracts and agreements included in the Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Secured Party of any of the rights hereunder shall not release the Grantor from any of its duties or obligations under the contracts and agreements included in the Collateral, and (c) the Secured Party shall not have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Agreement, nor shall the Secured Party be obligated to perform any of the obligations or duties of the Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

4. Representations and Warranties. The Grantor represents and warrants as follows:

(a) The Grantor owns the Collateral ~~free and clear~~ of any lien, security interest, charge or encumbrance except for the security interest created by this Agreement. No effective financing statement or other instrument similar in effect covering all or any part of the Collateral is on file in any recording office except such as may have been filed in favor of the Secured Party relating to this Agreement.

(b) This Agreement creates a valid and perfected first priority security interest in the Collateral, securing the payment of the Obligations, and all filings and any other actions necessary or desirable to perfect and protect such security interest have been duly taken.

(c) No authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required either(i) for the grant by the Grantor of the security interest granted hereby or for the execution, delivery or performance of this Agreement by the Grantor or (ii) for the perfection of or the exercise by the Secured Party of its rights and remedies hereunder.

(d) The party executing this Agreement on behalf of Grantor has received all necessary corporate authority and is duly authorized on behalf of the Grantor to deliver this Agreement. The Grantor is a duly organized and validly existing Florida corporation and is duly and validly doing business in those jurisdictions in which it does business.

5. Further Assurances.

(a) The Grantor agrees that from time to time, at the expense of the Grantor, the Grantor will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that the Secured Party may request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder with respect to any of the Collateral. Without limiting the generality of the foregoing, the Grantor will execute and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Secured Party may request, in order to perfect and preserve the security interests granted or purported to granted hereby.

(b) The Grantor hereby authorizes the Secured Party to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral without the signature of the Grantor where permitted by law. A carbon, photographic or other reproduction of this Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

(c) The Grantor will furnish to the Secured Party from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Secured Party may reasonably request, all in reasonable detail. This will include monthly statements pertaining to the Receivables and parts inventory in such form as may be reasonably acceptable to Secured Party.

6. ~~As to Parts.~~ Aircraft + Engines (As) gr The Grantor shall:

(a) Pay promptly when due all property and other taxes, assessments and governmental charges or levies imposed upon, and all claims against, * ~~the Parts~~ except to the extent the validity thereof is being contested in good faith; and

(b) Permit the Secured Party and its agents to make inspections and audits for * ~~the Parts~~ when and as often as the Secured Party considers necessary or desirable; and

(c) To the extent * ~~that parts~~ are used by the Grantor and not immediately replaced, The Grantor shall pay to the Secured Party the value of the Parts used. Said amount paid shall reduce the balance owed on the note.

(d) * ~~Parts owned~~ by Flying Boat Parts, Inc. may not be sold without the written consent of the Secured Party. All

* Replace "The parts" for "Aircraft + Engines" As gr

(JH) gr.

As

8956 15 8956 15

proceeds of the sale shall be applied towards payment of the note.

7. Insurance.

(a) The Grantor shall, at its own expense, maintain insurance with respect to the Parts and the Equipment in such amounts, against risks, in such form and with such insurers, as shall be satisfactory to the Secured Party from time to time. Each policy for (i) liability insurance shall provide for all losses to be paid on behalf of the Secured Party and the Grantor as their respective interests may appear and (ii) property damage insurance shall provide for all losses to be paid directly to the Secured Party. Each such policy shall in addition (i) name the Grantor and Secured Party as insured parties thereunder (without any representation or warranty by or obligation upon the Secured Party) as their interests may appear. (ii) contain the agreement by the insurer that any loss thereunder shall be payable to the Secured Party notwithstanding any action, inaction or breach of representation or warranty by the Grantor, (iii) provide that there shall be no recourse against the Secured Party for payment of premiums or other amounts, with respect thereto; and (iv) provide that at least twenty (20) days prior written notice of cancellation or of lapse shall be given to the Secured Party by the insurer. The Grantor shall, if so requested by the Secured Party, deliver to the Secured Party original or duplicate policies of such insurance and, as often as the Secured Party may reasonably request a report of reputable insurance broker with respect to such insurance. Further, the Grantor, shall, at the request of the Secured Party, duly execute and deliver instruments of assignment of such insurance policies to comply with the requirements of Section 5 and cause the respective insurers to acknowledge notice of such assignment.

(b) Reimbursement under any liability insurance maintained by the Grantor pursuant to this Section 7 may be paid directly to the person who shall have incurred liability covered by such insurance. In case of any loss involving damage or Equipment or Inventory when subsection (c) of this Section 7 is not applicable, the Grantor, shall make or cause to be made the necessary repairs to or replacements of such Equipment or Inventory, and any proceeds of insurance maintained by the Grantor pursuant to this Section 7 shall be paid to the Grantor as reimbursement for the costs of such repairs or replacements.

(c) Upon (i) the occurrence and during the continuance of any Event of Default, or (ii) the actual or constructive total loss of any Inventory or Equipment, all insurance payments in respect of such Inventory or Equipment shall be paid to and applied by the Secured Party as specified in this Agreement.

8. As to Receivables

IH

(a) The Grantor shall keep its chief place of business and chief execute office and the office where it keeps its records concerning the Receivables, and all originals of all chattel paper which evidence Receivables. The Grantor will hold and preserve such records and chattel paper and will permit representatives of the Secured Party at any time during normal business hours to inspect and make abstracts from such records and chattel paper.

(b) Except as otherwise provided in this subsection (b), the Grantor shall continue to collect, at its own expense, all amounts due or to become due the Grantor under the Receivables. In connection with such collections, the Grantor may take (and, at the Secured Party's direction, shall take) such action as the Grantor or the Secured party may deem necessary or advisable to enforce collection of the Receivables; provided, however, that the Secured Party shall have the right at any time, upon written notice to the Grantor of its intention to do so, to notify the account debtors or obligors under any Receivables of the assignment of such Receivables to the Secured Party and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Grantor thereunder directly to the Secured Party and, upon such notification and at the expense of the Grantor, to enforce collection of any such Receivables, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Grantor might have done. After receipt by the Grantor of the notice from the Secured Party referred to in the proviso to the preceding sentence, (i) all amounts and proceeds (including instruments) received by the Grantor in respect of the Receivables shall be received in trust for the benefit of the Secured Party hereunder, shall be segregated from other funds of the Grantor and shall be forthwith paid over to the Secured Party in the same form as so received (with any necessary endorsement) to be held as cash collateral and either (A) released to the Grantor so long as no Event of Default shall have occurred and be continuing or (B) if any Event of Default shall have occurred and be continuing, applied as provided by Section 14(b), and (ii) the Grantor shall not adjust, settle or compromise the amount or payment of any Receivable, or release wholly or partly any account debtor or obligor thereof, or allow any credit or discount thereon.

9. As to Equipment. The Grantor shall:

(a) Cause the Equipment to be maintained and preserved in the same condition, repair and working order as when new, ordinary wear and tear excepted, and in accordance with any manufacturer's manual, and shall forthwith, or in the case of any loss or damage to any of the Equipment as quickly as practicable after the occurrence thereof, make or cause to be made all repairs, replacements, and other improvements in connection therewith which are necessary or desirable to such end. The Grantor shall promptly furnish to the Secured Party a statement respecting any loss or damage to any of the Equipment.

JH

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(b) Pay promptly when due all property and other taxes, assessments and governmental charges or levies imposed upon, and all claims (including claims for labor, materials and supplies) against, the Equipment except to the extent the validity thereof is being contested in good faith.

10. Transfers and Other Liens. The Grantor shall not:

(a) Sell, assign (by operation of law or otherwise) or otherwise dispose of any of the Collateral, except Inventory in the ordinary course of business.

(b) Create or suffer to exist any lien, security interest or other charge or encumbrance upon or with respect to any of the Collateral except for the security interest created by this Agreement.

11. Secured Party Appointed Attorney-In-Fact. Upon written notice of an Event of Default, the Grantor hereby irrevocably appoints the Secured Party the Grantor's attorney-in-fact, with full authority in the place and stead of the Grantor and in the name of the grantor, the Secured Party or otherwise, from time to time in the Secured Party's discretion, to take any action and to execute any instrument which the Secured Party may deed necessary or advisable to accomplish the purposes of this Agreement, including, without limitation:

(i) to obtain and adjust insurance required to be paid to the Secured Party pursuant to Section 7,

(ii) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for money due and to become due under or in respect to any of the Collateral,

(iii) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper, and

(iv) to file any claims or take any action or institute any proceedings which the Secured Party may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Secured Party with respect to any of the Collateral.

12. Secured Party May Perform. If the Grantor fails to perform any agreement contained herein, the Secured Party may itself perform, or cause performance of, such agreement, and the expenses of the Secured Party incurred in connection therewith shall be payable by the Grantor as provided in this Agreement.

13. The Secured Party's Duties. The powers conferred on the Secured party hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any

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such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Secured Party shall have not duty as to any Collateral or as to taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to nay Collateral.

14. Remedies. If any Event of Default shall have occurred and be continuing:

(a) The Secured Party may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the Uniform Commercial Code (the "Code") (whether or not the Code applies to the affected Collateral) and also may (i) require the Grantor to, and the Grantor hereby agrees that it will at its expense and upon request of the Secured Party forthwith, assemble all or part of the Collateral as directed by the Secured party and make it available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties and (ii) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Secured Party's offices or else where, for cash, on credit of for future delivery, and upon such other terms as the Secured party may deem commercially reasonable. The Grantor agrees that to the extent notice of sale shall be required by law, at least ten (10) days notice to the Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Secured Party shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) All cash proceeds received by the Secured Party in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of the Secured Party, be held by the Secured Party as collateral for, and/or then or at any time thereafter applied (after payment of any amounts payable to the Secured Party pursuant to Section 16) in whole or in part by the Secured Party against, all or any part of the Obligations in such order as the Secured Party shall elect. Any surplus of such cash or cash proceeds held by the Secured Party and remaining after payment in full of all the Obligations shall be paid over to the Grantor or to whomsoever amy be lawfully entitled to receive such surplus.

15. Indemnity and Expenses.

(a) The Grantor agrees to indemnify the Secured Party

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from and against any and all claims, losses and liabilities growing out of or resulting from this Agreement (including, without limitation), enforcement of this Agreement), except claims, losses or liabilities resulting from the Secured Party's gross negligence or willful misconduct.

(b) The Grantor will upon demand pay to the Secured party the amount of any and all reasonable expenses, including the reasonable fees and disbursements of its counsel and of any experts and agents, which the Secured Party may incur in connection with (i) the custody, preservation, use or operation of, or the sale, of collection form, or other realization upon, any of the collateral, (ii) the exercise or enforcement of any of the rights of the Secured Party hereunder or (iii) the failure by the Grantor to perform or observe any of the provisions hereof, including all reasonable attorneys' fees at trial and on appeal.

16. Security Interest Absolute. All rights of the Secured Party and security interests hereunder, and all obligations of the Grantor hereunder, shall be absolute and unconditional, irrespective of:

(i) any lack of validity or enforceability of the Loan Agreement, the Note or any other agreement or instrument thereto;

(ii) any change int he time, manner, or place of payment of or in any other term of, all or nay of the Obligations or any other amendment or waiver of or nay consent to nay departure from the Loan Agreement or the Note;

(iii) any exchange, release or non-perfection of nay other collateral, or any release or amendment or waiver of or consent to departure from any guaranty, for all or any of the Obligations; or

(iv) any other circumstance which might otherwise constitute a defense available to, or a discharge of , the Grantor.

17. Amendments, Etc. No amendment or waiver of any provision of this Agreement nor consent to any departure by the Grantor herefrom shall in any event be effective unless the same shall be in writing and signed by the Secured Party, and then such waiver or consent shall be effective only in the specific instance and for the specific instance and for the specific purpose for which given.

18. Addresses for Notices. Any notice to be given or served upon any party hereto in connection with this Agreement must be in writing, and may be given by certified or registered mail, return receipt requested, via hand-delivery, via overnight courier (with

a nationally recognized courier service) or via facsimile (provided a confirmation copy of the facsimile is generated and retained) and shall be deemed to have been given and received when a certified or registered letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail; and if given otherwise than by registered or certified mail, it shall be deemed to have been given when delivered to the party to whom it is addressed. Such notices shall be given to the parties at the following addresses shown on page 1 hereof.

Any party hereto may, by giving five (5) days written notice to the other party hereto, designate any other address in substitution of the foregoing address to which notice shall be given.

19. Continuing Security Interest; Transfer of Note. This Agreement shall create a continuing security interest in the Collateral and shall (i) remain in full force and effect until payment in full (after the termination Date) of the Obligations, (ii) be binding upon the Grantor, its successors and assigns, (iii) inure to the benefit of the Secured party and its successors transferees and assigns. Without limiting the generality of the foregoing clause, and (iv) ~~the Secured Party may assign or otherwise transfer the Note held by it to any other person or entity, and such other person or entity shall thereupon become vested with all the benefits in respect thereof granted to the Secured Party hereon or otherwise~~.

20. Governing Law; Terms. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida. Unless otherwise defined herein, terms used in Article 9 of the Uniform Commercial Code in the State of Florida are used in as herein as therein defined.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

B. Mcguez
Witness:
Print Name: B. Mcguez

Witness:
Print Name:

B. Mcguez
Witness:

GRANTOR:
U.S. DISTRIBUTORS, INC.

James Confalone
President

FLYING BOAT PARTS, INC.

OR BOOK 22668 PAGE 0923

Print Name: B. Miquez

Witness:
Print Name: B. K. HANAFOURDE

James Confalone
President

SEAPLANE ADVENTURES, LLC

Witness:
Print Name: Carole Shasha

Witness:
Print Name:

Andrew Shasha
~~President~~ member

Witness:
Print Name: B.K. Hanafourde

Witness:
Print Name: B. Miquez

James Confalone
Individually

Witness:
Print Name: Stanley T. Szemonds

Witness
Print Name: Domenick Tisco

SECURED PARTY:
AVIGNON REALTY, INC.

JOSE HERRERA
President

STATE OF FLORIDA
COUNTY OF DADE

The foregoing instrument was acknowledged before me this 17 day of JUNE, 2005 by James Confalone, President of U.S. Distributors, Inc., Flying Boat Parts, Inc., and individually. He is personally known to me did take an oath.

B K Hanafourde
My Commission DD368024
Expires November 21, 2008

2005 0095623

Notary Public, State of Florida
Print Name: _____

My commission expires:

STATE OF ~~FLORIDA~~ CT.
COUNTY OF ~~DADE~~ FAIRFIELD

The foregoing instrument was acknowledged before me this 17 day of JUNE, 2005 by Andrew Shasha, President of Seaplane Adventures, LLC. He is personally known to ~~me did take~~ an oath.

SHIRLEY MATHEWS
NOTARY PUBLIC
State of Connecticut
My Commission Expires 8/31/07

Notary Public, State of ~~Florida~~ CT.
Print Name: SHIRLEY MATHEWS

My commission expires:

STATE OF ~~FLORIDA~~ New York
COUNTY OF ~~DADE~~ New York

The foregoing instrument was acknowledged before me this 30th day of JUNE, 2005 by Jose Herrera, President of Avignon Realty, Inc. He is personally known to me and did take an oath.

Notary Public, State of ~~Florida~~ New York
Print Name: _____

STANLEY J. SZUMOWSKI
Notary Public, State of New York
No. 01SZ4875691
Qualified in Queens County
Commission Expires, Nov. 24, 2006

My Commission Expires

FILED WITH FAA
AIRCRAFT REGISTRATION BR
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OKLAHOMA CITY
OKLAHOMA

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SUBORDINATION AGREEMENT
Grumman G-73 Mallard
U.S. Registration No. N142PA
Manufacturer's Serial No. J-42

THIS SUBORDINATION AGREEMENT is made and entered into this day of June, 2005, by and between AVIGNON REALTY, INC., a Florida corporation ("Avignon"), and K & J AIRCRAFT PARTS, INC., a Florida corporation ("KJ INC"),. This Subordination Agreement is sometimes hereinafter referred to as the "Agreement"

RECITALS:

A. Seaplane Adventures, LLC, a Delaware limited liability company ("Pledgor"), as debtor, executed and delivered to Ocean Bank, as secured party, that certain Reaffirmation and Assumption of Amended and Restated Aircraft Security Agreement dated February 7, 2005 to secure the payment and performance of certain obligations more specifically set forth therein. Said Reaffirmation and Assumption of Amended and Restated Aircraft Security Agreement and the Security Agreements set forth therein have been assigned by Ocean Bank to KJ INC by assignments dated Dec 6 2005

B. Pursuant to Ocean Bank's Security Agreement, Pledgor has confirmed that Ocean Bank has a continuing security interest and lien on all of Pledgor's right, title and interest in, whether now existing or hereafter acquired, the following airframe (the "Aircraft"):

Manufacturer: Grumman
Model No. G-73 Mallard
U.S. Registration No. N142PA
Manufacturer's Serial No. J-42

C. The Aircraft is subject to a continuing security interest and lien in favor of Avignon pursuant to that certain Security Agreement dated ~~June~~ Dec 1, 2005

D. KJ INC has agreed to confirm that the security interest in and lien on the Aircraft pursuant to the Ocean Bank Security Agreement is subordinate to the security interest in and lien on the Aircraft pursuant to the Avignon Security Agreement and Avignon has agreed to grant KJ INC certain rights as more particularly set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises, covenants and representations set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, KJ INCand Avignon hereby agree as follows:

1. Subordination of KJ INC Security Agreement. KJ INC agrees that the Ocean Bank Security Agreement shall be and is hereby made wholly, absolutely and unconditionally subject, subordinate, inferior and junior in all respects and for all purposes to the Avignon Security Agreement.

2. Rights of KJ INC With Respect to Avignon's Security Agreement. Unless and until the obligation secured by the Ocean Bank Security Agreement are indefeasibly paid in full:

(a) Avignon shall not amend or modify the Avignon's Security Agreement in any manner without the prior written consent of KJ INC.

(b) The principal amount of the indebtedness secured by the Avignon Security Agreement shall not exceed $244,000, plus accrued and unpaid interest thereon; provided, the foregoing shall not be a limitation on the right of Avignon to make protective advances under the Avignon Security

Agreement to preserve the priority of the security interest and lien of the Avignon Security Agreement or to prevent the impairment of its security under the Avignon Security Agreement.

(c) In the event of a default under the Avignon Security Agreement, Avignon agrees to give written notice thereof to KJ INC at its address. KJ INC shall have ten (10) days after its receipt of such notice to effectuate a cure of such default, without the obligation to do so. Avignon agrees not to exercise any right or remedy under the Avignon Security Agreement with respect to such default unless default is not cured within such 10 day period unless Avignon, in its reasonable judgment, determines that it must exercise a right or remedy prior to the expiration of such ten (10) day period to prevent the impairment of its security under the Avignon Security Agreement.

3. Binding Effect; No Third Party Beneficiaries. This Agreement shall bind and inure to the benefit of KJ INC and Avignon and their respective successors and assigns. No other person or entity (including, but not limited to, Pledgor) shall be deemed a third party beneficiary hereof.

4. Recordation; Filing. KJ INC and Avignon agree that this Agreement may, at the option of KJ INC be delivered to the FAA for recordation.

5. Governing Law. The existence, validity, construction and operational effect of this Agreement shall be determined in accordance with the laws of the State of Florida without regard to any conflicts of law, rule or principle which would give effect to the laws of another jurisdiction.

6. Attorneys Fees. In the event of any controversy, claim or dispute between the parties hereto relating to the subject matter of this instrument, the prevailing party shall be entitled to recover from the non-prevailing party all of its reasonable expenses, including, but not limited to, reasonable attorneys fees and costs (including such fees and costs incurred in connection with bankruptcy and/or appellate proceedings).

7. Waiver of Jury Trial. EACH PARTY HEREBY KNOWINGLY AND VOLUNTARILY WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY CLAIM OR CAUSE OF ACTION BASED UPON OR RISING OUT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

AVIGNON REALTY, INC., a Florida corporation

By: _____
Name: Jose Herrera
Title: President

_____
Print Name: Stanley J. Swanson

_____
Print Name: Domenick Tisco

corporation

K & J AIRCRAFT PARTS, INC., a Florida

B. Migay
Print Name: B. Migay

By: _____
Name: _____
Title: _____

RK Hansfourde
Print Name: RK Hansfourde

STATE OF ~~FLORIDA~~ New York)
COUNTY OF ~~MIAMI-DADE~~ New York.

The foregoing instrument was acknowledged before me 30th day of June (JH) ~~February~~, 2005, by Jose S. Herrera as President of **AVIGNON REALTY, INC.**, a Florida corporation for and on behalf of the corporation.

Personally Known _____ OR
Produced Identification ✓
Type of Identification
Produced Lic. Drivers

Signature: _____
Title: Notary Public
Name [Print or type]: Stanley J. Szumowski
Serial No., if any: _____
My commission expires: 11-24-2006

STANLEY J. SZUMOWSKI
Notary Public, State of New York
No. 01SZ4875681
Qualified in Queens County
Commission Expires, Nov 24, 2006

STATE OF FLORIDA)
COUNTY OF MIAMI-DADE)

The foregoing instrument was acknowledged before me 27th day of June ~~February~~, 2005, by James Confalone, as Pres of K & J AIRCRAFT PARTS, INC. a corporation organized and existing under the laws of the State of Florida, for and on behalf of the corporation.

Personally Known ✓ OR
Produced Identification ____
Type of Identification
Produced _____

Signature: _____
Title: Notary Public
Name [Print or type]: _____
Serial No., if any: _____
My commission expires: _____

B K Hansfourde
My Commission DD369924
Expires November 21, 2008

FILED WITH FAA
AIRCRAFT REGISTRATION BR
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OKLAHOMA CITY
OKLAHOMA

U.S. DEPARTMENT OF TRANSPORTATION

FEDERAL AVIATION ADMINISTRATION

CROSS-REFERENCE--RECORDATION

SEE CONVEYANCE NO

FILING DATE:

This form is to be used in cases where a conveyance covers several aircraft and engines, propellers, or locations. File original of this form with the recorded conveyance and a copy in each aircraft folder involved.

TYPE OF CONVEYANCE	DATE EXECUTED
Assignment of Aircraft Security Agreement (See rec. conv. K23778 et al, C021, pg 121)	December 6, 2005
FROM Ocean Bank, Assignor	DOCUMENT NO. Y013753
TO OR ASSIGNED TO K & J Aircraft Parts Inc., Assignee	DATE RECORDED January 26, 2006

THE FOLLOWING COLLATERAL IS COVERED BY THE CONVEYANCE:

AIRCRAFT (List by registration number)	TOTAL NUMBER INVOLVED 1
N142PA	

ENGINES	TOTAL NUMBER INVOLVED 2
MAKE(S) Pratt & Whitney PT6A-34	SERIAL NO. 57462 57465

PROPELLERS	TOTAL NUMBER INVOLVED 2
MAKE(S) Hartzell HCB3TN3DY	SERIAL NO. BU13940 BU18209

SPARE PARTS --LOCATIONS	TOTAL NUMBER INVOLVED
LOCATION	

RECORDED CONVEYANCE FILED IN: N142PA, Grumman G-73T, s/n J42.

AC FORM 8050-23 (1-96) (0052-00-582-6000)

Y013753

I hereby certify this is a true and exact copy of the original.
Insured Aircraft Title Service, Inc.

ASSIGNMENT OF AIRCRAFT SECURITY AGREEMENT

CONVEYANCE RECORDED

Dated as of December 6, 2005

2006 JAN 26 AM 7 47

FEDERAL AVIATION ADMINISTRATION

KNOW ALL MEN BY THESE PRESENTS that **OCEAN BANK**, a Florida banking corporation, having an address at 780 N. W. 42nd Avenue, Miami, Florida 33126 ("Assignor") in consideration of Ten Dollars and other good and valuable consideration received from **K & J AIRCRAFT PARTS, INC.**, a Florida corporation, having an address at 1000 MacArthur Causeway, Miami, Florida 33132 ("Assignee") does hereby assign and transfer to Assignee, its successors and assigns, without recourse, representation or warranty of any kind or nature whatsoever, all the right, title and interest of Assignor in and to the documents and instruments described on Exhibit "A" hereto, together with all indebtedness thereby evidenced or secured and all monies due or to become due thereon, and all right, title and interest of Assignor (if any) in and to the properties therein described.

IN WITNESS WHEREOF, Assignor has duly executed this instrument as of the 6 day of December, 2005.

OCEAN BANK

Print Name: MARIA E. PEREZ

By: _____
Name: ROBERT C. NORONA
Title: V.P.

Print Name: C. Michele Moyano

STATE OF FLORIDA)
)
COUNTY OF MIAMI-DADE)

The foregoing instrument was acknowledged before me this 6 day of December, 2005, by ROBERT NORONA as VICE-PRESIDENT of **OCEAN BANK,** a Florida banking corporation, on behalf of that corporation.

Signature: _____
Name: [Print or type] MARIA E. PEREZ
Title: Notary Public
Serial No., if any: DD199825
My commission expires: JUNE 28, 2007

Maria E. Perez
MY COMMISSION # DD199825 EXPIRES
June 28, 2007
BONDED THRU TROY FAIN INSURANCE, INC.

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Orig. to JATS

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FILED WITH FAA
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OKLAHOMA CITY
OKLAHOMA

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EXHIBIT "A"

Aircraft Security Agreement dated October 22, 1999, by and between Seaplane Leasing II, LLC, as debtor, and Ocean Bank, as secured party, filed by the Federal Aviation Administration on December 7, 1999 under Conveyance No. K23778, as amended and restated by Aircraft Security Agreement dated October 28, 1999 filed by the Federal Aviation Administration under Conveyance No. K23805, as amended and restated by Amended and Restated Aircraft Security Agreement dated November 30, 2001 by and between Seaplane Leasing II, LLC, as debtor, and Ocean Bank, as secured party, recorded by the Federal Aviation Administration under Conveyance No. H104497, as amended and restated by Assignment of Amended and Restated Aircraft Security Agreement dated September 19, 2003 by and between Seaplane Leasing II, LLC, as debtor, and Ocean Bank, as secured party, recorded by the Federal Aviation Administration on November 10, 2003 under Conveyance No. II031322, as reaffirmed and assumed pursuant to Reaffirmation and Assumption of Amended and Restated Aircraft Security Agreement dated February 7, 2005 by and among Seaplane Leasing II, LLC, Seaplane Adventures LLC and Ocean Bank recorded by the Federal Aviation Administration on March 31, 2005 under Conveyance No. CC 019968.

N142PA Grumman G-73 S/N: J42
Pratt & Whitney PTGA-34 S/N: 57462, 57465
Hartzell HCB3TN3DY S/N: BU13940, BU18209

FILED WITH FAA
AIRCRAFT REGISTRATION BR

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OKLAHOMA

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CONVEYANCE RECORDED

VERIFIED NOTICE OF CLAIM OF LIEN

2005 AUG 23 AM 9 21

FEDERAL AVIATION ADMINISTRATION

STATE OF FLORIDA
COUNTY OF BROWARD

Before me, the undersigned Notary Public, personally appeared (Sheltair Aviation Center, L.L.C. Co-Manager, who was duly sworn and says that he is the agent of the lienor herein) Sheltair Aviation Center, L.L.C., whose address is, 1100 Lee Wagener Blvd, Suite 107, Fort Lauderdale, FL 33315, and that in accordance with 49 USCA §§ 44101-44107, Fla. Stat. § 329.01, Fla. Stat. §329.41, Fla. Stat. § 329.51, and Fla. Stat. § 713.58 the said lienor, Sheltair Aviation Center, L.L.C., furnished and/or supplied labor, services or materials consisting of Facility Rent and Electric Service from August 31, 2004 to June 30, 2005, for the following described Aircraft in Broward County, Florida: Grumman, Model G-73, Aircraft Serial Number, J42, and Aircraft Registration Number N142PA, owned by Seaplane Adventures, LLC, 75 Holly Hill Lane, Greenwich, CT, 06830-6098, the total value of seventy-two thousand, seven hundred, fifty dollars and seventy-one cents ($ 72,750.71) of which there remains unpaid , and that the lienor served his notice to owner of the unpaid rent and services bills on June 28, 2005, by Certified United States mail number 7003 1680 0000 2238 9582. The date service was last furnished was June 30, 2005.

Sheltair Aviation Center, L.L.C. Lienor

By _____

John Schmatz, Co-Managing Member

Sworn to and subscribed before me this 5th day of August, 2005.

Elizabeth H. Miller
Commission #DD311169
Expires: May 29, 2008
Bonded Thru
Atlantic Bonding Co., Inc.

Elizabeth H. Miller

Cys of lien rec'd, # 1346 & 1347

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$5.00 7/11/05

FILED WITH FAA
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OKLAHOMA CITY
OKLAHOMA

U.S. DEPARTMENT OF TRANSPORTATION

FEDERAL AVIATION ADMINISTRATION

CROSS-REFERENCE--RECORDATION

SEE CONVEYANCE NO

FILING DATE:

This form is to be used in cases where a conveyance covers several aircraft and engines, propellers, or locations. File original of this form with the recorded conveyance and a copy in each aircraft folder involved.

TYPE OF CONVEYANCE	DATE EXECUTED
REAFFIRMATION & ASSUMPTION OF AMENDED & RESTATED LEASE ASSIGNMENT & SECURITY AGREEMENT (See Conv # II031323, C301, pg 1.)	2-7-2005
FROM SEAPLANE ADVENTURES LLC (NEW ASSIGNOR) SEAPLANE LEASING II LLC (ORIGINAL ASSIGNOR)	DOCUMENT NO. CC0199469
TO OR ASSIGNED TO OCEAN BANK (ASSIGNEE) FLYING BOAT INC (LESSEE)	DATE RECORDED 3-31-2005

THE FOLLOWING COLLATERAL IS COVERED BY THE CONVEYANCE:

AIRCRAFT (List by registration number)	TOTAL NUMBER INVOLVED 1
142PA	

ENGINES	TOTAL NUMBER INVOLVED 2
MAKE(S) PRATT & WHITNEY PT6A-34	SERIAL NO. 57462 57465

PROPELLERS	TOTAL NUMBER INVOLVED 2
MAKE(S) HARTZELL HCB3TN-3DY	SERIAL NO. BU13940 BU18209

SPARE PARTS --LOCATIONS	TOTAL NUMBER INVOLVED
LOCATION	

RECORDED CONVEYANCE FILED IN:

N142PA S/N J42 GRUMMAN G-73

AC FORM 8050-23 (1-96) (0052-00-582-6000)

CC0199 69

I hereby certify this is a true and exact copy of the original.
Chandra Ramirez
Insured Aircraft Title Service, Inc.

REAFFIRMATION AND ASSUMPTION OF AMENDED AND RESTATED AIRCRAFT LEASE ASSIGNMENT AND AIRCRAFT SECURITY AGREEMENT

DO NOT RECORD

Grumman G-73
U.S. Registration No. N142PA
Aircraft Serial No. J-42

2005 MAR 31 AM 11 22
FEDERAL AVIATION ADMINISTRATION

On this 7th day of February, 2005, this Reaffirmation and Assumption of Amended and Restated Aircraft Lease Assignment and Aircraft Security Agreement ("Assignment") is made and entered into at Miami, Florida, U.S.A., by and between **SEAPLANE LEASING II, LLC**, a Delaware limited liability company ("Original Assignor"), **SEAPLANE ADVENTURES LLC,** a Delaware limited liability company ("New Assignor"), **OCEAN BANK**, a Florida banking corporation ("Assignee") , and **FLYING BOAT, INC. d/b/a Chalk's International Airlines**, a Florida corporation ("Flying Boat").

RECITALS:

A. Original Assignor is the owner of: (i) a Grumman G-73 aircraft having U.S. Registration No. N142PA and Manufacturer's Serial No. J-42, (ii) two Pratt & Whitney PT6A-34 aircraft engines bearing Manufacturer's Serial Nos.57462 and 57465 and (iii) two Hartzell HCB3TN-3DY aircraft propellers bearing Manufacturer's Serial No. BU13940 and BU18209 (collectively, the "Aircraft"), which Aircraft the Assignor has leased to Permitted Lessee for use in Permitted Lessee's airline business pursuant to that certain Aircraft Lease Agreement between Assignor (as Lessor) and Permitted Lessee (as Lessee), dated October 28, 1999 (the "Lease Agreement") (the foregoing aircraft engines are 750 or more rated take-off horsepower and the foregoing aircraft propellers are capable of absorbing 750 or more rated take-off shaft horsepower).

B. Flying Boat and James Confalone ("Confalone") previously borrowed the sum of $2,657,402.80 (the "Flying Boat Loan") from Assignee pursuant to that certain Second Amended and Restated Credit Agreement dated September 19, 2003 between the Assignee, Flying Boat, The Oil Change, Inc., a Florida corporation ("Oil Change") and Confalone (as amended or restated form time to time, the "Credit Agreement") and that certain Amended and Restated Promissory Note from Confalone and Flying Boat in favor of Secured Party dated September 19, 2003 in the original principal amount of $2,657,402.80 (the "Flying Boat Note").

C. Confalone has previously borrowed the sum of $2,096,147.18 (the "Confalone Loan") pursuant to, and as evidenced by, the Credit Agreement, and that certain Amended and Restated Promissory Note from Confalone in favor of Secured Party dated September 19, 2003 in the original principal amount of $2,096,147.18 (the "Confalone Note").

D. The obligations of Confalone under the Confalone Note, the obligations of Flying Boat and Confalone under the Flying Boat Note, and the obligations of Confalone and Flying Boat under the Credit Agreement are secured by, among other things, various security agreements more fully described in the Credit Agreement including that certain Amended and Restated Aircraft Security Lease Assignment and Aircraft Security Agreement dated September 19, 2003 by and between Original Assignee, Flying Boat and Assignee recorded by the United States Federal Aviation Administration ("FAA") on November 10, 2003 under FAA Conveyance No. II031323 (the "Original Assignment") (all of the foregoing, as amended or restated from time to time, together with renewals or modifications thereof or substitution therefore, the "Security Documents"). The Confalone Note, the Flying Boat Note, the Credit Agreement and the Security Documents, together with all documents, instruments and agreements evidencing, securing or otherwise relating to the Confalone Loan and the Flying Boat Loan, as any or all such other documents, instruments and agreements may be amended, modified, restated, renewed or substituted for from time to time are referred to herein collectively as the "Loan Documents").

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OKLAHOMA CITY
OKLAHOMA

E. Pursuant to the provisions of the Loan Documents, Assignee has the right to consent to the sale of the Aircraft. Original Debtor and New Debtor have requested that Assignee consent to the sale of the Aircraft to New Assignor and Assignee is willing to do so provided that Original Assignor, New Assignor and Flying Boat shall have executed and delivered this Assignment to confirm that the Original Assignment continues to constitute an assignment of and a continuing, first priority security interest in and lien on all right, title and interest of Flying Boat in the Aircraft, the Collateral (defined in the Original Assignment) and the Lease Agreement and continues to secure, among other things, the obligations of Flying Boat and Confalone to Assignee with respect to the Flying Boat Loan and the obligations of Confalone to Assignee with respect to the Confalone Loan.

NOW, THEREFORE, for and in consideration of the above recitals and the mutual promises, warranties, covenants, representations and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce Assignee to consent to the sale of the Aircraft to New Assignor the parties agree as follows:

1. **Consent to Sale.** Secured Party hereby consents to the sale of the Aircraft to New Assignor and Flying Boat, which sale is evidenced by and effectuated by that certain Bill of Sale of even date herewith by Original Assignor to New Assignor, subject to the provisions of this Assignment.

2. **Reaffirmation of Assignment and Security Interest**. Original Assignor, New Assignor and Flying Boat agree that notwithstanding the consent of Assignee to the sale of the Aircraft to New Assignor, the Original Security Agreement continues to constitute an assignment of and a continuing, first priority security interest in and lien on all right, title and interest in the Aircraft, the Collateral (as defined in the Original Assignment) and the Lease Agreement which Flying Boat now has or may hereafter acquire in the Aircraft, the Collateral (as defined in the Original Agreement) and the Lease Agreement in favor of Assignee and, in furtherance of the foregoing, Original Assignor, New Assignor and Flying Boat hereby confirm that the Original Assignment and this Assignment operate to assign to Assignee and grant to Assignee a continuing, first priority security interest in and lien on all of Flying Boat's right, title and interest in, whether now existing or hereafter acquired, the Aircraft, the Collateral (as defined in the Original Assignment) and the Lease Agreement.

3. **Security for Obligations**. The Original Assignment secures the payment of all obligations of each of New Assignor, Original Assignor, Flying Boat and Confalone, (each of Flying Boat and Confalone being referred to herein as an "Obligor" and collectively as "Obligors") to Assignee whether for principal, interest, fees, expenses or otherwise, whether now or hereafter existing or arising, whether direct or indirect, whether absolute or contingent and whether acquired directly or by assignment (all such obligations referred to in this §3 being the "Obligations") (it being the intent of the New Assignor, Original Assignor and Flying Boat that all right, title and interest of Flying Boat in the Aircraft, the Collateral and the Lease Agreement shall secure not only all the Obligations owing by Original Assignor, New Assignor but also all those owing by each Obligor). For avoidance of doubt, Original Assignor and New Assignor and Flying Boat hereby acknowledge that the Obligations include any and all Obligations of Original Assignor, New Assignor and any Obligor to the Assignee with respect to the Flying Boat Loan and the Confalone Loan, including but not limited to any and all obligations of Original Assignor, New Assignor and any of the Obligors arising under the Credit Agreement, the Confalone Note, the Flying Boat Note, and any and all other Loan Documents.

4. **Original Assignor, New Assignor and Flying Boat Will Execute and Deliver Documents**. At Assignee's request, the Original Assignor, New Assignor and Flying Boat will promptly furnish such information and execute and deliver such documents and do all such acts and things as Assignee may reasonably request and as are necessary or appropriate to assist Assignee in establishing and maintaining a valid first priority security interest in the Aircraft, the Collateral and the Lease Agreement and to assure that the Aircraft is properly titled and registered and that the security interest granted hereby is perfected to Assignee's satisfaction. Flying Boat will pay the cost of filing all appropriate documents in all public offices where Assignee deems such filings necessary or desirable.

5. **Obligations of New Assignor Under Original Assignment**. New Assignor agrees to abide by and perform all covenants of Original Assignor set forth in, and all terms and conditions of, the Original Assignment and hereby assumes all obligations and liabilities of Original Assignor set forth in the Original Assignment.

6. **Legal, Valid, Binding and Enforceable Obligation**. The New Assignor represents and warrants to Assignee that upon execution and delivery of this Agreement, this Agreement and the Original Assignment will constitute the legal, valid and binding obligation of New Assignor and will be enforceable in accordance with its terms.

7. **GOVERNING LAW AND FORUM CHOICE.** THIS ASSIGNMENT WAS MADE, ENTERED INTO AND DELIVERED IN THE STATE OF FLORIDA AND THE LAW GOVERNING THIS ASSIGNMENT WILL BE THAT OF THE STATE OF FLORIDA AS IT MAY FROM TIME TO TIME EXIST. THE LAW OF THE STATE OF FLORIDA WILL APPLY TO ANY AND ALL MATTERS ARISING FROM OR RELATED TO THIS AGREEMENT AND TRANSACTION, INCLUDING ANY ACTIONS UNDERTAKEN BY SECURED PARTY SHOULD AN "EVENT OF DEFAULT" OCCUR, SUCH AS AN ACTION TO OBTAIN POSSESSION OF AND FORECLOSE UPON THE AIRCRAFT, AND ALL OTHER REMEDIES WHICH MAY BE AVAILABLE INCLUDING SEEKING A DEFICIENCY JUDGMENT AGAINST THE DEBTOR.

8. **Enforceability**. The provisions of this Assignment will be severable and, if any provisions are for any reason determined to be invalid, void or unenforceable, in whole or in part, the remaining provisions will remain in full force and effect; provided that the purpose of the remaining valid, effective and enforceable provisions is not frustrated; and provided further that no party is substantially and materially prejudiced thereby.

9. **Assignability**. Assignee will have the absolute right to assign, transfer or sell any of its rights under this Assignment to any party of its choosing. The New Assignor and Flying Boat may not assign or delegate any of its rights or obligations hereunder without the prior written consent of Assignee.

10. **Sale or Leasing**. The New Assignor will not sell, convey or transfer the Aircraft or Collateral, or any interest therein and will not lease or rent the Aircraft or Collateral to any person or party without first requesting and obtaining the express written consent of Assignee.

11. **Binding Agreement**. All obligations of the Original Assignor, New Assignor and Flying Boat hereunder will bind the successors and assigns of Original Assignor, New Assignor and Flying Boat. If there be more than one debtor hereunder, their liabilities will be joint and several. All rights of Assignee hereunder will inure to the benefit of its successors and assigns.

12. **Entire Agreement**. This Assignment and the Loan Documents constitute the entire agreement between and among the parties with respect to the subject matter hereof. There are no verbal understandings, agreements, representations or warranties between the parties which are not expressly set forth herein. This Assignment will not be changed orally, but only in writing signed by the parties hereto.

13. **Signatory Authority**. The undersigned officer of each of Original Assignor, New Assignor and Flying Boat verifies and warrants that he has read this Assignment in its entirety, that he understands its provisions and purpose, and that he has full authority to sign and deliver the same on behalf of Original Assignor, New Assignor and Flying Boat and to bind Original Assignor, New Assignor and Flying Boat.

14. **Termination**. This Agreement and the Original Assignment shall remain in full force and effect until the indefeasible payment of all obligations of the Original Assignor, New Assignor and all Obligors owing under the Loan Documents and this Assignment and thereafter as long as any payment of or recovery against or with respect to any of such obligations might, in Assignee's reasonable judgment, be rescinded, or otherwise required to be returned by the Assignee for any reason, including the

insolvency bankruptcy or reorganization of Original Assignor, New Assignor, Flying Boat, Confalone, or any other Obligor. At the New Assignor's request, Secured Party shall promptly perform such actions and execute and file such documents as may be necessary or appropriate to evidence or effect such termination and release.

15. **Waiver of Jury Trial**. NEW ASSIGNOR (AND, BY ACCEPTANCE OF THIS AGREEMENT, ASSIGNEE) HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY AND ALL RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION (INCLUDING BUT NOT LIMITED TO ANY CLAIMS, CROSS CLAIMS OR THIRD PARTY CLAIMS) ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS AGREEMENT.

16. **Continuation of Original Security Agreement**. This Assignment is not intended to be a novation of the Original Assignment or to adversely affect the rights of Assignee thereunder. Rather, this Assignment is intended to continue the lien and priority of the Original Assignment without interruption and shall be liberally construed to effectuate such intent.

IN WITNESS of the mutual promises, warranties, covenants, representations and agreements set forth herein, the parties have caused their duly authorized officers to execute this Assignment effective as of the date first above written.

Signed, sealed and
delivered in the present of:

Ofelia Whitaker
Name: Ofelia Whitaker

C. Richard Morgan
Name: C. Richard Morgan

ORIGINAL ASSIGNOR:

SEAPLANE LEASING II, LLC

By: _____
Name: James Confalone
Title: Sole Member

Ofelia Whitaker
Name: Ofelia Whitaker

C. Richard Morgan
Name: C. Richard Morgan

NEW ASSIGNOR:

SEAPLANE ADVENTURES LLC

By: _____
Name: Andrew Shasha
Title: Sole Member

Name: Kenny Corona

Name: MARIA E. PEREZ

ASSIGNEE:

OCEAN BANK

By: _____
Name: ROBERT NORONA
Title: VICE-PRESIDENT

FLYING BOAT:

FLYING BOAT, INC, a Florida corporation

Ofelia Whitaker
Name: Ofelia Whitaker

By: _____
Name: James Confalone
Title: President

Name: C. Richard Morgan

STATE OF FLORIDA)
)
COUNTY OF MIAMI-DADE)

This instrument was acknowledged before me on the 7th day of February, 2005, by **JAMES CONFALONE**, as Sole Member of **SEAPLANE LEASING II, LLC**, a Delaware limited liability company on behalf of said company.

Personally known to me _____
or produced I.D. ✓
Drivers License
(type of I.D.)

Did take oath _____
Did not take oath ✓

Signature: Ofelia Whitaker
Title: Notary Public
Name: [Print or type] _____
Serial No., if any: _____
My commission expires: _____

Ofelia Whitaker
My Commission DD257142
Expires December 15, 2007

STATE OF Florida)
)
COUNTY OF Miami-Dade)

This instrument was acknowledged before me on the 7th day of February, 2005, by **ANDREW SHASHA**, as Sole Member of **SEAPLANE ADVENTURES LLC**, a Delaware limited liability company on behalf of said company.

Personally known to me _____
or produced I.D. ✓
Drivers License
(type of I.D.)

Did take oath _____
Did not take oath ✓

Signature: Ofelia Whitaker
Title: Notary Public
Name: [Print or type] _____
Serial No., if any: _____
My commission expires: _____

Ofelia Whitaker
My Commission DD257142
Expires December 15, 2007

STATE OF FLORIDA)
)
COUNTY OF MIAMI-DADE)

This instrument was acknowledged before me on the 7th day of February, 2005, by ROBERT NORONA, as VICE-PRESIDENT of **OCEAN BANK**, on behalf of the bank.

Personally known to me ✓
or produced I.D. _____
_____
(type of I.D.)

Did take oath _____
Did not take oath ✓

Signature: Graciela Zara
Title: Notary Public
Name: [Print or type] GRACIELA ZARA
Serial No., if any: _____
My commission expires: _____

GRACIELA ZARA
My Comm Exp. 10/30/05
No. DD 053169
Personally Known Other I.D.

STATE OF FLORIDA)
)
COUNTY OF MIAMI-DADE)

This instrument was acknowledged before me on the 7th day of February, 2005, by **JAMES CONFALONE**, as President of **FLYING BOAT, INC.**, a Florida corporation on behalf of said corporation.

Personally known to me _____
or produced I.D. ✓
Drivers License
(type of I.D.)

Did take oath _____
Did not take oath ✓

Signature: Ofelia Whitaker
Title: Notary Public
Name: [Print or type] _____
Serial No., if any: _____
My commission expires: _____

Ofelia Whitaker
My Commission DD257142
Expires December 15, 2007

FILED WITH FAA
AIRCRAFT REGISTRATION BR
2005 MAR 4 AM 9 31
OKLAHOMA CITY
OKLAHOMA

U.S. DEPARTMENT OF TRANSPORTATION

FEDERAL AVIATION ADMINISTRATION

CROSS-REFERENCE--RECORDATION

SEE CONVEYANCE NO

FILING DATE:

This form is to be used in cases where a conveyance covers several aircraft and engines, propellers, or locations. File original of this form with the recorded conveyance and a copy in each aircraft folder involved.

TYPE OF CONVEYANCE	DATE EXECUTED
REAFFIRMATION & ASSUMPTION OF AMENDED & RESTATED AIRCRAFT SECURITY AGREEMENT (See Conv # II031322, C301, pg 23.)	2-7-2005
FROM SEAPLANE ADVENTURES LLC (NEW DEBTOR) SEAPLANE LEASING II LLC (ORIGINAL DEBTOR)	DOCUMENT NO. CC019968
TO OR ASSIGNED TO OCEAN BANK (SECURED PARTY)	DATE RECORDED 3-31-2005

THE FOLLOWING COLLATERAL IS COVERED BY THE CONVEYANCE:

AIRCRAFT (List by registration number)	TOTAL NUMBER INVOLVED 1
142PA	

ENGINES	TOTAL NUMBER INVOLVED 2
MAKE(S) PRATT & WHITNEY PT6A-34	SERIAL NO. 57462 57465

PROPELLERS	TOTAL NUMBER INVOLVED 2
MAKE(S) HARTZELL HCB3TN-3DY	SERIAL NO. BU13940 BU18209

SPARE PARTS --LOCATIONS	TOTAL NUMBER INVOLVED
LOCATION	

RECORDED CONVEYANCE FILED IN:

N142PA S/N J42 GRUMMAN G-73

AC FORM 8050-23 (1-96) (0052-00-582-6000)

I hereby certify this is a true and exact copy of the original.
Chandra Ramirez
Insured Aircraft Title Service, Inc.

CC019968

CONVEYANCE RECORDED
2005 MAR 31 AM 11:18
FEDERAL AVIATION ADMINISTRATION

REAFFIRMATION AND ASSUMPTION OF AMENDED AND RESTATED AIRCRAFT SECURITY AGREEMENT

Grumman G-73 Mallard
U.S. Registration No. N142PA
Manufacturer's Serial No. J-42

This Reaffirmation and Assumption of Amended and Restated Security Agreement/Mortgage (this "Agreement") is made and entered into in this 7th day of February, 2005 by and among **SEAPLANE LEASING II, LLC,** a limited liability company organized pursuant to the laws of the State of Delaware, with an office at 3001 New York Avenue, Coconut Grove, Florida 33133 (the "Original Debtor") **SEAPLANE ADVENTURES LLC**, a limited liability company organized pursuant to the laws of the State of Delaware, with an office at 75 Holly Hill Lane, Greenwich, Connecticut 06830 (hereinafter the "New Debtor"), and **OCEAN BANK**, a Florida banking corporation, organized pursuant to the laws of the State of Florida, with its principal place of business at 780 N. W. 42 Avenue, Miami, FL 33126 (hereinafter the "Secured Party").

RECITALS

A. Flying Boat, Inc., a Florida corporation ("FBI") and James Confalone ("Confalone") previously borrowed the sum of $2,657,402.80 (the "Flying Boat Loan") from Secured Party pursuant to that certain Second Amended and Restated Credit Agreement dated September 19, 2003 between the Secured Party, FBI, The Oil Change, Inc., a Florida corporation ("Oil Change") and Confalone (as amended or restated form time to time, the "Credit Agreement") and that certain Amended and Restated Promissory Note from Confalone and FBI in favor of Secured Party dated September 19, 2003 in the original principal amount of $2,657,402.80 (the "Flying Boat Note").

B. Confalone has previously borrowed the sum of $2,096,147.18 (the "Confalone Loan") pursuant to, and as evidenced by, the Credit Agreement, and that certain Amended and Restated Promissory Note from Confalone in favor of Secured Party dated September 19, 2003 in the original principal amount of $2,096,147.18 (the "Confalone Note").

C. The obligations of Confalone under the Confalone Note, the obligations of FBI and Confalone under the Flying Boat Note, and the obligations of Confalone and FBI under the Credit Agreement are secured by, among other things, various security agreements more fully described in the Credit Agreement including that certain Amended and Restated Aircraft Security Agreement dated September 19, 2003 by and between Original Debtor and Secured Party recorded by the United States Federal Aviation Administration ("FAA") on November 10, 2003 under FAA Conveyance No. II031322 (the "Original Security Agreement") (all of the foregoing, as amended or restated from time to time, together with renewals or modifications thereof or substitution therefore, the "Security Documents"). The Confalone Note, the Flying Boat Note, the Credit Agreement and the Security Documents, together with all documents, instruments and agreements evidencing, securing or otherwise relating to the Confalone Loan and the Flying Boat Loan, as any or all such other documents, instruments and agreements may be amended, modified, restated, renewed or substituted for from time to time are referred to herein collectively as the "Loan Documents").

D. To further secure the obligations of Confalone and FBI under the Confalone Note and the Flying Boat Note, and the other Loan Documents, each of New Debtor and Andrew Shasha ("Shasha") has executed and delivered to Secured Party a Guaranty Agreement of even date herewith (each, a "Guaranty" and collectively, the "Guaranties").

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08/04/2005 $5.00

orig retd to IATS

FILED WITH FAA
AIRCRAFT REGISTRATION BR

2005 MAR 4 AM 9 31

OKLAHOMA CITY
OKLAHOMA

E. Pursuant to the provisions of the Loan Documents, Secured Party has the right to consent to the sale of the Collateral (defined below). Original Debtor and New Debtor have requested that Secured Party consent to the sale of the Collateral to New Debtor and Secured Party is willing to do so provided that New Debtor shall have executed and delivered this Agreement to confirm that the Original Agreement continues to constitute an assignment of and a continuing, first priority security interest in and lien on the Collateral and continues to secure, among other things, the obligations of FBI and Confalone to Secured Party with respect to the Flying Boat Loan and the obligations of Confalone to Secured Party with respect to the Confalone Loan.

NOW, THEREFORE, in consideration of the mutual promises, covenants and representations set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Consent to Sale.** Secured Party hereby consents to the sale of the Collateral to New Debtor, which sale is evidenced by and effectuated by that certain Bill of Sale of even date herewith by Original Debtor to New Debtor, subject to the provisions of this Agreement.

2. **Reaffirmation of Security Interest**. Original Debtor and New Debtor agree that notwithstanding the consent of Secured Party to the sale of the Collateral to New Debtor, the Original Security Agreement continues to constitute an assignment of and a continuing, first priority security interest in and lien on the Collateral in favor of Secured Party and, in furtherance of the foregoing, New Debtor hereby confirms that the Original Security Agreement and this Agreement operate to assign to Secured Party and grant to Secured Party a continuing, first priority security interest in and lien on all of New Debtor's right, title and interest in, whether now existing or hereafter acquired, the following property:

Airframe described as follows:

Manufacturer: Grumman
Model: G-73 Mallard
U.S. Registration No.: N142PA
Manufacturer's Serial No.: J-42

Engine described as follows:

Manufacturer: Pratt & Whitney
Model: PT6A-34
Manufacturer's Serial Nos.:
57462
57465

Propeller described as follows:

Manufacturer: Hartzell
Model: HCB3TN3DY
Manufacturer's Serial Nos.:
BU 13940
BU 18209

(the above described airframe, engines and propellers being referred to herein as the "Aircraft"), together with any and all engines, components, propellers, instruments, avionics, equipment, parts and accessories attached to, installed in appurtenant to, or delivered with or in respect of such Aircraft; all aircraft and engine log books; all spare parts; all right, title and interest of Debtor in, to and under any lease, rental agreement, or other agreement(s) respecting the Aircraft, including, but not limited to,

Debtor's right to receive, either directly or indirectly from any party or person, any rents or other payments due under such agreement(s), and in, to and under any lease, rental agreement or other agreements pertaining to any of the foregoing property in which Debtor is the lessee; and all additions, accessions, substitutions and proceeds of the Aircraft and any of the foregoing property including, but not limited to, proceeds of insurance covering the Aircraft and any and all accounts, general intangibles, contract rights, inventory, equipment, money, drafts, instruments, deposit accounts or other tangible or intangible property of the Debtor resulting from the sale (authorized or unauthorized) or other disposition of the Aircraft or the foregoing property. The Aircraft and foregoing property is hereinafter collectively referred to as the "Collateral". The above described aircraft engine is 750 or more rated take-off horsepower and the above-described aircraft propeller is capable of absorbing 750 or more rated take-off shaft horsepower.

3. **Security for Obligations**. The Original Security Agreement secures the payment of all obligations of each of New Debtor, Shasha, FBI, and Confalone, (each of FBI, Shasha and Confalone being referred to herein as an "Obligor" and collectively as "Obligors") to the Secured Party whether for principal, interest, fees, expenses or otherwise, whether now or hereafter existing or arising, whether direct or indirect, whether absolute or contingent and whether acquired directly or by assignment (all such obligations referred to in this §3 being the "Obligations") (it being the intent of the New Debtor that the Collateral shall secure not only all the Obligations owing by New Debtor but also all those owing by each Obligor). For avoidance of doubt, New Debtor hereby acknowledges that the Obligations include any and all Obligations of New Debtor and any Obligor to the Secured Party with respect to the Flying Boat Loan and the Confalone Loan, including but not limited to any and all obligations of New Debtor and Shasha arising under the Guaranties and of any of the Obligors arising under the Credit Agreement, the Confalone Note, the Flying Boat Note, and any and all other Loan Documents.

4. **New Debtor Will Execute and Deliver Documents**. At Secured Party's request, the New Debtor will promptly furnish such information and execute and deliver such documents and do all such acts and things as Secured Party may reasonably request and as are necessary or appropriate to assist Secured Party in establishing and maintaining a valid first priority security interest in the Collateral and to assure that the Aircraft is properly titled and registered and that the security interest granted hereby is perfected to Secured Party's satisfaction. The New Debtor will pay the cost of filing all appropriate documents in all public offices where Secured Party deems such filings necessary or desirable.

5. **Obligations of Original New Debtor Under Original Security Agreement**. New Debtor agrees to abide by and perform all covenants of Original Debtor set forth in, and all terms and conditions of, the Original Security Agreement and hereby assumes all obligations and liabilities of Original Debtor set forth in the Original Security Agreement.

6. **Legal, Valid, Binding and Enforceable Obligation**. The New Debtor represents and warrants to Secured Party that upon execution and delivery of this Agreement, this Agreement and the Original Security Agreement will constitute the legal, valid and binding obligation of New Debtor and will be enforceable in accordance with therein terms.

7. **GOVERNING LAW AND FORUM CHOICE.** THIS AGREEMENT WAS MADE, ENTERED INTO AND DELIVERED IN THE STATE OF FLORIDA AND THE LAW GOVERNING THIS AGREEMENT WILL BE THAT OF THE STATE OF FLORIDA AS IT MAY FROM TIME TO TIME EXIST. THE LAW OF THE STATE OF FLORIDA WILL APPLY TO ANY AND ALL MATTERS ARISING FROM OR RELATED TO THIS AGREEMENT AND TRANSACTION, INCLUDING ANY ACTIONS UNDERTAKEN BY SECURED PARTY SHOULD AN "EVENT OF DEFAULT" OCCUR, SUCH AS AN ACTION TO OBTAIN POSSESSION OF AND FORECLOSE UPON THE AIRCRAFT, AND ALL OTHER REMEDIES WHICH MAY BE AVAILABLE INCLUDING SEEKING A DEFICIENCY JUDGMENT AGAINST THE DEBTOR.

8. **Enforceability**. The provisions of this Agreement will be severable and, if any provisions are for any reason determined to be invalid, void or unenforceable, in whole or in part, the remaining provisions will remain in full force and effect; provided that the purpose of the remaining valid, effective and enforceable provisions is not frustrated; and provided further that no party is substantially and materially prejudiced thereby.

9. **Assignability**. Secured Party will have the absolute right to assign, transfer or sell any of its rights under this Agreement to any party of its choosing. The New Debtor may not assign or delegate any of its rights or obligations hereunder without the prior written consent of Secured Party.

10. **Sale or Leasing**. The New Debtor will not sell, convey or transfer the Aircraft or Collateral, or any interest therein and will not lease or rent the Aircraft or Collateral to any person or party without first requesting and obtaining the express written consent of Secured Party.

11. **Binding Agreement**. All obligations of the New Debtor hereunder will bind the successors and assigns of the New Debtor. If there be more than one debtor hereunder, their liabilities will be joint and several. All rights of Secured Party hereunder will inure to the benefit of its successors and assigns.

12. **Entire Agreement**. This Agreement and the Loan Documents constitute the entire agreement between and among the parties with respect to the subject matter hereof. There are no verbal understandings, agreements, representations or warranties between the parties which are not expressly set forth herein. This Agreement will not be changed orally, but only in writing signed by the parties hereto. New Debtor acknowledges that the terms hereof have been reviewed by legal counsel of its choice and agrees that no ambiguity in the provisions hereof shall be construed against Secured Party by reason of the fact that it was drafted by Secured Party or its counsel.

13. **Notices**. Any notice pertaining to this Agreement will be deemed sufficiently given if personally delivered or sent by registered or certified mail, return receipt requested, to the party to whom said notice is to be given. Notices sent by registered or certified mail will be deemed given on the third day after the date of postmark. Until changed by written notice given by either party, the addresses of the parties will be as follows:

The New Debtor:	SEAPLANE ADVENTURES LLC 75 Holly Hill Lane Greenwich, Connecticut 06830 Attn: Andrew Shasha
Secured Party:	OCEAN BANK 780 N. W. 42 Avenue Miami, FL 33126 Attn: General Counsel

The designated addresses of both parties must be located within the United States of America.

14. **Signatory Authority**. The undersigned officer of each of Original Debtor and the New Debtor verifies and warrants that he has read this Security Agreement in its entirety, that he understands its provisions and purpose, and that he has full authority to sign and deliver the same on behalf of the New Debtor and to bind the New Debtor.

15. **Termination**. This Agreement and the Original Security Agreement shall remain in full force and effect until the indefeasible payment of all obligations of the New Debtor and all Obligors owing under the Loan Documents and this Agreement and thereafter as long as any payment of or recovery

against or with respect to any of such obligations might, in Secured Party's reasonable judgment, be rescinded, or otherwise required to be returned by the Secured Party for any reason, including the insolvency bankruptcy or reorganization of New Debtor, Shasha, FBI, Confalone, or any other Obligor. At the New Debtor's request, Secured Party shall promptly perform such actions and execute and file such documents as may be necessary or appropriate to evidence or effect such termination and release.

16. **Waiver of Jury Trial**. NEW DEBTOR (AND, BY ACCEPTANCE OF THIS AGREEMENT, SECURED PARTY) HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY AND ALL RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION (INCLUDING BUT NOT LIMITED TO ANY CLAIMS, CROSS CLAIMS OR THIRD PARTY CLAIMS) ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS AGREEMENT.

17. **Continuation of Original Security Agreement**. This Agreement is not intended to be a novation of the Original Security Agreement or to adversely affect the rights of Secured Party thereunder. Rather, this Agreement is intended to continue the lien and priority of the Original Security Agreement without interruption and shall be liberally construed to effectuate such intent. New Debtor hereby authorizes the Secured Party to file one or more financing and continuation statements, and amendments thereto, relative to the Collateral without the signature of New Debtor where permitted by law.

IN WITNESS WHEREOF, the New Debtor, Original Debtor and Secured Party has each caused its duly authorized officer to execute and deliver this Security Agreement at Miami, Florida, U.S.A. on the day and year first above written.

Signed, sealed and
delivered in the presence of:

Name: Benito Carmona

Name: MARIA E. PEREZ

Name: Ofelia Whitaker

Name: C. Richard Morgan

Name: Ofelia Whitaker

Name: C. Richard Morgan

SECURED PARTY:

OCEAN BANK

By:
Name: ROBERT MOROJA
Title: VICE-PRESIDENT

THE NEW DEBTOR:

SEAPLANE ADVENTURES LLC

By:
Name: Andrew Shasha
Title: Sole Member

THE ORIGINAL DEBTOR:

SEAPLANE LEASING II, LLC

By:
Name: James Confalone
Title: Sole Member

STATE OF FLORIDA)
)
COUNTY OF MIAMI-DADE)

This instrument was acknowledged before me on the 7th day of February, 2005, by ROBERT NOVONA, as VICE-PRESIDENT of **OCEAN BANK**, on behalf of the bank.

Personally known to me ✓
or produced I.D. _____
_____
(type of I.D.)
Did take oath _____
Did not take oath ✓

Signature: Graciela Zara
Title: Notary Public
Name: [Print or type] GRACIELA ZARA
Serial No., if any: _____
My commission expires:

GRACIELA ZARA
My Comm Exp. 10/30/05
No. DD 053169
[ ] Personally Known [ ] Other I.D.

STATE OF FLORIDA)
)
COUNTY OF MIAMI-DADE)

This instrument was acknowledged before me on the 7th day of February, 2005, by **ANDREW SHASHA**, as Sole Member of **SEAPLANE ADVENTURES LLC**, a Delaware limited liability company, on behalf of said Company.

Personally known to me _____
or produced I.D. ✓
Drivers License
(type of I.D.)
Did take oath _____
Did not take oath ✓

Signature: Ofelia Whitaker
Title: Notary Public
Name: [Print or type] _____
Serial No., if any: _____
My commission expires:

Ofelia Whitaker
My Commission DD257142
Expires December 15, 2007

STATE OF FLORIDA)
)
COUNTY OF MIAMI-DADE)

This instrument was acknowledged before me on the 7th day of February, 2005, by **JAMES CONFALONE**, as sole member of **SEAPLANE LEASING II, LLC**, a Delaware limited liability company, on behalf of said Company.

Personally known to me ____
or produced I.D. ✓
Drivers License
(type of I.D.)
Did take oath ____
Did not take oath ✓

Signature: Ofelia Whitaker
Title: Notary Public
Name: [Print or type] ____
Serial No., if any: ____
My commission expires:

Ofelia Whitaker
My Commission DD257142
Expires December 15, 2007

FILED WITH FAA
AIRCRAFT REGISTRATION BR

2005 MAR 4 AM 9 31

OKLAHOMA CITY
OKLAHOMA

FORM APPROVED
OMB No. 2120-0042

UNITED STATES OF AMERICA DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION-MIKE MONRONEY AERONAUTICAL CENTER
AIRCRAFT REGISTRATION APPLICATION

CERT. ISSUE DATE
CC MAR 3 1 2005

UNITED STATES REGISTRATION NUMBER N 142PA

AIRCRAFT MANUFACTURER & MODEL
Grumman G73 MALLARD

AIRCRAFT SERIAL No.
J-42

FOR FAA USE ONLY

TYPE OF REGISTRATION (Check one box)

☐ 1. Individual ☐ 2. Partnership ☒ 3. Corporation ☐ 4. Co-owner ☐ 5. Gov't. ☐ 8. Non-Citizen Corporation

NAME OF APPLICANT (Person(s) shown on evidence of ownership. If individual, give last name, first name, and middle initial.)

Seaplane Adventures LLC,
a Delaware limited liability company

TELEPHONE NUMBER: (203) 422-2512

ADDRESS (Permanent mailing address for first applicant listed.)

Number and street: 75 Holly Hill Lane

Rural Route: P.O. Box:

CITY	STATE	ZIP CODE
Greenwich	CT	06830

☐ **CHECK HERE IF YOU ARE ONLY REPORTING A CHANGE OF ADDRESS**

ATTENTION! Read the following statement before signing this application.
This portion MUST be completed.

A false or dishonest answer to any question in this application may be grounds for punishment by fine and / or imprisonment (U.S. Code, Title 18, Sec. 1001).

CERTIFICATION

I/WE CERTIFY:

(1) That the above aircraft is owned by the undersigned applicant, who is a citizen (including corporations) of the United States.

(For voting trust, give name of trustee: _____), or:

CHECK ONE AS APPROPRIATE:

a. ☐ A resident alien, with alien registration (Form 1-151 or Form 1-551) No. _____

b. ☐ A non-citizen corporation organized and doing business under the laws of (state) _____ and said aircraft is based and primarily used in the United States. Records or flight hours are available for inspection at _____

(2) That the aircraft is not registered under the laws of any foreign country; and

(3) That legal evidence of ownership is attached or has been filed with the Federal Aviation Administration.

NOTE: If executed for co-ownership all applicants must sign. Use reverse side if necessary.

TYPE OR PRINT NAME BELOW SIGNATURE

EACH PART OF THIS APPLICATION MUST BE SIGNED IN INK.

SIGNATURE	TITLE	DATE
Andrew Shasha	member	2/8/05

NOTE Pending receipt of the Certificate of Aircraft Registration, the aircraft may be operated for a period not in excess of 90 days, during which time the PINK copy of this application must be carried in the aircraft.

AC Form 8050-1 (12/90) (0052-00-628-9007) Supersedes Previous Edition

JB

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AIRCRAFT REGISTRATION BR
2005 MAR 4 AM 9 31
OKLAHOMA CITY
OKLAHOMA

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2005 MAR 24 AM 7 57
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FILED WITH FAA
AIRCRAFT REGISTRATION BR
2005 MAR 16 AM 10 51
OKLAHOMA CITY
OKLAHOMA

FORM APPROVED
OMB NO. 2120-0042

UNITED STATES OF AMERICA
U.S. DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION

C C 0 1 9 9 6 7

AIRCRAFT BILL OF SALE

FOR AND IN CONSIDERATION OF $400,000 THE UNDERSIGNED OWNER(S) OF THE FULL LEGAL AND BENEFICIAL TITLE OF THE AIRCRAFT DESCRIBED AS FOLLOWS:,

UNITED STATES REGISTRATION NUMBER N 142PA

CONVEYANCE RECORDED

AIRCRAFT MANUFACTURER & MODEL
Grumman G-73 Mallard

AIRCRAFT SERIAL No.
J-42

2005 MAR 31 AM 11 11

DOES THIS 7th DAY OF Feb. XX 2005 HEREBY SELL, GRANT, TRANSFER AND DELIVER ALL RIGHTS, TITLE, AND INTERESTS IN AND TO SUCH AIRCRAFT UNTO:

FEDERAL AVIATION ADMINISTRATION

Do Not Write in This Block
FOR FAA USE ONLY

PURCHASER

NAME AND ADDRESS
(IF INDIVIDUAL(S), GIVE LAST NAME, FIRST NAME, AND MIDDLE INITIAL.)

Seaplane Adventures LLC,
a Delaware limited liability company
75 Holly Hill Lane
Greenwich, CT 06830

DEALER CERTIFICATE NUMBER

AND TO its EXECUTORS, ADMINISTRATORS, AND ASSIGNS TO HAVE AND TO HOLD SINGULARLY THE SAID AIRCRAFT FOREVER, AND WARRANTS THE TITLE THEREOF.

IN TESTIMONY WHEREOF I HAVE SET my HAND AND SEAL THIS 7th DAY OF Feb. XX 2005

SELLER

NAME (S) OF SELLER (TYPED OR PRINTED)	SIGNATURE (S) (IN INK) (IF EXECUTED FOR CO-OWNERSHIP, ALL MUST SIGN.)	TITLE (TYPED OR PRINTED)
Seaplane Leasing II, LLC		Sole Member

ACKNOWLEDGMENT (NOT REQUIRED FOR PURPOSES OF FAA RECORDING: HOWEVER, MAY BE REQUIRED BY LOCAL LAW FOR VALIDITY OF THE INSTRUMENT.)

ORIGINAL: TO FAA

05053053074 08/04/2005 $5.00

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AIRCRAFT REGISTRATION BR
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OKLAHOMA CITY
OKLAHOMA

U.S. DEPARTMENT OF TRANSPORTATION

FEDERAL AVIATION ADMINISTRATION

CROSS-REFERENCE--RECORDATION

SEE CONVEYANCE NO

FILING DATE:

This form is to be used in cases where a conveyance covers several aircraft and engines, propellers, or locations. File original of this form with the recorded conveyance and a copy in each aircraft folder involved.

TYPE OF CONVEYANCE	DATE EXECUTED
AMENDED AND RESTATED AIRCRAFT LEASE ASSIGNMENT AND AIRCRAFT SECURITY AGREEMENT	9/19/03
FROM SEAPLANE LEASING II LLC, LESSOR FLYING BOAT INC DBA CHALKS INTERNATIONAL AIRLINES, LESSEE	DOCUMENT NO. II031323
TO OR ASSIGNED TO OCEAN BANK, ASSIGNEE	DATE RECORDED November 10, 2003

THE FOLLOWING COLLATERAL IS COVERED BY THE CONVEYANCE:

AIRCRAFT (List by registration number)	TOTAL NUMBER INVOLVED 1
N142PA	

ENGINES	TOTAL NUMBER INVOLVED 2
MAKE(S) PRATT & WHITNEY PT6A-34	SERIAL NO. 57462 57465

PROPELLERS	TOTAL NUMBER INVOLVED 2
MAKE(S) HARTZELL HCB3TN3DY	SERIAL NO. BU13940 BU18209

SPARE PARTS --LOCATIONS	TOTAL NUMBER INVOLVED
LOCATION	

RECORDED CONVEYANCE FILED IN: N142PA, GRUMMAN G-73, S/N J42

AC FORM 8050-23 (1-96) (0052-00-582-6000)

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II031323

AMENDED AND RESTATED AIRCRAFT LEASE ASSIGNMENT AND AIRCRAFT SECURITY AGREEMENT
Grumman G-73
U.S. Registration No. N142PA
Aircraft Serial No. J-42

CONVEYANCE RECORDED

2003 NOV 10 AM 11 10

FEDERAL AVIATION ADMINISTRATION

On this 19 day of September, 2003, this Amended and Restated Aircraft Lease Assignment and Aircraft Security Agreement ("Assignment") is made and entered into at Miami, Florida, U.S.A. by and between **SEAPLANE LEASING II, LLC**, a Delaware limited liability company ("Assignor"), **OCEAN BANK**, a Florida banking corporation ("Assignee") , and **FLYING BOAT, INC. d/b/a Chalk's International Airlines**, a Florida corporation ("Permitted Lessee").

RECITALS

A. Assignor is an affiliate of Permitted Lessee.

B. Assignor is the owner of: (i) a Grumman G-73 aircraft having U.S. Registration No. N142PA and Manufacturer's Serial No. J-42, (ii) two Pratt & Whitney PT6A-34 aircraft engines bearing Manufacturer's Serial Nos.57462 and 57465 and (iii) two Hartzell HCB3TN-3DY aircraft propellers bearing Manufacturer's Serial No. BU13940 and BU18209 (collectively, the "Aircraft"), which Aircraft the Assignor has leased to Permitted Lessee for use in Permitted Lessee's airline business pursuant to that certain Aircraft Lease Agreement between Assignor (as Lessor) and Permitted Lessee (as Lessee), dated October 28, 1999 (the "Lease Agreement") (the foregoing aircraft engines are 750 or more rated take-off horsepower and the foregoing aircraft propellers are capable of absorbing 750 or more rated take-off shaft horsepower); and

C. Permitted Lessee and James Confalone ("Confalone") previously borrowed the sum of $2,749,427.75 (the "Flying Boat Loan") from Secured Party pursuant to a promissory note, credit agreement and related documents dated November 30, 2001, which Flying Boat Loan, the Confalone Loan (defined below) and the Oil Change Loan (defined below) are secured by, among other things, that certain Amended and Restated Aircraft Lease Assignment and Aircraft Security Agreement dated November 30, 2001 recorded by the United States Federal Aviation Administration ("FAA") as an attachment to the Lease Agreement on January 15, 2002 under FAA Conveyance No. H104498 (the "Original Assignment").

D. Subject to the execution and delivery of this Agreement, Secured Party has agreed to modify the terms and conditions of the Flying Boat Loan pursuant to, and as evidenced by that certain Second Amended and Restated Credit Agreement dated of even date herewith between the Secured Party, Permitted Lessee, The Oil Change, Inc., a Florida corporation ("Oil Change") and Confalone (as amended or restated form time to time, the "Credit Agreement") and that certain Amended and Restated Promissory Note from Confalone and Permitted Lessee in favor of Secured Party of even date herewith in the original principal amount of $2,657,402.80 (the "Flying Boat Note").

E. Subject to the execution and delivery of this Agreement, Secured Party has agreed to modify the terms and conditions of an existing loan in the current principal amount of $2,096,147.18 (the "Confalone Loan") to Confalone pursuant to, and as evidenced by, the Credit Agreement, and that certain Amended and Restated Promissory Note from Confalone in favor of Bank dated of even date herewith in the original principal amount of $2,096,147.18 (the "Confalone Note").

F. Subject to the execution and delivery of this Agreement, Secured Party has agreed to modify the terms and conditions of an existing loan in the current principal amount of $1,746,450.02 (the

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"Oil Change Loan") to Oil Change pursuant to, and as evidenced by, the Credit Agreement and that certain Consolidated, Amended and Restated Promissory Note form Oil Change in favor of Bank dated of even date herewith in the original principal amount of $1,746,450.02 (the "Oil Change Note").

G. The obligations of Confalone under the Confalone Note, the obligations of Permitted Lessee and Confalone under the Flying Boat Note, the obligations of Oil Change under the Oil Change Note, and the obligations of Confalone, Permitted Lessee and Oil Change under the Credit Agreement are secured by, among other things, various security agreements more fully described in the Credit Agreement (as amended or restated from time to time, together with renewals or modifications thereof or substitution therefore, the "Security Documents"). The Confalone Note, the Flying Boat Note, the Oil Change Note, the Credit Agreement and the Security Documents, together with all documents, instruments and agreements evidencing, securing or otherwise relating to the Confalone Loan, the Flying Boat Loan and the Oil Change Loan, as any or all of such documents, instruments and agreements may be amended, modified, restated, renewed or substituted for from time to time are referred to herein collectively as the "Loan Documents").

H. To further secure the obligations of Confalone, Permitted Lessee and Oil Change under the Confalone Note, The Flying Boat Note, the Oil Change Note, and the other Loan Documents, Debtor has executed and delivered to Secured Party that certain Guaranty Agreement of even date herewith (the "Guaranty").

I. Confalone owns all of the outstanding ownership interests in each of Assignor, Permitted Lessee and Oil Change. Assignor's and Permitted Lessee's business interests are closely intertwined with those of Oil Change and Confalone. Accordingly, Assignor and Permitted Lessee will benefit substantially from the Secured Party's credit extensions to each of Permitted Lessee, Oil Change and Confalone reflected in the modification by Secured Party of the terms and conditions of the Confalone Loan, the Flying Boat Loan and the Oil Change Loan.

J. It is a condition precedent to the Secured Party modifying the terms and conditions of the Confalone Loan, the Flying Boat Loan and the Oil Change Loan that Assignor and Permitted Lessee shall have executed and delivered this Assignment to amend the Original Assignment to provide that this Assignment continues to secure the obligations of Assignor, Permitted Lessee and Confalone to Secured Party with respect to the Flying Boat Loan and also secures the obligations of Confalone to Secured Party with respect to the Confalone Loan, the obligations of Oil Change to Secured Party with respect to the Oil Change Loan and the obligations of Permitted Lessee to Secured Party with respect to the Guaranty.

K. To secure the payment of the Assignor's, Permitted Lessee's, Confalone's and Oil Change's obligations to the Assignee under the Loan Documents, the Assignor continues to grant to Assignee a security interest in the Aircraft pursuant to an Aircraft Security Agreement of even date herewith encumbering the Aircraft to be filed simultaneously herewith with the Federal Aviation Administration (the "FAA") (hereinafter the "Security Agreement"); and

L. Assignee will modify the terms and conditions of the Flying Boat Loan, the Confalone Loan, the Oil Change Loan only if: (a) the rights of Permitted Lessee to the Aircraft are subordinate to Assignee's rights under the Security Agreement, the Loan Documents and this Assignment; (b) Permitted Lessee agrees to perform all of Assignor's obligations specified in the Security Agreement; and, (c) Assignor executes an additional assignment of the lease to Assignee as additional security for the payment of Assignor's, Permitted Lessee's, Confalone's and Oil Change's obligations under the Loan Documents.

NOW, THEREFORE, for and in consideration of the above recitals and the mutual promises, warranties, covenants, representations and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1: ASSIGNMENT

1.1 This Assignment secures the payment of all obligations of each of Assignor, Permitted Lessee, Oil Change, Confalone, and the Affiliates (defined below) (each of Assignor, Permitted Lessee, Oil Change and Confalone and each Affiliate being referred to herein as an "Obligor" and collectively as "Obligors") to the Secured Party whether for principal, interest, fees, expenses or otherwise, whether now or hereafter existing or arising, whether direct or indirect, whether absolute or contingent and whether acquired directly or by assignment (all such obligations referred to in this paragraph 1.1 being the "Obligations") (it being the intent of Assignor and Permitted Lessee that the Collateral shall secure not only all the Obligations owing by Assignor and Permitted Lessee, but also all those owing by each Obligor). For avoidance of doubt, Assignor and Permitted Lessee hereby acknowledges that the Obligations include any and all Obligations of Assignor and Permitted Lessee and any other Obligor to the Secured Party with respect to the Flying Boat Loan, Oil Change Loan and Confalone Loan; including but not limited to any and all obligations of Permitted Lessee arising under the Guaranty and any of the Obligors arising under the Credit Agreement, the Confalone Note, the Flying Boat Note, the Oil Change Note, and any and all other Loan Documents. To secure the Obligations, Assignor hereby assigns to Assignee all of Assignor's right, title and interest in and to the Lease Agreement, and any renewal, replacement or substitution therefor including, without limitation:

(A) any and all rent, insurance and condemnation proceeds, payments and other monies which Permitted Lessee is obligated to pay pursuant to the Lease Agreement;

(B) all claims, rights and remedies arising out of the Lease Agreement, as well as all other rights, powers, privileges, remedies and other benefits of Assignor under the Lease Agreement (including any options and renewals thereof); and

(C) all proceeds of the foregoing (such proceeds, together with the amounts referred to above in Article 1.1(A), are hereinafter referred to, collectively, as the "Lease Income").

1.2

(A) Notwithstanding the foregoing, until such time as Assignee notifies Assignor and Permitted Lessee that an "Event of Default" (as defined by Section 9 of the Aircraft Security Agreement and by any other Loan Document) has occurred, Assignor shall collect and retain all rents arising under the Lease Agreement or from the Aircraft, when such rents, income and profits are due and payable to the Assignor.

(B) Upon receipt of written notice from Assignee pursuant to paragraph (A) above that an Event of Default has occurred, Permitted Lessee shall immediately commence paying to Assignee all rents, income and profits accruing under the Lease Agreement, and continue to do so until otherwise notified by Assignee.

1.3 Assignor hereby appoints Assignee as Assignor's attorney-in-fact to demand, receive and enforce payment of the Lease Income and to give receipts, releases and satisfactions and to sue for all Lease Income payable under the Lease Agreement either in the name of Assignor or in the name of Assignee, with the same force and effect as Assignor could have done if this Assignment had not been made.

1.4 This Assignment shall continue in full force and effect until Assignor, Permitted Lessee, Confalone and all other Loan Parties have indefeasibly satisfied and discharged all of their obligations under the Loan Documents or until such time as this Assignment is terminated by mutual written agreement of Assignor and Assignee. At such time, Assignee, at Assignor's request shall promptly perform such actions and execute and file such documents as may be necessary or appropriate to evidence or effect such satisfaction and discharge or such termination.

1.5 At Assignee's request, Assignor and Permitted Lessee shall promptly furnish such information and execute and deliver such documents and do all such acts as are reasonably necessary or required in order for Assignee to realize upon the rights, remedies and benefits granted to it under this Assignment.

1.6 Assignee hereby accepts, and Permitted Lessee hereby consents and agrees to, the assignment and other obligations stipulated in this Assignment.

ARTICLE 2: ASSIGNEE ASSUMES NO DUTIES

2.1 Neither this Assignment, nor any of the provisions set forth herein, shall be deemed to have the effect of:

(A) obligating Assignee to perform or discharge any obligation or duty under the Lease Agreement;

(B) making Assignee responsible for the collection of any Lease Income due under the Lease Agreement; or

(C) imposing any obligation on Assignee to take any action or exercise any remedy in the collection or recovery of Lease Income.

2.2 Assignee shall be liable to account for only such monies as it actually receives pursuant to this Assignment, including such portions thereof as may be expended by Assignee on collection charges, inspection fees, reasonable attorneys and professional fees and expenses, and such other expenses as Assignee may reasonably incur in conjunction with the exercise of its rights under this Assignment, and the balance of such monies, when so received by Assignee, shall be applied on Assignor's, Permitted Lessee's and Confalone's account under the Loan Documents.

ARTICLE 3: ASSIGNOR'S WARRANTIES AND REPRESENTATIONS

3.1 Assignor warrants to Assignee each of the following:

(A) Assignor is the sole owner of the Lease Agreement and of all the leasehold rights which the Lease Agreement purports to create in favor of Assignor, with full right and authority to assign the same.

(B) The Lease Agreement is unencumbered, valid and in full force and effect in accordance with its terms. The Lease Agreement is not subject to any security interest other than the security interest created by this Assignment.

(C) Permitted Lessee is not in default under any of the terms, conditions or covenants of the Lease Agreement.

(D) The Lease Income due under the Lease Agreement and Assignor's income and profits arising therefrom are free from liens, encumbrances, claims and set-offs of every kind whatsoever.

(E) In the event Permitted Lessee, regardless of the circumstance, makes any payment to Assignor which should have been paid to Assignee pursuant to this Assignment, Assignor shall immediately transmit such payment in full to Assignee without any deduction or offset whatsoever.

3.2 Assignor agrees to, represents and covenants each of the following:

(A) That it will observe and perform all obligations imposed on Assignor under the Lease Agreement and this Assignment and indemnify Assignee from any and all claims or demands of whatever nature resulting from Assignor's failure to do so.

(B) That it will preserve the Lease Agreement and the Lease Income arising from the Lease Agreement, free and clear of all liens and encumbrances.

(C) That it will not execute any other assignment of Assignor's interest in the Lease Agreement or assignment of the Lease Income arising under the Lease Agreement or otherwise assign or delegate any of its rights or obligations under the Lease Agreement.

(D) That it will not alter, extend or modify the terms of the Lease Agreement or give any consent or exercise any renewal or option required or permitted by the terms of the Lease Agreement without the prior, express and written consent of Assignee.

(E) That Assignee may proceed hereunder against Assignor directly and independently of Permitted Lessee, and the cessation of Permitted Lessee's liability for any reason other than full payment under the Lease Agreement shall not in any way affect the liability of Assignor under this Assignment, nor shall any extension, forbearance of acceptance, release or substitution of security, or any impairment or suspension of Assignee's remedies or rights against Permitted Lessee in any way affect the liability of Assignor under this Assignment.

ARTICLE 4: PERMITTED LESSEE'S WARRANTIES AND REPRESENTATIONS

4.1 Permitted Lessee warrants to Assignee each of the following:

(A) Permitted Lessee is the sole owner of all leasehold rights the Lease Agreement purports to create in favor of Permitted Lessee, with full right and authority to enter into this Assignment.

(B) The Lease Agreement is unencumbered, valid and in full force and effect in accordance with its terms.

(C) Assignor is not in default under any of the terms, conditions or covenants of the Lease Agreement.

(D) The Lease Income due under the Lease Agreement is free from liens, encumbrances, claims and set-offs of every kind whatsoever.

4.2 Permitted Lessee agrees to, represents and covenants each of the following:

(A) That it will observe and perform all obligations imposed on Permitted Lessee under the Lease Agreement and this Assignment and indemnify Assignee from any and all claims or demands of whatever nature resulting from Permitted Lessee's failure to do so.

(B) That it will preserve the Lease Agreement and the Lease Income, free and clear of all liens and encumbrances.

(C) That neither Assignee nor its successor and assigns shall be liable for any of the obligations or duties of Assignor under the Lease Agreement, nor shall this Assignment give rise to any duties or obligations whatsoever on the part of Assignee, its successors and assigns owing to Permitted Lessee, except to account for any monies Assignee actually receives pursuant to this Assignment as provided above in Article 2.2.

(D) That it will not consent to any assignment of any rights under the Lease Agreement, or the Lease Income due thereunder, other than pursuant to this Assignment, nor will it assign or sublease any of its rights under the Lease Agreement.

(E) That it will not alter, extend or modify the terms of the Lease Agreement or give any consent or exercise any renewal or option required or permitted by the terms of the Lease Agreement without the prior, express and written consent of Assignee.

(F) That Assignee may proceed hereunder against Permitted Lessee directly and independently of Assignor, and the cessation of Assignor's liability to Assignee for any reason other than full payment under the Loan Documents shall not in any way affect the liability of Permitted Lessee under this Assignment, nor shall any extension, forbearance of acceptance, release or substitution of security, or any impairment or suspension of Permitted Lessee's remedies or rights against Assignor in any way affect the liability of Permitted Lessee under this Assignment.

(G) That, until such time as this Assignment is terminated by mutual agreement of Assignor and Assignee, Permitted Lessee's rights in the Aircraft pursuant to the Lease Agreement or otherwise, including, without limitation, its right to possession of the Aircraft, are and shall be subordinate to Assignee's rights in the Aircraft (including, but not limited to, its right of possession) under the Loan Documents, and Permitted Lessee will be responsible for and perform all of Assignor's obligations specified in the Security Agreement, notwithstanding any provision of the Lease Agreement to the contrary.

ARTICLE 5: REMEDIES OF ASSIGNEE NOT EXCLUSIVE

5.1 Nothing contained in this Assignment, nor any act done or omitted by Assignee pursuant to the terms of this Assignment, shall be deemed a waiver of any of the rights or remedies of Assignee under the Loan Documents. The rights and remedies herein expressed are cumulative and not exclusive of any right or remedy that Assignee shall otherwise have. The right of Assignee to collect the secured principal, interest and other amounts due under the Loan Documents, as well as to enforce any other security, may be exercised by Assignee prior or subsequent to any action taken under this Assignment.

5.2 No delay or failure of Assignee in the exercise of any right or remedy provided for hereunder or in the Loan Agreement shall be deemed a waiver of the right by Assignee, and no exercise or partial exercise or waiver of any right or remedy shall be deemed a waiver of any further exercise of such right or remedy or of any other right or remedy that Assignee may have.

ARTICLE 6: SECURITY AGREEMENT

6.1 Grant of Security Interest. Permitted Lessee hereby grants to Assignee a continuity first priority security interest in and lien on all right, title and interest Permitted Lessee now has or may hereafter acquire in and to the Aircraft and the Collateral (defined in the Security Agreement), including, but not limited to all right, title and interest of Permitted Lessee in the Aircraft and the Collateral created by and arising from the Lease Agreement. The security interest and lien granted hereby by Permitted Lessee shall secure the payment and performance of Permitted Lessee's, Confalone's and all other Loan Parties' obligations under the Loan Documents all whether now existing or hereafter arising, or well as any renewals, extensions or changes in the form of such obligations or indebtedness.

6.2 Application of Security Agreement. If Permitted Lessee becomes the owner of the Aircraft and the Collateral by virtue of the provisions of the Lease Agreement or otherwise, Permitted Lessee shall be deemed to be "Debtor" (as defined in the Security Agreement") for all purposes expressed therein and shall be bound by and shall be obligated to perform all covenants, agreements, terms, conditions and obligations of "Debtor" set forth in the Security Agreement. In furtherance of the foregoing, all of the provisions of Sections 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21,

22, 23 and 24 of the Security Agreement shall be deemed incorporated herein by reference to effectuate the provisions of this Article 6.

ARTICLE 7: MISCELLANEOUS

7.1 Governing Law. This Assignment shall be governed by and construed in accordance with the laws of the State of Florida, U.S.A.

7.2 Jurisdiction. Assignor hereby irrevocably agrees that any action or proceeding relating hereto or any other Loan Document that is brought by Assignor shall be tried by the courts of the State of Florida sitting in Miami-Dade County, Florida or the United States district courts sitting there. Assignor hereby irrevocably submits, in any such action or proceeding that is brought by Assignee, to the non-exclusive jurisdiction of each such court, irrevocably waives the defense of an inconvenient forum with respect to any such action or proceeding, and agrees that service of process in any such action or proceeding may be made upon Assignor by mailing a copy thereof to Assignor at Assignor's address set forth in the Security Agreement (as well as by any other lawful method). If and when Assignee requests it to, Assignor shall appoint (in a manner satisfactory to Assignee) an agent that is domiciled in Miami-Dade County, Florida and is acceptable to Assignee to receive service of process in any such action or proceeding on Assignor's behalf.

7.3 Amendments. No provision or term of this Assignment may be amended, modified, revoked, supplemented, waived or otherwise changed except by a written instrument duly executed by Assignor and Assignee and Permitted Lessee.

7.4 Severability. If any provision in this Assignment shall be held invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions of this Assignment shall not be impaired thereby, nor shall the validity, legality or enforceability of any such defective provisions be in any way affected or impaired in any other jurisdiction.

7.5 Binding Effect. This Assignment shall be binding upon and inure to the benefit of the parties hereto and their permitted successors and assigns.

7.6 Entire Agreement. This Assignment constitutes the entire agreement between the parties with respect to the assignment of the Lease Agreement. There are no verbal understandings, agreements, representations or warranties between the parties which are not expressly set forth herein with respect to the subject matter hereof.

7.7 Counterpart. n/a

7.8 Termination. This Assignment shall remain in full force and effect until payment in full of all obligations of Assignor, Permitted Lessee, Confalone and all Loan Parties under the Loan Documents and thereafter so long as any payment of or recovery against or with respect to any such obligations might, in Assignee's reasonable judgment, be rescinded, or otherwise required to be returned by Assignee, for any reason, including the insolvency, bankruptcy or reorganization of Pledgor.

7.9 Amendment and Restatement of Original Assignment. This Assignment is a complete amendment to and restatement of (and the terms and conditions supercede, in their entirety, the terms of) the Original Assignment. This Assignment is not intended to be a novation of the Original Assignment or to adversely affect the rights of Assignee thereunder. Rather, it is intended to continue the lien and priority of the Original Assignment without interruption and shall be liberally construed to effectuate such intent.

[Remainder of Page Left Blank Intentionally]

IN WITNESS of the mutual promises, warranties, covenants, representations and agreements set forth herein, the parties have caused their duly authorized officers to execute this Assignment effective as of the date first above written.

Signed, sealed and
delivered in the present of:

Name: MARIA E. PEREZ

Name: C. Nichol Mayer

Name: C. Nichol Mayer

Name: MARIA E. PEREZ

Name: MARIA E. PEREZ

Name: C. Nichol Mayer

ASSIGNOR:

SEAPLANE LEASING II, LLC

By:
Name: James Confalone
Title: Sole Member

ASSIGNEE:

OCEAN BANK

By:
Name: Jorge Morera.
Title: S.V.P.

PERMITTED LESSEE:

FLYING BOAT, INC, a Florida corporation

By:
Name: James Confalone
Title: President

STATE OF FLORIDA)
COUNTY OF MIAMI-DADE)

This instrument was acknowledged before me on the 19 day of September, 2003, by James Confalone, as Sole Member of SEAPLANE LEASING II, LLC, a Delaware limited liability company on behalf of said company.

Personally known to me ✓
~~or produced I.D.~~ _____
_____
(type of I.D.)

Did take oath _____
Did not take oath _____

Signature: _____
Title: Notary Public
Name: [Print or type] _____
Serial No., if any: _____
My commission expires: _____

Maria E. Perez
MY COMMISSION # DD199825 EXPIRES
June 28, 2007
BONDED THRU TROY FAIN INSURANCE, INC.

STATE OF FLORIDA)
)
COUNTY OF MIAMI-DADE)

This instrument was acknowledged before me on the 19 day of September, 2003, by JORGE MORERA, as SR. VICE-PRESIDENT of OCEAN BANK, on behalf of the bank.

Personally known to me _____
or produced I.D. _____
_____
(type of I.D.)

Did take oath _____
Did not take oath _____

Signature: _____
Title: Notary Public
Name: [Print or type] _____
Serial No., if any: _____
My commission expires: _____

Maria E. Perez
MY COMMISSION # DD199825 EXPIRES
June 28, 2007
BONDED THRU TROY FAIN INSURANCE, INC.

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STATE OF FLORIDA)
)
COUNTY OF MIAMI-DADE)

This instrument was acknowledged before me on the 19 day of September, 2003, by James Confalone, as President of FLYING BOAT, INC., a Florida corporation on behalf of said corporation.

Personally known to me ✓
~~or produced I.D.~~ _____
_____
(type of I.D.)

Did take oath _____
Did not take oath _____

Signature: _____
Title: Notary Public
Name: [Print or type] _____
Serial No., if any: _____
My commission expires: _____

Maria E. Perez
MY COMMISSION # DD199825 EXPIRES
June 28, 2007
BONDED THRU TROY FAIN INSURANCE, INC.

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OKLAHOMA CITY
OKLAHOMA

U.S. DEPARTMENT OF TRANSPORTATION

FEDERAL AVIATION ADMINISTRATION

CROSS-REFERENCE--RECORDATION

SEE CONVEYANCE NO

FILING DATE:

This form is to be used in cases where a conveyance covers several aircraft and engines, propellers, or locations. File original of this form with the recorded conveyance and a copy in each aircraft folder involved.

TYPE OF CONVEYANCE	DATE EXECUTED
AMENDED AND RESTATED AIRCRAFT SECURITY AGREEMENT	9/19/03
FROM SEAPLANE LEASING II LLC	DOCUMENT NO. II031322
TO OR ASSIGNED TO OCEAN BANK	DATE RECORDED November 10, 2003

THE FOLLOWING COLLATERAL IS COVERED BY THE CONVEYANCE:

AIRCRAFT (List by registration number)	TOTAL NUMBER INVOLVED 1
N142PA	

ENGINES	TOTAL NUMBER INVOLVED 2
MAKE(S) PRATT & WHITNEY PT6A-34	SERIAL NO. 57462 57465

PROPELLERS	TOTAL NUMBER INVOLVED 2
MAKE(S) HARTZELL HCB3TN3DY	SERIAL NO. BU13940 BU18209

SPARE PARTS --LOCATIONS	TOTAL NUMBER INVOLVED
LOCATION	

RECORDED CONVEYANCE FILED IN: N142PA, GRUMMAN G-73, S/N J42

0 0 0 0 0 0 0 2 2 7 0 II031322

AMENDED AND RESTATED AIRCRAFT SECURITY AGREEMENT

CONVEYANCE
RECORDED

Grumman G-73 Mallard
U.S. Registration No. N142PA
Manufacturer's Serial No. J-42

2003 NOV 10 AM 11 10

FEDERAL AVIATION

This Amended and Restated Security Agreement/Mortgage is made and entered into in this 19 day of September, 2003 by and between **SEAPLANE LEASING II, LLC**, a limited liability company organized pursuant to the laws of the State of Delaware, with its chief executive office and principal place of business at 3001 New York Avenue, Coconut Grove, Florida 33133 (hereinafter the "Debtor"), and **OCEAN BANK**, a Florida banking corporation, organized pursuant to the laws of the State of Florida, with its principal place of business at 780 N. W. 42 Avenue, Miami, FL 33126 (hereinafter the "Secured Party") . This Security Agreement /Mortgage is sometimes hereinafter referred to as the "Security Agreement" or the "Agreement".

RECITALS

A. Debtor is the owner of the aircraft described in this Agreement, which aircraft the Debtor is leasing to Flying Boat, Inc., a Florida corporation ("FBI") d/b/a Chalks International Airlines for use in FBI's airlines business.

B. FBI and Confalone previously borrowed the sum of $2,749,427.75 (the "Flying Boat Loan") from Secured Party pursuant to a promissory note, credit agreement and related documents dated November 30, 2001, which Flying Boat Loan, the Confalone Loan (defined below) and the Oil Change Loan (defined below) are secured by, among other things, that certain Amended and Restated Aircraft Security Agreement dated November 30, 2001 recorded by the United States Federal Aviation Administration ("FAA") on January 15, 2002 under FAA Conveyance No. H104497 (the "Original Security Agreement").

C. Subject to the execution and delivery of this Agreement, Secured Party has agreed to modify the terms and conditions of the Flying Boat Loan pursuant to, and as evidenced by that certain Second Amended and Restated Credit Agreement dated of even date herewith between the Secured Party, FBI, The Oil Change, Inc., a Florida corporation ("Oil Change") and Confalone (as amended or restated form time to time, the "Credit Agreement") and that certain Amended and Restated Promissory Note from Confalone and FBI in favor of Secured Party of even date herewith in the original principal amount of $2,657,402.80 (the "Flying Boat Note").

D. Subject to the execution and delivery of this Agreement, Secured Party has agreed to modify the terms and conditions of a loan in the current principal amount of $2,096,147.18 (the "Confalone Loan") to Confalone pursuant to, and as evidenced by, the Credit Agreement, and that certain Amended and Restated Promissory Note from Confalone in favor of Bank dated of even date herewith in the original principal amount of $2,096,147.18 (the "Confalone Note").

E. Subject to the execution and delivery of this Agreement, Secured Party has agreed to modify the terms and conditions of an existing loan in the current principal amount of $1,746,450.02 (the "Oil Change Loan") to Oil Change pursuant to, and as evidenced by, the Credit Agreement and that certain Amended and Restated Promissory Note form Oil Change in favor of Bank dated of even date herewith in the original principal amount of $1,746,450.02 (the "Oil Change Note").

F. The obligations of Confalone under the Confalone Note, the obligations of FBI and Confalone under the Flying Boat Note, the obligations of Oil Change under the Oil Change Note, and the obligations of Confalone, FBI, and Oil Change under the Credit Agreement are secured by, among other things, various security agreements more fully described in the Credit Agreement (as amended or

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restated from time to time, together with renewals or modifications thereof or substitution therefore, the "Security Documents"). The Confalone Note, the Flying Boat Note, the Oil Change Note, the Credit Agreement and the Security Documents, together with all documents, instruments and agreements evidencing, securing or otherwise relating to the Confalone Loan, the Flying Boat Loan, and the Oil Change Loan, as any or all such documents, instruments and agreements may be amended, modified, restated, renewed or substituted for from time to time are referred to herein collectively as the "Loan Documents").

G. To further secure the obligations of Confalone, FBI, and Oil Change under the Confalone Note, The Flying Boat Note, the Oil Change Note, and the other Loan Documents, Debtor has executed and delivered to Secured Party that certain Guaranty Agreement of even date herewith (the "Guaranty").

H. Confalone owns all of the outstanding ownership interests in each of Debtor, FBI, and Oil Change. Debtor's business interests are related to those of Flying Boat, Oil Change and Confalone. Accordingly, Debtor will benefit substantially from the Secured Party's credit extensions to each of Flying Boat, Oil Change and Confalone reflected in the modification by Secured Party of the terms and conditions of the Confalone Loan, the Flying Boat Loan, and the Oil Change Loan.

I. It is a condition precedent to the Bank modifying the terms and conditions of the Confalone Loan, the Flying Boat Loan, and the Oil Change Loan that Debtor shall have executed and delivered this Agreement to amend the Original Security Agreement to provide that this Agreement continues to secure the obligations of FBI and Confalone to Secured Party with respect to the Flying Boat Loan and also secure the obligations of Confalone to Secured Party with respect to the Confalone Loan, the obligations of Oil Change to Secured Party with respect to the Oil Change Loan and the obligations of Debtor to Secured Party with respect to the Guaranty.

NOW, THEREFORE, in consideration of the mutual promises, covenants and representations set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Grant of Security Interest**. The Debtor hereby assigns to Secured Party and hereby grants to Secured Party a continuing, first priority security interest in and lien on all of Debtor's right, title and interest in, whether now existing or hereafter acquired, the following property:

Airframe described as follows:

Manufacturer: Grumman
Model: G-73 Mallard
U.S. Registration No.: N142PA
Manufacturer's Serial No.: J-42

Engine described as follows:

Manufacturer: Pratt & Whitney
Model: PT6A-34
Manufacturer's Serial Nos.:
57462
57465

Propeller described as follows:

Manufacturer: Hartzell
Model: HCB3TN3DY
Manufacturer's Serial Nos.:
BU 13940
BU 18209

(the above described airframe, engines and propellers being referred to herein as the "Aircraft"), together with any and all engines, components, propellers, instruments, avionics, equipment, parts and accessories attached to, installed in appurtenant to, or delivered with or in respect of such Aircraft; all aircraft and engine log books; all spare parts; all right, title and interest of Debtor in, to and under any lease, rental agreement, or other agreement(s) respecting the Aircraft, including, but not limited to, Debtor's right to receive, either directly or indirectly from any party or person, any rents or other payments due under such agreement(s), and in, to and under any lease, rental agreement or other agreements pertaining to any of the foregoing property in which Debtor is the lessee; and all additions, accessions, substitutions and proceeds of the Aircraft and any of the foregoing property including, but not limited to, proceeds of insurance covering the Aircraft and any and all accounts, general intangibles, contract rights, inventory, equipment, money, drafts, instruments, deposit accounts or other tangible or intangible property of the Debtor resulting from the sale (authorized or unauthorized) or other disposition of the Aircraft or the foregoing property. The Aircraft and foregoing property is hereinafter collectively referred to as the "Collateral". The above described aircraft engine is 750 or more rated take-off horsepower and the above-described aircraft propeller is capable of absorbing 750 or more rated take-off shaft horsepower.

2. Security for Obligations. This Agreement secures the payment of all obligations of each of Debtor, FBI, Oil Change, Confalone, and the Affiliates (defined below) (each of FBI, Oil Change and Confalone and each Affiliate being referred to herein as an "Obligor" and collectively as "Obligors") to the Secured Party whether for principal, interest, fees, expenses or otherwise, whether now or hereafter existing or arising, whether direct or indirect, whether absolute or contingent and whether acquired directly or by assignment (all such obligations referred to in this §2 being the "Obligations") (it being the intent of the Debtor that the Collateral shall secure not only all the Obligations owing by Debtor but also all those owing by each Obligor). For avoidance of doubt, Debtor hereby acknowledges that the Obligations include any and all Obligations of Debtor and any Obligor to the Secured Party with respect to the Flying Boat Loan, Oil Change Loan, Confalone Loan, including but not limited to any and all obligations of Debtor arising under the Guaranty and any of the Obligors arising under the Credit Agreement, the Confalone Note, the Flying Boat Note, the Oil Change Note, and all other Loan Documents.

3. **Debtor Will Execute and Deliver Documents.** At Secured Party's request, the Debtor will promptly furnish such information and execute and deliver such documents and do all such acts and things as Secured Party may reasonably request and as are necessary or appropriate to assist Secured Party in establishing and maintaining a valid first priority security interest in the Collateral and to assure that the Aircraft is properly titled and registered and that the security interest granted hereby is perfected to Secured Party's satisfaction. The Debtor will pay the cost of filing all appropriate documents in all public offices where Secured Party deems such filings necessary or desirable.

4. **Operation, Maintenance and Repair.** The Debtor will use, operate, maintain, store and repair the Aircraft and retain actual control and possession thereof in accordance with each of the following provisions:

(a) The Debtor will at all times keep the Collateral validly and currently registered on the aircraft registry of the United States of America in its name, and comply in all respects with all rules and regulations of the FAA which are applicable to the Debtor's use, operation, maintenance, storage and repair of the Aircraft. The Collateral at all times shall be subject to United States Registration and bear a United States Registration marking.

(b) The Debtor will use, operate, maintain, store and repair the Aircraft, and all parts thereof, properly, carefully and in complete compliance with all applicable statutes, ordinances, regulations, policies of insurance, manufacturer's recommendations and manufacturer's operating and maintenance manuals and handbooks.

(c) The Debtor will only allow properly qualified and licensed pilots to operate the Aircraft.

(d) The Debtor will be responsible for and pay all expenses of owning and operating the Aircraft, including but not limited to storage, fuel, lubricants, service, inspections, overhauls, replacements, maintenance and repairs, all of which will be accomplished in compliance with the manufacturer's operating and maintenance manuals and handbooks, and the rules and regulations of the FAA and any foreign government agency having jurisdiction over the Aircraft. The Debtor will properly maintain all records pertaining to the maintenance, operation and repair of the Aircraft.

(e) The Debtor will at all times maintain the Aircraft in an airworthy condition and in good working order and will make no modifications to the Aircraft which have the effect of reducing its value or utility.

5. **Insurance**. The Debtor will, at all times and at its sole expense, obtain and carry the types and amounts of insurance coverage specified below:

(a) "All Risk" type hull insurance on the Aircraft, both In-Flight and Not In-Flight, including ingestion and foreign object damage, in an amount not less than the unpaid principal balance owed under the Loan Documents or the fair market value of the Aircraft, whichever is greater.

(b) Aircraft hull war risks insurance (including without limiting the generality thereof, insurance covering any loss or damage by strikes, riots, civil commotions or labor disturbances, and any malicious act or acts of sabotage) covering the Aircraft for an amount which will at no time be less than the unpaid principal balance owed under the Loan Documents or the fair market value of the Aircraft, whichever is greater. Such insurance will insure risks of war, hijacking (air piracy), governmental confiscation, nationalization, seizure, restraint, detention, appropriation, requisition, terrorist or political activity, and such similar coverage as is obtainable in the London market by Lloyds and which is excluded from the all risk ground and flight aircraft hull insurance policies.

(c) Insurance covering the Aircraft's engines when they have been replaced or removed from the Aircraft. Such insurance will provide coverage in an amount no less than the replacement cost of said engines and have a deductible no greater than U.S. Fifty Thousand Dollars ($50,000.00).

(d) Comprehensive aircraft liability insurance (including passengers, passengers, baggage, cargo and mail, crew, public liability, and property damage) with limits no less than U.S. Twenty-Five Million Dollars ($25,000,000.00) combined single limit per occurrence. Such insurance will not favor the Debtor or any other insured as against Secured Party, its officers, agents, servants, employees, successors or assigns as to priority of application of insurance proceeds in satisfaction of claims against more than one insured.

(e) Aircraft war risks liability insurance, including passenger liability, public liability and property damage liability insurance, with limits no less than U.S. Twenty-Five Million Dollars ($25,000,000.00) combined single limit per occurrence. Such insurance will not favor the Debtor or any other insured as against Secured Party, its officers, agents, servants, employees, successors or assigns as to priority of application of insurance proceeds in satisfaction of claims against more than one insured. Such insurance will insure risks of war, hijacking (air piracy), governmental confiscation, nationalization, seizure, restraint, detention, appropriation, requisition, terrorist or political activity, and such similar coverage as is obtainable in the London market by Lloyds and which is excluded from the comprehensive aircraft liability insurance policies.

(f) Such other forms of coverage as may be reasonably requested from time to time by Secured Party.

All insurance policies maintained by the Debtor in accordance with subsections (a) through (f) above will also comply with each of the following requirements:

(1) name Secured Party as a loss payee with respect to the insurance maintained in accordance with the provisions of subsections (a), (b) and (c), and as additional insured with respect to the insurance maintained in accordance with the provisions of subsections (d) and (e);

(2) be in the kind and form satisfactory to Secured Party and issued by insurers of recognized responsibility which are satisfactory to Secured Party;

(3) provide that if such insurance is canceled for any reason whatsoever, or any substantial change is made in policy terms, conditions or coverage, or the policy is allowed to lapse for nonpayment of premium, such cancellation, change or lapse will not be effective as to Secured Party until thirty (30) days after the Debtor's insurers send written notice of the cancellation, change or lapse in policy terms, conditions or coverage to Secured Party via certified mail;

(4) provide that in respect of the interest of Secured Party in such policies, the insurance will not be invalidated by any action or inaction of the Debtor and will insure Secured Party regardless of any breach or violation by the Debtor of any warranty, declaration or condition contained in such policies; and

(5) provide that the geographic limits, if any, contained in such policy will include at a minimum all territories over which the Debtor will operate the Aircraft.

The Debtor will furnish to Secured Party evidence of the aforesaid insurance coverage in certificate form. Evidence of renewal of each policy will thereafter be furnished to Secured Party in certificate form. The Debtor covenants that it will not do any act or voluntarily suffer or permit any act to be done whereby any insurance required hereunder will or may be suspended, impaired or defeated.

6. **Debtor's Possession**. The Debtor may have possession of the Aircraft and Collateral and use it in any lawful manner not inconsistent with this Agreement, except when an Event of Default (as defined herein) has occurred and is continuing. In the event the Debtor fails to undertake any of the following actions within ten (10) days after receipt of Secured Party's written demand for such action, Secured Party, at its option and without assuming any obligation to do so, may discharge taxes, liens, security interests or other encumbrances levied or asserted against the Aircraft and Collateral, may place and pay for insurance thereon, may order and pay for the repair, maintenance and preservation thereof, and may pay any necessary filing or recording fees. Any amounts paid by Secured Party under the preceding sentence will be added to the sums due under the Loan Documents, will be secured by the Aircraft and Collateral, this Agreement and the Loan Documents, and will be payable by the Debtor upon demand by Secured Party together with interest at the rate provided for in the Flying Boat Note until paid in full.

7. **Debtor's Covenants**. As long as this Agreement remains in effect, the Debtor will furnish Secured Party with such information concerning the location, condition, use and operation of the Aircraft and Collateral as Secured Party may reasonably request, and the Debtor will permit any person designated by Secured Party in writing to inspect the Aircraft and Collateral, wherever located, and all records and manuals maintained in connection therewith and to make copies of such records, and to visit and inspect the properties and facilities of the Debtor, provided such visits do not unreasonably interfere with the operations of the Debtor, and to discuss the affairs, finances and accounts of the Debtor with the principal financial officers of the Debtor, all at such reasonable times and as often as Secured Party may reasonably request. Secured Party will have no duty to make any such inspection and will not incur any liability or obligation or be deemed to have waived any right by reason of not making any such inspection. The Debtor will also furnish to Secured Party such other information as Secured Party may reasonably request, from time to time, with respect to the financial condition and operations of the Debtor in order to determine whether the covenants, terms and provisions of this Agreement have been complied with by the Debtor.

8. **Debtor's Default**. The parties agree that the occurrence of any of the following events will constitute an "Event of Default":

(a) Any Obligor's failure to make any timely payment of either principal, interest, or any other amount required to be paid under the Loan Documents, or the Debtor's failure to pay any amount required under any other promissory note, security agreement or other agreements between the Debtor and Secured Party, if such failure continues for a period of five (5) days beyond the due date of such payment;

(b) The occurrence of any "Event of Default" as defined in any of the Loan Documents.

(c) The Debtor's failure to perform any material promise, agreement, obligation, warranty or covenant made by it herein, if such failure continues for a period of thirty (30) days after Secured Party has given the Debtor notice of such failure;

(d) The Debtor's failure to maintain the insurance coverage as specified above in Section 5;

(e) any material misrepresentation made by the Debtor to Secured Party in connection with this Agreement;

(f) entry of a money judgment, in excess of $25,000.00 against the Debtor, if such judgment is nonappealable and remains undischarged or unstayed for a period in excess of sixty (60) days;

(g) dissolution, termination of existence, insolvency, business failure, inability to pay debts as they mature, assignment for the benefit of creditors, or the commencement, with respect to the Debtor, of any proceedings (either voluntary or involuntary) under any bankruptcy or insolvency laws provided that any such proceedings, if involuntary, are not dismissed within thirty (30) days of the filing date of such proceedings;

(h) default in the payment by the Debtor of any indebtedness for borrowed money owed to any creditor resulting in the acceleration of a material amount of indebtedness that would reasonably justify Secured Party in deeming itself insecure;

(i) default by any of the Debtor's affiliates, Seaplane Leasing, I, LLC, Seaplane Leasing III, LLC, Seaplane Leasing IV, LLC and Seaplane Leasing V, LLC (hereinafter the "Affiliates") under Aircraft Security Agreements now existing or hereafter executed by such Affiliates and Secured Party covering any Grumman G-73 aircraft owned by the Affiliates;

(j) the prospect of payment, performance or realization on the Aircraft and Collateral, in the reasonable opinion of Secured Party, is or becomes significantly impaired;

Should an Event of Default occur, Secured Party may employ all remedies allowed by law, including, without limitation, all remedies of a secured party under the Florida Uniform Commercial Code, including declaring all indebtedness owed under the Loan Documents, as well as any other indebtedness or liability of FBI, Confalone, the Debtor, or the Affiliates, owed to Secured Party, immediately due and payable. Additionally, Secured Party may require the Debtor to assemble the Aircraft and Collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties. The requirements of the Florida Uniform Commercial Code for reasonable notification to the Debtor of the time and place of any proposed public sale of the Aircraft or of the time after which any private sale or other intended disposition of the Aircraft is to be made will be met if such notice is mailed, postage prepaid, to the Debtor's address, as specified herein, at least ten (10) days before the time of the sale or disposition. After deduction of all reasonable expenses incurred in realizing on this security interest, and after the payment of all principal, interest and all other sums due under the Loan Documents, the balance of the proceeds of sale, if any, may be applied to the payment of any or all other indebtedness which the Debtor, Affiliates, FBI or Confalone owes Secured Party, regardless of whether

such indebtedness is due or not. The Debtor, FBI and Confalone will be liable for any deficiency in its financial obligation under the Loan Documents and this Agreement after application of such proceeds. The Debtor agrees to pay the reasonable attorneys, fees incurred by Secured Party to repossess the Aircraft and Collateral as well as the attorneys' fees incurred in pursuing and collecting any deficiency. If, after an Event of Default, the Aircraft and Collateral is returned to or recovered by Secured Party, the Debtor agrees that Secured Party may fly or otherwise move the Aircraft for demonstration and other purposes reasonably related to a proposed public or private sale or other disposition of the Aircraft. Each right, power and remedy herein granted Secured Party is cumulative and in addition to every other right, power and remedy herein specifically given or now or hereafter existing under or by virtue of the provisions of the Loan Documents or any other agreement between Debtor, FBI, Confalone, Affiliates and Secured Party or in equity, at law or by statute or otherwise. No failure to exercise, and no delay in exercising, any right, power or remedy held by Secured Party hereunder or otherwise, shall operate or a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy held hereunder or otherwise, preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

9. **Damage or Destruction**. In the event of the loss, theft or confiscation of the Aircraft, or the substantial damage or destruction of the Aircraft to such an extent that repair thereof is impracticable (as determined solely but reasonably by Secured Party) , then the Debtor will pay any proceeds thereof to Secured Party to be applied towards the outstanding indebtedness of principal, accrued interest and all other sums due under the Loan Documents, within ten (10) days after demand by Secured Party.

In the event that, following damage to the Aircraft, repair thereof is determined to be practical (as determined solely but reasonably by Secured Party), then the Debtor will promptly repair and restore the Aircraft to its condition immediately prior to the damage. All insurance proceeds paid to Secured Party as a result of such damage pursuant to Section 5 hereof will be available to reimburse the Debtor for the reasonable costs of all required repairs, provided that no Event of Default has occurred and is continuing. The Debtor will furnish evidence satisfactory to Secured Party that the sums requested as reimbursement represent sums actually paid by the Debtor or justly due for labor and materials. If requested by Secured Party, the Debtor will also furnish appropriate lien waivers. Any insurance proceeds remaining after all required repairs have been completed will be immediately paid over to the Debtor so long as no Event of Default has occurred and/or is continuing.

10. **Waivers**. No waiver of any covenant, warranty or condition of this Agreement, nor of any breach or default hereunder, will be effective for any purpose whatsoever unless such waiver is in writing and signed by an officer of Secured Party. It is expressly agreed that Secured Party's waiver of any breach or default by the Debtor will constitute a waiver only as to such particular breach or default and not a waiver of any future breach or default.

11. **Liens**. The Debtor will not, directly or indirectly, create, incur, assume or suffer to exist any lien ("Lien") on or with respect to the Aircraft or Collateral, or any part thereof, except:

(a) the Lien of Secured Party hereunder;

(b) Liens for taxes, assessments or other governmental charges owing by the Debtor, either not yet due or being contested in good faith.(and for the payment of which adequate reserves have been provided) and by appropriate proceedings so long as such proceedings do not involve any material danger of the sale, forfeiture or loss of the Aircraft or Collateral or any part thereof;

(c) materialmen's, mechanic's, workmen's, repairmen's, employees' Liens or any Lien of a similar nature arising in the ordinary course of the Debtor's business, which Lien secures an obligation that is not yet delinquent or is being contested in good faith (and for the payment of which adequate reserves have been provided) and by appropriate proceedings so long as such proceedings do not involve any material danger of the sale, forfeiture or loss of the Aircraft or Collateral or any part thereof;

(d) Liens arising out of any judgment or award against the Debtor which do not involve any material danger of the sale, forfeiture or loss of the Aircraft or Collateral or any part thereof; provided that the judgment or award secured will, within sixty (60) days of entry thereof, have been discharged, vacated, reversed or execution thereof stayed pending appeal and will have been discharged, vacated or reversed within sixty (60) days after the expiration of such stay; and

(e) any other Lien with respect to which the Debtor will have provided a bond or other means that precludes the holder of the Lien, in the reasonable judgment of Secured Party, from taking any recourse against the Aircraft and Collateral.

The Debtor will promptly, at no expense to Secured Party, take (or cause to be taken) such action as may be necessary to duly discharge any Lien not excepted above if the same will arise at any time with respect to the Aircraft, the Collateral, or any part thereof.

12. **Taxes**. The Debtor will pay or cause to be paid in the manner and at the time required by applicable law, all federal, state and local taxes (including sales, property, use, value-added, goods and service taxes, but excluding any income, franchise, property, or similar taxes that may be imposed on the income or other assets of Secured Party) , assessments and governmental charges or levies imposed upon, or in respect of, the Aircraft, the Collateral, this Agreement, any payments made hereunder or under the Note or the Loan Documents, or upon or in respect of the Debtor or the Debtor's income or profits, or upon any property belonging to the Debtor prior to the date on which penalties attach thereto and all lawful claims which, if not paid, become a Lien upon the property of the Debtor (all of the above collectively "Taxes"). The Debtor will indemnify and hold Secured Party harmless from liability for the payment of any such Taxes.

13. **Legal, Valid, Binding and Enforceable Obligation**. The Debtor represents and warrants to Secured Party that this Security Agreement, upon execution and delivery, will constitute the legal, valid and binding obligation of Debtor and will be enforceable in accordance with its terms.

14. **Change of Chief Executive Office and Change of Base**. The Debtor represents that its chief executive office is located at 3001 New York Avenue, Coconut Grove, Florida 33133 and agrees said chief executive office will not be changed without at least sixty (60) days prior written notice to Secured Party and the filing of any notices or financing statements that are necessary, in Secured Party's opinion, to continue the perfection of Secured Party's security interest in the Aircraft and Collateral. The Debtor will at all times keep the Aircraft and Collateral based within the State of Florida.

15. **GOVERNING LAW AND FORUM CHOICE**. THIS AGREEMENT WAS MADE, ENTERED INTO AND DELIVERED IN THE STATE OF FLORIDA AND THE LAW GOVERNING THIS TRANSACTION WILL BE THAT OF THE STATE OF FLORIDA AS IT MAY FROM TIME TO TIME EXIST. THE LAW OF THE STATE OF FLORIDA WILL APPLY TO ANY AND ALL MATTERS ARISING FROM OR RELATED TO THIS AGREEMENT AND TRANSACTION, INCLUDING ANY ACTIONS UNDERTAKEN BY SECURED PARTY SHOULD AN "EVENT OF DEFAULT" OCCUR, SUCH AS AN ACTION TO OBTAIN POSSESSION OF AND FORECLOSE UPON THE AIRCRAFT, AND ALL OTHER REMEDIES WHICH MAY BE AVAILABLE INCLUDING SEEKING A DEFICIENCY JUDGMENT AGAINST THE DEBTOR.

16. **Enforceability**. The provisions of this Agreement will be severable and, if any provisions are for any reason determined to be invalid, void or unenforceable, in whole or in part, the remaining provisions will remain in full force and effect; provided that the purpose of the remaining valid, effective and enforceable provisions is not frustrated; and provided further that no party is substantially and materially prejudiced thereby.

17. **Assignability**. Secured Party will have the absolute right to assign, transfer or sell any of its rights under this Agreement to any party of its choosing. The Debtor may not assign or delegate any of its rights or obligations hereunder without the prior written consent of Secured Party.

18. **Sale or Leasing**. The Debtor will not sell, convey or transfer the Aircraft or Collateral, or any interest therein and will not lease or rent the Aircraft or Collateral to any person or party without first requesting and obtaining the express written consent of Secured Party.

19. **Binding Agreement**. All obligations of the Debtor hereunder will bind the successors and assigns of the Debtor. If there be more than one debtor hereunder, their liabilities will be joint and several. All rights of Secured Party hereunder will inure to the benefit of its successors and assigns.

20. **Entire Agreement**. This Agreement and the Loan Documents constitute the entire agreement between and among the parties with respect to the subject matter hereof. There are no verbal understandings, agreements, representations or warranties between the parties which are not expressly set forth herein. This Agreement will not be changed orally, but only in writing signed by the parties hereto.

21. **Notices**. Any notice pertaining to this Agreement will be deemed sufficiently given if personally delivered or sent by registered or certified mail, return receipt requested, to the party to whom said notice is to be given. Notices sent by registered or certified mail will be deemed given on the third day after the date of postmark. Until changed by written notice given by either party, the addresses of the parties will be as follows:

The Debtor:
SEAPLANE LEASING II, LLC
3001 New York Avenue
Coconut Grove, Florida 33133
Attn: James Confalone

Secured Party:
OCEAN BANK
780 N. W. 42 Avenue
Miami, FL 33126
Attn: General Counsel

The designated addresses of both parties must be located within the United States of America.

22. **Signatory Authority**. The undersigned officer of the Debtor verifies and warrants that he has read this Security Agreement in its entirety, that he understands its provisions and purpose, and that he has full authority to sign and deliver the same on behalf of the Debtor and to bind the Debtor.

23. **Termination**. This Security Agreement shall remain in full force and effect until the indefeasible payment of all obligations of the Debtor and all Obligors owing under the Loan Documents and this Security Agreement and thereafter as long as any payment of or recovery against or with respect to any of such obligations might, in Secured Party's reasonable judgment, be rescinded, or otherwise required to be returned by the Secured Party for any reason, including the insolvency bankruptcy or reorganization of Debtor, FBI, Confalone, any Affiliate or any other Obligor. At the Debtor's request, Secured Party shall promptly perform such actions and execute and file such documents as may be necessary or appropriate to evidence or effect such termination and release.

24. **Waiver of Jury Trial**. DEBTOR (AND, BY ACCEPTANCE OF THIS AGREEMENT, SECURED PARTY) HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY AND ALL RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION (INCLUDING BUT NOT LIMITED TO ANY CLAIMS, CROSS CLAIMS OR THIRD PARTY CLAIMS) ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS AGREEMENT.

25. **Amendment and Restatement of Original Security Agreement**. This Agreement is a complete amendment to and restatement of (and the terms hereof supercede, in their entirety, the terms of) the Original Security Agreement. This Agreement is not intended to be a novation of the Original Security Agreement or to adversely affect the rights of Secured Party thereunder. Rather, it is intended to

continue the lien and priority of the Original Security Agreement without interruption and shall be liberally construed to effectuate such intent.

IN WITNESS WHEREOF, the Debtor has caused its duly authorized officer to execute and deliver this Security Agreement at Miami, Florida, U.S.A. on the day and year first above written.

Signed, sealed and
delivered in the present of:

C. Richard Moya
Name: C. Richard Moya

Maria E. Perez
Name: MARIA E. PEREZ

Maria E. Perez
Name: MARIA E. PEREZ

C. Richard Moya
Name: C. Richard Moya

SECURED PARTY:

OCEAN BANK

By:
Name: Jorge Morera
Title: S.V.P.

THE DEBTOR:

SEAPLANE LEASING II, LLC

By:
Name: James Confalone
Title: Sole Member

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STATE OF FLORIDA)
)
COUNTY OF MIAMI-DADE)

This instrument was acknowledged before me on the 19 day of September, 2003, by JORGE MORERA, as SR. VICE-PRESIDENT of OCEAN BANK, on behalf of the bank.

Personally known to me ✓
or produced I.D. _____
_____
(type of I.D.)

Did take oath _____
Did not take oath _____

Signature: Maria E. Perez
Title: Notary Public
Name: [Print or type] _____
Serial No., if any: _____
My commission expires:

Maria E. Perez
MY COMMISSION # DD199825 EXPIRES
June 28, 2007
BONDED THRU TROY FAIN INSURANCE, INC.

STATE OF FLORIDA)
)
COUNTY OF MIAMI-DADE)

This instrument was acknowledged before me on the 19 day of September, 2003, by James Confalone, as sole member of SEAPLANE LEASING II, LLC, a Delaware limited liability Company, on behalf of said Company.

Personally known to me ✓
or produced I.D. _____
_____
(type of I.D.)

Did take oath _____
Did not take oath _____

Signature: Maria E. Perez
Title: Notary Public
Name: [Print or type] _____
Serial No., if any: _____
My commission expires:

Maria E. Perez
MY COMMISSION # DD199825 EXPIRES
June 28, 2007
BONDED THRU TROY FAIN INSURANCE, INC.

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OKLAHOMA

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U.S. DEPARTMENT OF TRANSPORTATION

FEDERAL AVIATION ADMINISTRATION

CROSS-REFERENCE--RECORDATION

SEE CONVEYANCE NO .....

FILING DATE: .....

This form is to be used in cases where a conveyance covers several aircraft and engines, propellers, or locations. File original of this form with the recorded conveyance and a copy in each aircraft folder involved.

TYPE OF CONVEYANCE	DATE EXECUTED
Amended and Restated Aircraft Lease Assignment and Aircraft Security Agreement	November 30, 2001
FROM Seaplane Leasing II, LLC (Assignor) Ocean Bank (Assignee)	DOCUMENT NO. H104498
TO OR ASSIGNED TO Flying Boat, Inc. dba Chalk's International Airlines	DATE RECORDED January 15, 2002

THE FOLLOWING COLLATERAL IS COVERED BY THE CONVEYANCE:

AIRCRAFT (List by registration number)	TOTAL NUMBER INVOLVED 1
N142PA	

ENGINES	TOTAL NUMBER INVOLVED 2
MAKE(S) Pratt & Whitney PT6A-34	SERIAL NO. 57462 57465

PROPELLERS	TOTAL NUMBER INVOLVED 2
MAKE(S) Hartzell HCB3TN3DY	SERIAL NO. BU 13940 BU 18209

SPARE PARTS --LOCATIONS	TOTAL NUMBER INVOLVED
LOCATION	

RECORDED CONVEYANCE FILED IN: N142PA Grumman G-73 s/n J42

AC FORM 8050-23 (1-96) (0052-00-582-6000)

73-22

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Certified Copy - To be recorded

H1044498

73-21

AMENDED AND RESTATED AIRCRAFT LEASE ASSIGNMENT AND AIRCRAFT SECURITY AGREEMENT

Grumman G-73
U.S. Registration No. N142PA
Aircraft Serial No. J-42

CONVEYANCE RECORDED

2002 JAN 15 PM 3 46

FEDERAL AVIATION ADMINISTRATION

On this 30thday of November, 2001, this Amended and Restated Aircraft Lease Assignment and Aircraft Security Agreement ("Assignment") is made and entered into at Miami, Florida, U.S.A., by and between **SEAPLANE LEASING II, LLC**, a Delaware limited liability company ("Assignor"), **OCEAN BANK**, a Florida banking corporation ("Assignee"), and **FLYING BOAT, INC. d/b/a Chalk's International Airlines**, a Florida corporation ("Permitted Lessee").

RECITALS:

A. Assignor is an affiliate of Permitted Lessee.

B. Assignor is the owner of: (i) a Grumman G-73 aircraft having U.S. Registration No. N142PA and Manufacturer's Serial No. J-42, (ii) two Pratt & Whitney PT6A-34 aircraft engines bearing Manufacturer's Serial Nos.57462 and 57465 and (iii) two Hartzell HCB3TN-3DY aircraft propellers bearing Manufacturer's Serial No. BU13940 and BU18209 (collectively, the "Aircraft"), which Aircraft the Assignor has leased to Permitted Lessee for use in Permitted Lessee's airline business pursuant to that certain Aircraft Lease Agreement between Assignor (as Lessor) and Permitted Lessee (as Lessee), dated October 28, 1999 (the "Lease Agreement"). (the foregoing aircraft engines are 750 or more rated take-off horsepower and the foregoing aircraft propellers are capable of absorbing 750 or more rated take-off shaft horsepower); and

C. Permitted Lessee and James Confalone ("Confalone") previously borrowed the sum of $3,000,000 (the "Flying Boat Loan") from Secured Party pursuant to a promissory note, credit agreement and related documents dated October 28, 1999, which Flying Boat Loan is secured by, among other things, that certain Aircraft Lease Assignment and Aircraft Security Agreement dated October 28, 1999 recorded by the United States Federal Aviation Administration ("FAA") as an attachment to the Lease Agreement on December 8, 1999 under FAA Conveyance No. K23806 (the "Original Assignment").

D. Subject to the execution and delivery of this Agreement, Secured Party has agreed to modify the terms and conditions of the Flying Boat Loan pursuant to, and as evidenced by that certain Amended and Restated Credit Agreement dated of even date herewith between the Secured Party, Permitted Lessee, The Great American Car Wash, Inc., a Florida corporation ("Car Wash"), The Oil Change, Inc., a Florida corporation ("Oil Change") and Confalone (as amended or restated from time to time, the "Credit Agreement") and that certain Amended and Restated Promissory Note from Confalone and Permitted Lessee in favor of Secured Party of even date herewith in the original principal amount of $2,749,427.75 (the "Flying Boat Note").

E. Subject to the execution and delivery of this Agreement, Secured Party has agreed to modify the terms and conditions of an existing loan in the current principal amount of $2,168,736.18 (the "Confalone Loan") to Confalone pursuant to, and as evidenced by, the Credit Agreement, and that certain Consolidated, Amended and Restated Promissory Note from Confalone in favor of Bank dated of even date herewith in the original principal amount of $2,168,736.18 (the "Confalone Note").

F. Subject to the execution and delivery of this Agreement, Secured Party has agreed to modify the terms and conditions of an existing loan in the current principal amount of $2,950,294.45 (the "Car Wash Loan") to Car Wash pursuant to, and as evidenced by, the Credit Agreement and that certain Consolidated,

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OKLAHOMA CITY
OKLAHOMA

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Amended and Restated Promissory Note frm Car Wash in favor of Bank dated of even date herewith in the original principal amount of $2,950,294.45 (the "Car Wash Note").

G. Subject to the execution and delivery of this Agreement, Secured Party has agreed to modify the terms and conditions of an existing loan in the current principal amount of $2,363,888.90 (the "Oil Change Loan") to Oil Change pursuant to, and as evidenced by, the Credit Agreement and that certain Consolidated, Amended and Restated Promissory Note form Oil Change in favor of Bank dated of even date herewith in the original principal amount of $2,363,888.90 (the "Oil Change Note").

H. Subject to the execution and delivery of this Agreement, Secured Party has agreed to make an additional loan to Confalone in the principal amount of $1,250,000 (the "Additional Loan") pursuant to, and as evidenced by, the Credit Agreement and that certain Promissory Note from Confalone in favor of Bank dated of even date herewith in the original principal amount of $1,250,000 (the "Future Advance Note").

I. The obligations of Confalone under the Confalone Note, the obligations of Permitted Lessee and Confalone under the Flying Boat Note, the obligations of Car Wash under the Car Wash Note, the obligations of Oil Change under the Oil Change Note, the obligations of Confalone under the Future Advance Note, and the obligations of Confalone, Permitted Lessee, Car Wash and Oil Change under the Credit Agreement are secured by, among other things, various security agreements more fully described in the Credit Agreement (as amended or restated from time to time, together with renewals or modifications thereof or substitution therefore, the "Security Documents"). The Confalone Note, the Flying Boat Note, the Oil Change Note, the Car Wash Note, the Future Advance Note, the Credit Agreement and the Security Documents, together with all documents, instruments and agreements evidencing, securing or otherwise relating to the Confalone Loan, the Flying Boat Loan, the Car Wash Loan, the Oil Change Loan and the Additional Loan, as such other documents, instruments and agreements may be amended, modified, restated, renewed or substituted for from time to time are referred to herein collectively as the "Loan Documents").

J. To further secure the obligations of Confalone, Permitted Lessee, Car Wash and Oil Change under the Confalone Note, The Flying Boat Note, the Car Wash Note, the Oil Change Note, the Future Advance Note and the other Loan Documents, Debtor has executed and delivered to Secured Party that certain Guaranty Agreement of even date herewith (the "Guaranty").

K. Confalone owns all of the outstanding ownership interests in each of Assignor, Permitted Lessee, Car Wash and Oil Change. Assignor's and Permitted Lessee's business interests are closely intertwined with those of Car Wash, Oil Change and Confalone. Accordingly, Assignor and Permitted Lessee will benefit substantially from the Secured Party's credit extensions to each of Permitted Lessee, Car Wash, Oil Change and Confalone reflected in the modification by Secured Party of the terms and conditions of the Confalone Loan, the Flying Boat Loan, the Car Wash Loan and the Oil Change Loan and in the making of the Additional Loan.

L. It is a condition precedent to the Secured Party modifying the terms and conditions of the Confalone Loan, the Flying Boat Loan, the Car Wash Loan and the Oil Change Loan and to the Secured Party's making the Additional Loan that Assignor and Permitted Lessee shall have executed and delivered this Assignment to amend the Original Assignment to provide that this Assignment continues to secure the obligations of Assignor, Permitted Lessee and Confalone to Secured Party with respect to the Flying Boat Loan and also secures the obligations of Confalone to Secured Party with respect to the Confalone Loan and Additional Loan, the obligations of Car Wash to Secured Party with respect to the Car Wash Loan, the obligations of Oil Change to Secured Party with respect to the Oil Change Loan and the obligations of Permitted Lessee to Secured Party with respect to the Guaranty.

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M. To secure the payment of the Assignor's, Permitted Lessee's, Confalone's, Car Wash's, and Oil Change's obligations to the Assignee under the Loan Documents, the Assignor continues to grant to Assignee a security interest in the Aircraft pursuant to an Aircraft Security Agreement of even date herewith encumbering the Aircraft to be filed simultaneously herewith with the Federal Aviation Administration (the "FAA") (hereinafter the "Security Agreement"); and

N. Assignee will modify the terms and conditions of the Flying Boat Loan, the Confalone Loan, the Car Wash Loan, the Oil Change Loan and make the Additional Loan only if: (a) the rights of Permitted Lessee to the Aircraft are subordinate to Assignee's rights under the Security Agreement, the Loan Documents and this Assignment; (b) Permitted Lessee agrees to perform all of Assignor's obligations specified in the Security Agreement; and, (c) Assignor executes an additional assignment of the lease to Assignee as additional security for the payment of Assignor's, Permitted Lessee's, Confalone's, Car Wash's and Oil Change's obligations under the Loan Documents.

NOW, THEREFORE, for and in consideration of the above recitals and the mutual promises, warranties, covenants, representations and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1: ASSIGNMENT

1.1 This Assignment secures the payment of all obligations of each of Assignor, Permitted Lessee, Car Wash, Oil Change, Confalone, and the Affiliates (defined below) (each of Assignor, Permitted Lessee, Car Wash, Oil Change and Confalone and each Affiliate being referred to herein as an "Obligor" and collectively as "Obligors") to the Secured Party whether for principal, interest, fees, expenses or otherwise, whether now or hereafter existing or arising, whether direct or indirect, whether absolute or contingent and whether acquired directly or by assignment (all such obligations referred to in this paragraph 1.1 being the "Obligations") (it being the intent of Assignor and Permitted Lessee that the Collateral shall secure not only all the Obligations owing by Assignor and Permitted Lessee, but also all those owing by each Obligor). For avoidance of doubt, Assignor and Permitted Lessee hereby acknowledges that the Obligations include any and all Obligations of Assignor and Permitted Lessee and any other Obligor to the Secured Party with respect to the Flying Boat Loan, Car Wash Loan, Oil Change Loan, Confalone Loan and Additional Loan, including but not limited to any and all obligations of Permitted Lessee arising under the Guaranty and any of the Obligors arising under the Credit Agreement, the Confalone Note, the Flying Boat Note, the Car Wash Note, the Oil Change Note, the Future Advance Note and any and all other Loan Documents. To secure the Obligations, Assignor hereby assigns to Assignee all of Assignor's right, title and interest in and to the Lease Agreement, and any renewal, replacement or substitution therefor including, without limitation:

(A) any and all rent, insurance and condemnation proceeds, payments and other monies which Permitted Lessee is obligated to pay pursuant to the Lease Agreement;

(B) all claims, rights and remedies arising out of the Lease Agreement, as well as all other rights, powers, privileges, remedies and other benefits of Assignor under the Lease Agreement (including any options and renewals thereof); and

(C) all proceeds of the foregoing (such proceeds, together with the amounts referred to above in Article 1.1(A), are hereinafter referred to, collectively, as the "Lease Income").

1.2

(A) Notwithstanding the foregoing, until such time as Assignee notifies Assignor and Permitted Lessee that an "Event of Default" (as defined by Section 9 of the Aircraft Security Agreement and by any other Loan Document) has occurred, Assignor shall collect and retain all rents arising under the

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Lease Agreement or from the Aircraft, when such rents, income and profits are due and payable to the Assignor.

(B) Upon receipt of written notice from Assignee pursuant to paragraph (A) above that an Event of Default has occurred, Permitted Lessee shall immediately commence paying to Assignee all rents, income and profits accruing under the Lease Agreement, and continue to do so until otherwise notified by Assignee.

1.3 Assignor hereby appoints Assignee as Assignor's attorney-in-fact to demand, receive and enforce payment of the Lease Income and to give receipts, releases and satisfactions and to sue for all Lease Income payable under the Lease Agreement either in the name of Assignor or in the name of Assignee, with the same force and effect as Assignor could have done if this Assignment had not been made.

1.4 This Assignment shall continue in full force and effect until Assignor, Permitted Lessee, Confalone and all other Loan Parties have indefeasibly satisfied and discharged all of their obligations under the Loan Documents or until such time as this Assignment is terminated by mutual written agreement of Assignor and Assignee. At such time, Assignee, at Assignor's request shall promptly perform such actions and execute and file such documents as may be necessary or appropriate to evidence or effect such satisfaction and discharge or such termination.

1.5 At Assignee's request, Assignor and Permitted Lessee shall promptly furnish such information and execute and deliver such documents and do all such acts as are reasonably necessary or required in order for Assignee to realize upon the rights, remedies and benefits granted to it under this Assignment.

1.6 Assignee hereby accepts, and Permitted Lessee hereby consents and agrees to, the assignment and other obligations stipulated in this Assignment.

ARTICLE 2: ASSIGNEE ASSUMES NO DUTIES

2.1 Neither this Assignment, nor any of the provisions set forth herein, shall be deemed to have the effect of:

(A) obligating Assignee to perform or discharge any obligation or duty under the Lease Agreement;

(B) making Assignee responsible for the collection of any Lease Income due under the Lease Agreement; or

(C) imposing any obligation on Assignee to take any action or exercise any remedy in the collection or recovery of Lease Income.

2.2 Assignee shall be liable to account for only such monies as it actually receives pursuant to this Assignment, including such portions thereof as may be expended by Assignee on collection charges, inspection fees, reasonable attorneys and professional fees and expenses, and such other expenses as Assignee may reasonably incur in conjunction with the exercise of its rights under this Assignment, and the balance of such monies, when so received by Assignee, shall be applied on Assignor's, Permitted Lessee's and Confalone's account under the Loan Documents.

ARTICLE 3: ASSIGNOR'S WARRANTIES AND REPRESENTATIONS

3.1 Assignor warrants to Assignee each of the following:

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(A) Assignor is the sole owner of the Lease Agreement and of all the leasehold rights which the Lease Agreement purports to create in favor of Assignor, with full right and authority to assign the same.

(B) The Lease Agreement is unencumbered, valid and in full force and effect in accordance with its terms. The Lease Agreement is not subject to any security interest other than the security interest created by this Assignment.

(C) Permitted Lessee is not in default under any of the terms, conditions or covenants of the Lease Agreement.

(D) The Lease Income due under the Lease Agreement and Assignor's income and profits arising therefrom are free from liens, encumbrances, claims and set-offs of every kind whatsoever.

(E) In the event Permitted Lessee, regardless of the circumstance, makes any payment to Assignor which should have been paid to Assignee pursuant to this Assignment, Assignor shall immediately transmit such payment in full to Assignee without any deduction or offset whatsoever.

3.2 Assignor agrees to, represents and covenants each of the following:

(A) That it will observe and perform all obligations imposed on Assignor under the Lease Agreement and this Assignment and indemnify Assignee from any and all claims or demands of whatever nature resulting from Assignor's failure to do so.

(B) That it will preserve the Lease Agreement and the Lease Income arising from the Lease Agreement, free and clear of all liens and encumbrances.

(C) That it will not execute any other assignment of Assignor's interest in the Lease Agreement or assignment of the Lease Income arising under the Lease Agreement or otherwise assign or delegate any of its rights or obligations under the Lease Agreement.

(D) That it will not alter, extend or modify the terms of the Lease Agreement or give any consent or exercise any renewal or option required or permitted by the terms of the Lease Agreement without the prior, express and written consent of Assignee.

(E) That Assignee may proceed hereunder against Assignor directly and independently of Permitted Lessee, and the cessation of Permitted Lessee's liability for any reason other than full payment under the Lease Agreement shall not in any way affect the liability of Assignor under this Assignment, nor shall any extension, forbearance of acceptance, release or substitution of security, or any impairment or suspension of Assignee's remedies or rights against Permitted Lessee in any way affect the liability of Assignor under this Assignment.

ARTICLE 4: PERMITTED LESSEE'S WARRANTIES AND REPRESENTATIONS

4.1 Permitted Lessee warrants to Assignee each of the following:

(A) Permitted Lessee is the sole owner of all leasehold rights the Lease Agreement purports to create in favor of Permitted Lessee, with full right and authority to enter into this Assignment.

(B) The Lease Agreement is unencumbered, valid and in full force and effect in accordance with its terms.

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(C) Assignor is not in default under any of the terms, conditions or covenants of the Lease Agreement.

(D) The Lease Income due under the Lease Agreement is free from liens, encumbrances, claims and set-offs of every kind whatsoever.

4.2 Permitted Lessee agrees to, represents and covenants each of the following:

(A) That it will observe and perform all obligations imposed on Permitted Lessee under the Lease Agreement and this Assignment and indemnify Assignee from any and all claims or demands of whatever nature resulting from Permitted Lessee's failure to do so.

(B) That it will preserve the Lease Agreement and the Lease Income, free and clear of all liens and encumbrances.

(C) That neither Assignee nor its successor and assigns shall be liable for any of the obligations or duties of Assignor under the Lease Agreement, nor shall this Assignment give rise to any duties or obligations whatsoever on the part of Assignee, its successors and assigns owing to Permitted Lessee, except to account for any monies Assignee actually receives pursuant to this Assignment as provided above in Article 2.2.

(D) That it will not consent to any assignment of any rights under the Lease Agreement, or the Lease Income due thereunder, other than pursuant to this Assignment, nor will it assign or sublease any of its rights under the Lease Agreement.

(E) That it will not alter, extend or modify the terms of the Lease Agreement or give any consent or exercise any renewal or option required or permitted by the terms of the Lease Agreement without the prior, express and written consent of Assignee.

(F) That Assignee may proceed hereunder against Permitted Lessee directly and independently of Assignor, and the cessation of Assignor's liability to Assignee for any reason other than full payment under the Loan Documents shall not in any way affect the liability of Permitted Lessee under this Assignment, nor shall any extension, forbearance of acceptance, release or substitution of security, or any impairment or suspension of Permitted Lessee's remedies or rights against Assignor in any way affect the liability of Permitted Lessee under this Assignment.

(G) That, until such time as this Assignment is terminated by mutual agreement of Assignor and Assignee, Permitted Lessee's rights in the Aircraft pursuant to the Lease Agreement or otherwise, including, without limitation, its right to possession of the Aircraft, are and shall be subordinate to Assignee's rights in the Aircraft (including, but not limited to, its right of possession) under the Loan Documents, and Permitted Lessee will be responsible for and perform all of Assignor's obligations specified in the Security Agreement, notwithstanding any provision of the Lease Agreement to the contrary.

ARTICLE 5: REMEDIES OF ASSIGNEE NOT EXCLUSIVE

5.1 Nothing contained in this Assignment, nor any act done or omitted by Assignee pursuant to the terms of this Assignment, shall be deemed a waiver of any of the rights or remedies of Assignee under the Loan Documents. The rights and remedies herein expressed are cumulative and not exclusive of any right or remedy that Assignee shall otherwise have. The right of Assignee to collect the secured principal, interest and other amounts due under the Loan Documents, as well as to enforce any other security, may be exercised by Assignee prior or subsequent to any action taken under this Assignment.

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5.2 No delay or failure of Assignee in the exercise of any right or remedy provided for hereunder or in the Loan Agreement shall be deemed a waiver of the right by Assignee, and no exercise or partial exercise or waiver of any right or remedy shall be deemed a waiver of any further exercise of such right or remedy or of any other right or remedy that Assignee may have.

ARTICLE 6: SECURITY AGREEMENT

6.1 Grant of Security Interest. Permitted Lessee hereby grants to Assignee a continuity first priority security interest in and lien on all right, title and interest Permitted Lessee now has or may hereafter acquire in and to the Aircraft and the Collateral (defined in the Security Agreement), including, but not limited to all right, title and interest of Permitted Lessee in the Aircraft and the Collateral created by and arising from the Lease Agreement. The security interest and lien granted hereby by Permitted Lessee shall secure the payment and performance of Permitted Lessee's, Confalone's and all other Loan Parties' obligations under the Loan Documents all whether now existing or hereafter arising, or well as any renewals, extensions or changes in the form of such obligations or indebtedness.

6.2 Application of Security Agreement. If Permitted Lessee becomes the owner of the Aircraft and the Collateral by virtue of the provisions of the Lease Agreement or otherwise, Permitted Lessee shall be deemed to be "Debtor" (as defined in the Security Agreement") for all purposes expressed therein and shall be bound by and shall be obligated to perform all covenants, agreements, terms, conditions and obligations of "Debtor" set forth in the Security Agreement. In furtherance of the foregoing, all of the provisions of Sections 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23 and 24 of the Security Agreement shall be deemed incorporated herein by reference to effectuate the provisions of this Article 6.

ARTICLE 7: MISCELLANEOUS

7.1 Governing Law. This Assignment shall be governed by and construed in accordance with the laws of the State of Florida, U.S.A.

7.2 Jurisdiction. Assignor hereby irrevocably agrees that any action or proceeding relating hereto or any other Loan Document that is brought by Assignor shall be tried by the courts of the State of Florida sitting in Miami-Dade County, Florida or the United States district courts sitting there. Assignor hereby irrevocably submits, in any such action or proceeding that is brought by Assignee, to the non-exclusive jurisdiction of each such court, irrevocably waives the defense of an inconvenient forum with respect to any such action or proceeding, and agrees that service of process in any such action or proceeding may be made upon Assignor by mailing a copy thereof to Assignor at Assignor's address set forth in the Security Agreement (as well as by any other lawful method). If and when Assignee requests it to, Assignor shall appoint (in a manner satisfactory to Assignee) an agent that is domiciled in Miami-Dade County, Florida and is acceptable to Assignee to receive service of process in any such action or proceeding on Assignor's behalf.

7.3 Amendments. No provision or term of this Assignment may be amended, modified, revoked, supplemented, waived or otherwise changed except by a written instrument duly executed by Assignor and Assignee and Permitted Lessee.

7.4 Severability. If any provision in this Assignment shall be held invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions of this Assignment shall not be impaired thereby, nor shall the validity, legality or enforceability of any such defective provisions be in any way affected or impaired in any other jurisdiction.

7.5 Binding Effect. This Assignment shall be binding upon and inure to the benefit of the parties hereto and their permitted successors and assigns.

73-8

7.6 Entire Agreement. This Assignment constitutes the entire agreement between the parties with respect to the assignment of the Lease Agreement. There are no verbal understandings, agreements, representations or warranties between the parties which are not expressly set forth herein with respect to the subject matter hereof.

7.7 Counterpart. An original counterpart of this Assignment is attached to an original counterpart of the Lease Agreement which is being filed simultaneously herewith with the FAA.

7.8 Termination. This Assignment shall remain in full force and effect until payment in full of all obligations of Assignor, Permitted Lessee, Confalone and all Loan Parties under the Loan Documents and thereafter so long as any payment of or recovery against or with respect to any such obligations might, in Assignee's reasonable judgment, be rescinded, or otherwise required to be returned by Assignee, for any reason, including the insolvency, bankruptcy or reorganization of Pledgor.

7.9 Amendment and Restatement of Original Assignment. This Assignment is a complete amendment to and restatement of (and the terms and conditions supercede, in their entirety, the terms of) the Original Assignment. This Assignment is not intended to be a novation of the Original Assignment or to adversely affect the rights of Assignee thereunder. Rather, it is intended to continue the lien and priority of the Original Assignment without interruption and shall be liberally construed to effectuate such intent.

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IN WITNESS of the mutual promises, warranties, covenants, representations and agreements set forth herein, the parties have caused their duly authorized officers to execute this Assignment effective as of the date first above written.

Signed, sealed and
delivered in the present of:

Name: Carlos A. Gonzalez

Name: MARIA E. PEREZ

Name: MARIA E. PEREZ

Name: Carlos A. Gonzalez

Name: Carlos A. Gonzalez

Name: MARIA E. PEREZ

ASSIGNOR:

SEAPLANE LEASING II, LLC

By:
Name: James Confalone
Title: Sole Member

ASSIGNEE:

OCEAN BANK

By:
Name: Jorge Morera
Title: S.V.P.

PERMITTED LESSEE:

FLYING BOAT, INC, a Florida corporation

By:
Name: James Confalone
Title: President

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STATE OF FLORIDA)
COUNTY OF MIAMI-DADE)

This instrument was acknowledged before me on the 30 day of November, 2001, by James Confalone, as Sole Member of SEAPLANE LEASING II, LLC, a Delaware limited liability company on behalf of said company.

Personally known to me ✓
or produced I.D. _____
_____
(type of I.D.)

Did take oath _____
Did not take oath _____

MARIA E. PEREZ
MY COMMISSION # CC 825867
EXPIRES: 06/28/2003
1-800-3-NOTARY Fla. Notary Service & Bonding Co.

Signature: Maria E. Perez
Title: Notary Public
Name: [Print or type] MARIA E. PEREZ
Serial No., if any: _____
My commission expires:

STATE OF FLORIDA)
)
COUNTY OF MIAMI-DADE)

This instrument was acknowledged before me on the 30 day of November, 2001, by JORGE MORERA, as SR. VICE-PRESIDENT of OCEAN BANK, on behalf of the bank.

Personally known to me ✓
or produced I.D. _____
_____
(type of I.D.)

Did take oath _____
Did not take oath _____

MARIA E. PEREZ
MY COMMISSION # CC 825867
EXPIRES: 06/28/2003
1-800-3-NOTARY Fla. Notary Service & Bonding Co.

Signature: Maria E. Perez
Title: Notary Public
Name: [Print or type] MARIA E. PEREZ
Serial No., if any: _____
My commission expires:

73-2

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73-1

STATE OF FLORIDA)
)
COUNTY OF MIAMI-DADE)

This instrument was acknowledged before me on the 30 day of November, 2001, by James Confalone, as President of FLYING BOAT, INC., a Florida corporation on behalf of said corporation.

Personally known to me ✓
or produced I.D. _____
_____
(type of I.D.)

Did take oath _____
Did not take oath _____

Signature: Maria E. Perez
Title: Notary Public
Name: [Print or type] MARIA E. PEREZ
Serial No., if any: _____
My commission expires:

MARIA E. PEREZ
MY COMMISSION # CC 825867
EXPIRES: 06/28/2003
1-800-3-NOTARY Fla. Notary Service & Bonding Co.

CERTIFICATE

I hereby certify that I have compared this instrument with the original instrument and it is a true and correct copy of said original.

Melton B. Tabb

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OKLAHOMA

72-23

U.S. DEPARTMENT OF TRANSPORTATION

FEDERAL AVIATION ADMINISTRATION

CROSS-REFERENCE--RECORDATION

SEE CONVEYANCE NO .....

FILING DATE: .....

This form is to be used in cases where a conveyance covers several aircraft and engines, propellers, or locations. File original of this form with the recorded conveyance and a copy in each aircraft folder involved.

TYPE OF CONVEYANCE	DATE EXECUTED
Amended and Restated Aircraft Security Agreement	November 30, 2001
FROM Seaplane Leasing II, LLC	DOCUMENT NO. H104497
TO OR ASSIGNED TO Ocean Bank	DATE RECORDED January 15, 2002

THE FOLLOWING COLLATERAL IS COVERED BY THE CONVEYANCE:

AIRCRAFT (List by registration number) — TOTAL NUMBER INVOLVED 1

N142PA

ENGINES — TOTAL NUMBER INVOLVED 2

MAKE(S)	SERIAL NO.
Pratt & Whitney PT6A-34	57462 57465

PROPELLERS — TOTAL NUMBER INVOLVED 2

MAKE(S)	SERIAL NO.
Hartzell HCB3TN3DY	BU 13940 BU 18209

SPARE PARTS --LOCATIONS — TOTAL NUMBER INVOLVED

LOCATION

RECORDED CONVEYANCE FILED IN: N142PA Grumman G-73 s/n J42

AC FORM 8050-23 (1-96) (0052-00-582-6000)

72-22

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Certified Copy – To be Recorded
H104
72-21

CONVEYANCE RECORDED

2001 JAN 15 PM 3 45

FEDERAL AVIATION ADMINISTRATION

AMENDED AND RESTATED AIRCRAFT SECURITY AGREEMENT

Grumman G-73 Mallard
U.S. Registration No. N142PA
Manufacturer's Serial No. J-42

This Amended and Restated Security Agreement/Mortgage is made and entered into in this 30th day of November, 2001 by and between **SEAPLANE LEASING II, LLC**, a limited liability company organized pursuant to the laws of the State of Delaware, with its chief executive office and principal place of business at 3001 New York Avenue, Coconut Grove, Florida 33133 (hereinafter the "Debtor") , and **OCEAN BANK**, a Florida banking corporation, organized pursuant to the laws of the State of Florida, with its principal place of business at 780 N. W. 42 Avenue, Miami, FL 33126 (hereinafter the "Secured Party") . This Security Agreement /Mortgage is sometimes hereinafter referred to as the "Security Agreement" or the "Agreement".

RECITALS

A. Debtor is the owner of the aircraft described in this Agreement, which aircraft the Debtor is leasing to Flying Boat, Inc., a Florida corporation ("FBI") d/b/a Chalks International Airlines for use in FBI's airlines business.

B. FBI and Confalone previously borrowed the sum of $3,000,000 (the "Flying Boat Loan") from Secured Party pursuant to a promissory note, credit agreement and related documents dated October 28, 1999, which Flying Boat Loan is secured by, among other things, that certain Aircraft Security Agreement dated October 28, 1999 recorded by the United States Federal Aviation Administration ("FAA") on December 8, 1999 under FAA Conveyance No. K23805 (the "Original Security Agreement").

C. Subject to the execution and delivery of this Agreement, Secured Party has agreed to modify the terms and conditions of the Flying Boat Loan pursuant to, and as evidenced by that certain Amended and Restated Credit Agreement dated of even date herewith between the Secured Party, FBI, The Great American Car Wash, Inc., a Florida corporation ("Car Wash"), The Oil Change, Inc., a Florida corporation ("Oil Change") and Confalone (as amended or restated form time to time, the "Credit Agreement") and that certain Amended and Restated Promissory Note from Confalone and FBI in favor of Secured Party of even date herewith in the original principal amount of $2,749,427.75 (the "Flying Boat Note").

D. Subject to the execution and delivery of this Agreement, Secured Party has agreed to modify the terms and conditions of an existing loan in the current principal amount of $2,168,736.18 (the "Confalone Loan") to Confalone pursuant to, and as evidenced by, the Credit Agreement, and that certain Consolidated, Amended and Restated Promissory Note from Confalone in favor of Bank dated of even date herewith in the original principal amount of $2,168,736.18 (the "Confalone Note").

E. Subject to the execution and delivery of this Agreement, Secured Party has agreed to modify the terms and conditions of an existing loan in the current principal amount of $2,950,294.45 (the "Car Wash Loan") to Car Wash pursuant to, and as evidenced by, the Credit Agreement and that certain Consolidated, Amended and Restated Promissory Note frm Car Wash in favor of Bank dated of even date herewith in the original principal amount of $2,950,294.45 (the "Car Wash Note").

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OKLAHOMA

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F. Subject to the execution and delivery of this Agreement, Secured Party has agreed to modify the terms and conditions of an existing loan in the current principal amount of $2,363,888.90 (the "Oil Change Loan") to Oil Change pursuant to, and as evidenced by, the Credit Agreement and that certain Consolidated, Amended and Restated Promissory Note form Oil Change in favor of Bank dated of even date herewith in the original principal amount of $2,363,888.90 (the "Oil Change Note").

G. Subject to the execution and delivery of this Agreement, Secured Party has agreed to make an additional loan to Confalone in the principal amount of $1,250,000 (the "Additional Loan") pursuant to, and as evidenced by, the Credit Agreement and that certain Promissory Note from Confalone in favor of Bank dated of even date herewith in the original principal amount of $1,250,000 (the "Future Advance Note").

H. The obligations of Confalone under the Confalone Note, the obligations of FBI and Confalone under the Flying Boat Note, the obligations of Car Wash under the Car Wash Note, the obligations of Oil Change under the Oil Change Note, the obligations of Confalone under the Future Advance Note, and the obligations of Confalone, FBI, Car Wash and Oil Change under the Credit Agreement are secured by, among other things, various security agreements more fully described in the Credit Agreement (as amended or restated from time to time, together with renewals or modifications thereof or substitution therefore, the "Security Documents"). The Confalone Note, the Flying Boat Note, the Oil Change Note, the Car Wash Note, the Future Advance Note, the Credit Agreement and the Security Documents, together with all documents, instruments and agreements evidencing, securing or otherwise relating to the Confalone Loan, the Flying Boat Loan, the Car Wash Loan, the Oil Change Loan and the Additional Loan, as such other documents, instruments and agreements may be amended, modified, restated, renewed or substituted for from time to time are referred to herein collectively as the "Loan Documents").

I. To further secure the obligations of Confalone, FBI, Car Wash and Oil Change under the Confalone Note, The Flying Boat Note, the Car Wash Note, the Oil Change Note, the Future Advance Note and the other Loan Documents, Debtor has executed and delivered to Secured Party that certain Guaranty Agreement of even date herewith (the "Guaranty").

J. Confalone owns all of the outstanding ownership interests in each of Debtor, FBI, Car Wash and Oil Change. Debtor's business interests are related to those of Flying Boat, Car Wash, Oil Change and Confalone. Accordingly, Debtor will benefit substantially from the Secured Party's credit extensions to each of Flying Boat, Car Wash, Oil Change and Confalone reflected in the modification by Secured Party of the terms and conditions of the Confalone Loan, the Flying Boat Loan, the Car Wash Loan and the Oil Change Loan and in the making of the Additional Loan.

K. It is a condition precedent to the Bank modifying the terms and conditions of the Confalone Loan, the Flying Boat Loan, the Car Wash Loan and the Oil Change Loan and to the Bank's making the Additional Loan that Debtor shall have executed and delivered this Agreement to amend the Original Security Agreement to provide that this Agreement continues to secure the obligations of FBI and Confalone to Secured Party with respect to the Flying Boat Loan and also secure the obligations of Confalone to Secured Party with respect to the Confalone Loan and Additional Loan, the obligations of Car Wash to Secured Party with respect to the Car Wash Loan, the obligations of Oil Change to Secured Party with respect to the Oil Change Loan and the obligations of Debtor to Secured Party with respect to the Guaranty.

NOW, THEREFORE, in consideration of the mutual promises, covenants and representations set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Grant of Security Interest**. The Debtor hereby assigns to Secured Party and hereby grants to Secured Party a continuing, first priority security interest in and lien on all of Debtor's right, title

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and interest in, whether now existing or hereafter acquired, the following property:

Airframe described as follows:

Manufacturer: Grumman
Model: G-73 Mallard
U.S. Registration No.: N142PA
Manufacturer's Serial No.: J-42

Engine described as follows:

Manufacturer: Pratt & Whitney
Model: PT6A-34
Manufacturer's Serial Nos.:
57462
57465

Propeller described as follows:

Manufacturer: Hartzell
Model: HCB3TN3DY
Manufacturer's Serial Nos.:
BU 13940
] BU 18209

(the above described airframe, engines and propellers being referred to herein as the "Aircraft"), together with any and all engines, components, propellers, instruments, avionics, equipment, parts and accessories attached to, installed in appurtenant to, or delivered with or in respect of such Aircraft; all aircraft and engine log books; all spare parts; all right, title and interest of Debtor in, to and under any lease, rental agreement, or other agreement(s) respecting the Aircraft, including, but not limited to, Debtor's right to receive, either directly or indirectly from any party or person, any rents or other payments due under such agreement(s), and in, to and under any lease, rental agreement or other agreements pertaining to any of the foregoing property in which Debtor is the lessee; and all additions, accessions, substitutions and proceeds of the Aircraft and any of the foregoing property including, but not limited to, proceeds of insurance covering the Aircraft and any and all accounts, general intangibles, contract rights, inventory, equipment, money, drafts, instruments, deposit accounts or other tangible or intangible property of the Debtor resulting from the sale (authorized or unauthorized) or other disposition of the Aircraft or the foregoing property. The Aircraft and foregoing property is hereinafter collectively referred to as the "Collateral". The above described aircraft engine is 750 or more rated take-off horsepower and the above-described aircraft propeller is capable of absorbing 750 or more rated take-off shaft horsepower.

2. Security for Obligations. This Agreement secures the payment of all obligations of each of Debtor, FBI, Car Wash, Oil Change, Confalone, and the Affiliates (defined below) (each of FBI, Car Wash, Oil Change and Confalone and each Affiliate being referred to herein as an "Obligor" and collectively as "Obligors") to the Secured Party whether for principal, interest, fees, expenses or otherwise, whether now or hereafter existing or arising, whether direct or indirect, whether absolute or contingent and whether acquired directly or by assignment (all such obligations referred to in this §2 being the "Obligations") (it being the intent of the Debtor that the Collateral shall secure not only all the Obligations owing by Debtor but also all those owing by each Obligor). For avoidance of doubt, Debtor hereby acknowledges that the Obligations include any and all Obligations of Debtor and any Obligor to the Secured Party with respect to the Flying Boat Loan, Car Wash Loan, Oil Change Loan, Confalone Loan and Additional Loan, including but not limited to any and all obligations of Debtor arising under the Guaranty and any of the Obligors arising under the

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Credit Agreement, the Confalone Note, the Flying Boat Note, the Car Wash Note, the Oil Change Note, the Future Advance Note and any and all other Loan Documents.

3. **Debtor Will Execute and Deliver Documents**. At Secured Party's request, the Debtor will promptly furnish such information and execute and deliver such documents and do all such acts and things as Secured Party may reasonably request and as are necessary or appropriate to assist Secured Party in establishing and maintaining a valid first priority security interest in the Collateral and to assure that the Aircraft is properly titled and registered and that the security interest granted hereby is perfected to Secured Party's satisfaction. The Debtor will pay the cost of filing all appropriate documents in all public offices where Secured Party deems such filings necessary or desirable.

4. **Operation, Maintenance and Repair**. The Debtor will use, operate, maintain, store and repair the Aircraft and retain actual control and possession thereof in accordance with each of the following provisions:

(a) The Debtor will at all times keep the Collateral validly and currently registered on the aircraft registry of the United States of America in its name, and comply in all respects with all rules and regulations of the FAA which are applicable to the Debtor's use, operation, maintenance, storage and repair of the Aircraft. The Collateral at all times shall be subject to United States Registration and bear a United States Registration marking.

(b) The Debtor will use, operate, maintain, store and repair the Aircraft, and all parts thereof, properly, carefully and in complete compliance with all applicable statutes, ordinances, regulations, policies of insurance, manufacturer's recommendations and manufacturer's operating and maintenance manuals and handbooks.

(c) The Debtor will only allow properly qualified and licensed pilots to operate the Aircraft.

(d) The Debtor will be responsible for and pay all expenses of owning and operating the Aircraft, including but not limited to storage, fuel, lubricants, service, inspections, overhauls, replacements, maintenance and repairs, all of which will be accomplished in compliance with the manufacturer's operating and maintenance manuals and handbooks, and the rules and regulations of the FAA and any foreign government agency having jurisdiction over the Aircraft. The Debtor will properly maintain all records pertaining to the maintenance, operation and repair of the Aircraft.

(e) The Debtor will at all times maintain the Aircraft in an airworthy condition and in good working order and will make no modifications to the Aircraft which have the effect of reducing its value or utility.

5. **Insurance**. The Debtor will, at all times and at its sole expense, obtain and carry the types and amounts of insurance coverage specified below:

(a) "All Risk" type hull insurance on the Aircraft, both In-Flight and Not In-Flight, including ingestion and foreign object damage, in an amount not less than the unpaid principal balance owed under the Loan Documents or the fair market value of the Aircraft, whichever is greater.

(b) Aircraft hull war risks insurance (including without limiting the generality thereof, insurance covering any loss or damage by strikes, riots, civil commotions or labor disturbances, and any malicious act. or acts of sabotage) covering the Aircraft for an amount which will at no time be less than the unpaid principal balance owed under the Loan Documents or the fair market value of the Aircraft, whichever is greater. Such insurance will insure risks of war, hijacking (air piracy), governmental confiscation, nationalization, seizure, restraint, detention, appropriation, requisition, terrorist or political activity, and such

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similar coverage as is obtainable in the London market by Lloyds and which is excluded from the all risk ground and flight aircraft hull insurance policies.

(c) Insurance covering the Aircraft's engines when they have been replaced or removed from the Aircraft. Such insurance will provide coverage in an amount no less than the replacement cost of said engines and have a deductible no greater than U.S. Fifty Thousand Dollars ($50,000.00).

(d) Comprehensive aircraft liability insurance (including passengers, passengers, baggage, cargo and mail, crew, public liability, and property damage) with limits no less than U.S. Twenty-Five Million Dollars ($25,000,000.00) combined single limit per occurrence. Such insurance will not favor the Debtor or any other insured as against Secured Party, its officers, agents, servants, employees, successors or assigns as to priority of application of insurance proceeds in satisfaction of claims against more than one insured.

(e) Aircraft war risks liability insurance, including passenger liability, public liability and property damage liability insurance, with limits no less than U.S. Twenty-Five Million Dollars ($25,000,000.00) combined single limit per occurrence. Such insurance will not favor the Debtor or any other insured as against Secured Party, its officers, agents, servants, employees, successors or assigns as to priority of application of insurance proceeds in satisfaction of claims against more than one insured. Such insurance will insure risks of war, hijacking (air piracy), governmental confiscation, nationalization, seizure, restraint, detention, appropriation, requisition, terrorist or political activity, and such similar coverage as is obtainable in the London market by Lloyds and which is excluded from the comprehensive aircraft liability insurance policies.

(f) Such other forms of coverage as may be reasonably requested from time to time by Secured Party.

All insurance policies maintained by the Debtor in accordance with subsections (a) through (f) above will also comply with each of the following requirements:

(1) name Secured Party as a loss payee with respect to the insurance maintained in accordance with the provisions of subsections (a), (b) and (c), and as additional insured with respect to the insurance maintained in accordance with the provisions of subsections (d) and (e);

(2) be in the kind and form satisfactory to Secured Party and issued by insurers of recognized responsibility which are satisfactory to Secured Party;

(3) provide that if such insurance is canceled for any reason whatsoever, or any substantial change is made in policy terms, conditions or coverage, or the policy is allowed to lapse for nonpayment of premium, such cancellation, change or lapse will not be effective as to Secured Party until thirty (30) days after the Debtor's insurers send written notice of the cancellation, change or lapse in policy terms, conditions or coverage to Secured Party via certified mail;

(4) provide that in respect of the interest of Secured Party in such policies, the insurance will not be invalidated by any action or inaction of the Debtor and will insure Secured Party regardless of any breach or violation by the Debtor of any warranty, declaration or condition contained in such policies; and

(5) provide that the geographic limits, if any, contained in such policy will include at a minimum all territories over which the Debtor will operate the Aircraft.

The Debtor will furnish to Secured Party evidence of the aforesaid insurance coverage in certificate form. Evidence of renewal of each policy will thereafter be furnished to Secured Party in certificate form. The

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Debtor covenants that it will not do any act or voluntarily suffer or permit any act to be done whereby any insurance required hereunder will or may be suspended, impaired or defeated.

6. **Debtor's Possession**. The Debtor may have possession of the Aircraft and Collateral and use it in any lawful manner not inconsistent with this Agreement, except when an Event of Default (as defined herein) has occurred and is continuing. In the event the Debtor fails to undertake any of the following actions within ten (10) days after receipt of Secured Party's written demand for such action, Secured Party, at its option and without assuming any obligation to do so, may discharge taxes, liens, security interests or other encumbrances levied or asserted against the Aircraft and Collateral, may place and pay for insurance thereon, may order and pay for the repair, maintenance and preservation thereof, and may pay any necessary filing or recording fees. Any amounts paid by Secured Party under the preceding sentence will be added to the sums due under the Loan Documents, will be secured by the Aircraft and Collateral, this Agreement and the Loan Documents, and will be payable by the Debtor upon demand by Secured Party together with interest at the rate provided for in the Flying Boat Note until paid in full.

7. **Debtor's Covenants**. As long as this Agreement remains in effect, the Debtor will furnish Secured Party with such information concerning the location, condition, use and operation of the Aircraft and Collateral as Secured Party may reasonably request, and the Debtor will permit any person designated by Secured Party in writing to inspect the Aircraft and Collateral, wherever located, and all records and manuals maintained in connection therewith and to make copies of such records, and to visit and inspect the properties and facilities of the Debtor, provided such visits do not unreasonably interfere with the operations of the Debtor, and to discuss the affairs, finances and accounts of the Debtor with the principal financial officers of the Debtor, all at such reasonable times and as often as Secured Party may reasonably request. Secured Party will have no duty to make any such inspection and will not incur any liability or obligation or be deemed to have waived any right by reason of not making any such inspection. The Debtor will also furnish to Secured Party such other information as Secured Party may reasonably request, from time to time, with respect to the financial condition and operations of the Debtor in order to determine whether the covenants, terms and provisions of this Agreement have been complied with by the Debtor.

8. **Debtor's Default**. The parties agree that the occurrence of any of the following events will constitute an "Event of Default":

(a) Any Obligor's failure to make any timely payment of either principal, interest, or any other amount required to be paid under the Loan Documents, or the Debtor's failure to pay any amount required under any other promissory note, security agreement or other agreements between the Debtor and Secured Party, if such failure continues for a period of five (5) days beyond the due date of such payment;

(b) The occurrence of any "Event of Default" as defined in any of the Loan Documents.

(c) The Debtor's failure to perform any material promise, agreement, obligation, warranty or covenant made by it herein, if such failure continues for a period of thirty (30) days after Secured Party has given the Debtor notice of such failure;

(d) The Debtor's failure to maintain the insurance coverage as specified above in Section 5;

(e) any material misrepresentation made by the Debtor to Secured Party in connection with this Agreement;

(f) entry of a money judgment, in excess of $25,000.00 against the Debtor, if such judgment is nonappealable and remains undischarged or unstayed for a period in excess of sixty (60) days;

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(g) dissolution, termination of existence, insolvency, business failure, inability to pay debts as they mature, assignment for the benefit of creditors, or the commencement, with respect to the Debtor, of any proceedings (either voluntary or involuntary) under any bankruptcy or insolvency laws provided that any such proceedings, if involuntary, are not dismissed within thirty (30) days of the filing date of such proceedings;

(h) default in the payment by the Debtor of any indebtedness for borrowed money owed to any creditor resulting in the acceleration of a material amount of indebtedness that would reasonably justify Secured Party in deeming itself insecure;

(i) default by any of the Debtor's affiliates, Seaplane Leasing, I, LLC, Seaplane Leasing III, LLC, Seaplane Leasing IV, LLC and Seaplane Leasing V, LLC (hereinafter the "Affiliates") under Aircraft Security Agreements now existing or hereafter executed by such Affiliates and Secured Party covering any Grumman G-73 aircraft owned by the Affiliates;

(j) the prospect of payment, performance or realization on the Aircraft and Collateral, in the reasonable opinion of Secured Party, is or becomes significantly impaired;

Should an Event of Default occur, Secured Party may employ all remedies allowed by law, including, without limitation, all remedies of a secured party under the Florida Uniform Commercial Code, including declaring all indebtedness owed under the Loan Documents, as well as any other indebtedness or liability of FBI, Confalone, the Debtor, or the Affiliates, owed to Secured Party, immediately due and payable. Additionally, Secured Party may require the Debtor to assemble the Aircraft and Collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties. The requirements of the Florida Uniform Commercial Code for reasonable notification to the Debtor of the time and place of any proposed public sale of the Aircraft or of the time after which any private sale or other intended disposition of the Aircraft is to be made will be met if such notice is mailed, postage prepaid, to the Debtor's address, as specified herein, at least ten (10) days before the time of the sale or disposition. After deduction of all reasonable expenses incurred in realizing on this security interest, and after the payment of all principal, interest and all other sums due under the Loan Documents, the balance of the proceeds of sale, if any, may be applied to the payment of any or all other indebtedness which the Debtor, Affiliates, FBI or Confalone owes Secured Party, regardless of whether such indebtedness is due or not. The Debtor, FBI and Confalone will be liable for any deficiency in its financial obligation under the Loan Documents and this Agreement after application of such proceeds. The Debtor agrees to pay the reasonable attorneys, fees incurred by Secured Party to repossess the Aircraft and Collateral as well as the attorneys' fees incurred in pursuing and collecting any deficiency. If, after an Event of Default, the Aircraft and Collateral is returned to or recovered by Secured Party, the Debtor agrees that Secured Party may fly or otherwise move the Aircraft for demonstration and other purposes reasonably related to a proposed public or private sale or other disposition of the Aircraft. Each right, power and remedy herein granted Secured Party is cumulative and in addition to every other right, power and remedy herein specifically given or now or hereafter existing under or by virtue of the provisions of the Loan Documents or any other agreement between Debtor, FBI, Confalone, Affiliates and Secured Party or in equity, at law or by statute or otherwise. No failure to exercise, and no delay in exercising, any right, power or remedy held by Secured Party hereunder or otherwise, shall operate or a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy held hereunder or otherwise, preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

9. **Damage or Destruction**. In the event of the loss, theft or confiscation of the Aircraft, or the substantial damage or destruction of the Aircraft to such an extent that repair thereof is impracticable (as determined solely but reasonably by Secured Party) , then the Debtor will pay any proceeds thereof to Secured Party to be applied towards the outstanding indebtedness of principal, accrued interest and all other sums due under the Loan Documents, within ten (10) days after demand by Secured Party.

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In the event that, following damage to the Aircraft, repair thereof is determined to be practical (as determined solely but reasonably by Secured Party), then the Debtor will promptly repair and restore the Aircraft to its condition immediately prior to the damage. All insurance proceeds paid to Secured Party as a result of such damage pursuant to Section 5 hereof will be available to reimburse the Debtor for the reasonable costs of all required repairs, provided that no Event of Default has occurred and is continuing. The Debtor will furnish evidence satisfactory to Secured Party that the sums requested as reimbursement represent sums actually paid by the Debtor or justly due for labor and materials. If requested by Secured Party, the Debtor will also furnish appropriate lien waivers. Any insurance proceeds remaining after all required repairs have been completed will be immediately paid over to the Debtor so long as no Event of Default has occurred and/or is continuing.

10. **Waivers**. No waiver of any covenant, warranty or condition of this Agreement, nor of any breach or default hereunder, will be effective for any purpose whatsoever unless such waiver is in writing and signed by an officer of Secured Party. It is expressly agreed that Secured Party's waiver of any breach or default by the Debtor will constitute a waiver only as to such particular breach or default and not a waiver of any future breach or default.

11. **Liens**. The Debtor will not, directly or indirectly, create, incur, assume or suffer to exist any lien ("Lien") on or with respect to the Aircraft or Collateral, or any part thereof, except:

(a) the Lien of Secured Party hereunder;

(b) Liens for taxes, assessments or other governmental charges owing by the Debtor, either not yet due or being contested in good faith.(and for the payment of which adequate reserves have been provided) and by appropriate proceedings so long as such proceedings do not involve any material danger of the sale, forfeiture or loss of the Aircraft or Collateral or any part thereof;

(c) materialmen's, mechanic's, workmen's, repairmen's, employees' Liens or any Lien of a similar nature arising in the ordinary course of the Debtor's business, which Lien secures an obligation that is not yet delinquent or is being contested in good faith (and for the payment of which adequate reserves have been provided) and by appropriate proceedings so long as such proceedings do not involve any material danger of the sale, forfeiture or loss of the Aircraft or Collateral or any part thereof;

(d) Liens arising out of any judgment or award against the Debtor which do not involve any material danger of the sale, forfeiture or loss of the Aircraft or Collateral or any part thereof; provided that the judgment or award secured will, within sixty (60) days of entry thereof, have been discharged, vacated, reversed or execution thereof stayed pending appeal and will have been discharged, vacated or reversed within sixty (60) days after the expiration of such stay; and

(e) any other Lien with respect to which the Debtor will have provided a bond or other means that precludes the holder of the Lien, in the reasonable judgment of Secured Party, from taking any recourse against the Aircraft and Collateral.

The Debtor will promptly, at no expense to Secured Party, take (or cause to be taken) such action as may be necessary to duly discharge any Lien not excepted above if the same will arise at any time with respect to the Aircraft, the Collateral, or any part thereof.

12. **Taxes**. The Debtor will pay or cause to be paid in the manner and at the time required by applicable law, all federal, state and local taxes (including sales, property, use, value-added, goods and service taxes, but excluding any income, franchise, property, or similar taxes that may be imposed on the income or other assets of Secured Party), assessments and governmental charges or levies imposed upon, or in respect of, the Aircraft, the Collateral, this Agreement, any payments made hereunder or under the Note or the Loan Documents, or upon or in respect of the Debtor or the Debtor's income or profits, or upon

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any property belonging to the Debtor prior to the date on which penalties attach thereto and all lawful claims which, if not paid, become a Lien upon the property of the Debtor (all of the above collectively "Taxes"). The Debtor will indemnify and hold Secured Party harmless from liability for the payment of any such Taxes.

13. **Legal, Valid, Binding and Enforceable Obligation**. The Debtor represents and warrants to Secured Party that this Security Agreement, upon execution and delivery, will constitute the legal, valid and binding obligation of Debtor and will be enforceable in accordance with its terms.

14. **Change of Chief Executive Office and Change of Base**. The Debtor represents that its chief executive office is located at 3001 New York Avenue, Coconut Grove, Florida 33133 and agrees said chief executive office will not be changed without at least sixty (60) days prior written notice to Secured Party and the filing of any notices or financing statements that are necessary, in Secured Party's opinion, to continue the perfection of Secured Party's security interest in the Aircraft and Collateral. The Debtor will at all times keep the Aircraft and Collateral based within the State of Florida.

15. **GOVERNING LAW AND FORUM CHOICE**. THIS AGREEMENT WAS MADE, ENTERED INTO AND DELIVERED IN THE STATE OF FLORIDA AND THE LAW GOVERNING THIS TRANSACTION WILL BE THAT OF THE STATE OF FLORIDA AS IT MAY FROM TIME TO TIME EXIST. THE LAW OF THE STATE OF FLORIDA WILL APPLY TO ANY AND ALL MATTERS ARISING FROM OR RELATED TO THIS AGREEMENT AND TRANSACTION, INCLUDING ANY ACTIONS UNDERTAKEN BY SECURED PARTY SHOULD AN "EVENT OF DEFAULT" OCCUR, SUCH AS AN ACTION TO OBTAIN POSSESSION OF AND FORECLOSE UPON THE AIRCRAFT, AND ALL OTHER REMEDIES WHICH MAY BE AVAILABLE INCLUDING SEEKING A DEFICIENCY JUDGMENT AGAINST THE DEBTOR.

16. **Enforceability**. The provisions of this Agreement will be severable and, if any provisions are for any reason determined to be invalid, void or unenforceable, in whole or in part, the remaining provisions will remain in full force and effect; provided that the purpose of the remaining valid, effective and enforceable provisions is not frustrated; and provided further that no party is substantially and materially prejudiced thereby.

17. **Assignability**. Secured Party will have the absolute right to assign, transfer or sell any of its rights under this Agreement to any party of its choosing. The Debtor may not assign or delegate any of its rights or obligations hereunder without the prior written consent of Secured Party.

18. **Sale or Leasing**. The Debtor will not sell, convey or transfer the Aircraft or Collateral, or any interest therein and will not lease or rent the Aircraft or Collateral to any person or party without first requesting and obtaining the express written consent of Secured Party.

19. **Binding Agreement**. All obligations of the Debtor hereunder will bind the successors and assigns of the Debtor. If there be more than one debtor hereunder, their liabilities will be joint and several. All rights of Secured Party hereunder will inure to the benefit of its successors and assigns.

20. **Entire Agreement**. This Agreement and the Loan Documents constitute the entire agreement between and among the parties with respect to the subject matter hereof. There are no verbal understandings, agreements, representations or warranties between the parties which are not expressly set forth herein. This Agreement will not be changed orally, but only in writing signed by the parties hereto.

21. **Notices**. Any notice pertaining to this Agreement will be deemed sufficiently given if personally delivered or sent by registered or certified mail, return receipt requested, to the party to whom said notice is to be given. Notices sent by registered or certified mail will be deemed given on the third day after the date of postmark. Until changed by written notice given by either party, the addresses of the parties will be as follows:

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The Debtor: SEAPLANE LEASING II, LLC
3001 New York Avenue
Coconut Grove, Florida 33133
Attn: James Confalone

Secured Party: OCEAN BANK
780 N. W. 42 Avenue
Miami, FL 33126
Attn: General Counsel

The designated addresses of both parties must be located within the United States of America.

22. **Signatory Authority**. The undersigned officer of the Debtor verifies and warrants that he has read this Security Agreement in its entirety, that he understands its provisions and purpose, and that he has full authority to sign and deliver the same on behalf of the Debtor and to bind the Debtor.

23. **Termination**. This Security Agreement shall remain in full force and effect until the indefeasible payment of all obligations of the Debtor and all Obligors owing under the Loan Documents and this Security Agreement and thereafter as long as any payment of or recovery against or with respect to any of such obligations might, in Secured Party's reasonable judgment, be rescinded, or otherwise required to be returned by the Secured Party for any reason, including the insolvency bankruptcy or reorganization of Debtor, FBI, Confalone, any Affiliate or any other Obligor. At the Debtor's request, Secured Party shall promptly perform such actions and execute and file such documents as may be necessary or appropriate to evidence or effect such termination and release.

24. **Waiver of Jury Trial**. DEBTOR (AND, BY ACCEPTANCE OF THIS AGREEMENT, SECURED PARTY) HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY AND ALL RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION (INCLUDING BUT NOT LIMITED TO ANY CLAIMS, CROSS CLAIMS OR THIRD PARTY CLAIMS) ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS AGREEMENT.

25. **Amendment and Restatement of Original Security Agreement**. This Agreement is a complete amendment to and restatement of (and the terms hereof supercede, in their entirety, the terms of) the Original Security Agreement. This Agreement is not intended to be a novation of the Original Security Agreement or to adversely affect the rights of Secured Party thereunder. Rather, it is intended to continue the lien and priority of the Original Security Agreement without interruption and shall be liberally construed to effectuate such intent.

IN WITNESS WHEREOF, the Debtor has caused its duly authorized officer to execute and deliver this Security Agreement at Miami, Florida, U.S.A. on the day and year first above written.

Signed, sealed and
delivered in the present of:

Name: MARIA E. PEREZ

Name: CARLOS A. GONZALEZ

SECURED PARTY:

OCEAN BANK

By:
Name: Jorge Morera
Title: S.V.P.

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72-1

THE DEBTOR:

SEAPLANE LEASING II, LLC

Name: [illegible]

Name: MARIA E. PEREZ

By: [illegible]
Name: James Confalone
Title: Sole Member

STATE OF FLORIDA)
)
COUNTY OF MIAMI-DADE)

This instrument was acknowledged before me on the 30 day of November, 2001, by JORGE MORERA, as SR. VICE-PRESIDENT of OCEAN BANK, on behalf of the bank.

Personally known to me ✓
or produced I.D. _____
_____
(type of I.D.)

Did take oath _____
Did not take oath _____

MARIA E. PEREZ
MY COMMISSION # CC 825867
EXPIRES: 06/28/2003
1-800-3-NOTARY Fla. Notary Service & Bonding Co.

Signature: [illegible]
Title: Notary Public
Name: [Print or type] MARIA E. PEREZ
Serial No., if any: _____
My commission expires:

STATE OF FLORIDA)
)
COUNTY OF MIAMI-DADE)

This instrument was acknowledged before me on the 30 day of November, 2001, by James Confalone, as sole member of SEAPLANE LEASING II, LLC, a Delaware limited liability Company, on behalf of said Company.

Personally known to me ✓
or produced I.D. _____

(type of I.D.)

Did take oath _____
Did not take oath _____

MARIA E. PEREZ
MY COMMISSION # CC 825867
EXPIRES: 06/28/2003
1-800-3-NOTARY Fla. Notary Service & Bonding Co.

Signature [illegible]
Title: Notary Public
Name: [Print or type] MARIA E. PEREZ
Serial No., if any: _____
My commission expires:

72

CERTIFICATE

I hereby certify that I have compared this instrument with the original instrument and it is a true and correct copy of said original.

Preston B. Pool

FILED WITH EPA
CITY, PONCA CITY
OKLAHOMA
'01 DEC 7 PM 1 58

71-97

U.S. DEPARTMENT OF TRANSPORTATION

FEDERAL AVIATION ADMINISTRATION

CROSS-REFERENCE--RECORDATION

SEE CONVEYANCE NO .....

FILING DATE: .....

This form is to be used in cases where a conveyance covers several aircraft and engines, propellers, or locations. File original of this form with the recorded conveyance and a copy in each aircraft folder involved.

TYPE OF CONVEYANCE	DATE EXECUTED
AIRCRAFT LEASE AGREEMENT	October 28, 1999
FROM SEAPLANE LEASING II, LLC - LESSOR	DOCUMENT NO. K23806
TO OR ASSIGNED TO FLYING BOAT, INC. - LESSEE	DATE RECORDED December 8, 1999

THE FOLLOWING COLLATERAL IS COVERED BY THE CONVEYANCE:

AIRCRAFT (List by registration number)	TOTAL NUMBER INVOLVED 1
N142PA	

ENGINES	TOTAL NUMBER INVOLVED 2
MAKE(S) PRATT & WHITNEY PT6A-34	SERIAL NO. 57465 57462

PROPELLERS	TOTAL NUMBER INVOLVED 2
MAKE(S) HARTZELL HCB3TN3DY	SERIAL NO. BU13940 BU18209

SPARE PARTS --LOCATIONS	TOTAL NUMBER INVOLVED
LOCATION	

RECORDED CONVEYANCE FILED IN: N142PA, GRUMMAN G-73, SN: J42

AC FORM 8050-23 (1-96) (0052-00-582-6000)

71-96

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AIRCRAFT LEASE AGREEMENT

Dated as of 28 October 1999

between

SEAPLANE LEASING II, LLC
LESSOR

and
FLYING BOAT, INC.
LESSEE

Aircraft Make and Model: One (1) Grumman G-73
Manufacturer's Serial Number: J-42
Registration Number: N142PA

FILED WITH FAA
AIRCRAFT REGISTRATION BR

'99 NOV 2 PM 3 08

OKLAHOMA CITY
OKLAHOMA

46-12

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AIRCRAFT LEASE AGREEMENT

CONVEYANCE RECORDED
DEC 8 8 59 AM 99
FEDERAL AVIATION ADMINISTRATION

AIRCRAFT LEASE AGREEMENT dated as of 28 October 1999, by and between SEAPLANE LEASING II, LLC ("LESSOR"), a Delaware limited liability company and FLYING BOAT, INC. ("LESSEE "), a Florida corporation.

In consideration of the mutual covenants and agreements hereinafter set forth, LESSEE and LESSOR hereby agree as follows:

ARTICLE 1

DEFINITIONS

1.1 Definitions. The following terms shall have the following meanings for all purposes of this Lease. The following definitions are to be applicable both to the singular and plural forms of the terms defined. Any agreement defined below shall include each amendment, modification and supplement thereto and waiver thereof in effect from time to time.

"AD" or "Airworthiness Directives" means any airworthiness directive issued by the FAA in accordance with Part 39 of the Federal Air Regulations.

"Aircraft" means (i) collectively the Airframe and each Engine and (ii) the Aircraft Documentation.

"Aircraft Documentation" means all of the following: all log books, flight records, aircraft records, engine records, documents, manuals and other data provided to LESSEE at or prior to the time of delivery and in respect of the Aircraft; all records, documents, manuals, authorizations, drawings and data developed or caused to be developed by LESSEE and/or required by the FAA, as applicable, updated and maintained by LESSEE for the Aircraft through the date of its return.

"Airframe" means the airframe described in Exhibit "A", and any and all Parts (except Engines or engines) relating thereto, so long as title thereto shall be or remain vested in LESSOR in accordance with the terms of Article 5.

"Aviation Authority" means the FAA or each Person who shall from time to time be vested with the control and supervision of, or have jurisdiction over, the registration, airworthiness and operation of aircraft or other matters relating to civil aviation in the State of Registration.

"Basic Rent" means the rent payable throughout the Term as provided in Section 3.2 and as set forth in Exhibit "B".

"Basic Rent Payment Date" means each day on which an installment of Basic Rent is due as provided in Section 3.2 and as set forth in Exhibit "B".

Cert Copy : CTD

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"Business Day" means any day other than a Saturday, Sunday or day on which commercial banking institutions are authorized by law to be closed in Miami, Florida and any city where the principal business office of LESSEE or LESSOR is located.

"Default" means any event which upon the giving of notice or the lapse of time or both would become an Event of Default.

"Delivery Date" means the date the Aircraft is delivered to and accepted by LESSEE.

"Dollars" and "$" mean the lawful currency of the United States of America, and in respect of all payments to be made under the Lease in Dollars means same day funds (or such other U.S. dollar funds as may at the relevant time be customary for the settlement of international banking transactions denominated in United States Dollars).

"Engine" means: (i) each of the Engines installed on the Airframe at the Delivery Date*, whether or not from time to time thereafter installed on such Airframe or on any other aircraft; (ii) any Replacement Engine; and (iii) any and all Parts relating thereto, so long as title to such Engine, Replacement Engine or Parts shall be or remain vested in LESSOR in accordance with the terms of Article 6.

"Equipment" means the Airframe and the Engines.

"Event of Default" shall have the meaning specified in Article 15.

"FAA" means the Federal Aviation Administration of the Department of Transportation in the United States of America and any successor thereto.

"Force Majeure" means the legal enactment or any measure of a public authority, or war, or strike, or boycott or any other event beyond a person's control.

"Government" means the government of the State of Registration.

"Government Entity" shall mean and include (1) any national government, political subdivision thereof, or local jurisdiction therein; (ii) any board, commission, department, division, organ, instrumentality, court, or agency thereof, however constituted; and (iii) any association, organization, or institution of which any of the aforesaid is a member or to whose jurisdiction any of the aforesaid is subject or in whose activities any of the aforesaid is a participant.

"Governmental Order" shall mean any law, treaty, rule, order or regulation, or a final and binding determination of an arbitrator or a determination of a court or other Governmental Entity, in each case applicable to or binding upon LESSEE or any of its property.

* which are specifically described on Exhibit "A" hereto, together with the aircraft propellers installed on the Engines also described on Exhibit "A" hereto.

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"Lease" means this Aircraft Lease Agreement, as may be amended from time to time, together with all Exhibits hereto.

"Lien" means any lien, mortgage, encumbrance, pledge, charge whether fixed or floating, hypothecation, assignment, easement, restriction, covenant or security interest of any kind (including any conditional sale or other title retention agreement) or other right or claim of any kind.

"Maintenance Program" shall mean the FAA approved maintenance program of LESSEE as in effect from time to time.

"Maintenance Provider" means LESSEE or a certificated FAA repair facility approved in writing by the LESSOR.

"MSB" or "Mandatory Service Bulletin" means a service bulletin designated by the issuer as an "Alert Service Bulletin".

"Manufacturer" means the Northrop Grumman Corporation, its subsidiaries, and their predecessors, successors and assigns.

"Overdue Rate" means the rate of interest specified and paid in the manner provided in Section 3.2 hereof.

"Partial Loss" or "Repairable Damage" means damage to any property which does not result in a Total Loss.

"Parts" means all appliances, parts, instruments, appurtenances, accessories, furnishings or other equipment of whatever nature (other than complete Engines or engines) which may from time to time be incorporated or installed in or attached to the Airframe or Engines.

"Permitted Liens" any Lien permitted by Section 16.4 herein.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Rent" means Basic Rent and Supplemental Rent.

"Replacement Engine" means an engine of the same or an improved model of an Engine suitable for installation and use on the Airframe without materially impairing the value or utility of the Airframe and having a time status, modification status, value, condition and utility at least equal to the Engine it replaces, which is free of all Liens and otherwise in compliance with the terms hereof.

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"State of Registration" means during the Term the United States of America.

"Stipulated Loss Value" for the Aircraft means as of any date the amount set forth in Attachment 1 to Exhibit "E".

"Supplemental Rent" means any and all amounts, liabilities and obligations which LESSEE is required to pay hereunder (directly, by cross reference or otherwise) to LESSOR or others, including Stipulated Loss Value payments but excluding Basic Rent.

"Taxes" includes all present and future taxes, levies, imposts, withholding taxes, duties, fees or charges of whatever nature, including, without limitation, license and registration fees, or any value added or similar tax at the rate applicable for the time being, imposed by any national or local taxing authority or any other agency or government, together with interest thereon and penalties in respect thereof and "Taxation" shall be construed accordingly.

"Term" means that period commencing on the Delivery Date and terminating as set forth in Exhibit "B" or, in the event the Lease shall be terminated earlier as provided herein, terminating on such earlier date of termination.

"Total Loss" with respect to any property means any of the following events: (i) any actual, constructive, compromised, arranged or agreed total loss of such property; (ii) the loss of such property or the use thereof due to theft, disappearance, destruction, damage beyond repair or rendition of such property permanently unfit for normal use for any reason whatsoever or the receipt of insurance proceeds based upon an event of total loss or a constructive total loss or agreed total loss with respect to such property under an insurance policy; or (iii) the condemnation, confiscation or unbonded (or if bonded, if such bonding agency is not reasonably satisfactory to LESSOR) seizure of, or requisition or loss of title to or use of, such property unless requisitioned by the Government or any instrumentality or agency thereof for a period which will not continue beyond the end of the Term (and which is not a requisition for use of an Engine or Engines without being a requisition of the Airframe) unless and until such property shall have been modified or adapted in such manner as would render reconversion of such property for use in normal commercial service impractical or uneconomical, but only so long as the Aircraft is not operated or located in any area excluded from coverage by any insurance policy required hereunder if LESSEE shall be unable to obtain indemnity in lieu thereof from the Government. A Total Loss with respect to the Aircraft shall be deemed to have occurred if a Total Loss occurs with respect to the Airframe which is a part of the Aircraft. Any reference in this Agreement to the date of the Total Loss shall be construed as follows:

(a) an actual Total Loss shall be deemed to have occurred on the actual date any property was lost but in the event of the date of the loss being unknown, then an actual Total Loss shall be deemed to have occurred on the day on which the property was last heard of;

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(b) a constructive Total Loss of any property shall be deemed to have occurred on the earliest of (1) the date that a claim for a constructive Total Loss of such property is admitted by the insurers thereof, (2) the date on which a competent court of law or arbitration tribunal issues a judgment or award against which there is no appeal to the effect that such a Total Loss has occurred and (3) the date on which the insurers thereof make payment under any insurance policies required in respect of the event giving rise to the claim for a constructive Total Loss;

(c) a Total Loss compromised, agreed or arranged by the LESSOR and the LESSEE and the insurers shall be deemed to have occurred on the date on which it is compromised, agreed or arranged that such Total Loss occurred; and

(d) a Total Loss within the meaning of paragraph (ii) of the definition of Total Loss shall be deemed to have occurred on the date upon which such damage or destruction took place or upon which the property was rendered permanently unfit for use, as the case may be.

"Transfer" means the transfer of all right, title and interest of LESSOR in the property being transferred, without recourse, representation or warranty of any kind except that such property is free of any Lien placed thereon by LESSOR.

ARTICLE 2

AGREEMENT TO LEASE, TERM, OPTIONS

2.1 Effective Date. The Lease shall be effective the date of its execution.

2.2 Agreement to Lease. LESSOR hereby agrees to lease to LESSEE, and LESSEE hereby agrees to lease from LESSOR, the Aircraft for the Term of the Lease as set forth in Exhibit B.

2.3 Delivery. The Aircraft is to be delivered to LESSEE on the Delivery Date at a location to be mutually agreed to by LESSEE and LESSOR. LESSOR shall not be liable to LESSEE for any delay in the delivery of the Aircraft beyond LESSOR'S reasonable control.

2.4 Aircraft Delivery Condition. At delivery the Aircraft shall be in its then "as is, where is" condition. LESSEE acknowledges it has inspected the Aircraft, the Engines and the Aircraft Documentation to its satisfaction.

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ARTICLE 3

PAYMENTS AND RENT

3.1 Basic Rent. During the Term, LESSEE shall pay LESSOR Basic Rent on each Basic Rent Payment Date as provided in Exhibit "B"; provided however if a Basic Rent Payment Date falls on a day which is not a Business Day, the Basic Rent Payment shall be paid on the immediately preceding Business Day.

3.2 Supplemental Rent. LESSEE hereby agrees to pay to LESSOR or to any other Person designated by LESSOR any and all Supplemental Rent within three (3) days after the same shall become due and owing. In the event LESSEE shall fail to pay Supplemental Rent, LESSOR shall have all rights, powers and remedies provided for herein or by law or equity or otherwise in the case of nonpayment of Basic Rent. LESSEE will also pay to LESSOR on demand as Supplemental Rent, to the extent permitted by applicable law, interest at a rate per annum equal to the Prime Rate of interest then charged by Citibank, N.A. plus 5% ("Overdue Rate"), on the basis of the actual number of days elapsed in a 360-day year, on any part of any installment of Basic Rent not paid when due for any period for which the same shall be overdue and, on any payment of Supplemental Rent (other than such interest) not paid when demanded or due for the period thereafter until the same shall be paid. LESSEE shall compensate LESSOR on demand for all further losses, costs, expenses and damages suffered by LESSOR as a result of any delay in payment of any Rent including, without limitation, reasonable legal fees and collection costs.

3.3 Payment. All payments to be made by the LESSEE under this Agreement shall be made in full, free and clear of and without provision for any deductions or withholdings of any Taxes. All payments hereunder shall be made in Dollars (or, in the case of indemnity payments, in the currency in which the cost of expenses which is the subject of the indemnity payment is incurred) and, except as otherwise provided for herein, in immediately available funds in such manner as to be received not later than 11:00 a.m., local time at the place of receipt as designated by LESSOR from time to time (or to such other place or account five (5) Business Days prior notice of which LESSOR shall give LESSEE). Payments under this Lease shall not be deemed to be made until received for value.

3.4 Failure to Pay or Comply. If LESSEE fails to make any Payment of Rent or fails to perform or comply with any of its agreements or covenants contained herein, LESSOR may itself make such payment or perform or comply with such agreement or covenant, and the amount of such payment and the amount of the reasonable expenses incurred in connection with such payment or the performance of or compliance with such agreement or covenant, as the case may be, shall be deemed Supplemental Rent, payable by LESSEE upon demand, together with interest at the Overdue Rate from the date LESSOR makes such payment or incurs such expense, but such payment, performance or compliance by LESSOR shall not affect the occurrence or continuance of a Default or Event of Default.

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3.5 Net Lease. THE LEASE IS A NET LEASE. LESSEE'S OBLIGATION TO PAY RENT SHALL BE ABSOLUTE AND UNCONDITIONAL UNDER ANY AND ALL CIRCUMSTANCES AND SHALL NOT BE AFFECTED BY ANY CIRCUMSTANCES OF ANY CHARACTER, including without limitation: (i) any setoff, counterclaim, recoupment, defense or other right (including any right of reimbursement) which LESSEE may have against LESSOR or any other person for any reason whatsoever, including any claim of LESSEE against any of the foregoing; (ii) any defect in title, airworthiness, specifications, condition, design, operation, merchantability or fitness for use of, or any damage to or loss or destruction of, the Aircraft, or any interruption or cessation in use or possession thereof by LESSEE for any reason whatsoever; (iii) any insolvency, bankruptcy, reorganization or similar proceedings by or against LESSOR, LESSEE or any other person; or (iv) any failure by LESSOR to comply with any provision of the Lease. To the extent permitted by applicable law, LESSEE hereby waives any and all rights LESSEE may now have or which at any time hereafter may be conferred upon LESSEE, by statute or otherwise, to terminate, cancel, quit or surrender the Lease except in accordance with the express provisions hereof. If for any reason whatsoever the Lease shall be terminated in whole or in part by operation of law or otherwise, except as specifically provided herein, LESSEE nonetheless agrees to pay to LESSOR an amount equal to each Rent payment at the time such payment would have become due in accordance with the terms hereof had the Lease not been terminated in whole or in part. Each Rent payment made by LESSEE shall be final and LESSEE will not seek to recover all or any part of such payment from LESSOR for any reason whatsoever; provided, however, nothing herein contained shall preclude LESSEE from commencing an action or proceeding against LESSOR for damages LESSEE may sustain by reason of LESSOR'S breach of the Lease.

3.6 Currency of Payment. All amounts to be paid to LESSOR hereunder shall be paid in United States of America Dollars.

ARTICLE 4

NO REPRESENTATIONS OR WARRANTIES: ACCEPTANCE OF AIRCRAFT AND CONDITIONS PRECEDENT

4.1 LESSEE to Accept Aircraft. LESSEE represents and acknowledges it is relying on its own inspection and knowledge of the Aircraft and covenants it will accept the Aircraft when tendered for delivery in the condition required in the Lease. LESSEE SHALL ACCEPT THE AIRCRAFT "AS IS" AND "WHERE IS." LESSOR SHALL NOT BE DEEMED TO HAVE MADE OR GIVEN ANY WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, OF ANY KIND WITH RESPECT TO OR IN RESPECT OF THE AIRCRAFT AS TO TITLE (except as provided in Section 13.1 hereof), AIR WORTHINESS, DESCRIPTION, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, VALUE, CONDITION, DESIGN OR OPERATION OF ANY KIND OR NATURE, OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, AND ALL CONDITIONS, WARRANTIES OR REPRESENTATIONS EXPRESSED OR IMPLIED, STATUTORY OR OTHERWISE IN RESPECT THEREOF ARE EXPRESSLY EXCLUDED. Notwithstanding anything contained above, nothing contained herein is intended to

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obviate, remove or waive any rights of warranty or other claims relating thereto LESSEE or LESSOR may have against the Manufacturer or any other third party.

4.2 Waiver of Defects. Without limitation of the foregoing, LESSEE waives any claim it may have against LESSOR on account of any defect or alleged defect in the Aircraft or any part thereof, known or unknown, exterior or interior, apparent or concealed, and LESSEE acknowledges LESSOR shall have no responsibility or liability whatsoever on account of the condition of the Aircraft, any part thereof or the Aircraft Documentation. Unless a Default or an Event of Default shall be continuing, subject to the prior written approval of LESSOR (such approval not to be unreasonably withheld), LESSEE shall be entitled to take such action in the name of LESSOR against the relevant manufacturers, subcontractors or suppliers in relation to the Aircraft as LESSEE shall deem fit; provided, however LESSEE shall indemnify and secure LESSOR, to LESSOR'S reasonable satisfaction, against all losses, costs, damages and expenses incurred or to be incurred by LESSOR in respect of such action so taken by LESSEE. During the Term LESSOR shall have no responsibility or liability whatsoever with respect to or arising out of the condition or the operation of the Aircraft, and LESSEE agrees to defend, indemnify and hold LESSOR harmless from and against any and all such responsibility and liability except for the gross negligence or willful misconduct of LESSOR.

4.3 Reliance on Waiver. The rental and other provisions contained herein are based upon and in consideration of the waivers of warranties and other exculpatory clauses stated in this Article 4.

4.4 Acceptance of Aircraft. Acceptance of the Aircraft by LESSEE'S authorized representative and the execution of the Acceptance Certificate in the form attached as Exhibit "C" shall without further act irrevocably constitute acceptance by LESSEE of the Aircraft for all purposes of this Lease.

4.5 Conditions to Aircraft Delivery. LESSOR'S obligation to deliver the Aircraft shall be subject to compliance with the following conditions on or prior to the Delivery Date in manner, form and substance satisfactory to LESSOR:

4.5.1 the Lease shall have been executed by LESSEE and LESSOR and no Default or Event of Default shall be continuing hereunder;

4.5.2 LESSEE shall have duly authorized, executed and delivered an Acceptance Certificate in the form attached as Exhibit "C";

4.5.3 LESSEE shall have delivered to LESSOR such other documents as LESSOR may reasonably request in form and substance satisfactory to LESSOR; and

4.5.4 all payments due to be made on or prior to the Delivery Date shall have been made.

ARTICLE 5

TITLE AND REGISTRATION

5.1 Title in LESSOR. Title to the Aircraft shall at all times remain vested solely in LESSOR. LESSEE shall have no right, title or interest in or to the Aircraft except as expressly provided herein.

5.2 Registration of Aircraft. The Aircraft shall be and remain duly registered or recorded, or both, as the case may be, at all times under and in accordance with the laws of the State of Registration in the name of LESSOR, as owner, protecting and preserving the title of LESSOR and the interest of LESSOR therein. LESSEE, at LESSEE'S expense, shall assist LESSOR in connection with any and all acts which may be required under the terms of any other agreement, treaty, convention, pact or by any custom or understanding involving any country in which LESSEE may operate, or any and all acts and things which LESSOR may reasonably request, to protect and preserve the rights of LESSOR within the jurisdiction of any country in which LESSEE may operate the Aircraft. LESSEE shall take no action to invalidate such registration or recording. In the event LESSEE shall request the Aircraft be registered in a jurisdiction ("New State") other than the State of Registration, and LESSOR shall have previously consented in writing thereto (which consent LESSOR may withhold for any reason), LESSEE shall bear the entire cost and expense associated therewith including registration and recordation of LESSOR'S ownership interest in the New State.

5.3 Section 1110. To the extent the provisions of Section 1110 of Title 11 of the United States Code ("Bankruptcy Code") or any corresponding provisions of subsequent law or similar law of the State of Registration may at any time be applicable hereto, LESSEE hereby agrees title of LESSOR to the Aircraft and any right of LESSOR to take possession of the Aircraft in compliance with the provisions thereof shall not be affected by the provisions of the Code, or any successor or similar act, as amended from time to time.

ARTICLE 6

USE, OPERATION AND MAINTENANCE

6.1 General. If the Aircraft is being used for commercial passenger service, LESSEE at its own cost and expense shall maintain all records, logs and other materials required by applicable laws, rules, regulations, orders and other requirements to be maintained in respect of the Aircraft and each Engine in the English language. LESSEE also agrees not to operate or locate any of the Aircraft, Airframe or Engines, or suffer any of the Aircraft, Airframe or Engines to be operated or located, (x) in any area excluded from coverage by any insurance required by the terms of Article 11 of the Lease, except in the case of a condemnation, confiscation or seizure of, or the requisition of title to or use of such property (a "Requisition of Use") by the State of Registration or any instrumentality or agency thereof, where LESSEE obtains indemnity in lieu of such insurance from the State of Registration against the risks and in the amounts required for covering such areas; (y) in any recognized area of hostility (including the State of Registration, if it becomes such an area of

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hostility) unless fully covered by international war risk and allied perils coverage (including confiscation and hijacking insurance), or unless such Aircraft, Airframe or Engine is operated or used under contract with the State of Registration or any instrumentality or agency thereof under which contract the State of Registration assumes liability for damage, loss, destruction or failure to return possession of such Aircraft, Airframe or Engine, as the case may be, at the end of the term of such contract and for injury to persons or damage to property of others; or (z) in any other country which is not an "authorized trade territory" as defined in 31 Code of Federal Regulations, Section 515.322, as amended from time to time. Notwithstanding anything to the contrary contained herein, an aircraft engine which is not an Engine, but which is installed on any Airframe, shall be operated in accordance with this paragraph.

6.2 LESSEE to Pay All Costs. LESSEE shall pay all costs incurred in the operation of the Aircraft, for profit or otherwise, including but not limited to flight crews, cabin personnel, fuel, oil, lubricants, maintenance, insurance, landing and navigation fees, airport charges, passenger service and any and all other expense of any kind or nature, arising directly or indirectly in connection with or related to the use, movement and operation of the Aircraft by LESSEE during the Term. The obligations, covenants and liabilities of LESSEE under this provision arising prior to return of the Aircraft to LESSOR shall continue in full force and effect, notwithstanding any termination arising out of an Event of Default or otherwise, until such time as LESSOR has received all sums and performances to which it is entitled under the Lease.

6.3 Lawful Use. LESSEE agrees throughout the Term to maintain operational control of the Aircraft and use the Aircraft in accordance with applicable laws and regulations of the Government and of any country, state, territory or municipality into or over which LESSEE may operate the Aircraft, and shall further comply with all health, police and government regulations and all rules and orders relating to the Aircraft to which the Aircraft may be subject during the Tenn or any extensions or renewals thereof. LESSEE shall not employ or suffer or cause the Aircraft to be used in any business or manner forbidden by law or regulation or in any manner whatsoever which might render the Aircraft liable to condemnation, destruction, seizure or confiscation by any authority.

6.4 Maintenance. LESSEE during the Term shall maintain and repair the Aircraft, the Engines and all of the Parts in as good condition as received hereunder, ordinary wear and tear excepted, and at all times while the Aircraft is actually being used for commercial passenger service, Lessee shall maintain the Aircraft and Engines in compliance with all Governmental Orders, including, but not limited to all ADs.

6.4.1 LESSEE may replace any Engine or Parts where necessary, provided the replacement engine or part is of the same manufacturer, model number (unless otherwise approved in writing by LESSOR or such item is an FAA approved substitute normally used by LESSEE), and is of at least equivalent time status, value, modification status and condition as the Engine or Parts replaced; and, provided further:

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(a) in the case of the removal for testing, service, repair, maintenance, overhaul work, alterations or modifications of Engine or any of the Parts thereof, title to such Engine or Part shall at all times remain vested in LESSOR until such time as such Engine is replaced by a Replacement Engine or Part in accordance with Section 6.11; and

(b) subject to Sections 6.11 and 6.12 of the Lease, all replacements, repairs and additions at any time made to the Aircraft or any of the Parts thereof shall be free and clear of all Liens, and shall constitute part of the Aircraft and be the property of LESSOR, and any Parts at any time removed from the Aircraft for any reason shall remain the property of LESSOR until such time as a replacement therefor shall have been installed in accordance with the terms of the Lease and title to such replacement free and clear of all Liens shall have passed to LESSOR.

6.4.2 If the Aircraft is being used for commercial passenger service, LESSEE shall at its sole cost and expense incorporate all Manufacturer and other vendor MSBs into the Aircraft which LESSEE schedules to adopt during the Term for the rest of its aircraft fleet, and LESSEE shall not discriminate against the Aircraft when compared with the rest of LESSEE'S fleet in service bulletin compliance or other maintenance matters.

6.5 Aircraft Records. All Aircraft Documentation maintained by LESSEE during the Term relating to service, inspection, maintenance, modification, repair and overhaul of the Aircraft, and Engines and Parts shall be at all times kept current and up to date and made available to LESSOR as provided herein and shall be in the English language.

6.6 Corrosion Control. If the Aircraft is being used for commercial passenger service, LESSEE shall maintain in its Maintenance Program the Manufacturer's recommended corrosion control program and shall carry out such work as may be required to comply therewith, including periodic inspections by penetration of fuel tanks and periodic inspection and clean-up under galleys and lavatories,'periodic treatment of all mild corrosion and correction of all moderate and severe or exfoliated corrosion in accordance with the Maintenance Provider's engineering instructions or corresponding FAA approved data.

6.7 Modifications. LESSOR shall have no liability whatsoever for the grounding or suspension of certification of the Aircraft resulting from Governmental Orders, Manufacturer's MSBs, modifications of the Aircraft or for any other cause, or the cost of complying therewith. LESSEE shall comply with Governmental Orders and shall perform Manufacturer's MSBs or modifications as required by the terms of the Lease.

6.7.1 LESSEE shall not without LESSOR'S prior consent, which shall not be unreasonably withheld or delayed, make any major modifications, alterations or additions ("Modifications") to the Aircraft but in no event shall LESSOR be required to consent to any such changes which diminish

the value, utility or serviceability of the Aircraft. For purposes of this Section, the term Modifications: (a) shall include but shall not be limited to (i) changes to the Aircraft structure or performance and (ii) changes which could adversely affect spare parts' interchangeability or replaceability; and (b) shall exclude (i) changes pursuant to Manufacturer's MSBs and (ii) mandatory changes required by the FAA. Subject to Section 6.11 of the Lease, title to all Modifications shall vest in LESSOR upon completion. After the Delivery Date, LESSEE shall, reconfigure the Aircraft to LESSEE'S specifications.

6.7.2 NOTWITHSTANDING ANY OTHER PROVISION OF THIS LEASE, NO MODIFICATION OR REPLACEMENT SHALL BE MADE WHICH HAS THE EFFECT OF DECREASING THE UTILITY OR VALUE OF THE AIRCRAFT OR MODIFYING OR INVALIDATING ANY WARRANTY RELATING TO THE AIRCRAFT.

6.8 Pooling, Etc. LESSEE shall have the right: (a) to subject the Engines or engines then installed thereon to normal interchange agreements or any Engine to normal MSP or similar arrangements, in each case customary in the industry and entered into by LESSEE in the ordinary course of its business, provided that (i) no agreement or arrangement contemplates or requires the transfer of title to the Airframe or loss or forfeiture of any Liens upon the Airframe in favor of LESSOR and (ii) if LESSOR'S title to any Engine shall be divested under any such agreement or arrangement, such divestiture shall be deemed to be an Event of Loss with respect to such Engine and LESSEE shall comply with Section 10.6 hereof in respect thereof); and (b) to deliver possession of the Airframe or any Engine to the manufacturer thereof (or for delivery thereto) or to any organization (or for delivery thereto) for testing, service, repair, maintenance or overhaul work on the Airframe or Engine or any part of any thereof or for alterations or modifications in or additions to such Airframe or Engine to the extent required or permitted by the terms of Section 6.4 hereof.

6.9 Reports. Upon request of LESSOR, LESSEE shall furnish LESSOR a report as to: (i) the hours/cycles operated for the Airframe during the Subject Month and (ii) the hours/cycles operated for each Engine during the Subject Month (noting their location).

6.10 Right to Inspect. LESSOR and its authorized agents or representatives upon reasonable notice to LESSEE shall have the right to inspect the Aircraft and all Aircraft Documentation at any reasonable time, at the expense of LESSOR; provided such inspection shall not unduly disturb or interfere with LESSEE'S operations. LESSOR shall have no duty to make any such inspection and shall not incur any liability or obligation by reason of not making any such inspection or by reason of any reports it receives or any reviews it may make of the Aircraft Documentation.

6.11 Replacement Engines. If prior to the return of the Aircraft to LESSOR any Engine suffers a Total Loss, unless such Total Loss occurs in connection with the Total Loss of the Airframe requiring the payment of Stipulated Loss Value pursuant to Article 10, LESSEE shall promptly obtain a Replacement Engine in accordance with Section 10.6.

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6.12 Additions and Renewals. Provided LESSEE shall have given LESSOR a complete and detailed description thereof, LESSEE, at its cost and expense, may install or remove equipment on the Aircraft ("LESSEE Installed Equipment") other than Engines or Parts, provided such equipment so installed or removed does not interfere, detract or limit the function, value and utility of the Aircraft and provided further, prior to expiration or earlier termination of the Lease LESSEE, at its sole cost and expense, shall remove such additional equipment and restore the Aircraft to its condition immediately prior to the installation of such additional equipment. LESSEE Installed Equipment shall remain the property of LESSEE, shall during the Term become subject to the lien, if any, of LESSOR and, if not removed by LESSEE at the expiration of the Lease, shall become the property of LESSOR.

ARTICLE 7

RETURN OF AIRCRAFT

7.1 Return. Except where termination occurs pursuant to Article 10 (Loss of or Damage to LESSOR at any airport designated by LESSOR or any other mutually agreed upon location ("Final Destination") on the date of the expiration of the Term or earlier termination of this Lease or any other mutually agreed upon location and date. At the time of its return the Aircraft shall be free and clear of all Liens other than Liens created by or through LESSOR.

7.2 Condition of Aircraft. At the time of its return to Lessor the Aircraft shall be in as good operating condition as on delivery to LESSEE pursuant to the Lease, reasonable wear and tear excepted, excepting only modifications, additions, replacements and substitution of Parts as may have been properly made by Lessee pursuant to Article 6 and as specifically otherwise set forth in this Article 7.

7.3 Inspections.

7.3.1 From time to time LESSOR may wish to make the Aircraft available for inspection, at LESSOR'S expense, to designated representatives or technical teams evaluating the Aircraft for use after the end of the Term. LESSOR shall give LESSEE not less than five (5) days advance notice of such inspection and LESSEE shall make the Aircraft and Aircraft Documentation available to such authorized technical teams. All Aircraft Documentation shall be kept current through the date of redeliver of the Aircraft to LESSOR. Such requests by LESSOR shall be reasonable and coordinated with LESSEE so as to cause no disturbance to LESSEE'S operations and minimal disturbance to LESSEE'S personnel.

7.3.2 The Aircraft shall be made available to Lessor for ground inspection by LESSOR at the facilities of the Maintenance Provider or, if the Aircraft is not being used for commercial passenger use, at such other location mutually agreeable by LESSOR and LESSEE. The Aircraft

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Documentation and other related documents to be returned with the Aircraft shall be made available to LESSOR at LESSEE'S facilities in not less than 30 days prior to delivery of the Aircraft.

7.4 Aircraft Documentation. At the time the Aircraft is returned to LESSOR, LESSEE shall return to LESSOR all Aircraft Documentation, updated and maintained in the English language by LESSEE through the date of return of the Aircraft in an accurate and correct condition.

7.5 Ownership. Any documents, equipment and any other items returned to LESSOR pursuant to this Article 7 which are not already owned by LESSOR shall thereupon become the property of LESSOR.

7.6 Specific Performance. Timely return of the Aircraft in the condition hereinabove provided is of the essence in the Lease. LESSOR shall be entitled to relief including, but not limited to, a decree of specific performance requiring LESSEE so to deliver the Aircraft.

7.7 Lease Continues. In the event for any reason whatsoever LESSEE shall not return the Aircraft or any part thereof to LESSOR on the specified date of expiration or earlier termination of the Lease in condition required hereunder, such Event of Default notwithstanding, at LESSOR'S election all the obligations of LESSEE under the Lease shall continue until the Aircraft is timely and properly returned ("Late Return Date"); provided, however, such continued use shall not be considered a renewal of the Term or a waiver by LESSOR of any right hereunder in respect of such Event of Default. During the period of such continued use until the Late Return Date, LESSEE shall continue to pay Basic Rent prorated per day at the rate of one-thirtieth of twice the monthly installment of Basic Rent calculated in accordance with Article 3 hereof, and all other terms and conditions of the Lease shall remain in full force and effect; provided, however, if such delay results from Force Majeure until the Late Return Date all Basic Rent shall be prorated per day at one-thirtieth (1/30) of the monthly installment of such Basic Rent.

ARTICLE 8

IDENTIFICATION PLATES

8.1 Identification Plates. LESSEE shall permanently place in the cockpit of the Aircraft a metal plate substantially in accordance with Exhibit "D" showing LESSOR to be the owner thereof and showing that the Aircraft is subject to a security interest in favor of Ocean Bank. LESSEE shall replace such identification plate if they become lost, illegible, damaged or destroyed for any reason.

8.2 No Other Identification. Except as above provided, LESSEE shall not allow the name of any Person to be placed on the Airframe or any Engine in a manner that might be interpreted as a claim of ownership.

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ARTICLE 9

INDEMNITY

9.1 Indemnity as to Use. The Lease is made upon the express condition LESSOR shall be free from all liability for, and LESSEE hereby agrees to reimburse, hold harmless, indemnify and defend LESSOR and all other Indemnified Parties (as herein defined) from and against: (a) any and all claims, damages, losses, liabilities, costs, obligations, demands, suits, penalties, judgments or causes of action and all legal proceedings, penalties, fines and other sanctions or expenses arising from any cause or source whatsoever (whether or not also indemnified against by any other person), directly or indirectly, relating to the Lease and/or the use, operation, maintenance, repair and possession of the Aircraft or any part thereof during the Term; (b) failure of LESSEE to perform its obligations under the Lease, or any matters incidental thereto including, without limitation, all payments for fuel, oil, landing, handling and parking and all duties, fees, taxes (excluding only Lessor Taxes [hereinafter defined]), levies, and expenses attributable to the Aircraft during the Term; (c) any liability which may at any time be made or claimed on the grounds that any design, article or material in the Aircraft or the operation or use thereof constitutes an infringement of patent or other right; (d) any liability based on the doctrine of tort or strict liability, whether or not arising from the negligence (but not from the gross negligence or wilful misconduct) of an Indemnified Party, actual or imputed and/or arising by reason of any injury to any person or persons including, without limitation, LESSEE and any officer or employee thereof, or any other person, or damage to any property including, without limitation, the Aircraft or LESSEE'S property arising out of the use, operation, maintenance, repair and possession of the Aircraft; and (e) reasonable costs and attorneys' fees incurred by LESSOR or any other Indemnified Party in connection with the foregoing; provided, however, from and after compliance by LESSEE with all the terms and conditions of this Section 9.1, LESSEE shall be subrogated to all rights and remedies which LESSOR may have against any third party (including the Manufacturer) which rights and remedies are hereby deemed to have been assigned pursuant hereto by LESSOR to LESSEE.

9.2 Indemnity as to Injury or Death. In furtherance of the foregoing, LESSEE shall defend, indemnify and hold harmless LESSOR, its respective assignees, agents, directors, officers and employees (herein individually an "Indemnified Party" and collectively called the "Indemnified Parties"), from and against all claims, demands, suits, obligations, liabilities, damages, losses, judgments, fines, penalties, actions, costs and expenses (including, but not limited to, any obligation or liability for loss of use or any other incidental or consequential damages, and any liability, obligation or claim in tort or strict liability whether or not arising from the negligence, actual or imputed but not from the gross negligence or willful misconduct, of the Indemnified Parties), which may be asserted against, suffered by, accrue against, be charged to or recoverable from the Indemnified Parties by reason of injury to or death of any person or persons, including, without limitation, employees of LESSEE and LESSOR, or by reason of loss of or damage to property, including the Aircraft or any part thereof and any property of LESSEE or LESSOR, arising out of or in any manner connected with the Lease or with the design, management, possession, use, control, operation, maintenance, service, repair, overhaul or testing of the Aircraft or any part thereof during

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the Term either in the air or on the ground, or with any ground inspection, operational ground check or flights related to the return of the Aircraft, or which may be attributable to any defect in the Aircraft arising its design or from the material or any article used therein, regardless of when such defect shall be discovered, whether or not the Aircraft or any part thereof is at the time in the possession of LESSEE relating to the period from LESSEE'S acceptance of delivery of the Aircraft and until the Aircraft is returned to LESSOR at or after the expiration or termination of the Term, whether or not such claims be groundless, false or fraudulent; provided, however, LESSEE shall be surrogate to all rights and remedies which LESSOR may have against any third party (including the Manufacturer) which rights and remedies shall, so far as LESSOR is able, be assigned at LESSEE'S expense by LESSOR to LESSEE.

9.3 Primary Obligor. LESSEE'S obligations to provide the indemnities provided for in this Lease shall be those of a primary obligor whether or not an Indemnified Party shall also be indemnified with respect to the same matter under the terms of any other document or instrument; and the Indemnified Party seeking indemnification from LESSEE pursuant to any provision of the Lease may proceed directly against LESSEE without first seeking to enforce any other right of indemnification.

9.4 Payment Directly to Indemnified Party. LESSEE shall pay directly to each Indemnified Party, or on behalf of each Indemnified Party as appropriate, all amounts due under this Article 9 promptly, but in any event within thirty (30) days after the receipt of notice such payment is due.

9.5 Notice to LESSEE. An Indemnified Party shall give LESSEE prompt notice of any matter for which indemnity is sought and LESSEE shall have the right to control the defense and settlement thereof so long as the Indemnified Party is held harmless with respect thereto and has no reasonable objection to counsel selected by LESSEE.

ARTICLE 10

LOSS OF OR DAMAGE TO THE AIRCRAFT

10.1 Risk of Loss. Throughout the Term and any extension thereof and until return of the Aircraft to LESSOR, LESSEE shall bear the entire risk of loss of the Aircraft and all portions thereof (including all replacements, substitutions and additions) of every kind or nature no matter how occasioned and from every source or cause whatsoever, except for normal wear and tear. LESSEE shall further bear all risk of every kind or nature arising from or in any way connected with the Lease, ownership, design, management, possession, use, control, operation, maintenance, service, repair, overhaul or testing of the Aircraft or any part thereof, and from the contractual obligations of the Lease and any of the provisions hereof of every kind or nature no matter how occasioned and from every source or cause whatsoever, except for normal wear and tear. In furtherance of the foregoing, LESSEE has entered into the indemnity provisions set forth in Article 9 of the Lease.

10.2 Total Loss of an Aircraft. Upon the occurrence of an event of Total Loss with respect to the Aircraft, LESSEE shall forthwith (and, in any event, within forty-eight (48) hours after such

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occurrence) give LESSOR written notice of such Total Loss, and the insurance proceeds in respect of such occurrence shall be paid directly to LESSOR or, if (x) such proceeds are not received by the sixtieth (60th) day following the occurrence of such Total Loss or the date of receipt of insurance proceeds in respect of such occurrence, if such Total Loss is covered by insurance, (y) and if not so covered, within twenty (20) days following such Total Loss, LESSEE shall pay to LESSOR the Stipulated Loss Value for the Aircraft hereto in which such Total Loss occurred. Except as otherwise set forth in this Article 10, such event shall in no way affect LESSEE'S obligations under the Lease or cause an abatement in Rent or, where applicable, the performance by LESSEE hereunder of the terms and agreements contained in the Lease. Upon payment in full of such Stipulated Loss Value, together with all Rent due and owing through and including the date of such payment ("Total Sum Due"), (a) the obligation of LESSEE to pay Basic Rent with respect to the Aircraft shall cease and the Term shall end and (b) if no Event of Default shall have occurred and be continuing, and LESSEE shall have performed each and every obligation required of LESSEE hereunder, (i) subject to the rights of any insurer, LESSOR will Transfer to LESSEE (or as LESSEE shall direct), to the extent possible, the Airframe and the Engines and (ii) the Lease shall terminate.

10.3 Excess Proceeds. LESSEE shall be entitled to receive the excess, if any, of all insurance proceeds derived from insurance coverage paid for by LESSEE over and above the Stipulated Loss Value.

10.4 Continuance of Rent. During the period between the date of Total Loss and the date on which the Lease shall terminate in accordance with Section 10.2, LESSEE shall continue to pay Rent. LESSEE shall also perform such other terms and provisions of the Lease to be performed by the LESSEE as are not rendered impossible or impracticable because of such Total Loss. That part of Basic Rent previously paid attributable to periods subsequent to the date of Lease termination under Section 10.2 above shall be promptly refunded by LESSOR to LESSEE after such termination.

10.5 Partial or Reparable Damage. If the Aircraft suffers a Partial Loss or Reparable Damage, LESSEE, at its sole cost and expense, shall fully repair the Aircraft with new or used serviceable Parts substantially equivalent to the Parts replaced in their condition prior to such damage or destruction assuming such replaced Parts were in the condition required under this Lease prior to such damage or destruction, in order that the Aircraft be placed in an airworthy, and substantially the same condition prior to such damage or destruction;

10.5.1 LESSEE shall notify LESSOR forthwith of any structural damage to the Aircraft the repair cost of which is likely to exceed $25,000, together with LESSEE'S proposal for effecting the repair and, subject to provisions of the next sentence, promptly effect such repairs. In the event LESSOR shall reasonably not agree with LESSEE'S proposals for repair, LESSOR shall so notify LESSEE within forty-eight (48) hours of its receipt of such proposals, whereupon LESSEE and LESSOR shall consult with Manufacturer. LESSEE and LESSOR shall accept as conclusive and be bound by Manufacturer's decision as to the manner in which to effect such repairs.

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10.5.2 All proceeds of insurance in respect of a Partial Loss or Reparable Damage shall promptly be paid to LESSEE or the repair agency performing such repairs as the repairs are made and until so paid they shall be held by LESSOR.

10.6 Event of Total Loss with Respect to Engine. Upon the occurrence of an event of Total Loss with respect to an Engine under circumstances in which there has not occurred an event of Total Loss with respect to the Airframe, LESSEE shall give LESSOR prompt written notice thereof and shall, as soon thereafter as is reasonably possible, but no later than sixty (60) days after the occurrence of such Total Loss, duly convey to LESSOR, as replacement for the Engine with respect to which such Total Loss occurred, good and valid title to a Replacement Engine free of all Liens. Any Replacement Engine shall become an Engine hereunder and shall be installed on the Aircraft at the time of the Aircraft's return. Simultaneously with full compliance by LESSEE with the terms of this Section 10.6 and Section 10.7, unless an Event of Default shall have occurred and be continuing, LESSOR shall transfer to LESSEE (or as LESSEE shall direct) the Engine with respect to which the Event of Loss occurred, subject to the rights of insurers, and the insurance proceeds with respect to the Engine which suffered a Total Loss. No Total Loss covered by this paragraph shall result in any reduction in Basic Rent or modification of Stipulated Loss Values.

10.7 Replacement Bill of Sale. Prior to or at the time of any substitution for any Engine pursuant to Section 10.6, LESSEE at its sole cost and expense, including the reasonable fees of counsel to LESSOR and LESSOR'S lender, if any, shall (i) furnish LESSOR with a warranty bill of sale in form and substance reasonably satisfactory to LESSOR for the Replacement Engine, and take such other action as LESSOR may reasonably request in order that such Replacement Engine shall be duly leased hereunder and title thereto duly vested in LESSOR, (ii) cause an amendment to this Lease to be entered into and other documents, satisfactory to LESSOR, subjecting such Replacement Engine to this Lease and the interest of LESSOR, to be duly executed by LESSEE, and recorded pursuant to applicable laws of the State of Registration, (iii) furnish LESSOR with such evidence of good and marketable title to such Replacement Engine, compliance with the insurance provisions of Article 11 and the due leasing hereunder of such Replacement Engine as LESSOR may reasonably request, (iv) furnish LESSOR such certificates and opinions, in form and scope satisfactory to LESSOR, as LESSOR reasonably deems necessary or appropriate (including satisfactory compliance with insurance requirements provided herein with respect to such Replacement Engine) and (v) take such further action and furnish LESSOR with such other documents as LESSOR may reasonably request.

10.8 Requisition for Use by Government with Respect to an Aircraft. In the event of requisition for use by the Government of an item of Equipment (other than a requisition constituting a Total Loss), all of LESSEE'S obligations under the Lease with respect to such item of Equipment shall continue to the same extent as if such requisition had not occurred. Provided no Event of Default shall have occurred and be continuing, all payments received by LESSOR or LESSEE from the Government for the use of such item during the Term shall be paid over to, or retained by, LESSEE, as the case may be; otherwise such payments shall be paid over to and retained by LESSOR.

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10.9 Documents; Insufficient Proceeds. LESSEE shall furnish LESSOR all necessary information and documents required to recover insurance proceeds. Notwithstanding the requirement of insurance hereunder, or that proceeds from such insurance may not be available to LESSEE or may be less than amounts for which LESSEE is liable or obligated hereunder, any and all risk of loss or damage to the Aircraft arising from any cause whatsoever during the Term shall be borne by LESSEE. That proceeds from insurance are not made available to LESSEE or are in any manner delayed or contested shall not relieve LESSEE from its obligation to maintain and repair the Aircraft in the event of loss, damage or destruction as provided herein.

10.10 Total Loss Prior to Delivery. If the Aircraft is lost or damaged beyond repair before the Delivery Date, this Lease shall thereupon automatically terminate.

ARTICLE 11

INSURANCE

11.1 Insurance. LESSEE shall procure and maintain throughout the Term and until the Aircraft is redelivered to LESSOR or is disposed of as otherwise provided in this Lease, insurance as set forth in Exhibit "E" hereto. LESSEE shall restrict the use of the Aircraft to uses permitted under the insurance policies so required and shall not do any act or permit anything to be done which could reasonably be expected to invalidate or limit any such insurance policy or policies.

11.2 Confirmation of Renewal. LESSEE shall cause its insurance brokers to confirm to LESSOR at least thirty (30) days prior to its expiration the renewal of insurance policies required in Exhibit "E". In the event LESSEE should for any reason fail to renew any policy or contract of Insurance required hereunder at least seven (7) days prior to the expiration thereof or fail to keep any such policy in full force and effect, LESSOR shall have the option to pay premiums therefor or for new like insurance, the amount of any such premiums being immediately due and payable to LESSOR as Supplemental Rent; provided, however, no exercise by LESSOR of its rights to pay premiums shall in any way affect the rights and remedies of LESSOR, or the obligations of LESSEE, hereunder.

11.3 Notice of Cancellation. Each policy of insurance shall provide the underwriter will advise LESSOR, in writing promptly, and in any event not less than thirty (30) days (ten (10) days for nonpayment or seven (7) days, or such shorter or longer period as may from time to time be customarily obtainable in the industry in the case of war risk and allied perils coverage) prior to any expiration, termination or cancellation for any reason whatsoever, including without limitation failure to pay premiums, of any such insurance or of the expiration, termination or cancellation of any such insurance. Furthermore, on or before the Delivery Date of the Aircraft and thereafter annually on or before the end of each calendar year during the Term, LESSEE will furnish LESSOR with approved insurance certificates executed by the respective insurers underwriting such coverages, and upon request, will furnish copies of all insurance policies, binders and/or cover notes relating to such item.

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11.4 Application of Proceeds. Insurance proceeds received as the result of any property damage or loss not constituting a Total Loss with respect to the Aircraft or an Engine will be applied in payment for any repair or replacement required by the terms of Article 6, if not already paid for by LESSEE, and any balance remaining after any such repair or replacement (or if already paid for by LESSEE, all such insurance proceeds) shall be retained by, or paid over to, LESSEE if no Event of Default shall have occurred and be continuing and if LESSOR shall have received from LESSEE prior to making any such payment to LESSEE a certificate signed by a duly authorized representative of LESSEE certifying (i) the property so damaged has been repaired in full, (ii) the costs of such repair (which costs shall be specified in such certificate) have been paid in full, and (iii) no Default shall have occurred or Event of Default shall be continuing. If such repairs are made pursuant to contracts requiring progress payments, such insurance proceeds shall be paid over to LESSEE from time to time as due upon appropriate certification by LESSEE.

11.5 Amounts of Insurances. LESSEE further covenants and agrees the provisions of Exhibit "E" notwithstanding, the insurance in force covering risks relating to the Aircraft or any part thereof shall be in such amounts and shall cover such risks so that the protection afforded is not less than that which would customarily be maintained for properties of a similar character by companies engaged in a similar business. In any event, such coverage shall not be less than on the rest of LESSEE'S fleet of similar aircraft. If necessary to comply with the provisions of this Section, the amount of liability coverage shall be increased or the deductibles reduced from the amounts set forth in Exhibit "E". Under no circumstances shall the insurance coverages be less or the deductibles greater than those provided herein and in Exhibit "E".

11.6 LESSEE to Bear Loss. The LESSEE shall bear any loss or liability which exceeds or is not covered by the insurances (including, without prejudice, any requirement as to contribution in respect of betterment following the repair of damage to the Aircraft and any loss or liability to be borne by any insured under the insurances) and shall indemnify and keep indemnified the LESSOR against any liability, loss, costs and expenses which the LESSOR may suffer, or incur from uninsured casualties or losses and any such requirement to make contributions.

11.7 No Other Insurances. The LESSEE shall not, without the prior written consent of the LESSOR take out or permit to be taken out insurances, or permit the LESSOR or the LESSEE to be named assured in insurances with respect to the Aircraft other than as required under this Agreement without the consent of the LESSOR, such consent not to be unreasonably withheld, where such insurances will or may prejudice the insurances or recovery thereunder.

11.8 No Assignment. The LESSEE shall not assign, pledge or charge its right, title and interest in and to the insurances and any proceeds thereof to anyone other than the LESSOR and LESSOR'S lender, if any.

11.9 No Compromises. The LESSEE shall not settle or agree to settle any claim under the insurances without the prior written consent of the LESSOR and LESSOR'S lender, if any.

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11.10 Information as to Insurances. The LESSEE shall: (i) give to the LESSOR such information as to the insurances taken out or being or to be taken out in compliance with this Agreement or as to any other matter which may be relevant to the insurances, as the LESSOR or its advisers may reasonably request; and (ii) do all things necessary and provide all evidence and information necessary to enable the LESSOR to collect and recover any moneys payable under the insurances and for that purpose the LESSEE (a) shall permit the LESSOR to sue in the name of the LESSEE and (b) hereby irrevocably appoints LESSOR as its attorney for the purposes of agreeing and giving good discharge for any monies payable under the insurances on such terms and in such amounts as LESSOR or LESSOR'S lender, if any, in their sole discretion shall determine.

11.11 Failure to Comply with Insurance Provisions. If the insurances required hereunder are not kept in full force and effect in accordance with the provisions of this Agreement and Exhibit "E" hereto, the LESSOR without prejudice to any other rights it or they may have in consequence thereof shall be entitled (but not bound) (a) to pay the premiums or other sums thereunder due or to take out and maintain new insurances satisfactory to it in such form as the LESSOR may reasonably require, and/or (b) at any time while such failure is continuing to require the Aircraft to remain at any airport or to proceed to and remain in an airport designated by the LESSOR until such provisions are complied with. Any sums expended by the LESSOR in connection with the foregoing shall become immediately due and payable to the LESSOR by the LESSEE on demand by the LESSOR together with interest thereon at the relevant interest rate from the date of such expenditure until the date of reimbursement thereof by the LESSEE (both before and after any relevant judgment).

11.12 Costs of Recovery of Insurances. Without prejudice to any other provision of this Agreement, the LESSEE shall at all times indemnify the LESSOR against and reimburse the LESSOR for any costs incurred by the LESSOR in recovering and/or seeking to recover any proceeds under the insurances required hereunder.

ARTICLE 12

REPRESENTATIONS AND WARRANTIES OF LESSEE, LESSEE'S COVENANTS

12.1 Representations and Warranties. LESSEE represents and warrants (which representations and warranties shall survive the Term):

(a) LESSEE has the power to execute and perform its obligations under the Lease, all necessary corporate action has been taken to authorize the execution, delivery and performance of the Lease, and the Lease has been duly executed and delivered by LESSEE, and is a valid and binding obligation of LESSEE, enforceable by LESSOR in accordance with its terms, subject to applicable bankruptcy laws and laws affecting creditors' rights generally;

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(b) the Lease does not conflict with any provisions of the organizational documents of incorporation of LESSEE or any agreement to which LESSEE is a party or by which LESSEE is bound;

(c) no registration with, or consent or approval of, or notice to, or other action by, any person, government, corporation or other entity is required in connection with or in order to ensure the legality, validity, enforce ability or admissibility in evidence of the Lease, or, if required, such registration, notarization, filing or recordation has been made, such consent or approval obtained, such notice given or such other appropriate action taken on or before the Delivery Date for the Aircraft;

(d) LESSEE is a corporation duly organized under the laws of the State of Florida, and is qualified to do business in each jurisdiction in which such qualification is necessary;

(e) the execution, delivery and performance of the Lease is not prohibited by any applicable law, statute, rule or regulation, or any judgment, decree or permit to which LESSEE is subject, does not constitute a default under any material obligation of LESSEE or any agreement to which LESSEE is a party or by which it is bound, does not contravene or conflict with an organizational document of LESSEE or require any approval of the shareholders of LESSEE; and

(f) LESSEE is duly licensed by all governmental authorities whose license or approval may be required to conduct its operations.

12.2 Covenants. LESSEE covenants and agrees during the Term:

12.2.1 LESSEE will preserve and maintain: (a) its present juridical existence as a Florida corporation; and (b) all its rights, privileges and franchises in every jurisdiction in which the character of the property owned or the nature of the business transacted by it makes licensing or qualification necessary;

12.2.2 LESSEE will promptly give LESSOR notice of any proceeding before any governmental agency or any litigation which might materially adversely affect LESSEE'S ability to perform its obligations under the Lease;

12.2.3 LESSEE will pay or cause to be paid all taxes, assessments and governmental charges or levies imposed upon it or upon its properties, income and profits prior to the date on which penalties attach thereto and all lawful claims, which, if not paid, might become a lien or charge upon the property of LESSEE (except any derived by or through LESSOR); provided however LESSEE shall not be required to pay any such tax, assessment, charge, levy or claim the payment of which

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is contested in good faith and by appropriate proceedings, but only if such proceedings do not involve any danger of the sale, forfeiture or loss of the Aircraft or any item or interest therein; provided further LESSEE shall pay or cause to be paid all such taxes, assessments, charges, levies or claims forthwith upon the commencement of proceedings to foreclose any Lien which attaches as security therefore;

12.2.4 LESSEE shall punctually observe and perform each and every covenant and obligation required of LESSEE under this Lease.

ARTICLE 13

REPRESENTATIONS AND WARRANTIES OF LESSOR, QUIET ENJOYMENT

13.1 Representations and Warranties. LESSOR represents and warrants: LESSOR is the owner of, and has good and valid title to the Aircraft subject to any Permitted Liens ; the Lease is properly executed; LESSOR is a limited liability company duly organized and validly existing under the laws of the State of Delaware; the execution of the Lease is not prohibited and does not constitute a default under any material obligation of LESSOR or agreement to which LESSOR is a party or by which LESSOR is bound; LESSOR has the authority to lease the Aircraft in accordance with the terms of the Lease; and the Lease is a valid and binding obligation of LESSOR enforceable in accordance with its terms subject to applicable bankruptcy laws and laws affecting creditors' rights generally.

13.2 Quiet Enjoyment. So long as no Event of Default shall have occurred and be continuing LESSOR shall not disturb LESSEE'S quiet and peaceful use and enjoyment of the Aircraft for its intended purpose.

13.3 No Liens. During the Term, the Aircraft shall be free of all Liens derived by or through LESSOR except for Permitted Liens. LESSOR shall promptly remove any Lien derived by or through LESSOR other than a Permitted Lien.

13.4 Waiver of Warranties. LESSEE expressly waives ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, IN ACCORDANCE WITH SECTIONS 4.1 and 4.2.

ARTICLE 14

FINANCIAL AND RELATED INFORMATION

14.1 General Information. During the Term, LESSEE shall furnish LESSOR such information concerning the location, condition, use and operation of the Aircraft as LESSOR may reasonably request, and shall permit any person designated by LESSOR in writing, at LESSOR'S expense, to visit and inspect the Aircraft, its condition, use and operation and the records maintained therewith, and, at LESSEE'S expense, to make copies of such records; to visit and inspect the Aircraft and the

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maintenance facilities of LESSEE, provided such visits do not materially interfere with the operation of LESSEE, all at such reasonable times and as often as LESSOR may reasonably request; provided, however, LESSOR and LESSOR'S lender, if any, shall hold in confidence any information obtained pursuant to this provision unless such information has been generally disseminated to the public, except (i) as may be necessary for the purpose of enforcing rights hereunder and (ii) nothing herein contained shall limit or impair the right or obligation to disclose such information when required by law or to appropriate regulatory authorities having or acquiring jurisdiction over the affairs of LESSOR. LESSOR shall have no duty to make any such inspection and shall not incur any liability or obligation by reason of making or not making any such inspection.

14.2 Financial Information. During the Term LESSEE shall furnish LESSOR with such information as LESSOR may reasonably request with respect to the financial condition and operations of LESSEE in order to determine whether the covenants, terms and provisions of this Lease have been complied with by LESSEE.

ARTICLE 15

EVENTS OF DEFAULT, REMEDIES

15.1 Events of Default. The occurrence of any of the following events upon written notice by LESSOR of such event shall constitute an Event of Default (whether such events shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

15.1.1 LESSEE'S failure to make any payment due hereunder on the due date thereof;

15.1.2 if LESSEE shall fail to carry and maintain insurance on or in respect of the Aircraft in accordance with the provisions of Article 11 hereof or shall operate the Aircraft without such insurance being in full force and effect with regard to such operations;

15.1.3 LESSEE'S failure to observe or perform any of its other covenants and obligations hereunder and its failure to cure the same within fifteen (15) days after written notice thereof to LESSEE;

15.1.4 any representation or warranty of LESSEE herein or in any document or certificate furnished to LESSOR in connection herewith or pursuant hereto shall prove to be incorrect in any material respect;

15.1.5 (a) LESSEE either temporarily or permanently discontinues its business or sells or otherwise disposes of all or substantially all of its assets or commercial airline operations or the franchises, concessions, permits, rights or privileges required for the conduct of the business and operations of LESSEE are revoked, cancelled or otherwise terminated or the free and continued use

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and exercise thereof curtailed or prevented, and as a result thereof the preponderant business activity of LESSEE ceases; or (b) LESSEE shall (i) be insolvent, (ii) be generally not paying its debts (trade or other) as they become due, (iii) file, or consent by answer or otherwise to the filing against it of, a petition of relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, (iv) make an assignment for the benefit of its creditors, (v) consent to the appointment of a custodian, receiver, trustee or other officer with similar powers of itself or of any substantial part of its property or (vi) take corporate action for the purpose of any of the foregoing; or (c) a court or governmental authority of competent jurisdiction shall enter an order appointing, without consent by LESSEE, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of LESSEE, or if any such petition shall be filed against LESSEE and such condition is not reversed or such petition shall not be dismissed within thirty (30) days.

15.2 Remedies. Upon the occurrence of any Event of Default and at any time thereafter so long as the same shall be continuing, LESSOR may, at its option, declare the Lease to be in Default, except in the case of any event in Section 15.1.5 occurring, in which case this Lease shall automatically be in default with or without notice to LESSEE; and at any time thereafter LESSOR may do one or more the following with respect to all or any of the items of Equipment as LESSOR in its sole discretion shall elect, to the extent permitted by, and subject to compliance with any mandatory requirements of, applicable law then in effect:

15.2.1 For LESSEE'S account, LESSOR may do anything that may reasonably be required to cure any Event of Default and recover from LESSEE as Supplemental Rent all reasonable costs, including reasonable attorneys' fees, incurred in connection therewith, plus interest thereon as provided in Section 3.4;

15.2.2 LESSOR may proceed by appropriate court action or actions to enforce performance by LESSEE of the Lease or to recover damages for the breach thereof; and

15.2.3 LESSOR may:

(a) terminate this Lease and demand LESSEE, and LESSEE upon the written demand of LESSOR shall, return all or such part of the Equipment as LESSOR may demand promptly to LESSOR free of any claims or rights of LESSEE in the manner and condition required by, and otherwise in accordance with all the provisions of Article 7 as if the Equipment or such part thereof were being returned at the end of the Tenn; or LESSOR, at its option, may enter upon the premises where all or any part of the Equipment is located and take immediate possession of and remove the same free of any claims or rights of LESSEE, all without liability to LESSOR for or by reason

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of such entry or taking of possession or removal, whether for the restoration of damage to property caused by such taking or otherwise;

(b) sell all or any part of the Equipment at public or private sale, as LESSOR may determine and at which LESSOR may bid for and, purchase such property, free of any rights of LESSEE and without any duty to account to LESSEE with respect to such sale or for the proceeds thereof; or

(c) hold, keep idle or lease to others all or any part of the Equipment, as LESSOR in its sole discretion may determine, free of any rights of LESSEE and except as provided in this clause (c) without any duty to account to LESSEE with respect to such action or inaction or for any proceeds with respect thereto, except that LESSEE'S obligation to pay Basic Rent in respect of such Equipment or part thereof accruing after LESSEE shall have been deprived of possession of such Equipment or part thereof pursuant to this Article 15 shall be reduced by the Net Lease Proceeds (hereinafter defined), if any, received by LESSOR in respect of a lease of such Equipment or part thereof to any person other than LESSEE during the unexpired portion of the Term. "Net Lease Proceeds" means gross rentals reduced by all expenses LESSOR shall incur in connection with any lease of the Aircraft.

15.3 Sums Payable Upon Event of Default. On the date on which LESSOR shall become entitled to repossess the Aircraft, LESSOR in addition to all other remedies herein provided, may declare all sums and all performances due under this Lease all due and payable and may institute such action or judicial proceedings as LESSOR in its sole election shall determine.

15.4 Remedies Cumulative. Each and every power and remedy hereby specifically given LESSOR shall be in addition to every other power and remedy specifically so given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time individually or simultaneously and as often and in such order as may be deemed expedient by LESSOR. All such powers and remedies shall be cumulative and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of LESSOR in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any Default or any acquiescence therein.

15.5 Waiver of Default. LESSOR may at its election waive any Default and its consequences and rescind and annul any such notice of termination by notice to LESSEE in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no Default had occurred and no such notice had been given. Notwithstanding the provisions of this Article, it is expressly understood and agreed by LESSEE that time is of the essence with regard to LESSEE'S obligations under this Lease and no waiver, recission or annulment shall extend to or affect any other or subsequent Default or impair any rights or remedies of LESSOR consequent thereon.

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15.6 Expenses. Any expense incurred by LESSOR in connection with the reasonable exercise of its rights under this Article 15, including, without limitation, reasonable attorney's fees and disbursements, shall be paid by LESSEE.

15.7 Mitigation. LESSOR shall take reasonable steps to mitigate the liability of LESSEE hereunder; provided, however, nothing herein contained shall obligate LESSOR to sell or lease the Aircraft on other than commercially reasonable terms.

ARTICLE 16

TAXES: ASSIGNMENTS: POSSESSION: AND ENCUMBRANCES

16.1 LESSEE to Pay. LESSEE shall pay, assume liability for and indemnify, protect, defend, save and hold LESSOR, its shareholders and any successor, assignee or transferee of LESSOR (collectively for purposes of this Article 16 only, "LESSOR"), harmless from and against, all Taxes which are imposed by any government (or any political subdivision or fiscal or taxing authority thereof) relating to the lease, use or operation of the Aircraft, and the Lease during the Term, provided, however, that the-foregoing indemnity shall not apply to Taxes to the extent increased as a result of, or which would not have been incurred but for, the situs of organization, any place of business or the activities of LESSOR in the jurisdiction imposing the Tax, provided, however, that this provision shall not exclude from the foregoing indemnity any net increase resulting from the imposition of Taxes by any jurisdiction if LESSOR would not have been required to file returns with respect to Taxes of such type or pay such Taxes had the Aircraft, any engine or any part thereof not been used, operated or located, or had the LESSEE not conducted its operations, in such jurisdiction.

16.2 Withholding Taxes. Notwithstanding anything to the contrary contained in this Lease, if LESSEE is required by law to make any withholding or deduction in respect of Taxes from any amount payable by LESSEE to LESSOR under this Lease, LESSEE shall pay to LESSOR such additional amount as may be necessary to enable LESSOR to receive (after such withholding or deduction) an amount equal to the full amount then payable to LESSOR absent such withholding or deduction. As soon as practicable after LESSEE makes any withholding or deduction from any amount payable to LESSOR under this Lease, LESSEE shall deliver to LESSOR a receipt or other document, reasonably satisfactory to LESSOR and reasonably obtainable by LESSEE, evidencing such withholding or deduction and the payment of the amount withheld to the relevant government authority, for the purpose of enabling LESSOR to substantiate a claim for credit or deduction for income tax purposes of the amounts so withheld.

16.3 No Assignment by LESSEE. LESSEE further specifically covenants and agrees not to sell, assign, or dispose its interest in the Aircraft or the Lease.

16.4 No LESSEE Liens. LESSEE shall not create or suffer to exist any Liens on the Aircraft or any of its rights under the Lease except, (i) the respective rights or LESSOR and LESSEE as herein

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provided and the Lien on such Aircraft in favor of LESSOR'S lender, if any, (ii) Liens for taxes of LESSEE either not yet due or being contested in good faith and by appropriate proceedings so long as such proceedings or the continued existence of such Lien do not involve any danger of the sale, forfeiture or loss of the Aircraft or any interest therein, (iii) inchoate materialmen's, workmen's, repairmen's, employees' or other like Liens arising against LESSOR or LESSEE in the ordinary course of business by statute or by operation of law in respect of obligations which are not overdue or which are being contested in good faith by appropriate proceedings so long as such proceedings or the continued existence of such liens do not involve any likelihood of the sale, forfeiture or loss of, or of any interest in, the Aircraft or any engine, and (iv) LESSEE shall indemnify and hold LESSOR harmless from and against any and all losses which LESSOR may sustain, arising therefrom. If at any time a Lien, other than those excepted above shall exist or be levied upon the Aircraft or any of LESSEE'S rights under the Lease, LESSEE shall forthwith notify LESSOR and cause the same forthwith to be discharged by bond or otherwise. In the event LESSEE shall fail to discharge any such Lien, LESSOR may do so in which event LESSEE shall pay to LESSOR on demand the amount paid by LESSOR together with LESSOR'S losses, costs and expenses including reasonable legal fees and expenses as Supplemental Rent. All Liens created by repairers or vendors in the ordinary course of LESSEE'S business shall be cleared by LESSEE and Lien releases, if required by LESSOR, shall be furnished to LESSOR no later than ninety (90) days prior to return of the Aircraft.

16.5 Sublease. LESSEE shall not sublease the Aircraft without the prior written consent of LESSOR, which LESSOR may withhold for any reason whatsoever.

16.6 Prejudice to Security Interest. LESSEE shall not without the prior written consent of LESSOR knowingly do or take or omit to take any acts or things which would prejudice the interests, rights and remedies of LESSOR'S Lender, if any.

16.7 Disposition of Lease by LESSOR. LESSOR may sell, assign, transfer or otherwise dispose of the Lease and sell, transfer or otherwise dispose of all or any portion of the Equipment subject to the Lease to any person or entity without notice to or the consent of the LESSEE; provided, however, (i) LESSOR shall notify LESSEE promptly after such assignment, transfer or disposition has occurred, (ii) no such assignment, transfer or disposition shall impose upon LESSEE any obligation or burden greater than existed prior to such assignment, transfer or disposition, and (iii) the person to whom such assignment, transfer or disposition is made shall be bound by the terms and conditions of the Lease. If so requested by any such purchaser, assignee or transferee of the Lease or Aircraft, LESSEE will execute and deliver appropriate documentation acknowledging such sale, assignment or transfer and agreeing to continue to abide by the terms and conditions of the Lease.

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ARTICLE 17

NOTICES

17.1 Notices. Any notice required or permissible under this Lease shall be in writing and shall be sent by telecopier, telex or cable, confirmed by a letter dispatched by the close of business on the next succeeding business day, certified mail, return receipt requested, addressed to the parties at the following addresses or such other address as they by notice in accordance herewith advise the other:

LESSOR:

SEAPLANE LEASING II, LLC
c/o James Confalone
3400 South Dixie Highway
Miami, FL 33143
Telephone No.: 305-442-7377
Facsimile No.: 305-442-7371

LESSEE:

FLYING BOAT, INC.
c/o James Confalone
3400 South Dixie Highway
Miami, FL 33143
Telephone No.: 305-442-7377
Facsimile No.: 305-442-7371

Such notice shall be effective upon the earlier of (a) receipt of such Telecopy, telex or cable or (b) receipt of certified mail as provided hereinabove.

ARTICLE 18

GOVERNING LAW, JURISDICTION AND SERVICE OF PROCESS

18.1 Governing Law. This Lease is being delivered in the State of Florida and shall in all respects be governed by, and construed in accordance with, the laws of the State of Florida and the federal law of the United States, without regard to any conflict of law rule which might result in the application of the laws of any other jurisdiction.

18.2 Jurisdiction. LESSEE hereby irrevocably consents that any legal action with respect to any of its obligations arising under or related to this Agreement may be brought in any court of the State of Florida located in the City of Miami, and by execution and delivery of this Agreement the LESSEE hereby irrevocably submits to the non-exclusive jurisdiction of the courts of the State of

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Florida located in the City of Miami provided, however, that nothing herein shall preclude LESSOR from instituting proceedings against the LESSEE in any country or place which may have jurisdiction for the purpose of protecting and enforcing the LESSOR's rights either hereunder or any other agreements, documents, instruments or otherwise. LESSEE hereby irrevocably waives any objection which LESSEE may now or hereafter have to the laying of venue of any suit, action or proceeding relating to this Agreement in the State of Florida and further irrevocably waives any claim that the State of Florida is not a convenient forum for any such suit, action or proceeding. To the extent that LESSEE has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service of notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, the LESSEE hereby irrevocably waives such immunity in respect of its obligations under this Agreement.

18.3 Attorney's Fees. If any suit or proceeding is brought for the interpretation of or in respect of any dispute concerning the Lease, or because of an alleged misinterpretation in connection with any of the provisions of the Lease, the prevailing party or parties shall be entitled to recover reasonable attorney's fees and other costs incurred in such suit or proceeding, in addition to any other relief to which it or they may be entitled.

ARTICLE 19

MISCELLANEOUS PROVISIONS

19.1 No Other Agreement. LESSEE and LESSOR acknowledge the Lease is the only agreement between the LESSEE and LESSOR concerning the subject matter hereof and with respect thereto there have been no representations, warranties, promises, guarantees or agreements, oral or written, express or implied, except as set forth herein.

19.2 Exhibit References. All Exhibits referred to herein are incorporated herein by this reference.

19.3 Mutual Cooperation. LESSEE and LESSOR shall cooperate fully with each other to carry out the provisions of the Lease, including the execution of documents necessary or appropriate therefor.

19.4 Counterparts. This Agreement may be executed in counterparts.

19.5 Partial Invalidity. Should any Article or part thereof be or become null and void all other aspects of the Lease shall remain in full force and effect.

19.6 Modification of Lease. The Lease shall not be modified except by written agreement signed on behalf of LESSOR and LESSEE by their respective duly authorized representatives.

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19.7 Interest Rate Limit. To the extent any payment required of LESSEE hereunder exceeds the maximum rate of interest allowable by law, if applicable thereto, such payment shall be reduced so as to comply with such provision of law.

19.8 Article Headings. Article headings or Section captions are for convenient reference only and shall not affect the interpretations of this Lease.

19.9 References. Any references to any statute shall be deemed to refer to any amendment or successor to such statute. Any references herein to the singular shall include the plural and vice versa.

19.10 Survival. All representations, warranties', covenants and agreements of LESSEE herein contained or made in writing in connection with this Lease shall survive the execution and delivery of this Lease, shall continue in full force and effect until all of the obligations of LESSEE under this Lease shall be fully satisfied and shall bind and inure to the benefit of the respective successors and assigns of LESSOR.

19.11 Legal Expenses. Except as otherwise set forth herein LESSOR and LESSEE shall each pay fees and disbursements of its legal counsel in connection with the preparation, execution, registration and delivery of the documentation of the transactions contemplated by this Lease.

IN WITNESS WHEREOF, LESSOR AND LESSEE have each caused this Lease to be executed by their duly authorized officers as of the date and year first above written.

SEAPLANE LEASING II, LLC,
a Delaware limited liability company

By: _____
James Confalone, Sole Member

FLYING BOAT, INC., a Florida corporation

By: _____
James Confalone, President

THIS IS A DUPLICATE ORIGINAL LEASE FOR FILING WITH THE FEDERAL AVIATION ADMINISTRATION

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EXHIBIT "A"

IDENTIFICATION OF AIRCRAFT

Aircraft Make and Model:	Grumman G-73
Manufacturer's Serial Number:	J-42
United States Registration Number:	N142PA

Pratt & Whitney model PT6A-34 aircraft engines with manufacturer's serial numbers 57462 and 57465, together with Hartzell model HCB3TN3DY with manufacturer's serial numbers BU13940 and BU18209. Each of said aircraft engines is 750 or more rated takeoff horsepower and each of said aircraft propellers is capable of absorbing 750 or more rated takeoff shaft horsepower.

EXHIBIT "B"

TERM: RENT AND OTHER FINANCIAL MATTERS

1. Delivery Date

The Delivery Date for the Aircraft is as of 28 October 1999.

2. Term

The Term for the Aircraft shall be that period commencing on the Delivery Date for the Aircraft and terminating on 27 October 2010 or such earlier date on which the Lease may be terminated in accordance with the terms of the Lease.

3. Basic Rent

a. Basic Rent shall be paid to such person and account of which LESSOR may notify LESSEE from time to time in writing.

b. Basic Rent for the Aircraft shall be $ 500.00 on the Delivery Date and $ 500.00 per month thereafter (as adjusted by the following sentence) which shall be paid monthly on the 1st day of each month, commencing 28 October 1999 and ending 27 October 2010. The rent shall be increased by 3% on 28 October 2000 and on every 28 October thereafter to reflect a 3% annual increase.

c. The term "Basic Rent Payment Date" means the 1st day of each month during the Term.

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EXHIBIT "C"
ACCEPTANCE CERTIFICATE

FLYING BOAT, INC. ("Tenant"), a Florida corporation, hereby represents, acknowledges, warrants and agrees as follows:

1. LESSEE has received this 28 October 1999, at Miami, Florida from SEAPLANE LEASING II, LLC, a Delaware limited liability company ("LESSOR") possession of:

A. One (1) used Grumman G73 aircraft, bearing Manufacturer's Serial Number J-42 together with two engines installed thereon and all appliances, instruments, accessories, equipment and parts attached thereto and thereon, in an airworthy condition; and

B. All usual and customary manuals, logbooks, flight records and historical information regarding the Aircraft, the engines and the accessories and equipment.

2. All of the foregoing were delivered and accepted on 28 October 1999 to LESSEE'S full satisfaction and pursuant to the terms and provisions of the Aircraft Lease Agreement between as LESSOR, and LESSEE, dated as of the day as of 1 October 1999 ("Lease").

3. The Aircraft, Engines and Parts as described in the Lease have been fully examined by LESSEE and have been received in a condition fully satisfactory to LESSEE and in full conformance with the Lease in every respect.

4. The Lease is in full force and effect; LESSOR has fully, duly and timely performed all of its obligations of every kind or nature thereunder; and LESSEE has no claims, offsets, deductions, set-offs or defenses of any kind or nature in connection with the Lease.

Dated as of this 28th day of October 1999.

FLYING BOAT, INC., a Florida corporation

By: _____
James Confalone, President

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EXHIBIT "D"

IDENTIFICATION PLATE

THIS AIRCRAFT IS OWNED BY SEAPLANE LEASING II, LLC
GRUMMAN G-73
MANUFACTURERS SERIAL No.:J-42
FAA REGISTRATION No.: N142PA

THIS AIRCRAFT IS SUBJECT TO A SECURITY AGREEMENT IN FAVOR OF OCEAN BANK

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EXHIBIT "E"
INSURANCE REQUIREMENTS

LESSEE shall maintain such insurance in such amounts and with such deductibles as LESSOR, LESSEE'S lender, if any or LESSOR'S lender, if any, may reasonably require from time to time.

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ATTACHMENT 1
to
EXHIBIT "E"

STIPULATED LOSS VALUE

$ 600,000

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ATTACHMENT 2
to
EXHIBIT "E"

LOSS PAYABLE CLAUSE

It is noted that by an Aircraft Lease Agreement (the "Lease") dated as of 28 October 1999, between SEAPLANE LEASING II, LLC, a Delaware limited liability company ("LESSOR") and FLYING BOAT, INC., a Florida corporation ("LESSEE"), the LESSEE and the LESSOR have agreed as regards their respective interests in this Policy as it relates to the Aircraft and the Engines and all benefits thereof including all claims of whatever nature hereunder as follows:

Claims hereunder payable in respect of a Total Loss as defined in the Agreement shall be paid to LESSOR or as it may designate in writing, up to the amount of the Stipulated Loss Value of the Aircraft and any excess of such claims if any, shall be paid to the LESSEE. Except as provided in the preceding sentence, all other claims shall be payable as follows:

(a) a payment from any insurance carrier not exceeding US$ 10,000 shall be released directly for the repair or other charges involved to the LESSEE or as reimbursement if it has fully repaired the damage and paid all of the other charges; and

(b) a payment from any insurance carrier exceeding US$10,000 shall be paid to LESSOR, or as it may designate in writing, as sole loss payee;

provided, that if any insurance carrier receives notice from LESSOR that an Event of Default (as defined in the Lease) has occurred and is continuing, all payments from such insurance carrier shall be paid to LESSOR, or as it may designate in writing, as sole loss payee.

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AIRCRAFT LEASE ASSIGNMENT AND AIRCRAFT SECURITY AGREEMENT
Grumman G-73
U.S. Registration No. N142PA
Aircraft Serial No. J-42

On this 28th day of October, 1999, this Aircraft Lease Assignment and Aircraft Security Agreement ("Assignment") is made and entered into at Miami, Florida, U.S.A., by and between **SEAPLANE LEASING II, LLC**, a Delaware limited liability company ("Assignor"), **OCEAN BANK**, a Florida banking corporation ("Assignee") , and **FLYING BOAT, INC. d/b/a Chalk's International Airlines**, a Florida corporation ("Permitted Lessee").

RECITALS:

WHEREAS, the Assignor is an affiliate of Permitted Lessee; and

WHEREAS, the Assignor is the owner of: (i) a Grumman G-73 aircraft having U.S. Registration No. N142PA and Manufacturer's Serial No. J-42, (ii) two Pratt & Whitney PT6A-34 aircraft engine bearing Manufacturer's Serial Nos. 57465 and 57462, and (iii) two Hartzell HCB3TN3DY propellers bearing Manufacturer's Serial Nos. BU13940 and BU18209 (collectively, the "Aircraft"), which Aircraft the Assignor desires to lease to Permitted Lessee for use in Permitted Lessee's airline business (the foregoing aircraft engine is 750 or more rated take-off horsepower and the foregoing aircraft propeller is capable of absorbing 750 or more rated take-off shaft horsepower); and

WHEREAS, the Permitted Lessee and James Confalone ("Confalone") are borrowing the total sum of Three Million Dollars ($3,000,000.00) (the "Loan") from the Assignee, pursuant to a Promissory Note (the "Note") and a Credit Agreement (the "Credit Agreement") of even date herewith, which Note and Credit Agreement are secured by certain related documentation of even date herewith executed and delivered by Assignee, Permitted Lessee, Confalone and other Loan Parties (as defined in the Credit Agreement), including, but not limited to the Security Agreement referenced in the following paragraph (collectively, the "Loan Documents"); and

WHEREAS, to secure the payment of the Permitted Lessee's, Confalone's and all Loan Parties' obligations to the Assignee under the Loan Documents, the Assignor will grant the Assignee a security interest in the Aircraft pursuant to an Aircraft Security Agreement of even date herewith encumbering the Aircraft to be filed simultaneously herewith with the Federal Aviation Administration (the "FAA") (hereinafter the "Security Agreement"); and

WHEREAS, the Security Agreement provides at Section 18 that Assignor may lease the Aircraft to another party subject to the condition precedent that Assignee expressly approve such lease in writing; and

WHEREAS, Assignee will approve the lease of the Aircraft to Permitted Lessee by Assignor only if: (a) the rights of Permitted Lessee to the Aircraft are subordinate to Assignee's rights under the Security Agreement, the Loan Documents and this Assignment; (b) Permitted Lessee agrees to perform all of Assignor's obligations specified in the Security Agreement; and, (c) Assignor executes an assignment of the lease to Assignee as additional security for the payment of Assignor's, Permitted Lessee's, Confalone's and all other Loan Parties' obligations under the Loan Documents; and

WHEREAS, Assignor desires to lease the Aircraft to the Permitted Lessee pursuant to the provisions of a certain Aircraft Lease Agreement between Assignor (as Lessor) and Permitted Lessee (as Lessee) dated October 28, 1999 (such Lease Agreement being referred to herein as the "Lease Agreement"); and

WHEREAS, Assignee is willing to approve the Lease Agreement and permit Assignor to lease the Aircraft to Permitted Lessee in consideration for Assignor and Permitted Lessee entering into this Assignment and agreeing to be bound by all of the terms, conditions and provisions herein stipulated.

NOW, THEREFORE, for and in consideration of the above recitals and the mutual promises, warranties, covenants, representations and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1: ASSIGNMENT

1.1 To secure the due and punctual payment and performance of all of Permitted Lessee's, Confalone's and all Loan Parties' obligations under the Loan Documents and all of Assignor's obligations under the Security Agreement, Assignor hereby assigns to Assignee all of Assignor's right, title and interest in and to the Lease Agreement, and any renewal, replacement or substitution therefor including, without limitation:

(A) any and all rent, insurance and condemnation proceeds, payments and other monies which Permitted Lessee is obligated to pay pursuant to the Lease Agreement;

(B) all claims, rights and remedies arising out of the Lease Agreement, as well as all other rights, powers, privileges, remedies and other benefits of Assignor under the Lease Agreement (including any options and renewals thereof); and

(C) all proceeds of the foregoing (such proceeds, together with the amounts referred to above in Article 1.1(A), are hereinafter referred to, collectively, as the "Lease Income").

1.2

(A) Notwithstanding the foregoing, until such time as Assignee notifies Assignor and Permitted Lessee that an "Event of Default" (as defined by Section 8 of the Aircraft Security Agreement and by any other Loan Document) has occurred, Assignor shall collect and retain all rents arising under the Lease Agreement or from the Aircraft, when such rents, income and profits are due and payable to the Assignor.

(B) Upon receipt of written notice from Assignee pursuant to paragraph (A) above that an Event of Default has occurred, Permitted Lessee shall immediately commence paying to Assignee all rents, income and profits accruing under the Lease Agreement, and continue to do so until otherwise notified by Assignee.

1.3 Assignor hereby appoints Assignee as Assignor's attorney-in-fact to demand, receive and enforce payment of the Lease Income and to give receipts, releases and satisfactions and to sue for all Lease Income payable under the Lease Agreement either in the name of Assignor or in the name of Assignee, with the same force and effect as Assignor could have done if this Assignment had not been made.

1.4 This Assignment shall continue in full force and effect until Assignor, Permitted Lessee, Confalone and all other Loan Parties have indefeasibly satisfied and discharged all of their obligations under the Loan Documents or until such time as this Assignment is terminated by mutual written agreement of Assignor and Assignee. At such time, Assignee, at Assignor's request shall promptly perform such actions and execute and file such documents as may be necessary or appropriate to evidence or effect such satisfaction and discharge or such termination.

1.5 At Assignee's request, Assignor and Permitted Lessee shall promptly furnish such information and execute and deliver such documents and do all such acts as are reasonably necessary or required in order for Assignee to realize upon the rights, remedies and benefits granted to it under this Assignment.

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1.6 Assignee hereby accepts, and Permitted Lessee hereby consents and agrees to, the assignment and other obligations stipulated in this Assignment.

ARTICLE 2: ASSIGNEE ASSUMES NO DUTIES

2.1 Neither this Assignment, nor any of the provisions set forth herein, shall be deemed to have the effect of:

(A) obligating Assignee to perform or discharge any obligation or duty under the Lease Agreement;

(B) making Assignee responsible for the collection of any Lease Income due under the Lease Agreement; or

(C) imposing any obligation on Assignee to take any action or exercise any remedy in the collection or recovery of Lease Income.

2.2 Assignee shall be liable to account for only such monies as it actually receives pursuant to this Assignment, including such portions thereof as may be expended by Assignee on collection charges, inspection fees, reasonable attorneys and professional fees and expenses, and such other expenses as Assignee may reasonably incur in conjunction with the exercise of its rights under this Assignment, and the balance of such monies, when so received by Assignee, shall be applied on Assignor's, Permitted Lessee's and Confalone's account under the Loan Documents.

ARTICLE 3: ASSIGNOR'S WARRANTIES AND REPRESENTATIONS

3.1 Assignor warrants to Assignee each of the following:

(A) Assignor is the sole owner of the Lease Agreement and of all the leasehold rights which the Lease Agreement purports to create in favor of Assignor, with full right and authority to assign the same.

(B) The Lease Agreement is unencumbered, valid and in full force and effect in accordance with its terms. The Lease Agreement is not subject to any security interest other than the security interest created by this Assignment.

(C) Permitted Lessee is not in default under any of the terms, conditions or covenants of the Lease Agreement.

(D) The Lease Income due under the Lease Agreement and Assignor's income and profits arising therefrom are free from liens, encumbrances, claims and set-offs of every kind whatsoever.

(E) In the event Permitted Lessee, regardless of the circumstance, makes any payment to Assignor which should have been paid to Assignee pursuant to this Assignment, Assignor shall immediately transmit such payment in full to Assignee without any deduction or offset whatsoever.

3.2 Assignor agrees to, represents and covenants each of the following:

(A) That it will observe and perform all obligations imposed on Assignor under the Lease Agreement and this Assignment and indemnify Assignee from any and all claims or demands of whatever nature resulting from Assignor's failure to do so.

(B) That it will preserve the Lease Agreement and the Lease Income arising from the Lease Agreement, free and clear of all liens and encumbrances.

(C) That it will not execute any other assignment of Assignor's interest in the Lease Agreement or assignment of the Lease Income arising under the Lease Agreement or otherwise assign or delegate any of its rights or obligations under the Lease Agreement.

(D) That it will not alter, extend or modify the terms of the Lease Agreement or give any consent or exercise any renewal or option required or permitted by the terms of the Lease Agreement without the prior, express and written consent of Assignee.

(E) That Assignee may proceed hereunder against Assignor directly and independently of Permitted Lessee, and the cessation of Permitted Lessee's liability for any reason other than full payment under the Lease Agreement shall not in any way affect the liability of Assignor under this Assignment, nor shall any extension, forbearance of acceptance, release or substitution of security, or any impairment or suspension of Assignee's remedies or rights against Permitted Lessee in any way affect the liability of Assignor under this Assignment.

ARTICLE 4: PERMITTED LESSEE'S WARRANTIES AND REPRESENTATIONS

4.1 Permitted Lessee warrants to Assignee each of the following:

(A) Permitted Lessee is the sole owner of all leasehold rights the Lease Agreement purports to create in favor of Permitted Lessee, with full right and authority to enter into this Assignment.

(B) The Lease Agreement is unencumbered, valid and in full force and effect in accordance with its terms.

(C) Assignor is not in default under any of the terms, conditions or covenants of the Lease Agreement.

(D) The Lease Income due under the Lease Agreement is free from liens, encumbrances, claims and set-offs of every kind whatsoever.

4.2 Permitted Lessee agrees to, represents and covenants each of the following:

(A) That it will observe and perform all obligations imposed on Permitted Lessee under the Lease Agreement and this Assignment and indemnify Assignee from any and all claims or demands of whatever nature resulting from Permitted Lessee's failure to do so.

(B) That it will preserve the Lease Agreement and the Lease Income, free and clear of all liens and encumbrances.

(C) That neither Assignee nor its successor and assigns shall be liable for any of the obligations or duties of Assignor under the Lease Agreement, nor shall this Assignment give rise to any duties or obligations whatsoever on the part of Assignee, its successors and assigns owing to Permitted Lessee, except to account for any monies Assignee actually receives pursuant to this Assignment as provided above in Article 2.2.

(D) That it will not consent to any assignment of any rights under the Lease Agreement, or the Lease Income due thereunder, other than pursuant to this Assignment, nor will it assign or sublease any of its rights under the Lease Agreement.

(E) That it will not alter, extend or modify the terms of the Lease Agreement or give any consent or exercise any renewal or option required or permitted by the terms of the Lease Agreement without the prior, express and written consent of Assignee.

(F) That Assignee may proceed hereunder against Permitted Lessee directly and independently of Assignor, and the cessation of Assignor's liability to Assignee for any reason other than full payment under the Loan Documents shall not in any way affect the liability of Permitted Lessee under this Assignment, nor shall any extension, forbearance of acceptance, release or substitution of security, or any impairment or suspension of Permitted Lessee's remedies or rights against Assignor in any way affect the liability of Permitted Lessee under this Assignment.

(G) That, until such time as this Assignment is terminated by mutual agreement of Assignor and Assignee, Permitted Lessee's rights in the Aircraft pursuant to the Lease Agreement or otherwise, including, without limitation, its right to possession of the Aircraft, are and shall be subordinate to Assignee's rights in the Aircraft (including, but not limited to, its right of possession) under the Loan Documents, and Permitted Lessee will be responsible for and perform all of Assignor's obligations specified in the Security Agreement, notwithstanding any provision of the Lease Agreement to the contrary.

ARTICLE 5: REMEDIES OF ASSIGNEE NOT EXCLUSIVE

5.1 Nothing contained in this Assignment, nor any act done or omitted by Assignee pursuant to the terms of this Assignment, shall be deemed a waiver of any of the rights or remedies of Assignee under the Loan Documents. The rights and remedies herein expressed are cumulative and not exclusive of any right or remedy that Assignee shall otherwise have. The right of Assignee to collect the secured principal, interest and other amounts due under the Loan Documents, as well as to enforce any other security, may be exercised by Assignee prior or subsequent to any action taken under this Assignment.

5.2 No delay or failure of Assignee in the exercise of any right or remedy provided for hereunder or in the Loan Agreement shall be deemed a waiver of the right by Assignee, and no exercise or partial exercise or waiver of any right or remedy shall be deemed a waiver of any further exercise of such right or remedy or of any other right or remedy that Assignee may have.

ARTICLE 6: SECURITY AGREEMENT

6.1 Grant of Security Interest. Permitted Lessee hereby grants to Assignee a continuity first priority security interest in and lien on all right, title and interest Permitted Lessee now has or may hereafter acquire in and to the Aircraft and the Collateral (defined in the Security Agreement), including, but not limited to all right, title and interest of Permitted Lessee in the Aircraft and the Collateral created by and arising from the Lease Agreement. The security interest and lien granted hereby by Permitted Lessee shall secure the payment and performance of Permitted Lessee's, Confalone's and all other Loan Parties' obligations under the Loan Documents all whether now existing or hereafter arising, or well as any renewals, extensions or changes in the form of such obligations or indebtedness.

6.2 Application of Security Agreement. If Permitted Lessee becomes the owner of the Aircraft and the Collateral by virtue of the provisions of the Lease Agreement or otherwise, Permitted Lessee shall be deemed to be "Debtor" (as defined in the Security Agreement") for all purposes expresed therein and shall be bound by and shall be obligated to perform all covenants, agreements, terms, conditions and obligations of "Debtor" set forth in the Security Agreement. In furtherance of the foregoing, all of the provisions of Sections 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22 and 23 of the Security Agreement shall be deemed incorporated herein by reference to effectuate the provisions of this Article 6.

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ARTICLE 7: MISCELLANEOUS

7.1 Governing Law. This Assignment shall be governed by and construed in accordance with the laws of the State of Florida, U.S.A.

7.2 Jurisdiction. Assignor hereby irrevocably agrees that any action or proceeding relating hereto or any other Loan Document that is brought by Assignor shall be tried by the courts of the State of Florida sitting in Miami-Dade County, Florida or the United States district courts sitting there. Assignor hereby irrevocably submits, in any such action or proceeding that is brought by Assignee, to the non-exclusive jurisdiction of each such court, irrevocably waives the defense of an inconvenient forum with respect to any such action or proceeding, and agrees that service of process in any such action or proceeding may be made upon Assignor by mailing a copy thereof to Assignor at Assignor's address set forth in the Security Agreement (as well as by any other lawful method). If and when Assignee requests it to, Assignor shall appoint (in a manner satisfactory to Assignee) an agent that is domiciled in Miami-Dade County, Florida and is acceptable to Assignee to receive service of process in any such action or proceeding on Assignor's behalf.

7.3 Amendments. No provision or term of this Assignment may be amended, modified, revoked, supplemented, waived or otherwise changed except by a written instrument duly executed by Assignor and Assignee and Permitted Lessee.

7.4 Severability. If any provision in this Assignment shall be held invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions of this Assignment shall not be impaired thereby, nor shall the validity, legality or enforceability of any such defective provisions be in any way affected or impaired in any other jurisdiction.

7.5 Binding Effect. This Assignment shall be binding upon and inure to the benefit of the parties hereto and their permitted successors and assigns.

7.6 Entire Agreement. This Assignment constitutes the entire agreement between the parties with respect to the assignment of the Lease Agreement. There are no verbal understandings, agreements, representations or warranties between the parties which are not expressly set forth herein with respect to the subject matter hereof.

7.7 Counterpart. An original counterpart of this Assignment is attached to an original counterpart of the Lease Agreement which is being filed simultaneously herewith with the FAA.

7.8 Termination. This Assignment shall remain in full force and effect until payment in full of all obligations of Assignor, Permitted Lessee, Confalone and all Loan Parties under the Loan Documents and thereafter so long as any payment of or recovery against or with respect to any such obligations might, in Assignee's reasonable judgment, be rescinded, or otherwise required to be returned by Assignee, for any reason, including the insolvency, bankruptcy or reorganization of Pledgor.

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IN WITNESS of the mutual promises, warranties, covenants, representations and agreements set forth herein, the parties have caused their duly authorized officers to execute this Assignment effective as of the date first above written.

Signed, sealed and
delivered in the present of:

Name: _____

Name: _____

Name: _____

Name: _____

Name: _____

Name: _____

ASSIGNOR:

SEAPLANE LEASING II, LLC

By: _____
Name: James Confalone
Title: Sole Member

ASSIGNEE:

OCEAN BANK

By: _____
Name: Jorge Morera.
Title: S.V.P.

PERMITTED LESSEE:

FLYING BOAT, INC, a Florida corporation

By: _____
Name: James Confalone
Title: President

STATE OF FLORIDA)
COUNTY OF MIAMI-DADE)

This instrument was acknowledged before me on the 28 day of October, 1999, by James Confalone, as Sole Member of SEAPLANE LEASING II, LLC, a Delaware limited liability company on behalf of said company.

Personally known to me _____
or produced I.D. Fla. drivers lic
(type of I.D.)

Did take oath ✓
Did not take oath _____

ENI F. CALVINO
MY COMMISSION # CC 825855
EXPIRES: 05/18/2003
1-800-3-NOTARY Fla. Notary Service & Bonding Co.

Signature: Eni F. Calvino
Title: Notary Public
Name: [Print or type] _____
Serial No., if any: _____
My commission expires:

STATE OF FLORIDA)
)
COUNTY OF MIAMI-DADE)

This instrument was acknowledged before me on the 28 day of October, 1999, by Jorge Morera, as Srvice Pres. of OCEAN BANK, on behalf of the bank.

Personally known to me ✓
or produced I.D. _____
(type of I.D.)

Did take oath ✓
Did not take oath _____

ENI F. CALVINO
MY COMMISSION # CC 825855
EXPIRES: 05/18/2003
1-800-3-NOTARY Fla. Notary Service & Bonding Co.

Signature: Eni F. Calvino
Title: Notary Public
Name: [Print or type] _____
Serial No., if any: _____
My commission expires:

STATE OF FLORIDA)
)
COUNTY OF MIAMI-DADE)

This instrument was acknowledged before me on the 28 day of October, 1999, by James Confalone, as President of FLYING BOAT, INC., a Florida corporation on behalf of said corporation.

Personally known to me _____
or produced I.D. Fla. drivers lic
_____
(type of I.D.)

Did take oath _____
Did not take oath _____

Signature: _____
Title: Notary Public
Name: [Print or type] _____
Serial No., if any: _____
My commission expires:

NOTARY PUBLIC STATE OF FLORIDA
ENI F. CALVINO
MY COMMISSION # CC 825855
EXPIRES: 05/18/2003
1-800-3-NOTARY Fla. Notary Service & Bonding Co.

FILED WITH FAA
AIRCRAFT REGISTRATION
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OKLAHOMA CITY
OKLAHOMA

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U.S. DEPARTMENT OF TRANSPORTATION

FEDERAL AVIATION ADMINISTRATION

CROSS-REFERENCE--RECORDATION

SEE CONVEYANCE NO .....

FILING DATE: .....

This form is to be used in cases where a conveyance covers several aircraft and engines, propellers, or locations. File original of this form with the recorded conveyance and a copy in each aircraft folder involved.

TYPE OF CONVEYANCE	DATE EXECUTED
AIRCRAFT SECURITY AGREEMENT	October 28, 1999
FROM SEAPLANE LEASING II, LLC	DOCUMENT NO. K23805
TO OR ASSIGNED TO OCEAN BANK	DATE RECORDED December 8, 1999

THE FOLLOWING COLLATERAL IS COVERED BY THE CONVEYANCE:

AIRCRAFT (List by registration number) — TOTAL NUMBER INVOLVED 1

N142PA

ENGINES — TOTAL NUMBER INVOLVED 2

MAKE(S)	SERIAL NO.
PRATT & WHITNEY PT6A-34	57465 57462

PROPELLERS — TOTAL NUMBER INVOLVED 2

MAKE(S)	SERIAL NO.
HARTZELL HCB3TN3DY	BU13940 BU18209

SPARE PARTS --LOCATIONS — TOTAL NUMBER INVOLVED

LOCATION

RECORDED CONVEYANCE FILED IN: N142PA, GRUMMAN G-73, SN: J42

AC FORM 8050-23 (1-96) (0052-00-582-6000)

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AIRCRAFT SECURITY AGREEMENT

CONVEYANCE RECORDED

Grumman G-73
U.S. Registration No. N142PA
Manufacturer's Serial No. J-42

DEC 8 6 45 AM 99

FEDERAL AVIATION ADMINISTRATION

This Security Agreement/Mortgage is made and entered into in this 28th day of October, 1999, by and between **SEAPLANE LEASING II, LLC**, a limited liability company organized pursuant to the laws of the State of Delaware, with its chief executive office and principal place of business at 3420 Bird Avenue, Coconut Grove, Florida 33133 (hereinafter the "Debtor"), and **OCEAN BANK**, a Florida banking corporation, organized pursuant to the laws of the State of Florida, with its principal place of business at 780 N. W. 42 Avenue, Miami, FL 33126 (hereinafter the "Secured Party"). This Security Agreement /Mortgage is sometimes hereinafter referred to as the "Security Agreement" or the "Agreement".

RECITALS:

WHEREAS, the Debtor is an affiliate of **FLYING BOAT, INC. d/b/a Chalk's International Airlines**, a Florida corporation (hereinafter "FBI") and is wholly owned by **James Confalone** (hereinafter "Confalone"); and

WHEREAS, the Debtor is the owner of the aircraft described in this Agreement, which aircraft the Debtor is leasing to FBI for use in FBI's airline business; and

WHEREAS, FBI and Confalone are borrowing the total sum of Three Million Dollars ($3,000,000) (the "Loan") from the Secured Party pursuant to a Promissory Note (the "Note"), a Credit Agreement ("Credit Agreement") and related documentation of even date herewith executed and delivered by Flying Boat, Confalone, Debtor and any other Loan Party (as defined in the Credit Agreement) (the Note, the Credit Agreement and all documents and instruments which evidence or secure the Loan being referred to hereinafter the "Loan Documents"); and

WHEREAS, to secure the payment of FBI's, Confalone's, Debtor's and the other Loan Parties' obligations to the Secured Party and other property under the Loan Documents, the Debtor desires to grant the Secured Party a security interest in the aircraft described below.

NOW, THEREFORE, in consideration of the mutual promises, covenants and representations set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Grant of Security Interest**. To secure the payment and performance of FBI's, Confalone's, the Debtor's and the Affiliates' (defined below) obligations under the Loan Documents (whether now existing or hereafter arising), as well as any renewals, extensions or changes in the form of said obligations or indebtedness, the Debtor grants to Secured Party a continuing, first priority security interest in and lien on all of Debtor's right, title and interest in, whether now existing or hereafter acquired, the following property:

Airframe described as follows:

Manufacturer: Grumman
Model: G-73
U.S. Registration No.: N142PA
Manufacturer's Serial No.: J-42

Cert Copy : CFD

993061522307
$25.00 11-2-99

FILED WITH FAA
AIRCRAFT REGISTRATION BR

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OKLAHOMA CITY
OKLAHOMA

81-0L

Engines described as follows:

Manufacturer: Pratt & Whitney
Model: PT6A-34
Manufacturer's Serial Nos.:
57465
57462

Propellers described as follows:

Manufacturer: Hartzell
Model: HCB3TN3DY
Manufacturer's Serial Nos.:
BU13940
BU18209

(the above described airframe, engines and propellers being referred to herein as the "Aircraft"), together with any and all engines, components, propellers, instruments, avionics, equipment, parts and accessories attached to, installed in appurtenant to, or delivered with or in respect of such Aircraft; all aircraft and engine log books; all spare parts; all right, title and interest of Debtor in, to and under any lease, rental agreement, or other agreement(s) respecting the Aircraft, including, but not limited to, Debtor's right to receive, either directly or indirectly from any party or person, any rents or other payments due under such agreement(s), and in, to and under any lease, rental agreement or other agreements pertaining to any of the foregoing property in which Debtor is the lessee; and all additions, accessions, substitutions and proceeds of the Aircraft and any of the foregoing property including, but not limited to, proceeds of insurance covering the Aircraft and any and all accounts, general intangibles, contract rights, inventory, equipment, money, drafts, instruments, deposit accounts or other tangible or intangible property of the Debtor resulting from the sale (authorized or unauthorized) or other disposition of the Aircraft or the foregoing property. The Aircraft and foregoing property is hereinafter collectively referred to as the "Collateral". Each of the above described aircraft engines is 750 or more rated take-off horsepower and each of the above-described aircraft propellers is capable of absorbing 750 or more rated take-off shaft horsepower.

2. **Debtor's Warranty of Title**. Except for the security interest granted herein, the Debtor warrants that it is the owner of the Collateral free from any security interest, lien or encumbrance. The Debtor further warrants that it will defend the Collateral against all claims and demands of any person claiming any interest therein by virtue of any such security interest, lien or encumbrance.

3. **Debtor Will Execute and Deliver Documents**. At Secured Party's request, the Debtor will promptly furnish such information and execute and deliver such documents and do all such acts and things as Secured Party may reasonably request and as are necessary or appropriate to assist Secured Party in establishing and maintaining a valid first priority security interest in the Collateral and to assure that the Aircraft is properly titled and registered and that the security interest granted hereby is perfected to Secured Party's satisfaction. The Debtor will pay the cost of filing all appropriate documents in all public offices where Secured Party deems such filings necessary or desirable.

4. **Operation, Maintenance and Repair**. The Debtor will use, operate, maintain, store and repair the Aircraft and retain actual control and possession thereof in accordance with each of the following provisions:

(a) The Debtor will at all times keep the Collateral validly and currently registered on the aircraft registry of the United States of America in its name, and comply in all respects with all rules and regulations of the U.S. Federal Aviation Administration ("FAA") which are applicable to the Debtor's use, operation, maintenance, storage and repair of the Aircraft. The Collateral at all times shall be subject to United States Registration and bear a United States Registration marking.

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(b) The Debtor will use, operate, maintain, store and repair the Aircraft, and all parts thereof, properly, carefully and in complete compliance with all applicable statutes, ordinances, regulations, policies of insurance, manufacturer's recommendations and manufacturer's operating and maintenance manuals and handbooks.

(c) The Debtor will only allow properly qualified and licensed pilots to operate the Aircraft.

(d) The Debtor will be responsible for and pay all expenses of owning and operating the Aircraft, including but not limited to storage, fuel, lubricants, service, inspections, overhauls, replacements, maintenance and repairs, all of which will be accomplished in compliance with the manufacturer's operating and maintenance manuals and handbooks, and the rules and regulations of the FAA and any foreign government agency having jurisdiction over the Aircraft. The Debtor will properly maintain all records pertaining to the maintenance, operation and repair of the Aircraft.

(e) The Debtor will at all times maintain the Aircraft in an airworthy condition and in good working order and will make no modifications to the Aircraft which have the effect of reducing its value or utility.

5. **Insurance**. The Debtor will, at all times and at its sole expense, obtain and carry the types and amounts of insurance coverage specified below:

(a) "All Risk" type hull insurance on the Aircraft, both In-Flight and Not In-Flight, including ingestion and foreign object damage, in an amount not less than the unpaid principal balance owed under the Loan Documents or the fair market value of the Aircraft, whichever is greater.

(b) Aircraft hull war risks insurance (including without limiting the generality thereof, insurance covering any loss or damage by strikes, riots, civil commotions or labor disturbances, and any malicious act. or acts of sabotage) covering the Aircraft for an amount which will at no time be less than the unpaid principal balance owed under the Loan Documents or the fair market value of the Aircraft, whichever is greater. Such insurance will insure risks of war, hijacking (air piracy), governmental confiscation, nationalization, seizure, restraint, detention, appropriation, requisition, terrorist or political activity, and such similar coverage as is obtainable in the London market by Lloyds and which is excluded from the all risk ground and flight aircraft hull insurance policies.

(c) Insurance covering the Aircraft's engines when they have been replaced or removed from the Aircraft. Such insurance will provide coverage in an amount no less than the replacement cost of said engines and have a deductible no greater than U.S. Fifty Thousand Dollars ($50,000.00).

(d) Comprehensive aircraft liability insurance (including passengers, passengers, baggage, cargo and mail, crew, public liability, and property damage) with limits no less than U.S. Twenty-Five Million Dollars ($25,000,000.00) combined single limit per occurrence. Such insurance will not favor the Debtor or any other insured as against Secured Party, its officers, agents, servants, employees, successors or assigns as to priority of application of insurance proceeds in satisfaction of claims against more than one insured.

(e) Aircraft war risks liability insurance, including passenger liability, public liability and property damage liability insurance, with limits no less than U.S. Twenty-Five Million Dollars ($25,000,000.00) combined single limit per occurrence. Such insurance will not favor the Debtor or any other insured as against Secured Party, its officers, agents, servants, employees, successors or assigns as to priority of application of insurance proceeds in satisfaction of claims against more than one insured. Such insurance will insure risks of war, hijacking (air piracy), governmental confiscation, nationalization, seizure, restraint, detention, appropriation, requisition, terrorist or political activity, and such similar coverage as is obtainable in the London market by Lloyds and which is excluded from the comprehensive aircraft liability insurance policies.

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(f) Such other forms of coverage as may be reasonably requested from time to time by Secured Party.

All insurance policies maintained by the Debtor in accordance with subsections (a) through (f) above will also comply with each of the following requirements:

(1) name Secured Party as a loss payee with respect to the insurance maintained in accordance with the provisions of subsections (a), (b) and (c), and as additional insured with respect to the insurance maintained in accordance with the provisions of subsections (d) and (e);

(2) be in the kind and form satisfactory to Secured Party and issued by insurers of recognized responsibility which are satisfactory to Secured Party;

(3) provide that if such insurance is canceled for any reason whatsoever, or any substantial change is made in policy terms, conditions or coverage, or the policy is allowed to lapse for nonpayment of premium, such cancellation, change or lapse will not be effective as to Secured Party until thirty (30) days after the Debtor's insurers send written notice of the cancellation, change or lapse in policy terms, conditions or coverage to Secured Party via certified mail;

(4) provide that in respect of the interest of Secured Party in such policies, the insurance will not be invalidated by any action or inaction of the Debtor and will insure Secured Party regardless of any breach or violation by the Debtor of any warranty, declaration or condition contained in such policies; and

(5) provide that the geographic limits, if any, contained in such policy will include at a minimum all territories over which the Debtor will operate the Aircraft.

The Debtor will furnish to Secured Party evidence of the aforesaid insurance coverage in certificate form. Evidence of renewal of each policy will thereafter be furnished to Secured Party in certificate form. The Debtor covenants that it will not do any act or voluntarily suffer or permit any act to be done whereby any insurance required hereunder will or may be suspended, impaired or defeated.

6. **Debtor's Possession**. The Debtor may have possession of the Aircraft and Collateral and use it in any lawful manner not inconsistent with this Agreement, except when an Event of Default (as defined herein) has occurred and is continuing. In the event the Debtor fails to undertake any of the following actions within ten (10) days after receipt of Secured Party's written demand for such action, Secured Party, at its option and without assuming any obligation to do so, may discharge taxes, liens, security interests or other encumbrances levied or asserted against the Aircraft and Collateral, may place and pay for insurance thereon, may order and pay for the repair, maintenance and preservation thereof, and may pay any necessary filing or recording fees. Any amounts paid by Secured Party under the preceding sentence will be added to the sums due under the Loan Documents, will be secured by the Aircraft and Collateral, this Agreement and the Loan Documents, and will be payable by the Debtor upon demand by Secured Party together with interest at the rate provided for in the Note until paid in full.

7. **Debtor's Covenants**. As long as this Agreement remains in effect, the Debtor will furnish Secured Party with such information concerning the location, condition, use and operation of the Aircraft and Collateral as Secured Party may reasonably request, and the Debtor will permit any person designated by Secured Party in writing to inspect the Aircraft and Collateral, wherever located, and all records and manuals maintained in connection therewith and to make copies of such records, and to visit and inspect the properties and facilities of the Debtor, provided such visits do not unreasonably interfere with the operations of the Debtor, and to discuss the affairs, finances and accounts of the Debtor with the principal financial officers of the Debtor, all at such reasonable times and as often as Secured Party may reasonably request. Secured Party will have no duty to make any such inspection and will not incur any liability or obligation or be deemed

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to have waived any right by reason of not making any such inspection. The Debtor will also furnish to Secured Party such other information as Secured Party may reasonably request, from time to time, with respect to the financial condition and operations of the Debtor in order to determine whether the covenants, terms and provisions of this Agreement have been complied with by the Debtor.

8. **Debtor's Default**. The parties agree that the occurrence of any of the following events will constitute an "Event of Default":

(a) FBI's, Confalone's or any Loan Party's failure to make any timely payment of either principal, interest, or any other amount required to be paid under the Note and the Loan Documents, or the Debtor's failure to pay any amount required under any other promissory note, security agreement or other agreements between the Debtor and Secured Party, if such failure continues for a period of five (5) days beyond the due date of such payment;

(b) The occurrence of any "Event of Default" as defined in the Loan Documents.

(c) The Debtor's failure to perform any material promise, agreement, obligation, warranty or covenant made by it herein, if such failure continues for a period of thirty (30) days after Secured Party has given the Debtor notice of such failure;

(d) The Debtor's failure to maintain the insurance coverage as specified above in Section 5;

(e) any material misrepresentation made by the Debtor to Secured Party in connection with this Agreement;

(f) entry of a money judgment, in excess of $25,000.00 against the Debtor, if such judgment is nonappealable and remains undischarged or unstayed for a period in excess of sixty (60) days;

(g) dissolution, termination of existence, insolvency, business failure, inability to pay debts as they mature, assignment for the benefit of creditors, or the commencement, with respect to the Debtor, of any proceedings (either voluntary or involuntary) under any bankruptcy or insolvency laws provided that any such proceedings, if involuntary, are not dismissed within thirty (30) days of the filing date of such proceedings;

(h) default in the payment by the Debtor of any indebtedness for borrowed money owed to any creditor resulting in the acceleration of a material amount of indebtedness that would reasonably justify Secured Party in deeming itself insecure;

(i) default by any of the Debtor's affiliates, Seaplane Leasing, II, LLC, Seaplane Leasing III, LLC, Seaplane Leasing IV, LLC and Seaplane Leasing V, LLC (hereinafter the "Affiliates") under Aircraft Security Agreements now existing or hereafter executed by such Affiliates and Secured Party covering any Grumman G-73 aircraft owned by the Affiliates;

(j) the prospect of payment, performance or realization on the Aircraft and Collateral, in the reasonable opinion of Secured Party, is or becomes significantly impaired;

Should an Event of Default occur, Secured Party may employ all remedies allowed by law, including, without limitation, all remedies of a secured party under the Florida Uniform Commerical Code, including declaring all indebtedness owed under the Loan Documents, as well as any other indebtedness or liability of FBI, Confalone, the Debtor, or the Affiliates, owed to Secured Party, immediately due and payable. Additionally, Secured Party may require the Debtor to assemble the Aircraft and Collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties. The requirements of the Florida Uniform Commercial Code for reasonable notification to the Debtor of the time and

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place of any proposed public sale of the Aircraft or of the time after which any private sale or other intended disposition of the Aircraft is to be made will be met if such notice is mailed, postage prepaid, to the Debtor's address, as specified herein, at least ten (10) days before the time of the sale or disposition. After deduction of all reasonable expenses incurred in realizing on this security interest, and after the payment of all principal, interest and all other sums due under the Loan Documents, the balance of the proceeds of sale, if any, may be applied to the payment of any or all other indebtedness which the Debtor, Affiliates, FBI or Confalone owes Secured Party, regardless of whether such indebtedness is due or not. The Debtor, FBI and Confalone will be liable for any deficiency in its financial obligation under the Loan Documents and this Agreement after application of such proceeds. The Debtor agrees to pay the reasonable attorneys, fees incurred by Secured Party to repossess the Aircraft and Collateral as well as the attorneys' fees incurred in pursuing and collecting any deficiency. If, after an Event of Default, the Aircraft and Collateral is returned to or recovered by Secured Party, the Debtor agrees that Secured Party may fly or otherwise move the Aircraft for demonstration and other purposes reasonably related to a proposed public or private sale or other disposition of the Aircraft. Each right, power and remedy herein granted Secured Party is cumulative and in addition to every other right, power and remedy herein specifically given or now or hereafter existing under or by virtue of the provisions of the Loan Documents or any other agreement between Debtor, FBI, Confalone, Affiliates and Secured Party or in equity, at law or by statute or otherwise. No failure to exercise, and no delay in exercising, any right, power or remedy held by Secured Party hereunder or otherwise, shall operate or a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy held hereunder or otherwise, preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

9. **Damage or Destruction**. In the event of the loss, theft or confiscation of the Aircraft, or the substantial damage or destruction of the Aircraft to such an extent that repair thereof is impracticable (as determined solely but reasonably by Secured Party) , then the Debtor will pay any proceeds thereof to Secured Party to be applied towards the outstanding indebtedness of principal, accrued interest and all other sums due under the Loan Documents, within ten (10) days after demand by Secured Party.

In the event that, following damage to the Aircraft, repair thereof is determined to be practical (as determined solely but reasonably by Secured Party), then the Debtor will promptly repair and restore the Aircraft to its condition immediately prior to the damage. All insurance proceeds paid to Secured Party as a result of such damage pursuant to Section 5 hereof will be available to reimburse the Debtor for the reasonable costs of all required repairs, provided that no Event of Default has occurred and is continuing. The Debtor will furnish evidence satisfactory to Secured Party that the sums requested as reimbursement represent sums actually paid by the Debtor or justly due for labor and materials. If requested by Secured Party, the Debtor will also furnish appropriate lien waivers. Any insurance proceeds remaining after all required repairs have been completed will be immediately paid over to the Debtor so long as no Event of Default has occurred and/or is continuing.

10. **Waivers**. No waiver of any covenant, warranty or condition of this Agreement, nor of any breach or default hereunder, will be effective for any purpose whatsoever unless such waiver is in writing and signed by an officer of Secured Party. It is expressly agreed that Secured Party's waiver of any breach or default by the Debtor will constitute a waiver only as to such particular breach or default and not a waiver of any future breach or default.

11. **Liens**. The Debtor will not, directly or indirectly, create, incur, assume or suffer to exist any lien ("Lien") on or with respect to the Aircraft or Collateral, or any part thereof, except:

(a) the Lien of Secured Party hereunder;

(b) Liens for taxes, assessments or other governmental charges owing by the Debtor, either not yet due or being contested in good faith.(and for the payment of which adequate reserves have been provided) and by appropriate proceedings so long as such proceedings do not involve any material danger of the sale, forfeiture or loss of the Aircraft or Collateral or any part thereof;

(c) materialmen's, mechanic's, workmen's, repairmen's, employees' Liens or any Lien of a similar nature arising in the ordinary course of the Debtor's business, which Lien secures an obligation that is not yet delinquent or is being contested in good faith (and for the payment of which adequate reserves have been provided) and by appropriate proceedings so long as such proceedings do not involve any material danger of the sale, forfeiture or loss of the Aircraft or Collateral or any part thereof;

(d) Liens arising out of any judgment or award against the Debtor which do not involve any material danger of the sale, forfeiture or loss of the Aircraft or Collateral or any part thereof; provided that the judgment or award secured will, within sixty (60) days of entry thereof, have been discharged, vacated, reversed or execution thereof stayed pending appeal and will have been discharged, vacated or reversed within sixty (60) days after the expiration of such stay; and

(e) any other Lien with respect to which the Debtor will have provided a bond or other means that precludes the holder of the Lien, in the reasonable judgment of Secured Party, from taking any recourse against the Aircraft and Collateral.

The Debtor will promptly, at no expense to Secured Party, take (or cause to be taken) such action as may be necessary to duly discharge any Lien not excepted above if the same will arise at any time with respect to the Aircraft, the Collateral, or any part thereof.

12. **Taxes**. The Debtor will pay or cause to be paid in the manner and at the time required by applicable law, all federal, state and local taxes (including sales, property, use, value-added, goods and service taxes, but excluding any income, franchise, property, or similar taxes that may be imposed on the income or other assets of Secured Party) , assessments and governmental charges or levies imposed upon, or in respect of, the Aircraft, the Collateral, this Agreement, any payments made hereunder or under the Note or the Loan Documents, or upon or in respect of the Debtor or the Debtor's income or profits, or upon any property belonging to the Debtor prior to the date on which penalties attach thereto and all lawful claims which, if not paid, become a Lien upon the property of the Debtor (all of the above collectively "Taxes"). The Debtor will indemnify and hold Secured Party harmless from liability for the payment of any such Taxes.

13. **Legal, Valid, Binding and Enforceable Obligation**. The Debtor represents and warrants to Secured Party that this Security Agreement, upon execution and delivery, will constitute the legal, valid and binding obligation of Debtor and will be enforceable in accordance with its terms.

14. **Change of Chief Executive Office and Change of Base**. The Debtor represents that its chief executive office is located at 3420 Bird Avenue, Coconut Grove, Florida 33133 and agrees said chief executive office will not be changed without at least sixty (60) days prior written notice to Secured Party and the filing of any notices or financing statements that are necessary, in Secured Party's opinion, to continue the perfection of Secured Party's security interest in the Aircraft and Collateral. The Debtor will at all times keep the Aircraft and Collateral based within the State of Florida.

15. **GOVERNING LAW AND FORUM CHOICE**. THIS AGREEMENT WAS MADE, ENTERED INTO AND DELIVERED IN THE STATE OF FLORIDA AND THE LAW GOVERNING THIS TRANSACTION WILL BE THAT OF THE STATE OF FLORIDA AS IT MAY FROM TIME TO TIME EXIST. THE LAW OF THE STATE OF FLORIDA WILL APPLY TO ANY AND ALL MATTERS ARISING FROM OR RELATED TO THIS AGREEMENT AND TRANSACTION, INCLUDING ANY ACTIONS UNDERTAKEN BY SECURED PARTY SHOULD AN "EVENT OF DEFAULT" OCCUR, SUCH AS AN ACTION TO OBTAIN POSSESSION OF AND FORECLOSE UPON THE AIRCRAFT, AND ALL OTHER REMEDIES WHICH MAY BE AVAILABLE INCLUDING SEEKING A DEFICIENCY JUDGMENT AGAINST THE DEBTOR.

16. **Enforceability**. The provisions of this Agreement will be severable and, if any provisions are for any reason determined to be invalid, void or unenforceable, in whole or in part, the remaining provisions will remain in full force and effect; provided that the purpose of the remaining valid, effective and enforceable

provisions is not frustrated; and provided further that no party is substantially and materially prejudiced thereby.

17. **Assignability**. Secured Party will have the absolute right to assign, transfer or sell any of its rights under this Agreement to any party of its choosing. The Debtor may not assign or delegate any of its rights or obligations hereunder without the prior written consent of Secured Party.

18. **Sale or Leasing**. The Debtor will not sell, convey or transfer the Aircraft or Collateral, or any interest therein and will not lease or rent the Aircraft or Collateral to any person or party other than FBI without first requesting and obtaining the express written consent of Secured Party.

19. **Binding Agreement**. All obligations of the Debtor hereunder will bind the successors and assigns of the Debtor. If there be more than one debtor hereunder, their liabilities will be joint and several. All rights of Secured Party hereunder will inure to the benefit of its successors and assigns.

20. **Entire Agreement**. This Agreement and the Loan Documents constitute the entire agreement between and among the parties with respect to the subject matter hereof. There are no verbal understandings, agreements, representations or warranties between the parties which are not expressly set forth herein. This Agreement will not be changed orally, but only in writing signed by the parties hereto.

21. **Notices**. Any notice pertaining to this Agreement will be deemed sufficiently given if personally delivered or sent by registered or certified mail, return receipt requested, to the party to whom said notice is to be given. Notices sent by registered or certified mail will be deemed given on the third day after the date of postmark. Until changed by written notice given by either party, the addresses of the parties will be as follows:

The Debtor:	SEAPLANE LEASING II, LLC 3420 Bird Avenue Coconut Grove, Florida 33133 Attn: James Confalone
Secured Party:	OCEAN BANK 780 N. W. 42 Avenue Miami, FL 33126 Attn: General Counsel

The designated addresses of both parties must be located within the United States of America.

22. **Signatory Authority**. The undersigned officer of the Debtor verifies and warrants that he has read this Security Agreement in its entirety, that he understands its provisions and purpose, and that he has full authority to sign and deliver the same on behalf of the Debtor and to bind the Debtor.

23. **Termination**. This Security Agreement shall remain in full force and effect until the indefeasible payment of all obligations of the Debtor, Affiliates, Confalone and FBI arising under the Loan Documents and this Security Agreement and thereafter as long as any payment of or recovery against or with respect to any of such obligations might, in Secured Party's reasonable judgment, be rescinded, or otherwise required to be returned by the Secured Party for any reason, including the insolvency bankruptcy or reorganization of Debtor, FBI, Confalone, any Affiliate or any other Loan Party. At the Debtor's request, Secured Party shall promptly perform such actions and execute and file such documents as may be necessary or appropriate to evidence or effect such termination and release.

24. Waiver of Jury Trial. DEBTOR (AND, BY ACCEPTANCE OF THIS AGREEMENT, SECURED PARTY) HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY AND ALL RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION (INCLUDING BUT NOT

LIMITED TO ANY CLAIMS, CROSS CLAIMS OR THIRD PARTY CLAIMS) ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS AGREEMENT.

25. Restatement of Prior Aircraft Security Agreement. This Security Agreement amends and restates in its entirety that certain Aircraft Security Agreement dated October 22, 1999 from Debtor in favor of Secured Party encumbering the Aircraft and the Collateral filed with the FAA.

In witness of the foregoing, the Debtor has caused its duly authorized officer to execute and deliver this Security Agreement at Miami, Florida, U.S.A. on the day and year first above written.

Signed, sealed and
delivered in the present of:

Name: ENF F. Calleu

Name: C. Richard Monyew

Name:

Name: ENF F. Calleu

SECURED PARTY:

OCEAN BANK

By:
Name: Jorge Morera
Title: S.V.P.

THE Debtor:

SEAPLANE LEASING II, LLC

By:
Name: James Confalone
Title: Sole Member

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STATE OF FLORIDA)
)
COUNTY OF MIAMI-DADE)

This instrument was acknowledged before me on the 28 day of October, 1999, by Jorge Morera, as Sr. Vice Pres. of OCEAN BANK, on behalf of the bank.

Personally known to me ✓
or produced I.D. _____
_____
(type of I.D.)

Did take oath _____
Did not take oath _____

Signature: _____
Title: Notary Public
Name: [Print or type] _____
Serial No., if any: _____
My commission expires:

NOTARY PUBLIC STATE OF FLORIDA
ENI F. CALVINO
MY COMMISSION # CC 825855
EXPIRES: 05/18/2003
1-800-3-NOTARY Fla. Notary Service & Bonding Co.

STATE OF FLORIDA)
)
COUNTY OF MIAMI-DADE)

This instrument was acknowledged before me on the 28 day of October, 1999, by James Confalone, as sole member of SEAPLANE LEASING II, LLC, a Delaware limited liability Debtor, on behalf of said Debtor.

Personally known to me _____
or produced I.D. Fla. drivers lic
_____
(type of I.D.)

Did take oath _____
Did not take oath _____

Signature: _____
Title: Notary Public
Name: [Print or type] _____
Serial No., if any: _____
My commission expires:

NOTARY PUBLIC STATE OF FLORIDA
ENI F. CALVINO
MY COMMISSION # CC 825855
EXPIRES: 05/18/2003
1-800-3-NOTARY Fla. Notary Service & Bonding Co.

FILED WITH FAA
AIRCRAFT REGISTRATION
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OKLAHOMA

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U.S. DEPARTMENT OF TRANSPORTATION

FEDERAL AVIATION ADMINISTRATION

CROSS-REFERENCE--RECORDATION

SEE CONVEYANCE NO .....

FILING DATE: .....

This form is to be used in cases where a conveyance covers several aircraft and engines, propellers, or locations. File original of this form with the recorded conveyance and a copy in each aircraft folder involved.

TYPE OF CONVEYANCE	DATE EXECUTED
SECURITY AGREEMENT	October 22, 1999
FROM SEAPLANE LEASING II, LLC	DOCUMENT NO. K23778
TO OR ASSIGNED TO OCEAN BANK	DATE RECORDED December 7, 1999

THE FOLLOWING COLLATERAL IS COVERED BY THE CONVEYANCE:

AIRCRAFT (List by registration number)	TOTAL NUMBER INVOLVED 1
N142PA	

ENGINES	TOTAL NUMBER INVOLVED 2
MAKE(S) PRATT & WHITNEY PT6A-34	SERIAL NO. 57465 57462

PROPELLERS	TOTAL NUMBER INVOLVED 2
MAKE(S) HARTZELL HCB3TN3DY	SERIAL NO. BU13940 BU18209

SPARE PARTS --LOCATIONS	TOTAL NUMBER INVOLVED
LOCATION	

RECORDED CONVEYANCE FILED IN: N142PA, GRUMMAN G-73, SN: J42

AC FORM 8050-23 (1-96) (0052-00-582-6000)

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AIRCRAFT SECURITY AGREEMENT

Grumman G-73
U.S. Registration No. N142PA
Manufacturer's Serial No. J-42

CONVEYANCE RECORDED

DEC 7 7 07 AM 99

This Security Agreement/Mortgage is made and entered into in this 22nd day of October, 1999, by and between **SEAPLANE LEASING II, LLC**, a limited liability company organized pursuant to the laws of the State of Delaware, with its chief executive office and principal place of business at 3420 Bird Avenue, Coconut Grove, Florida 33133 (hereinafter the "Company") , and **OCEAN BANK**, a Florida banking corporation, organized pursuant to the laws of the State of Florida, with its principal place of business at 780 N. W. 42 Avenue, Miami, FL 33126 (hereinafter the "Secured Party") . This Security Agreement /Mortgage is sometimes hereinafter referred to as the "Security Agreement" or the "Agreement".

RECITALS:

WHEREAS, the Company is an affiliate of **FLYING BOAT, INC. d/b/a Chalk's International Airlines,** a Florida corporation (hereinafter "FBI") and is wholly owned by James Confalone (hereinafter "Confalone"); and

WHEREAS, the Company is the owner of the aircraft described in this Agreement, which aircraft the Company may lease to FBI for use in FBI's airline business; and

WHEREAS, FBI and Confalone are borrowing the total sum of Six Hundred Seventy Two Thousand Four Hundred Dollars ($672,400) from the Secured Party pursuant to a Promissory Note and related documentation of even date herewith (hereinafter the "Loan Documents"); and

WHEREAS, to secure the payment of FBI's and Confalone's obligations to the Secured Party under the Loan Documents, the Company desires to grant the Secured Party a security interest in the aircraft described below.

NOW, THEREFORE, in consideration of the mutual promises, covenants and representations set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Grant of Security Interest**. To secure the payment of FBI's and Confalone's obligations under the Loan Documents executed in conjunction with this Security Agreement and dated of even date herewith, together with any and all other indebtedness owed by FBI, Confalone and the Company to Secured Party (whether now existing or hereafter arising), as well as any renewals, extensions or changes in the form of said obligation or indebtedness, the Company grants to Secured Party a continuing, first priority security interest in and lien on the following property:

Airframe described as follows:

Grumman G-73
U.S. Registration No. N142PA
Manufacturer's Serial No. J-42

Cert Copy: CTD

992981210486
$25.00 10-25-99

FILED WITH FAA

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OKLAHOMA CITY
OKLAHOMA

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Engines described as follows:

Make: Pratt & Whitney
Model: PT6A-34
Manufacturer's Serial Nos.:
57465
57462

Propellers described as follows:

Make: Hartzell
Model: HCB3TN3DY
Manufacturer's Serial Nos.:
BU13940
BU18209

together with all instruments, avionics, equipment, parts and accessories attached to or installed in said aircraft; all aircraft and engine log books; all spare parts; and all additions, accessions, substitutions and proceeds of any of the foregoing property including, but not limited to any proceeds of insurance covering the foregoing property and any and all accounts, general intangibles, contract rights, inventory, equipment, money, drafts, instruments, deposit accounts or other tangible or intangible property of the Company resulting from the sale (authorized or unauthorized) or other disposition of the foregoing property. The above-mentioned property is hereinafter collectively referred to as the "Aircraft". Each of the above described aircraft engines is 750 or more rated take-off horsepower and each of the above-described aircraft propellers is capable of absorbing 750 or more rated take-off shaft horsepower.

2. **Company's Warranty of Title**. Except for the security interest granted herein, the Company warrants that it is the owner of the Aircraft free from any security interest, lien or encumbrance. The Company further warrants that it will defend the Aircraft against all claims and demands of any person claiming any interest therein by virtue of any such security interest, lien or encumbrance.

3. **Company Will Execute and Deliver Documents**. At Secured Party's request, the Company will promptly furnish such information and execute and deliver such documents and do all such acts and things as Secured Party may reasonably request and as are necessary or appropriate to assist Secured Party in establishing and maintaining a valid security interest in the Aircraft and to assure that the Aircraft is properly titled and registered and that the security interest granted hereby is perfected to Secured Party's satisfaction. The Company will pay the cost of filing all appropriate documents in all public offices where Secured Party deems such filings necessary or desirable.

4. **Operation, Maintenance and Repair**. The Company will use, operate, maintain, store and repair the Aircraft and retain actual control and possession thereof in accordance with each of the following provisions:

(a) The Company will at all times keep the Aircraft validly and currently registered on the aircraft registry of the United States of America, and comply in all respects with all rules and regulations of the U.S. Federal Aviation Administration ("FAA") which are applicable to the Company's use, operation, maintenance, storage and repair of the Aircraft.

(b) The Company will use, operate, maintain, store and repair the Aircraft, and all parts thereof, properly, carefully and in complete compliance with all applicable statutes, ordinances, regulations, policies of insurance, manufacturer's recommendations and manufacturer's operating and maintenance manuals and handbooks.

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(c) The Company will only allow properly qualified and licensed pilots to operate the Aircraft.

(d) The Company will be responsible for and pay all expenses of owning and operating the Aircraft, including but not limited to storage, fuel, lubricants, service, inspections, overhauls, replacements, maintenance and repairs, all of which will be accomplished in compliance with the manufacturer's operating and maintenance manuals and handbooks, and the rules and regulations of the FAA and any foreign government agency having jurisdiction over the Aircraft. The Company will properly maintain all records pertaining to the maintenance, operation and repair of the Aircraft.

(e) The Company will at all times maintain the Aircraft in an airworthy condition and in good working order and will make no modifications to the Aircraft which have the effect of reducing its value or utility.

5. **Insurance**. The Company will, at all times and at its sole expense, obtain and carry the types and amounts of insurance coverage specified below:

(a) "All Risk" type hull insurance on the Aircraft, both In-Flight and Not In-Flight, including ingestion and foreign object damage, in an amount not less than the unpaid principal balance owed under the Loan Documents or the fair market value of the Aircraft, whichever is greater. All policies of insurance carried in accordance with this subsection (a) will provide that the insurance proceeds from any loss involving the Aircraft will be jointly payable to Secured Party and the Company.

(b) Aircraft hull war risks insurance (including without limiting the generality thereof, insurance covering any loss or damage by strikes, riots, civil commotions or labor disturbances, and any malicious act. or acts of sabotage) covering the Aircraft for an amount which will at no time be less than the unpaid principal balance owed under the Loan Documents or the fair market value of the Aircraft, whichever is greater. Such insurance will insure risks of war, hijacking (air piracy), governmental confiscation, nationalization, seizure, restraint, detention, appropriation, requisition, terrorist or political activity, and such similar coverage as is obtainable in the London market by Lloyds and which is excluded from the all risk ground and flight aircraft hull insurance policies.

(c) Insurance covering the Aircraft's engine when it has been replaced or removed from the Aircraft. Such insurance will provide coverage in an amount no less than the replacement cost of said engine and have a deductible no greater than U.S. Fifty Thousand Dollars ($50,000.00).

(d) Comprehensive aircraft liability insurance (including passengers, passengers, baggage, cargo and mail, crew, public liability, and property damage) with limits no less than U.S. Twenty-Five Million Dollars ($25,000,000.00) combined single limit per occurrence. Such insurance will not favor the Company or any other insured as against Secured Party, its officers, agents, servants, employees, successors or assigns as to priority of application of insurance proceeds in satisfaction of claims against more than one insured.

(e) Aircraft war risks liability insurance, including passenger liability, public liability and property damage liability insurance, with limits no less than U.S. Twenty-Five Million Dollars ($25,000,000.00) combined single limit per occurrence. Such insurance will not favor the Company or any other insured as against Secured Party, its officers, agents, servants, employees, successors or assigns as to priority of application of insurance proceeds in satisfaction of claims against more than one insured. Such insurance will insure risks of war, hijacking (air piracy), governmental confiscation, nationalization, seizure, restraint, detention, appropriation, requisition, terrorist or political activity, and such similar coverage as is obtainable in the London market by Lloyds and which is excluded from the comprehensive aircraft liability insurance policies.

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(f) Such other forms of coverage as may be reasonably requested from time to time by Secured Party.

All insurance policies maintained by the Company in accordance with subsections (a) through (f) above will also comply with each of the following requirements:

(1) name Secured Party as a loss payee with respect to the insurance maintained in accordance with the provisions of subsections (a), (b) and (c), and as additional insured with respect to the insurance maintained in accordance with the provisions of subsections (d) and (e);

(2) be in the kind and form satisfactory to Secured Party and issued by insurers of recognized responsibility which are satisfactory to Secured Party;

(3) provide that if such insurance is canceled for any reason whatsoever, or any substantial change is made in policy terms, conditions or coverage, or the policy is allowed to lapse for nonpayment of premium, such cancellation, change or lapse will not be effective as to Secured Party until thirty (30) days after the Company's insurers send written notice of the cancellation, change or lapse in policy terms, conditions or coverage to Secured Party via certified mail;

(4) provide that in respect of the interest of Secured Party in such policies, the insurance will not be invalidated by any action or inaction of the Company and will insure Secured Party regardless of any breach or violation by the Company of any warranty, declaration or condition contained in such policies; and

(5) provide that the geographic limits, if any, contained in such policy will include at a minimum all territories over which the Company will operate the Aircraft.

The Company will furnish to Secured Party evidence of the aforesaid insurance coverage in certificate form. Evidence of renewal of each policy will thereafter be furnished to Secured Party in certificate form. The Company covenants that it will not do any act or voluntarily suffer or permit any act to be done whereby any insurance required hereunder will or may be suspended, impaired or defeated.

6. **Company's Possession**. The Company may have possession of the Aircraft and use it in any lawful manner not inconsistent with this Agreement, except when an Event of Default has occurred and is continuing. In the event the Company fails to undertake any of the following actions within ten (10) days after receipt of Secured Party's written demand for such action, Secured Party, at its option and without assuming any obligation to do so, may discharge taxes, liens, security interests or other encumbrances levied or asserted against the Aircraft, may place and pay for insurance thereon, may order and pay for the repair, maintenance and preservation thereof, and may pay any necessary filing or recording fees. Any amounts paid by Secured Party under the preceding sentence will be added to the unpaid principal balance under the Promissory Note, will be secured by the Aircraft, and this Agreement, and will be payable by the Company upon demand by Secured Party together with interest at the rate provided for in the Promissory Note until paid in full.

7. **Company's Covenants**. As long as this Agreement remains in effect, the Company will furnish Secured Party with such information concerning the location, condition, use and operation of the Aircraft as Secured Party may reasonably request, and the Company will permit any person designated by Secured Party in writing to inspect the Aircraft, wherever located, and all records and manuals maintained in connection therewith and to make copies of such records, and to visit and inspect the properties and facilities of the Company, provided such visits do not unreasonably interfere with the operations of the Company, and to discuss the affairs, finances and accounts of the Company with the principal financial officers of the Company, all at such reasonable times and as often as Secured Party may reasonably request. Secured Party will have no duty to make any such inspection and will not incur any liability or obligation or be deemed to have waived any right by reason of not making any such inspection. The Company will also furnish to Secured Party

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such other information as Secured Party may reasonably request, from time to time, with respect to the financial condition and operations of the Company in order to determine whether the covenants, terms and provisions of this Agreement have been complied with by the Company.

8. **Company's Default**. The parties agree that the occurrence of any of the following events will constitute an "Event of Default":

(a) FBI's or Confalone's failure to make any timely payment of either principal, interest, late payment charges or any other amount required to be paid under the Loan Documents, or the Company's failure to pay any amount required under any other promissory note, security agreement or other agreements between the Company and Secured Party, if such failure continues for a period of ten (10) days beyond the due date of such payment;

(b) The Company's failure to perform any material promise, agreement, obligation, warranty or covenant made by it herein, if such failure continues for a period of thirty (30) days after Secured Party has given the Company notice of such failure;

(c) The Company's failure to maintain the insurance coverage as specified above in Section 5;

(d) any material misrepresentation made by the Company to Secured Party in connection with this Agreement;

(e) entry of a money judgment, in excess of $25,000.00 against the Company, if such judgment is nonappealable and remains undischarged or unstayed for a period in excess of sixty (60) days;

(f) dissolution, termination of existence, insolvency, business failure, inability to pay debts as they mature, assignment for the benefit of creditors, or the commencement, with respect to the Company, of any proceedings (either voluntary or involuntary) under any bankruptcy or insolvency laws provided that any such proceedings, if involuntary, are not dismissed within sixty (60) days of the filing date of such proceedings;

(g) default in the payment by the Company of any indebtedness for borrowed money owed to any creditor resulting in the acceleration of a material amount of indebtedness that would reasonably justify Secured Party in deeming itself insecure;

(h) default by any of the Company's affiliates, Seaplane Leasing I, LLC, Seaplane Leasing III, LLC, Seaplane Leasing IV, LLC and Seaplane Leasing V, LLC (hereinafter the "Affiliates") under Aircraft Security Agreements now existing or hereafter executed by such Affiliates and Secured Party covering any Grumman G-73 aircraft owned by the Affiliates;

(i) the prospect of payment, performance or realization on the Aircraft, in the reasonable opinion of Secured Party, is or becomes significantly impaired;

Should an Event of Default occur, Secured Party may employ all remedies allowed by law, including declaring all indebtedness owed under the Loan Documents, as well as any other indebtedness or liability of FBI, Confalone, the Company, or the Affiliates, owed to Secured Party, immediately due and payable. Additionally, Secured Party may require the Company to assemble the Aircraft and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties. The requirements of the Florida Uniform Commercial Code for reasonable notification to the Company of the time and place of any proposed public sale of the Aircraft or of the time after which any private sale or other intended disposition of the Aircraft is to be made will be met if such notice is mailed, postage prepaid, to the Company's address, as specified herein, at least ten (10) days before the time of the sale or disposition. After deduction of all reasonable expenses incurred in realizing on this security interest, and after the payment of all principal,

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interest and late payment charges due under the Loan Documents, the balance of the proceeds of sale, if any, may be applied to the payment of any or all other indebtedness which the Company, FBI or Confalone owes Secured Party, regardless of whether such indebtedness is due or not. The Company, FBI and Confalone will be liable for any deficiency in its financial obligation under the Loan Documents and this Agreement after application of such proceeds. The Company agrees to pay the reasonable attorneys, fees incurred by Secured Party to repossess the Aircraft as well as the attorneys' fees incurred in pursuing and collecting any deficiency. If, after a default by the Company, Confalone or FBI, the Aircraft is returned to or recovered by Secured Party, the Company agrees that Secured Party may fly or otherwise move the Aircraft for demonstration and other purposes reasonably related to a proposed public or private sale or other disposition of the Aircraft.

9. **Damage or Destruction**. In the event of the loss, theft or confiscation of the Aircraft, or the substantial damage or destruction of the Aircraft to such an extent that repair thereof is impracticable (as determined solely but reasonably by Secured Party) , then the Company will pay any proceeds thereof to Secured Party to be applied towards the outstanding indebtedness of principal and accrued interest due under the Loan Documents, without prepayment penalty, within thirty (30) days after demand by Secured Party.

In the event that, following damage to the Aircraft, repair thereof is determined to be practical (as determined solely but reasonably by Secured Party), then the Company will promptly repair and restore the Aircraft to its condition immediately prior to the damage. All insurance proceeds paid to Secured Party as a result of such damage pursuant to Section 5 hereof will be available to reimburse the Company for the reasonable costs of all required repairs, provided that no Event of Default has occurred and is continuing. The Company will furnish evidence satisfactory to Secured Party that the sums requested as reimbursement represent sums actually paid by the Company or justly due for labor and materials. If requested by Secured Party, the Company will also furnish appropriate lien waivers. Any insurance proceeds remaining after all required repairs have been completed will be immediately paid over to the Company so long as no Event of Default has occurred and/or is continuing.

10. **Waivers**. No waiver of any covenant, warranty or condition of this Agreement, nor of any breach or default hereunder, will be effective for any purpose whatsoever unless such waiver is in writing and signed by an officer of Secured Party. It is expressly agreed that Secured Party's waiver of any breach or default by the Company will constitute a waiver only as to such particular breach or default and not a waiver of any future breach or default.

11. **Liens**. The Company will not, directly or indirectly, create, incur, assume or suffer to exist any lien ("Lien") on or with respect to the Aircraft, or any part thereof, except:

(a) the Lien of Secured Party hereunder;

(b) Liens for taxes, assessments or other governmental charges owing by the Company, either not yet due or being contested in good faith.(and for the payment of which adequate reserves have been provided) and by appropriate proceedings so long as such proceedings do not involve any material danger of the sale, forfeiture or loss of the Aircraft or any part thereof;

(c) materialmen's, mechanic's, workmen's, repairmen's, employees' Liens or any Lien of a similar nature arising in the ordinary course of the Company's business, which Lien secures an obligation that is not yet delinquent or is being contested in good faith (and for the payment of which adequate reserves have been provided) and by appropriate proceedings so long as such proceedings do not involve any material danger of the sale, forfeiture or loss of the Aircraft or any part thereof;

(d) Liens arising out of any judgment or award against the Company, provided that the judgment or award secured will, within sixty (60) days of entry thereof, have been discharged, vacated, reversed or execution thereof stayed pending appeal and will have been discharged, vacated or reversed within sixty (60) days after the expiration of such stay; and

(e) any other Lien with respect to which the Company will have provided a bond or other means that precludes the holder of the Lien, in the reasonable judgment of Secured Party, from taking any recourse against the Aircraft.

The Company will promptly, at no expense to Secured Party, take (or cause to be taken) such action as may be necessary to duly discharge any Lien not excepted above if the same will arise at any time with respect to the Aircraft or any part thereof.

12. **Taxes**. The Company will pay or cause to be paid in the manner and at the time required by applicable law, all federal, state and local taxes (including sales, property, use, value-added, goods and service taxes, but excluding any income, franchise, property, or similar taxes that may be imposed on the income or other assets of Secured Party) , assessments and governmental charges or levies imposed upon, or in respect of, the Aircraft, this Agreement, any payments made hereunder or under the Promissory Note, or upon or in respect of the Company or the Company's income or profits, or upon any property belonging to the Company prior to the date on which penalties attach thereto and all lawful claims which, if not paid, become a Lien upon the property of the Company (all of the above collectively "Taxes"). The Company will indemnify and hold Secured Party harmless from liability for the payment of any such Taxes.

13. **Legal, Valid, Binding and Enforceable Obligation**. The Company represents and warrants to Secured Party that this Security Agreement, upon execution and delivery, will constitute the legal, valid and binding obligation of Debtor and will be enforceable in accordance with its terms.

14. **Changes of Chief Executive Office and Change of Base**. The Company represents that its chief executive office is located at 3420 Bird Avenue, Coconut Grove, Florida 33133 and agrees said chief executive office will not be changed without at least 60 days prior written notice to Secured Party and the filing of any notices or financing statements that are necessary, in Secured Party's opinion, to continue the perfection of Secured Party's security interest in the Aircraft. The Company will at all times keep the Aircraft based within the continental United States of America.

15. **GOVERNING LAW AND FORUM CHOICE**. THIS AGREEMENT WAS MADE, ENTERED INTO AND DELIVERED IN THE STATE OF FLORIDA AND THE LAW GOVERNING THIS TRANSACTION WILL BE THAT OF THE STATE OF FLORIDA AS IT MAY FROM TIME TO TIME EXIST. THE LAW OF THE STATE OF FLORIDA WILL APPLY TO ANY AND ALL MATTERS ARISING FROM OR RELATED TO THIS AGREEMENT AND TRANSACTION, INCLUDING ANY ACTIONS UNDERTAKEN BY SECURED PARTY SHOULD AN "EVENT OF DEFAULT" OCCUR, SUCH AS AN ACTION TO OBTAIN POSSESSION OF AND FORECLOSE UPON THE AIRCRAFT, AND ALL OTHER REMEDIES WHICH MAY BE AVAILABLE INCLUDING SEEKING A DEFICIENCY JUDGMENT AGAINST THE COMPANY. THE PARTIES AGREE THAT ANY LEGAL PROCEEDING BASED UPON THE PROVISIONS OF THIS AGREEMENT WILL BE BROUGHT EXCLUSIVELY IN EITHER THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF FLORIDA AT MIAMI, FLORIDA, OR IN THE CIRCUIT COURT OF THE ELEVENTH JUDICIAL CIRCUIT IN AND FOR MIAMI-DADE COUNTY, FLORIDA, TO THE EXCLUSION OF ALL OTHER COURTS AND TRIBUNALS. NOTWITHSTANDING THE ABOVE, IN THE EVENT AN "EVENT OF DEFAULT" SHOULD OCCUR, SECURED PARTY (AT ITS SOLE OPTION) MAY INSTITUTE A LEGAL PROCEEDING IN ANY JURISDICTION AS MAY BE APPROPRIATE IN ORDER FOR SECURED PARTY TO OBTAIN POSSESSION OF AND FORECLOSE UPON THE AIRCRAFT. THE PARTIES HEREBY CONSENT AND AGREE TO BE SUBJECT TO THE JURISDICTION OF THE AFORESAID COURTS IN SUCH PROCEEDINGS.

16. **Enforceability**. The provisions of this Agreement will be severable and, if any provisions are for any reason determined to be invalid, void or unenforceable, in whole or in part, the remaining provisions will remain in full force and effect; provided that the purpose of the remaining valid, effective and enforceable provisions is not frustrated; and provided further that no party is substantially and materially prejudiced thereby.

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17. **Assignability**. Secured Party will have the absolute right to assign, transfer or sell any of its rights under this Agreement to any party of its choosing. The Company may not assign or delegate any of its rights or obligations hereunder without the prior written consent of Secured Party.

18. **Sale or Leasing**. The Company will not sell, convey or transfer the Aircraft or any interest therein and will not lease or rent the Aircraft to any party without first requesting and obtaining the express written consent of Secured Party.

19. **Binding Agreement**. All obligations of the Company hereunder will bind the successors and assigns of the Company. If there be more than one debtor hereunder, their liabilities will be joint and several. All rights of Secured Party hereunder will inure to the benefit of its successors and assigns.

20. **Entire Agreement**. This Agreement and the Loan Documents constitute the entire agreement between and among the parties with respect to the subject matter hereof. There are no verbal understandings, agreements, representations or warranties between the parties which are not expressly set forth herein. This Agreement will not be changed orally, but only in writing signed by the parties hereto.

21. **Notices**. Any notice pertaining to this Agreement will be deemed sufficiently given if personally delivered or sent by registered or certified mail, return receipt requested, to the party to whom said notice is to be given. Notices sent by registered or certified mail will be deemed given on the third day after the date of postmark. Until changed by written notice given by either party, the addresses of the parties will be as follows:

The Company:
SEAPLANE LEASING II, LLC
3420 Bird Avenue
Coconut Grove, Florida 33133
Attn: James Confalone

Secured Party:
OCEAN BANK
780 N. W. 42 Avenue
Miami, FL 33126
Attn: General Counsel

The designated addresses of both parties must be located within the United States of America.

22. **Signatory Authority**. The undersigned officer of the Company verifies and warrants that he has read this Security Agreement in its entirety, that he understands its provisions and purpose, and that he has full authority to sign and deliver the same on behalf of the Company and to bind the Company.

23. **Termination**. This Agreement shall terminate and the security interest granted herein shall be released upon the discharge of all obligations of the Company, Confalone and FBI arising under the Loan Documents and this Security Agreement. At the Company's request, Secured Party shall promptly perform such actions and execute and file such documents as may be necessary or appropriate to evidence or effect such termination and release.

[Remainder of Page Left Blank Intentionally.]

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In witness of the foregoing, the Company has caused its duly authorized officer to execute and deliver this Security Agreement at Miami, Florida, U.S.A. on the day and year first above written.

Signed, sealed and
delivered in the present of:

Name: MARIA E. PEREZ

Name: EDARMIS SANTOVENIA

SECURED PARTY:

OCEAN BANK

By:
Name: JORGE MORERA
Title: VICE PRESIDENT

Name: MARIA E. PEREZ

Name: EDARMIS SANTOVENIA

THE COMPANY:

SEAPLANE LEASING II, LLC

By:
Name: James Confalone
Title: Sole Member

69-1

STATE OF FLORIDA)
)
COUNTY OF MIAMI-DADE)

This instrument was acknowledged before me on the 22ND day of October, 1999, by JORGE MORERA, as VICE-PRESIDENT of OCEAN BANK, on behalf of the bank.

Personally known to me ✓
or produced I.D. _____
_____
(type of I.D.)

Did take oath _____
Did not take oath ✓

Signature: Maria E. Perez
Title: Notary Public
Name: [Print or type] MARIA E. PEREZ
Serial No., if any: _____
My commission expires:

MARIA E. PEREZ
MY COMMISSION # CC 825867
EXPIRES: 05/28/2003
1-800-3-NOTARY Fla. Notary Service & Bonding Co.

STATE OF FLORIDA)
)
COUNTY OF MIAMI-DADE)

This instrument was acknowledged before me on the 22ND day of October, 1999, by James Confalone, as sole member of SEAPLANE LEASING II, LLC, a Delaware limited liability company, on behalf of said company.

Personally known to me ✓
or produced I.D. _____
_____
(type of I.D.)

Did take oath _____
Did not take oath ✓

Signature: Maria E. Perez
Title: Notary Public
Name: [Print or type] MARIA E. PEREZ
Serial No., if any: _____
My commission expires:

MARIA E. PEREZ
MY COMMISSION # CC 825867
EXPIRES: 05/28/2003
1-800-3-NOTARY Fla. Notary Service & Bonding Co.

FILED WITH FAA

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OKLAHOMA CITY
OKLAHOMA

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68-3

CONVEYANCE RECORDED

DEC 7 7 01 AM 99

DISCLAIMER AND RELEASE

The undersigned hereby certify that they claim no right, title or interest in the Grumman model G-73 aircraft with manufacturer's serial number J42 and United States nationality and registration marks N142PA and the Pratt & Whitney model PT6A-34 aircraft engines with manufacturer's serial number 57462 and 57465 and further certify that said aircraft and aircraft engines are hereby released from the terms of the encumbrances described in the attached Appendix.

Dated this 7th day of October, 1999.

United Capital Corp. of Illinois

By: Seth L. Atwood

Title: president

U.S. Distributors, Inc.

By:

Title:

SEE RECORDED CONVEYANCE NUMBER F69555 etal
FICHE# R-4 PAGE# 53-23

670416

Cert Copy: C+D 9929512075 37 10/22/99 $15

FILED WITH FAA
'99 OCT 22 AM 11 56
OKLAHOMA CITY
OKLAHOMA

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APPENDIX

Aircraft Mortgage and Security Agreement dated as of August 6, 1998, by TPI Leasing Management, Inc. in favor of United Capital Corp. of Illinois, recorded by the Federal Aviation Administration on August 10, 1998, as Conveyance No. F69555, assigned by United Capital Corp. of Illinois to U.S. Distributors, Inc. by the Assignment by Secured Party dated July 7, 1999, which was filed with the FAA on July 20, 1999, but not yet recorded.

FILED WITH FAA

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OKLAHOMA CITY
OKLAHOMA

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67-3

U.S. DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION **CROSS-REFERENCE--RECORDATION**	SEE CONVEYANCE NO ..... FILING DATE: .....

This form is to be used in cases where a conveyance covers several aircraft and engines, propellers, or locations. File original of this form with the recorded conveyance and a copy in each aircraft folder involved.

TYPE OF CONVEYANCE ASSIGNMENT (SEE ATTACHED)	DATE EXECUTED July 7, 1999
FROM UNITED CAPITAL CORP. OF ILLINOIS - ASSIGNOR	DOCUMENT NO. P21731
TO OR ASSIGNED TO U.S. DISTRIBUTORS, INC. - ASSIGNEE	DATE RECORDED December 1, 1999

THE FOLLOWING COLLATERAL IS COVERED BY THE CONVEYANCE:

AIRCRAFT (List by registration number)	TOTAL NUMBER INVOLVED
SEE ATTACHED	

ENGINES		TOTAL NUMBER INVOLVED
MAKE(S) SEE ATTACHED	SERIAL NO.	
PROPELLERS		**TOTAL NUMBER INVOLVED**
MAKE(S)	SERIAL NO.	
SPARE PARTS --LOCATIONS		**TOTAL NUMBER INVOLVED**
LOCATION		

RECORDED CONVEYANCE FILED IN: N628SS, GRUMMAN G-73, SN: J-28

AC FORM 8050-23 (1-96) (0052-00-582-6000)

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ATTACHMENT TO CROSS REFERENCE SHEET: N628SS

See II005277, etal: N628SS, R.4, P.43-81

N628SS	Engines:
N130FB	Pratt & Whitney PT6A, SN: 56991
N2969	Pratt & Whitney PT64-34, SN: 57002, PC-E-56092
N1208	
N2974	

See F69550, etal: N628SS, R.6, P.50-75

N628SS	Engines:
N130FB	Pratt & Whitney PT6A, SN: 56991, 57002, PC-E-56092
N2969	
N1208	
N2974	

See F69555: N142PA, R.4, P.53-73

N142PA	Engines:
	Pratt & Whitney PT6A-34, SN: 57462, 57465

FORM APPROVED
OMB No. 2120-0042

66-1

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UNITED STATES OF AMERICA DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION-MIKE MONRONEY AERONAUTICAL CENTER
AIRCRAFT REGISTRATION APPLICATION

CERT. ISSUE DATE

UNITED STATES REGISTRATION NUMBER N 142PA

AIRCRAFT MANUFACTURER & MODEL
Grumman G73

OCT 26 1999

AIRCRAFT SERIAL No.
J-42

FOR FAA USE ONLY

TYPE OF REGISTRATION (Check one box)

☐ 1. Individual ☐ 2. Partnership ☒ 3. Corporation ☐ 4. Co-owner ☐ 5. Gov't. ☐ 8. Non-Citizen Corporation

NAME OF APPLICANT (Person(s) shown on evidence of ownership. If individual, give last name, first name, and middle initial.)

Seaplane Leasing II, LLC, a Delaware limited liability company

TELEPHONE NUMBER: (305) 442-7377

ADDRESS (Permanent mailing address for first applicant listed.)

Number and street: 704 S.W. 34th Street

Rural Route: P.O. Box:

CITY	STATE	ZIP CODE
Ft. Lauderdale	Florida	33315

☐ **CHECK HERE IF YOU ARE ONLY REPORTING A CHANGE OF ADDRESS**

ATTENTION! Read the following statement before signing this application. This portion MUST be completed.

A false or dishonest answer to any question in this application may be grounds for punishment by fine and / or imprisonment (U.S. Code, Title 18, Sec. 1001).

CERTIFICATION

I/WE CERTIFY:

(1) That the above aircraft is owned by the undersigned applicant, who is a citizen (including corporations) of the United States.

(For voting trust, give name of trustee: _____), or:

CHECK ONE AS APPROPRIATE:

a. ☐ A resident alien, with alien registration (Form 1-151 or Form 1-551) No. _____

b. ☐ A non-citizen corporation organized and doing business under the laws of (state) _____ and said aircraft is based and primarily used in the United States. Records or flight hours are available for inspection at _____

(2) That the aircraft is not registered under the laws of any foreign country; and

(3) That legal evidence of ownership is attached or has been filed with the Federal Aviation Administration.

NOTE: If executed for co-ownership all applicants must sign. Use reverse side if necessary.

TYPE OR PRINT NAME BELOW SIGNATURE

EACH PART OF THIS APPLICATION MUST BE SIGNED IN INK

SIGNATURE	TITLE	DATE
[signature]	Member	10-22-99
SIGNATURE James Confalone	TITLE	DATE
SIGNATURE	TITLE	DATE

NOTE Pending receipt of the Certificate of Aircraft Registration, the aircraft may be operated for a period not in excess of 90 days, during which time the PINK copy of this application must be carried in the aircraft.

AC Form 8050-1 (12/90) (0052-00-628-9007) Supersedes Previous Edition

TC eff 11-25-99

FILED WITH FAA
'99 OCT 22 AM 11 57
OKLAHOMA CITY
OKLAHOMA

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FORM APPROVED
OMB NO. 2120-0042

UNITED STATES OF AMERICA
U.S. DEPARTMENT OF TRANSPORTATION, FEDERAL AVIATION ADMINISTRATION

AIRCRAFT BILL OF SALE

6 7 3 651

I 6 4 1 0 5

FOR AND IN CONSIDERATION OF $ 1&OVC THE UNDERSIGNED OWNER(S) OF THE FULL LEGAL AND BENEFICIAL TITLE OF THE AIRCRAFT DESCRIBED AS FOLLOWS:

UNITED STATES REGISTRATION NUMBER N 142 PA

AIRCRAFT MANUFACTURER & MODEL GRUMMAN G73

AIRCRAFT SERIAL No. J-42

CONVEYANCE RECORDED

OCT 26 2 29 PM '99

DOES THIS 22nd DAY OF Oct., 1999, HEREBY SELL, GRANT, TRANSFER AND DELIVER ALL RIGHTS, TITLE, AND INTERESTS IN AND TO SUCH AIRCRAFT UNTO:

Do Not Write In This Block
FOR FAA USE ONLY
FEDERAL AVIATION ADMINISTRATION

PURCHASER

NAME AND ADDRESS
(IF INDIVIDUAL(S), GIVE LAST NAME, FIRST NAME, AND MIDDLE INITIAL.)

Seaplane Leasing II, LLC, a Delaware limited
liability company
704 S.W. 34th Street
Ft. Lauderdale, Florida 33315

DEALER CERTIFICATE NUMBER

AND TO its successors ~~XXXXXXXXXXXXXXXXXXXXXXXX~~ AND ASSIGNS TO HAVE AND TO HOLD SINGULARLY THE SAID AIRCRAFT FOREVER, AND WARRANTS THE TITLE THEREOF.

IN TESTIMONY WHEREOF we HAVE SET our HAND AND SEAL THIS 22nd DAY OF Oct., 1999.

SELLER

NAME (S) OF SELLER (TYPED OR PRINTED)	SIGNATURE (S) (IN INK) (IF EXECUTED FOR CO-OWNERSHIP, ALL MUST SIGN.)	TITLE (TYPED OR PRINTED)
United Capital Corp. of Illinois	Seth L. Atwood	president

ACKNOWLEDGMENT (NOT REQUIRED FOR PURPOSES OF FAA RECORDING: HOWEVER, MAY BE REQUIRED BY LOCAL LAW FOR VALIDITY OF THE INSTRUMENT.)

Cert cy retd to cstd

ORIGINAL: TO FAA

9929512075370 10/22/99 pj

FILED WITH FAA
'99 OCT 22 AM 11 57
OKLAHOMA CITY
OKLAHOMA

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DISCLAIMER AND TERMINATION

The undersigned hereby certifies that it claims no right, title or interest in the Grumman model G-73 aircraft with manufacturer's serial number J42 and United States nationality and registration marks N142PA, the Pratt & Whitney model PT6A-34 aircraft engines with manufacturer's serial numbers 57462 and 57465 and the Hartzell model HCB3TN3DY aircraft propellers with manufacturer's serial numbers BU14534 and BU12826 by reason of its interest as lessee under the Lease Agreement dated as of July 31, 1998, with Air Alaska Commuter Leasing, Inc. as lessor, recorded by the Federal Aviation Administration on August 10, 1998, as Conveyance No. F69557, or otherwise. The undersigned further certifies that said Lease Agreement has terminated.

Dated this 22nd day of October, 1999.

Flying Boat, Inc.

By: _____

Title: President

RECORDED
CONVEYANCE
NUMBER F69557
FICHE# R-8 PAGE# 55-123

I 6 4 0 9 7

CONVEYANCE
RECORDED

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FEDERAL AVIATION
ADMINISTRATION

Cert cy retd to C&V

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OKLAHOMA

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DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION
FAA AIRCRAFT REGISTRY
P.O. Box 25504
Oklahoma City, Oklahoma 73125

CONVEYANCE RECORDED

'99 AUG 9 PM 1 32

FEDERAL AVIATION ADMINISTRATION

NOTICE OF RECORDATION - AIRCRAFT LEASE

LESSOR TPE LEASING MANAGEMENT INC.	
LESSEE AIR ALASKA COMMUTER LEASING INC.	
ASSIGNED TO FLYING BOAT INC.	

FAA REGISTRATION NUMBER	AIRCRAFT SERIAL NUMBER	AIRCRAFT MFR. (BUILDER) AND MODEL
N142PA FORMERLY N51151	J42	GRUMMAN G-73

RECORDED
CONVEYANCE
NUMBER F69557
R-8 25-123

ENGINE MFR. AND MODEL	ENGINE SERIAL NUMBER(S)
PRATT & WHITNEY PT6A-34	57462 & 57465
PROPELLER MFR AND MODEL	**PROPELLER SERIAL NUMBER(S)**
HARTZELL HCB3TN3DY	BU14534 & BU12826

THE LEASE AGREEMENT DATED 7-31-98 COVERING THE ABOVE COLLATERAL WAS RECORDED BY THE FAA AIRCRAFT REGISTRY ON 8-10-98 AS CONVEYANCE NUMBER F69556 AND SUBLEASE AGREEMENT DATED 7-31-98, RECORDED 8-10-98 AS CONVEYANCE NUMBER F69557.

FAA CONVEYANCES EXAMINER

TERMINATION OF LEASE

UNDERSIGNED HEREBY CERTIFY AND ACKNOWLEDGE THAT THE ABOVE-DESCRIBED AIRCRAFT LEASE HAS BEEN TERMINATED ON 7-7-99 AND THAT THE ABOVE-DESCRIBED COLLATERAL IS NO LONGER SUBJECT TO THE TERMS AND PROVISIONS THEREOF.

NAME OF LESSOR
TPI LEASING MANAGEMENT INC.

SIGNATURE AND TITLE

NAME OF LESSEE
AIR ALASKA COMMUTER LEASING INC.

SIGNATURE AND TITLE

NAME OF ASSIGNEE
FLYING BOAT INC.

SIGNATURE AND TITLE Chapter 11 Trustee

Unsigned term
for 7-9-99 # 1938

FILED WITH FAA
AIRCRAFT REGISTRATION CR

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OKLAHOMA CITY
OKLAHOMA

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DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION

THIS FORM SERVES TWO PURPOSES
PART I acknowledge the recording of a security conveyance covering the collateral shown.
PART II is a suggested form of release which may be used to release the collateral from the terms of the conveyance.

CONVEYANCE RECORDED

'99 AUG 9 PM 1 29

FEDERAL AVIATION ADMINISTRATION

PART I - CONVEYANCE RECORDATION NOTICE

NAME (last name first) OF DEBTOR

NAME and ADDRESS OF CLAIMANT

FLYING BOAT, INC.

NAME OF SECURED PARTY'S ASSIGNOR (if assigned)

Do Not Write In This Block
FOR FAA USE ONLY

PAA REGISTRATION NUMBER	AIRCRAFT SERIAL NUMBER	AIRCRAFT MFR. (BUILDER) and MODEL
N142PA	J42	GRUMMAN MALLARDG-73

RECORDED CONVEYANCE NUMBER FF 26180
AT 1:29 PM R-8 PAGE 585

ENGINE MFR. and MODEL	ENGINE SERIAL NUMBER(S)

PROPELLER MFR. And MODEL	PROPELLER SERIAL NUMBER(S)

THE SECURITY CONVEYANCE DATED 12-21-98 COVERING THE ABOVE COLLATERAL WAS RECORDED BY THE FAA AIRCRAFT REGISTRY ON 2-11-99 AS CONVEYANCE NUMBER FF26180.

FAA CONVEYANCE EXAMINER

PART II - RELEASE - (This suggested release form may be executed by the secured party and returned to the FAA Aircraft Registry when terms of the conveyance have been satisfied. See below for additional information.)

THE UNDERSIGNED HEREBY CERTIFIES AND ACKNOWLEDGES THAT HE IS THE TRUE AND LAWFUL HOLDER OF THE NOTE OR OTHER EVIDENCE OF INDEBTEDNESS SECURED BY THE CONVEYANCE REFERRED TO HEREIN ON THE ABOVE DESCRIBED COLLATERAL AND THAT THE SAME COLLATERAL IS HEREBY RELEASED FROM THE TERMS OF THE CONVEYANCE. ANY TITLE RETAINED IN THE COLLATERAL BY THE CONVEYANCE IS HEREBY SOLD, GRANTED, TRANSFERRED, AND ASSIGNED TO THE PARTY WHO EXECUTED THE CONVEYANCE, OR TO THE ASSIGNEE OF SAID PARTY IF THE CONVEYANCE SHALL HAVE BEEN ASSIGNED: PROVIDED, THAT NO EXPRESS WARRANTY IS GIVEN NOR IMPLIED BY REASON OF EXECUTION OR DELIVERY OF THIS RELEASE.

This form is only intended to be a suggested form of release, which meets the recording requirements of the Federal Aviation Act of 1958, and the regulations issued thereunder. In addition to these requirements, the form used by the security holder should be drafted in accordance with the pertinent provisions of local statutes and other applicable federal statutes. This form may be reproduced. There is no fee for recording a release. Send to FAA Aircraft Registry, P.O. Box 25504, Oklahoma City, Oklahoma 73125

DATE OF RELEASE: July 7, 1999

FLYING BOAT, INC.

SIGNATURE (in ink)

TITLE Chapter 11 Trustee

ACKNOWLEDGEMENT
(If Required By Applicable Local Law):

(A person signing for a corporation must be a corporate officer or hold a managerial position and must show title. A person signing for another should see Parts 47 and 49 of the Federal Aviation Regulations (14 CFR).

AC Form 8050-41 (7-83) (0052-00-543-9001)

Unsigned release for 7-9-99
1934

FILED WITH FAA
AIRCRAFT REGISTRATION
'99 JUL 9 PM 2 41
OKLAHOMA CITY
OKLAHOMA

69

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FORM APPROVED
OMB No. 2120-0042

61-1

UNITED STATES OF AMERICA DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION-MIKE MONRONEY AERONAUTICAL CENTER
AIRCRAFT REGISTRATION APPLICATION

CERT. ISSUE DATE

P Jul 9 "99

UNITED STATES REGISTRATION NUMBER: N 142 PA

AIRCRAFT MANUFACTURER & MODEL: GRUMMAN G-73

AIRCRAFT SERIAL No.: J 42

FOR FAA USE ONLY

TYPE OF REGISTRATION (Check one box)

☐ 1. Individual ☐ 2. Partnership ☒ 3. Corporation ☐ 4. Co-owner ☐ 5. Gov't. ☐ 8. Non-Citizen Corporation

NAME OF APPLICANT (Person(s) shown on evidence of ownership. If individual, give last name, first name, and middle initial.)

UNITED CAPITAL CORP. of ILLINOIS
1209 Orange St.
Wilmington DE 19801

TELEPHONE NUMBER: (775 742 0824

ADDRESS (Permanent mailing address for first applicant listed.)

Number and street: 1209 Orange St.

Rural Route: P.O. Box:

CITY	STATE	ZIP CODE
Wilmington	DE	19801

☐ **CHECK HERE IF YOU ARE ONLY REPORTING A CHANGE OF ADDRESS**

ATTENTION! Read the following statement before signing this application. This portion MUST be completed.

A false or dishonest answer to any question in this application may be grounds for punishment by fine and / or imprisonment (U.S. Code, Title 18, Sec. 1001).

CERTIFICATION

I/WE CERTIFY:

(1) That the above aircraft is owned by the undersigned applicant, who is a citizen (including corporations) of the United States.

(For voting trust, give name of trustee: _____), or:

CHECK ONE AS APPROPRIATE:

a. ☐ A resident alien, with alien registration (Form 1-151 or Form 1-551) No. _____

b. ☐ A non-citizen corporation organized and doing business under the laws of (state) _____ and said aircraft is based and primarily used in the United States. Records or flight hours are available for inspection at _____

(2) That the aircraft is not registered under the laws of any foreign country; and

(3) That legal evidence of ownership is attached or has been filed with the Federal Aviation Administration.

NOTE: If executed for co-ownership all applicants must sign. Use reverse side if necessary.

TYPE OR PRINT NAME BELOW SIGNATURE

EACH PART OF THIS APPLICATION MUST BE SIGNED IN INK.	SIGNATURE	TITLE	DATE
	Seth L. Atwood	President	7/7/99
	SIGNATURE	TITLE	DATE
	SIGNATURE	TITLE	DATE

NOTE Pending receipt of the Certificate of Aircraft Registration, the aircraft may be operated for a period not in excess of 90 days, during which time the PINK copy of this application must be carried in the aircraft.

AC Form 8050-1 (12/90) (0052-00-628-9007) Supersedes Previous Edition

T994232 EXP 08-08-1999

FAA

'89 JUL 7 PM 3 26

FEDERAL AVIATION ADMINISTRATION

19

FORM APPROVED
OMB NO. 2120-0042

UNITED STATES OF AMERICA
U.S. DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION

AIRCRAFT BILL OF SALE

2

P 20222

60-1

FOR AND IN CONSIDERATION OF $ 100 +OVC THE UNDERSIGNED OWNER(S) OF THE FULL LEGAL AND BENEFICIAL TITLE OF THE AIRCRAFT DESCRIBED AS FOLLOWS:

CONVEYANCE RECORDED

UNITED STATES REGISTRATION NUMBER N N142PA

AIRCRAFT MANUFACTURER & MODEL
Grumman G73

AIRCRAFT SERIAL No.
J 42

Jul 9 9 31 AM '99

FEDERAL AVIATION ADMINISTRATION

DOES THIS 7TH DAY OF July 19 99 HEREBY SELL, GRANT, TRANSFER AND DELIVER ALL RIGHTS, TITLE, AND INTERESTS IN AND TO SUCH AIRCRAFT UNTO:

Do Not Write In This Block
FOR FAA USE ONLY

PURCHASER

NAME AND ADDRESS
(IF INDIVIDUAL(S), GIVE LAST NAME, FIRST NAME, AND MIDDLE INITIAL)

United Capital Corporation of Illinois
P.O. Box 6692
Incline Village, Nevada 89450

DEALER CERTIFICATE NUMBER

AND TO ITS SUCCESSORS ~~EXECUTORS, ADMINISTRATORS~~, AND ASSIGNS TO HAVE AND TO HOLD SINGULARLY THE SAID AIRCRAFT FOREVER, AND WARRANTS THE TITLE THEREOF.

IN TESTIMONY WHEREOF WE ~~my~~ HAVE SET OUR HAND AND SEAL THIS 7TH DAY OF July 19 99

SELLER

NAME (S) OF SELLER (TYPED OR PRINTED)	SIGNATURE (S) (IN INK) (IF EXECUTED FOR CO-OWNERSHIP, ALL MUST SIGN.)	TITLE (TYPED OR PRINTED)
TPI Leasing Management, Inc.	[signature]	Vice President

ACKNOWLEDGMENT (NOT REQUIRED FOR PURPOSES OF FAA RECORDING: HOWEVER, MAY BE REQUIRED BY LOCAL LAW FOR VALIDITY OF THE INSTRUMENT.)

991881527358
$ 5.00 07/07/1999

ORIGINAL: TO FAA

AC Form 8050-2 (9/92) (NSN 0052-00-629-0003) Supersedes Previous Edition

FAA
ION BR

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09

59-1

TPI Leasing, Ltd.

2830 Merrell Road • Dallas, TX 75229 • USA
Voice: 214-654-9400 • Fax: 214-654-9401
EMAIL: JEFFJ@TPIAVIATION.COM

Facsimile Transmission

new S MAR 0 3 1999

CONFIDENTIALITY NOTE:

The information contained in this facsimile message is legally privileged and confidential information intended only for the use of the individual or entity named above. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution or copying of this telecopy is strictly prohibited. If you have received this telecopy in error, please immediately notify us by telephone and return the original message to us at the address above via the United States Postal Service.

ISSUED TEMP CERT OF REG TO EXPIRE 4/2/99
991308

Date and Time: 03-01-99
Total Number of Pages (including this page):

To: **Federal Aviation Administration** **Fax No.: 405.954.3548**
Attn: **Aircraft Registry** **Tel No.:**

Ref: **Assignment of Special Registration Number Aircraft N51151 to be N142PA**

Dear Sir:

A request was made to your office for an assignment of special registration number for aircraft N51151 to be N142PA.

As of today's date, we have not received the requested registration. The reason may be that the address shown on the registration was incorrect. TPI Leasing Management's address is 2830 Merrell Road Dallas, Texas 75229, not 2330 as shown on form 8050-64 (attached).

Your assistance in assuring we receive the assignment will be appreciated. Please FAX the temporary to TPI Leasing Management at (214) 654 - 9401 with a copy to the operator Flying Boat, Inc., at (954) 359 - 5240 attention Mr. Jim Kitti.

Sincerely,

Jeffrey R. Jenkins
Vice President
TPI Leasing Management, Inc..

cc: Jim Kitty (Flying Boat, Inc.)

CR

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58-5

I hereby certify this is a true and exact copy of the original.
Insured Aircraft Title Service, Inc.

CLAIM OF LIEN

F 2 6 1 8 0

CONVEYANCE RECORDED

FEB 11 11 37 AM '99

FEDERAL AVIATION ADMINISTRATION

STATE OF TEXAS

COUNTY OF TARRANT

Before me, the undersigned notary public, personally appeared, Patricia Long, who was duly sworn and says:

1. That she is the President of the lienor herein, Flying Boat, Inc., having its main office at 1000 MacArthur Causeway, Miami, Florida 33132 and that in accordance with a contract with Air Alaska Commuter Leasing, Inc., lienor furnished labor, services, or materials consisting of labor, services and materials, as well as storage, as set forth in its schedule attached as Exhibit "A" on the following described property which is located in Broward County, Florida.

GRUMMAN MALLARD AIRCRAFT G-73
REGISTRATION NO. N142PA, SERIAL NO. J42

owned by T.P.I. LEASING, INC., of a total value of US$193,975.00 of which there remains unpaid US$193,975.00 and furnished the first of the items on April 15, 1998 and the last of the items on December 16, 1998.

2. Lienor continues to retain possession of the aircraft.

2. Said lien is claimed under Florida Statutes 85.011 and 713.58.

Flying Boat Inc.

PATRICIA LONG
President

983571420135
$ 5.00 12/23/1998

ORIG IAFS

58-4

'59 DEC 23 PM 1 40

58-3

SWORN TO AND SUBSCRIBED before me this 21st day of December 1998, by Patricia Long, who presented herself with proper identification.

NOTARY PUBLIC

My Commission Expires: 3/2002

ERIC BROWN
Notary Public, State of Texas
My Comm. Expires March 2002

58-2

PAN AM AIR BRIDGE

1000 MacArthur Causeway
Miami, Florida 33132
(305) 373-1120 fax (305) 371-7968

Invoice No. 405

INVOICE

Air Alaska Commuter Leasing

Customer

Name: Air Alaska Commuter Leasing
Address: 305 NE Loop 820, Suite 603
City: Hurst State: TX ZIP: 76053
Phone:

Date: 12/17/98
Order No.:
Rep:
FOB:

Qty	Description	Unit Price	TOTAL
1	N51151:A4,B1,C4 Inspection was started 4/13,completed 4/17/98 and returned to service.	$20,000.00	$20,000.00
1	N51151:Off line 6/16 to remove Corona paint job had Preventative Maint - R&R Leg Axle Assy Performed. Returned to service 9/1/98.	$16,000.00	$16,000.00
1	Corona Paint Removal - Man Hrs for Repainting Pending	$30,000.00	$30,000.00
1	N51151:A5,B2,C5 inspection started 9/26 and completed 9/30/98. While A/C in inspection registration changed to N142PA	$38,000.00	$38,000.00
1	Re-Upholstering of all seats.	$5,000.00	$5,000.00
	Aircraft N142PA S/N J42 Inspection & Repair Hours		
700	A5,B5,C5 Inspections - Started 9/26, completed 9/30/98	$55.00	$38,500.00
60	#1 Engine Change - Started 11/17, completed 11/19/98	$55.00	$3,300.00
60	#2 Engine Change - Started 11/20, completed 11/22/98	$55.00	$3,300.00
25	#2 Engine Inspection 11/25/98	$55.00	$1,375.00
700	A6,B3,C6 Inspection Started 11/15, completed 11/21/98	$55.00	$38,500.00

SubTotal	$193,975.00
Shipping & Handling	$0.00
Taxes	
TOTAL	$193,975.00

Payment Details

- ○ Cash
- ◉ Check
- ○ Credit Card

Name:
CC #:
Expires:

Office Use Only

FILED WITH
AIRCRAFT REGISTRY
'98 DEC 23 PM 1 40
OKLAHOMA
OKLAHOMA

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NUMBER CHANGED TO 142PA
DATE 10 OCT 06 1998 57-1

ASSIGNMENT OF SPECIAL REGISTRATION NUMBERS

U.S. Department of Transportation
Federal Aviation Administration

Aircraft Make and Model: GRUMMAN G-73

Serial Number: J42 3951802

Special Registration Number: N142PA

Present Registration Number: N 51151

ICAO AIRCRAFT ADDRESS CODE
FOR N142PA = 50125544

TPI LEASING MANAGEMENT INC
2330 MERRELL RD
DALLAS TX 75229-4405

Issue Date: SEPTEMBER 04, 1998

This is your authority to change the United States registration number on the above described aircraft to the special registration number shown.

Carry duplicate of this form in the aircraft together with the old registration certificate as interim authority to operate the aircraft pending receipt of revised certificate of registration. Obtain a revised certificate of airworthiness from your nearest Flight Standards District Office.

The latest FAA Form 8130-6, Application For Airworthiness on file is dated: JUNE 27, 1991

The airworthiness classification and category: STD TRANSP

INSTRUCTIONS:

SIGN AND RETURN THE ORIGINAL of this form to the Civil Aviation Registry, AFS-750, within 5 days after the special registration number is affixed on the aircraft. A revised certificate will then be issued. This authority is valid for 90 days from the issue date.

The authority to use the special number expires: SEPTEMBER 04, 1999

CERTIFICATION: I certify that the special registration number was placed on the aircraft described above.

Signature of Owner: [signature]

Title of Owner: Vice President

Date Placed on Aircraft: 9 29 98

RETURN FORM TO:

Civil Aviation Registry, AFS-750
P.O. Box 25504
Oklahoma City, Oklahoma 73125-0504

AC Form 8050-64 **(6/85) Supersedes Previous Edition**

FILED WITH F.A.A.
AIRCRAFT REGISTRATION BR.
'98 OCT 1 AM 9 08
OKLAHOMA CITY
OKLAHOMA

LS

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56-1

Daugherty, Fowler & Peregrin

A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW
204 NORTH ROBINSON
SUITE 900
OKLAHOMA CITY, OKLAHOMA 73102
TELEPHONE (405) 232-0003
FACSIMILE (405) 232-0865

18 SEP 0 4 1998

(64) 142PA
51151

August 27, 1998

HAND DELIVERED
Federal Aviation Administration
FAA Aircraft Registry
6425 S. Denning Avenue
Oklahoma City, Oklahoma 73169

AMENDED REQUEST

Attention: Central Records Section

Re: Change of U.S. Registration Number for One (1) **Grumman G-73** aircraft bearing manufacturer's serial number **J42** and U.S. Registration Number **N51151**
(Our file: 22150-1008)

Ladies & Gentlemen:

Acting as special FAA counsel on behalf of our clients, TPI Leasing Management, Inc. and Flying Boat Inc., d.b.a. Pan Am Air Bridge ("Pan Am"), we hereby request that you issue your AC Form 8050-64 Assignment of Special U.S. Registration Numbers authorizing the change of the U.S. Registration of the captioned aircraft from **N51151** to reserved U.S. Registration Number **N142PA**, which number is currently reserved in the name of **Pan Am**.

It will be of great assistance in this matter if you will cause said AC Form 8050-64 to be delivered to the attention of the undersigned in care of your public documents room at the FAA.

Thank you for your prompt attention in this matter. If you have any problems or questions, please contact the undersigned at (405) 686-1000.

Respectfully yours,

Mark R. Hanna

Mark R. Hanna
Legal Assistant

UCAP.006

FFR #906 8/12/98

FILED WITH THE FAA
AIRCRAFT REGISTRATION BRANCH

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OKLAHOMA CITY
OKLAHOMA

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55-123

U.S. DEPARTMENT OF TRANSPORTATION

FEDERAL AVIATION ADMINISTRATION

CROSS-REFERENCE--RECORDATION

SEE CONVEYANCE NO .....

FILING DATE: .....

This form is to be used in cases where a conveyance covers several aircraft and engines, propellers, or locations. File original of this form with the recorded conveyance and a copy in each aircraft folder involved.

TYPE OF CONVEYANCE	DATE EXECUTED
LEASE AGREEMENT	July 31, 1998
FROM AIR ALASKA COMMUTER LEASING INC-SUBLESSOR	DOCUMENT NO. F69557
TO OR ASSIGNED TO FLYING BOAT INC-SUBLESSEE	DATE RECORDED August 10, 1998

THE FOLLOWING COLLATERAL IS COVERED BY THE CONVEYANCE:

AIRCRAFT (List by registration number)	TOTAL NUMBER INVOLVED 1
N51151	

ENGINES	TOTAL NUMBER INVOLVED 2
MAKE(S) PRATT & WHITNEY PT6A-34	SERIAL NO. 57462 57465
PROPELLERS	TOTAL NUMBER INVOLVED 2
MAKE(S) HARTZELL HCB3TN3DY	SERIAL NO. BU14534 BU12826
SPARE PARTS --LOCATIONS	TOTAL NUMBER INVOLVED
LOCATION	

RECORDED CONVEYANCE FILED IN:
N51151 GRUMMAN G-73 SERIAL NUMBER J-42

AC FORM 8050-23 (1-96) (0052-00-582-6000)

55-122

0 0 0 0 (FIDING COPY) 0

55-121

LEASE AGREEMENT

dated as of July 31, 1998

between

AIR ALASKA COMMUTER LEASING, INC.
Lessor

and

FLYING BOAT, INC.
Lessee

One Grumman G-73 Aircraft

FILED WITH FAA
AIRCRAFT REGISTRATION CENTER

'98 AUG 6 AM 10 57

OKLAHOMA CITY
OKLAHOMA

55-120

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LEASE AGREEMENT

CONVEYANCE

This Agreement is entered into as of July 31, 1998 by Air Alaska Commuter Leasing, Inc. a company incorporated under the laws of Delaware (the *"Lessor"*), and Flying Boat, Inc., a company incorporated under the laws of Florida (the *"Lessee"*).

AUG 10 9 36 AM 98

FEDERAL AVIATION ADMINISTRATION

1. **Definitions; Usage.**

(a) **Definitions**. The following terms, when capitalized as below, have following meanings:

Abatements: defined in § 4.

Additional Insureds: the Lessor, Head Lessor, the Secured Party and their successors and assigns, and the directors, officers, members, employees, and agents of each of the foregoing.

Affiliate of any specified Person: any other Person who controls 50% or more of any class of voting securities of such Person or is controlled by, or is under common control with, such Person. For purposes of this definition, *control* of any specified Person means having direct or indirect power to direct, or cause the direction of, the management or policies of such Person, whether through the ownership of voting securities, by contract, or otherwise.

After-Tax Basis: on a basis such that any payment to be received or deemed to be received by any Person is supplemented by a further payment to that Person so that the sum of the two payments, after deducting all income taxes, penalties, fines, interest, and other charges (taking into account any related credits or deductions) resulting from the receipt (actual or constructive) of such payments imposed by or under any law or governmental authority, is equal to the payment to be received or deemed to be received.

Aircraft: the Airframe, the two Engines, and the two Propellers (whether or not the Engines and Propellers are installed on the Airframe or any other airframe), including the equipment and documentation set forth on Exhibit D.

Airframe: the Grumman G-73 aircraft (excluding any Engine, engine, Propeller, or propeller from time to time installed thereon) identified by FAA registration number and manufacturer's serial number in the Lease Supplement including all Parts incorporated in such airframe (or removed therefrom, if title remains in the Lessor under § 9(e)).

Applicable Law: means, in any jurisdiction, (i) all applicable common law and principles of equity and (ii) all applicable provisions of all (A) constitutions, statutes, codes, rules, regulations and orders of governmental bodies, (B) Governmental Approvals and (C) orders, decisions, judgments and decrees of all courts and arbitrators.

Out copy with DFAP

98218112583
$25.00
8-6-98

55-114

Appraisal Procedure: a procedure whereby an independent appraiser, chosen by the Lessor from the three appraisers selected by the Lessee as herein provided and reasonably acceptable to the Lessor, determines the amount in question. The Lessee shall, within 15 days of a request by the Lessor, provide the Lessor with the names of three independent appraisers. Within 15 days thereafter, the Lessor shall select and employ one of such appraisers. If the Lessee or the Lessor fails to make its selection in a timely manner, the other party may make such selection and proceed with the appraisal. The decision of the appraiser so appointed shall be given within 10 days after being appointed. Such appraiser's decision shall be binding and conclusive on the Lessor and the Lessee. The Lessee and the Lessor shall each pay one-half of the fees and expenses of such appraiser, *provided* that the Lessee shall pay all such fees and expenses in the case of any appraisal pursuant to § 15.

Approved Insurer: shall mean Lloyds underwriters or any reputable insurance company whose identity, together with any other information regarding such entity requested by the Lessor or the Secured Party, shall have been approved by the Lessor and the Secured Party for the purpose of providing or confirming the existence of any insurance required by the terms hereof.

Approved Reinsurer: shall mean Lloyds underwriters or any reputable insurance company whose identity, together with any other information regarding such entity requested by the Lessor or the Secured Party, shall have been approved by the Lessor and the Secured Party for the purpose of providing or confirming the existence of any reinsurance required by the terms hereof.

Basic Rent: defined § 3(b).

Business Day: any day, other than a Saturday or Sunday, on which commercial banks are open for business in New York, New York.

Code: the Internal Revenue Code of 1986, as amended from time to time, or any similar legislation of the United States enacted to supersede, amend, or supplement such Code (and any reference to a provision of the Code shall refer to any successor provision(s), however designated).

Collateral: defined in the Mortgage.

Cycle: with respect to the Airframe, an Engine or other engine, means one take-off and landing of the Airframe or other airframe on which such Engine or other engine is installed.

Default: (a) an event or condition that, after the giving of notice or lapse of time, or both, would mature into an Event of Default, or (b) an Event of Default.

Default Payment Date: defined in §15(a)(3).

Default Rate: the lesser of 18% per annum or the maximum interest rate permitted by applicable law.

55-112

Delivery Date: the date of the Lease Supplement for the Aircraft, which date shall be the same date the Aircraft is delivered to, and accepted by, the Lessee hereunder.

DOT: the U.S. Department of Transportation or any successor thereto.

Engine: either of the two Pratt & Whitney Canada model PT6A-34 engines listed by manufacturer's serial number in the Lease Supplement (excluding any Propeller or propeller installed thereon), whether or not from time to time installed on the Airframe or any other airframe, including any Replacement Engine substituted for an Engine under this Lease, and including all Parts incorporated in such engine (or removed therefrom, if title remains in the Lessor under § 9(d)).

Event of Default: defined in § 14.

Event of Loss with respect to an Item, any of the following events: (1) the destruction or damage beyond economic repair of such Item or the rendition of such Item permanently unfit for normal use for any reason whatsoever, (2) any damage or other event which results in an insurance settlement with respect to such Item on the basis of a total loss or constructive or compromised total loss, (3) the condemnation, confiscation, or requisition of title to such Item, (4) the loss, theft, disappearance, confiscation, or seizure of such Item for a continuous period of more than 60 days, or which is continuing on the last day of the Term, (5) the requisition of use of such Item by a Person other than the U.S. government for a continuous period of more than 60 days, by the U.S. government for a continuous period of more than 60 days, or by any Person if continuing on the last day of the Term, or (6) as a result of any rule, regulation, order, or other action by the FAA, the DOT, or other regulatory body of the country of registry having jurisdiction, the use of such property in the normal course of air transportation is prohibited for a period of 60 days or more. An Event of Loss to the Aircraft shall be deemed to have occurred if an Event of Loss occurs to the Airframe. The date of an Event of Loss shall be the date of the loss, damage, requisition, or prohibition, except that for the purposes of clause (4), (5), or (6), an Event of Loss shall be deemed to have occurred on the expiration of the applicable period referred to therein.

Excepted Payments: collectively, (i) any indemnity, expense, reimbursement or other payments paid or payable by the Lessee in respect of the Lessor, the Head Lessor or any of their successors, permitted assigns, directors, officers, employees, servants and agents or Affiliates, pursuant to the Lease or any other Operative Agreement, (ii) proceeds of public liability insurance (or government indemnities in lieu thereof) in respect of the Aircraft payable as a result of insurance claims paid for the benefit of, or losses suffered by, the Lessor or its successors, permitted assigns or Affiliates and (iii) proceeds of insurance maintained with respect to the Aircraft by the Lessor or any Affiliate thereof maintained in accordance with §12(k) but not required under §12 hereof.

Expiration Date: the date on which the Term of this Lease expires or earlier terminates.

FAA: the Federal Aviation Administration or any successor thereto.

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FAA Counsel: Daugherty, Fowler & Peregrin.

Fair Market Rental Value: the amount obtainable in an arm's-length transaction between an informed and willing lessee under no compulsion to lease and an informed and willing lessor under no compulsion to lease, in accordance with a net lease on terms and conditions as herein provided. Such amount shall be determined assuming that the Aircraft is in the condition required by this Lease, and assuming that all Removable Improvements have been removed. If the Lessor and the Lessee do not agree upon Fair Market Rental Value, it shall be determined in accordance with the Appraisal Procedure.

Fair Market Value: the amount obtainable in an arm's-length transaction between an informed and willing buyer under no compulsion to buy and an informed and willing seller under no compulsion to sell. Such amount shall be determined assuming that the Aircraft is in the condition required by this Lease, and assuming that all Removable Improvements have been removed. If the Lessor and Lessee do not agree upon Fair Market Value, it shall be determined in accordance with the Appraisal Procedure.

Flight Hour: means with respect to the Airframe, each hour or part thereof (measured to one decimal place) which elapses from takeoff to touchdown and with respect to each Engine, each hour or part thereof (measured to one decimal place) which elapses from takeoff to touchdown (whether such Engine is installed on the Airframe or another airframe), in each case as recorded in the relevant aircraft log book or the applicable technical records for the Item.

Governmental Approval: means an authorization, consent, approval, license or exemption of, registration or filing with, or report or notice to, any governmental unit or any agency or instrumentality thereof.

Head Lease: the lease agreement with respect to the aircraft between Head Lessor and Lessor.

Head Lessor: TPI Leasing Management, Inc.

Improvement: defined in § 9(e).

incorporated in: incorporated or installed in, attached to, or otherwise made a part of.

Indemnitee: the Lessor, the Head Lessor and the successors and assigns of each of the foregoing, and the Affiliates, officers, directors, employees, and agents of each of the foregoing.

Initial Term: defined in § 3(a).

Initial Term Expiration Date: the fifth anniversary of the Delivery Date.

Item: the Airframe, an Engine, or a Propeller.

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Lease Supplement: a document substantially in the form of Exhibit A or Exhibit C hereto, to be entered into between the Lessor and the Lessee for the purpose of subjecting the Aircraft to the terms of this Lease Agreement or evidencing the expiration or termination of this Lease Agreement and the return of the Aircraft to the Lessor.

Lessor Lien: any Lien arising as a result of (1) the Mortgage, (2) the Head Lease, (3) claims against or affecting the Lessor or the Head Lessor not related to the Operative Documents or the transactions contemplated thereby, (4) acts or omissions of the Lessor or the Head Lessor not contemplated or permitted under the Operative Documents, (5) taxes imposed against the Lessor or the Head Lessor which are not to be indemnified by the Lessee pursuant to the terms of the Operative Documents, or (6) claims against the Lessor or Head Lessor arising out of a transfer by the Lessor or the Head Lessor of any interest in the Aircraft, other than a transfer by the Lessor permitted by § 3(g), 5(c), 11, 13(a), or 15. Whether or not, and when, any Person shall be required to remove a Lessor Lien shall be determined by its agreements in the Operative Documents or by applicable law.

Lessor Taxes: taxes, fees and other charges:

(a) imposed as a direct result of activities of the Lessor or the Head Lessor in the jurisdiction imposing the liability unrelated to the transactions contemplated by this Agreement; or

(b) imposed on the Lessor or the Head Lessor by any jurisdiction or taxing authority in which the Lessor or Head Lessor is organized or has its principal place of business or is otherwise subject to taxation as a result of transactions unrelated to the transactions contemplated hereby (I) on, based on, or measured by, the gross or net income or gross or net receipts, including capital gains taxes, minimum taxes from tax preferences, alternative minimum taxes, branch profits taxes, accumulated earnings taxes, personal holding company taxes, succession taxes and estate taxes, and any state or local withholding taxes on, based on or measured by gross or net income or (II) on, or with respect to, or measured by, capital or net worth or in the nature of a franchise tax or a tax for the privilege of doing business (other than any such taxes, fees and other charges in the nature of sales, use, rental, ad valorem, license, property, value added or similar taxes)

(c) that are being contested as provided in § 7(b) hereof;

(d) imposed with respect to any period commencing or event occurring after the Expiration Date (other than the receipt of payments due hereunder after the Expiration Date);

(e) imposed on the Lessor or the Head Lessor as a direct result of its gross negligence or wilful misconduct;

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(f) imposed as a direct result of a voluntary or involuntary sale, transfer, assignment or disposition by the Lessor or the Head Lessor of all or any part of its interest in the Aircraft or this Agreement, except for any such sale, transfer, assignment or other disposition which has occurred as a result of (i) any Event of Loss or (ii) the exercise of remedies hereunder or under the Head Lease, following the occurrence of an Event of Default;

(g) to the extent that same are imposed or arise as a direct result of a Lessor Lien;

(h) resulting from the purchase or other acquisition by the Lessor or the Head Lessor of the Aircraft, any Engine, any Propeller or any Part or any interest therein other than pursuant to § 9 or § 11 hereof or § 9 or § 11 of the Head Lease, as the case may be; or

(i) to the extent that such taxes, fees and other charges constitute interest, fines or penalties if such interest, fines or penalties result from the failure to file or late filing of any tax return by the Lessor or the Head Lessor that is not a result of an act or omission of the Lessee or a breach of any of the Lessee's obligations under this Agreement.

Lien: any mortgage, pledge, charge, lease, security interest (including any conditional sale agreement, equipment trust agreement, or other title retention agreement), statutory right in rem, claim, or other encumbrance of any nature whatsoever.

Manufacturer: Northrop Grumman Corp. (successor in interest of Grumman Corporation).

Mortgage: the Aircraft Mortgage and Security Agreement, dated as of July 31, 1998 between the Secured Party and the Head Lessor, pertaining to the Aircraft or such other first priority security interest in the Aircraft as may be created by the Head Lessor in connection with the Head Lessor's financing of the Aircraft from time to time.

Operative Documents: this Lease, the Head Lease, the Mortgage and the Purchase Agreement.

Parts: all appliances, parts, instruments, appurtenances, accessories, furnishings, and other equipment of whatever nature (other than a complete Engine, engine, Propeller, or propeller), from time to time incorporated in the Airframe, an Engine, or a Propeller (or removed therefrom, if title remains in the Lessor under § 9(d)).

Payment Date: the Delivery Date and the same day as the Delivery Date in each month thereafter during the Term (or, if there is no such day in such month, on the last day of such month).

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Permitted Air Carrier: (1) any "citizen of the United States" (within the meaning of 49 U.S.C. §40102(a)(15)), who is an air carrier holding a valid air carrier operating certificate issued pursuant to 49 U.S.C. ch. 447 for aircraft capable of carrying 10 or more individuals and who is not subject to bankruptcy or similar proceedings, or (2) any other Person consented to by the Lessor.

Permitted Lien: a Lien permitted under § 8.

Permitted Sublessee: any person consented to by the Lessor, the Head Lessor and the Secured Party as a sublessee of the Aircraft.

Person: any individual, partnership, corporation, trust, association, business organization, joint venture, government (or department or agency thereof), or any other entity.

Propeller: either of the two Hartzell model HCB3TN3DY propellers listed by manufacturer's serial number in the Lease Supplement, whether or not from time to time installed on the Airframe or any Engine or on any other airframe or engine, including any Replacement Propeller substituted for a Propeller under this Lease, and including all Parts incorporated in such propeller (or removed therefrom, if title remains in the Lessor under § 9(d)).

Purchase Agreement: the Aircraft Purchase Agreement, between World Pacific Air Lease, Inc., as seller, and the Head Lessor, as purchaser, pertaining to the Aircraft.

Related Leases: the other lease agreements between the parties hereto, each dated as of the date of this Lease, and each involving a Grumman G-73 aircraft.

Release Price: defined in the Mortgage.

Removable Improvements: defined in § 9(e).

Renewal Rent: defined in § 3(f).

Renewal Term: defined in § 3(f).

Rent: Basic Rent and Supplemental Rent.

Replacement Engine: an engine, except Propellers or propellers installed thereon, having a value, utility, and remaining useful life at least equal to the engine replaced, which is substituted for an Engine hereunder pursuant to § 3(g), 5(c) or 11(b); *provided*, that the Engines subject to this Lease at any given time shall be of the same make and model.

Replacement Parts: defined in § 9(e).

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Replacement Propeller: a propeller having a value, utility, and remaining useful life at least equal to the propeller replaced, which is substituted for a Propeller hereunder pursuant to § 3(g), 5(c) or 11(b); *provided*, that the Propellers subject to this Lease at any given time shall be of the same make and model.

Secured Party: United Capital Corp. of Illinois, a Delaware corporation.

Specified Default: (a) an event or condition described in § 14(a), (b), (c), (k), or (1) that, after the giving of notice or lapse of time, or both, would mature into an Event of Default, or (b) an Event of Default.

Stipulated Loss Value: during the Basic Term shall be $2,000,000 and during any Renewal Term shall be the lesser of (i) $2,000,000 and (ii) the Fair Market Value of the Aircraft as of the commencement of such Renewal Term.

Sublease: any sublease agreement covering any Item(s) between the Lessee and a Permitted Sublessee.

Sublessee: a Permitted Sublessee under a Sublease in effect at the time in question.

Supplemental Rent: defined in § 3(d).

Term: the Basic Term and any Renewal Term(s).

Transportation Code: 49 U.S. Code subtitle VII, as amended, or its successor.

(b) **Usage.** Any agreement or instrument referred to in § l(a), or the term "Agreement" or "Lease", means such agreement or instrument as from time to time supplemented and amended. "Including" means "including but not limited to". "Or" means one or more, or all, of the alternatives listed or described. "Herein", "hereof", "hereunder", etc. mean in, of, under, etc. this Agreement (and not merely in, of, under, etc. the section or provision where the reference appears). References to sections, exhibits, and the like refer to those in or attached to this Agreement unless otherwise specified.

2. Acceptance Under the Lease.

(a) **Conditions Precedent.** Subject to and on the terms hereof, the Lessor hereby agrees to lease the Aircraft to the Lessee hereunder, and the Lessee hereby agrees to lease the Aircraft from the Lessor hereunder.

(1) **Lessor Conditions.** The Lessor's obligation to lease the Aircraft hereunder shall be subject to satisfaction or waiver of the following conditions precedent at or prior to the time the Aircraft is ready for delivery from the Lessor to the Lessee hereunder or on such earlier date as may be applicable to such condition:

A. All conditions precedent to the obligation of the Lessor to lease the Aircraft under the Head Lease shall have been satisfied in full or waived in writing by the Lessor.

B. The Lessor shall have received the following on or before the Delivery Date:

1. a copy of the Maintenance Program for the Aircraft;

2. a certificate signed by the Lessee's insurance broker as to the due compliance with the insurance provisions of § 12 hereof with respect to the Aircraft; and

3. such other documents as the Lessor may reasonably request.

C. On the Delivery Date the following statements shall be true, and the Lessor shall have received a certificate signed by a duly authorized officer of the Lessee, dated such Delivery Date, stating that:

1. the representations and warranties contained in § 6(b) hereof are true and accurate on and as of such date as though made on and as of such date (except to the extent that such representations and warranties relate to an earlier date);

2. no event has occurred and is continuing, or would result from the lease of the Aircraft, which constitutes a Default or an Event of Default; and

3. all necessary approvals, authorizations, consents, licenses, certificates and orders of the FAA and any other governmental or regulatory authority having jurisdiction with respect to the ownership, use or operation of the Aircraft or the transactions contemplated by this Lease and required by the terms hereof to be obtained by the Lessee have been obtained, and such approvals, authorizations, consents, licenses, certificates and orders are in full force and effect and constitute sufficient authorization therefor.

(b) **Lessee's Conditions.** The Lessee's obligation to Lease the Aircraft shall be subject to satisfaction or waiver of the following conditions precedent:

A. The Aircraft shall be delivered to the Lessee registered in the Head Lessor's name in the United States with a valid standard certificate of airworthiness issued by the FAA. In addition, the Aircraft shall comply with the delivery conditions defined in the Purchase Agreement. Except as so specified in this section and/or in the Purchase Agreement, the Aircraft shall be delivered to the Lessee AS IS, WHERE IS, and upon acceptance by the Lessee shall be

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without representation or warranty (except as to title) and subject to the exclusions from warranties set forth in § 6(a).

B. The Lessee shall have received a certificate signed by a duly authorized officer of the Lessor, dated the Delivery Date, stating that the representations and warranties contained in § 6(a) hereof are true and accurate on and as of such date as though made on and as of such date (except to the extent that such representations and warranties relate to an earlier date).

(c) **Time of Delivery.** Subject to the provisions of the next paragraph and satisfaction or waiver of the conditions set forth in § 2(a) and § 2(b), the Aircraft shall be delivered to the Lessee, and the Lessee shall accept delivery of the Aircraft when the Aircraft is delivered to the Lessor under the Head Lease. The Lessee's acceptance of delivery of the Aircraft shall be evidenced by the execution by the Lessee and the Lessor of a Lease Supplement substantially in the form of Exhibit A hereto.

(d) **Place of Delivery.** The Aircraft shall be delivered to the Lessee hereunder at the delivery location prescribed in the Purchase Agreement.

3. Term and Rent; Voluntary Termination; Renewal.

(a) **Term.** The initial term of this Lease (the *"Initial Term"*) shall commence on the Delivery Date, be in force for a period of sixty months and end on the Initial Term Expiration Date unless this Lease is terminated earlier, canceled, or renewed in accordance with its terms.

(b) **Basic Rent.** The Lessee shall pay to the Lessor, as basic rent (*"Basic Rent"*)for the Aircraft on each Payment Date during the Basic Term, an amount equal to $35,000.00; provided, however, that (i) Lessee shall pay to the Lessor as Basic Rent from January 30, 1998 through December 31, 1998 an amount equal to $14,000 per month, (ii) all payments of Basic Rent for the period from January 30, 1998 through September 30, 1998 shall be deferred (with interest accruing on the deferred amounts at 5% per annum), and (iii) at the end of the deferral period, 1/48 of the deferred amounts shall be due and payable monthly to the Lessor in addition to the Basic Rent until all deferred amounts have been paid in full to the Lessor.

(c) **Supplemental Rent.** The Lessee shall pay the following amounts (*"Supplemental Rent"*):

(1) on the date provided herein or in the applicable Operative Documents, any amount (other than Basic Rent or Stipulated Loss Value) which the Lessee agrees to pay hereunder or under any other Operative Document to any Indemnitee or any other Person;

(2) on the date provided herein, any amount payable hereunder as Stipulated Loss Value;

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(3) on demand, to the extent permitted by applicable law, interest (computed on the basis of a 360-day year and actual days elapsed) at the Default Rate on any payment of Rent to the extent not paid when due, for any period during which it is overdue; and

(4) on demand, in the event that any amount due from the Lessee to the Lessor hereunder remains unpaid on the fifth day after the due date therefor (an "Unpaid Amount"), a late charge in the amount of $6,000.00.

The expiration or other termination of the Lessee's obligation to pay Basic Rent shall not limit or modify the Lessee's obligations to pay Supplemental Rent.

(d) **Payment.** All payments of Rent hereunder shall be made in immediately available funds and in U.S. dollars no later than 1:00 p.m., New York City time, on the date payable hereunder. All payments to which the Lessor or any other Person shall, from time to time, be entitled hereunder shall be paid to the Lessor or such other Person, as appropriate, in accordance with the payment instructions as the Lessor or such other Person shall direct by written notice to the Lessee, except that all indemnity payments under any Operative Document shall be paid to the appropriate Indemnitee as directed by such Indemnitee by written notice to the Lessee. If any date on which any Rent becomes payable is not a Business Day, then the applicable payment of Rent shall be made on the next preceding Business Day.

(e) **Renewal Option.** The Lessee, at its option, may renew this Lease for one or more successive renewal terms (each a *"Renewal Term"*), each of one or more full years, with the first Renewal Term to commence upon the expiration of the eighty-four month Initial Term; *provided* that all such Renewal Terms shall not in the aggregate exceed five years. This renewal right shall be exercised upon irrevocable written notice from the Lessee to the Lessor of the Lessee's election so to renew this Lease given not less than 180 days before the end of the eighty-four month Initial Term or any Renewal Term. If the Lessee fails to exercise its option to extend the term of this Lease for any Renewal Term in accordance with the provisions of this paragraph, all of the Lessee's rights to extend the term hereof for such Renewal Term and any subsequent Renewal Term shall expire.

All provisions of this Lease shall apply during each Renewal Term, except that the Lessee shall pay to the Lessor, on each Payment Date during that Renewal Term as rent for such Renewal Term (*"Renewal Rent"*) an amount equal to the monthly portion of the Fair Market Rental Value of the Aircraft for such Renewal Term.

(f) **Termination with Respect to Engines or Propellers.** On any date selected by the Lessee, the Lessee shall have the right at its option at any time during the Term, on at least five Business Days' prior written notice to the Lessor, to terminate this Lease with respect to any Engine or Propeller by replacing such Engine or Propeller, effective the termination date, by complying with the terms of §11(b) to the same extent as if an Event of Loss had occurred to such Engine or Propeller. Such termination and replacement shall occur, simultaneously, within

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90 days after the giving of such notice. Upon the Lessee's compliance with its obligations under the previous sentence, the Lessor will transfer or cause to be transferred to the Lessee (or a Person designated by the Lessee) the Engine or Propeller so terminated, "as is, where is, and with all faults" without recourse or warranty, express or implied (except as to the absence of Lessor Liens), each such Engine or Propeller shall no longer be deemed an "Engine" or "Propeller", and each such Replacement Engine or Replacement Propeller substituted therefor shall be deemed an Engine or Propeller. The Lessee shall be responsible for any sales taxes or similar transfer taxes resulting from such replacement.

(g) **Ownership by Head Lessor.** The Aircraft is and shall at all times remain the property of the Head Lessor, except as otherwise expressly provided in the Operative Documents. The Head Lessor shall have the right at any time to sell the Aircraft, subject to the rights of the Lessee under this Agreement.

4. **Net Lease.** This Lease is a net lease, and the Lessee's obligation to pay all Basic Rent payable hereunder, and the rights of the Lessor in and to such Basic Rent, shall be absolute and unconditional and shall not be subject to any abatement, reduction, suspension, deferment, set-off, or recoupment (*"Abatements"*) for any reason whatsoever, including Abatements due to any present or future claims of the Lessee against the Lessor or any other Indemnitee under this Lease or otherwise, or against any other Person for whatever reason. Except as otherwise expressly provided herein, this Lease shall not terminate, nor shall the obligations of the Lessee be affected, by reason of (a) any defect in or damage to, or any loss or destruction of, the Aircraft or any part thereof, (b) any defect in the title, airworthiness, condition, design, merchantability, operation, or fitness for use of the Aircraft or any interest therein, (c) the interference with the use thereof by any Person, (d) the invalidity or un-enforceability or lack of due authorization of this Lease, any other Operative Document, or any instrument or document executed in connection herewith, (e) any insolvency, bankruptcy, reorganization, or similar proceeding by or against the Lessee or any Sublessee, or (f) any other cause, whether similar or dissimilar to the foregoing, and, to the extent permitted thereby, any present or future law or regulation to the contrary notwithstanding, it being the express intention of the Lessor and the Lessee that all Rent payable by the Lessee hereunder shall be, and continue to be, payable in all events unless the obligation to pay that Rent is terminated pursuant to the express provisions of this Lease.

If for any reason whatsoever this Lease is terminated in whole or in part by operation of law or otherwise, except as specifically provided herein, the Lessee nonetheless agrees, to the extent permitted by law, to pay to the Lessor or to the Person entitled thereto an amount equal to each Rent payment at the time such payment would have become due and payable in accordance with the terms hereof had this Lease not been terminated in whole or in part. To the extent permitted by applicable law, the Lessee hereby waives any and all rights that it may now have or that at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit, or surrender this Lease except in accordance with the express terms hereof. Each payment of Rent made by the Lessee shall be final, and the Lessee shall not seek to recover all or any part of such payment for any reason whatsoever, except for any payments made in error.

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Notwithstanding the foregoing, the Lessee may assert any claims it may have against any Person in an independent proceeding.

5. Return of Aircraft. At the expiration of the Term or upon termination of this Lease pursuant to §15, the Lessee, at its own risk and expense, shall return the Aircraft in accordance with the return provisions as set forth in Exhibit B. The Lessor's acceptance of the return of the Aircraft shall be evidenced by the execution by the Lessor and the Lessee of a Lease Supplement substantially in the form of Exhibit C hereto.

6. Representations and Warranties.

(a) **Lessor's Disclaimer, Representations and Warranties.**

(i) THE LESSOR LEASES AND THE LESSEE EXPRESSLY AGREES TO LEASE THE AIRCRAFT AND EACH PART THEREOF "AS IS". THE LESSEE ACKNOWLEDGES THAT THE LESSOR HAS NOT MADE, NOR SHALL IT BE DEEMED TO HAVE MADE, AND IT IS HEREBY DEEMED TO HAVE EXPRESSLY DISCLAIMED, ANY REPRESENTATION, WARRANTY, OR DUTY, EXPRESS OR IMPLIED, IN RESPECT OF THE DESIGN, DURABILITY, CONDITION, MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE, QUALITY OF MATERIAL OR WORKMANSHIP, VALUE, OR AIRWORTHINESS, OR OF THE AIRCRAFT, THE AIRFRAME, ANY ENGINE, ANY PROPELLER, OR ANY PART, AS TO THE ABSENCE OF LATENT DEFECTS, WHETHER OR NOT DISCOVERABLE, AS TO THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK, OR COPYRIGHT, OR AS TO THE ABSENCE OF OBLIGATIONS BASED ON STRICT LIABILITY IN TORT, OR (EXCEPT AS EXPRESSLY SET FORTH IN THE OPERATIVE DOCUMENTS) ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE AIRCRAFT OR ANY PART THEREOF; *provided*, however, the Lessor warrants that on the Delivery Date, (i) the Lessor shall have the right pursuant to the Head Lease to lease the Aircraft to Lessee pursuant to this Agreement (ii) the Aircraft shall be free of Lessor Liens attributable to it (other than the Head Lease); and (iii) it is a "citizen of the United States" as defined in Section 40102 of Title 49 of the United States Code.

THE REPRESENTATIONS AND WARRANTIES OF LESSOR SET FORTH IN THIS § 6(a) ARE EXCLUSIVE AND IN LIEU OF ALL OTHER REPRESENTATIONS AND WARRANTIES OF LESSOR WITH RESPECT TO THE AIRCRAFT, INCLUDING FITNESS FOR USE AND MERCHANTABILITY, WHETHER WRITTEN OR ORAL, EXPRESS OR IMPLIED.

(ii) the Lessor represents and warrants that:

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(A) the Lessor is a company incorporated and existing under the laws of Delaware and has the power and authority to enter into and to perform its obligations under this Agreement;

(B) this Agreement has been duly authorized by all necessary corporate action on the part of the Lessor, has been duly executed and delivered by the Lessor and constitutes the valid, legal and binding obligation of the Lessor enforceable in accordance with its terms except as may be limited by applicable bankruptcy, insolvency, moratorium and similar laws affecting creditors rights generally and except as equitable remedies such as specific performance may be in the discretion of the courts;

(C) the execution and delivery by the Lessor of this Agreement, and performance of any of the transactions by the Lessor contemplated hereby, have received and the Lessor has complied with, every necessary consent, approval, order, or authorization of, or registration with, or the giving of prior notice to, any government entity in Delaware having jurisdiction with respect to the execution and delivery of this Agreement or the validity and enforceability hereof; and

(D) the entry into and performance by the Lessor of, and the transactions contemplated by, this Agreement do not and will not conflict in any material respect with or result in a material default under any document or agreement (including, without limitation, the Head Lease) which is binding upon the Lessor or any of its assets.

(b) **Lessee's Representations and warranties.**

(i) The Lessee represents and warrants that:

(A) The Lessee is a corporation duly organized and existing in good standing under the laws of the State of Florida, has full power, authority and legal right to own its properties and to carry on its business as presently conducted and to perform its obligations under this Lease; holds all licenses, certificates and permits from governmental authorities necessary for the performance of its obligations hereunder, is a "citizen of the United States" (as defined in section 40102 of the Transportation Code) and is the holder of a valid air carrier operating certificate issued pursuant to 49 U.S.C. ch. 447.

(B) This Lease and the Lease Supplement have been duly authorized by all necessary action on the part of the Lessee, does not require any approval of shareholders of the Lessee, and neither the execution and delivery hereof or thereof nor the consummation of the transactions contemplated

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hereby or thereby nor compliance by the Lessee with any of the terms and provisions hereof or thereof do or will violate any provision of the articles of incorporation or bylaws of the Lessee or any law, rule, regulation, judgment, order or decree of any government or governmental instrumentality or court having jurisdiction over the Lessee or any of its activities or properties, or do or will result in any breach of, or constitute any default under, or result in the creation of any Lien upon any property of the Lessee under, any indenture, mortgage, deed of trust, conditional sale contract, loan or credit agreement, or other agreement or instrument to which the Lessee is a party or by which the Lessee or its properties may be bound (other than this Lease Agreement).

(C) Except for the registration of the Aircraft and the filing of this Lease Agreement, the Lease Supplement, any Sublease and, if not previously filed, the Mortgage with the FAA and the filing of the financing statements referred to in § 20 hereof, neither the execution and delivery by the Lessee of this Lease or the Lease Supplement nor the performance by the Lessee of any of the transactions contemplated hereby or thereby require the consent, approval, order or authorization of, or registration with, or the giving of notice to, the FAA, or any other domestic or foreign governmental authority.

(D) This Lease has been duly executed and delivered by the Lessee and constitutes, and the Lease Supplement when executed and delivered by the Lessee will constitute, the legal, valid and binding obligation of the Lessee, enforceable in accordance with its terms except as such enforceability may be affected by bankruptcy, insolvency, reorganization or other laws of general application affecting creditors' or lessors' rights and except for general principles of equity.

(E) There are no suits or proceedings pending or, to the knowledge of the Lessee, threatened in any court or before any regulatory commission, board or other administrative governmental agency against the Lessee which may reasonably be expected to have a materially adverse effect on the financial condition of the Lessee.

(F) The Lessee has filed or caused to be filed all tax returns which are required to be filed and has paid or caused to be paid all taxes shown to be due or payable on said returns and on any assessment received by the Lessee, to the extent that such taxes have become due and payable.

(G) The principal place of business and chief executive office of the Lessee is the address set forth in § 16 hereof.

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7. **Indemnification by the Lessee.**

(a) **General Indemnity.** The Lessee agrees to pay, and on demand to indemnify and hold harmless, each Indemnitee, from and against any and all claims, damages, losses, liabilities (including, but not limited to, any claim or liability for strict liability in tort or otherwise, including, without limitation, liability arising under any applicable environment, noise or pollution control statute, rule or regulation), demands, suits, judgments, causes of action and all legal proceedings, whether civil or criminal, penalties, fines and other sanctions, and any costs and expenses incurred in connection therewith, including attorney's fees, which may result from, relate to or arise out of the condition, lease, sub-lease, possession, use or operation of any Item, or which may be caused by any defect in any Item, latent or otherwise, arising from the material or any article used therein or from the design, testing or use thereof or from any maintenance, service, repair, overhaul or testing thereof, (any such basis for an indemnity set forth above being referred to herein as a "Loss")

Notwithstanding the foregoing, the indemnification set forth above in this § 7(a) shall in all cases exclude any Loss to the extent that such Loss (i) is the subject matter of another indemnity provision of this Lease Agreement or consists of a cost or expense imposed on the Lessor by the terms hereof or is incurred by the Lessor in performing its obligations to the Lessee hereunder, (ii) arises as a result of the wilful misconduct or gross negligence of such Indemnitee, (iii) arises as a result of Lessor Taxes or a Lessor Lien or any breach by such Indemnitee of its representations or obligations hereunder, (iv) is caused by acts, omissions or events which occur following the return of possession of the Aircraft to the Lessor or its designee at a time when no Event or Default shall have occurred and then be continuing, (v) consists of costs, fees or expenses related to the negotiation preparation or execution of this Lease Agreement or the Lease Supplement, (vi) consists of costs, fees or expenses arising out of the acquisition or transfer by the Lessor or any Indemnitee of any interest in the Aircraft or this Lease Agreement except any such transfer in connection with the exercise of remedies hereunder in accordance with the terms of § 15 hereof after the occurrence of an Event of Default or as a result of a replacement of a Part or an Engine pursuant to § 9 or § 11 hereof, (vii) relates to the performance by the Lessor of its obligations under this Lease Agreement or arising out of any default under any financing of any Item that is not an Event of Default hereunder, (viii) arises, out of any change in any agreement related to the financing of the Aircraft, any Engine, any Propeller or any Part thereof, unless the Lessee has expressly agreed to undertake such obligations, and/or (ix) relates to the costs, fees and any other out-of-pocket expenses incurred in connection with the establishment, maintenance or restructuring of the financing or refinancing of the Aircraft or to any action or dispute between the parties to any agreement with respect to the financing of any Item not resulting from the occurrence and continuance of an Event of Default hereunder.

Notwithstanding anything to the contrary contained in this § 7(a), the indemnification provided for herein shall not include indemnification of any person in such person's capacity as designer, manufacturer of or maintenance performer for the Aircraft, any Engine, any Propeller or any Part.

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The following shall apply to all claims for indemnity under this § 7(a): an Indemnitee shall promptly notify the Lessee of any claim as to which indemnification is sought upon obtaining actual knowledge thereof; *provided* that the failure to provide such notice shall not release the Lessee from any of its obligations to indemnify hereunder or from any other obligation that the Lessee may have to such Indemnitee at law or in equity (provided that the Lessee's obligations to indemnify hereunder shall in no event be increased due to such a failure to provide notice and no payment by the Lessee to such Indemnitee shall be deemed to constitute a waiver or release of any right or remedy which the Lessee may have against such Indemnitee for any damages as a result of such failure to provide notice). Subject to the rights of insurers under policies of insurance maintained by the Lessee, the Lessee shall investigate, and provided no Specified Default or Event of Default shall have occurred and be continuing, at its sole cost and expense, defend or compromise (other than with respect to a compromise of a non-monetary claim the compromise of which shall adversely affect such Indemnitee) any claim for which indemnification is sought under this § 7(a), and the Indemnitee shall cooperate, at the Lessee's expense, with all reasonable requests of the Lessee in connection therewith; *provided* that if such a Specified Default or Event of Default has occurred and is continuing, the applicable Indemnitee shall in good faith contest such claim at the request and expense of the Lessee; and provided further that such proceedings do not involve the likelihood of loss or forfeiture of title to the Aircraft (unless the Lessee shall have posted a bond or other security reasonably satisfactory to such Indemnitee in respect of such risk) or the risk of any civil or criminal penalty being assessed against any Indemnitee.

No Indemnitee shall enter into a settlement or other compromise or consent to a judgment with respect to any Loss without the prior written consent of the Lessee, which consent shall not be unreasonably withheld or delayed, unless such Indemnitee waives its rights with respect to such Losses under this § 7(a); *provided* that the payment of an amount to which a Loss relates when legally compelled to do so by a government entity of competent jurisdiction after which a request for a refund of such amount is diligently pursued by appropriate procedures in accordance with the terms of this § 7(a) will not be considered a settlement, compromise or consent to judgment requiring the Lessee's prior consent or resulting in a waiver of such Indemnitee's rights of indemnification with respect to such amount. Except as otherwise provided in the immediately preceding sentence, the entering into any such settlement or compromise or consent without the Lessee's prior written consent shall constitute a waiver by such Indemnitee of all its rights of indemnification hereunder in respect of such matter.

To the extent that a claim indemnified by the Lessee under this § 7(a) is in fact paid in full by the Lessee and/or an insurer under a policy of insurance maintained by the Lessee, the Lessee and/or such insurer, as the case may be, shall be subrogated to the rights and remedies of the Indemnitee on whose behalf such claim was paid (other than rights of such Indemnitee under insurance policies maintained at its own expense) with respect to the transaction or event giving rise to such claim. So long as no Specified Default or Event of Default shall have occurred and be continuing, should an Indemnitee receive any payment from any person other than the Lessee or its insurers and except for payments received under insurance policies maintained by an Indemnitee at its own expense, in whole or in part, with respect to any claim already paid by the Lessee or its insurers hereunder, such Indemnitee shall promptly pay the amount so received (but not an amount

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in excess of the amount the Lessee or any of its insurers has paid in respect of such claim) over to the Lessee.

Notwithstanding anything to the contrary contained in this § 7(a), the indemnification provided for in this § 7(a) shall only apply to matters which occur or fail to occur prior to the Expiration Date and return of the Aircraft pursuant to the terms hereof.

(b) **General Tax Indemnity.** The Lessee agrees to pay and to indemnify and hold harmless the Lessor and the Head Lessor (individually, a "Tax Indemnitee" and collectively, the "Tax Indemnitees") from, all license fees and all taxes, levies, imposts, duties, assessments, charges and withholdings of any nature whatsoever, together with any penalties, additions to tax, fines and interest thereon (collectively, "taxes, fees and other charges") imposed against the Lessor, the Head Lessor, the Lessee or any Item or any part thereof by any Federal, state, or local government or governmental subdivision or taxing authority in the United States of America or any possession or territory thereof, or by any other country or international taxing authority, or by any subdivision or taxing authority of any of the foregoing upon or with respect to the Aircraft or any part thereof, or interest therein, or upon the manufacture, financing, servicing, maintenance, warranty, repair, replacement, insuring, improvement, transfer of title, purchase, erection, installation, testing, acceptance or rejection, ownership, delivery, non-delivery, lease, sublease, rental, acquisition, registration, rebuilding, abandonment, transportation, storage, possession, use, operation, condition, sale, return or other disposition thereof, or upon the rentals, receipts or earnings arising therefrom, or with respect to any contract relating to the manufacture, construction, acquisition or delivery of the Aircraft or otherwise with respect to the transactions contemplated by this Agreement.

Notwithstanding the foregoing, the indemnity provided for in this § 7(b) does not extend to any Lessor Taxes.

If a claim is made against a Tax Indemnitee for any taxes, fees and other charges for which such Tax Indemnitee intends to seek indemnification hereunder, such Tax Indemnitee shall promptly notify the Lessee. If requested by the Lessee in writing, the Tax Indemnitee shall, in good faith contest or, at the Lessee's request, if permitted by applicable law, permit the Lessee to contest (and in such case, provide all reasonable cooperation to the Lessee) the validity, applicability or amount of such taxes, fees and other charges by (A) resisting payment thereof if practicable, (B) paying the same under protest, if protest is necessary and proper, or (C) if payment be made, using reasonable efforts to obtain a refund thereof, in appropriate administrative and judicial proceedings including appeals other than to the United States Supreme Court.

Notwithstanding anything to the contrary herein, in no event shall a Tax Indemnitee be required or the Lessee permitted to contest the imposition of any taxes, fees or other charges asserted against such Tax Indemnitee for which the Lessee is obligated pursuant to this § 7(b) unless (i) on demand from time to time, the Lessee pays any and all expenses incurred by such Tax Indemnitee reasonably allocable to such contest (including, without limitation, all costs, expenses, losses, legal and accounting fees and disbursements), (ii) no Specified Default or Event of Default shall have occurred and be continuing, (iii) the action to be taken will not result in any material risk of sale,

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forfeiture or loss of, or the creation of any Lien on the Aircraft or any interest therein (except if the Lessee shall have adequately bonded such Lien or otherwise made provision to protect the interests of the Lessor, the Head Lessor and the Secured Party in a manner reasonably satisfactory to the Lessor, the Head Lessor and the Secured Party or result in any criminal penalties, and (iv) the Lessee shall have delivered to such Tax Indemnitee at the Lessee's sole expense, an opinion of independent tax counsel selected by the Lessee and reasonably acceptable to such Tax Indemnitee to the effect that a reasonable basis for such contest exists or, in the case of an appeal, that substantial authority for such appeal exists. If any such contest involves payment of the taxes, fees and other charges in question, the Lessee shall either make such payment directly to the appropriate authority or furnish to such Tax Indemnitee sufficient funds on an interest-free and After-Tax Basis to make such payment. The Tax Indemnitee shall consult with the Lessee in good faith regarding the means of contesting such claim and shall keep the Lessee reasonably informed regarding the progress of such contest.

If a Tax Indemnitee shall obtain a refund of or be entitled to a credit against other liability for all or any part of such taxes, fees and other charges paid by the Lessee, such Tax Indemnitee shall pay the Lessee the amount of such refund (or credit), after deducting all costs and expenses that were incurred by such Tax Indemnitee in connection therewith; *provided*, however, that such amount shall in no event be payable before such time as the Lessee shall have made all payments and indemnities then due to such Tax Indemnitee under this Agreement; *provided* further, however, that the aggregate amount of all payments pursuant to this sentence by such Tax Indemnitee with respect to any taxes, fees and other charges shall not exceed the aggregate amount of all payments made by the Lessee to such Tax Indemnitee pursuant to this § 7(b) with respect to such taxes, fees and other charges. If in addition to such refund (or credit) the Tax Indemnitee shall receive an amount representing interest on the amount of such refund (or credit), or would have received interest but for an offsetting liability for taxes, fees and other charges not indemnified by the Lessee hereunder, the Lessee shall promptly be paid that portion of such interest (or such interest that would have been received) that is fairly attributable to any tax, fees and other charges paid or reimbursed by the Lessee prior to the receipt of such refund for the period from the Lessee's payment or reimbursement to the payment to the Lessee of such refund, reduced by the amount of any Federal, state or local income taxes payable by the Tax Indemnitee by reason of the receipt or accrual of such interest and increased by the amount of any tax benefits resulting from such payment to the Lessee; *provided*, however, that no amount shall be payable under this or the preceding sentence during any period in which a Specified Default or an Event of Default has occurred and is continuing.

In case any report or return is required to be made with respect to any obligation of the Lessee under or arising out of this § 7(b), the Lessee will either make such report or return in such manner as will show the ownership of the Head Lessor in the Aircraft and send a copy of such report or return to the Lessor and the Head Lessor, or will notify the Lessor of such requirement and make such report or return in such manner as shall be reasonably satisfactory to the Lessor and the Head Lessor. The Lessor shall provide to the Lessee such information within its possession or control as is necessary to enable the Lessee to properly make such return or report.

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If a Tax Indemnitee shall release, waive, compromise or settle, or fail to pursue any required contest of any claim which may be indemnifiable by the Lessee pursuant to this § 7(b) without the written permission of the Lessee, the Lessee's obligation to indemnify such Tax Indemnitee with respect to such claim (and all directly related claims and claims based on the outcome of such claim) shall terminate, and such Tax Indemnitee shall repay to the Lessee any amount previously paid or advanced with respect to such claim, plus interest at the rate that would have been payable by the relevant taxing authority with respect to a refund of such taxes, fees and other charges. Notwithstanding the foregoing, a Tax Indemnitee will not be required to contest the imposition of any taxes, fees and other charges and shall be permitted to settle or compromise any claim without the Lessee's consent if such Tax Indemnitee (I) shall waive its right to indemnity under this § 7(b) with respect to such taxes, fees and other charges (and any directly related claim and any claim the outcome of which is determined based upon the outcome of such claim) and (II) shall pay to the Lessee any amount previously paid or advanced by the Lessee pursuant to this § 7(b) with respect to such taxes, fees and other charges plus interest at the rate that would have been payable by the relevant taxing authority with respect to a refund of such taxes, fees and other charges.

The Lessee further agrees that any payment or indemnity made under § 7(a) or this § 7(b) by the Lessee shall include any amount necessary to hold the applicable Tax Indemnitee harmless on an After-Tax Basis (after giving effect to all deductions, credits and other tax benefits available to the recipient of such indemnity payments with respect to the matter indemnified under § 7(a) or with respect to the payments of the taxes, fees and other charges indemnified under this § 7(b)) from all taxes, fees and other charges required to be paid by such Tax Indemnitee with respect to such payment or indemnity under the laws of any domestic or foreign governmental or taxing authority, agency or subdivision.

All of the rights and obligations of the Lessee under this § 7(b) shall continue in full force and effect to the extent provided herein notwithstanding the expiration or sooner termination of this Lease and such obligations are expressly made for the benefit of, and shall be enforceable by, the Tax Indemnitees and their respective successors and assigns.

8. Liens. The Lessee shall not directly or indirectly create, incur, assume, or suffer to exist any Lien on or with respect to any Item or Part except: (a) the rights of the Lessor, the Head Lessor, the Secured Party, and the Lessee as contemplated by the Operative Documents, (b) the rights of others under agreements or arrangements to the extent permitted by §13, (c) Lessor Liens, (d) Liens for landing, navigation and overflight charges not yet delinquent and in aggregate amount not greater than $50,000; and (e) inchoate materialmen's, mechanics', worker's, repairer's, employees', or other like Liens arising in the ordinary course of business and for amounts the payment of which is not yet due. The Lessee will promptly, at its own expense, take or cause to be taken such action as may be necessary to discharge any Lien which is not permitted by this § 8.

9. Registration; Maintenance; Records; Compliance and Use; Replacement Parts; Improvements; Pooling of Parts; Insignia.

(a) **Registration.** The Lessee shall, at its expense, cause the Aircraft to be duly registered, at all times (except as provided below and except to the extent that such registration is prevented by the legal status, or an act or omission, of the Lessor, the Head Lessor or the Secured Party) from and after the Delivery Date, in the United States in the Head Lessor's name (except as otherwise required by the Transportation Code) under the Transportation Code, shall not (except as provided below) register the Aircraft under the laws of any jurisdiction other than the United States, and shall not cause the Aircraft to be ineligible for such registration.

(b) **Maintenance; Records.** The Lessee shall cause each Item to be maintained, inspected, serviced, repaired, overhauled, and tested (1) in accordance with Lessee's FAA-approved maintenance program (the "Maintenance Program"), (2) so as to keep each Item in as good operating condition as it was in when delivered to the Lessee by the Lessor, reasonable wear and tear excepted, and airworthy under the FAA's standards, (3) in the same manner and with the same care as used by the Lessee (or a Permitted Sublessee) with respect to similar aircraft owned or operated by the Lessee (or such Permitted Sublessee), and (4) so as to comply with the applicable regulations of the FAA, except during a good-faith contest of the validity, applicability, or alleged violation of the pertinent rule or regulation in any reasonable manner which is not reasonably anticipated to have a materially adverse effect on the Lessor's or the Head Lessor's interest in the Aircraft and which does not extend beyond the end of the Term if the pendency of such contest would adversely affect the Aircraft or the remarketing thereof in any material respect; *provided,* that no contest shall excuse the failure to maintain the airworthiness certification for the Aircraft in good standing without the Lessor's written consent, nor shall the pendency of any contest prevent a prohibition of use from becoming an Event of Loss.

The Lessee shall maintain all records, logs, and other materials (including manufacturer's and repair facility tags with corresponding serial numbers) required by the Lessee's FAA approved maintenance program (or any other governmental body having jurisdiction) to be maintained in respect of each Item, and such records, logs, and other materials shall be maintained in English. The Lessee shall prepare for the Lessor and the Head Lessor, and file, any reports required by any governmental authority as a result of the Head Lessor's ownership of the Aircraft (and the Lessor shall furnish to the Lessee and any Permitted Sublessee all reasonable cooperation in connection therewith, at the Lessee's expense). The Lessee shall not revise or modify the Maintenance Program (except as required by Applicable Law) without the prior written consent of the Lessor and the Secured Party.

(c) **Maintenance Payments.**

i. **Definitions.**

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In this § 9(c), the following expressions shall have the meanings respectively ascribed thereto:

Eligible Claim	means a claim submitted by the Lessee for payment or reimbursement of the costs incurred (including labor, parts and materials) in performing or causing to be performed in relation to the Aircraft in accordance with such maintenance program any or all of the maintenance processes referred to in § 9(c)(iii) (a) and (b); *provided* that, subject to the provisions of §9(c)(v)(d) hereof, the amount payable or reimbursable hereunder with respect to an Eligible Claim shall not include those costs attributable to the repair of foreign object or other accidental damage to the Aircraft, any Engine or any Propeller, negligent or other improper maintenance, repair, modification, alteration, use or operation of the Aircraft, any Engine, or any Propeller or an Inherent Defect or any cost which is reimbursable from insurance or warranty claims.
Hourly Rate	means the hourly rate payable by way of maintenance reserve in respect of each complete Flight Hour (pro rata for part thereof) for the Airframe or each Engine, as applicable.
Inherent Defect	means any defect in the Aircraft or any part thereof arising out of a fault or error in the design, manufacture or construction thereof.

ii. **Maintenance Reserve Payments.**

The Lessee shall pay Maintenance Reserves to the Lessor throughout the Term of this Lease for the period commencing on the Delivery Date, monthly in arrears on the 15th day of each month, each payment to be made in respect of the previous calendar month based on a utilization report to be furnished by the Lessee on the 10th day of each month, such report to be based on and accompanied by copies of the relevant portions of the Aircraft log books; *provided* always that the final payment shall be made on the date on which the Term expires in respect of that part of the calendar month ending on that date. Each payment shall be calculated by multiplying the applicable Hourly Rate by the number of Flight Hours flown by the Airframe or each Engine, as applicable, as evidenced by the Aircraft log books for the relevant period. The Lessor shall be obligated to reimburse the Lessee for Eligible Claims as provided in § 9(c)(iv)

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hereof only if and to the extent that funds are available therefor in the applicable Maintenance Reserve accounts as provided below. The Lessee shall bear that portion of the cost of an Eligible Claim in excess of the amount available in the applicable Maintenance Reserve accounts without any recourse to the Lessor whatsoever. Any funds remaining in the Maintenance Reserve accounts following the return of the Aircraft and compliance with the provisions of § 5 hereof and shall be paid to Lessee.

iii. **Maintenance Reserve Accounts.**

The Lessor shall maintain for its own purposes one account in respect of each of the following maintenance processes:

(a) Airframe maintenance (but excluding rotable repairs and operational misuse and negligence of Lessee), landing gear overhauls and the Redelivery Inspection to be performed in accordance with Exhibit B hereof; and

(b) two accounts for each Engine (which expression shall, for this purpose, not extend to any rotable components or nose cowl), one such account (the "Engine Overhaul Account") for the accomplishment of overhauls and mandatory hot section inspections in accordance with the Maintenance Program, and one such account (the "Engine LLP Account") for the replacement of Engine life limited parts ("LLPs"), but excluding, in each case, foreign object damage, operational misuse and the Lessee's negligence;

The five Maintenance Reserve accounts are to be maintained by the Lessor for its own administrative convenience. The amount available for the payment of Eligible Claims shall be the amount paid by the Lessee with respect to the relevant Maintenance Reserve account. The Lessor shall be obligated to reimburse the Lessee for Eligible Claims as provided in § 9(c)(iv) hereof only if and to the extent that funds are available therefor in the applicable Maintenance Reserve accounts as provided below. The Lessee shall bear that portion of the cost of an Eligible Claim in excess of the amount available in the applicable Maintenance Reserve accounts without any recourse to the Lessor whatsoever.

iv. **Rates.**

The Hourly Rates payable with respect to Flight Hours flown during the Basic Term shall be as follows:

Airframe	$25 per Airframe Flight Hour.

Engines	$70 per Flight Hour for the applicable Engine, of which $55 shall be allocated to the Engine Overhaul Account and $15 shall be allocated to the Engine LLP Account.

In the event that this Lease is renewed pursuant to § 3(f) hereof, the Hourly Rates payable with respect to Flight Hours flown during the applicable Renewal Term shall be adjusted appropriately to reflect (1) the then current overhaul cost or replacement cost for the applicable Engine, component or Part, as the case may be, (2) the Lessee's then current mean time between overhauls for the applicable Engine, component or Part, as the case may be, and (3) the then applicable life limitations for LLPs.

v. **Application of Maintenance Reserves.**

(a) The Lessor's obligation to reimburse the Lessee for any Eligible Claims referred to in § 9(c)(i)/(iii) is subject to the conditions that: (i) before any work with respect to such Eligible Claim referred to in § 9(c)(iii)(b) is performed, the Lessee shall notify the Lessor of the proposed date of the check or shop visit and the work to be performed (to the extent then known to the Lessee); and (ii) within fifteen (15) days after the end of each calendar month during the Term (and on the Expiration Date), the Lessee shall present to the Lessor all worksheets, invoices, vouchers and/or receipts with respect to the completion of the work with respect to any Eligible Claim during such preceding month (or, if applicable, after the end of the preceding month and prior to the Expiration Date) which are reasonably necessary to establish the amount of such Eligible Claim;

(b) Within 20 days after the Lessor receives such documentation, the Lessor will pay the amount of the Eligible Claim to the Lessee by making a drawdown against the amount in the applicable Maintenance Reserve account. In the event that the amount of any Eligible Claim exceeds the amount available for reimbursement thereof pursuant to the terms hereof, the Lessee shall be responsible for the payment of such excess.

Notwithstanding anything else to the contrary contained in this Lease, in no event shall the Lessor be obligated to pay any amounts with respect to Eligible Claims or pursuant to § 9(c)(vii) hereof so long as a Specified Default or an Event of Default shall have occurred and be continuing.

(c) Any repair or overhaul work that is performed by the Lessee shall be billed at the Lessee's actual cost. If work is done by a company affiliated with the Lessee, charges made by such Affiliate shall be reasonable market rates for such maintenance work.

(d) For the avoidance of doubt, Maintenance Reserves in respect of the Engines may be used for the cost of a repair or overhaul of an Engine which would otherwise be reimbursable from the Maintenance Reserves and which is undertaken at the same time as other remedial work which is excluded from reimbursement (for example repair of a foreign object damage) subject to the requirements of § 9(c)(v)(a).

(e) THE LESSOR SHALL HAVE NO DUTY TO THE LESSEE TO DETERMINE WHETHER ANY ITEM IS REQUIRED TO BE OVERHAULED OR MAINTAINED, OR TO OBSERVE OR INSPECT THE OVERHAUL OR MAINTENANCE OF ANY ITEM, AND THE LESSOR SHALL NOT INCUR ANY LIABILITY OR OBLIGATION TO THE LESSEE BY REASON OF THE FAILURE OF ANY ITEM TO BE PROPERLY OVERHAULED OR MAINTAINED OR BY REASON OF THE LESSOR'S ELECTION TO OBSERVE OR INSPECT OR NOT TO OBSERVE OR INSPECT ANY OVERHAUL OR MAINTENANCE OF ANY ITEM.

vi. **Status of Maintenance Reserves**

The Lessee acknowledges that the Maintenance Reserve payments for an Item shall become the unencumbered property of the Lessor upon payment thereof by the Lessee, free of any claims or rights thereto by the Lessee; *provided* that, any Maintenance Reserves remaining at the end of the Term shall belong to the Lessee, and if an Event of Loss occurs with respect to the Aircraft or the Airframe, any Maintenance Reserves then remaining shall be paid to the Lessee upon satisfaction of the Lessee's obligation under § 11 to pay, or cause to be paid, the Stipulated Loss Value and all other amounts then due hereunder, to the Lessor. To the extent Maintenance Reserve payments are used to pay for the cost of any overhaul or maintenance contemplated in this § 9(c), any recoveries from any manufacturer or any subcontractor, vendor or supplier in respect thereof shall be for the exclusive benefit of the Lessor.

On the 10th day of each month, the Lessee shall notify the Lessor of the number of Flight Hours which have been accumulated on the Airframe and the number of Flight Hours that have been accumulated on each Engine during the preceding calendar month, and the Lessee shall provide the Lessor with such supporting information and documentation as the Lessor may from time to time reasonably request.

(d) **Compliance and Use.** The Lessee shall not cause or permit the Aircraft to be maintained, operated, or used in violation of any law or any rule, regulation, treaty, statute, or order of any government or governmental authority having jurisdiction, or in violation of any airworthiness certificate, license, or registration relating to the Aircraft issued by any such authority, except during a good-faith contest of the validity, application, or alleged violation thereof in any reasonable manner which does not materially adversely affect the Lessor's, the Head Lessor's or the Secured Party's respective interests in the Aircraft and which does not

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extend beyond the end of the Term if the pendency of such contest would adversely affect the Aircraft or the remarketing thereof in any material respect. If any such law, rule, regulation, treaty, statute, order, certificate, license, or registration requires alteration of the Aircraft, the Lessee shall obtain conformance therewith at no expense to the Lessor and shall cause the Aircraft to be maintained in proper operating condition thereunder. The Lessee shall not cause or permit the Aircraft to be operated or located outside of the United States except over international waters and except in a country which then maintains normal diplomatic relations with the United States. The Lessee shall not cause or permit the Aircraft to be used unless the Aircraft is covered by insurance as required by § 12, or contrary to the terms of such insurance, except when operated under contract with the United States government or in the case of a requisition for use by the United States government, in which case the Lessee shall have caused to be obtained insurance or indemnity in lieu of such insurance from the United States government against substantially the same risks and in substantially the same amount (and in favor of the same parties) required by § 12. Throughout the Term, as between the Lessee and the Lessor, the possession, use, and maintenance of the Aircraft shall be at the risk and expense of the Lessee. The Aircraft may not be operated, used, or located in any declared war zone or in any area which is an area of recognized hostilities (except to leave such a zone or area).

(e) **Replacement Parts.** Except as otherwise provided in § 9(f), the Lessee shall promptly replace all Parts which become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair, or permanently rendered unfit for use for any reason whatsoever (such substituted parts being *"Replacement Parts"*). In addition, in the ordinary course of maintenance, overhaul, or testing, the Lessee may remove any Parts, whether or not worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair, or permanently rendered unfit for use, provided that such Parts are promptly replaced. All Replacement Parts shall be free and clear of all Liens and shall be in good and operable condition and capable of performing their intended purpose within manufacturer's specifications, with a value and utility of the removed Parts (assuming such Parts were serviceable at the time of removal). All Parts at any time removed from any Item shall remain the property of the Head Lessor, no matter where located, until they have been replaced by Replacement Parts which have been incorporated in such Item and which meet the requirements for Replacement Parts specified above. Immediately upon any Replacement Parts becoming incorporated in such Item as above provided, without further act, (1) title to the removed Part shall vest in the Lessee, free and clear of all rights of the Lessor and the Head Lessor, and such replaced Part shall no longer be a "Part" hereunder, (2) title to such Replacement Part shall vest in the Head Lessor, and (3) such Replacement Part shall become subject to this Lease and shall be part of such Item to the same extent as the removed Part.

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(f) **Improvements.**

(1) **Required Improvements.** The Lessee shall, at the Lessee's expense (except as otherwise provided below), incorporate in each Item any accessory, equipment, or device, or make any improvement, modification, alteration, inspection or addition thereto (any such accessory, equipment, device, improvement, modification, alteration, inspection or addition being an *"Improvement"*), as is necessary from time to time to comply with the requirements of any service bulletin issued by the Manufacturer or the manufacturer of any Engine or to meet the requirements of the FAA or any other governmental authority having jurisdiction over that Item. The Lessor shall reimburse the Lessee for each Improvement only from funds remaining in the reserve accounts and only to the extent that sufficient funds are remaining in these accounts. Any underages in such payments shall not be recoverable by the Lessee from the Lessor and the Lessee may not place any Liens or other encumbrances or in any way attempt to recover any such claims for payment from the Lessor.

(2) **Optional Improvements.** The Lessee may from time to time make (or allow a Permitted Sublessee to make), solely at the expense of the Lessee or such Permitted Sublessee, such Improvement as the Lessee (or any Permitted Sublessee) deems desirable in the proper conduct of its business (including, without limitation, the removal of Parts which the Lessee or a Permitted Sublessee reasonably deems obsolete or no longer suitable or appropriate for use in such item), *provided* that no such Improvement diminishes the value, utility, or remaining useful life of any Item below the value, utility, and remaining useful life that it would have had if that Improvement had not been made (assuming such Item was then of the value and utility required to be maintained by the terms hereof) or causes the Item to become "limited use property" within the meaning of Rev. Proc. 76-30, 1976-2 C.B. 647; and *provided further* that neither the Lessee nor any Permitted Sublessee shall make any such Improvement in excess of $250,000 without giving 10 Business Days prior written notice to the Lessor, the Head Lessor and the Secured Party or make any structural alteration or modification without the prior written consent of the Lessor, the Head Lessor and the Secured Party. Title to all Improvements shall, without further act, vest in the Head Lessor. Lessee shall maintain, use, operate and modify the Aircraft in the same manner and with the same standards as used by Lessee with respect to other similar aircraft used by Lessee in Lessee's fleet.

So long as no Event of Default shall have occurred and be continuing, any improvement that (1) is in addition to, and not in replacement of or in substitution for, any Part originally incorporated on the Delivery Date in any Item or any Replacement Part, (2) is not required to be incorporated in any Item pursuant to § 9(f)(1), and (3) can be removed from such Item without impairing the value, utility, or remaining useful life that such Item would have had at such time had such Improvement not been made (a *"Removable Improvement"*) may be removed from the Aircraft, *provided* that the Lessee shall repair or cause to be repaired any damage to the Aircraft resulting from the

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installation or removal of such Removable Improvement so as to restore the Aircraft to the value, utility, and remaining useful life that it would have had at such time had such Removable Improvement not been made, reasonable wear and tear excepted. Any Removable Improvement so removed before the time of return of the Aircraft shall, at such time, become the property of the Lessee without further action by the parties hereto.

(g) **Insignia.** The Lessee shall (1) cause each Item to be kept numbered with the identification or serial numbers therefor as specified in the Lease Supplement, and (2) affix and maintain in the Airframe adjacent to and not less prominent than the airworthiness certificate, or on each Engine in a prominent location, a nameplate bearing the following legend:

> This [Aircraft] [Engine] is subject to a security interest in favor of United Capital Corp. of Illinois, is owned by World Pacific Air Lease, Inc. and is leased from Air Alaska Commuter Leasing, Inc.

and such other markings as from time to time are required by law or otherwise deemed necessary by the Lessor, the Head Lessor or the Secured Party in order to protect the Head Lessor's title to the Aircraft and rights under the Head Lease, the Lessor's rights under this Lease, and the Secured Party's rights with respect to the Aircraft. The Lessee shall promptly replace any such required nameplate marking which has been removed, defaced, or destroyed. Except as above provided, the Lessee will not allow the name of any Person to be placed on any Item as a designation that might reasonably be interpreted as a claim of ownership; *provided,* that nothing in this § 9(g) shall prohibit the Lessee (or any Permitted Sublessee) from placing appropriate lettering, painting, or markings (including its customary colors and insignia, or those of any code-sharing affiliate) on any Item.

10. Inspection. At all reasonable times during the Term, the Lessor, the Head Lessor and/or the Secured Party (or their agents or authorized representatives) may, upon not less than five days' prior written notice, at their own cost and expense, inspect any Item; *provided,* that, unless this Lease has been declared to be in default in accordance with its terms, such inspection shall be conducted so as not to interfere unreasonably with the operation and maintenance by the Lessee (or a Permitted Sublessee) of any aircraft and, as to any aircraft, shall be a visual, walk-around inspection which may include going on board the aircraft, but shall not include opening any panels, bays, or other apertures; *provided further,* that the costs of inspection shall be borne by the Lessee in the case of an inspection conducted by such inspecting party in connection with an Event of Default. The Lessee or any Permitted Sublessee shall provide the Lessor, the Head Lessor and the Secured Party with the Lessee's or such Permitted Sublessee's schedule for upcoming heavy maintenance checks. Upon the request of the Lessor, the Head Lessor or the Secured Party, the Lessee shall confirm the location of any Item and shall, at any reasonable time, make any Item and all books and records relative thereto available to such requesting party (or its agents or authorized representatives) for inspection and copying. The Lessor, the Head Lessor and the Secured Party shall have no duty to make any such inspection nor shall the Lessor, the Head Lessor or the Secured Party incur any liability or obligation by reason of not making any such inspection.

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11. Loss or Destruction; Requisition of Use.

(a) **Event of Loss of the Airframe.** If an Event of Loss occurs of the Airframe, the Lessee shall forthwith (and in any event) within one day (24 hours) after such occurrence, give to the Lessor written notice of such Event of Loss and shall pay or cause to be paid to the Lessor an amount equal to (x) the Stipulated Loss Value of the Aircraft, plus (y) all unpaid Basic Rent due to (but excluding) the date such Stipulated Loss Value is paid plus (z) all other amounts of Supplemental Rent due on or before the date such Stipulated Loss Value is paid and any reasonable expenses and costs incurred in connection with such Event of Loss by the Lessor the Head Lessor or the Secured Party. Such amount shall be paid (including by application of proceeds from insurance carried under § 12(b)) within five days after the Event of Loss. Upon payment in full of such Stipulated Loss Value and all such other amounts, (aa) the Lessee's obligation to pay all succeeding installments of Basic Rent, and the Term, shall terminate, and (bb) the Lessor shall transfer or cause to be transferred to the Lessee or its designee (subject to any insurer's salvage rights) "as is, where is, and with all faults", without recourse or warranty, express or implied (except as to the absence of Lessor Liens), all right title and interest conveyed to the Head Lessor in and to the Aircraft (and in connection with such transfer, the Lessee shall prepare and the Lessor shall execute or cause to be executed, all in recordable form, a bill of sale evidencing such transfer, and a termination of this Lease, and the Lessee shall prepare and the Secured Party shall execute, in recordable form, a Mortgage release, all at the Lessee's expense). The Lessee shall be responsible for any sales taxes or similar transfer taxes resulting from such transfer.

(b) **Event of Loss to an Engine or Propeller.** If an Event of Loss occurs to any Engine or Propeller under circumstances in which no Event of Loss occurs to the Airframe, the Lessee shall notify the Lessor, the Head Lessor, and the Secured Party thereof within three days of obtaining knowledge thereof and shall, within 90 days after the date of occurrence of such Event of Loss, duly convey to the Head Lessor, as replacement for such Engine or Propeller, title to a Replacement Engine or Replacement Propeller, free and clear of all Liens (other than Permitted Liens). At the time of any such conveyance, the Lessee shall, at its expense: (1) furnish the Head Lessor with a bill of sale, in form and substance reasonably satisfactory to the Head Lessor, for such Replacement Engine or Replacement Propeller , (2) cause supplements hereto and to the Head Lease and the Mortgage (subjecting such Replacement Engine(s) or Replacement Propeller(s), as the case may be, to this Lease, the Head Lease and the Lien of the Mortgage), in form and substance reasonably satisfactory to the Lessor, the Head Lessor and the Secured Party, for such Replacement Engine or Replacement Propeller to be duly executed by the appropriate parties and recorded at the FAA, (3) execute and, if necessary, file such documents as the Head Lessor reasonably requests to confirm the Head Lessor's ownership of, and title, to such Replacement Engine or Replacement Propeller, (4) furnish the Lessor, the Head Lessor and the Secured Party with such evidence of compliance with the insurance provisions of § 12 for such Replacement Engine or Replacement Propeller as such party reasonably requests, (5) furnish the Head Lessor with all documents, certificates, and opinions necessary to enable the Head Lessor to comply with the requirements of § 2.06(b) of the Mortgage, (6) furnish the Lessor, the Head Lessor and the Secured Party with a certificate of the Lessee or any Permitted

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Sublessee certifying as to compliance with this §11(b), and (7) take such other action as the Lessor, the Head Lessor or the Secured Party reasonably requests in order that such Replacement Engine or Replacement Propeller be properly titled in the Head Lessor free and clear of all Liens (except Permitted Liens), leased hereunder, and subjected to the Head Lease and the Lien of the Mortgage to the same extent as the Engine or Propeller replaced thereby.

Upon compliance by the Lessee with the terms of this §11(b), (x) the Lessor shall transfer or cause to be transferred to the Lessee or its designee (subject to any insurer's salvage rights), "as is, where is, and with all faults", without recourse or warranty, express or implied (except as to the absence of Lessor Liens), all right, title, and interest conveyed to the Head Lessor in and to the Engine or Propeller to which such Event of Loss occurred, together with any insurance proceeds relating to property damage, if any, and (y) the Lessor, the Head Lessor and the Secured Party shall (at the Lessee's expense) release such replaced Engine or Propeller from this Lease, the Head Lease and the Lien of the Mortgage. Each such Replacement Engine or Replacement Propeller shall, upon such conveyance, be deemed part of the property leased hereunder, shall be deemed an "Engine" or "Propeller" and shall be deemed part of the Aircraft. No Event of Loss to an Engine or Propeller under the circumstances contemplated by the terms of this §11(b) shall result in any reduction in Basic Rent. The Lessee shall be responsible for any sales taxes or similar transfer taxes resulting from any such replacement.

(c) **Risk of Loss; No Release of Obligations.** The Lessee hereby assumes and agrees to bear the risk of loss to each Item and, except as provided in §11(a) and §11(b), shall not be released from its obligations hereunder in the event of any damage to the Aircraft or any part thereof or any Event of Loss relating thereto.

(d) **Requisition of Use.** A requisition of use which does not constitute an Event of Loss shall not terminate this Lease, and each and every obligation of the Lessee with respect thereto shall remain in force to the same extent as if such requisition had not occurred, except to the extent that any failure or delay in the performance of such obligations (other than any obligations for the payment of money) are prevented or delayed by such requisition of use. The Lessee shall be entitled to all sums, attributable to the period the Item(s) involved is/are subject to this Lease, received by reason of any such requisition of use. All payments received for the use of any Item after the Term shall be paid over to, or retained by, the Lessor in the same manner as Rent under § 3(e). The Lessee shall promptly notify the Lessor of any such requisition.

(e) **Application of Proceeds for Events of Loss.** Any payments received at any time by the Lessor or the Lessee from any insurer under insurance (other than liability insurance and other than insurance carried by the Lessee (or any Permitted Sublessee) in excess of the insurance required to be maintained by the Lessee pursuant to § 12(b) hereof or insurance maintained by the Lessor at its own expense) maintained hereunder or from any governmental authority or other Person with respect to an Event of Loss will be applied as follows:

(1) if such payments are received as a result of an Event of Loss to the Airframe (and any Engine or Propeller then installed thereon), (aa) so much of such payments as shall not exceed the Stipulated Loss Value for the Aircraft shall be applied in reduction of the Lessee's obligation to pay such Stipulated Loss Value if not already paid, or, if already paid, shall be applied by the Lessor (or its assignee) to reimburse the Lessee or its designee for the payment of such Stipulated Loss Value, and (bb) the balance, if any, of such payments remaining thereafter shall be paid over to, or retained by, the Lessee; and

(2) if such payments are received as the result of an Event of Loss to an Engine or Propeller under the circumstances contemplated by § 11(b), such payments shall be paid over to, or retained by, the Lessor in the same manner as Rent under § 3(e), until the Lessee fully performs the terms of § 11(b) with respect to that Event of Loss, after which such payments shall be paid over to, or retained by, the Lessee.

(f) **Payments During Default.** Any amount referred to in this § 11 which is otherwise payable to the Lessee shall not be paid to the Lessee if a Specified Default exists at the time of payment, but shall be paid to and held by the Lessor as security for the Lessee's obligations hereunder, and at such time as no Specified Default exists, such amount shall be paid to the Lessee.

12. Insurance.

(a) The Lessee shall, without cost and expense to the Lessor, the Head Lessor or the Secured Party, maintain or cause to be maintained in effect with respect to the Aircraft, comprehensive general liability insurance including the following insurances, subject to § 12(j) , with the Approved Insurer through the intermediary of an insurance broker approved by the Lessor, the Head Lessor and the Secured Party (the "Broker") in such form as shall be approved by the Lessor, the Head Lessor and the Secured Party:

(i) All-risk ground and flight aircraft hull insurance including:

(A) War and Allied Perils Insurance to the fullest extent possible (excluding confiscation or expropriation by the government of registry);

(B) all risks insurance with respect to any Engine and other components, Parts or spares, while any such items are not installed on the Aircraft or any other aircraft.

All such insurance in respect of the Aircraft shall be in amounts not less than the Stipulated Loss Value. Any such property damage insurance policy may be subject to a flight deductible in an amount not exceeding $50,000 and a ground deductible in an amount not exceeding $50,000; *provided* that if any such policy provides for a deductible in an amount

in excess of $50,000, the Lessee shall "buy down" such deductible to an amount not to exceed $50,000 per occurrence; and

(ii) aircraft third party, passenger, baggage, cargo and mail and airline general third party liability including War, Hijacking, Confiscation and Kindred Perils to the fullest extent possible and having a combined single limit of liability of not less than $50,000,000.00 and not subject to a deductible.

(b) The Lessee shall procure that the insurances referred to in§ 12(a)(i) above:

(i) name the Additional Insureds as additional named assured, warranted no operational interest without liability to pay, but with right to pay premiums and premium installments;

(ii) acknowledge that the insurers have been advised that the Aircraft is subject to the Mortgage in favor of the Secured Party;

(iii) name the Secured Party (if the Aircraft is then subject to the Lien of the Mortgage) or the Head Lessor (if the Aircraft is not then subject to the Lien of the Mortgage) as sole loss payee in the case of an Event of Loss to the extent that an Event of Loss is an insured risk;

(iv) waive any right the insurers may have to set-off or counterclaim against, or reduce any insurance proceeds due and payable to the Lessor, the Head Lessor, the Lessee or the Secured Party as loss payee other than in respect of unpaid premiums with respect to the Aircraft, and contain a standard breach of warranty endorsement in favor of the Lessor, the Head Lessor and the Secured Party for an amount equal to the Stipulated Loss Value, in the case of the Lessor and the Head Lessor, and the Release Price for the Aircraft, in the case of the Secured Party;

(v) contain the following provision:

THE INSURANCE AFFORDED BY THIS POLICY SHALL NOT BE INVALIDATED (1) AS REGARDS THE INTEREST OF THE SECURED PARTY BY ANY ACT OR NEGLECT OF LESSEE, LESSOR, HEAD LESSOR OR A SUBLESSEE, AND (2) AS REGARDS THE INTEREST OF HEAD LESSOR, BY ANY ACT OR NEGLECT OF LESSOR, LESSEE OR A SUBLESSEE, AND (3) AS REGARDS THE INTEREST OF LESSOR, BY ANY ACT OR NEGLECT OF LESSEE OR A SUBLESSEE.

UPON PAYMENT OF ANY SUM TO THE SECURED PARTY AS PROVIDED HEREUNDER, THE INSURERS SHALL, TO THE EXTENT OF SUCH PAYMENT, BE THEREUPON LEGALLY SUBROGATED TO ALL THE RIGHTS OF THE SECURED PARTY BUT NO SUBROGATION SHALL IMPAIR

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THE RIGHT OF THE SECURED PARTY TO RECOVER THE FULL AMOUNT OF ITS CLAIMS.

(vi) contain a provision waiving any and all rights of subrogation the insurers have or may acquire against the Secured Party as a consequence of the Mortgage;

(vii) contain a provision that (1) no claim of the Secured Party shall be defeated, prejudiced or otherwise affected by any non-disclosure, misrepresentation, breach of any policy warranty, declarations or conditions or want of due diligence on the part of the Lessor, the Head Lessor, the Lessee or any Sublessee, (2) no claim of the Head Lessor shall be defeated, prejudiced or affected by any non-disclosure, misrepresentation, breach of any policy warranty, declarations or conditions or want of due diligence on the part of the Lessor, the Lessee or any Sublessee, and (3) no claim of the Lessor shall be defeated, prejudiced or affected by any nondisclosure, misrepresentation, breach of any policy warranty, declarations or conditions or want of due diligence on the part of the Lessee or any Sublessee;

(viii) contain a provision to the effect that any cancellation or modification (adverse to interest of the Lessor, the Head Lessor or the Secured Party) of such insurance shall not be effective as to the interest and/or benefit of the Lessor, the Head Lessor or the Secured Party, as the case may be, for thirty (30) days (but with seven (7) days or such lesser period as is customarily available in respect of war-risks insurance) after written notice of such cancellation or modification, as the case may be, is received by the Lessor, the Head Lessor or the Secured Party, as applicable;

(ix) contain a provision requiring the insurers to provide the Lessor, the Head Lessor and the Secured Party with a written notice (A) of the Lessee's or any Sublessee's failure to pay any premium or premium installment when due and allowing the Lessor , the Head Lessor or the Secured Party at its option to pay any premium or premium installment within thirty (30) days of such notice without any lapse of coverage, (B) of any failure of the Lessee or any Sublessee to commence renewal discussions at least 15 days prior to the expiration of any insurance and (C) of any other act or omission on the part of the Lessee or any Sublessee of which it shall have knowledge that might invalidate or render unenforceable, in whole or in part, any such insurance;

(x) each required reinsurance policy shall have a "cut-through" endorsement satisfactory to the Lessor, the Head Lessor and the Secured Party in substantially the following form:

"In the event of any claim for loss or the payment of any sum under this contract, amounts due and payable to the Insurers from the issuer of the reinsurance contract (in the case of the

Insurers' insolvency) [in respect of claims or losses payable to the Additional Insureds][1] attached hereto as Exhibit A (the "Reinsurance Contract") , shall be paid directly to the Additional Insureds, and the Insurer hereby assigns to the Additional Insureds all of its right, title and interest in and to the Reinsurance Contract and hereby confirms that the Reinsurance Contract has been endorsed to reflect that all losses payable under such Reinsurance Contract shall be payable directly to the Additional Insureds, pursuant to the terms of the Reinsurance Contract attached hereto. It is further hereby agreed that in the event that the Insurer fails to make payment of a claim under any of the policies listed below in the name of [Lessee], the applicable Additional Insured as assignee of the Reinsurance Contract shall be entitled to recover all sums due and payable under the Reinsurance Contract directly from the issuers thereof, without notice to, or obligation to inform the Insurer, subject only to the terms and conditions of the Reinsurance Contract and the limits of liability included therein. Any payments made in respect of the above described endorsements shall constitute a full discharge between the issuer of the Reinsurance Contract on the one hand, and the Insurer and the applicable Additional Insured on the other hand, and shall release the issuer of the Reinsurance Contract from any further liability in connection with such claims, provided that all sums due under the Reinsurance Contract in respect of such claims have been fully and finally paid to the applicable Additional Insured in freely transferable currency of the United States."

(c) The Lessee shall procure that the insurances referred to in § 12(a)(ii):

(i) name the Additional Insureds as additional named insureds (warranted no operational interest without liability to pay, but with the right to pay, premiums and premium installments);

(ii) contain a Severability of Interest Clause which provides that each said insurance shall operate in all respects (save only for the limit of liability) as if a separate policy had been issued to each insured who is insured thereunder;

(iii) are in accordance with sound international practice having regard to the Aircraft involved:

(iv) contain the following provision:

THE INSURANCE AFFORDED BY THIS POLICY SHALL NOT BE INVALIDATED (1) AS REGARDS THE INTEREST OF THE SECURED PARTY, ITS DIRECTORS, OFFICERS, SERVANTS, AGENTS AND EMPLOYEES AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS BY ANY ACT OR NEGLECT OF LESSEE, LESSOR, HEAD LESSOR OR A SUBLESSEE, OR (2) AS REGARDS THE INTEREST OF HEAD LESSOR, ITS DIRECTORS,

[1]This language for Liability Policy cut-through only.

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OFFICERS, SERVANTS, AGENTS AND EMPLOYEES AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS BY ANY ACT OR NEGLECT OF LESSOR, LESSEE OR A SUBLESSEE OR (3) AS REGARDS THE INTEREST OF LESSOR, ITS DIRECTORS, OFFICERS, SERVANTS, AGENTS AND EMPLOYEES AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS BY ANY ACT OR NEGLECT OF LESSEE OR A SUBLESSEE.

(v) contain a provision waiving any and all rights of subrogation the insurers may have or may acquire against the Secured Party, its directors, officers, servants, agents and employees and their respective successors and assigns as a consequence of the Mortgage, or against the Lessor or the Head Lessor, their respective directors, officers, servants, agents and employees and their respective successors and assigns as a consequence of any document, and contain a standard breach of warranty endorsement in favor of the Lessor, the Head Lessor and the Secured Party for an amount equal to the Stipulated Loss Value, in the case of the Lessor and the Head Lessor, and the Release Price for the Aircraft in the case of the Secured Party;

(vi) contain a provision that (1) no claims of the Secured Party, its directors, officers, servants, agents and employees and their respective successors and assigns shall be defeated, prejudiced or otherwise affected by any non-disclosure, misrepresentation, breach of policy warranty, declarations or conditions or want of due diligence on the part of the Lessor, the Lessee or any Sublessee, (2) no claims of the Head Lessor, its directors, officers, servants, agents and employees and their respective successors and assigns shall be defeated, prejudiced or otherwise affected by any non-disclosure, misrepresentation, breach of any policy warranty, declarations or conditions, or want of due diligence on the part of the Lessor, the Lessee or any Sublessee, and (3) no claims of the Lessor, its directors, officers, servants, agents and employees and their respective successors and assigns shall be defeated, prejudiced or otherwise affected by any non-disclosure, misrepresentation, breach of any policy warranty, declarations or conditions, or want of due diligence on the part of the Lessee or any Sublessee;

(vii) contain a provision requiring the insurers to provide the Secured Party, the Head Lessor and the Lessor with written notice of any cancellation or modification adverse to the interest of the Secured Party, the Head Lessor or the Lessor and their respective directors, officers, servants, agents, employees, successors and assigns in such insurance and that such cancellation or modification shall not be effective as to the interest and/or benefit of the Secured Party, the Head Lessor and/or the Lessor and/or their respective directors, officers, servants, agents, employees, successor s and assigns for thirty (30) days (but seven (7) days or such lesser period as is customarily available in respect of war risks insurance) after the written notice of such cancellation or modification, as the case may be, is received by the Secured Party, the Head Lessor and/or the Lessor; and

(viii) contain a provision requiring the insurers to provide the Secured Party, the Head Lessor and the Lessor with a written notice (A) of the Lessee's or any Sublessee's

failure to pay any premium or premium installment when due and allowing the Lessor, the Head Lessor or the Secured Party at their option to pay any premium or premium installment within thirty (30) days of such notice without any lapse of coverage, (B) of any failure of the Lessee or any Sublessee to commence renewal discussions at least 15 days prior to the expiration of any insurance and (C) of any other act or omission on the part of the Lessee or any Sublessee of which it shall have knowledge that might invalidate or render unenforceable, in whole or in part, any such insurance;

(d) The Lessee shall furnish or procure that there is furnished to the Lessor, the Head Lessor and the Secured Party:

(i) not later than the Delivery Date and not later than the expiration dates of the respective insurances required hereunder certificates of insurance evidencing the insurance coverage required pursuant to this § 12. Each certificate evidencing the insurance required by § 12(a)(i) and (ii) shall:

(A) incorporate the provisions of § 12(b)(i) through (xi) and § 12(c)(i) through (viii);

(B) confirm the perils covered by each policy of insurance then in force and relating to the Aircraft;

(C) specify the amount of insurance coverage provided against each such peril, and any deductible;

(D) certify that each such policy is then in full force and effect;

(E) certify that the Broker will provide the Secured Party, the Head Lessor and the Lessor with written notice of the Lessee's or any Sublessee's failure to pay any premium or premium installment when due and the Secured Party, the Head Lessor or the Lessor at their option may pay any premium or premium installment without lapse of coverage; and

(F) confirm the insurer's acknowledgment that the Lessor, the Head Lessor and the Secured Party warranted no operational interest, and that policies related to the insurances referred to in § 12(a)(i)(A) are not subject to average and that policies related to the insurances referred to in § 12(a) (ii) are primary and without right of contribution from other insurances that may be available to the Lessor, the Head Lessor, the Secured Party or their respective directors, officers, servants, agents, employees, successors and assigns;

(ii) on request, certified copies of documents evidencing the terms of any insurance required hereunder;

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(iii) on request, evidence of payment of premium or premium installment due in respect of above insurances;

(iv) an undertaking of the insurers or the Broker to provide the Secured Party, the Head Lessor and the Lessor with thirty (30) days (but with seven (7) days or such lesser period as is customarily available in respect of war risks insurance) written notice of any cancellation or modification (adverse to interest of the Lessor, the Head Lessor or the Secured Party) of the insurances; and

(v) on request, copies of certificates or policies of insurance evidencing all such insurance.

(e) The Lessee will forthwith notify the Lessor, the Head Lessor and the Secured Party of any event (including, but not limited to, an Event of Loss) which will or may give rise to a claim under the insurances required above in excess of $500,000, and not, without the prior written approval of the Lessor, the Head Lessor and the Secured Party, settle any claim arising under any insurance in excess of $1,000,000.

(f) The Lessee will not and will procure that any Sublessee will not:

(i) make any modification to any insurances required hereunder adverse to the interests of the Lessor, the Head Lessor or the Secured Party and the Lessee will or will procure that any Sublessee will give notice in writing to the Lessor, the Head Lessor and the Secured Party before making, or permitting, any modification to the insurances required hereunder;

(ii) do, or omit to do, or permit to be done, or left undone anything whereby any required insurance would or might reasonably be expected to be rendered, in whole or in part, invalid or unenforceable and, without prejudice to the foregoing, not use or keep or permit the Aircraft or any part thereof to be used or kept for any purpose, in any manner or in any place not covered by the required insurance; or

(iii) cause or permit the Aircraft to be employed in any place or in any manner or for any purpose inconsistent with the terms of or outside the coverage provided by any required insurance.

(g) The Lessee shall reimburse the Lessor, the Head Lessor or the Secured Party, as applicable, on demand the amount of any premiums or premium installments which the Lessor, the Head Lessor or the Secured Party, as the case may be, may pay pursuant to § 12(b)(x), (c)(viii) or (d)(i)(E) together with interest thereon.

(h) In the event of damage to the Aircraft or any Engine not amounting to an Event of Loss but resulting in a payment, losses shall be paid to the Secured Party (if the Aircraft or such Engine is then subject to the Lien of the Mortgage) or the Head Lessor (if the Aircraft or such

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Engine, as applicable, is not then subject to the Lien of the Mortgage) and the Secured Party or the Head Lessor, as the case may be, shall, upon receipt of evidence satisfactory to it that such damage shall have been repaired or that such payment shall then be required to pay for repairs then being made or, in the case of Engines, such payment shall be required to effect the purchase of a replacement engine, pay or apply the amount of such payment to such repair or replacement; *provided* that if the Aircraft or such Engine, as applicable, is not then subject to the Lien of the Mortgage, insurance proceeds not exceeding $10,000 for any single occurrence and not involving an Event of Loss to the Aircraft may be payable directly to the Lessee or any Permitted Sublessee.

(i) In the event that separate policies are in effect with respect to the all risks hull insurance and the war risks hull insurance, the Lessee will or will procure that any Sublessee will arrange that the insurers agree that in the event of any dispute as to whether a claim is covered by the all risks or war risks policy, such claim is settled by the insurers on the basis of each insurer paying fifty percent of the amount of the claim.

(j) If at any time the insurance coverages required by this § 12 shall be required by Applicable Law to be placed with insurers who are either affiliated with the government of registration of the Aircraft or are otherwise unacceptable to the Lessor, the Head Lessor or the Secured Party, they shall be deemed to be an Approved Insurer but only to the extent that such insurance shall be 100% reinsured on terms satisfactory to the Lessor, the Head Lessor and the Secured Party in Lloyds of London, or other internationally recognized aviation insurance markets with an Approved Reinsurer.

(k) Intentionally Omitted.

(l) **Other Insurance.** If the Lessee fails to cause insurance to be maintained as required by this § 12, any Additional Insured may, after giving reasonable advance notice to the Lessee of such Additional Insured's intent to do so, provide such insurance and, in such event, the Lessee shall, upon demand, reimburse such Additional Insured, as Supplemental Rent, for the cost thereof, without waiver of any other rights such Additional Insured may have. Nothing in this Lease shall prohibit the Lessor or the Head Lessor from insuring the Airframe, any Engine, or any Propeller or its interest therein at its own expense in an amount in excess of that required to be maintained hereunder, *provided* that such excess insurance in no way increases the cost or limits the availability of any insurance required to be maintained hereunder; *provided further*, that any insurance policies of the Lessor or the Head Lessor insuring the Airframe, any Engine, or any Propeller or its interest therein shall provide for a release to the Lessee (subject to any salvage rights of the Lessee's insurers) of any and all salvage rights in and to the Airframe, any Engine, or any Propeller.

(m) **Indemnification by United States Government.** The Lessor (and the other Additional Insureds) shall accept, in lieu of insurance against any risk with respect to any Item, indemnification from the United States government against such risk in any amount which, when added to the amount of any insurance against such risk maintained by or for the benefit of the Lessee (including permitted deductibles) with respect to any Item, shall be to the combined effect

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substantially the same as to amount and risk (and in favor of the same parties) as insurance otherwise required by this §12.

(n) **Lessee's Additional Insurance.** Nothing in this Lease shall prohibit the Lessee from insuring the Airframe, any Engine, any Propeller or its interest therein at its own expense in an amount in excess of that required to be maintained hereunder; *provided* that such excess insurance does not prejudice any insurance required to be maintained hereunder or the recovery of any Additional Insured under any such required insurance.

13. Subleasing; Possession.

(a) **Subleasing, Pooling, etc.** The Lessee shall not, without the Lessor's prior written consent, sublease or sublet or otherwise relinquish possession of the Airframe, any Engine, or any Propeller, or permit any Engine or Propeller to be installed on any airframe or engine other than the Airframe or an Engine; *provided* that if no Default or Event of Default shall have occurred and be continuing at the time of commencement of such sublease or subletting or at the time of such relinquishment of possession or such installation the Lessee (and, except as to clause (6), any Sublessee) may, without the Lessor's prior written consent:

(1) deliver possession of any Airframe, Engine or Propeller to the manufacturer thereof or to any FAA approved repair facility for service, repair, maintenance or overhaul work on such Airframe, Engine or Propeller or for alterations or modifications in or additions to such Airframe, Engine or Propeller to the extent required or permitted by the terms of § 9 hereof;

(2) subject any Engine or Propeller to normal interchange or pooling agreements or arrangements, in each case customary in the airline industry applicable to other similar engines operated by the Lessee and entered into by the Lessee in the ordinary course of its business with the manufacturer thereof or any major scheduled commercial passenger air carrier, *provided* that (A) no such agreement or arrangement contemplates the transfer of title to such Engine or Propeller and (B) but if the Head Lessor's title to such Engine or Propeller shall be divested, such divestiture shall be deemed an Event of Loss with respect to such Engine or Propeller and the Lessee shall comply with §11(b) hereof;

(3) install an Engine or Propeller on an airframe or engine owned by the Lessee free and clear of all Liens, except (A) Permitted Liens, (B) those which apply only to the engines (other than Engines), propellers (other than Propellers), appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment (other than Parts) installed on such airframe or engine (but not to the airframe as an entirety), and (C) those created by the rights of other major scheduled commercial passenger air carriers under normal interchange agreements customary in the airline industry which do not contemplate, permit or require the transfer of title to the airframe, engines or propellers installed thereon;

(4) install an Engine or Propeller on an airframe or engine leased to the Lessee or purchased by the Lessee subject to a conditional sale or other security agreement, *provided* that (A) such airframe or engine is free and clear of all Liens except (x) the rights of the parties to such lease, conditional sale or other security agreement and (y) Liens of the type permitted by clause (3) above, and (B) such lease, conditional sale or other security agreement effectively provides that such Engine or Propeller shall not become subject to the Lien of such lease, conditional sale or other security agreement, notwithstanding the installation thereof on such airframe or engine;

(5) install an Engine or Propeller on an airframe or engine owned by the Lessee, leased by the Lessee or purchased by the Lessee subject to a conditional sale or other security agreement under circumstances where neither clause (3) or clause (4) above is applicable, *provided* that such installation shall be deemed an Event of Loss with respect to such Engine or Propeller and the Lessee shall comply with §11(b) hereof; and

(6) sublease any Item to a Permitted Sublessee;

provided, further, that (aa) the rights of any transferee shall be effectively subject and subordinate to all the terms of this Lease, (bb) the Lessee shall remain primarily liable hereunder for the performance of all the terms of this Lease to the same extent as if such transfer had not occurred, and (cc) any such sublease shall be for a period or periods not to exceed the Term. Any such sublease will require equivalent maintenance, use and operations standards. The Lessee shall notify the Lessor, the Head Lessor and the Secured Party of any sublease promptly after entering into it, and shall provide the Lessor, the Head Lessor and the Secured Party with a copy of such sublease. No relinquishment of possession of any Item or Part shall in any way discharge or diminish any of the Lessee's obligations.

(b) **Security Assignment of Subleases.** As security for the Lessee's due and punctual payment of all Rent and performance of all of its other covenants and obligations in the Operative Documents, the Lessee hereby grants to the Lessor a security interest in all of the Lessee's right, title, and interest in and to each sublease of any Item, and all payments, including payments of rent, insurance proceeds (other than public liability insurance proceeds), and other amounts due or to become due thereunder. The Lessee shall enter into a "Consent to Sublease" agreement with respect to the Sublease of the Airframe. Notwithstanding anything to the contrary in this Lease, provided that no Default or Event of Default shall have occured and be continuing at the time, in the event that the Secured Party exercises any of its rights with respect to this Lease, including, without limitation, providing notice to the Lessee that all payments due or to become due hereunder should be paid to Secured Party, the Term or Renewal Term of this Lease, as the case may be, at Lessee's option shall terminate.

(c) **Lessor Waiver.** The Lessor hereby agrees for the benefit of each lessor or secured party of any engine or propeller leased to the Lessee or owned by the Lessee subject to a conditional sale or other security agreement that the Lessor shall not acquire or claim, as against

such lessor or secured party, any right, title, or interest in any engine or propeller as the result of the installation of such engine or propeller on the Airframe or an Engine at any time while such engine or propeller is subject to such lease or conditional sale or other security agreement and owned by such lessor or subject to a security interest in favor of such secured party.

14. Events of Default. Each of the following shall constitute an *"Event of Default"* so long as it has not been remedied:

(a) *Basic Rent or SLV.* The Lessee fails to make any payment of Basic Rent, or Stipulated Loss Value owed by it when due and such failure continues for at least 5 days after the due date.

(b) *Other Supplemental Rent.* The Lessee fails to make any other payment of Supplemental Rent when due and such failure continues for at least 15 days after the Lessee receives written notice thereof.

(c) *Insurance.* Any of the insurance coverage required by §12 hereof shall cease to be in full force and effect or the Aircraft is operated outside the coverage provided by such insurance.

(d) *Lessee Covenants.* The Lessee fails to perform or observe any of the other covenants to be performed or observed by it hereunder and such failure continues for at least 10 days after the Lessee receives written notice thereof.

(e) *Lessee Representations.* Any representation or warranty of the Lessee in any Operative Document is incorrect in a material respect when made, remains material when discovered, and, if the effect of such misrepresentation is curable, is not cured within 30 days after the Lessee's receipt of written notice from the Lessor.

(f) *Appointment of Receiver, etc.* The Lessee consents to the appointment of a receiver, trustee, or liquidator of itself or substantially all of its property, shall generally not pay its debts as they come due, admits in writing its inability to pay its debts generally as they come due, or makes a general assignment for the benefit of creditors.

(g) *Voluntary Bankruptcy.* The Lessee (1) files a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws, as now or hereafter in effect, or an answer admitting the material allegations of a petition filed against the Lessee in any such proceeding, or (2) by voluntary petition, answer, or consent, the Lessee seeks relief under the provisions of any other existing or future bankruptcy or other similar law providing for an agreement, composition, extension, or adjustment with its creditors.

(h) *Involuntary Appointment.* An order, judgment, or decree is entered in any proceeding by any court of competent jurisdiction appointing, without the Lessee's consent, a receiver, trustee, or liquidator of the Lessee or of substantially all of its property, or sequestering

substantially all of the Lessee's property, and any such order, judgment, decree, or sequestration remains in force undismissed, unstayed, and unvacated for at least 90 days after the date of entry.

(i) *Involuntary Bankruptcy.* A petition against the Lessee in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, is filed and is not withdrawn or dismissed within 90 days thereafter, or, under any law providing for reorganization or liquidation of corporations which shall apply to the Lessee, any court of competent jurisdiction assumes jurisdiction, custody, or control of the Lessee or of substantially all of its property and such jurisdiction, custody, or control remains in force unrelinquished, unstayed, and unterminated for at least 90 days.

(j) *Lessee Status.* The Lessee shall fail or cease to be a "citizen of the United States" (within the meaning of 49 U.S.C. §40102(a)(15)) or the holder of a valid air carrier operating certificate issued pursuant to 49 U.S.C. ch 447.

15. Remedies.

(a) **Generally.** Upon the occurrence of (x) any Event of Default specified in § 14), (h), (i), or (j), this Lease shall be deemed to be in default without any act or notice of any kind, all of which are hereby waived, and (y) any other Event of Default, so long as it continues, the Lessor may, at its option, declare this Lease to be in default, and in either case at any time thereafter, the Lessor may exercise one or more of the following remedies as the Lessor in its sole discretion shall lawfully elect:

(1) cancel (in the sense of UCC § 2A-505(l)) this Lease or cause the Lessee, upon the Lessor's written demand and at the Lessee's cost and expense, to return promptly (and the Lessee thereupon shall return promptly), all or such part of the Aircraft as the Lessor so demands, to the Lessor or its order in the manner and condition required by, and otherwise in accordance with all the provisions of, § 5 as if the Aircraft were being returned at the end of the Term, or if the Lessee does not so deliver such Item(s), the Lessor may enter upon the premises where all or any part of the Aircraft is located and take immediate possession of and remove the same (together with any engine or propeller that is installed on the Airframe, subject to the rights of any owner, lessor, lienor, or secured party of such engine or propeller) by summary proceedings or otherwise, all without becoming liable for or by reason of such entry or taking of possession or removal, whether for the restoration of damage to property caused by such action or otherwise;

(2) with or without taking possession thereof, to the extent permitted under the Head Lease, sell any Item at public or private sale, free and clear of any rights of the Lessee, or otherwise dispose of, hold, use, operate, lease to others, or keep idle any Item as the Lessor, in its sole discretion, may determine, all free and clear of any rights or claims of the Lessee or any Sublessee and without any duty to account to the Lessee with

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respect to such action or inaction or for any proceeds with respect thereto, except as otherwise provided herein;

(3) whether or not the Lessor shall have exercised, or shall thereafter at any time exercise, any of its rights under clause (1) or (2) above with respect to any Item, the Lessor, by written notice to the Lessee specifying a payment date (the "Default Payment Date") which shall be the Payment Date (or, if there are no further Payment Dates, the Expiration Date) following the date of such notice, may cause the Lessee to pay to the Lessor, and the Lessee shall pay to the Lessor, on the Default Payment Date, as liquidated damages for loss of a bargain and not as a penalty (in lieu of all Basic Rent and Renewal Rent accruing on or after the Default Payment Date), any unpaid Basic Rent and Renewal Rent due prior to the Default Payment Date (together with interest on such amount at the Default Rate from the Payment Dates as of which such Basic Rent or Renewal Rent was not paid until the actual date of payment of such amount) plus an amount equal to the excess, if any, of (aa) the Basic Rent for the Aircraft for the remainder of the Basic Term or the Renewal Rent for the then-effective Renewal Term (disregarding any cancellation under this § 15) over (bb) the aggregate Fair Market Rental Value of the Aircraft for such period, after discounting such Basic Rent, Renewal Rent and Fair Market Rental Value monthly to present value as of the Default Payment Date at the rate per annum equal to the Default Rate;

(4) if the Lessor sells the Aircraft, the Lessor may elect, in lieu of exercising its rights under clause (3), to require the Lessee to pay to the Lessor, and the Lessee in such event shall pay to the Lessor, on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty (in lieu of all Basic Rent and Renewal Rent accruing after such sale occurs), any unpaid Basic Rent and Renewal Rent due on or before such sale date (together with interest on such amount at the Default Rate from the Payment Date(s) as of which such Rent was not paid until the actual date of payment of such amount) plus the amount of any deficiency between the net proceeds of such sale and the Stipulated Loss Value of the Aircraft, together with interest on such Stipulated Loss Value at the Default Rate from such sale date until the date of actual payment of such amount;

(5) the Lessor may proceed by appropriate court action or otherwise to enforce the terms hereof, including payment of periodic Basic Rent and Renewal Rent;

(6) the Lessor may exercise any other right or remedy available to it under applicable laws; or

(7) the Lessor or any other Indemnitee may enforce payment of Supplemental Rent.

In addition, the Lessee shall be liable, except as otherwise provided above, to the Lessor and any other Indemnitee for any and all unpaid Rent due hereunder before, during, and after the exercise of any of the foregoing remedies, and for all reasonable legal fees and other costs and

expenses incurred by reason of the occurrence of any Event of Default or the exercise of remedies with respect thereto, including all costs and expenses incurred in connection with (xx) any bankruptcy or insolvency proceeding, (yy) any retaking of any Item, or the return of any Item in accordance with the terms of § 5, or (zz) in placing any Item in the condition and airworthiness required by § 5.

(b) **Expenses.** The Lessee shall be liable for all costs, charges, and expenses, including reasonable legal fees and disbursements, incurred by the Lessor or any other Indemnitee by reason of the occurrence of any Event of Default or the exercise of remedies with respect thereto, which amounts shall be reimbursed on an After-Tax Basis.

(c) **Lessee Waiver.** To the extent permitted by applicable law, the Lessee hereby waives any and all rights that the Lessee may have under any bankruptcy, insolvency, or similar laws, rules, or regulations to the continued possession or use of the Aircraft, or with respect to the payment of Rent therefor, or with respect to this Lease.

(d) **Remedies Cumulative.** No remedy referred to herein is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to in this § 15 or otherwise available to the Lessor at law or in equity. No express or implied waiver by the Lessor of any Default shall in any way be, or be construed to be, a waiver of any future or subsequent Default. The failure or delay of the Lessor in exercising any rights granted to it hereunder shall not constitute a waiver of any such right upon the continuation or recurrence of the underlying event or circumstance, and any single or partial exercise of any particular right by the Lessor shall not exhaust that right or constitute a waiver of any other right provided herein.

16. Notices. All notices or consents under this Agreement shall be in writing (including telecopies), shall be in English, shall be effective on delivery, and shall be addressed as follows (or to such other address as an addressee shall designate by notice to the other party):

(a) if to the Lessor:

Air Alaska Commuter Leasing, Inc.
Business Tower One
305 N.E. Loop 820, Suite 603B
Dallas/Ft. Worth Airport Freeway
Hurst, Texas 76053
Attention: Chairman
Fax: 817-590-4787

(b) if to the Lessee:

Flying Boat, Inc.
750 S.W. 34th Street
Ft. Lauderdale, Florida 33315

Attention: President
Fax:

17. **Assignments.** This Lease shall bind, and shall benefit and may be enforced by, (a) the Lessor and its successors and assigns, and (b) the Lessee and its successors and assigns. The Lessor shall have the right to sell or assign its interest in this Agreement or the Aircraft at any time, subject to the rights of the Lessee hereunder. The Lessee will not, without the prior written consent of the Lessor, assign any of its rights or obligations hereunder or in the Aircraft. Any assignee of this Lease shall be bound by the terms and conditions hereof, and no assignment of this Lease shall affect the terms or conditions hereof except as and to the extent agreed in writing by the parties hereto.

18. **Lessor's Right to Perform for Lessee.** If the Lessee fails to make any required payment of Rent or to perform or comply with any of its other agreements herein, the Lessor may, after giving reasonable advance notice to the Lessee of the Lessor's intent to do so, make such payment or perform or comply with such agreement, and the amount of such payment and of the Lessor's reasonable expenses incurred in connection with such payment or the performance of or compliance with such agreement, together with interest thereon at the Default Rate from (and including) the date of making such payment or incurring such expenses to the date of payment by the Lessee, shall be Supplemental Rent, payable by the Lessee upon demand. No such payment or performance by the Lessor shall waive any Default or relieve the Lessee of its obligations hereunder.

19. **Further Assurances.** On the Delivery Date, the Lessee will cause this Lease and the Lease Supplement and, if not previously filed and recorded, the Head Lease and the Mortgage to be duly filed and recorded at the FAA. In addition, the Lessee will promptly and duly execute and deliver to the Lessor such further documents and assurances and take such further action as the Lessor from time to time reasonably requests in order to carry out more effectively the intent of this Lease and to establish and protect the rights and remedies created or intended to be created in favor of the Lessor hereunder, including the execution and delivery of Uniform Commercial Code financing statements and supplements or amendments hereto, in recordable form, and the recording or filing of counterparts hereof or thereof, in accordance with the laws of such jurisdictions the Lessor from time to time reasonably deems advisable and, if requested by the Lessor, the execution and delivery of terminations or releases in connection with any transfer of any Item upon the termination, expiration, or cancellation of this Lease in accordance with the terms hereof.

20. **Amendments and Miscellaneous.**

(a) **Amendments.** The terms of this Lease shall not be waived, modified, amended, supplemented, or terminated in any manner whatsoever except by written instrument signed by the Lessor and the Lessee, and no such waiver, modification, amendment, or supplement shall make any change, and no termination shall be made, without the consent of the Head Lessor and (so long as the Aircraft is subject to the Lien of the Mortgage) the Secured Party.

(b) **Survival of Agreements.** Except as otherwise provided herein or therein, all agreements, indemnities, representations, and warranties in this Lease or the other Operative Documents shall survive the execution and delivery of this Lease and, with respect to events (or, in the case of taxes, to periods of time) occurring during the Term, or relating to a Default or exercise of remedies with respect thereto which extends beyond the Term, the expiration, cancellation, or other termination of this Lease.

(c) **Severability.** Any provision of this Lease that is or becomes prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, the Lessee and the Lessor hereby waive any provision of law which renders any provision hereof prohibited or unenforceable in any respect.

(d) **Board Observation.** Lessee shall permit one representative of Lessor or Head Lessor to attend the annual meeting of the board of directors of Lessee as an observer and to receive a copy of all materials distributed at such meeting and minutes thereof, and shall reimburse such representative for all reasonable expenses actually incurred by such representative in traveling to and from the location of said annual meeting.

(e) **Non-Revenue Travel.** Lessee shall permit Lessor and Head Lessor reasonable travel on the Aircraft on a space available basis.

(f) **Entire Agreement.** This Lease represents the entire agreement of the parties hereto with respect to the subject matter hereof, and supersedes any and all prior understandings. This Lease is an agreement of lease, and nothing herein shall be construed as conveying to the Lessee any right, title, or interest in or to the Aircraft, except as lessee only.

(g) **Counterparts.** This Lease Agreement may be executed in any number of counterparts and by the parties hereto on separate counterparts. The single fully-executed original of this Lease Agreement marked "Original" is the original for chattel paper purposes, and all other counterparts are duplicates for chattel paper purposes and are marked "duplicate". No security interest in this Lease may be perfected by the possession of any counterpart other than the "Original".

(h) **Governing Law.** This Lease is being delivered in the State of New York and shall be governed by and construed in accordance with the laws of the State of New York (excluding any conflicts-of-laws rule that would apply the laws of any other jurisdiction).

(i) **Headings.** The headings in this Lease are for convenience of reference only, and are not a substantive part of this Lease.

21. Performance by Sublessee.

Performance of any or all of the Lessee's obligations under this Lease by any Permitted Sublessee shall, for all purposes hereof, constitute performance by the Lessee of such obligations to the extent of such performance.

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EXHIBIT A

LEASE SUPPLEMENT NO.1

THIS LEASE SUPPLEMENT NO. 1, dated _____, 1998, between Air Alaska Commuter Leasing, Inc., a Delaware corporation (the "Lessor"), and Flying Boat, Inc., a Florida corporation (the "Lessee").

The Lessor and the Lessee have heretofore entered into a Lease Agreement dated as of July _, 1998, (herein the "Lease Agreement" and the terms defined therein being herein used with the same meaning), which Lease Agreement provides for the execution and delivery from time to time of Lease Supplements, under the Lease Agreement.

The Lease Agreement relates to the Airframe, Engines and Propellers described below, and the Lease Agreement is being filed for recordation on the date hereof with the relevant authorities.

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, Lessor and Lessee hereby agree as follows:

1. The Lessor hereby delivers and leases to the Lessee, and the Lessee hereby accepts and leases from the Lessor, under the Lease Agreement, the following described Grumman G-73 airframe:

   (i) Airframe: U.S. Registration: N51151, Manufacturer's Serial No. J-42; and

   (ii) Engines: Two Pratt & Whitney Canada PT6A-34 engines bearing respectively manufacturer's serial numbers 57462 and 57465 (each of which has 750 or more rated takeoff horsepower or its equivalent); and

   (iii) Propellers: Two Hartzell HCB3TN3DY propellers bearing respectively manufacturer's serial numbers BU14534 and BU12826 (each of which is capable of absorbing 750 or more rated takeoff horsepower or its equivalent).

2. The Delivery Date of the Aircraft is the date of this Lease Supplement set forth in the opening paragraph hereof.

3. The Term for the Aircraft shall commence on the date hereof.

4. The Lessee's duly appointed and authorized technical experts have inspected the Aircraft and the Lessee accepts the Aircraft for all purposes of the Lease Agreement, [subject to rectification of any discrepancies set forth on the list attached hereto].

5. The Lessee hereby confirms its agreement to pay Lessor Rent and any other amounts with respect to the Aircraft throughout the Term therefor in accordance with the terms of the Lease Agreement.

6. The Lessee hereby confirms to the Lessor that the Airframe and Engines have been duly marked as showing the Head Lessor's title thereto in accordance with the terms of the Lease Agreement.

7. The Aircraft is insured in accordance with the terms of Lease.

8. No Event of Default is subsisting and the representations and warranties contained in § 6(b) of the Lease are, by reference to the facts and circumstances existing today, true and accurate in all respects.

9. All of the terms and provisions of this Lease Supplement are hereby incorporated by reference into the Lease Agreement to the same extent as if fully set forth therein. Appendix A to this Lease Supplement and any attachments thereto are to be read together and form part of this Lease Supplement.

IN WITNESS WHEREOF, the Lessor and the Lessee have each caused this Lease Supplement to be duly executed by their authorized officers or representatives as of the day and year first above written.

AIR ALASKA COMMUTER LEASING, INC.	FLYING BOAT, INC.
By:	By:
Title:	Title:

APPENDIX A

Aircraft Hours and Cycles
as of _____, 20__

U.S. Registration Mark: _____ Serial Number _____

A. Airframe

Aircraft Total Time (Hours)
Aircraft Total Landings (Cycles)
Lessee Service Check - Time to next Check
Lessee "A" Check - Time to next Check
Lessee "C" Check - Time to next Check

B. Pratt & Whitney Canada PT6A-34 Engines

Position	Serial Number	TCSN	TTSN	TTSV/TCSV	Hours/Cycles to Next Limit
1	_____				
2	_____				

C. _____ Propellers

Position	Serial Number
1	_____
2	_____

D. Fuel Remaining in Tanks

Key:

TCSN:	Total Cycles Since New
TTSN:	Total Time Since New
TTSV/TCSV:	Total Time Since Shop Visit/Total Cycles Since Shop Visit
TTSOH:	Total Time Since Last Overhaul

EXHIBIT B

RETURN CONDITIONS

Except as otherwise provided herein, at the expiration of the Term or upon the sooner termination of this Lease, Lessee, at its own expense, shall return the Aircraft to Lessor by delivering the same to Lessor at any location within the 48 contiguous United States of America, selected by the Lessor and reasonably acceptable to the Lessee. The Aircraft, at the time of return to Lessor, shall be fully equipped with Engines or other PT6A-34 engines owned by Lessee (and complying with the definition of a Replacement Engine and the applicable provisions of this Exhibit B) properly installed thereon. In addition, on redelivery the Aircraft shall comply in all respects with the redelivery conditions set forth in this Exhibit B.

The condition of the Aircraft on redelivery shall be as follows:

The Aircraft shall be in good operating condition, clean by U.S. commercial passenger airline standards, with all systems operational and functioning in accordance with their intended use and purpose and within manufacturer's manual limits, irrespective of deviations or variations authorized by the Minimum Equipment List (MEL), and shall have a currently effective airworthiness certificate from the FAA;

The Aircraft shall have had accomplished thereon immediately prior to redelivery to the Lessor a redelivery inspection (the "Redelivery Inspection") consisting of each of the following airframe inspections from the Lessee's Maintenance Program (or their then current equivalents: A-1, B-1, B-2, B-3, C-1, C-2, C-3, C-4, C-5 and C-6, which, in the aggregate, constitute a complete airframe inspection in accordance with such Maintenance Program.

The Aircraft shall be in the same configuration and condition as it was in when delivered to Lessee by Lessor under this Lease, excepting only ordinary wear and tear, replacements and modifications, substitute parts and equipment of equal or enhanced value as may have been properly made by Lessee pursuant to this Lease and as specifically otherwise set forth herein;

The Aircraft shall have had accomplished thereon and be in compliance with all outstanding mandatory orders, directives, FARs and instructions affecting the Aircraft as issued by the FAA which have a known compliance deadline during the Term or within one year or equivalent hours/cycles following the end of the Term;

All damage to the Aircraft which is not within the applicable C check limits shall have been permanently repaired and certified in accordance with the requirements of the FAA and the Manufacturer. External repairs will, where applicable, be flushed or otherwise permanently repaired to such standard;

Lessee shall redeliver with the Aircraft all logs, manuals, drawings and data and all inspection, modification and overhaul records pertaining to the Airframe, the Engines, the

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Propellers and all Parts thereof, including, without limitation, complete records of Airworthiness Directives and Service Bulletin compliance, all in compliance with Lessee's FAA regulations;

Up to the date of redelivery of the Aircraft the Lessee's FAA approved maintenance program shall include a corrosion program based on the corrosion prevention, treatment and correction criteria established by the Manufacturer. Cleaning and treating of minor or moderate corrosion and correction of all severe or exfoliated corrosion deferred by the Lessee or found by the Lessor during the Lessor's ground inspection shall be accomplished by the Lessee in accordance with FAA approved data prior to redelivery;

The Aircraft shall have all deferred maintenance items and pilot log book reports rectified on a terminating action basis;

Each Airframe hour, cycle and/or calendar controlled component shall have remaining until the next scheduled removal for overhaul, test, inspection or disassembly, not less than 50% of its life remaining until the next major overhaul permitted under Lessee's Maintenance Program. Such hour/cycle or calendar controlled components are defined as those components for which hours and/or cycles and/or calendar times are controlled under the Maintenance Program. The Lessee will not install life-limited or rotable components on the Aircraft for the purpose of depleting the value of this Aircraft; and

Each of the Engines and each module and part thereof at time of redelivery to Lessor shall be in good operating condition and shall meet the following requirements:

a. Each Engine shall have remaining to its next scheduled shop visit pursuant to the manufacturer's engine management program policy recommendation, not less than 50% of its life remaining until the next major overhaul under Lessee's Maintenance Program; and

b. Each life limited part shall have remaining until next scheduled removal for replacement, not less than 50% of its life remaining until the next major overhaul under Lessee's Maintenance Program.

In the event that either Engine or any engine installed on the Airframe at time of return has fewer than the number of Flight Hours or Cycles required by the foregoing standard, the Lessee shall pay to the Lessor if such Flight Hours or Cycles are fewer a dollar amount computed by multiplying (i) $55.00 by (ii) the number of Flight Hours or Cycles fewer than 50% remaining to such Engine's or engine's next major overhaul.

In the event that any life limited part in any Engine or engine installed on the Airframe at time of return has remaining until the next scheduled removal for replacement greater or fewer Flight Hours or Cycles than the number of Flight Hours or Cycles required by the foregoing standard, the Lessee shall pay to the Lessor if such Flight Hours or Cycles are fewer a dollar amount computed by multiplying (i) the product of (A) $14.00 and (B) a fraction, the numerator of which is the then current replacement cost for such life limited part and the denominator of which is the aggregate of the then current replacement costs for all life limited parts in such Engine or engine by

(ii) the number of Flight Hours or Cycles fewer than 50% remaining to such Engine's or engine's next major overhaul.

The Lessor shall have the right, prior to the Expiration Date and during the Redelivery Inspection, to inspect the Aircraft and to review all maintenance, pilots reports and Aircraft systems component records relating specifically to the Aircraft to determine full serviceability of each component and whether the Aircraft and its records will be in compliance with the requirements for return at the expiration of the Term. The Lessee shall make the Aircraft available during the Redelivery Inspection to the Lessor for such final inspection, at Lessor's expense, which shall include inspections of the Airframe, Engines or engines installed thereon and installed equipment therein, and ground functional checks thereof. Lessor's right of inspection may include examination behind all panels opened by the Lessee in connection with any maintenance being accomplished immediately prior to delivery of the Aircraft to Lessor and otherwise (except to the extent the Lessor shall reasonably request) shall be a walk-around type inspection and will be conducted in a manner so as not to interfere with the Lessee's work or maintenance and/or flight operations.

Engines shall undergo a video borescope inspection and power assurance run at the time of the redelivery test flight performed at Lessee's expense with Lessor's right to observe. Any discrepancies found not to be in compliance with Lessee's FAA approved Maintenance Program or the manufacturer's maintenance manual shall be corrected at Lessee's expense.

At the Lessor's request, a demonstration flight of the Aircraft, conducted by the Lessee (with the Lessor's representatives on board the Aircraft) substantially in accordance with Manufacturer's recommended procedures, if any, for demonstration flights of used aircraft, to demonstrate the airworthiness of the Aircraft and the proper functioning of its systems and components. If additional demonstration flights are required after correction of any discrepancies discovered on the demonstration flight, the Lessee shall provide such additional demonstration flight(s). The cost of the demonstration flights shall be borne by the Lessee.

To the extent that, at the time of redelivery, the condition of the Aircraft and records does not comply with the provisions hereof, the Lessee at its own expense shall cause such rectification to be carried out as soon as possible. In the event that such rectification extends beyond the end of the Term and provided that unless and until such rectification is effected the Lessor would not be able immediately to put the Aircraft into commercial operation in the required redelivery configuration, the Term shall, at the option of the Lessor, be extended and the provisions of this Agreement shall remain in force until such rectification has been accomplished; *provided*, however, that the Lessor shall have the right, after the end of the Term, to take possession of the Aircraft and demand compensation for costs reasonably incurred by the Lessor in connection with such repossession and ensuring compliance with these return conditions.

EXHIBIT C

LEASE SUPPLEMENT NO. 2

THIS LEASE SUPPLEMENT NO. 2, dated _____, 20__, between Air Alaska Commuter Leasing, Inc., a Delaware corporation (the "Lessor"), and Flying Boat, Inc., a Florida corporation (the "Lessee").

The Lessor and the Lessee have heretofore entered into a Lease Agreement dated as of July __, 1998 (herein the "Lease Agreement" and the terms defined therein being herein used with the same meaning), which Lease Agreement provides for the execution and delivery from time to time of Lease Supplements, under the Lease Agreement.

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, the Lessor and the Lessee hereby agree as follows:

1. The Lessee hereby delivers to the Lessor, and the Lessor hereby accepts from the Lessee, under the Lease Agreement, the following described Grumman G-73 aircraft and engines:

   (i) Airframe: Registration: _____;

   Manufacturer's Serial No. _____; and

   (ii) Engines: Two Pratt & Whitney Canada PT6A-34 engines bearing, respectively manufacturer's serial numbers _____ and _____ (each of which has 750 or more rated takeoff horsepower or its equivalent); and

   (iii) Propellers Two _____ propellers bearing respectively manufacturer's serial numbers _____ and _____ (each of which is capable of absorbing 750 or more rated takeoff horsepower or its equivalent).

2. The redelivery date of the Aircraft is the date of this Lease Supplement set forth in the opening paragraph hereof.

3. The Term for the Aircraft shall terminate on the date hereof.

4. The Lessor's duly appointed and authorized technical experts have inspected the Aircraft to ensure that the Aircraft conforms to the redelivery conditions in § 5 and Exhibit B of the Lease Agreement and the Lessor accepts the Aircraft for all purposes of the Lease Agreement.

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LEASE SUPPLEMENT NO.1

THIS LEASE SUPPLEMENT NO. 1, dated August 6, 1998, between Air Alaska Commuter Leasing, Inc., a Delaware corporation (the "Lessor"), and Flying Boat, Inc., a Florida corporation (the "Lessee").

The Lessor and the Lessee have heretofore entered into a Lease Agreement dated as of July 31, 1998, (herein the "Lease Agreement" and the terms defined therein being herein used with the same meaning), which Lease Agreement provides for the execution and delivery from time to time of Lease Supplements, under the Lease Agreement.

The Lease Agreement relates to the Airframe, Engines and Propellers described below, and a counterpart of the Lease Agreement is attached hereto and made a part hereof and this Lease Supplement, together with such attachment, is being filed for recordation on the date hereof with the relevant authorities as one document.

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, Lessor and Lessee hereby agree as follows:

1. The Lessor hereby delivers and leases to the Lessee, and the Lessee hereby accepts and leases from the Lessor, under the Lease Agreement, the following described Grumman G-73 airframe:

   (i) Airframe: U.S. Registration: N51151, Manufacturer's Serial No. J-42; and

   (ii) Engines: Two Pratt & Whitney Canada PT6A-34 engines bearing respectively manufacturer's serial numbers 57462 and 57465 (each of which has 750 or more rated takeoff horsepower or its equivalent); and

   (iii) Propellers: Two Hartzell HCB3TN3DY propellers bearing respectively manufacturer's serial numbers BU14534 and BU12826 (each of which is capable of absorbing 750 or more rated takeoff horsepower or its equivalent).

2. The Delivery Date of the Aircraft is the date of this Lease Supplement set forth in the opening paragraph hereof.

3. The Term for the Aircraft shall commence on the date hereof.

4. The Lessee's duly appointed and authorized technical experts have inspected the

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Aircraft and the Lessee accepts the Aircraft for all purposes of the Lease Agreement, [subject to rectification of any discrepancies set forth on the list attached hereto].

5. The Lessee hereby confirms its agreement to pay Lessor Rent and any other amounts with respect to the Aircraft throughout the Term therefor in accordance with the terms of the Lease Agreement.

6. The Lessee hereby confirms to the Lessor that the Airframe and Engines have been duly marked as showing the Head Lessor's title thereto in accordance with the terms of the Lease Agreement.

7. The Aircraft is insured in accordance with the terms of Lease.

8. No Event of Default is subsisting and the representations and warranties contained in § 6(b) of the Lease are, by reference to the facts and circumstances existing today, true and accurate in all respects.

9. All of the terms and provisions of this Lease Supplement are hereby incorporated by reference into the Lease Agreement to the same extent as if fully set forth therein. Appendix A to this Lease Supplement and any attachments thereto are to be read together and form part of this Lease Supplement.

IN WITNESS WHEREOF, the Lessor and the Lessee have each caused this Lease Supplement to be duly executed by their authorized officers or representatives as of the day and year first above written.

AIR ALASKA COMMUTER LEASING, INC.

By:

Title: CEO

FLYING BOAT, INC.

By:

Title: Pres.

FILED WITH F.A.A.
AIRCRAFT REGISTRATION BR

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OKLAHOMA CITY
OKLAHOMA

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U.S. DEPARTMENT OF TRANSPORTATION

FEDERAL AVIATION ADMINISTRATION

CROSS-REFERENCE--RECORDATION

SEE CONVEYANCE NO .....

FILING DATE: .....

This form is to be used in cases where a conveyance covers several aircraft and engines, propellers, or locations. File original of this form with the recorded conveyance and a copy in each aircraft folder involved.

TYPE OF CONVEYANCE	DATE EXECUTED
LEASE AGREEMENT	July 31, 1998
FROM TPI LEASING MANAGEMENT INC-LESSOR	DOCUMENT NO. F69556
TO OR ASSIGNED TO AIR ALASKA COMMUTER LEASING INC-LESSEE	DATE RECORDED August 10, 1998

THE FOLLOWING COLLATERAL IS COVERED BY THE CONVEYANCE:

AIRCRAFT (List by registration number)	TOTAL NUMBER INVOLVED 1
N51151	

ENGINES	TOTAL NUMBER INVOLVED 2
MAKE(S) PRATT & WHITNEY PT6A-34	SERIAL NO. 57462 57465
PROPELLERS	TOTAL NUMBER INVOLVED 2
MAKE(S) HARTZELL HCB3TN3DY	SERIAL NO. BU14534 BU12826
SPARE PARTS --LOCATIONS	TOTAL NUMBER INVOLVED
LOCATION	

RECORDED CONVEYANCE FILED IN:

N51151 GRUMMAN G-73 SERIAL NUMBER J-42

AC FORM 8050-23 (1-96) (0052-00-582-6000)

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LEASE AGREEMENT

dated as of July 31, 1998

between

TPI LEASING MANAGEMENT, INC.
Lessor

and

AIR ALASKA COMMUTER LEASING, INC.
Lessee

One Grumman G-73 Aircraft

FILED WITH FAA
AIRCRAFT REGISTRATION BR
'98 AUG 6 AM 10 56
OKLAHOMA CITY
OKLAHOMA

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LEASE AGREEMENT

CONVEYANCE RECORDING
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FAIRBANKS RECORDING DISTRICT

This Agreement is entered into as of July 31, 1998 by TPI Leasing Management, Inc., a company incorporated under the laws of Texas (the *"Lessor"*), and Air Alaska Commuter Leasing, Inc. a company incorporated under the laws of Delaware (the *"Lessee"*).

1. **Definitions; Usage.**

(a) **Definitions**. The following terms, when capitalized as below, have following meanings:

Abatements: defined in § 4.

Additional Insureds: the Lessor, the Secured Party and their successors and assigns, and the directors, officers, members, employees, and agents of each of the foregoing.

Affiliate of any specified Person: any other Person who controls 50% or more of any class of voting securities of such Person or is controlled by, or is under common control with, such Person. For purposes of this definition, *control* of any specified Person means having direct or indirect power to direct, or cause the direction of, the management or policies of such Person, whether through the ownership of voting securities, by contract, or otherwise.

After-Tax Basis: on a basis such that any payment to be received or deemed to be received by any Person is supplemented by a further payment to that Person so that the sum of the two payments, after deducting all income taxes, penalties, fines, interest, and other charges (taking into account any related credits or deductions) resulting from the receipt (actual or constructive) of such payments imposed by or under any law or governmental authority, is equal to the payment to be received or deemed to be received.

Aircraft: the Airframe, the two Engines, and the two Propellers (whether or not the Engines and Propellers are installed on the Airframe or any other airframe), including the equipment and documentation set forth on Exhibit D.

Airframe: the Grumman G-73 aircraft (excluding any Engine, engine, Propeller, or propeller from time to time installed thereon) identified by FAA registration number and manufacturer's serial number in the Lease Supplement including all Parts incorporated in such airframe (or removed therefrom, if title remains in the Lessor under § 9(e)).

Applicable Law: means, in any jurisdiction, (i) all applicable common law and principles of equity and (ii) all applicable provisions of all (A) constitutions, statutes, codes, rules, regulations and orders of governmental bodies, (B) Governmental Approvals and (C) orders, decisions, judgments and decrees of all courts and arbitrators.

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Appraisal Procedure: a procedure whereby an independent appraiser, chosen by the Lessor from the three appraisers selected by the Lessee as herein provided and reasonably acceptable to the Lessor, determines the amount in question. The Lessee shall, within 15 days of a request by the Lessor, provide the Lessor with the names of three independent appraisers. Within 15 days thereafter, the Lessor shall select and employ one of such appraisers. If the Lessee or the Lessor fails to make its selection in a timely manner, the other party may make such selection and proceed with the appraisal. The decision of the appraiser so appointed shall be given within 10 days after being appointed. Such appraiser's decision shall be binding and conclusive on the Lessor and the Lessee. The Lessee and the Lessor shall each pay one-half of the fees and expenses of such appraiser, *provided* that the Lessee shall pay all such fees and expenses in the case of any appraisal pursuant to § 15.

Approved Insurer: shall mean Lloyds underwriters or any reputable insurance company whose identity, together with any other information regarding such entity requested by the Lessor or the Secured Party, shall have been approved by the Lessor and the Secured Party for the purpose of providing or confirming the existence of any insurance required by the terms hereof.

Approved Reinsurer: shall mean Lloyds underwriters or any reputable insurance company whose identity, together with any other information regarding such entity requested by the Lessor or the Secured Party, shall have been approved by the Lessor and the Secured Party for the purpose of providing or confirming the existence of any reinsurance required by the terms hereof.

Basic Rent: defined § 3(b).

Business Day: any day, other than a Saturday or Sunday, on which commercial banks are open for business in New York, New York.

Code: the Internal Revenue Code of 1986, as amended from time to time, or any similar legislation of the United States enacted to supersede, amend, or supplement such Code (and any reference to a provision of the Code shall refer to any successor provision(s), however designated).

Collateral: defined in the Mortgage.

Cycle: with respect to the Airframe, an Engine or other engine, means one take-off and landing of the Airframe or other airframe on which such Engine or other engine is installed.

Default: (a) an event or condition that, after the giving of notice or lapse of time, or both, would mature into an Event of Default, or (b) an Event of Default.

Default Payment Date: defined in §15(a)(3).

Default Rate: the lesser of 18% per annum or the maximum interest rate permitted by applicable law.

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Delivery Date: the date of the Lease Supplement for the Aircraft, which date shall be the same date the Aircraft is delivered to, and accepted by, the Lessee hereunder.

DOT: the U.S. Department of Transportation or any successor thereto.

Engine: either of the two Pratt & Whitney Canada model PT6A-34 engines listed by manufacturer's serial number in the Lease Supplement (excluding any Propeller or propeller installed thereon), whether or not from time to time installed on the Airframe or any other airframe, including any Replacement Engine substituted for an Engine under this Lease, and including all Parts incorporated in such engine (or removed therefrom, if title remains in the Lessor under § 9(d)).

Event of Default: defined in § 14.

Event of Loss with respect to an Item, any of the following events: (1) the destruction or damage beyond economic repair of such Item or the rendition of such Item permanently unfit for normal use for any reason whatsoever, (2) any damage or other event which results in an insurance settlement with respect to such Item on the basis of a total loss or constructive or compromised total loss, (3) the condemnation, confiscation, or requisition of title to such Item, (4) the loss, theft, disappearance, confiscation, or seizure of such Item for a continuous period of more than 60 days, or which is continuing on the last day of the Term, (5) the requisition of use of such Item by a Person other than the U.S. government for a continuous period of more than 60 days, by the U.S. government for a continuous period of more than 60 days, or by any Person if continuing on the last day of the Term, or (6) as a result of any rule, regulation, order, or other action by the FAA, the DOT, or other regulatory body of the country of registry having jurisdiction, the use of such property in the normal course of air transportation is prohibited for a period of 60 days or more. An Event of Loss to the Aircraft shall be deemed to have occurred if an Event of Loss occurs to the Airframe. The date of an Event of Loss shall be the date of the loss, damage, requisition, or prohibition, except that for the purposes of clause (4), (5), or (6), an Event of Loss shall be deemed to have occurred on the expiration of the applicable period referred to therein.

Excepted Payments: collectively, (i) any indemnity, expense, reimbursement or other payments paid or payable by the Lessee in respect of the Lessor or any of its successors, permitted assigns, directors, officers, employees, servants and agents or Affiliates, pursuant to the Lease or any other Operative Agreement, (ii) proceeds of public liability insurance (or government indemnities in lieu thereof) in respect of the Aircraft payable as a result of insurance claims paid for the benefit of, or losses suffered by, the Lessor or its successors, permitted assigns or Affiliates and (iii) proceeds of insurance maintained with respect to the Aircraft by the Lessor or any Affiliate thereof maintained in accordance with §12(k) but not required under §12 hereof.

Expiration Date: the date on which the Term of this Lease expires or earlier terminates.

FAA: the Federal Aviation Administration or any successor thereto.

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FAA Counsel: Daugherty, Fowler & Peregrin.

Fair Market Rental Value: the amount obtainable in an arm's-length transaction between an informed and willing lessee under no compulsion to lease and an informed and willing lessor under no compulsion to lease, in accordance with a net lease on terms and conditions as herein provided. Such amount shall be determined assuming that the Aircraft is in the condition required by this Lease, and assuming that all Removable Improvements have been removed. If the Lessor and the Lessee do not agree upon Fair Market Rental Value, it shall be determined in accordance with the Appraisal Procedure.

Fair Market Value: the amount obtainable in an arm's-length transaction between an informed and willing buyer under no compulsion to buy and an informed and willing seller under no compulsion to sell. Such amount shall be determined assuming that the Aircraft is in the condition required by this Lease, and assuming that all Removable Improvements have been removed. If the Lessor and Lessee do not agree upon Fair Market Value, it shall be determined in accordance with the Appraisal Procedure.

Flight Hour: means with respect to the Airframe, each hour or part thereof (measured to one decimal place) which elapses from takeoff to touchdown and with respect to each Engine, each hour or part thereof (measured to one decimal place) which elapses from takeoff to touchdown (whether such Engine is installed on the Airframe or another airframe), in each case as recorded in the relevant aircraft log book or the applicable technical records for the Item.

Governmental Approval: means an authorization, consent, approval, license or exemption of, registration or filing with, or report or notice to, any governmental unit or any agency or instrumentality thereof.

Improvement: defined in § 9(e).

incorporated in: incorporated or installed in, attached to, or otherwise made a part of.

Indemnitee: the Lessor and its successors and assigns, and the Affiliates, officers, directors, employees, and agents of each of the foregoing.

Initial Term: defined in § 3(a).

Initial Term Expiration Date: the seventh anniversary of the Delivery Date.

Item: the Airframe, an Engine, or a Propeller.

Lease Supplement: a document substantially in the form of Exhibit A or Exhibit C hereto, to be entered into between the Lessor and the Lessee for the purpose of subjecting the Aircraft to the terms of this Lease Agreement or evidencing the expiration or termination of this Lease Agreement and the return of the Aircraft to the Lessor.

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Lessor Lien: any Lien arising as a result of (1) the Mortgage, (2) claims against or affecting the Lessor not related to the Operative Documents or the transactions contemplated thereby, (3) acts or omissions of the Lessor not contemplated or permitted under the Operative Documents, (4) taxes imposed against the Lessor which are not to be indemnified by the Lessee pursuant to the terms of the Operative Documents, or (5) claims against the Lessor arising out of a transfer by the Lessor of any interest in the Aircraft, other than a transfer by the Lessor permitted by § 3(g), 5(c), 11, 13(a), or 15. Whether or not, and when, any Person shall be required to remove a Lessor Lien shall be determined by its agreements in the Operative Documents or by applicable law.

Lessor Taxes: taxes, fees and other charges:

(a) imposed as a direct result of activities of the Lessor in the jurisdiction imposing the liability unrelated to the transactions contemplated by this Agreement; or

(b) imposed on the Lessor by any jurisdiction or taxing authority in which the Lessor is organized or has its principal place of business or is otherwise subject to taxation as a result of transactions unrelated to the transactions contemplated hereby (I) on, based on, or measured by, the gross or net income or gross or net receipts, including capital gains taxes, minimum taxes from tax preferences, alternative minimum taxes, branch profits taxes, accumulated earnings taxes, personal holding company taxes, succession taxes and estate taxes, and any state or local withholding taxes on, based on or measured by gross or net income or (II) on, or with respect to, or measured by, capital or net worth or in the nature of a franchise tax or a tax for the privilege of doing business (other than any such taxes, fees and other charges in the nature of sales, use, rental, ad valorem, license, property, value added or similar taxes)

(c) that are being contested as provided in § 7(b) hereof;

(d) imposed with respect to any period commencing or event occurring after the Expiration Date (other than the receipt of payments due hereunder after the Expiration Date);

(e) imposed as a direct result of the gross negligence or wilful misconduct of the Lessor;

(f) imposed as a direct result of a voluntary or involuntary sale, transfer, assignment or disposition by the Lessor of all or any part of its interest in the Aircraft or this Agreement, except for any such sale, transfer, assignment or other disposition which has occurred as a result of (i) any Event of Loss or (ii) the exercise of remedies hereunder, following the occurrence of an Event of Default;

(g) to the extent that same are imposed or arise as a direct result of a Lessor Lien;

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(h) resulting from the purchase or other acquisition by the Lessor of the Aircraft, any Engine, any Propeller or any Part or any interest therein other than pursuant to § 9 or § 11 hereof; or

(i) to the extent that such taxes, fees and other charges constitute interest, fines or penalties if such interest, fines or penalties result from the failure to file or late filing of any tax return by the Lessor that is not a result of an act or omission of the Lessee or a breach of any of the Lessee's obligations under this Agreement.

Lien: any mortgage, pledge, charge, lease, security interest (including any conditional sale agreement, equipment trust agreement, or other title retention agreement), statutory right in rem, claim, or other encumbrance of any nature whatsoever.

Manufacturer: Northrop Grumman Corp. (successor in interest of Grumman Corporation).

Mortgage: the Aircraft Mortgage and Security Agreement, dated as of July 31, 1998 between the Secured Party and the Lessor, pertaining to the Aircraft or such other first priority security interest in the Aircraft as may be created by the Lessor in connection with the Lessor's financing of the Aircraft from time to time.

Operative Documents: this Lease, the Mortgage, the Purchase Agreement and any sublease to a Permitted Sublessee.

Parts: all appliances, parts, instruments, appurtenances, accessories, furnishings, and other equipment of whatever nature (other than a complete Engine, engine, Propeller, or propeller), from time to time incorporated in the Airframe, an Engine, or a Propeller (or removed therefrom, if title remains in the Lessor under § 9(d)).

Payment Date: the Delivery Date and the same day as the Delivery Date in each month thereafter during the Term (or, if there is no such day in such month, on the last day of such month).

Permitted Air Carrier: (1) any "citizen of the United States" (within the meaning of 49 U.S.C. §40102(a)(15)), who is an air carrier holding a valid air carrier operating certificate issued pursuant to 49 U.S.C. ch. 447 for aircraft capable of carrying 10 or more individuals and who is not subject to bankruptcy or similar proceedings, or (2) any other Person consented to by the Lessor.

Permitted Lien: a Lien permitted under § 8.

Permitted Sublessee: Flying Boat, Inc., a Florida corporation, or any other person consented to by the Lessor and the Secured Party as a sublessee of the Aircraft.

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Person: any individual, partnership, corporation, trust, association, business organization, joint venture, government (or department or agency thereof), or any other entity.

Propeller: either of the two Hartzell model HCB3TN3DY propellers listed by manufacturer's serial number in the Lease Supplement, whether or not from time to time installed on the Airframe or any Engine or on any other airframe or engine, including any Replacement Propeller substituted for a Propeller under this Lease, and including all Parts incorporated in such propeller (or removed therefrom, if title remains in the Lessor under § 9(d)).

Purchase Agreement: the Aircraft Purchase Agreement, between World Pacific Air Lease, Inc., as seller, and the Lessor, as purchaser, pertaining to the Aircraft.

Release Price: defined in the Mortgage.

Removable Improvements: defined in § 9(e).

Renewal Rent: defined in § 3(f).

Renewal Term: defined in § 3(f).

Rent: Basic Rent and Supplemental Rent.

Replacement Engine: an engine, except Propellers or propellers installed thereon, having a value, utility, and remaining useful life at least equal to the engine replaced, which is substituted for an Engine hereunder pursuant to § 3(g), 5(c) or 11(b); *provided*, that the Engines subject to this Lease at any given time shall be of the same make and model.

Replacement Parts: defined in § 9(e).

Replacement Propeller: a propeller having a value, utility, and remaining useful life at least equal to the propeller replaced, which is substituted for a Propeller hereunder pursuant to § 3(g), 5(c) or 11(b); *provided*, that the Propellers subject to this Lease at any given time shall be of the same make and model.

Secured Party: United Capital Corp. of Illinois, a Delaware corporation.

Specified Default: (a) an event or condition described in § 14(a), (b), (c), (k), or (1) that, after the giving of notice or lapse of time, or both, would mature into an Event of Default, or (b) an Event of Default.

Stipulated Loss Value: during the Basic Term shall be $2,000,000 and during any Renewal Term shall be the lesser of (i) $2,000,000 or (ii) the Fair Market Value of the Aircraft as of the commencement of such Renewal Term, but no less than $500,000.

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Sublease: any sublease agreement covering any Item(s) between the Lessee and a Permitted Sublessee.

Sublessee: a Permitted Sublessee under a Sublease in effect at the time in question.

Supplemental Rent: defined in § 3(d).

Term: the Basic Term and any Renewal Term(s).

Transportation Code: 49 U.S. Code subtitle VII, as amended, or its successor.

(b) **Usage.** Any agreement or instrument referred to in § 1(a), or the term "Agreement" or "Lease", means such agreement or instrument as from time to time supplemented and amended. "Including" means "including but not limited to". "Or" means one or more, or all, of the alternatives listed or described. "Herein", "hereof", "hereunder", etc. mean in, of, under, etc. this Agreement (and not merely in, of, under, etc. the section or provision where the reference appears). References to sections, exhibits, and the like refer to those in or attached to this Agreement unless otherwise specified.

2. Acceptance Under the Lease.

(a) **Conditions Precedent.** Subject to and on the terms hereof, the Lessor hereby agrees to lease the Aircraft to the Lessee hereunder, and the Lessee hereby agrees to lease the Aircraft from the Lessor hereunder.

(1) **Lessor Conditions**. The Lessor's obligation to lease the Aircraft hereunder shall be subject to satisfaction or waiver of the following conditions precedent at or prior to the time the Aircraft is ready for delivery from the Lessor to the Lessee hereunder or on such earlier date as may be applicable to such condition:

A. All conditions precedent to the obligation of the Lessor to purchase the Aircraft under the Purchase Agreement shall have been satisfied in full or waived in writing by the Lessor.

B. The Lessor shall have received the following on or before the Delivery Date:

1. a copy of the Maintenance Program for the Aircraft;

2. a certificate signed by the Lessee's insurance broker as to the due compliance with the insurance provisions of § 12 hereof with respect to the Aircraft;

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3. a favorable opinion of FAA Counsel concerning the proper registration of, and recordation of the Lessor's interest in the Aircraft; and

4. such other documents as the Lessor may reasonably request.

C. On the Delivery Date the following statements shall be true, and the Lessor shall have received a certificate signed by a duly authorized officer of the Lessee, dated such Delivery Date, stating that:

1. the representations and warranties contained in § 6(b) hereof are true and accurate on and as of such date as though made on and as of such date (except to the extent that such representations and warranties relate to an earlier date);

2. no event has occurred and is continuing, or would result from the lease of the Aircraft, which constitutes a Default or an Event of Default; and

3. all necessary approvals, authorizations, consents, licenses, certificates and orders of the FAA and any other governmental or regulatory authority having jurisdiction with respect to the ownership, use or operation of the Aircraft or the transactions contemplated by this Lease and required by the terms hereof to be obtained by the Lessee have been obtained, and such approvals, authorizations, consents, licenses, certificates and orders are in full force and effect and constitute sufficient authorization therefor.

(b) **Lessee's Conditions.** The Lessee's obligation to Lease the Aircraft shall be subject to satisfaction or waiver of the following conditions precedent:

A. The Aircraft shall be delivered to the Lessee registered in Lessor's name in the United States with a valid standard certificate of airworthiness issued by the FAA. In addition, the Aircraft shall comply with the delivery conditions defined in the Purchase Agreement. Except as so specified in this section and/or in the Purchase Agreement, the Aircraft shall be delivered to the Lessee AS IS, WHERE IS, and upon acceptance by the Lessee shall be without representation or warranty (except as to title) and subject to the exclusions from warranties set forth in § 6(a).

B. The Lessee shall have received a certificate signed by a duly authorized officer of the Lessor, dated the Delivery Date, stating that the representations and warranties contained in § 6(a) hereof are true and accurate on and as of

such date as though made on and as of such date (except to the extent that such representations and warranties relate to an earlier date).

(c) **Time of Delivery.** Subject to the provisions of the next paragraph and satisfaction or waiver of the conditions set forth in § 2(a) and § 2(b), the Aircraft shall be delivered to the Lessee, and the Lessee shall accept delivery of the Aircraft when the Aircraft is delivered under the Purchase Agreement. The Lessor hereby appoints the Lessee as its representative to accept delivery of the Aircraft pursuant to the Purchase Agreement. The Lessee's acceptance of delivery of the Aircraft shall be evidenced by the execution by the Lessee and the Lessor of a Lease Supplement substantially in the form of Exhibit A hereto.

(d) **Place of Delivery.** The Aircraft shall be delivered to the Lessee hereunder at the delivery location prescribed in the Purchase Agreement.

3. Term and Rent; Voluntary Termination; Renewal.

(a) **Term.** The initial term of this Lease (the *"Initial Term"*) shall commence on the Delivery Date, be in force for a period of eighty-four months and end on the Initial Term Expiration Date unless this Lease is terminated earlier, cancelled, or renewed in accordance with its terms. Provided that Lessee is then in compliance with all of the terms of this Lease and there are no existing and uncured Events of Default, Lessee shall have the option to purchase the Aircraft and terminate this lease on the fifth anniversary of the Delivery Date (i) by providing Lessor with 180 days notice of Lessee's intent to purchase, and (ii) upon payment to Lessor by wire transfer of the sum of $1,000,000.00. In the event that Lessee exercises this option: (i) Lessor shall make no representation as to the condition of the Aircraft and the Aircraft shall be delivered by Lessor and accepted by Lessee AS-IS, without any warranty, express or implied, but for a warranty as to title; and (ii) at the delivery, Lessor shall deliver to Lessee (x) physical possession of the Aircraft, (y) an FAA bill of sale executed by Seller with respect to the Aircraft, and (z) a warranty bill of sale for the Aircraft.

(b) **Basic Rent.** The Lessee shall pay to the Lessor, as basic rent (*"Basic Rent"*)for the Aircraft on each Payment Date during the Basic Term, an amount equal to $32,000.00.

(c) **Supplemental Rent.** The Lessee shall pay the following amounts (*"Supplemental Rent"*):

(1) on the date provided herein or in the applicable Operative Documents, any amount (other than Basic Rent or Stipulated Loss Value) which the Lessee agrees to pay hereunder or under any other Operative Document to any Indemnitee or any other Person;

(2) on the date provided herein, any amount payable hereunder as Stipulated Loss Value;

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(3) on demand, to the extent permitted by applicable law, interest (computed on the basis of a 360-day year and actual days elapsed) at the Default Rate on any payment of Rent to the extent not paid when due, for any period during which it is overdue; and

(4) on demand, in the event that any amount due from the Lessee to the Lessor hereunder remains unpaid on the fifth day after the due date therefor (an "Unpaid Amount"), a late charge in the amount of $6,000.

The expiration or other termination of the Lessee's obligation to pay Basic Rent shall not limit or modify the Lessee's obligations to pay Supplemental Rent.

(d) **Payment.** All payments of Rent hereunder shall be made in immediately available funds and in U.S. dollars no later than 1:00 p.m., New York City time, on the date payable hereunder. All payments to which the Lessor or any other Person shall, from time to time, be entitled hereunder shall be paid to the Lessor or such other Person, as appropriate, in accordance with the payment instructions as the Lessor or such other Person shall direct by written notice to the Lessee, except that all indemnity payments under any Operative Document shall be paid to the appropriate Indemnitee as directed by such Indemnitee by written notice to the Lessee. If any date on which any Rent becomes payable is not a Business Day, then the applicable payment of Rent shall be made on the next preceding Business Day.

(e) **Renewal Option.** The Lessee, at its option, may renew this Lease for one or more successive renewal terms (each a *"Renewal Term"*), each of one or more full years, with the first Renewal Term to commence upon the expiration of the eighty-four month Initial Term; *provided* that all such Renewal Terms shall not in the aggregate exceed five years. This renewal right shall be exercised upon irrevocable written notice from the Lessee to the Lessor of the Lessee's election so to renew this Lease given not less than 180 days before the end of the eighty-four month Initial Term or any Renewal Term. If the Lessee fails to exercise its option to extend the term of this Lease for any Renewal Term in accordance with the provisions of this paragraph, all of the Lessee's rights to extend the term hereof for such Renewal Term and any subsequent Renewal Term shall expire.

All provisions of this Lease shall apply during each Renewal Term, except that the Lessee shall pay to the Lessor, on each Payment Date during that Renewal Term as rent for such Renewal Term (*"Renewal Rent"*) an amount equal to $40,000 per month.

(f) **Termination with Respect to Engines or Propellers.** On any date selected by the Lessee, the Lessee shall have the right at its option at any time during the Term, on at least five Business Days' prior written notice to the Lessor, to terminate this Lease with respect to any Engine or Propeller by replacing such Engine or Propeller, effective the termination date, by complying with the terms of §11(b) to the same extent as if an Event of Loss had occurred to such Engine or Propeller. Such termination and replacement shall occur, simultaneously, within 90 days after the giving of such notice. Upon the Lessee's compliance with its obligations under

the previous sentence, the Lessor will transfer to the Lessee (or a Person designated by the Lessee) the Engine or Propeller so terminated, "as is, where is, and with all faults" without recourse or warranty, express or implied (except as to the absence of Lessor Liens), each such Engine or Propeller shall no longer be deemed an "Engine" or "Propeller", and each such Replacement Engine or Replacement Propeller substituted therefor shall be deemed an Engine or Propeller. The Lessee shall be responsible for any sales taxes or similar transfer taxes resulting from such replacement.

(g) **Ownership by Lessor.** The Aircraft is and shall at all times remain the property of the Lessor, except as otherwise expressly provided in the Operative Documents. The Lessor shall have the right at any time to sell the Aircraft, subject to the rights of the Lessee under this Agreement.

4. **Net Lease.** This Lease is a net lease, and the Lessee's obligation to pay all Basic Rent payable hereunder, and the rights of the Lessor in and to such Basic Rent, shall be absolute and unconditional and shall not be subject to any abatement, reduction, suspension, deferment, set-off, or recoupment (*"Abatements"*) for any reason whatsoever, including Abatements due to any present or future claims of the Lessee against the Lessor or any other Indemnitee under this Lease or otherwise, or against any other Person for whatever reason. Except as otherwise expressly provided herein, this Lease shall not terminate, nor shall the obligations of the Lessee be affected, by reason of (a) any defect in or damage to, or any loss or destruction of, the Aircraft or any part thereof, (b) any defect in the title, airworthiness, condition, design, merchantability, operation, or fitness for use of the Aircraft or any interest therein, (c) the interference with the use thereof by any Person, (d) the invalidity or un-enforceability or lack of due authorization of this Lease, any other Operative Document, or any instrument or document executed in connection herewith, (e) any insolvency, bankruptcy, reorganization, or similar proceeding by or against the Lessee or any Sublessee, or (f) any other cause, whether similar or dissimilar to the foregoing, and, to the extent permitted thereby, any present or future law or regulation to the contrary notwithstanding, it being the express intention of the Lessor and the Lessee that all Rent payable by the Lessee hereunder shall be, and continue to be, payable in all events unless the obligation to pay that Rent is terminated pursuant to the express provisions of this Lease.

If for any reason whatsoever this Lease is terminated in whole or in part by operation of law or otherwise, except as specifically provided herein, the Lessee nonetheless agrees, to the extent permitted by law, to pay to the Lessor or to the Person entitled thereto an amount equal to each Rent payment at the time such payment would have become due and payable in accordance with the terms hereof had this Lease not been terminated in whole or in part. To the extent permitted by applicable law, the Lessee hereby waives any and all rights that it may now have or that at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit, or surrender this Lease except in accordance with the express terms hereof. Each payment of Rent made by the Lessee shall be final, and the Lessee shall not seek to recover all or any part of such payment for any reason whatsoever, except for any payments made in error.

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Notwithstanding the foregoing, the Lessee may assert any claims it may have against any Person in an independent proceeding.

5. Return of Aircraft. At the expiration of the Term or Renewal Term or upon termination of this Lease pursuant to §15, the Lessee, at its own risk and expense, shall return the Aircraft in accordance with the return provisions as set forth in Exhibit B. The Lessor's acceptance of the return of the Aircraft shall be evidenced by the execution by the Lessor and the Lessee of a Lease Supplement substantially in the form of Exhibit C hereto.

6. Representations and Warranties.

(a) **Lessor's Disclaimer, Representations and Warranties.**

(i) THE LESSOR LEASES AND THE LESSEE EXPRESSLY AGREES TO LEASE THE AIRCRAFT AND EACH PART THEREOF "AS IS". THE LESSEE ACKNOWLEDGES THAT THE LESSOR HAS NOT MADE, NOR SHALL IT BE DEEMED TO HAVE MADE, AND IT IS HEREBY DEEMED TO HAVE EXPRESSLY DISCLAIMED, ANY REPRESENTATION, WARRANTY, OR DUTY, EXPRESS OR IMPLIED, IN RESPECT OF THE DESIGN, DURABILITY, CONDITION, MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE, QUALITY OF MATERIAL OR WORKMANSHIP, VALUE, OR AIRWORTHINESS OF THE AIRCRAFT, THE AIRFRAME, ANY ENGINE, ANY PROPELLER, OR ANY PART, AS TO THE ABSENCE OF LATENT DEFECTS, WHETHER OR NOT DISCOVERABLE, AS TO THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK, OR COPYRIGHT, OR AS TO THE ABSENCE OF OBLIGATIONS BASED ON STRICT LIABILITY IN TORT, OR (EXCEPT AS EXPRESSLY SET FORTH IN THE OPERATIVE DOCUMENTS) ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE AIRCRAFT OR ANY PART THEREOF; *provided*, however, the Lessor warrants that on the Delivery Date, (i) the Lessor shall have whatever interest in and to the Aircraft that was conveyed to it pursuant to the Purchase Agreement (ii) the Aircraft shall be free of Lessor Liens attributable to it other than the Mortgage; and (iii) it is a "citizen of the United States" as defined in Section 40102 of Title 49 of the United States Code.

THE REPRESENTATIONS AND WARRANTIES OF LESSOR SET FORTH IN THIS § 6(a) ARE EXCLUSIVE AND IN LIEU OF ALL OTHER REPRESENTATIONS AND WARRANTIES OF LESSOR WITH RESPECT TO THE AIRCRAFT, INCLUDING FITNESS FOR USE AND MERCHANTABILITY, WHETHER WRITTEN OR ORAL, EXPRESS OR IMPLIED.

(ii) the Lessor represents and warrants that:

(A) The Lessee is a corporation duly organized and existing in good standing under the laws of the State of Texas, has full power, authority and legal

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right to own its properties and to carry on its business as presently conducted and to perform its obligations under this Lease; holds all licenses, certificates and permits from governmental authorities necessary for the performance of its obligations hereunder, is a "citizen of the United States" (as defined in section 40102 of the Transportation Code);

(B) this Agreement has been duly authorized by all necessary action on the part of the Lessor, does not require any approval of shareholders of the Lessor, has been duly executed and delivered by the Lessor and constitutes the valid, legal and binding obligation of the Lessor enforceable in accordance with its terms except as may be limited by applicable bankruptcy, insolvency, moratorium and similar laws affecting creditors rights generally and except as equitable remedies such as specific performance may be in the discretion of the courts; and

(C) the execution and delivery by the Lessor of this Agreement, and performance of any of the transactions by the Lessor contemplated hereby, have received and the Lessor has complied with, every necessary consent, approval, order, or authorization of, or registration with, or the giving of prior notice to, any government entity in Texas having jurisdiction with respect to the execution and delivery of this Agreement or the validity and enforceability hereof.

(b) **Lessee's Representations and warranties.**

(i) The Lessee represents and warrants that:

(A) The Lessee is a corporation duly organized and existing in good standing under the laws of the State of Delaware, has full power, authority and legal right to own its properties and to carry on its business as presently conducted and to perform its obligations under this Lease; holds all licenses, certificates and permits from governmental authorities necessary for the performance of its obligations hereunder, is a "citizen of the United States" (as defined in section 40102 of the Transportation Code).

(B) This Lease and the Lease Supplement have been duly authorized by all necessary action on the part of the Lessee, does not require any approval of shareholders of the Lessee, and neither the execution and delivery hereof or thereof nor the consummation of the transactions contemplated hereby or thereby nor compliance by the Lessee with any of the terms and provisions hereof or thereof do or will violate any provision of the articles of incorporation or bylaws of the Lessee or any law, rule, regulation, judgment, order or decree of any government or governmental instrumentality or court having jurisdiction over the Lessee or any of its

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activities or properties, or do or will result in any breach of, or constitute any default under, or result in the creation of any Lien upon any property of the Lessee under, any indenture, mortgage, deed of trust, conditional sale contract, loan or credit agreement, or other agreement or instrument to which the Lessee is a party or by which the Lessee or its properties may be bound (other than this Lease Agreement).

(C) Except for the registration of the Aircraft and the filing of this Lease Agreement, the Lease Supplement, any Sublease and, if not previously filed, the Mortgage with the FAA and the filing of the financing statements referred to in § 20 hereof, neither the execution and delivery by the Lessee of this Lease or the Lease Supplement nor the performance by the Lessee of any of the transactions contemplated hereby or thereby require the consent, approval, order or authorization of, or registration with, or the giving of notice to, the FAA, or any other domestic or foreign governmental authority.

(D) This Lease has been duly executed and delivered by the Lessee and constitutes, and the Lease Supplement when executed and delivered by the Lessee will constitute, the legal, valid and binding obligation of the Lessee, enforceable in accordance with its terms except as such enforceability may be affected by bankruptcy, insolvency, reorganization or other laws of general application affecting creditors' or lessors' rights and except for general principles of equity.

(E) There are no suits or proceedings pending or, to the knowledge of the Lessee, threatened in any court or before any regulatory commission, board or other administrative governmental agency against the Lessee which may reasonably be expected to have a materially adverse effect on the financial condition of the Lessee.

(F) The Lessee has filed or caused to be filed all tax returns which are required to be filed and has paid or caused to be paid all taxes shown to be due or payable on said returns and on any assessment received by the Lessee, to the extent that such taxes have become due and payable.

(G) The principal place of business and chief executive office of the Lessee is the address set forth in § 16 hereof.

7. Indemnification by the Lessee.

(a) **General Indemnity.** The Lessee agrees to pay, and on demand to indemnify and hold harmless, each Indemnitee, from and against any and all claims, damages, losses, liabilities (including, but not limited to, any claim or liability for strict liability in tort or otherwise, including, without limitation, liability arising under any applicable environment, noise or pollution control

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statute, rule or regulation), demands, suits, judgments, causes of action and all legal proceedings, whether civil or criminal, penalties, fines and other sanctions, and any costs and expenses incurred in connection therewith, including attorney's fees, which may result from, relate to or arise out of the condition, lease, sub-lease, possession, use or operation of any Item, or which may be caused by any defect in any Item, latent or otherwise, arising from the material or any article used therein or from the design, testing or use thereof or from any maintenance, service, repair, overhaul or testing thereof, (any such basis for an indemnity set forth above being referred to herein as a "Loss")

Notwithstanding the foregoing, the indemnification set forth above in this § 7(a) shall in all cases exclude any Loss to the extent that such Loss (i) is the subject matter of another indemnity provision of this Lease Agreement or consists of a cost or expense imposed on the Lessor by the terms hereof or is incurred by the Lessor in performing its obligations to the Lessee hereunder, (ii) arises as a result of the wilful misconduct or gross negligence of such Indemnitee, (iii) arises as a result of Lessor Taxes or a Lessor Lien or any breach by such Indemnitee of its representations or obligations hereunder, (iv) is caused by acts, omissions or events which occur following the return of possession of the Aircraft to the Lessor or its designee at a time when no Event or Default shall have occurred and then be continuing, (v) consists of costs, fees or expenses related to the negotiation preparation or execution of this Lease Agreement or the Lease Supplement, (vi) consists of costs, fees or expenses arising out of the acquisition or transfer by the Lessor or any Indemnitee of any interest in the Aircraft or this Lease Agreement except any such transfer in connection with the exercise of remedies hereunder in accordance with the terms of § 15 hereof after the occurrence of an Event of Default or as a result of a replacement of a Part or an Engine pursuant to § 9 or § 11 hereof, (vii) relates to the performance by the Lessor of its obligations under this Lease Agreement or arising out of any default under any financing of any Item that is not an Event of Default hereunder, (viii) arises, out of any change in any agreement related to the financing of the Aircraft, any Engine, any Propeller or any Part thereof, unless the Lessee has expressly agreed to undertake such obligations, and/or (ix) relates to the costs, fees and any other out-of-pocket expenses incurred in connection with the establishment, maintenance or restructuring of the financing or refinancing of the Aircraft or to any action or dispute between the parties to any agreement with respect to the financing of any Item not resulting from the occurrence and continuance of an Event of Default hereunder.

Notwithstanding anything to the contrary contained in this § 7(a), the indemnification provided for herein shall not include indemnification of any person in such person's capacity as designer, manufacturer of or maintenance performer for the Aircraft, any Engine, any Propeller or any Part.

The following shall apply to all claims for indemnity under this § 7(a): an Indemnitee shall promptly notify the Lessee of any claim as to which indemnification is sought upon obtaining actual knowledge thereof; *provided* that the failure to provide such notice shall not release the Lessee from any of its obligations to indemnify hereunder or from any other obligation that the Lessee may have to such Indemnitee at law or in equity (provided that the Lessee's obligations to indemnify hereunder shall in no event be increased due to such a failure to provide notice and no payment by the Lessee to such Indemnitee shall be deemed to constitute a waiver or release of any right or remedy which

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the Lessee may have against such Indemnitee for any damages as a result of such failure to provide notice). Subject to the rights of insurers under policies of insurance maintained by the Lessee, the Lessee shall investigate, and provided no Specified Default or Event of Default shall have occurred and be continuing, at its sole cost and expense, defend or compromise (other than with respect to a compromise of a non-monetary claim the compromise of which shall adversely affect such Indemnitee) any claim for which indemnification is sought under this § 7(a), and the Indemnitee shall cooperate, at the Lessee's expense, with all reasonable requests of the Lessee in connection therewith; *provided* that if such a Specified Default or Event of Default has occurred and is continuing, the applicable Indemnitee shall in good faith contest such claim at the request and expense of the Lessee; and provided further that such proceedings do not involve the likelihood of loss or forfeiture of title to the Aircraft (unless the Lessee shall have posted a bond or other security reasonably satisfactory to such Indemnitee in respect of such risk) or the risk of any civil or criminal penalty being assessed against any Indemnitee.

No Indemnitee shall enter into a settlement or other compromise or consent to a judgment with respect to any Loss without the prior written consent of the Lessee, which consent shall not be unreasonably withheld or delayed, unless such Indemnitee waives its rights with respect to such Losses under this § 7(a); *provided* that the payment of an amount to which a Loss relates when legally compelled to do so by a government entity of competent jurisdiction after which a request for a refund of such amount is diligently pursued by appropriate procedures in accordance with the terms of this § 7(a) will not be considered a settlement, compromise or consent to judgment requiring the Lessee's prior consent or resulting in a waiver of such Indemnitee's rights of indemnification with respect to such amount. Except as otherwise provided in the immediately preceding sentence, the entering into any such settlement or compromise or consent without the Lessee's prior written consent shall constitute a waiver by such Indemnitee of all its rights of indemnification hereunder in respect of such matter.

To the extent that a claim indemnified by the Lessee under this § 7(a) is in fact paid in full by the Lessee and/or an insurer under a policy of insurance maintained by the Lessee, the Lessee and/or such insurer, as the case may be, shall be subrogated to the rights and remedies of the Indemnitee on whose behalf such claim was paid (other than rights of such Indemnitee under insurance policies maintained at its own expense) with respect to the transaction or event giving rise to such claim. So long as no Specified Default or Event of Default shall have occurred and be continuing, should an Indemnitee receive any payment from any person other than the Lessee or its insurers and except for payments received under insurance policies maintained by an Indemnitee at its own expense, in whole or in part, with respect to any claim already paid by the Lessee or its insurers hereunder, such Indemnitee shall promptly pay the amount so received (but not an amount in excess of the amount the Lessee or any of its insurers has paid in respect of such claim) over to the Lessee.

Notwithstanding anything to the contrary contained in this § 7(a), the indemnification provided for in this § 7(a) shall only apply to matters which occur or fail to occur prior to the Expiration Date and return of the Aircraft pursuant to the terms hereof.

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(b) **General Tax Indemnity.** The Lessee agrees to pay and to indemnify and hold harmless the Lessor from, all license fees and all taxes, levies, imposts, duties, assessments, charges and withholdings of any nature whatsoever, together with any penalties, additions to tax, fines and interest thereon (collectively, "taxes, fees and other charges") imposed against the Lessor, the Lessee or any Item or any part thereof by any Federal, state, or local government or governmental subdivision or taxing authority in the United States of America or any possession or territory thereof, or by any other country or international taxing authority, or by any subdivision or taxing authority of any of the foregoing upon or with respect to the Aircraft or any part thereof, or interest therein, or upon the manufacture, financing, servicing, maintenance, warranty, repair, replacement, insuring, improvement, transfer of title, purchase, erection, installation, testing, acceptance or rejection, ownership, delivery, non-delivery, lease, sublease, rental, acquisition, registration, rebuilding, abandonment, transportation, storage, possession, use, operation, condition, sale, return or other disposition thereof, or upon the rentals, receipts or earnings arising therefrom, or with respect to any contract relating to the manufacture, construction, acquisition or delivery of the Aircraft or otherwise with respect to the transactions contemplated by this Agreement.

Notwithstanding the foregoing, the indemnity provided for in this § 7(b) does not extend to any Lessor Taxes.

If a claim is made against the Lessor for any taxes, fees and other charges for which the Lessor intends to seek indemnification hereunder, the Lessor shall promptly notify the Lessee. If requested by the Lessee in writing, the Lessor shall, in good faith contest or, at the Lessee's request, if permitted by applicable law, permit the Lessee to contest (and in such case, provide all reasonable cooperation to the Lessee) the validity, applicability or amount of such taxes, fees and other charges by (A) resisting payment thereof if practicable, (B) paying the same under protest, if protest is necessary and proper, or (C) if payment be made, using reasonable efforts to obtain a refund thereof, in appropriate administrative and judicial proceedings including appeals other than to the United States Supreme Court.

Notwithstanding anything to the contrary herein, in no event shall the Lessor be required or the Lessee permitted to contest the imposition of any taxes, fees or other charges asserted against the Lessor for which the Lessee is obligated pursuant to this § 7(b) unless (i) on demand from time to time, the Lessee pays any and all expenses incurred by the Lessor reasonably allocable to such contest (including, without limitation, all costs, expenses, losses, legal and accounting fees and disbursements), (ii) no Specified Default or Event of Default shall have occurred and be continuing, (iii) the action to be taken will not result in any material risk of sale, forfeiture or loss of, or the creation of any Lien on the Aircraft or any interest therein (except if the Lessee shall have adequately bonded such Lien or otherwise made provision to protect the interests of the Lessor and the Secured Party in a manner reasonably satisfactory to the Lessor and the Secured Party or result in any criminal penalties, and (iv) the Lessee shall have delivered to the Lessor, at the Lessee's sole expense, an opinion of independent tax counsel selected by the Lessee and reasonably acceptable to the Lessor to the effect that a reasonable basis for such contest exists or, in the case of an appeal, that substantial authority for such appeal exists. If any such contest involves payment of the taxes, fees and other charges in question, the Lessee shall either make such payment directly to the

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appropriate authority or furnish to the Lessor sufficient funds on an interest-free and After-Tax Basis to make such payment. The Lessor shall consult with the Lessee in good faith regarding the means of contesting such claim and shall keep the Lessee reasonably informed regarding the progress of such contest.

If the Lessor shall obtain a refund of or be entitled to a credit against other liability for all or any part of such taxes, fees and other charges paid by the Lessee, the Lessor shall pay the Lessee the amount of such refund (or credit), after deducting all costs and expenses that were incurred by the Lessor in connection therewith; *provided*, however, that such amount shall in no event be payable before such time as the Lessee shall have made all payments and indemnities then due to the Lessor under this Agreement; *provided* further, however, that the aggregate amount of all payments pursuant to this sentence by the Lessor with respect to any taxes, fees and ocher charges shall not exceed the aggregate amount of all payments made by the Lessee pursuant to this § 7(b) with respect to such taxes, fees and other charges. If in addition to such refund (or credit) the Lessor shall receive an amount representing interest on the amount of such refund (or credit), or would have received interest but for an offsetting liability for taxes, fees and other charges not indemnified by the Lessee hereunder, the Lessee shall promptly be paid that portion of such interest (or such interest that would have been received) that is fairly attributable to any tax, fees and other charges paid or reimbursed by the Lessee prior to the receipt of such refund for the period from the Lessee's payment or reimbursement to the payment to the Lessee of such refund, reduced by the amount of any Federal, state or local income taxes payable by the Lessor by reason of the receipt or accrual of such interest and increased by the amount of any tax benefits resulting from such payment to the Lessee; *provided*, however, that no amount shall be payable under this or the preceding sentence during any period in which a Specified Default or an Event of Default has occurred and is continuing.

In case any report or return is required to be made with respect to any obligation of the Lessee under or arising out of this § 7(b), the Lessee will either make such report or return in such manner as will show the ownership of the Lessor in the Aircraft and send a copy of such report or return to the Lessor, or will notify the Lessor of such requirement and make such report or return in such manner as shall be reasonably satisfactory to the Lessor. The Lessor shall provide to the Lessee such information within its possession or control as is necessary to enable the Lessee to properly make such return or report.

If the Lessor shall release, waive, compromise or settle, or fail to pursue any required contest of any claim which may be indemnifiable by the Lessee pursuant to this § 7(b) without the written permission of the Lessee, the Lessee's obligation to indemnify the Lessor with respect to such claim (and all directly related claims and claims based on the outcome of such claim) shall terminate, and the Lessor shall repay to the Lessee any amount previously paid or advanced with respect to such claim, plus interest at the rate that would have been payable by the relevant taxing authority with respect to a refund of such taxes, fees and other charges. Notwithstanding the foregoing, the Lessor will not be required to contest the imposition of any taxes, fees and other charges and shall be permitted to settle or compromise any claim without the Lessee's consent if the Lessor (I) shall waive its right to indemnity under this § 7(b) with respect to such taxes, fees and other charges (and any directly related claim and any claim the outcome of which is determined based upon the

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outcome of such claim) and (II) shall pay to the Lessee any amount previously paid or advanced by the Lessee pursuant to this § 7(b) with respect to such taxes, fees and other charges plus interest at the rate that would have been payable by the relevant taxing authority with respect to a refund of such taxes, fees and other charges.

The Lessee further agrees that any payment or indemnity made under § 7(a) or this § 7(b) by the Lessee shall include any amount necessary to hold the Lessor harmless on an After-Tax Basis (after giving effect to all deductions, credits and other tax benefits available to the recipient of such indemnity payments with respect to the matter indemnified under § 7(a) or with respect to the payments of the taxes, fees and other charges indemnified under this § 7(b)) from all taxes, fees and other charges required to be paid by the Lessor with respect to such payment or indemnity under the laws of any domestic or foreign governmental or taxing authority, agency or subdivision.

All of the rights and obligations of the Lessee under this § 7(b) shall continue in full force and effect to the extent provided herein notwithstanding the expiration or sooner termination of this Lease and such obligations are expressly made for the benefit of, and shall be enforceable by, the Lessor and its successors. and assigns.

8. Liens. The Lessee shall not directly or indirectly create, incur, assume, or suffer to exist any Lien on or with respect to any Item or Part except: (a) the rights of the Lessor, the Secured Party, and the Lessee as contemplated by the Operative Documents, (b) the rights of others under agreements or arrangements to the extent permitted by §13, (c) Lessor Liens, (d) Liens for landing, navigation and overflight charges not yet delinquent and in aggregate amount not greater than $50,000; and (e) inchoate materialmen's, mechanics', worker's, repairer's, employees', or other like Liens arising in the ordinary course of business and for amounts the payment of which is not yet due. The Lessee will promptly, at its own expense, take or cause to be taken such action as may be necessary to discharge any Lien which is not permitted by this § 8.

9. Registration; Maintenance; Records; Compliance and Use; Replacement Parts; Improvements; Pooling of Parts; Insignia.

(a) **Registration.** The Lessee shall, at its expense, cause the Aircraft to be duly registered with the FAA, at all times (except as provided below and except to the extent that such registration is prevented by the legal status, or an act or omission, of the Lessor or the Secured Party) from and after the Delivery Date, in the United States in the Lessor's name (except as otherwise required by the Transportation Code) under the Transportation Code, shall not (except as provided below) register the Aircraft under the laws of any jurisdiction other than the United States, and shall not cause the Aircraft to be ineligible for such registration.

(b) **Maintenance; Records.** The Lessee shall cause the Aircraft and each Item to be maintained, inspected, serviced, repaired, overhauled, and tested (1) in accordance with Permitted Sublessee's FAA-approved maintenance program (the "Maintenance Program"), (2) so as to keep each Item in as good operating condition as it was in when delivered to the Lessee by the Lessor,

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reasonable wear and tear excepted, and airworthy under the FAA's standards, (3) in the same manner and with the same care as used by the Lessee (or a Permitted Sublessee) with respect to similar aircraft owned or operated by the Lessee (or such Permitted Sublessee), and (4) so as to comply with the applicable regulations of the FAA, except during a good-faith contest of the validity, applicability, or alleged violation of the pertinent rule or regulation in any reasonable manner which is not reasonably anticipated to have a materially adverse effect on the Lessor's interest in the Aircraft and which does not extend beyond the end of the Term if the pendency of such contest would adversely affect the Aircraft or the remarketing thereof in any material respect; *provided,* that no contest shall excuse the failure to maintain the airworthiness certification for the Aircraft in good standing without the Lessor's written consent, nor shall the pendency of any contest prevent a prohibition of use from becoming an Event of Loss.

The Lessee shall maintain all records, logs, and other materials (including manufacturer's and repair facility tags with corresponding serial numbers) required by Permitted Sublessee's FAA approved maintenance program (or any other governmental body having jurisdiction) to be maintained in respect of each Item, and such records, logs, and other materials shall be maintained in English. The Lessee shall prepare for the Lessor, and file, any reports required by any governmental authority as a result of the Lessor's ownership of the Aircraft (and the Lessor shall furnish to the Lessee and any Permitted Sublessee all reasonable co-operation in connection therewith, at the Lessee's expense). The Permitted Sublessee shall not revise or modify the Maintenance Program (except as required by Applicable Law) without the prior written consent of the Lessor and the Secured Party.

(c) **Maintenance Payments.**

i. **Definitions.**

In this § 9(c), the following expressions shall have the meanings respectively ascribed thereto:

Eligible Claim	means a claim submitted by the Lessee for payment or reimbursement of the costs incurred (including labor, parts and materials) in performing or causing to be performed in relation to the Aircraft in accordance with such Maintenance Program any or all of the maintenance processes referred to in § 9(c)(iii) (a) and (b); *provided* that, subject to the provisions of §9(c)(v)(d) hereof, the amount payable or reimbursable hereunder with respect to an Eligible Claim shall not include those costs attributable to the repair of foreign object or other accidental damage to the Aircraft, any Engine or any Propeller, negligent or other improper maintenance, repair, modification, alteration, use or operation of the Aircraft, any

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Engine, or any Propeller or an Inherent Defect or any cost which is reimbursable from insurance or warranty claims.

Hourly Rate	means the hourly rate payable by way of Maintenance Reserve in respect of each complete Flight Hour (pro rata for part thereof) for the Airframe or each Engine, as applicable.
Inherent Defect	means any defect in the Aircraft or any part thereof arising out of a fault or error in the design, manufacture or construction thereof.

ii. **Maintenance Reserve Payments.**

The Lessee shall pay Maintenance Reserves to the Lessor throughout the Term of this Lease for the period commencing on the Delivery Date, monthly in arrears on or before the 15th day of each month, each payment to be made in respect of the previous calendar month based on a utilization report to be furnished by the Lessee on the 10th day of each month, such report to be based on and accompanied by copies of the relevant portions of the Aircraft log books; *provided* always that the final payment shall be made on the date on which the Term expires in respect of that part of the calendar month ending on that date. Each payment shall be calculated by multiplying the applicable Hourly Rate by the number of Flight Hours flown by the Airframe or each Engine, as applicable, as evidenced by the Aircraft log books for the relevant period. The Lessor shall be obligated to reimburse the Lessee for Eligible Claims as provided in § 9(c)(iv) hereof only if and to the extent that funds are available therefor in the applicable Maintenance Reserve accounts as provided below. The Lessee shall bear that portion of the cost of an Eligible Claim in excess of the amount available in the applicable Maintenance Reserve accounts without any recourse to the Lessor whatsoever. Any funds remaining in the Maintenance Reserve accounts following the return of the Aircraft and compliance with the provisions of § 5 hereof shall be paid to Lessee.

iii. **Maintenance Reserve Accounts.**

The Lessor shall maintain for its own purposes one account in respect of each of the following maintenance processes:

(a) Airframe maintenance (but excluding rotable repairs and operational misuse and negligence of Lessee), landing gear overhauls and the Redelivery Inspection to be performed in accordance with Exhibit B hereof; and

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(b) two accounts for each Engine (which expression shall, for this purpose, not extend to any rotable components or nose cowl), one such account (the "Engine Overhaul Account") for the accomplishment of overhauls and mandatory hot section inspections in accordance with the Maintenance Program, and one such account (the "Engine LLP Account") for the replacement of Engine life limited parts ("LLPs"), but excluding, in each case, foreign object damage, operational misuse and the Lessee's negligence;

The five Maintenance Reserve accounts are to be maintained by the Lessor for its own administrative convenience. The amount available for the payment of Eligible Claims shall be the amount paid by the Lessee with respect to the relevant Maintenance Reserve account. The Lessor shall be obligated to reimburse the Lessee for Eligible Claims as provided in § 9(c)(iv) hereof only if and to the extent that funds are available therefor in the applicable Maintenance Reserve accounts as provided below. The Lessee shall bear that portion of the cost of an Eligible Claim in excess of the amount available in the applicable Maintenance Reserve accounts without any recourse to the Lessor whatsoever.

iv. **Rates.**

The Hourly Rates payable with respect to Flight Hours flown during the Basic Term shall be as follows:

Airframe	$25 per Airframe Flight Hour.
Engines	$70 per Flight Hour for the applicable Engine, of which $55 shall be allocated to the Engine Overhaul Account and $15 shall be allocated to the Engine LLP Account.

In the event that this Lease is renewed pursuant to § 3(f) hereof, the Hourly Rates payable with respect to Flight Hours flown during the applicable Renewal Term shall be adjusted appropriately to reflect (1) the then current overhaul cost or replacement cost for the applicable Engine, component or Part, as the case may be, (2) the Lessee's then current mean time between overhauls for the applicable Engine, component or Part, as the case may be, and (3) the then applicable life limitations for LLPs.

v. **Application of Maintenance Reserves.**

(a) The Lessor's obligation to reimburse the Lessee for any Eligible Claims referred to in § 9(c)(i)/(iii) is subject to the conditions that: (i) before any work with respect to such Eligible Claim referred to in § 9(c)(iii)(b) is performed, the Lessee shall notify the Lessor of the proposed date of the check or shop visit and the work to be

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performed (to the extent then known to the Lessee); and (ii) within fifteen (15) days after the end of each calendar month during the Term (and on the Expiration Date), the Lessee shall present to the Lessor all worksheets, invoices, vouchers and/or receipts with respect to the completion of the work with respect to any Eligible Claim during such preceding month (or, if applicable, after the end of the preceding month and prior to the Expiration Date) which are reasonably necessary to establish the amount of such Eligible Claim;

(b) Within 20 days after the Lessor receives such documentation, the Lessor will pay the amount of the Eligible Claim to the Lessee by making a drawdown against the amount in the applicable Maintenance Reserve account. In the event that the amount of any Eligible Claim exceeds the amount available for reimbursement thereof pursuant to the terms hereof, the Lessee shall be responsible for the payment of such excess.

Notwithstanding anything else to the contrary contained in this Lease, in no event shall the Lessor be obligated to pay any amounts with respect to Eligible Claims or pursuant to § 9(c)(vii) hereof so long as a Specified Default or an Event of Default shall have occurred and be continuing.

(c) Any repair or overhaul work that is performed by the Lessee shall be billed at the Lessee's actual cost. If work is done by a company affiliated with the Lessee, charges made by such Affiliate shall be reasonable market rates for such maintenance work.

(d) For the avoidance of doubt, Maintenance Reserves in respect of the Engines may be used for the cost of a repair or overhaul of an Engine which would otherwise be reimbursable from the Maintenance Reserves and which is undertaken at the same time as other remedial work which is excluded from reimbursement (for example repair of a foreign object damage) subject to the requirements of § 9(c)(v)(a).

(e) THE LESSOR SHALL HAVE NO DUTY TO THE LESSEE TO DETERMINE WHETHER ANY ITEM IS REQUIRED TO BE OVERHAULED OR MAINTAINED, OR TO OBSERVE OR INSPECT THE OVERHAUL OR MAINTENANCE OF ANY ITEM, AND THE LESSOR SHALL NOT INCUR ANY LIABILITY OR OBLIGATION TO THE LESSEE BY REASON OF THE FAILURE OF ANY ITEM TO BE PROPERLY OVERHAULED OR MAINTAINED OR BY REASON OF THE LESSOR'S ELECTION TO OBSERVE OR INSPECT OR NOT TO OBSERVE OR INSPECT ANY OVERHAUL OR MAINTENANCE OF ANY ITEM.

vii. **Status of Maintenance Reserves**

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The Lessee acknowledges that the Maintenance Reserve payments for an Item shall become the unencumbered property of the Lessor upon payment thereof by the Lessee, free of any claims or rights thereto by the Lessee; *provided* that, any Maintenance Reserves remaining at the end of the Term shall belong to the Lessee, and if an Event of Loss occurs with respect to the Aircraft or the Airframe, any Maintenance Reserves then remaining shall be paid to the Lessee upon satisfaction of the Lessee's obligation under § 11 to pay, or cause to be paid, the Stipulated Loss Value and all other amounts then due hereunder, to the Lessor. To the extent Maintenance Reserve payments are used to pay for the cost of any overhaul or maintenance contemplated in this § 9(c), any recoveries from any manufacturer or any subcontractor, vendor or supplier in respect thereof shall be for the exclusive benefit of the Lessor.

On the 10th day of each month, the Lessee shall notify the Lessor of the number of Flight Hours which have been accumulated on the Airframe and the number of Flight Hours that have been accumulated on each Engine during the preceding calendar month, and the Lessee shall provide the Lessor with such supporting information and documentation as the Lessor may from time to time reasonably request.

(d) **Compliance and Use.** The Lessee shall not cause or permit the Aircraft to be maintained, operated, or used in violation of any law or any rule, regulation, treaty, statute, or order of any government or governmental authority having jurisdiction, or in violation of any airworthiness certificate, license, or registration relating to the Aircraft issued by any such authority, except during a good-faith contest of the validity, application, or alleged violation thereof in any reasonable manner which does not materially adversely affect the Lessor's or the Secured Party's respective interests in the Aircraft and which does not extend beyond the end of the Term if the pendency of such contest would adversely affect the Aircraft or the remarketing thereof in any material respect. If any such law, rule, regulation, treaty, statute, order, certificate, license, or registration requires alteration of the Aircraft, the Lessee shall obtain conformance therewith at no expense to the Lessor and shall cause the Aircraft to be maintained in proper operating condition thereunder. The Lessee shall not cause or permit the Aircraft to be operated or located outside of the United States except over international waters and except in a country which then maintains normal diplomatic relations with the United States. The Lessee shall not cause or permit the Aircraft to be used unless the Aircraft is covered by insurance as required by § 12, or contrary to the terms of such insurance, except when operated under contract with the United States government or in the case of a requisition for use by the United States government, in which case the Lessee shall have caused to be obtained insurance or indemnity in lieu of such insurance from the United States government against substantially the same risks and in substantially the same amount (and in favor of the same parties) required by § 12. Throughout the Term, as between the Lessee and the Lessor, the possession, use, and maintenance of the Aircraft shall be at the risk and expense of the Lessee. The Aircraft may not be operated, used, or located in any declared war zone or in any area which is an area of recognized hostilities (except to leave such a zone or area).

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(e) **Replacement Parts.** Except as otherwise provided in § 9(f), the Lessee shall promptly replace all Parts which become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair, or permanently rendered unfit for use for any reason whatsoever (such substituted parts being *"Replacement Parts"*). In addition, in the ordinary course of maintenance, overhaul, or testing, the Lessee may remove any Parts, whether or not worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair, or permanently rendered unfit for use, provided that such Parts are promptly replaced. All Replacement Parts shall be free and clear of all Liens and shall be in good and operable condition and capable of performing their intended purpose within manufacturer's specifications, with a value and utility of the removed Parts (assuming such Parts were serviceable at the time of removal). All Parts at any time removed from any Item shall remain the property of the Lessor, no matter where located, until they have been replaced by Replacement Parts which have been incorporated in such Item and which meet the requirements for Replacement Parts specified above. Immediately upon any Replacement Parts becoming incorporated in such Item as above provided, without further act, (1) title to the removed Part shall vest in the Lessee, free and clear of all rights of the Lessor, and such replaced Part shall no longer be a "Part" hereunder, (2) title to such Replacement Part shall vest in the Lessor, and (3) such Replacement Part shall become subject to this Lease and shall be part of such Item to the same extent as the removed Part.

(f) **Improvements.**

(1) **Required Improvements.** The Lessee shall, at the Lessee's expense (except as otherwise provided below), incorporate in the Aircraft and each Item any accessory, equipment, or device, or make any improvement, modification, alteration, inspection or addition thereto (any such accessory, equipment, device, improvement, modification, alteration, inspection or addition being an *"Improvement"*), as is necessary from time to time to comply with the requirements of any mandatory service bulletin issued by the Manufacturer or the manufacturer of any Engine or to meet the requirements of the FAA or any other governmental authority having jurisdiction over that Item. The Lessor shall reimburse the Lessee for each Improvement only from funds remaining in the reserve accounts and only to the extent that sufficient funds are remaining in these accounts. Any underages in such payments shall not be recoverable by the Lessee from the Lessor and the Lessee may not place any Liens or other encumbrances or in any way attempt to recover any such claims for payment from the Lessor.

(2) **Optional Improvements.** The Lessee may from time to time make (or allow a Permitted Sublessee to make), solely at the expense of the Lessee or such Permitted Sublessee, such Improvement as the Lessee (or any Permitted Sublessee) deems desirable in the proper conduct of its business (including, without limitation, the removal of Parts which the Lessee or a Permitted Sublessee reasonably deems obsolete or no longer suitable or appropriate for use in such item), *provided* that no such Improvement diminishes the value, utility, or remaining useful life of any Item below the value, utility, and remaining useful life that it would have had if that Improvement had not been made (assuming such Item was then of the value and utility required to be maintained by the

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terms hereof) or causes the Item to become "limited use property" within the meaning of Rev. Proc. 76-30, 1976-2 C.B. 647; and *provided further* that neither the Lessee nor any Permitted Sublessee shall make any such Improvement in excess of $250,000 without giving 10 Business Days prior written notice to the Lessor and the Secured Party or make any structural alteration or modification without the prior written consent of the Lessor and the Secured Party. Title to all Improvements shall, without further act, vest in the Lessor. Lessee shall maintain, use, operate and modify the Aircraft in the same manner and with the same standards as used by Lessee with respect to other similar aircraft used by Lessee in Lessee's fleet.

So long as no Event of Default shall have occurred and be continuing, any improvement that (1) is in addition to, and not in replacement of or in substitution for, any Part originally incorporated on the Delivery Date in any Item or any Replacement Part, (2) is not required to be incorporated in any Item pursuant to § 9(f)(1), and (3) can be removed from such Item without impairing the value, utility, or remaining useful life that such Item would have had at such time had such Improvement not been made (a *"Removable Improvement"*) may be removed from the Aircraft, *provided* that the Lessee shall repair or cause to be repaired any damage to the Aircraft resulting from the installation or removal of such Removable Improvement so as to restore the Aircraft to the value, utility, and remaining useful life that it would have had at such time had such Removable Improvement not been made, reasonable wear and tear excepted. Any Removable Improvement so removed before the time of return of the Aircraft shall, at such time, become the property of the Lessee without further action by the parties hereto.

(g) **Insignia.** The Lessee shall (1) cause each Item to be kept numbered with the identification or serial numbers therefor as specified in the Lease Supplement, and (2) affix and maintain in the Airframe adjacent to and not less prominent than the airworthiness certificate, or on each Engine in a prominent location, a nameplate bearing the following legend:

> This [Aircraft] [Engine] is subject to a security interest in favor of United Capital Corp. of Illinois and is leased from TPI Leasing Management, Inc.

and such other markings as from time to time are required by law or otherwise deemed necessary by the Lessor or the Secured Party in order to protect the Lessor's title to the Aircraft, the Lessor's rights under this Lease, and the Secured Party's rights with respect to the Aircraft. The Lessee shall promptly replace any such required nameplate marking which has been removed, defaced, or destroyed. Except as above provided, the Lessee will not allow the name of any Person to be placed on any Item as a designation that might reasonably be interpreted as a claim of ownership; *provided,* that nothing in this § 9(g) shall prohibit the Lessee (or any Permitted Sublessee) from placing appropriate lettering, painting, or markings (including its customary colors and insignia, or those of any code-sharing affiliate) on any Item.

10. Inspection. At all reasonable times during the Term, the Lessor and/or the Secured Party (or their agents or authorized representatives) may, upon not less than five days'

prior written notice, at their own cost and expense, inspect any Item; *provided,* that, unless this Lease has been declared to be in default in accordance with its terms, such inspection shall be conducted so as not to interfere unreasonably with the operation and maintenance by the Lessee (or a Permitted Sublessee) of any aircraft and, as to any aircraft, shall be a visual, walk-around inspection which may include going on board the aircraft, but shall not include opening any panels, bays, or other apertures; *provided further,* that the costs of inspection shall be borne by the Lessee in the case of an inspection conducted by such inspecting party in connection with an Event of Default. The Lessee or any Permitted Sublessee shall provide the Lessor and the Secured Party with the Lessee's or such Permitted Sublessee's schedule for upcoming heavy maintenance checks. Upon the request of the Lessor or the Secured Party, the Lessee shall confirm the location of any Item and shall, at any reasonable time, make any Item and all books and records relative thereto available to such requesting party (or its agents or authorized representatives) for inspection and copying. The Lessor and the Secured Party shall have no duty to make any such inspection nor shall the Lessor or the Secured Party incur any liability or obligation by reason of not making any such inspection.

11. Loss or Destruction; Requisition of Use.

(a) **Event of Loss of the Airframe.** If an Event of Loss occurs to the Airframe, the Lessee shall forthwith (and in any event) within one day (24 hours) after such occurrence, give to the Lessor written notice of such Event of Loss and shall pay or cause to be paid to the Lessor an amount equal to (x) the Stipulated Loss Value of the Aircraft, plus (y) all unpaid Basic Rent due to (but excluding) the date such Stipulated Loss Value is paid plus (z) all other amounts of Supplemental Rent due on or before the date such Stipulated Loss Value is paid and any reasonable expenses and costs incurred in connection with such Event of Loss by the Lessor or the Secured Party. Such amount shall be paid (including by application of proceeds from insurance carried under § 12(b)) within five days after the Event of Loss. Upon payment in full of such Stipulated Loss Value and all such other amounts, (aa) the Lessee's obligation to pay all succeeding installments of Basic Rent, and the Term, shall terminate, and (bb) the Lessor shall transfer to the Lessee or its designee (subject to any insurer's salvage rights) "as is, where is, and with all faults", without recourse or warranty, express or implied (except as to the absence of Lessor Liens), all right title and interest conveyed to the Lessor in and to the Aircraft (and in connection with such transfer, the Lessee shall prepare and the Lessor shall execute, all in recordable form, a bill of sale evidencing such transfer, and a termination of this Lease, and the Lessee shall prepare and the Secured Party shall execute, in recordable form, a Mortgage release, all at the Lessee's expense). The Lessee shall be responsible for any sales taxes or similar transfer taxes resulting from such transfer.

(b) **Event of Loss to an Engine or Propeller.** If an Event of Loss occurs to any Engine or Propeller under circumstances in which no Event of Loss occurs to the Airframe, the Lessee shall notify the Lessor and the Secured Party thereof within three days of obtaining knowledge thereof and shall, within 90 days after the date of occurrence of such Event of Loss, duly convey to the Lessor, as replacement for such Engine or Propeller, title to a Replacement Engine or Replacement Propeller, free and clear of all Liens (other than Permitted Liens). At

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the time of any such conveyance, the Lessee shall, at its expense: (1) furnish the Lessor with a bill of sale, in form and substance reasonably satisfactory to the Lessor, for such Replacement Engine or Replacement Propeller , (2) cause supplements hereto and to the Mortgage (subjecting such Replacement Engine(s) or Replacement Propeller(s), as the case may be, to this Lease and the Lien of the Mortgage), in form and substance reasonably satisfactory to the Lessor and the Secured Party, for such Replacement Engine or Replacement Propeller to be duly executed by the appropriate parties and recorded at the FAA, (3) execute and, if necessary, file such documents as the Lessor reasonably requests to confirm the Lessor's ownership of, and title, to such Replacement Engine or Replacement Propeller, (4) furnish the Lessor and the Secured Party with such evidence of compliance with the insurance provisions of § 12 for such Replacement Engine or Replacement Propeller as such party reasonably requests, (5) furnish the Lessor with all documents, certificates, and opinions necessary to enable the Lessor to comply with the requirements of § 2.06(b) of the Mortgage, (6) furnish the Lessor and the Secured Party with a certificate of the Lessee or any Permitted Sublessee certifying as to compliance with this §11(b), and (7) take such other action as the Lessor or the Secured Party reasonably requests in order that such Replacement Engine or Replacement Propeller be properly titled in the Lessor free and clear of all Liens (except Permitted Liens), leased hereunder, and subjected to the Lien of the Mortgage to the same extent as the Engine or Propeller replaced thereby.

Upon compliance by the Lessee with the terms of this §11(b), (x) the Lessor shall transfer to the Lessee or its designee (subject to any insurer's salvage rights), "as is, where is, and with all faults", without recourse or warranty, express or implied (except as to the absence of Lessor Liens), all right, title, and interest conveyed to the Lessor in and to the Engine or Propeller to which such Event of Loss occurred, together with any insurance proceeds relating to property damage, if any, and (y) the Lessor and the Secured Party shall (at the Lessee's expense) release such replaced Engine or Propeller from this Lease and the Lien of the Mortgage. Each such Replacement Engine or Replacement Propeller shall, upon such conveyance, be deemed part of the property leased hereunder, shall be deemed an "Engine" or "Propeller" and shall be deemed part of the Aircraft. No Event of Loss to an Engine or Propeller under the circumstances contemplated by the terms of this §11(b) shall result in any reduction in Basic Rent. The Lessee shall be responsible for any sales taxes or similar transfer taxes resulting from any such replacement.

(c) **Risk of Loss; No Release of Obligations.** The Lessee hereby assumes and agrees to bear the risk of loss to each Item and, except as provided in §11(a) and §11(b), shall not be released from its obligations hereunder in the event of any damage to the Aircraft or any part thereof or any Event of Loss relating thereto.

(d) **Requisition of Use.** A requisition of use which does not constitute an Event of Loss shall not terminate this Lease, and each and every obligation of the Lessee with respect thereto shall remain in force to the same extent as if such requisition had not occurred, except to the extent that any failure or delay in the performance of such obligations (other than any obligations for the payment of money) are prevented or delayed by such requisition of use. The Lessee shall be entitled to all sums, attributable to the period the Item(s) involved is/are subject

to this Lease, received by reason of any such requisition of use. All payments received for the use of any Item after the Term shall be paid over to, or retained by, the Lessor in the same manner as Rent under § 3(e). The Lessee shall promptly notify the Lessor of any such requisition.

(e) **Application of Proceeds for Events of Loss.** Any payments received at any time by the Lessor or the Lessee from any insurer under insurance (other than liability insurance and other than insurance carried by the Lessee (or any Permitted Sublessee) in excess of the insurance required to be maintained by the Lessee pursuant to § 12(b) hereof or insurance maintained by the Lessor at its own expense) maintained hereunder or from any governmental authority or other Person with respect to an Event of Loss will be applied as follows:

(1) if such payments are received as a result of an Event of Loss to the Airframe (and any Engine or Propeller then installed thereon), (aa) so much of such payments as shall not exceed the Stipulated Loss Value for the Aircraft shall be applied in reduction of the Lessee's obligation to pay such Stipulated Loss Value if not already paid, or, if already paid, shall be applied by the Lessor (or its assignee) to reimburse the Lessee or its designee for the payment of such Stipulated Loss Value, and (bb) the balance, if any, of such payments remaining thereafter shall be paid over to, or retained by, the Lessee; and

(2) if such payments are received as the result of an Event of Loss to an Engine or Propeller under the circumstances contemplated by § 11(b), such payments shall be paid over to, or retained by, the Lessor in the same manner as Rent under § 3(e), until the Lessee fully performs the terms of § 11(b) with respect to that Event of Loss, after which such payments shall be paid over to, or retained by, the Lessee.

(f) **Payments During Default.** Any amount referred to in this § 11 which is otherwise payable to the Lessee shall not be paid to the Lessee if a Specified Default exists at the time of payment, but shall be paid to and held by the Lessor as security for the Lessee's obligations hereunder, and at such time as no Specified Default exists, such amount shall be paid to the Lessee.

12. Insurance.

(a) The Lessee shall, without cost and expense to the Lessor or the Secured Party, maintain or cause to be maintained in effect with respect to the Aircraft, comprehensive general liability insurance including the following insurances, subject to § 12(j) , with the Approved Insurer through the intermediary of an insurance broker approved by the Lessor and the Secured Party (the "Broker") in such form as shall be approved by the Lessor and the Secured Party:

(i) All-risk ground and flight aircraft hull insurance including:

(A) War and Allied Perils Insurance to the fullest extent possible (excluding confiscation or expropriation by the government of registry);

(B) all risks insurance with respect to any Engine and other components, Parts or spares, while any such items are not installed on the Aircraft or any other aircraft.

All such insurance in respect of the Aircraft shall be in amounts not less than the Stipulated Loss Value. Any such property damage insurance policy may be subject to a flight deductible in an amount not exceeding $50,000 and a ground deductible in an amount not exceeding $50,000; *provided* that if any such policy provides for a deductible in an amount in excess of $50,000, the Lessee shall "buy down" such deductible to an amount not to exceed $50,000 per occurrence; and

(ii) aircraft third party, passenger, baggage, cargo and mail and airline general third party liability including War, Hijacking, Confiscation and Kindred Perils to the fullest extent possible and having a combined single limit of liability of not less than $50,000,000.00 and not subject to a deductible.

(b) The Lessee shall procure that the insurances referred to in§ 12(a)(i) above:

(i) name the Additional Insureds as additional named assured, warranted no operational interest without liability to pay, but with right to pay premiums and premium installments;

(ii) acknowledge that the insurers have been advised that the Aircraft is subject to the Mortgage in favor of the Secured Party;

(iii) name the Secured Party (if the Aircraft is then subject to the Lien of the Mortgage) or the Lessor (if the Aircraft is not then subject to the Lien of the Mortgage) as sole loss payee in the case of an Event of Loss to the extent that an Event of Loss is an insured risk;

(iv) waive any right the insurers may have to set-off or counterclaim against, or reduce any insurance proceeds due and payable to the Lessor, the Lessee or the Secured Party as loss payee other than in respect of unpaid premiums with respect to the Aircraft, and contain a standard breach of warranty endorsement in favor of the Lessor and the Secured Party for an amount equal to the Stipulated Loss Value, in the case of the Lessor, and the Release Price for the Aircraft, in the case of the Secured Party;

(v) contain the following provision:

THE INSURANCE AFFORDED BY THIS POLICY SHALL NOT BE INVALIDATED (1) AS REGARDS THE INTEREST OF THE SECURED PARTY

BY ANY ACT OR NEGLECT OF LESSEE, LESSOR, OR A SUBLESSEE, AND (2) AS REGARDS THE INTEREST OF LESSOR, BY ANY ACT OR NEGLECT OF LESSEE OR A SUBLESSEE.

UPON PAYMENT OF ANY SUM TO THE SECURED PARTY AS PROVIDED HEREUNDER, THE INSURERS SHALL, TO THE EXTENT OF SUCH PAYMENT, BE THEREUPON LEGALLY SUBROGATED TO ALL THE RIGHTS OF THE SECURED PARTY BUT NO SUBROGATION SHALL IMPAIR THE RIGHT OF THE SECURED PARTY TO RECOVER THE FULL AMOUNT OF ITS CLAIMS.

(vi) contain a provision waiving any and all rights of subrogation the insurers have or may acquire against the Secured Party as a consequence of the Mortgage;

(vii) contain a provision that (1) no claim of the Secured Party shall be defeated, prejudiced or otherwise affected by any non-disclosure, misrepresentation, breach of any policy warranty, declarations or conditions or want of due diligence on the part of the Lessor, the Lessee or any Sublessee, and (2) no claim of the Lessor shall be defeated, prejudiced or affected by any nondisclosure, misrepresentation, breach of any policy warranty, declarations or conditions or want of due diligence on the part of the Lessee or any Sublessee;

(viii) contain a provision to the effect that any cancellation or modification (adverse to interest of the Lessor or the Secured Party) of such insurance shall not be effective as to the interest and/or benefit of the Lessor or the Secured Party, as the case may be, for thirty (30) days (but with seven (7) days or such lesser period as is customarily available in respect of war-risks insurance) after written notice of such cancellation or modification, as the case may be, is received by the Lessor or the Secured Party, as applicable;

(ix) contain a provision requiring the insurers to provide the Lessor and the Secured Party with a written notice (A) of the Lessee's or any Sublessee's failure to pay any premium or premium installment when due and allowing the Lessor or the Secured Party at its option to pay any premium or premium installment within thirty (30) days of such notice without any lapse of coverage, (B) of any failure of the Lessee or any Sublessee to commence renewal discussions at least 15 days prior to the expiration of any insurance and (C) of any other act or omission on the part of the Lessee or any Sublessee of which it shall have knowledge that might invalidate or render unenforceable, in whole or in part, any such insurance;

(x) each required reinsurance policy shall have a "cut-through" endorsement satisfactory to the Lessor and the Secured Party in substantially the following form:

"In the event of any claim for loss or the payment of any sum under this contract, amounts due and payable to the Insurers from the issuer of the reinsurance contract (in the case of the

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Insurers' insolvency) [in respect of claims or losses payable to the Additional Insureds][1] attached hereto as Exhibit A (the "Reinsurance Contract") , shall be paid directly to the Additional Insureds, and the Insurer hereby assigns to the Additional Insureds all of its right, title and interest in and to the Reinsurance Contract and hereby confirms that the Reinsurance Contract has been endorsed to reflect that all losses payable under such Reinsurance Contract shall be payable directly to the Additional Insureds, pursuant to the terms of the Reinsurance Contract attached hereto. It is further hereby agreed that in the event that the Insurer fails to make payment of a claim under any of the policies listed below in the name of [Lessee], the applicable Additional Insured as assignee of the Reinsurance Contract shall be entitled to recover all sums due and payable under the Reinsurance Contract directly from the issuers thereof, without notice to, or obligation to inform the Insurer, subject only to the terms and conditions of the Reinsurance Contract and the limits of liability included therein. Any payments made in respect of the above described endorsements shall constitute a full discharge between the issuer of the Reinsurance Contract on the one hand, and the Insurer and the applicable Additional Insured on the other hand, and shall release the issuer of the Reinsurance Contract from any further liability in connection with such claims, provided that all sums due under the Reinsurance Contract in respect of such claims have been fully and finally paid to the applicable Additional Insured in freely transferable currency of the United States."

(c) The Lessee shall procure that the insurances referred to in § 12(a)(ii):

(i) name the Additional Insureds as additional named insureds (warranted no operational interest without liability to pay, but with the right to pay, premiums and premium installments);

(ii) contain a Severability of Interest Clause which provides that each said insurance shall operate in all respects (save only for the limit of liability) as if a separate policy had been issued to each insured who is insured thereunder;

(iii) are in accordance with sound international practice having regard to the Aircraft involved:

(iv) contain the following provision:

THE INSURANCE AFFORDED BY THIS POLICY SHALL NOT BE INVALIDATED (1) AS REGARDS THE INTEREST OF THE SECURED PARTY, ITS DIRECTORS, OFFICERS, SERVANTS, AGENTS AND EMPLOYEES AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS BY ANY ACT OR NEGLECT OF LESSEE, LESSOR OR A SUBLESSEE, OR (2) AS REGARDS THE INTEREST OF LESSOR, ITS DIRECTORS, OFFICERS, SERVANTS,

[1]This language for Liability Policy cut-through only.

AGENTS AND EMPLOYEES AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS BY ANY ACT-OR NEGLECT OF LESSEE OR A SUBLESSEE.

(v) contain a provision waiving any and all rights of subrogation the insurers may have or may acquire against the Secured Party, its directors, officers, servants, agents and employees and their respective successors and assigns as a consequence of the Mortgage, or against the Lessor, its directors, officers, servants, agents and employees and their respective successors and assigns as a consequence of any document, and contain a standard breach of warranty endorsement in favor of the Lessor and the Secured Party for an amount equal to the Stipulated Loss Value, in the case of the Lessor, and the Release Price for the Aircraft in the case of the Secured Party;

(vi) contain a provision that (1) no claims of the Secured Party, its directors, officers, servants, agents and employees and their respective successors and assigns shall be defeated, prejudiced or otherwise affected by any non-disclosure, misrepresentation, breach of policy warranty, declarations or conditions or want of due diligence on the part of the Lessor, the Lessee or any Sublessee, and (2) no claims of the Lessor, its directors, officers, servants, agents and employees and their respective successors and assigns shall be defeated, prejudiced or otherwise affected by any non-disclosure, misrepresentation, breach of any policy warranty, declarations or conditions, or want of due diligence on the part of the Lessee or any Sublessee;

(vii) contain a provision requiring the insurers to provide the Secured Party and the Lessor with written notice of any cancellation or modification adverse to the interest of the Secured Party or the Lessor and their respective directors, officers, servants, agents, employees, successors and assigns in such insurance and that such cancellation or modification shall not be effective as to the interest and/or benefit of the Secured Party and/or the Lessor and/or their respective directors, officers, servants, agents, employees, successor s and assigns for thirty (30) days (but seven (7) days or such lesser period as is customarily available in respect of war risks insurance) after the written notice of such cancellation or modification, as the case may be, is received by the Secured Party and/or the Lessor; and

(viii) contain a provision requiring the insurers to provide the Secured Party and the Lessor with a written notice (A) of the Lessee's or any Sublessee's failure to pay any premium or premium installment when due and allowing the Lessor or the Secured Party at their option to pay any premium or premium installment within thirty (30) days of such notice without any lapse of coverage, (B) of any failure of the Lessee or any Sublessee to commence renewal discussions at least 15 days prior to the expiration of any insurance and (C) of any other act or omission on the part of the Lessee or any Sublessee of which it shall have knowledge that might invalidate or render unenforceable, in whole or in part, any such insurance;

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(d) The Lessee shall furnish or procure that there is furnished to the Lessor and the Secured Party:

(i) not later than the Delivery Date and not later than the expiration dates of the respective insurances required hereunder certificates of insurance evidencing the insurance coverage required pursuant to this § 12. Each certificate evidencing the insurance required by § 12(a)(i) and (ii) shall:

(A) incorporate the provisions of § 12(b)(i) through (xi) and § 12(c)(i) through (viii);

(B) confirm the perils covered by each policy of insurance then in force and relating to the Aircraft;

(C) specify the amount of insurance coverage provided against each such peril, and any deductible;

(D) certify that each such policy is then in full force and effect;

(E) certify that the Broker will provide the Secured Party and the Lessor with written notice of the Lessee's or any Sublessee's failure to pay any premium or premium installment when due and the Secured Party or the Lessor at their option may pay any premium or premium installment without lapse of coverage; and

(F) confirm the insurer's acknowledgment that the Lessor and the Secured Party warranted no operational interest, and that policies related to the insurances referred to in § 12(a)(i)(A) are not subject to average and that policies related to the insurances referred to in § 12(a) (ii) are primary and without right of contribution from other insurances that may be available to the Lessor, the Secured Party or their respective directors, officers, servants, agents, employees, successors and assigns;

(ii) on request, certified copies of documents evidencing the terms of any insurance required hereunder;

(iii) on request, evidence of payment of premium or premium installment due in respect of above insurances;

(iv) an undertaking of the insurers or the Broker to provide the Secured Party and the Lessor with thirty (30) days (but with seven (7) days or such lesser period as is customarily available in respect of war risks insurance) written notice of any cancellation or modification (adverse to interest of the Lessor or the Secured Party) of the insurances; and

(v) on request, copies of certificates or policies of insurance evidencing all such insurance.

(e) The Lessee will forthwith notify the Lessor and the Secured Party of any event (including, but not limited to, an Event of Loss) which will or may give rise to a claim under the insurances required above in excess of $500,000, and not, without the prior written approval of the Lessor and the Secured Party, settle any claim arising under any insurance in excess of $1,000,000.

(f) The Lessee will not and will procure that any Sublessee will not:

(i) make any modification to any insurances required hereunder adverse to the interests of the Lessor or the Secured Party and the Lessee will or will procure that any Sublessee will give notice in writing to the Lessor and the Secured Party before making, or permitting, any modification to the insurances required hereunder;

(ii) do, or omit to do, or permit to be done, or left undone anything whereby any required insurance would or might reasonably be expected to be rendered, in whole or in part, invalid or unenforceable and, without prejudice to the foregoing, not use or keep or permit the Aircraft or any part thereof to be used or kept for any purpose, in any manner or in any place not covered by the required insurance; or

(iii) cause or permit the Aircraft to be employed in any place or in any manner or for any purpose inconsistent with the terms of or outside the coverage provided by any required insurance.

(g) The Lessee shall reimburse the Lessor or the Secured Party, as applicable, on demand the amount of any premiums or premium installments which the Lessor or the Secured Party, as the case may be, may pay pursuant to § 12(b)(x), (c)(viii) or (d)(i)(E) together with interest thereon.

(h) In the event of damage to the Aircraft or any Engine not amounting to an Event of Loss but resulting in a payment, losses shall be paid to the Secured Party (if the Aircraft or such Engine is then subject to the Lien of the Mortgage) or the Lessor (if the Aircraft or such Engine, as applicable, is not then subject to the Lien of the Mortgage) and the Secured Party or the Lessor, as the case may be, shall, upon receipt of evidence satisfactory to it that such damage shall have been repaired or that such payment shall then be required to pay for repairs then being made or, in the case of Engines, such payment shall be required to effect the purchase of a replacement engine, pay or apply the amount of such payment to such repair or replacement; *provided* that if the Aircraft or such Engine, as applicable, is not then subject to the Lien of the Mortgage, insurance proceeds not exceeding $10,000 for any single occurrence and not involving an Event of Loss to the Aircraft may be payable directly to the Lessee or any Permitted Sublessee.

(i) In the event that separate policies are in effect with respect to the all risks hull insurance and the war risks hull insurance, the Lessee will or will procure that any Sublessee will arrange that the insurers agree that in the event of any dispute as to whether a claim is covered by the all risks or war risks policy, such claim is settled by the insurers on the basis of each insurer paying fifty percent of the amount of the claim.

(j) If at any time the insurance coverages required by this § 12 shall be required by Applicable Law to be placed with insurers who are either affiliated with the government of registration of the Aircraft or are otherwise unacceptable to the Lessor or the Secured Party, they shall be deemed to be an Approved Insurer but only to the extent that such insurance shall be 100% reinsured on terms satisfactory to the Lessor and the Secured Party in Lloyds of London, or other internationally recognized aviation insurance markets with an Approved Reinsurer.

(k) Intentionally Omitted.

(l) **Other Insurance.** If the Lessee fails to cause insurance to be maintained as required by this § 12, any Additional Insured may, after giving reasonable advance notice to the Lessee of such Additional Insured's intent to do so, provide such insurance and, in such event, the Lessee shall, upon demand, reimburse such Additional Insured, as Supplemental Rent, for the cost thereof, without waiver of any other rights such Additional Insured may have. Nothing in this Lease shall prohibit the Lessor from insuring the Airframe, any Engine, or any Propeller or its interest therein at its own expense in an amount in excess of that required to be maintained hereunder, *provided* that such excess insurance in no way increases the cost or limits the availability of any insurance required to be maintained hereunder; *provided further*, that any insurance policies of the Lessor insuring the Airframe, any Engine, or any Propeller or its interest therein shall provide for a release to the Lessee (subject to any salvage rights of the Lessee's insurers) of any and all salvage rights in and to the Airframe, any Engine, or any Propeller.

(m) **Indemnification by United States Government.** The Lessor (and the other Additional Insureds) shall accept, in lieu of insurance against any risk with respect to any Item, indemnification from the United States government against such risk in any amount which, when added to the amount of any insurance against such risk maintained by or for the benefit of the Lessee (including permitted deductibles) with respect to any Item, shall be to the combined effect substantially the same as to amount and risk (and in favor of the same parties) as insurance otherwise required by this §12.

(n) **Lessee's Additional Insurance.** Nothing in this Lease shall prohibit the Lessee from insuring the Airframe, any Engine, any Propeller or its interest therein at its own expense in an amount in excess of that required to be maintained hereunder; *provided* that such excess insurance does not prejudice any insurance required to be maintained hereunder or the recovery of any Additional Insured under any such required insurance.

13. Subleasing; Possession.

(a) **Subleasing, Pooling, etc.** The Lessee shall not, without the Lessor's prior written consent, sublease or sublet or otherwise relinquish possession of the Airframe, any Engine, or any Propeller, or permit any Engine or Propeller to be installed on any airframe or engine other than the Airframe or an Engine; *provided* that if no Default or Event of Default shall have occurred and be continuing at the time of commencement of such sublease or subletting or at the time of

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such relinquishment of possession or such installation the Lessee (and, except as to clause (6), any Sublessee) may, without the Lessor's prior written consent:

(1) deliver possession of any Airframe, Engine or Propeller to the manufacturer thereof or to any FAA approved repair facility for service, repair, maintenance or overhaul work on such Airframe, Engine or Propeller or for alterations or modifications in or additions to such Airframe, Engine or Propeller to the extent required or permitted by the terms of § 9 hereof;

(2) subject any Engine or Propeller to normal interchange or pooling agreements or arrangements, in each case customary in the airline industry applicable to other similar engines operated by the Lessee and entered into by the Lessee in the ordinary course of its business with the manufacturer thereof or any major scheduled commercial passenger air carrier, *provided* that (A) no such agreement or arrangement contemplates the transfer of title to such Engine or Propeller and (B) but if the Lessor's title to such Engine or Propeller shall be divested, such divestiture shall be deemed an Event of Loss with respect to such Engine or Propeller and the Lessee shall comply with §11(b) hereof;

(3) install an Engine or Propeller on an airframe or engine owned by the Lessee free and clear of all Liens, except (A) Permitted Liens, (B) those which apply only to the engines (other than Engines), propellers (other than Propellers), appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment (other than Parts) installed on such airframe or engine (but not to the airframe as an entirety), and (C) those created by the rights of other major scheduled commercial passenger air carriers under normal interchange agreements customary in the airline industry which do not contemplate, permit or require the transfer of title to the airframe, engines or propellers installed thereon;

(4) install an Engine or Propeller on an airframe or engine leased to the Lessee or purchased by the Lessee subject to a conditional sale or other security agreement, *provided* that (A) such airframe or engine is free and clear of all Liens except (x) the rights of the parties to such lease, conditional sale or other security agreement and (y) Liens of the type permitted by clause (3) above, and (B) such lease, conditional sale or other security agreement effectively provides that such Engine or Propeller shall not become subject to the Lien of such lease, conditional sale or other security agreement, notwithstanding the installation thereof on such airframe or engine;

(5) install an Engine or Propeller on an airframe or engine owned by the Lessee, leased by the Lessee or purchased by the Lessee subject to a conditional sale or other security agreement under circumstances where neither clause (3) or clause (4) above is applicable, *provided* that such installation shall be deemed an Event of Loss with respect to such Engine or Propeller and the Lessee shall comply with §11(b) hereof; and

(6) sublease any Item to a Permitted Sublessee;

provided, further, that (aa) the rights of any transferee shall be effectively subject and subordinate to all the terms of this Lease, (bb) the Lessee shall remain primarily liable hereunder for the performance of all the terms of this Lease to the same extent as if such transfer had not occurred, and (cc) any such sublease shall be for a period or periods not to exceed the Term. Any such sublease will require equivalent maintenance, use and operations standards. The Lessee shall notify the Lessor and the Secured Party of any sublease promptly after entering into it, and shall provide the Lessor and the Secured Party with a copy of such sublease. No relinquishment of possession of any Item or Part shall in any way discharge or diminish any of the Lessee's obligations.

(b) **Security Assignment of Subleases.** As security for the Lessee's due and punctual payment of all Rent and performance of all of its other covenants and obligations in the Operative Documents, the Lessee hereby grants to the Lessor a security interest in all of the Lessee's right, title, and interest in and to each sublease of any Item, and all payments, including payments of rent, insurance proceeds (other than public liability insurance proceeds), and other amounts due or to become due thereunder. The Lessee shall enter into a "Consent to Sublease" with respect to the Sublease of the Airframe. Notwithstanding anything to the contrary in this Lease, provided that no Default or Event of Default shall have occured and be continuing at the time, in the event that the Secured Party exercises any of its rights with respect to this Lease, including, without limitation, providing notice to the Lessee that all payments due or to become due hereunder should be paid to Secured Party, the Term or Renewal Term of this Lease, as the case may be, at Lessee's option shall terminate.

(c) **Lessor Waiver.** The Lessor hereby agrees for the benefit of each lessor or secured party of any engine or propeller leased to the Lessee or owned by the Lessee subject to a conditional sale or other security agreement that the Lessor shall not acquire or claim, as against such lessor or secured party, any right, title, or interest in any engine or propeller as the result of the installation of such engine or propeller on the Airframe or an Engine at any time while such engine or propeller is subject to such lease or conditional sale or other security agreement and owned by such lessor or subject to a security interest in favor of such secured party.]

14. Events of Default. Each of the following shall constitute an *"Event of Default"* so long as it has not been remedied:

(a) *Basic Rent or SLV.* The Lessee fails to make any payment of Basic Rent, or Stipulated Loss Value owed by it when due and such failure continues for at least 5 days after the due date.

(b) *Other Supplemental Rent.* The Lessee fails to make any other payment of Supplemental Rent when due and such failure continues for at least 15 days after the Lessee receives written notice thereof.

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(c) *Insurance.* Any of the insurance coverage required by §12 hereof shall cease to be in full force and effect or the Aircraft is operated outside the coverage provided by such insurance.

(d) *Lessee Covenants.* The Lessee fails to perform or observe any of the other covenants to be performed or observed by it hereunder and such failure continues for at least 10 days after the Lessee receives written notice thereof.

(e) *Lessee Representations.* Any representation or warranty of the Lessee in any Operative Document is incorrect in a material respect when made, remains material when discovered, and, if the effect of such misrepresentation is curable, is not cured within 30 days after the Lessee's receipt of written notice from the Lessor.

(f) *Appointment of Receiver, etc.* The Lessee consents to the appointment of a receiver, trustee, or liquidator of itself or substantially all of its property, shall generally not pay its debts as they come due, admits in writing its inability to pay its debts generally as they come due, or makes a general assignment for the benefit of creditors.

(g) *Voluntary Bankruptcy.* The Lessee (1) files a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws, as now or hereafter in effect, or an answer admitting the material allegations of a petition filed against the Lessee in any such proceeding, or (2) by voluntary petition, answer, or consent, the Lessee seeks relief under the provisions of any other existing or future bankruptcy or other similar law providing for an agreement, composition, extension, or adjustment with its creditors.

(h) *Involuntary Appointment.* An order, judgment, or decree is entered in any proceeding by any court of competent jurisdiction appointing, without the Lessee's consent, a receiver, trustee, or liquidator of the Lessee or of substantially all of its property, or sequestering substantially all of the Lessee's property, and any such order, judgment, decree, or sequestration remains in force undismissed, unstayed, and unvacated for at least 90 days after the date of entry.

(i) *Involuntary Bankruptcy.* A petition against the Lessee in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, is filed and is not withdrawn or dismissed within 90 days thereafter, or, under any law providing for reorganization or liquidation of corporations which shall apply to the Lessee, any court of competent jurisdiction assumes jurisdiction, custody, or control of the Lessee or of substantially all of its property and such jurisdiction, custody, or control remains in force unrelinquished, unstayed, and unterminated for at least 90 days.

(j) *Lessee Status.* The Lessee shall fail or cease to be a "citizen of the United States" (within the meaning of 49 U.S.C. §40102(a)(15)).

15. Remedies.

(a) **Generally.** Upon the occurrence of (x) any Event of Default specified in § 14), (h), (i), or (j), this Lease shall be deemed to be in default without any act or notice of any kind, all of which are hereby waived, and (y) any other Event of Default, so long as it continues, the Lessor may, at its option, declare this Lease to be in default, and in either case at any time thereafter, the Lessor may exercise one or more of the following remedies as the Lessor in its sole discretion shall lawfully elect:

(1) cancel (in the sense of UCC § 2A-505(l)) this Lease or cause the Lessee, upon the Lessor's written demand and at the Lessee's cost and expense, to return promptly (and the Lessee thereupon shall return promptly), all or such part of the Aircraft as the Lessor so demands, to the Lessor or its order in the manner and condition required by, and otherwise in accordance with all the provisions of, § 5 as if the Aircraft were being returned at the end of the Term, or if the Lessee does not so deliver such Item(s), the Lessor may enter upon the premises where all or any part of the Aircraft is located and take immediate possession of and remove the same (together with any engine or propeller that is installed on the Airframe, subject to the rights of any owner, lessor, lienor, or secured party of such engine or propeller) by summary proceedings or otherwise, all without becoming liable for or by reason of such entry or taking of possession or removal, whether for the restoration of damage to property caused by such action or otherwise;

(2) with or without taking possession thereof, sell any Item at public or private sale, free and clear of any rights of the Lessee, or otherwise dispose of, hold, use, operate, lease to others, or keep idle any Item as the Lessor, in its sole discretion, may determine, all free and clear of any rights or claims of the Lessee or any Sublessee and without any duty to account to the Lessee with respect to such action or inaction or for any proceeds with respect thereto, except as otherwise provided herein;

(3) whether or not the Lessor shall have exercised, or shall thereafter at any time exercise, any of its rights under clause (1) or (2) above with respect to any Item, the Lessor, by written notice to the Lessee specifying a payment date (the "Default Payment Date") which shall be the Payment Date (or, if there are no further Payment Dates, the Expiration Date) following the date of such notice, may cause the Lessee to pay to the Lessor, and the Lessee shall pay to the Lessor, on the Default Payment Date, as liquidated damages for loss of a bargain and not as a penalty (in lieu of all Basic Rent and Renewal Rent accruing on or after the Default Payment Date), any unpaid Basic Rent and Renewal Rent due prior to the Default Payment Date (together with interest on such amount at the Default Rate from the Payment Dates as of which such Basic Rent or Renewal Rent was not paid until the actual date of payment of such amount) plus an amount equal to the excess, if any, of (aa) the Basic Rent for the Aircraft for the remainder of the Basic Term or the Renewal Rent for the then-effective Renewal Term (disregarding any cancellation under this § 15) over (bb) the aggregate Fair Market Rental Value of the Aircraft for such

period, after discounting such Basic Rent, Renewal Rent and Fair Market Rental Value monthly to present value as of the Default Payment Date at the rate per annum equal to the Default Rate;

(4) if the Lessor sells the Aircraft, the Lessor may elect, in lieu of exercising its rights under clause (3), to require the Lessee to pay to the Lessor, and the Lessee in such event shall pay to the Lessor, on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty (in lieu of all Basic Rent and Renewal Rent accruing after such sale occurs), any unpaid Basic Rent and Renewal Rent due on or before such sale date (together with interest on such amount at the Default Rate from the Payment Date(s) as of which such Rent was not paid until the actual date of payment of such amount) plus the amount of any deficiency between the net proceeds of such sale and the Stipulated Loss Value of the Aircraft, together with interest on such Stipulated Loss Value at the Default Rate from such sale date until the date of actual payment of such amount;

(5) the Lessor may proceed by appropriate court action or otherwise to enforce the terms hereof, including payment of periodic Basic Rent and Renewal Rent;

(6) the Lessor may exercise any other right or remedy available to it under applicable laws; or

(7) the Lessor or any other Indemnitee may enforce payment of Supplemental Rent.

In addition, the Lessee shall be liable, except as otherwise provided above, to the Lessor and any other Indemnitee for any and all unpaid Rent due hereunder before, during, and after the exercise of any of the foregoing remedies, and for all reasonable legal fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of remedies with respect thereto, including all costs and expenses incurred in connection with (xx) any bankruptcy or insolvency proceeding, (yy) any retaking of any Item, or the return of any Item in accordance with the terms of § 5, or (zz) in placing any Item in the condition and airworthiness required by § 5.

(b) **Expenses.** The Lessee shall be liable for all costs, charges, and expenses, including reasonable legal fees and disbursements, incurred by the Lessor or any other Indemnitee by reason of the occurrence of any Event of Default or the exercise of remedies with respect thereto, which amounts shall be reimbursed on an After-Tax Basis.

(c) **Lessee Waiver.** To the extent permitted by applicable law, the Lessee hereby waives any and all rights that the Lessee may have under any bankruptcy, insolvency, or similar laws, rules, or regulations to the continued possession or use of the Aircraft, or with respect to the payment of Rent therefor, or with respect to this Lease.

(d) **Remedies Cumulative.** No remedy referred to herein is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to in this § 15 or otherwise available to the Lessor at law or in equity. No express or implied waiver by the Lessor of any Default shall in any way be, or be construed to be, a waiver of any future or subsequent Default. The failure or delay of the Lessor in exercising any rights granted to it hereunder shall not constitute a waiver of any such right upon the continuation or recurrence of the underlying event or circumstance, and any single or partial exercise of any particular right by the Lessor shall not exhaust that right or constitute a waiver of any other right provided herein.

16. Notices. All notices or consents under this Agreement shall be in writing (including telecopies), shall be in English, shall be effective on delivery, and shall be addressed as follows (or to such other address as an addressee shall designate by notice to the other party):

(a) if to the Lessor:

TPI Leasing Management, Inc.
2330 Merrell Road
Dallas, Texas 75229
Attention: Vice President Aircraft Trading
FAX: 214/654-9401

(b) if to the Lessee:

Air Alaska Commuter Leasing, Inc.
Business Tower One
305 N.E. Loop 820, Suite 603B
Dallas/Ft. Worth Airport Freeway
Hurst, Texas 76053
Attention: Chairman
Fax: 817-590-4787

17. Assignments. This Lease shall bind, and shall benefit and may be enforced by, (a) the Lessor and its successors and assigns, and (b) the Lessee and its successors and assigns. The Lessor shall have the right to sell the Aircraft at any time, subject to the rights of the Lessee hereunder. The Lessee will not, without the prior written consent of the Lessor, assign any of its rights or obligations hereunder or in the Aircraft. Any assignee of this Lease shall be bound by the terms and conditions hereof, and no assignment of this Lease shall affect the terms or conditions hereof except as and to the extent agreed in writing by the parties hereto.

18. Lessor's Right to Perform for Lessee. If the Lessee fails to make any required

payment of Rent or to perform or comply with any of its other agreements herein, the Lessor may, after giving reasonable advance notice to the Lessee of the Lessor's intent to do so, make such payment or perform or comply with such agreement, and the amount of such payment and of the Lessor's reasonable expenses incurred in connection with such payment or the performance of or compliance with such agreement, together with interest thereon at the Default Rate from (and including) the date of making such payment or incurring such expenses to the date of payment by the Lessee, shall be Supplemental Rent, payable by the Lessee upon demand. No such payment or performance by the Lessor shall waive any Default or relieve the Lessee of its obligations hereunder.

19. Further Assurances. On the Delivery Date, the Lessee will cause this Lease and the Lease Supplement and, if not previously filed and recorded, the Mortgage to be duly filed and recorded at the FAA. In addition, the Lessee will promptly and duly execute and deliver to the Lessor such further documents and assurances and take such further action as the Lessor from time to time reasonably requests in order to carry out more effectively the intent of this Lease and to establish and protect the rights and remedies created or intended to be created in favor of the Lessor hereunder, including the execution and delivery of Uniform Commercial Code financing statements and supplements or amendments hereto, in recordable form, and the recording or filing of counterparts hereof or thereof, in accordance with the laws of such jurisdictions the Lessor from time to time reasonably deems advisable and, if requested by the Lessor, the execution and delivery of terminations or releases in connection with any transfer of any Item upon the termination, expiration, or cancellation of this Lease in accordance with the terms hereof.

20. Amendments and Miscellaneous.

(a) **Amendments.** The terms of this Lease shall not be waived, modified, amended, supplemented, or terminated in any manner whatsoever except by written instrument signed by the Lessor and the Lessee, and (so long as the Aircraft is subject to the Lien of the Mortgage) no such waiver, modification, amendment, or supplement shall make any change, and no termination shall be made, without the Secured Party's consent.

(b) **Survival of Agreements.** Except as otherwise provided herein or therein, all agreements, indemnities, representations, and warranties in this Lease or the other Operative Documents shall survive the execution and delivery of this Lease and, with respect to events (or, in the case of taxes, to periods of time) occurring during the Term, or relating to a Default or exercise of remedies with respect thereto which extends beyond the Term, the expiration, cancellation, or other termination of this Lease.

(c) **Severability.** Any provision of this Lease that is or becomes prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, the Lessee

and the Lessor hereby waive any provision of law which renders any provision hereof prohibited or unenforceable in any respect.

(d) **Board Observation.** Lessee shall permit one representative of Lessor to attend the annual meeting of the board of directors of Lessee and/or Permitted Sublessee as an observer and to receive a copy of all materials distributed at such meeting and minutes thereof, and shall reimburse such representative for all reasonable expenses actually incurred by such representative in traveling to and from the location of said annual meeting.

(e) **Non-Revenue Travel.** Lessee will cause the Permitted Sublessee to permit Lessor reasonable travel on the Aircraft on a space available basis.

(f) **Entire Agreement.** This Lease represents the entire agreement of the parties hereto with respect to the subject matter hereof, and supersedes any and all prior understandings. This Lease is an agreement of lease, and nothing herein shall be construed as conveying to the Lessee any right, title, or interest in or to the Aircraft, except as lessee only.

(g) **Counterparts.** This Lease Agreement may be executed in any number of counterparts and by the parties hereto on separate counterparts. The single fully-executed original of this Lease Agreement marked "Original" is the original for chattel paper purposes, and all other counterparts are duplicates for chattel paper purposes and are marked "duplicate". No security interest in this Lease may be perfected by the possession of any counterpart other than the "Original".

(h) **Governing Law.** This Lease is being delivered in the State of Florida and shall be governed by and construed in accordance with the laws of the State of Florida (excluding any conflicts-of-laws rule that would apply the laws of any other jurisdiction).

(i) **Headings.** The headings in this Lease are for convenience of reference only, and are not a substantive part of this Lease.

21. Performance by Sublessee.

Performance of any or all of the Lessee's obligations under this Lease by any Sublessee shall, for all purposes hereof, constitute performance by the Lessee of such obligations to the extent of such performance.

22. Truth in Leasing Clause.

THE AIRCRAFT, AS EQUIPMENT, HAS OR WILL BECOME SUBJECT TO THE MAINTENANCE REQUIREMENTS OF PART 91 OF THE FEDERAL AVIATION REGULATIONS ("FARS") UPON THE REGISTRATION OF THE AIRCRAFT WITH THE FAA. LESSEE CERTIFIES THAT THE AIRCRAFT WILL BE MAINTAINED AND INSPECTED UNDER PART 91 OF THE FARS FOR OPERATIONS TO BE CONDUCTED

UNDER THIS LEASE; PROVIDED, HOWEVER, THAT IF THE AIRCRAFT IS IN POSSESSION OF AN AIR CARRIER CERTIFICATED UNDER PART 121 OF THE FARS, THEN THE AIRCRAFT WILL BE MAINTAINED BY SUCH PARTY IN ACCORDANCE WITH PART 121 OF THE FARS. UPON EXECUTION OF THIS LEASE, AND DURING THE TERM HEREOF, THE LESSEE, WHOSE NAME AND ADDRESS ARE AIR ALASKA COMMUTER LEASING, INC., BUSINESS TOWER ONE, 305 N.E. LOOP 820, SUITE 603B, DALLAS/FT. WORTH AIRPORT FREEWAY, HURST, TEXAS 76053, ACTING BY AND THROUGH THOR K. TJONTVEIT, WHO EXECUTES THIS SECTION SOLELY IN HIS CAPACITY AS CEO OF THE LESSEE, CERTIFIES THAT THE LESSEE SHALL BE RESPONSIBLE FOR THE OPERATIONAL CONTROL OF THE AIRCRAFT UNDER THIS LEASE, UNLESS, THE AIRCRAFT IS SUBLEASED TO AN AIR CARRIER CERTIFICATED UNDER PART 121 OF THE FARS. THE LESSEE FURTHER CERTIFIES THAT IT UNDERSTANDS ITS RESPONSIBILITIES FOR COMPLIANCE WITH APPLICABLE FARS, PROVIDED, HOWEVER, THAT THE LESSEE SHALL NOT BE DEEMED TO BE RESPONSIBLE FOR THE OPERATIONAL CONTROL OF THE AIRCRAFT FOR SO LONG AS THE AIRCRAFT IS IN THE POSSESSION OF ANY SUBLESSEE THAT IS CERTIFICATED UNDER PART 121 OF THE FARS. AN EXPLANATION OF FACTORS BEARING ON OPERATIONAL CONTROL AND PERTINENT FARS CAN BE OBTAINED FROM THE NEAREST FEDERAL AVIATION FLIGHT STANDARD DISTRICT OFFICE, GENERAL AVIATION DISTRICT OFFICE OR AIR CARRIER DISTRICT OFFICE.

[The rest of this page is intentionally left blank]

IN WITNESS WHEREOF, the Lessee and the Lessor have executed this Lease Agreement.

AIR ALASKA COMMUTER LEASING, INC., Lessee

By: _____

Title: EVP THOR K. TJONTVEIT

TPI LEASING MANAGEMENT, INC.

By: _____

Title: _____

[This is a duplicate executed counterpart, and not the original counterpart, for chattel paper purposes.]

IN WITNESS WHEREOF, the Lessee and the Lessor have executed this Lease Agreement.

AIR ALASKA COMMUTER LEASING, INC., Lessee

By:_____

Title:_____

TPI LEASING MANAGEMENT, INC.

By:_____

Title: Chief Financial Officer

[This is a duplicate executed counterpart, and not the original counterpart, for chattel paper purposes.]

54-24

EXHIBIT A

LEASE SUPPLEMENT NO.1

THIS LEASE SUPPLEMENT NO. 1, dated _____, 1998, between TPI Leasing Management, Inc., a Texas limited partnership, (the "Lessor") and Air Alaska Commuter Leasing, Inc., a Delaware corporation (the "Lessee").

The Lessor and the Lessee have heretofore entered into a Lease Agreement dated as of July _, 1998, (herein the "Lease Agreement" and the terms defined therein being herein used with the same meaning), which Lease Agreement provides for the execution and delivery from time to time of Lease Supplements, under the Lease Agreement.

The Lease Agreement relates to the Airframe, Engines and Propellers described below, and a counterpart of the Lease Agreement is attached hereto and made a part hereof and this Lease Supplement, together with such attachment, is being filed for recordation on the date hereof with the relevant authorities as one document.

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, Lessor and Lessee hereby agree as follows:

1. The Lessor hereby delivers and leases to the Lessee, and the Lessee hereby accepts and leases from the Lessor, under the Lease Agreement, the following described Grumman G-73 airframe:

   (i) Airframe: U.S. Registration: N51151, Manufacturer's Serial No. J-42; and

   (ii) Engines: Two Pratt & Whitney Canada PT6A-34 engines bearing respectively manufacturer's serial numbers 57462 and 57465 (each of which has 750 or more rated takeoff horsepower or its equivalent); and

   (iii) Propellers: Two Hartzell HCB3TN3DY propellers bearing respectively manufacturer's serial numbers BU14534 and BU12826 (each of which is capable of absorbing 750 or more rated takeoff horsepower or its equivalent).

2. The Delivery Date of the Aircraft is the date of this Lease Supplement set forth in the opening paragraph hereof.

3. The Term for the Aircraft shall commence on the date hereof.

4. The Lessee's duly appointed and authorized technical experts have inspected the Aircraft and the Lessee accepts the Aircraft for all purposes of the Lease Agreement.

5. The Lessee hereby confirms its agreement to pay Lessor Rent and any other amounts with respect to the Aircraft throughout the Term therefor in accordance with the terms of the Lease Agreement.

6. The Lessee hereby confirms to the Lessor that the Airframe and Engines have been duly marked as showing the Lessor's title thereto in accordance with the terms of the Lease Agreement.

7. The Aircraft is insured in accordance with the terms of Lease.

8. No Event of Default is subsisting and the representations and warranties contained in § 6(b) of the Lease are, by reference to the facts and circumstances existing today, true and accurate in all respects.

9. All of the terms and provisions of this Lease Supplement are hereby incorporated by reference into the Lease Agreement to the same extent as if fully set forth therein. Appendix A to this Lease Supplement and any attachments thereto are to be read together and form part of this Lease Supplement.

IN WITNESS WHEREOF, the Lessor and the Lessee have each caused this Lease Supplement to be duly executed by their authorized officers or representatives as of the day and year first above written.

TPI LEASING MANAGEMENT, INC.

By:

Title:

AIR ALASKA COMMUTER LEASING, INC.

By:

Title:

APPENDIX A

Aircraft Hours and Cycles
as of _____, 1998

U.S. Registration Mark: N51151, Serial Number J-42

A. Airframe

Aircraft Total Time (Hours)
Aircraft Total Landings (Cycles)
Lessee Service Check - Time to next Check
Lessee "A" Check - Time to next Check
Lessee "C" Check - Time to next Check

B. Pratt & Whitney Canada PT6A-34 Engines

Position	Serial Number	TCSN	TTSN	TTSV/TCSV	Hours/Cycles to Next Limit
1	57462				
2	57465				

C. Hartzell HCB3TN3DY Propellers

Position	Serial Number
1	BU14534
2	BU12826

D. Fuel Remaining in Tanks

Key:

TCSN: Total Cycles Since New
TTSN: Total Time Since New
TTSV/TCSV: Total Time Since Shop Visit/Total Cycles Since Shop Visit
TTSOH: Total Time Since Last Overhaul

EXHIBIT B

RETURN CONDITIONS

Except as otherwise provided herein, at the expiration of the Term or upon the sooner termination of this Lease, Lessee, at its own expense, shall return the Aircraft to Lessor by delivering the same to Lessor at any location within the 48 contiguous United States of America, selected by the Lessor and reasonably acceptable to the Lessee. The Aircraft, at the time of return to Lessor, shall be fully equipped with Engines or other PT6A-34 engines owned by Lessee (and complying with the definition of a Replacement Engine and the applicable provisions of this Exhibit B) properly installed thereon. In addition, on redelivery the Aircraft shall comply in all respects with the redelivery conditions set forth in this Exhibit B.

The condition of the Aircraft on redelivery shall be as follows:

The Aircraft shall be in good operating condition, clean by U.S. commercial passenger airline standards, with all systems operational and functioning in accordance with their intended use and purpose and within manufacturer's manual limits, irrespective of deviations or variations authorized by the Minimum Equipment List (MEL) or Lessee's Maintenance Program, and shall have a currently effective airworthiness certificate from the FAA;

The Aircraft shall have had accomplished thereon immediately prior to redelivery to the Lessor a redelivery inspection (the "Redelivery Inspection") consisting of each of the following airframe inspections from the Lessee's Maintenance Program (or their then current equivalents: A-1, B-1, B-2, B-3, C-1, C-2, C-3, C-4, C-5 and C-6, which, in the aggregate, constitute a complete airframe inspection in accordance with such Maintenance Program.

The Aircraft shall be in the same configuration and condition as it was in when delivered to Lessee by Lessor under this Lease, excepting only ordinary wear and tear, replacements and modifications, substitute parts and equipment of equal or enhanced value as may have been properly made by Lessee pursuant to this Lease and as specifically otherwise set forth herein;

The Aircraft shall have had accomplished thereon and be in compliance with all outstanding mandatory orders, directives, FARs and instructions affecting the Aircraft as issued by the FAA which have a known compliance deadline during the Term or within one year or equivalent hours/cycles following the end of the Term;

All damage to the Aircraft which is not within the applicable C check limits shall have been permanently repaired and certified in accordance with the requirements of the FAA and the Manufacturer. External repairs will, where applicable, be flushed or otherwise permanently repaired to such standard;

Lessee shall redeliver with the Aircraft all logs, manuals, drawings and data and all inspection, modification and overhaul records pertaining to the Airframe, the Engines, the Propellers and all Parts thereof, including, without limitation, complete records of Airworthiness

Directives and Service Bulletin compliance, all in compliance with Permitted Sublessee's Maintenance Program and FAA regulations;

Up to the date of redelivery of the Aircraft the Permitted Sublessee's FAA approved maintenance program shall include a corrosion program based on the corrosion prevention, treatment and correction criteria established by the Manufacturer. Cleaning and treating of minor or moderate corrosion and correction of all severe or exfoliated corrosion deferred by the Lessee or found by the Lessor during the Lessor's ground inspection shall be accomplished by the Lessee in accordance with FAA approved data prior to redelivery;

The Aircraft shall have all deferred maintenance items and pilot log book reports rectified on a terminating action basis;

Each Airframe hour, cycle and/or calendar controlled component shall have remaining until the next scheduled removal for overhaul, test, inspection or disassembly, not less than 50% of its life remaining until the next major overhaul under Permitted Sublessee's Maintenance Program. Such hour/cycle or calendar controlled components are defined as those components for which hours and/or cycles and/or calendar times are controlled under the Maintenance Program. The Lessee will not install life-limited or rotable components on the Aircraft for the purpose of depleting the value of this Aircraft; and

Each of the Engines and each module and part thereof at time of redelivery to Lessor shall be in good operating condition and shall meet the following requirements:

a. Each Engine shall have remaining to its next scheduled shop visit pursuant to the manufacturer's engine management program policy recommendation, not less than 50% of its life remaining until the next major overhaul under Permitted Sublessee's Maintenance Program.; and

b. Each life limited part shall have remaining until next scheduled removal for replacement, not less than 50% of its life remaining until the next major overhaul under Permitted Sublessee's Maintenance Program.

In the event that either Engine or any engine installed on the Airframe at time of return has fewer than the number of Flight Hours or Cycles required by the foregoing standard, the Lessee shall pay to the Lessor if such Flight Hours or Cycles are fewer a dollar amount computed by multiplying (i) $55.00 by (ii) the number of Flight Hours or Cycles fewer than 50% remaining to such Engine's or engine's next major overhaul.

In the event that any life limited part in any Engine or engine installed on the Airframe at time of return has remaining until the next scheduled removal for replacement fewer Flight Hours or Cycles than the number of Flight Hours or Cycles required by the foregoing standard, the Lessee shall pay to the Lessor if such Flight Hours or Cycles are fewer a dollar amount computed by multiplying (i) the product of (A) $14.00 and (B) a fraction, the numerator of which is the then current replacement cost for such life limited part and the denominator of which is the aggregate of the then current replacement costs for all life limited parts in such Engine or engine by (ii) the

number of Flight Hours or Cycles fewer than 50% remaining to such Engine's or engine's next major overhaul.

The Lessor shall have the right, prior to the Expiration Date and during the Redelivery Inspection, to inspect the Aircraft and to review all maintenance, pilots reports and Aircraft systems component records relating specifically to the Aircraft to determine full serviceability of each component and whether the Aircraft and its records will be in compliance with the requirements for return at the expiration of the Term. The Lessee shall make the Aircraft available during the Redelivery Inspection to the Lessor for such final inspection, at Lessor's expense, which shall include inspections of the Airframe, Engines or engines installed thereon and installed equipment therein, and ground functional checks thereof. Lessor's right of inspection may include examination behind all panels opened by the Lessee in connection with any maintenance being accomplished immediately prior to delivery of the Aircraft to Lessor and otherwise (except to the extent the Lessor shall reasonably request) shall be a walk-around type inspection and will be conducted in a manner so as not to interfere with the Lessee's work or maintenance and/or flight operations.

The Engines shall undergo a video borescope inspection and power assurance run at the time of the redelivery test flight performed at Lessee's expense with Lessor's right to observe. Any discrepancies found not to be in compliance with Permitted Sublessee's FAA approved Maintenance Program or the manufacturer's maintenance manual shall be corrected at Lessee's expense.

At the Lessor's request, a demonstration flight of the Aircraft of a duration not less than 1 hour, conducted by the Lessee (with the Lessor's representatives on board the Aircraft) substantially in accordance with Manufacturer's recommended procedures, if any, for demonstration flights of used aircraft, to demonstrate the airworthiness of the Aircraft and the proper functioning of its systems and components. If additional demonstration flights are required after correction of any discrepancies discovered on the demonstration flight, the Lessee shall provide such additional demonstration flight(s). The cost of the demonstration flights shall be borne by the Lessee.

To the extent that, at the time of redelivery, the condition of the Aircraft and records does not comply with the provisions hereof, the Lessee at its own expense shall cause such rectification to be carried out as soon as possible. In the event that such rectification extends beyond the end of the Term, the Term shall, at the option of the Lessor, be extended and the provisions of this Agreement shall remain in force until such rectification has been accomplished; *provided*, however, that the Lessor shall have the right, after the end of the Term, to take possession of the Aircraft and demand compensation for costs reasonably incurred by the Lessor in connection with such repossession and ensuring compliance with these return conditions.

EXHIBIT C

LEASE SUPPLEMENT NO. 2

THIS LEASE SUPPLEMENT NO. 2, dated _____, 20__, between TPI Leasing Management, Inc., a Texas corporation (the "Lessor"), and Air Alaska Commuter Leasing, Inc., a Delaware corporation (the "Lessee").

The Lessor and the Lessee have heretofore entered into a Lease Agreement dated as of July __, 1998 (herein the "Lease Agreement" and the terms defined therein being herein used with the same meaning), which Lease Agreement provides for the execution and delivery from time to time of Lease Supplements, under the Lease Agreement.

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, the Lessor and the Lessee hereby agree as follows:

1. The Lessee hereby delivers to the Lessor, and the Lessor hereby accepts from the Lessee, under the Lease Agreement, the following described Grumman G-73 aircraft and engines:

   (i) Airframe: Registration: _____;

   Manufacturer's Serial No. _____; and

   (ii) Engines: Two Pratt & Whitney Canada PT6A-34 engines bearing, respectively manufacturer's serial numbers _____ and _____ (each of which has 750 or more rated takeoff horsepower or its equivalent); and

   (iii) Propellers Two _____ propellers bearing respectively manufacturer's serial numbers _____ and _____ (each of which is capable of absorbing 750 or more rated takeoff horsepower or its equivalent).

2. The redelivery date of the Aircraft is the date of this Lease Supplement set forth in the opening paragraph hereof.

3. The Term for the Aircraft shall terminate on the date hereof.

4. The Lessor's duly appointed and authorized technical experts have inspected the Aircraft to ensure that the Aircraft conforms to the redelivery conditions in § 5 and Exhibit B of the Lease Agreement and the Lessor accepts the Aircraft for all purposes of the Lease Agreement.

5. The Lessee and the Lessor each hereby confirms its agreement to pay to the other any amounts with respect to the Aircraft that may have become due during the Term in accordance with the terms of the Lease Agreement and that such payments will be. made no later than 10 days after the date of this Lease Supplement No. 2.

6. All of the terms and provisions of this Lease Supplement are hereby incorporated by reference into the Lease Agreement to the same extent as if fully set forth therein. Appendix A to this Lease Supplement and any attachments thereto are to be read together and form part of this Lease Supplement.

IN WITNESS WHEREOF, the Lessor and the Lessee have each caused this Lease Supplement to be duly executed by their authorized officers or representatives as of the day and year first above written.

TPI LEASINGMANAGEMENT, INC.

By:

Title:

AIR ALASKA COMMUTER LEASING, INC.

By:

Title:

APPENDIX A

Aircraft Hours and Cycles
as of _____, 20__

U.S. Registration Mark: _____ Serial Number _____

A. Airframe

Aircraft Total Time (Hours)
Aircraft Total Landings (Cycles)
Lessee Service Check - Time to next Check
Lessee "A" Check - Time to next Check
Lessee "C" Check - Time to next Check

B. Pratt & Whitney Canada PT6A-34 Engines

Position	Serial Number	TCSN	TTSN	TTSV/TCSV	Hours/Cycles to Next Limit
1	_____				
2	_____				

C. _____ Propellers

Position	Serial Number
1	_____
2	_____

D. Fuel Remaining in Tanks

Key:

TCSN: Total Cycles Since New
TTSN: Total Time Since New
TTSV/TCSV: Total Time Since Shop Visit/Total Cycles Since Shop Visit
TTSOH: Total Time Since Last Overhaul

LEASE SUPPLEMENT NO.1

THIS LEASE SUPPLEMENT NO. 1, dated August 6, 1998, between TPI Leasing Management, Inc., a Texas limited partnership, (the "Lessor") and Air Alaska Commuter Leasing, Inc., a Delaware corporation (the "Lessee").

The Lessor and the Lessee have heretofore entered into a Lease Agreement dated as of July 31, 1998, (herein the "Lease Agreement" and the terms defined therein being herein used with the same meaning), which Lease Agreement provides for the execution and delivery from time to time of Lease Supplements, under the Lease Agreement.

The Lease Agreement relates to the Airframe, Engines and Propellers described below, and a counterpart of the Lease Agreement is attached hereto and made a part hereof and this Lease Supplement, together with such attachment, is being filed for recordation on the date hereof with the relevant authorities as one document.

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, Lessor and Lessee hereby agree as follows:

1. The Lessor hereby delivers and leases to the Lessee, and the Lessee hereby accepts and leases from the Lessor, under the Lease Agreement, the following described Grumman G-73 airframe:

   (i) Airframe: U.S. Registration: N51151, Manufacturer's Serial No. J-42; and

   (ii) Engines: Two Pratt & Whitney Canada PT6A-34 engines bearing respectively manufacturer's serial numbers 57462 and 57465 (each of which has 750 or more rated takeoff horsepower or its equivalent); and

   (iii) Propellers: Two Hartzell HCB3TN3DY propellers bearing respectively manufacturer's serial numbers BU14534 and BU12826 (each of which is capable of absorbing 750 or more rated takeoff horsepower or its equivalent).

2. The Delivery Date of the Aircraft is the date of this Lease Supplement set forth in the opening paragraph hereof.

3. The Term for the Aircraft shall commence on the date hereof.

4. The Lessee's duly appointed and authorized technical experts have inspected the Aircraft and the Lessee accepts the Aircraft for all purposes of the Lease Agreement.

5. The Lessee hereby confirms its agreement to pay Lessor Rent and any other amounts with respect to the Aircraft throughout the Term therefor in accordance with the terms of the Lease Agreement.

6. The Lessee hereby confirms to the Lessor that the Airframe and Engines have been duly marked as showing the Lessor's title thereto in accordance with the terms of the Lease Agreement.

7. The Aircraft is insured in accordance with the terms of Lease.

8. No Event of Default is subsisting and the representations and warranties contained in § 6(b) of the Lease are, by reference to the facts and circumstances existing today, true and accurate in all respects.

9. All of the terms and provisions of this Lease Supplement are hereby incorporated by reference into the Lease Agreement to the same extent as if fully set forth therein. Appendix A to this Lease Supplement and any attachments thereto are to be read together and form part of this Lease Supplement.

IN WITNESS WHEREOF, the Lessor and the Lessee have each caused this Lease Supplement to be duly executed by their authorized officers or representatives as of the day and year first above written.

TPI LEASING MANAGEMENT, INC.	AIR ALASKA COMMUTER LEASING, INC.
By:	By:
Title: Chief Financial Officer	Title:

5. The Lessee hereby confirms its agreement to pay Lessor Rent and any other amounts with respect to the Aircraft throughout the Term therefor in accordance with the terms of the Lease Agreement.

6. The Lessee hereby confirms to the Lessor that the Airframe and Engines have been duly marked as showing the Lessor's title thereto in accordance with the terms of the Lease Agreement.

7. The Aircraft is insured in accordance with the terms of Lease.

8. No Event of Default is subsisting and the representations and warranties contained in § 6(b) of the Lease are, by reference to the facts and circumstances existing today, true and accurate in all respects.

9. All of the terms and provisions of this Lease Supplement are hereby incorporated by reference into the Lease Agreement to the same extent as if fully set forth therein. Appendix A to this Lease Supplement and any attachments thereto are to be read together and form part of this Lease Supplement.

IN WITNESS WHEREOF, the Lessor and the Lessee have each caused this Lease Supplement to be duly executed by their authorized officers or representatives as of the day and year first above written.

TPI LEASING MANAGEMENT, INC.	AIR ALASKA COMMUTER LEASING, INC.
By:	By: THOR K. TJONTVEIT
Title:	Title: CEO

FILED WITH FAA
AIRCRAFT REGISTRATION DR
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OKLAHOMA CITY
OKLAHOMA

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U.S. DEPARTMENT OF TRANSPORTATION

FEDERAL AVIATION ADMINISTRATION

CROSS-REFERENCE--RECORDATION

SEE CONVEYANCE NO

FILING DATE: August 6, 1998

This form is to be used in cases where a conveyance covers several aircraft and engines, propellers, or locations. File original of this form with the recorded conveyance and a copy in each aircraft folder involved.

TYPE OF CONVEYANCE	DATE EXECUTED
AIRCRAFT MORTGAGE AND SECURITY AGREEMENT	August 6, 1998
FROM TPI LEASING MANAGEMENT INC	DOCUMENT NO. F69555
TO OR ASSIGNED TO UNITED CAPITAL CORP OF ILLINOIS	DATE RECORDED August 10, 1998

THE FOLLOWING COLLATERAL IS COVERED BY THE CONVEYANCE:

AIRCRAFT (List by registration number)	TOTAL NUMBER INVOLVED 1
N51151	

ENGINES	TOTAL NUMBER INVOLVED 2
MAKE(S) PRATT & WHITNEY PT6A-34	SERIAL NO. 57462 57465

PROPELLERS	TOTAL NUMBER INVOLVED 0
MAKE(S)	SERIAL NO.

SPARE PARTS --LOCATIONS	TOTAL NUMBER INVOLVED
LOCATION	

RECORDED CONVEYANCE FILED IN:

N51151 GRUMMAN G-73 SERIAL NUMBER J-42

(FILING COPY)

00005216

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AIRCRAFT MORTGAGE AND SECURITY AGREEMENT

Dated August 6, 1998

between

TPI LEASING MANAGEMENT, INC.

and

UNITED CAPITAL CORP. OF ILLINOIS

FILED WITH THE
AIRCRAFT REGISTRATION
'98 AUG 6 AM 10 55
OKLAHOMA CITY
OKLAHOMA

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AIRCRAFT MORTGAGE AND SECURITY AGREEMENT

CONVEYANCE RECORDED
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FEDERAL AVIATION ADMINISTRATION

AIRCRAFT MORTGAGE AND SECURITY AGREEMENT (this "Agreement" or this "Security Agreement") made as of August 6, 1998, between **TPI LEASING MANAGEMENT, INC.**, a Delaware corporation (the "Company"), and **UNITED CAPITAL CORPORATION OF ILLINOIS**, a Delaware corporation (the "Secured Party") (capitalized terms used herein, unless defined herein, shall have the meaning set forth in Annex I).

ARTICLE 1

SECURITY INTEREST

SECTION 1.01. Grant. The Company, in consideration of the premises and other good and valuable consideration, receipt of which is hereby acknowledged, and intending to be legally bound, and in order to secure the payment of all amounts payable hereunder and under the Note and the performance and observance of all the covenants and conditions contained herein and in the Note (collectively, the "Secured Obligations"), does hereby mortgage, charge, assign, pledge and hypothecate, and deliver unto the Secured Party for itself and its successors and assigns, forever, a security interest in, the Airframe, Engines and other properties, rights, interests and privileges set forth below (the Airframe, Engines and other properties, rights, interests and privileges set forth below are hereinafter sometimes referred to as the "Collateral"):

(a) All right, title and interest of the Company in and to the Airframe and Engines, whether such Engines is now owned by the Company or hereafter acquired and in the case of any Engine, whether or not attached to the Airframe, together with all Parts, whether now owned or hereafter acquired, and all substitutions, renewals and replacements of and additions, improvements, accessions and accumulations to such Airframe or Engine (such Airframe and Engines are more particularly described in Schedule 1 hereto);

(b) All right, title and interest of the Company in and to all Aircraft Records with respect to the Airframe and Engines, whether now in existence or hereafter acquired or created;

(c) All proceeds of any insurance or requisition, condemnation or confiscation payments in respect of the property described in clauses (a) and (b) above;

(d) All rights, claims, causes of action, if any, which Company may have against any manufacturer or seller, to the extent such rights, claims, or causes

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of action are related to the Aircraft; and

(e) All proceeds of any and all of the foregoing.

SECTION 1.02. Continued Priority of Security Interest. The Lien of this Security Agreement shall at all times be a valid, perfected and enforceable first priority Lien against the Collateral, in accordance with the terms hereof, as security for the Secured Obligations.

SECTION 1.03. Authorized Action. The Secured Party is hereby authorized, at its own expense, to take any action (including the filing of one or more financing or continuation statements or amendments thereto without the signature of and in the name of the Company) which the Secured Party may in its reasonable judgment deem necessary or appropriate to protect and preserve the Lien of this Security Agreement. To the extent permissible under applicable law, a carbon, photographic or other reproduction of any financing statement filed in connection with this Security Agreement shall be sufficient as a financing statement.

SECTION 1.04. The Company Remains Obligated; The Secured Party Not Obligated. The grant by the Company to the Secured Party of the Lien of this Security Agreement shall not relieve the Company from the performance of any term, covenant, condition or agreement on its part to be performed or observed, or from any liability to any Person, under or in respect of any of the Collateral, or impose any obligation on the Secured Party to perform or observe any such term, covenant, condition or agreement on the Company's part to be so performed or observed or impose any liability on the Secured Party for any act or omission on the part of the Company relative thereto.

SECTION 1.05. Representations and Warranties. The Company represents and warrants that it has not created or suffered any encumbrances or liens of any kind or character against any of the Collateral except those in favor of the Secured Party pursuant hereto and those permitted by the terms hereof, and it has good, right and lawful authority to transfer, convey, assign and grant a security interest in and lien upon the Collateral.

ARTICLE 2

COVENANTS AND WARRANTIES OF THE COMPANY

The Company covenants, warrants and agrees as follows:

SECTION 2.01. Filings and Opinions. The Company shall take, or cause to be taken, at the Secured Party's cost and expense, such action with respect to the execution, delivery, recording, filing, re-recording and refiling of this Security Agreement and any financing statements, mortgages, lease assignments, powers of attorney or other instruments as is necessary, or that the Secured Party may from time to time reasonably request, to establish, protect,

preserve, and/or perfect the Lien created by this Security Agreement.

SECTION 2.02. Disposition of Collateral. The Company will not sell, transfer, assign, lease or otherwise dispose of (other than as expressly permitted in Section 2.03(d) of this Security Agreement, or as a Lien expressly permitted by Section 2.07 hereof) its interest in the Airframe, any Engine or any of the other Collateral or any part thereof.

SECTION 2.03. Registration, Maintenance, Operation, Possession and Insignia.

(a) Registration. The Company shall register, and at all times maintain the registration of, the Aircraft under the FAA Act in the name of the Company and as required by Applicable Law.

(b) Airworthiness and Maintenance. The Company will at all times cause all Collateral and every part thereof to be maintained, preserved and kept in the same condition as when delivered to the Company. The Company shall maintain or cause to be maintained in full force and effect a standard certificate of airworthiness for the Aircraft issued by the FAA and shall maintain, service, repair and test (or cause to be maintained, serviced, repaired and tested) the Aircraft so as to cause it to be eligible for a standard certificate of airworthiness issued by the FAA and otherwise in accordance with (i) all requirements of the maintenance standards approved by the FAA (an "FAA Maintenance Program"), (ii) industry standard maintenance and operation procedures applicable to aircraft of the same make and model as the Aircraft, including manufacturers' service bulletins and directives and applicable FAA directives and advisory circulars and (iii) Applicable Law; and the Company shall maintain or cause to be maintained all Aircraft Records with respect to the Aircraft in accordance with the requirements of the Maintenance Program and Applicable Law. Except for revisions or modifications required by Applicable Law, the Company shall not revise or modify or permit the revision or modification of any FAA Maintenance Program applicable to the Aircraft without the prior written consent of the Secured Party.

(c) Operation. Neither the Aircraft nor any Engine shall be operated or used:

(i) in violation of any Applicable Law:

(ii) contrary to the terms of the insurance maintained pursuant to Section 2.06 hereof or in any area excluded from coverage of such insurance;

(iii) in any war zone or in any recognized or, in the Secured Party's judgment, threatened area of hostilities unless fully covered by war risk insurance complying with the requirement of Section 2.06 hereof or unless the government of the United States shall have agreed to indemnify the Company against the risks and in the amounts required hereof with respect to war risk insurance;

(iv) while any insurance required to be maintained under this Security

Agreement shall not be in force;

(v) so as to invalidate any warranty of any manufacturer of the Airframe, any Engine or Part; or

(vi) in any place other than the United States of America or any other area authorized and approved by the Department of Transportation with respect to the Aircraft without the prior written consent of the Secured Party, which consent shall not be unreasonably withheld.

(d) Possession. The Company shall not lease, or otherwise in any manner deliver, relinquish or transfer possession of the Airframe or any Engine to any Person or install any Engine, or permit any Engine to be installed, on any airframe other than the Airframe without the prior written consent of the Secured Party, provided, however, that so long as (x) no Default or Event of Default shall have occurred and be continuing and (y) such action will not affect the first priority Lien of this Security Agreement, the Company may:

(i) deliver possession of the Airframe or any Engine to the manufacturer thereof for testing or other similar purposes or to any FAA approved repair facility for service, repair, maintenance or overhaul work on the Airframe or Engine or for alterations or modifications in or additions to the Airframe or Engine, to the extent required or permitted by the terms of Section 2.04 of this Security Agreement;

(ii) subject any Engine to normal interchange or pooling agreements or arrangements, in each case customary in the airline industry applicable to other similar engines owned or operated by the Company or any permitted lessee or sublessee and entered into by the Company or any permitted lessee or sublessee in the ordinary course of its business with the manufacturer thereof or any major scheduled commercial passenger air carrier, provided that (A) no such agreement or arrangement contemplates the transfer of title to such Engine and (B) if the Company's title to such Engine shall be divested, such divestiture shall be deemed a Casualty Occurrence with respect to such Engine and the Company shall comply with Section 2.05(b) hereof, the Secured Party not intending hereby to waive its Lien on such Engine or any right or interest it may have in or to such Engine under Applicable Law until compliance by the Company with such Section 2.05(b);

(iii) install an Engine on an airframe owned by the Company or any permitted lessee or sublessee free and clear of all Liens, except (A) Permitted Liens, (B) those which apply only to the engines (other than Engines), appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment (other than Parts) installed on such airframe (but not to the airframe as an entirety), and (C) those created by the rights of other major scheduled commercial passenger air carriers under normal interchange agreements customary in the airline industry which do not contemplate, permit or require the transfer of title to

the airframe or engines installed thereon;

(iv) install an Engine on an airframe leased to the Company or any permitted lessee or sublessee or purchased by the Company or any permitted lessee or sublessee subject to a conditional sale or other security agreement, provided that (A) such airframe is free and clear of all Liens except (x) the rights of the parties to such lease, conditional sale or other security agreement and (y) Liens of the type permitted by clause (iii) above, and (B) such lease, conditional sale or other security agreement effectively provides that such Engine shall not become subject to the Lien of such lease, conditional sale or other security agreement, notwithstanding the installation thereof on such airframe;

(v) install an Engine on an airframe owned by the Company or any permitted lessee or sublessee, leased by the Company or any permitted lessee or sublessee or purchased by the Company or any permitted lessee or sublessee subject to a conditional sale or other security agreement under circumstances where neither clause (iii) or clause (iv) above is applicable, provided that such installation shall be deemed a Casualty Occurrence with respect to such Engine and the Company shall comply with Section 2.05(b) hereof, the Secured Party not intending hereby to waive its Lien on such Engine or any right or interest it may have in or to such Engine under Applicable Law until compliance by the Company with such Section 2.05(b);

(vi) lease the Airframe and Engines to Air Alaska Commuter Leasing, Inc. ("Air Alaska") pursuant to the terms of that certain Lease Agreement dated August 6, 1998 by and between the Company and Air Alaska, and permit Air Alaska to sublease the Airframes and Engines to Flying Boat, Inc. ("Flying Boat") pursuant to the terms of that certain Sublease Agreement dated August 6, 1998 by and between the Air Alaska and Flying Boat.

provided, that the rights of any transferee who receives possession by reason of a transfer permitted by this Section 2.03(d) (other than by a transfer of an Engine which is deemed a Casualty Occurrence) shall be subject and subordinate to all the terms of this Security Agreement and the Company shall remain primarily liable hereunder for the performance of all of the terms of this Security Agreement to the same extent as if such lease or transfer had not occurred.

(e) Insignia. So long as this Agreement or the Lien hereof is outstanding the Company shall maintain or cause to be maintained in the cockpit of each Airframe adjacent to the registration certificate therein and on each Engine a metal nameplate measuring at least 4" by 3" and bearing the legible inscription "OWNED BY AIR ALASKA COMMUTER HOLDINGS, INC. AND SUBJECT TO A MORTGAGE IN FAVOR OF UNITED CAPITAL CORP. OF ILLINOIS FILED WITH THE UNITED STATES FEDERAL AVIATION ADMINISTRATION."

SECTION 2.05. Replacement, Alterations, Modifications and Additions.

(a) Replacement of Parts. The Company will promptly replace or cause to be replaced all Parts of the Aircraft or any Engine that becomes worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use for any reason whatsoever. The Company may remove or permit the removal of in the ordinary course of maintenance, service, repair, overhaul or testing, any Parts thereof, whether or not worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use, provided that the Company will replace or cause to be replaced such Parts promptly. All replacement Parts shall be free and clear of all Liens (except Permitted Liens) and shall be in as good operating condition as, and shall have a value and utility at least equal to, the Parts replaced, assuming such replaced Parts were in the condition and repair required to be maintained by the terms hereof. All Parts at any time removed from the Airframe or any Engine shall remain subject to the Lien of this Security Agreement, no matter where located, until such time as such Parts shall be replaced by Parts which have been incorporated or installed in or attached to the Airframe or any Engine and which meet the requirements for replacement Parts specified herein. Immediately upon any such replacement Part becoming incorporated or installed in or attached to the Airframe or any Engine, without further act, (i) the replaced Part shall be released from the Lien hereof, and shall no longer be deemed a Part hereunder, and (ii) such replacement Part shall thereupon become subject to the Lien of this Security Agreement and such Part shall be deemed part of the Airframe or Engine for all purposes hereof to the same extent as the Parts originally incorporated or installed in or attached to the Airframe or Engine.

(b) Alterations, Modifications and Additions. The Company will make or cause to be made such alterations and modifications in and additions to the Airframe or any Engine as may be required from time to time to meet the standards of any applicable FAA Maintenance Program and such other governmental authority having jurisdiction in any country, state, county or other political subdivision in or over which the Airframe or any Engine is operated and in accordance with all manufacturer's service bulletins. In addition, the Company may from time to time make such alterations and modifications in and additions to the Airframe or any Engine (an "Improvement") as the Company or any permitted lessee or sublessee may deem desirable in the proper conduct of its business, including, without limitation, removal of Parts which the Company or any permitted lessee or sublessee deems obsolete or no longer suitable or appropriate for use in the Airframe or any such Engine, provided that no such Improvement shall diminish the value or utility of the Airframe or Engine, or impair the condition of airworthiness thereof, below the value, utility, condition and airworthiness thereof immediately prior to such Improvement assuming the Airframe or Engine was then of the value and utility required to be maintained by the terms of this Security Agreement and provided further, that the Company shall not make or permit to be made any such Improvement in excess of $250,000 without giving or causing to be given 10 Business Days' prior written notice to the Secured Party, nor make any structural alteration or modification without the prior written consent of the Secured Party. All Parts incorporated or installed in or attached or added to the Airframe or any Engine as the result of such Improvement shall, without further act, become subject to the Lien of this Security Agreement. So long as no Default or Event of Default shall have occurred and be continuing or

would occur as a result of such action, the Company may remove or permit to be removed any Part incorporated or installed in or attached to the Airframe or any Engine as a result of an Improvement permitted by this Section 2.04(b), provided that (i) such Part is in addition to, and not in replacement of or substitution for, any Part originally incorporated or installed in or attached to the Airframe or Engine on the date of this Security Agreement or any part in replacement of, or substitution for, any such Part, (ii) such Part is not required to be incorporated or installed in or attached or added to the Airframe or Engine pursuant to this Security Agreement and (iii) such Part can be removed from the Airframe or Engine without causing damage to the Airframe or Engine, and without diminishing or impairing the value, utility, condition or airworthiness required to be maintained by the terms of this Security Agreement which the Airframe or Engine would have had at such time had such Improvement not occurred. Upon the removal by the Company or any permitted lessee or sublessee of any Part in compliance with the immediately preceding sentence, such Part shall no longer be subject to the Lien hereof nor deemed part of the Airframe or Engine from which it was removed.

SECTION 2.05. Loss, Destruction or Requisition.

(a) Casualty Occurrence With Respect to the Aircraft. Upon the occurrence of a Casualty Occurrence with respect to the Aircraft, the Company shall forthwith (and in any event within 5 days after such occurrence) give or cause to be given to the Secured Party written notice of such Casualty Occurrence and prepay the Note in full. The Aircraft shall be released from the Lien of this Security Agreement concurrently with such compliance.

(b) With Respect to an Engine. Upon the occurrence of a Casualty Occurrence with respect to an Engine not involving a Casualty Occurrence to the Airframe with which such Engine is associated, the Company shall give or cause to be given to the Secured Party prompt written notice thereof and the Company shall replace or cause to be replaced such Engine as soon as practicable but in no event later than 60 days after the occurrence of such a Casualty Occurrence by duly subjecting or causing to be subjected to the Lien of this Security Agreement as the replacement for said Engine, another engine of the same or another manufacturer and of the same or a comparable or improved model and suitable for installation and use on the Airframe and compatible for use with the other Engines, which engine shall be free and clear of all Liens except Permitted Liens and shall have a value and utility at least equal to, and be in as good operating condition as, the Engine with respect to which such Casualty Occurrence occurred, assuming such Engine was of the value and utility and in the condition and repair required by the terms of this Security Agreement immediately prior to the occurrence of such Casualty Occurrence. The Company agrees to take or cause to be taken the following action with respect to such replacement engine at the Company's sole cost and expense:

(i) cause a supplement to this Security Agreement, in form and substance satisfactory to the Secured Party, subjecting such replacement engine to the Lien of this Security Agreement, to be filed for recordation with the FAA pursuant to Applicable Law;

(ii) furnish the Secured Party with such evidence of compliance with the

insurance provisions of Section 2.06 with respect to such replacement engine as the Secured Party may request:

(iii) furnish the Secured Party with an opinion or opinions of the Company's counsel, satisfactory in form, substance and scope to the Secured Party, to the effect that (A) the Company is the owner of and has legal title to such replacement engine, free and clear of all Liens and encumbrances except the Lien of this Security Agreement, (B) upon recordation of the supplement to this Security Agreement, such replacement engine will be subjected to the Lien of this Security Agreement free and clear of all Liens, and the Secured Party will be entitled to the benefits of the Lien of the Security Agreement to the same extent as the Engine replaced thereby, (C) the supplement to this Security Agreement has been duly filed for recordation in accordance with the provisions of the FAA Act, and to such further effect as the Secured Party may request;

(iv) furnish the Secured Party with an officer's certificate certifying that (A) the Company is the owner of the replacement engine described in the supplement to this Security Agreement, free and clear of all Liens and encumbrances except the Lien of this Security Agreement and legal and beneficial title thereto is vested in the Company, (B) the supplement to this Security Agreement has been duly authorized, executed and delivered by the Company, and (C) upon consummation of such replacement, no Default or Event of Default will exist hereunder;

(v) furnish the Secured Party with a certificate of a qualified aircraft engineer certifying that such replacement engine has a value and utility at least equal to, and is in at least as good operating condition as, the Engine so replaced assuming such Engine was in the condition and repair required by the terms of this Security Agreement immediately prior to the occurrence of such Casualty Occurrence; and

(vi) take such other actions and furnish such other certificates, documents and opinions of counsel as the Secured Party may request in order that such replacement engine be duly and properly subject to the Lien of this Security Agreement to the same extent as the Engine replaced thereby.

Concurrently with the Company's compliance in full with the provisions of this Section 2.06(b) on any Business Day, the Secured Party shall pay over to the Company or to the Company's order any insurance proceeds received by the Secured Party as a result of such Casualty Occurrence and such Engine shall be released from the Lien of this Security Agreement.

(c) Requisition of Aircraft for Use by the Government. In the event of the requisition for use of the Airframe by any governmental authority not constituting a Casualty Occurrence, the Company shall promptly notify the Secured Party (or cause the Secured Party to be notified) of such requisition and all of the Company's payment obligations and all other

obligations (to the extent feasible) under this Security Agreement with respect to the Aircraft shall continue to the same extent as if such requisition had not occurred. Subject to Section 2.05(e), all payments received by the Secured Party, the Company or any permitted lessee or sublessee from such governmental authority for the use of the Airframe shall be paid over to, or retained by, the Company, or with the consent of the Company, any permitted lessee or sublessee.

(d) Requisition of Engine for Use by the Government. In the event of the requisition for use by any governmental authority of any Engine (but not the Airframe), the Company shall replace or cause to be replaced such Engine hereunder by substituting another engine for such Engine in accordance with the terms of Section 2.05(b) to the same extent as if a Casualty Occurrence had occurred with respect to such Engine, and concurrently with the Company's compliance in full with the provisions of Section 2.05(b) any payments received by the Secured Party, the Company or any permitted lessee or sublessee from such governmental authority with respect to such requisition shall be paid over to, or retained by, the Company or, with the consent of the Company, any permitted lessee or sublessee.

(e) Application of Repayments During Event of Default. Any amount referred to in Section 2.05(a), (b), (c), (d) or 2.06(d) which is payable to the Company or any permitted lessee or sublessee shall not be paid to the Company or any permitted lessee or sublessee, or, if it has been previously paid directly to the Company or any permitted lessee or sublessee, shall not be retained by the Company or any permitted lessee or sublessee, if, at the time of such payment, an Event of Default or Default shall have occurred and be continuing, but shall be paid to and held by the Secured Party as security for the obligations of the Company under this Security Agreement, and at such time as there shall not be continuing any such Event of Default or Default, such amount shall be applied as set forth in such Sections, as applicable.

SECTION 2.06. Insurance.

(a) The Company shall, without cost and expense to the Secured Party, maintain or cause to be maintained in effect with respect to the Aircraft, comprehensive general liability insurance including the following insurances, subject to Section 2.06(j), with the Approved Insurer through the intermediary of an insurance broker approved by the Secured Party (the "Broker") in such form as shall be approved by the Secured Party:

(i) All-risk ground and flight aircraft hull insurance including:

(A) War and Allied Perils Insurance to the fullest extent possible (excluding confiscation or expropriation by the government of registry);

(B) all risks insurance with respect to any Engine and other components, Parts or spares, while any such items are not installed on the Aircraft or any other aircraft.

All such insurance in respect of the Aircraft shall be in amounts not less than the 110% of all principal and interest due by the Company under the Note. Any such property damage

insurance policy may be subject to a flight deductible in an amount not exceeding $100,000 and a ground deductible in an amount not exceeding $100,000; and

(ii) aircraft third party, passenger, baggage, cargo and mail and airline general third party liability including War, Hijacking, Confiscation and Kindred Perils to the fullest extent possible and having a combined single limit of liability of not less than the Minimum Liability Coverage and not subject to a deductible.

(b) The Company shall procure that the insurances referred to in Section 2.06(a)(i) above comply in all material respects with the following requirements:

(i) name the Secured Party as additional named assured, warranted no operational interest without liability to pay, but with right to pay premiums and premium installments;

(ii) acknowledge that the insurers have been advised that the Aircraft is subject to this Security Agreement in favor of the Secured Party;

(iii) name the Secured Party as sole loss payee in the case of a Casualty Occurrence to the extent that a Casualty Occurrence is an insured risk;

(iv) waive any right the insurers may have to set-off or counterclaim against, or reduce any insurance proceeds due and payable to the Secured Party, the Company or any permitted lessee or sublessee as loss payee other than in respect of unpaid premiums with respect to the Aircraft, and contain a standard breach of warranty endorsement in favor of the Secured Party for an amount not less than 110% of all principal and interest due by the Company under the Note;

(v) contain the following provision:

THE INSURANCE AFFORDED BY THIS POLICY SHALL NOT BE INVALIDATED (1) AS REGARDS THE INTEREST OF THE SECURED PARTY BY ANY ACT OR NEGLECT OF LESSEE, LESSOR, OR A SUBLESSEE, AND (2) AS REGARDS THE INTEREST OF LESSOR, BY ANY ACT OR NEGLECT OF LESSEE OR A SUBLESSEE.

UPON PAYMENT OF ANY SUM TO THE SECURED PARTY AS PROVIDED HEREUNDER, THE INSURERS SHALL, TO THE EXTENT OF SUCH PAYMENT, BE THEREUPON LEGALLY SUBROGATED TO ALL THE RIGHTS OF THE SECURED PARTY BUT NO SUBROGATION SHALL IMPAIR THE RIGHT OF THE SECURED PARTY TO RECOVER THE FULL AMOUNT OF ITS CLAIMS.

(vi) contain a provision waiving any and all rights of subrogation the

insurers have or may acquire against the Secured Party as a consequence of the Security Agreement;

(vii) contain a provision that (l) no claim of the Secured Party shall be defeated, prejudiced or otherwise affected by any non-disclosure, misrepresentation, breach of any policy warranty, declarations or conditions or want of due diligence on the part of the Company or any permitted lessee or sublessee, and (2) no claim of the Company shall be defeated, prejudiced or affected by any nondisclosure, misrepresentation, breach of any policy warranty, declarations or conditions or want of due diligence on the part of any permitted lessee or sublessee;

(viii) contain a provision to the effect that any cancellation or modification (adverse to the interest of the Secured Party) of such insurance shall not be effective as to the interest and/or benefit of the Secured Party for thirty (30) days (but with seven (7) days or such lesser period as is customarily available in respect of war-risks insurance) after written notice of such cancellation or modification, as the case may be, is received by the Secured Party;

(ix) contain a provision requiring the insurers to provide the Secured Party with a written notice (A) of the Company's, or any permitted lessee's or any permitted sublessee's failure to pay any premium or premium installment when due and allowing the Secured Party at its option to pay any premium or premium installment within thirty (30) days of such notice without any lapse of coverage, (B) of any failure of the Company, any permitted lessee or any permitted sublessee, as the case may be, to commence renewal discussions at least 15 days prior to the expiration of any insurance and (C) of any other act or omission on the part of the Company, any permitted lessee or any permitted sublessee, as the case may be, of which it shall have knowledge that might invalidate or render unenforceable, in whole or in part, any such insurance;

(x) each required reinsurance policy shall have a "cut-through" endorsement satisfactory to the Secured Party in substantially the following form:

"In the event of any claim for loss or the payment of any sum under this contract, amounts due and payable to the Insurers from the issuer of the reinsurance contract (in the case of the Insurers' insolvency) [in respect of claims or losses payable to the Additional Insureds][1] attached hereto as Exhibit A (the "Reinsurance Contract"), shall be paid directly to the Additional Insureds, and the Insurer hereby assigns to the Additional Insureds all of its right, title and interest in and to the Reinsurance Contract and hereby confirms that the Reinsurance Contract has been endorsed to reflect that all losses payable under such

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1 This language for Liability Policy cut-through only.

Reinsurance Contract shall be payable directly to the Additional Insureds, pursuant to the terms of the Reinsurance Contract attached hereto. It is further hereby agreed that in the event that the Insurer fails to make payment of a claim under any of the policies listed below in the name of applicable Additional Insured, the applicable Additional Insured as assignee of the Reinsurance Contract shall be entitled to recover all sums due and payable under the Reinsurance Contract directly from the issuers thereof, without notice to, or obligation to inform the Insurer, subject only to the terms and conditions of the Reinsurance Contract and the limits of liability included therein. Any payments made in respect of the above described endorsements shall constitute a full discharge between the issuer of the Reinsurance Contract on the one hand, and the Insurer and the applicable Additional Insured on the other hand, and shall release the issuer of the Reinsurance Contract from any further liability in connection with such claims, provided that all sums due under the Reinsurance Contract in respect of such claims have been fully and finally paid to the applicable Additional Insured in freely transferable currency of the United States."

(c) The Company shall procure that the insurances referred to in Section 2.06(a)(ii) above comply in all material respects with the following requirements:

(i) name the Secured Party and its directors, officers, servants, agents, employees, successors and assigns as additional named insureds (warranted no operational interest without liability to pay, but with the right to pay, premiums and premium installments);

(ii) contain a Severability of Interest Clause which provides that each said insurance shall operate in all respects (save only for the limit of liability) as if a separate policy had been issued to each insured who is insured thereunder;

(iii) are in accordance with sound international practice having regard to the Aircraft involved:

(iv) contain the following provision:

THE INSURANCE AFFORDED BY THIS POLICY SHALL NOT BE INVALIDATED (1) AS REGARDS THE INTEREST OF THE SECURED PARTY, ITS DIRECTORS, OFFICERS, SERVANTS, AGENTS AND EMPLOYEES AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS BY ANY ACT OR NEGLECT OF LESSEE, LESSOR OR A SUBLESSEE, OR (2) AS REGARDS THE INTEREST OF LESSOR, ITS DIRECTORS, OFFICERS, SERVANTS, AGENTS AND EMPLOYEES AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS BY ANY ACT OR NEGLECT OF LESSEE OR A SUBLESSEE.

(v) contain a provision waiving any and all rights of subrogation the

insurers may have or may acquire against the Secured Party, its directors, officers, servants, agents and employees and their respective successors and assigns as a consequence of this Security Agreement, or against the Company, its directors, officers, servants, agents and employees and their respective successors and assigns as a consequence of any document, and contain a standard breach of warranty endorsement in favor of the Secured Party for an amount not less than 110% of all principal and interest due by the Company under the Note.

(vi) contain a provision that (1) no claims of the Secured Party, its directors, officers, servants, agents and employees and their respective successors and assigns shall be defeated, prejudiced or otherwise affected by any non-disclosure, misrepresentation, breach of policy warranty, declarations or conditions or want of due diligence on the part of the Company or any lessee or sublessee, and (2) no claims of the Company, its directors, officers, servants, agents and employees and their respective successors and assigns shall be defeated, prejudiced or otherwise affected by any non-disclosure, misrepresentation, breach of any policy warranty, declarations or conditions, or want of due diligence on the part of any lessee or sublessee;

(vii) contain a provision requiring the insurers to provide the Secured Party and the Company with written notice of any cancellation or modification adverse to the interest of the Secured Party or the Company and their respective directors, officers, servants, agents, employees, successors and assigns in such insurance and that such cancellation or modification shall not be effective as to the interest and/or benefit of the Secured Party and/or the Company and/or their respective directors, officers, servants, agents, employees, successors and assigns for thirty (30) days (but seven (7) days or such lesser period as is customarily available in respect of war risks insurance) after the written notice of such cancellation or modification, as the case may be, is received by the Secured Party and the Company; and

(viii) contain a provision requiring the insurers to provide the Secured Party and the Company with a written notice (A) of the Company's or any lessee's or sublessee's failure to pay any premium or premium installment when due and allowing the Company or the Secured Party at their option to pay any premium or premium installment within thirty (30) days of such notice without any lapse of coverage, (B) of any failure of the Company or any lessee or sublessee, as the case may be, to commence renewal discussions at least 15 days prior to the expiration of any insurance and (C) of any other act or omission on the part of the Company or any lessee or sublessee, as the case may be, of which it shall have knowledge that might invalidate or render unenforceable, in whole or in part, any such insurance;

(d) The Company shall furnish or procure that there is furnished to the Secured Party:

(i) not later than the date of closing and not later than the expiration dates of the respective insurances required hereunder certificates of insurance evidencing the insurance coverage required pursuant to this Section 2.06. Each certificate evidencing the insurance required by Section 2.06(a)(i) and (ii) shall:

(A) incorporate the provisions of Section 2.06(b)(i) through (xi) and Section 2.06(c)(i) through (viii);

(B) confirm the perils covered by each policy of insurance then in force and relating to the Aircraft;

(C) specify the amount of insurance coverage provided against each such peril, and any deductible;

(D) certify that each such policy is then in full force and effect;

(E) certify that the Broker will provide the Secured Party and the Company with written notice of any lessee's or sublessee's failure to pay any premium or premium installment when due and the Secured Party or the Company at their option may pay any premium or premium installment without lapse of coverage; and

(F) confirm the insurer's acknowledgment that the Company and the Secured Party warranted no operational interest, and that policies related to the insurances referred to in Section 2.07(a)(i)(A) are not subject to average and that policies related to the insurances referred to in Section 2.07(a)(ii) are primary and without right of contribution from other insurances that may be available to the Company, the Secured Party or their respective directors, officers, servants, agents, employees, successors and assigns;

(ii) on request, certified copies of documents evidencing the terms of any insurance required hereunder;

(iii) on request, evidence of payment of premium or premium installment due in respect of above insurances;

(iv) an undertaking of the insurers or the Broker to provide the Secured Party and the Company with thirty (30) days (but with seven (7) days or such lesser period as is customarily available in respect of war risks insurance) written notice of any cancellation or modification (adverse to interest of the Company or the Secured Party) of the insurances; and

(v) on request, copies of certificates or policies of insurance evidencing all such insurance.

(e) The Company will forthwith notify (or cause the Secured Party to be notified) of any event (including, but not limited to, a Casualty Occurrence) which will or may give rise to a claim under the insurances required above in excess of $100,000, and not, without the prior written approval of the Secured Party, settle any claim arising under any insurance in excess of $2,000,000.

(f) The Company will not and will procure that any lessee or sublessee will not:

(i) make any modification to any insurances required hereunder adverse to the interests of the Secured Party and the Company will or will procure that any lessee or sublessee will give notice in writing to the Company and the Secured Party before making, or permitting, any modification to the insurances required hereunder;

(ii) do, or omit to do, or permit to be done, or left undone anything whereby any required insurance would or might reasonably be expected to be rendered, in whole or in part, invalid or unenforceable and, without prejudice to the foregoing, not use or keep or permit the Aircraft or any part thereof to be used or kept for any purpose, in any manner or in any place not covered by the required insurance; or

(iii) cause or permit the Aircraft to be employed in any place or in any manner or for any purpose inconsistent with the terms of or outside the cover provided by any required insurance.

(g) The Company shall reimburse or cause the Secured Party to be reimbursed on demand the amount of any premiums or premium installments which the Secured Party may pay pursuant to Section 2.06(b)(x), (c)(viii) or (d)(i)(E) together with interest thereon.

(h) In the event of damage to the Aircraft or any Engines not amounting to a Casualty Occurrence but resulting in a payment, losses shall be paid to the Secured Party and the Secured Party shall, upon receipt of evidence satisfactory to it that such damage shall have been repaired or that such payment shall then be required to pay for repairs then being made or, in the case of Engines, such payment shall be required to effect the purchase of a replacement engine, pay or apply the amount of such payment to such repair or replacement.

(i) In the event that separate policies are in effect with respect to the all risks hull insurance and the war risks hull insurance, the Company will or will procure that any lessee or sublessee will arrange that the insurers agree that in the event of any dispute as to whether a claim is covered by the all risks or war risks policy, such claim is settled by the insurers on the basis of each insurer paying fifty percent of the amount of the claim.

(j) If at any time the insurance coverages required by this Section 2.06 shall be required by Applicable Law to be placed with insurers who are either affiliated with the government of registration of the Aircraft or are otherwise unacceptable to the Secured Party,

they shall be deemed to be an Approved Insurer but only to the extent that such insurance shall be 100% reinsured on terms satisfactory to the Secured Party in Lloyds of London, or other internationally recognized aviation insurance markets with an Approved Reinsurer.

SECTION 2.07. Liens. The Company shall not, directly or indirectly, create, incur, assume or suffer to exist any Lien on or with respect to any Airframe or any Engine or title thereto or any interest therein, except (a) the Lien of this Agreement; (b) the rights of others under agreements or arrangements to the extent expressly permitted in Section 2.03(d); (c) Liens for landing, navigation and overflight charges not yet delinquent and in an aggregate amount not greater than $50,000; and (d) suppliers', mechanics', workers , repairers', employees' or other like Liens arising in the ordinary course of business and for amounts the payment of which is not yet delinquent (Liens described in clauses 2.07(a) through (d) above are referred to herein as "Permitted Liens"). The Company shall promptly, at no expense to the Secured Party, take such action (or cause such action to be taken) as may be necessary to duly discharge any such Lien not excepted above if the same shall arise at any time.

SECTION 2.08. Inspection.

(a) Information and Inspection Upon Request. The Company shall furnish or cause to be furnished to the Secured Party such additional information concerning the location, condition, use and operation of the Aircraft as the Secured Party may from time to time reasonably request. The Company shall cause to be furnished to the Secured Party, within five days after the occurrence thereof, an accurate statement setting forth the amount and description of all items of Collateral which have suffered any substantial damage or destruction. The Company, at its own expense (or at the expense of a lessee or sublessee) and at such times as the Secured Party may request, but in any event at the time the Aircraft undergoes modification or any major scheduled overhaul, shall permit the Secured Party or any person or persons designated by the Secured Party to visit the property of the Company or any lessee or sublessee, as the case may be, to inspect the Aircraft, its condition, use and operation, and the inspection, modification, overhaul and other records maintained in connection therewith, and to obtain copies of such records. So long as no Default or Event of Default shall have occurred and be continuing, not more than one such visit and inspection shall be at the Company's expense (or at the expense of a lessee or sublessee) in any twelve month period.

ARTICLE 3

DEFAULTS AND REMEDIES

SECTION 3.01. Events of Default. Each of the following shall constitute an Event of Default, whatever the reason for such event and whether it shall be voluntary or involuntary, or within or without the control of the Company, or be effected by operation of law or pursuant to any judgment or order of any court or any order, rule or regulation of any governmental or nongovernmental body:

(a) Any amount due and payable hereunder or under the Note shall not be paid within any applicable notice, grace or cure period provided hereunder or thereunder; or

(b) (i) Any of the insurance coverage required by Section 2.06 of this Agreement shall cease to be in full force and effect or the Aircraft is operated outside of the coverage provided by such insurance; or

(ii) A Default (that is not cured within 10 days after the occurrence thereof or within such other applicable shorter or longer grace period specified with respect thereto; provided that the 10 day period set forth in this clause shall not be added to such other applicable grace period) or Event of Default shall occur in the performance or observance of any term, covenant, condition or agreement contained in this Agreement (other than those referred to in Sections 3.01 (a), (b) and (c)(i)); or

(c) (i) The Company shall (A) commence a voluntary case under the Federal bankruptcy laws (as now or hereafter in effect), (B) file a petition seeking to take advantage of any other laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, (C) consent to or fail, after 30 days notice, to contest in a timely and appropriate manner any petition filed against it in an involuntary case under such bankruptcy laws or other laws, (D) apply for, or consent to, or fail, after 30 days notice, to contest in a timely and appropriate manner, the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or the like of itself or of a substantial part of its assets, domestic or foreign, (E) admit in writing its inability to pay, or generally not be paying its debts (other than those that are the subject of bona fide disputes) as they become due, or (F) make a general assignment for the benefit of creditors; or

(ii) A case or other proceeding shall be commenced against the Company in any court of competent jurisdiction seeking (A) relief under the Federal bankruptcy laws (as now or hereafter in effect) or under any other laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding up or adjustment of debts, or (B) the appointment of a trustee, receiver, custodian, liquidator or the like of any of them, or of all or any substantial part of their assets, domestic or foreign, and such case or proceeding shall continue uncontroverted for a period of 10 days or undismissed or unstayed for a period of 30 days, or an order granting the relief requested in such case or proceeding (including, but not limited to, an order for relief under such Federal bankruptcy laws) shall be entered; or

(d) The Secured Party for any reason not have a valid and legally binding first priority perfected security interest in any portion of the Collateral subject only to liens permitted hereunder; or

(e) Any lessee or sublessee, as the case may be, shall fail to remain a certified air carrier with respect to which the protection of Section 1110 of Title 11 of the United States Code is available, while engaged in the operation of an Aircraft (provided, however, that there shall be no Event of Default if an Aircraft is being held for sale or lease by the Company or any

lessee or sublessee that is not a certified air carrier and which will not be operating the Aircraft).

SECTION 3.02. Secured Party's Rights. The Company agrees that when any Event of Default has occurred and is continuing, the Secured Party may, without limitation of all other rights and remedies available at law or in equity in such event, exercise any one or more or all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute:

(a) The Secured Party, by notice in writing to the Company, may declare the entire Note to be immediately due and payable without any grace period for payment; and thereupon all sums due under the Note, shall be and become immediately due and payable;

(b) The Secured Party personally, or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to take possession of all or any part of the Collateral (and for that purpose may pursue the same wherever it may be found) and exclude the Company wholly therefrom, and having and holding the same, may use, operate, lease, manage, store and control the Collateral, and to collect and receive all earnings, revenues, rents, issues, proceeds and income of the Collateral and every part thereof, and to maintain, repair and renew the Collateral and make replacements, alterations, additions and improvements thereto or remove and dispose of any portion of the Collateral and to otherwise exercise any and all of the rights and powers of the Company in respect thereof;

(c) The Secured Party may cause the Company, upon the written demand of the Secured Party and at the Company's expense, to, and the Company shall promptly, but in any event within 5 days, return the Collateral or any part thereof as the Secured Party may demand to the Secured Party at such location in the United States as selected by the Secured Party (it being understood that this agreement to deliver such Collateral is of the essence for agreement between the parties and, upon application to any court having jurisdiction in the premises, the Secured Party shall be entitled to a decree against the Company requiring specific performance thereof); or the Secured Party, at its option, may enter upon the premises where the Collateral or any part thereof is located or believed to be located and take immediate possession of and remove such Collateral without the necessity for first instituting proceedings, or by summary proceedings or otherwise, and the Company shall comply therewith, all without liability to the Secured Party for or by reason of such entry or taking possession, whether for the restoration of damage to property caused by such taking or otherwise;

(d) The Secured Party may, if at the time such action may be lawful, and always subject to compliance with any mandatory legal requirements, either with or without taking possession, and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Company at least 10 days prior to the date of such sale (which notice is hereby deemed reasonable), and any other notice which may be required by law, sell and dispose of said

Collateral, or any part thereof, or interest therein, free from any and all claims of the Company or any other party (except the Secured Party) claiming by, through or under the Company at law or in equity, at public or private sale and with or without advertisement, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Secured Party may determine, and at any place (whether or not it be the location of the Collateral or any part thereof) designated in the notice above referred to. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further notice, and the Secured Party may bid and become the purchaser at any such sale;

(e) The Secured Party may proceed to protect and enforce this Security Agreement by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted; or for foreclosure hereunder, or for the appointment of a receiver or receivers for the Collateral or any part thereof or for the enforcement of any other proper legal or equitable remedy available under Applicable Law;

(f) The Company covenants to pay to the Secured Party upon demand all reasonable expenses of obtaining any judgment or of pursuing, searching for and taking the Collateral, and reasonable compensation to the Secured Party and its attorneys and agents; and all such expenses and compensation (together with interest on all such sums, to the extent permitted by Applicable Law, from the date it became due to the date it is paid in full, at a rate per annum equal to the Post-Default Rate) shall, until paid, be secured by the Lien of this Security Agreement. Upon every such taking of possession, the Secured Party may, from time to time, at the expense of the Company, make or cause to be made all such expenditures for maintenance, insurance, repairs, replacements, alterations, storage, additions and improvements to and of the Collateral as the Secured Party may deem reasonably necessary, including, without limiting the generality of the foregoing, such maintenance, alterations, additions or improvements as may be reasonably necessary to establish the airworthiness of the Aircraft under Applicable Law and to return the Collateral to the condition required to be maintained under this Agreement. The costs of all such maintenance, insurance, repairs, replacements, alterations, storage, additions and improvements to and of the Collateral (together with interest on all such sums, to the extent permitted by Applicable Law, from the date it became due to the date it is paid in full, at a rate per annum equal to the Post-Default Rate) shall be secured by the Lien of this Agreement. If it shall become necessary to establish the airworthiness of the Aircraft under Applicable Law, the Secured Party shall have the right to conduct test flights of the Aircraft and the expense of any such flights shall be secured by the Lien of this Security Agreement;

(g) At any time after the occurrence and during the continuance of an Event of Default, the Secured Party may endorse the name of the Company on any check, draft or other instrument of payment of money received on account of the Collateral; and

(h) In addition, the Secured Party may exercise any right of a secured party under the Florida Uniform Commercial Code.

SECTION 3.03. Waiver by Company. To the extent now or at any time hereafter enforceable under Applicable Law, the Company covenants that it will not at any time insist upon or plead, or in any manner whatsoever claim or take any benefit or advantage of, any stay or extension law now or at any time hereafter in force, nor claim, take nor insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisement of the Collateral or any part thereof, prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and hereby expressly waives for itself and on behalf of each and every Person, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Secured Party, but will suffer and permit the execution of every such power as though no such law or laws had been made or enacted.

SECTION 3.04. Effect of Sale. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Company in and to the Collateral sold and shall be a perpetual bar, both at law and in equity, against the Company, its successors and assigns, and against any and all Persons claiming the Collateral sold or any part thereof under, by or through the Company, its successors or assigns.

SECTION 3.05. Application of Sale and Other Proceeds. The proceeds and/or avails of any sale of the Collateral, or any part thereof, on or prior to the Repayment Date, pursuant to exercise of the rights of the Secured Party hereunder after the occurrence of an Event of Default and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

First, to the payment of costs and expenses of foreclosure or suit, if any, and of such repossession, sale, lease or disposition, and of all proper compensation, fees, costs, expenses, liability and advances, including reasonable legal expenses and attorneys fees, owed to, incurred or made by the Secured Party hereunder, and of all taxes, assessments or Liens superior to the Lien of this Security Agreement or subject to which such sale shall have been made;

Second, to the payment of all interest, fees, expenses and all other amounts (excluding principal) then due, owing and unpaid on the Note;

Third, to the payment of all principal then due, owing and unpaid on the Note; and

Fourth, to the payment of the surplus, if any, to the Company, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

The Secured Party shall not exercise its right to institute any action at law against the Company for the payment of any sum of money which is or may be payable under the Note secured hereby, other than the right to foreclose, which is specifically reserved; nor shall it seek against the Company any judgment for deficiency in any action to foreclose this Security Agreement, provided, however, that nothing shall be, or be deemed to be, a release or impairment of the indebtedness or of the lien thereof upon the Collateral, or preclude the holder of the Note secured by the Security Agreement from foreclosing the Security Agreement in case of any default, or from enforcing any and all rights under and by virtue of the Security Agreement.

SECTION 3.06. Discontinuance of Remedies. In case the Secured Party shall have proceeded to enforce any right under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case, the Company and the Secured Party shall be restored to their former positions and rights hereunder with respect to the Collateral subject to the Lien and security interest created under this Security Agreement.

SECTION 3.07. Cumulative Remedies. No delay or omission of the Secured Party to exercise any right or power arising from any Event of Default, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such Event of Default. No waiver by the Secured Party of any such Event of Default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent Event of Default, or to impair the rights resulting therefrom except as may be otherwise provided therein. No remedy shall be exclusive but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the Secured Obligations operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder, nor shall the Secured Party be required to first look to, enforce or exhaust such other or additional security, collateral or guaranties. Any extension of time for payment hereunder or under the Note or other indulgence duly granted to the Company shall not otherwise alter or affect the Secured Party's rights or the Company's obligations hereunder or under the Note. The Secured Party's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Company's obligations or the Secured Party's rights hereunder or under the Note with respect to any subsequent payments or default herein or therein.

ARTICLE 4

MISCELLANEOUS

SECTION 4.01. Notice.

(a) Manner of Delivery. All notices and other communications under this Agreement shall be in writing. All written notices and communications shall be sent by registered

or certified mail, postage prepaid, return receipt requested, by overnight express courier service, or delivered by hand.

(b) Addresses. All notices and other communications under this Agreement shall be given at the following respective addresses and to the attention of the following Persons:

(i) if to the Company, to it at:

TPI Leasing Management, Inc.
2330 Merrell Road
Dallas, Texas 75229
Attention: Vice President Aircraft Trading
Fax No.: 214/654-9401

(ii) if to the Secured Party, to it at:

United Capital Corporation of Illinois
P.O. Box 6692
Incline Village, NV 89450-6692
Attention: Seth L. Atwood, President
Fax No.: 702/831-6992

or at such other address or to the attention of such other Person as the party to which such information pertains may hereafter specify for the purpose in a notice to the other specifically captioned "Notice of Change of Address".

(c) Effectiveness. Each notice and other communication under this Agreement shall be effective or deemed delivered or furnished (i) if given by mail, three days after the date such notice or communication is deposited in the mail, (ii) if given by overnight express courier service, on the day following the date such notice or communication is deposited with such service, and (iii) if given by hand delivery, when left at the address of the addressee addressed as above provided, except that notices of a change of address and notices to the Secured Party shall not be effective until physically received by an officer of the Secured Party (provided that notices to the Secured Party shall not be effective unless physically received by the Secured Party not later than 10:00 a.m., Nevada time, on any day if such day is to count as a Business Day for the purpose of determining the adequacy of any notice to the Secured Party hereunder).

SECTION 4.02. Rights Cumulative. The rights and remedies of the Secured Party under this Security Agreement shall be cumulative and not exclusive of nor limiting upon any rights or remedies that it otherwise has, and no failure or delay by the Secured Party in exercising any right shall operate as a waiver of it, nor shall any single or partial exercise of any

power or right preclude its other or further exercise or the exercise of any other power or right.

SECTION 4.03. Waivers; Amendments. Any term, covenant, agreement or condition of this Security Agreement may be amended or waived, and any departure therefrom may be consented to, if, but only if, such amendment, waiver or consent is in writing and is signed by the Secured Party and in the case of an amendment, by the Company. Unless otherwise specified in such waiver or consent, a waiver or consent given hereunder shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 4.04. Assignment. All the provisions of this Security Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, except that the Company may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Secured Party, and no such assignment or transfer of any such obligation shall relieve the Company thereof unless the Secured Party shall have consented to such release in a writing specifically referring to the obligation from which the Company is to be released.

SECTION 4.05. Governing Law. This Security Agreement shall be construed in accordance with and governed by the laws of the State of Florida without reference to choice of law principles.

SECTION 4.06. Severability of Provisions. Any provision of this Security Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction. To the extent permitted by Applicable Law, the Company hereby waives any provision of law that renders any provision hereof prohibited or unenforceable in any respect.

SECTION 4.07. Counterparts. This Security Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which when taken together shall constitute one and the same instrument.

SECTION 4.08. No Partnership, etc. The Company and the Secured Party hereby agree that nothing contained in this Security Agreement shall be construed as creating, or be deemed to create, any partnership, association or joint venture between the parties hereto and the Company and the Secured Party hereby expressly disclaim any such relationship.

SECTION 4.09. Entire Agreement. This Security Agreement and the Note embody the entire agreement between the Company and the Secured Party and supersede all prior agreements, representations and understandings, if any, relating to the subject matter hereof.

SECTION 4.10. Captions. Article and section captions in this Agreement are included for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

SECTION 4.11. Secured Party as Attorney. The Company hereby

irrevocably appoints the Secured Party the true and lawful attorney of Company (with full power of substitution), which appointment is coupled with an interest, in the name, place and stead of, and at the expense of, the Company in connection with the enforcement of the right and remedies provided for in Article 3: (a) to give any necessary receipts or acquittances for amounts collected or received thereunder; (b) to make all necessary transfers of all or any part of the Collateral in connection with any sale, lease or other disposition made pursuant hereto; and (c) to execute and deliver for value all necessary or appropriate bills of sale, assignments and other instruments in connection with any sale, lease or other disposition, the Company hereby ratifying and confirming all that its said attorney (or any substitute) shall lawfully do hereunder and pursuant hereto. Nevertheless, if so requested by the Secured Party or a purchaser or lessor, the Company shall ratify and confirm any such sale, lease or other disposition by executing and delivering to the Secured Party or such purchaser or lessor all proper bills of sale, assignments, releases, leases and other instruments as may be designated in any such request.

SECTION 4.12. Further Assurances. The Company shall, at Secured Party's expense, cause this Security Agreement, and any and all additional instruments which shall be executed pursuant to the terms hereof, to be kept, filed and recorded, at all times, in such places in the United States of America and in such places outside the United States of America to which the Aircraft shall be operated as, in the reasonable opinion of the Secured Party, shall be required in order to perfect and preserve the rights of the Secured Party hereunder and furnish to the Secured Party an opinion or opinions of counsel or other evidence satisfactory to the Secured Party of each such filing or recordation, and, without limitation of any of the foregoing, at the request of the Secured Party, promptly correct any defect, error or omission which may at any time hereafter be discovered in the contents of this Security Agreement or in the execution, acknowledgment, or delivery hereof, and will execute, acknowledge and deliver to the Secured Party such further documents and assurances and take such further action as the Secured Party may from time to time reasonably request in order more effectively to carry out the intent and purposes of this Security Agreement and to establish and protect the rights and remedies created or intended to be created in favor of the Secured Party hereunder. Without limiting anything set forth above, the Company shall promptly file and record such financing statements, continuation statements and other instruments or documents with respect to the Lien and security interest created hereby as the Secured Party may reasonably deem necessary or appropriate fully to perfect the Lien and security interest, or fully to protect its interests. hereunder.

SECTION 4.13. Expenses. The Company will pay for all reasonable costs and expenses in connection with the enforcement hereof after Default.

SECTION 4.14. Standard of Care. The Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of any of the Collateral in its possession if it takes such action for that purpose as the Company requests in writing, but failure of the Secured Party to comply with any such request shall not in itself be deemed a failure to exercise reasonable care and, except for its wilful misconduct or gross negligence, no failure of the Secured Party to preserve or protect any rights with respect to any Collateral against prior parties or to do any act with respect to the preservation of any Collateral not so requested by the

Company shall be deemed a failure to exercise reasonable care in the custody or preservation of such Collateral.

SECTION 4.15. Prepayment. Notwithstanding any contrary provision of this Agreement, all the Secured Obligations of this Agreement may be repaid in full at any time without premium or penalty.

SECTION 4.16. Subordination. In the case that the Company is required to obtain from a third party outside financing, the Secured Party shall enter into an intercreditor agreement with such third party whereby Secured Party agrees to subordinate the priority created by this Security Agreement up to the amount of the outside financing.

SECTION 4.17. Waiver of Jury Trial. THE COMPANY AND THE SECURED PARTY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER IT OR ITS SUCCESSORS OR ASSIGNS MAY HAVE TO A TRIAL BY JURY IN ANY JUDICIAL PROCEEDING TO WHICH THEY ARE PARTIES INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT, THE NOTE, ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HEREWITH OR THEREWITH, OR THE RELATIONSHIP ESTABLISHED HEREUNDER AND WHETHER ARISING OR ASSERTED BEFORE OR AFTER THE DATE HEREOF OR BEFORE OR AFTER THE PAYMENT, OBSERVANCE AND PERFORMANCE IN FULL OF THE COMPANY'S OBLIGATIONS UNDER THIS AGREEMENT OR THE NOTE. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE SECURED PARTY TO ENTER INTO THIS AGREEMENT AND THIS PROVISION SHALL BE DEEMED TO BE INCORPORATED BY REFERENCE INTO EACH DOCUMENT, INSTRUMENT OR AGREEMENT DELIVERED OR ENTERED INTO IN CONNECTION HEREWITH.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers all as of the day and year first written

UNITED CAPITAL CORPORATION OF ILLINOIS

By: Seth L. Atwood
Name: Seth L. Atwood
Title: President

By: **TPI LEASING MANAGEMENT, INC.**, a Delaware corporation

Name: _____
Title: _____

[ACKNOWLEDGMENTS ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers all as of the day and year first written

UNITED CAPITAL CORPORATION OF ILLINOIS

By:_____
Name: Seth L. Atwood
Title: President

By: **TPI LEASING MANAGEMENT, INC.**, a Delaware corporation

Name: _____
Title: Chief Financial Officer

[ACKNOWLEDGMENTS ON NEXT PAGE]

STATE OF Nevada)
) ss:
COUNTY OF Washoe)

The foregoing instrument was acknowledged before me this 5th day of Aug, 1998, by SETH ATWOOD, the President of UNITED CAPITAL CORPORATION OF ILLINOIS, a Delaware corporation, on behalf of said Delaware corporation. He is personally known to me or has produced Drivers License as identification.

NOTARY PUBLIC:

Sign: Linda A. Bramlitt
Print: LINDA A. BRAMLITT

(Notarial Seal or Stamp)

LINDA A. BRAMLITT
Notary Public - State of Nevada
Appointment Recorded in Washoe County
No: 93-4531-2 - EXPIRES FEB. 25, 2001

STATE OF TEXAS)
) ss:
COUNTY OF DALLAS)

The foregoing instrument was acknowledged before me this 4 day of Aug, 1998, by Danny Kelly [~~PRINT NAME~~], as Chief Financial Officer of TPI Leasing Management, Inc., a Delaware corporation, on behalf of said corporation. He/She is personally known to me ~~or has produced~~ _____ ~~as identification~~.

NOTARY PUBLIC:

Sign: Rita Lambert

Print: _____

(Notarial Seal or Stamp)

RITA LAMBERT
COMMISSION EXPIRES
DECEMBER 30, 2000

Annex I
Definition Annex

General Provisions

The following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined) for all purposes of the documents, unless otherwise defined or the context thereof shall otherwise require. In the case of any conflict between the provisions of this Definition Annex and the provisions of the main body of any document, the provisions of the main body of such document shall control the construction of such document.

Unless the context otherwise requires, (i) references to agreements shall be deemed to mean and include such agreements as the same may be amended and supplemented from time to time, and (ii) references to parties to agreements shall be deemed to include the successors and permitted assignments of such parties.

"Additional Insured" means (i) the Secured Party; (ii) in the event of a lease of the Airframe and Engines to Air Alaska Commuter Leasing, Inc., the Company; (iii) in the event of a sublease of the Airframe and Engines to Flying Boat, Inc., Air Alaska Commuter Leasing, Inc.; and (iv) in each event, their respective directors, officers, servants and employees.

"Affiliate" shall mean with respect to any Person (i) each Person that, directly or indirectly, owns or controls, whether beneficially, or as a trustee, guardian or other fiduciary, 5% or more of the Stock having ordinary voting power in the election of directors of such Person, (ii) each Person that controls, is controlled by or is under common control with such Person or any Affiliate of such Person or (iii) each of such Person's officers, directors, joint venturers and partners. For the purpose of this definition, "control" of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of voting securities, by contract or otherwise.

"Aircraft" means the Airframe together with the Engines currently installed on the Airframe and described in Schedule 1 of this Security Agreement (or any engine substituted for any of such Engines thereunder, as the case may be), whether or not any of such initial or substituted Engines may from time to time be installed on the Airframe or may be installed on any other airframe or any other aircraft. The term "Aircraft" also means, as of any date of determination, if the context so requires, all Aircraft then subject to the Lien of this Security Agreement.

"Aircraft Records" means all logs, manuals, drawings, data, inspection, modification and overhaul records pertaining to the Aircraft.

"Airframe" means (i) the Aircraft (except Engines or engines, from time to time installed thereon), and (ii) any and all Parts, so long as the same shall be incorporated or installed in or

attached to the Airframe, or, so long as any such Parts shall remain subject to the Lien of this Security Agreement pursuant to Section 2.04 thereof, after removal from such Airframe.

"Applicable Law" means, in any jurisdiction, (i) all applicable common law and principles of equity and (ii) all applicable provisions of all (A) constitutions, statutes, codes, rules, regulations and orders of governmental bodies, (B) Governmental Approvals and (C) orders, decisions, judgments and decrees of all courts and arbitrators.

"Appraised Value" means, with respect to the Aircraft, as of any date of determination the fair market value of the Aircraft as determined by an Independent Appraisal.

"Approved Insurer" shall mean Lloyds underwriters or any reputable insurance company whose identity, together with any other information regarding such entity requested by the Secured Party, shall have been approved by the Secured Party for the purpose of providing or confirming the existence of any insurance required by the Security Agreement.

"Approved Reinsurer" shall mean Lloyds underwriters or any reputable insurance company whose identity, together with any other information regarding such entity requested by the Secured Party, shall have been approved by the Secured Party for the purpose of providing or confirming the existence of any reinsurance required by the Security Agreement.

"Business Day" means for all purposes other than as covered by clause (ii) below, any day other than a Saturday, Sunday or other day on which banks in New York City are authorized to close.

"Casualty Occurrence" shall have the meaning set forth in clauses (i) through (iv) below:

(i) the actual, agreed, constructive, arranged or compromised total loss or destruction of the Aircraft, or damage to the Aircraft rendering repair impracticable or uneconomical, or the Aircraft being rendered permanently unfit for use, or any loss of or damage to the Aircraft which results in an insurance settlement with respect thereto on the basis of a total loss or a constructive total loss;

(ii) the Aircraft shall become lost, stolen or hijacked for a period of 90 days;

(iii) the condemnation, confiscation, requisition or taking of use for a period in excess of (x) 60 days in the case of any government or instrumentality thereof other than the United States government or (y) 180 days in the case of the United States government; and

(iv) as a result of any rule, regulations, or other action by the FAA, the use of the Aircraft in the normal course of international air transportation shall have been prohibited for a period of 90 consecutive days.

A Casualty Occurrence with respect to an Aircraft shall be deemed to have occurred if a Casualty

Occurrence occurs with respect to the Airframe.

"Collateral" has the meaning specified in Section 1.01 of this Security Agreement.

"Default" means any condition or event that constitutes an Event of Default or that with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

"Dollars" and the sign "$" mean lawful money of the United States of America.

"Engine" means (i) each engine specified in Schedule 1 to this Security Agreement as being subject to the Lien of such Security Agreement, and (ii) any and all Parts, so long as the same shall be incorporated or installed in or attached to any Engine, so long as such Engine shall remain subject to the Lien in accordance with Section 2.04 hereof, after removal from such Engine.

"Event of Default" under means any of the events specified in Section 3.01 hereof.

"FAA" means the Federal Aviation Administration of the United States or any successor agency performing the duties thereof.

"Federal Aviation Act" or "FAA Act" means Subtitle VII of Title 49 of the United States Code.

"FAA Maintenance Program" shall have the meaning set forth in Section 2.04(b) hereof.

"Governmental Approval" means an authorization, consent, approval, license or exemption of, registration or filing with, or report or notice to, any governmental unit or any agency or instrumentality thereof.

"Independent Appraisal" means, with respect to the Aircraft, a document executed by an Independent Appraiser setting forth the Appraised Value of the Aircraft being appraised and the date and explanation, which date shall not be more than 30 days prior to the date of such report and which must be based on a physical inspection of the Aircraft (unless the Aircraft has been the subject of a Casualty Occurrence), all in reasonable detail, supporting the Appraised Value.

"Independent Appraiser" means any independent aircraft appraisal expert of recognized standing selected by the Secured Party in consultation with the Company.

"Information" means data, services, reports, statements, opinions of counsel, documents and other information, whether, in the case of any such in writing, the same was prepared by the Company or any other Person.

"Liability", as applied to a Person, means an obligation or liability, whether arising under

contract, Applicable Law or otherwise, in each case to the extent such obligation or liability does not otherwise constitute Debt of such Person.

"Lien", as applied to the property or assets (or the income or profits therefrom) of any Person, means (in each case, whether the same is consensual or non-consensual or arises by contract, operation of law, legal process or otherwise) any mortgage, lien, pledge, attachment, levy, lease, charge, conditional sale, or other security interest or encumbrance of any kind in respect of any property of such Person, or upon the income or profits therefrom.

"Loss Payment Date" means the forty-fifth day following a Casualty Occurrence.

"Materially Adverse Effect" means, (i) with respect to any Person a materially adverse effect on such Person's business, assets, liabilities, financial condition, results of operations or business prospects and (ii) with respect to any contract or any other obligation, a materially adverse effect, as to any party thereto, upon the binding nature, validity or enforceability thereof.

"Minimum Liability Coverage" shall mean a combined single limit of $1,000,000 for any one accident or such other higher amount as the Secured Party may from time to time reasonably require after having taken account of the limits for the time being generally applicable to aircraft of the type owned by first class airlines.

"Note" shall mean the Promissory Note dated August 6, 1998 in the principal amount of $1,100,000 made by the Company and payable to the order of Secured Party.

"Part(s)" means all appliances, spare parts, instruments, appurtenances, accessories, furnishings or other equipment (including, without limitation, communication and radar equipment), except complete Engines or engines which may from time to time be a part of or installed in or attached to the Airframe or an Engine.

"Permitted Lien(s)" means liens permitted by Section 2.07 hereof to which the Company may consent to in writing from time to time.

"Person" means an individual, sole proprietorship, corporation, partnership, joint venture, trust, unincorporated organization, mutual company, joint stock company, estate, union, employee organization, a government or any agency or political subdivision thereof.

"Post Default Rate" means the rate (but not necessarily the best or lowest rate charged borrowing customers) announced by Citibank N.A. from time to time as its prime rate; any change in such interest rate resulting from a change in the Prime Rate shall be effective on the effective date of each change in the Prime Rate announced by Citibank N.A.

"Repayment Date" means the date on which payment in full of the Note has occurred.

"Secured Obligations" has the meaning set forth in Section 1.01 hereof.

"Subsidiary" means, with respect to any Person, any other Person of which (i) securities having ordinary voting power to elect a majority of the board of directors (or other persons having similar functions), or (ii) other ownership interests ordinarily constituting a majority voting interest, are at the time, directly or indirectly, owned or controlled by such first Person, or by one or more of its Subsidiaries, or by such first Person and one or more of its Subsidiaries.

"Tax" or "Taxes" means any and all sales, use, personal property, ad valorem, value added, turnover, stamp, income, gross receipts, or other taxes, fees, withholdings, imposts, levies or other charges of any nature, together with any penalties, fines, or interest thereon, imposed, levied, or assessed by, or otherwise payable to any governmental entity other than income and franchise taxes imposed upon the Secured Party by the jurisdictions (or any political subdivision thereof) in which the Secured Party is located.

"UCC" means the Uniform Commercial Code as in effect in any jurisdiction.

SCHEDULE 1
to Security Agreement

DESCRIPTION OF AIRFRAME AND ENGINES

AIRFRAME

Manufacturer	Model	Registration Mark	Serial No.
Grumman	G-73	N51151	J-42

ENGINES

Manufacturer	Model	Serial No.
Pratt & Whitney	PT6A-34	57462
Pratt & Whitney	PT6A-34	57465

Each of which engines has 750 or more rated takeoff horsepower or the equivalent thereof.

FILED WITH FAA
AIRCRAFT REGISTRATION CR

'98 AUG 6 AM 10 55

OKLAHOMA CITY
OKLAHOMA

53

FORM APPROVED
OMB No. 2120-0042

0 0 0 0 0 0 0 0 8 2 0

UNITED STATES OF AMERICA DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION-MIKE MONRONEY AERONAUTICAL CENTER
AIRCRAFT REGISTRATION APPLICATION

CERT. ISSUE DATE
52-1
AUG 10 1998

UNITED STATES REGISTRATION NUMBER N 51151

AIRCRAFT MANUFACTURER & MODEL
Grumman G-73 F

AIRCRAFT SERIAL No.
J-42

FOR FAA USE ONLY

TYPE OF REGISTRATION (Check one box)

☐ 1. Individual ☐ 2. Partnership ☒ 3. Corporation ☐ 4. Co-owner ☐ 5. Gov't. ☐ 8. Non-Citizen Corporation

NAME OF APPLICANT (Person(s) shown on evidence of ownership. If individual, give last name, first name, and middle initial.)

TPI Leasing Management, Inc.
2330 Merrell Road
Dallas, TX 75229

TELEPHONE NUMBER: (214) 654-9400

ADDRESS (Permanent mailing address for first applicant listed.)

Number and street: 2330 Merrell Road

Rural Route: P.O. Box:

CITY	STATE	ZIP CODE
Dallas	TX	75229

☐ **CHECK HERE IF YOU ARE ONLY REPORTING A CHANGE OF ADDRESS**

ATTENTION! Read the following statement before signing this application. This portion MUST be completed.

A false or dishonest answer to any question in this application may be grounds for punishment by fine and / or imprisonment (U.S. Code, Title 18, Sec. 1001).

CERTIFICATION

I/WE CERTIFY:

(1) That the above aircraft is owned by the undersigned applicant, who is a citizen (including corporations) of the United States.

(For voting trust, give name of trustee: _____), or:

CHECK ONE AS APPROPRIATE:

a. ☐ A resident alien, with alien registration (Form 1-151 or Form 1-551) No. _____

b. ☐ A non-citizen corporation organized and doing business under the laws of (state) _____ and said aircraft is based and primarily used in the United States. Records or flight hours are available for inspection at _____

(2) That the aircraft is not registered under the laws of any foreign country; and

(3) That legal evidence of ownership is attached or has been filed with the Federal Aviation Administration.

NOTE: If executed for co-ownership all applicants must sign. Use reverse side if necessary.

TYPE OR PRINT NAME BELOW SIGNATURE

EACH PART OF THIS APPLICATION MUST BE SIGNED IN INK.

SIGNATURE	TITLE	DATE
[signature]	Chief Financial Officer	8/6/98
SIGNATURE DANNY KELLY	TITLE	DATE
SIGNATURE (FILING COPY)	TITLE	DATE

NOTE Pending receipt of the Certificate of Aircraft Registration, the aircraft may be operated for a period not in excess of 90 days, during which time the PINK copy of this application must be carried in the aircraft.

AC Form 8050-1 (12/90) (0052-00-628-9007) Supersedes Previous Edition

FILED
AIRCRAFT REGISTRATION BR

'98 AUG 6 AM 10 55

OKLAHOMA CITY
OKLAHOMA

52

FORM APPROVED
OMB NO. 2120-0042

UNITED STATES OF AMERICA
U.S. DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION

AIRCRAFT BILL OF SALE

0 0 1 0 8 1 4

51=1

FOR AND IN CONSIDERATION OF $1.00 OVC THE UNDERSIGNED OWNER(S) OF THE FULL LEGAL AND BENEFICIAL TITLE OF THE AIRCRAFT DESCRIBED AS FOLLOWS:

F 69548

UNITED STATES REGISTRATION NUMBER N 51151

AIRCRAFT MANUFACTURER & MODEL
Grumman G-73

AIRCRAFT SERIAL No.
J-42

DOES THIS 6th DAY OF AUGUST, 1998, HEREBY SELL, GRANT, TRANSFER AND DELIVER ALL RIGHTS, TITLE, AND INTERESTS IN AND TO SUCH AIRCRAFT UNTO:

ONLY RECORDED

AUG 10 7 52 AM '98

Do Not Write In This Block
FOR FAA USE ONLY

FEDERAL AVIATION ADMINISTRATION

PURCHASER

NAME AND ADDRESS
(IF INDIVIDUAL(S), GIVE LAST NAME, FIRST NAME, AND MIDDLE INITIAL)

TPI Leasing Management, Inc.
2330 Merrell Road
Dallas, TX 75229

DEALER CERTIFICATE NUMBER

AND TO its ~~SUCCESSORS~~ ~~EXECUTORS, ADMINISTRATORS~~ AND ASSIGNS TO HAVE AND TO HOLD SINGULARLY THE SAID AIRCRAFT FOREVER, AND WARRANTS THE TITLE THEREOF.

IN TESTIMONY WHEREOF I HAVE SET my HAND ~~AND SEAL~~ THIS 6th DAY OF AUG, 1998.

SELLER

NAME (S) OF SELLER (TYPED OR PRINTED)	SIGNATURE (S) (IN INK) (IF EXECUTED FOR CO-OWNERSHIP, ALL MUST SIGN.)	TITLE (TYPED OR PRINTED)
World Pacific Air Lease, Inc.		CEO

ACKNOWLEDGMENT (NOT REQUIRED FOR PURPOSES OF FAA RECORDING; HOWEVER, MAY BE REQUIRED BY LOCAL LAW FOR VALIDITY OF THE INSTRUMENT.)

Out Copies Attd

(FILING COPY)

982181106372
$5.00 8-4-98

ORIGINAL: TO FAA

AC Form 8050-2 (9/92) (NSN 0052-00-629-0003) Supersedes Previous Edition

FILED WITH FAA
AIRCRAFT REGISTRATION BR

'98 AUG 6 AM 10 55

OKLAHOMA CITY
OKLAHOMA

15

FORM APPROVED
OMB NO. 2120-0042

UNITED STATES OF AMERICA
U.S. DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION

AIRCRAFT BILL OF SALE

0 0 0 8 1 6

50-1

F695

F69547

FOR AND IN CONSIDERATION OF $1.00 OVC THE UNDERSIGNED OWNER(S) OF THE FULL LEGAL AND BENEFICIAL TITLE OF THE AIRCRAFT DESCRIBED AS FOLLOWS:

UNITED STATES REGISTRATION NUMBER N 51151

AIRCRAFT MANUFACTURER & MODEL
Grumman Model G-73

AIRCRAFT SERIAL No.
J-42

DOES THIS 6th DAY OF AUGUST, 1998 HEREBY SELL, GRANT, TRANSFER AND DELIVER ALL RIGHTS, TITLE, AND INTERESTS IN AND TO SUCH AIRCRAFT UNTO:

CONVEYANCE RECORDED
AUG 10 1998
FEDERAL AVIATION ADMINISTRATION

Do Not Write In This Block
FOR FAA USE ONLY

57 AR

PURCHASER

NAME AND ADDRESS
(IF INDIVIDUAL(S), GIVE LAST NAME, FIRST NAME, AND MIDDLE INITIAL.)

World Pacific Air Lease, Inc.
~~805 N Excelsior 820 S Suite 414~~ 1231 Greenway Drive
~~Dallas, Texas Northwest Expressway~~ Suite 950
~~Houston TX 77053~~ Irving, TX 75038

DEALER CERTIFICATE NUMBER

AND TO ITS SUCCESSORS ~~EXECUTORS, ADMINISTRATORS,~~ AND ASSIGNS TO HAVE AND TO HOLD SINGULARLY THE SAID AIRCRAFT FOREVER, AND WARRANTS THE TITLE THEREOF.

IN TESTIMONY WHEREOF I HAVE SET my HAND ~~AND SEAL~~ THIS 6th DAY OF AUG., 1998.

SELLER

NAME (S) OF SELLER (TYPED OR PRINTED)	SIGNATURE (S) (IN INK) (IF EXECUTED FOR CO-OWNERSHIP ALL MUST SIGN.)	TITLE (TYPED OR PRINTED)
Air Alaska Commuter Holdings, Inc.		CHAIRPERSON

ACKNOWLEDGMENT (NOT REQUIRED FOR PURPOSES OF FAA RECORDING: HOWEVER, MAY BE REQUIRED BY LOCAL LAW FOR VALIDITY OF THE INSTRUMENT.)

(FILING COPY)

ORIGINAL: TO FAA

AC Form 8050-2 (9/92) (NSN 0052-00-629-0003) Supersedes Previous Edition

FILED WITH FAA
AIRCRAFT REGISTRATION BR

'98 AUG 6 AM 10 54

OKLAHOMA CITY
OKLAHOMA

50

FORM APPROVED
OMB NO. 2120-0042

UNITED STATES OF AMERICA
U.S. DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION

AIRCRAFT BILL OF SALE

8000 918

49-1

FOR AND IN CONSIDERATION OF $ 1.00 OVC THE UNDERSIGNED OWNER(S) OF THE FULL LEGAL AND BENEFICIAL TITLE OF THE AIRCRAFT DESCRIBED AS FOLLOWS:

UNITED STATES REGISTRATION NUMBER N 51151 F 69546

AIRCRAFT MANUFACTURER & MODEL
Grumman Model G-73

AIRCRAFT SERIAL No.
J-42

DOES THIS 6TH DAY OF AUGUST, 1998, HEREBY SELL, GRANT, TRANSFER AND DELIVER ALL RIGHTS, TITLE, AND INTERESTS IN AND TO SUCH AIRCRAFT UNTO:

ONVEYANCE RECORDED

AUG 10 7 57 AM '98

Do Not Write In This Block
FOR FAA USE ONLY

FEDERAL AVIATION ADMINISTRATION

PURCHASER

NAME AND ADDRESS
(IF INDIVIDUAL(S), GIVE LAST NAME, FIRST NAME, AND MIDDLE INITIAL)

Air Alaska Commuter Holdings, Inc.
305 N.E. Loop 820, Suite 414
Dallas/Ft. Worth Airport Freeway
Hurst, TX 76053

DEALER CERTIFICATE NUMBER

AND TO ITS SUCCESSORS ~~EXECUTORS, ADMINISTRATORS~~, AND ASSIGNS TO HAVE AND TO HOLD SINGULARLY THE SAID AIRCRAFT FOREVER, AND WARRANTS THE TITLE THEREOF.

IN TESTIMONY WHEREOF I HAVE SET my HAND ~~AND SEAL~~ THIS 6TH DAY OF AUG., 19 98,

SELLER

NAME (S) OF SELLER (TYPED OR PRINTED)	SIGNATURE (S) (IN INK) (IF EXECUTED FOR CO-OWNERSHIP, ALL MUST SIGN.)	TITLE (TYPED OR PRINTED)
Flying Boat, Inc.		President

ACKNOWLEDGMENT (NOT REQUIRED FOR PURPOSES OF FAA RECORDING: HOWEVER, MAY BE REQUIRED BY LOCAL LAW FOR VALIDITY OF THE INSTRUMENT.)

Cut copy and Fax

ORIGINAL: TO FAA

(FILING COPY)

AC Form 8050-2 (9/92) (NSN 0052-00-629-0003) Supersedes Previous Edition

FILED WITH FAA
AIRCRAFT REGISTRATION BR

'98 AUG 6 AM 10 53

OKLAHOMA CITY
OKLAHOMA

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(FILING COPY)

48-3

CONVEYANCE RECORDED

AUG 10 7 31 AM 98

FEDERAL AVIATION ADMINISTRATION

FAA PARTIAL RELEASE

The undersigned, UNITED CAPITAL CORP. OF ILLINOIS, as secured party (the "Secured Party") under that certain Aircraft Mortgage and Security Agreement more particularly described in Annex 1 attached hereto (the "Agreement"), hereby releases the Airframe and Engines described in Annex 1 attached hereto (collectively, the "Released Collateral") from all of the terms and conditions of the Agreement.

As to all other Collateral except the Released Collateral, the Agreement shall remain in full force and effect.

Dated this August 6, 1998.

UNITED CAPITAL CORP. OF ILLINOIS

Seth L. Atwood

By: Seth L. Atwood
Title: President

SEE RECORDED CONVEYANCE NUMBER IF005277 et al REEL R2 PAGE 45

MIDIA/67019.1

FILED WITH F.A.A.
AIRCRAFT REGISTRATION CENTER

'98 AUG 6 AM 10 52

OKLAHOMA CITY
OKLAHOMA

C-84

Annex 1
to FAA Partial Release

Description of the Agreement

Aircraft Mortgage and Security Agreement dated as of January 11, 1996 between Flying Boat, Inc., as mortgagor, and United Capital Corp. of Illinois, as mortgagee, which was recorded by the Federal Aviation Administration on April 16, 1996 and assigned Conveyance Number II005277, as supplemented by the following described instrument:

Instrument	Date of Instrument	FAA Recording Date	FAA Conveyance
Amendment No. 1 To Aircraft Mortgage and Security Agreement.	as of January 30, 1998	April 2, 1998	YY021822

Description of the Released Collateral

AIRFRAME

Manufacturer	Model	Registration Mark	Serial No.
Grumman	G-73	N51151	J-42

ENGINES

Manufacturer	Model	Serial No.
Pratt & Whitney	PT6A-34	57462
Pratt & Whitney	PT6A-34	57465
Pratt & Whitney	PT6A-34	56884
Pratt & Whitney	PT6A-34	57070
Pratt & Whitney	PT6A-34	PC-E-56091

FILED WITH F A A
AIRCRAFT REGISTRATION CENTER

'98 AUG 6 AM 10 52

OKLAHOMA CITY
OKLAHOMA

84

47-1

U.S. DEPARTMENT OF TRANSPORTATION

FEDERAL AVIATION ADMINISTRATION

CROSS-REFERENCE--RECORDATION

SEE CONVEYANCE NO .....

FILING DATE: .....

This form is to be used in cases where a conveyance covers several aircraft and engines, propellers, or locations. File original of this form with the recorded conveyance and a copy in each aircraft folder involved.

TYPE OF CONVEYANCE	DATE EXECUTED
(II005277, R2 , P 45-1) Amendment #1 to Security Agreement	January 30, 1998
FROM Flying Boat, Inc.	DOCUMENT NO. YY021822
TO OR ASSIGNED TO United Capital Corp of Illinois	DATE RECORDED April 2, 1998

THE FOLLOWING COLLATERAL IS COVERED BY THE CONVEYANCE:

AIRCRAFT (List by registration number) — TOTAL NUMBER INVOLVED 6

N130FB
N2969
N51151
N1208
N2974
N628SS

ENGINES

Pratt & Whitney	PT64-34	s/n - 57465	Pratt & Whitney	PT64-34	57002
Pratt & Whitney	PT6A-34	56991	Pratt & Whitney	PT64-34	PCE-56091
Pratt & Whitney	PT6A-34	56884	Pratt & Whitney	PT64-34	PCE-56092
Pratt & Whitney	PT6A-34	57070			
Pratt & Whitney	PT6A-34	57462			

ENGINES — TOTAL NUMBER INVOLVED 8

MAKE(S) — SERIAL NO.

PROPELLERS — TOTAL NUMBER INVOLVED 0

MAKE(S) — SERIAL NO.

SPARE PARTS --LOCATIONS — TOTAL NUMBER INVOLVED 0

LOCATION

RECORDED CONVEYANCE FILED IN: N628SS, Grumman G-73, serial J-28

(R4 P43-81 II005277)

AC FORM 8050-23 (1-96) (0052-00-582-6000)

DEPARTMENT OF TRANSPORTATION–FEDERAL AVIATION ADMINISTRATION

46-1

TRIENNIAL AIRCRAFT REGISTRATION REPORT

REV HK APR 18 1997

AIRCRAFT REGISTRATION NUMBER	SERIAL NUMBER	FAA CODE	ISSUANCE DATE
N 51151	J42	3951802	FEBRUARY 19, 1997

MAKE	MODEL
GRUMMAN	G-73

NAME AND ADDRESS OF CERTIFICATE HOLDER

FLYING BOAT INC
750 SW 34TH ST
FL LAUDERDALE FL 33315

GUIDELINES FOR REPORT COMPLETION:
Complete ONLY if information is incorrect.

Signature requirements:
–Individual owner must sign.
–Partnership, a general partner must sign.
–Corporation, a corporate officer or managing official must sign–
–Co–owner, each co–owner must sign, continuing as necessary on an attached sheet–
–Government, any authorized person may sign.

CANCELLATION OF REGISTRATION REQUESTED:
(check applicable block, sign, and date)

☐ 1. Aircraft sold to: (Purchaser's name and address)

_____

_____

_____

☐ 2. Aircraft destroyed/scrapped

☐ 3. Aircraft exported to _____

☐ 4. Other, specify _____

I (we) request cancellation of registration for the above reason.

SIGNATURE	TITLE	DATE
	MANAGERIAL POSITION	

ADDRESS CHANGE REQUESTED

STREET 704 SW 34th St.
CITY Ft. Lauderdale
STATE Florida ZIP 33315 COUNTRY USA

SIGNATURE	TITLE	DATE
	MANAGERIAL POSITION	2-24-97

AC Form 8050-73 (4–95) Supersedes previous edition

Pan Am Airbridge
7045W 34th St.
Ft. Lauderdale, FL
33315

FT LAUDERDALE FL 333
M
25 FEB
1997

46

DCR #2 FT LAUDERDALE FL 333 02-25-97 20:15

TO: Civil Aviation Registry AFS-750
Mike Monroney Aeronautical Center
P.O. Box 25504
Oklahoma City, Oklahoma 73125-0504

CONVEYANCE
FILED WITH FAA
AIRCRAFT REGIST.
MAR 3 10 27 AM 1997
OKLAHOMA CITY
OKLAHOMA

73125>0504

45-1

U.S. DEPARTMENT OF TRANSPORTATION

FEDERAL AVIATION ADMINISTRATION

CROSS-REFERENCE--RECORDATION

SEE CONVEYANCE N .....

FILING DATE .....

This form is to be used in cases where a conveyance covers several aircraft and engines, propellers, or locations. File original of this form with the recorded conveyance and a copy in each aircraft folder involved.

TYPE OF CONVEYANCE	DATE EXECUTED
AIRCRAFT MORTGAGE AND SECURITY AGREEMENT	January 11, 1996
FROM	**DOCUMENT NO.**
FLYING BOAT, INC.	II005277
TO OR ASSIGNED TO	**DATE RECORDED**
UNITED CAPITAL CORPORATION OF ILLINOIS	April 16, 1996

THE FOLLOWING COLLATERAL IS COVERED BY THE CONVEYANCE:

AIRCRAFT (List by registration number) — TOTAL NUMBER INVOLVED 6

N628SS
N51151
N1208
N2969
N130FB
N2974

ENGINE	SERIAL NUMBER
PRATT & WHITNEY PT64-34	57465
PRATT & WHITNEY PT6A-34	56991
PRATT & WHITNEY PT6A-34	56884
PRATT & WHITNEY PT6A-34	57070
PRATT & WHITNEY PT6A-34	57462
PRATT & WHITNEY PT64-34	57002
PRATT & WHITNEY PT64-34	PC-E-56091
PRATT & WHITNEY PT64-34	PC-E-56092

ENGINES	TOTAL NUMBER INVOLVED 8
MAKE(S) SEE ABOVE	SERIAL NO.
PROPELLERS	**TOTAL NUMBER INVOLVED**
MAKE(S)	SERIAL NO.
SPAR PARTS --LOCATIONS	**TOTAL NUMBER INVOLVED**
LOCATION	

RECORDED CONVEYANCE FILED IN: N628SS, GRUMMAN G-73, SERIAL NUMBER J-28

FAA AIRCRAFT REGISTRY
CAMERA NO. 2N DATE: 3-14-94

DEPARTMENT OF TRANSPORTATION–FEDERAL AVIATION ADMINISTRATION

TRIENNIAL AIRCRAFT REGISTRATION REPORT

FEB 11 1994

AIRCRAFT REGISTRATION NUMBER	SERIAL NUMBER	FAA CODE	ISSUANCE DATE
N 51151	J42	3951802	JANUARY 19, 1994
MAKE: GRUMMAN		MODEL: G-73 44-1	

NAME AND ADDRESS OF CERTIFICATE HOLDER

FLYING BOAT INC
~~1100 LEE WAGNER BLVD SUITE 310~~
FL LAUDERDALE, FL 33315

750 SW 34th ST.

GUIDELINES FOR REPORT COMPLETION:
Complete ONLY if information is incorrect.

Signature requirements:
–Individual owner must sign.
–Partnership, a general partner must sign.
–Corporation, a corporate officer or managing official must sign–
–Co-owner, each co-owner must sign, continuing as necessary on an attached sheet–
–Government, any authorized person may sign.

CANCELLATION OF REGISTRATION REQUESTED:
(check applicable block, sign, and date)

☐ 1. Aircraft sold to: (Purchaser's name and address)

☐ 2. Aircraft destroyed/scrapped

☐ 3. Aircraft exported to

☐ 4. Other, specify

I (we) request cancellation of registration for the above reason.

SIGNATURE	TITLE	DATE
	MANAGERIAL POSITION	

ADDRESS CHANGE REQUESTED

750 SW 34th STREET
STREET
FT. LAUDERDALE
CITY
FLORIDA
STATE | ZIP 33315 | COUNTRY USA

SIGNATURE	TITLE	DATE
	MANAGERIAL POSITION	1/21/94

AC Form 8050-73 (2-82) Supersedes previous edition

FAA AIRCRAFT REGISTRY
CAMERA NO. 2N DATE: 3-14-94

POSTAGE AND FEES PAID
FEDERAL AVIATION ADMINISTRATION
DOT-515

U.S.MAIL

FIRST CLASS MAIL

44

TO: FAA Aircraft Registry, AAC 250
Mike Monroney Aeronautical Center
P.O. Box 25504
Oklahoma City, Oklahoma 73125

OKLAHOMA CITY
OKLAHOMA
'94 JUN 28 PM 12:21
AIRCRAFT REGISTRY
FILED WITH FAA
CONVEYANCE

FAA AIRCRAFT REGISTRY
CAMERA NO. 3 N DATE: 1-8-91

FORM APPROVED
OMB No. 2120-0042

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UNITED STATES OF AMERICA DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION-MIKE MONRONEY AERONAUTICAL CENTER
AIRCRAFT REGISTRATION APPLICATION

CERT. ISSUE DATE

43-1

UNITED STATES REGISTRATION NUMBER: N-51151

AIRCRAFT MANUFACTURER & MODEL: Grumman Mallard G-73

AIRCRAFT SERIAL No.: J-42

F 01 02 91
FOR FAA USE ONLY

TYPE OF REGISTRATION (Check one box)

☐ 1. Individual ☐ 2. Partnership ☒ 3. Corporation ☐ 4. Co-owner ☐ 5. Gov't. ☐ 8. Non-Citizen Corporation

NAME OF APPLICANT (Person(s) shown on evidence of ownership. If individual, give last name, first name, and middle initial.)

Flying Boat, Inc.

TELEPHONE NUMBER: (305) 359-0414

ADDRESS (Permanent mailing address for first applicant listed.)

Number and street: 1100 Lee Wagner Boulevard, Suite 310

Rural Route: P.O. Box:

CITY	STATE	ZIP CODE
Ft. Lauderdale	Florida	33315

☐ **CHECK HERE IF YOU ARE ONLY REPORTING A CHANGE OF ADDRESS**

ATTENTION! Read the following statement before signing this application. This portion MUST be completed.

A false or dishonest answer to any question in this application may be grounds for punishment by fine and / or imprisonment (U.S. Code, Title 18, Sec. 1001).

CERTIFICATION

WE CERTIFY:

(1) That the above aircraft is owned by the undersigned applicant, who is a citizen (including corporations) of the United States.

(For voting trust, give name of trustee: _____), or:

CHECK ONE AS APPROPRIATE:

a. ☐ A resident alien, with alien registration (Form 1-151 or Form 1-551) No. _____

b. ☐ A non-citizen corporation organized and doing business under the laws of (state) _____ and said aircraft is based and primarily used in the United States. Records or flight hours are available for inspection at _____

(2) That the aircraft is not registered under the laws of any foreign country; and

(3) That legal evidence of ownership is attached or has been filed with the Federal Aviation Administration.

NOTE: If executed for co-ownership all applicants must sign. Use reverse side if necessary.

TYPE OR PRINT NAME BELOW SIGNATURE

EACH PART OF THIS APPLICATION MUST BE SIGNED IN INK.

SIGNATURE	TITLE	DATE
Seth L. Atwood SETH L. ATWOOD	PRESIDENT	12-24-90
SIGNATURE	TITLE	DATE
SIGNATURE	TITLE	DATE

NOTE Pending receipt of the Certificate of Aircraft Registration, the aircraft may be operated for a period not in excess of 90 days, during which time the PINK copy of this application must be carried in the aircraft.

AC Form 8050-1 (3/90) (0052-00-628-9006) Supersedes Previous Edition

temp cert issued Exp 2-2-91 0788 5.00 12/24/90

FAA AIRCRAFT REGISTRY
CAMERA NO. 3 N DATE: 1-8-91

43

COMPLIANCE
FILED WITH FAA
AIRCRAFT REGISTRY
Dec 24 10 06 AM '90
OKLAHOMA CITY
OKLAHOMA

FAA AIRCRAFT REGISTRY
CAMERA NO. 3 N DATE: 1-8-91

UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION — FEDERAL AVIATION ADMINISTRATION

FORM APPROVED
OMB NO. 2120-0042

AIRCRAFT BILL OF SALE

D O O O O O O O O 4 6 9

F 5 4 6 1 3

42-1

FOR AND IN CONSIDERATION OF $ 1&OVC THE UNDERSIGNED OWNER(S) OF THE FULL LEGAL AND BENEFICIAL TITLE OF THE AIRCRAFT DESCRIBED AS FOLLOWS:

CONVEYANCE RECORDED

UNITED STATES REGISTRATION NUMBER N-51151

AIRCRAFT MANUFACTURER & MODEL Grumman Mallard G-73

AIRCRAFT SERIAL No. J-42

JAN 2 8 55 AM 91

FEDERAL AVIATION ADMINISTRATION

DOES THIS 24th DAY OF Dec., 1990, HEREBY SELL, GRANT, TRANSFER AND DELIVER ALL RIGHTS, TITLE, AND INTERESTS IN AND TO SUCH AIRCRAFT UNTO:

Do Not Write In This Block
FOR FAA USE ONLY

PURCHASER

NAME AND ADDRESS
(IF INDIVIDUAL(S), GIVE LAST NAME, FIRST NAME, AND MIDDLE INITIAL.)

Flying Boat, Inc.
1100 Lee Wagner Boulevard
Suite 310
Ft. Lauderdale, Florida 33315

DEALER CERTIFICATE NUMBER successors

AND TO its ~~XXXX

FAA AIRCRAFT REGISTRY
CAMERA NO. 3 N DATE: 1-8-91

42

CONVEYANCE
FILED WITH FAA
AIRCRAFT REGISTRY
DEC 24 10 06 AM '90
OKLAHOMA CITY
OKLAHOMA

FAA AIRCRAFT REGISTRY
CAMERA NO. 3 DATE: 5-12-86

FORM APPROVED OMB NO. 04-R0076

0 0 0 0 0 0 0 0 7 6 1

41-1

UNITED STATES OF AMERICA DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION-MIKE MONRONEY AERONAUTICAL CENTER
AIRCRAFT REGISTRATION APPLICATION

CERT. ISSUE DATE

UNITED STATES REGISTRATION NUMBER N 51151

add chg

AIRCRAFT MANUFACTURER & MODEL Grumman, Mallard G-73 (T)

D 030486

AIRCRAFT SERIAL No. J-42

FOR FAA USE ONLY

TYPE OF REGISTRATION (Check one box)

☐ 1. Individual ☐ 2. Partnership ☒ 3. Corporation ☐ 4. Co-Owner ☐ 5. Gov't.

NAME OF APPLICANT (Person(s) shown on evidence of ownership. If individual, give last name, first name, and middle initial.)

Chalk's International Airline, Inc.

ADDRESS (Permanent mailing address for first applicant listed.)

Number and street: 1550 S.W. 43 Street

Rural Route: P.O. Box:

CITY	STATE	ZIP CODE
Fort. Lauderdale	Florida	33315

☐ CHECK HERE IF YOU ARE ONLY REPORTING A CHANGE OF ADDRESS

ATTENTION! Read the following statement before signing this application.

A false or dishonest answer to any question in this application may be grounds for punishment by fine and/or imprisonment (U.S. Code, Title 18, Sec. 1001).

CERTIFICATION

I/WE CERTIFY:

(1) That the above aircraft is owned by the undersigned applicant, who is:
Check one as appropriate

a. ☒ A citizen of the United States;

b. ☐ A resident alien, with alien registration (Form 1-151 or Form 1-551) No. _____

c. ☐ A foreign-owned corporation organized and doing business under the laws of (state or possession) _____, and said aircraft is based and primarily used in the United States. Records of flight hours are available for inspection at _____

(2) That the aircraft is not registered under the laws of any foreign country; and
(3) That legal evidence of ownership is attached or has been filed with the Federal Aviation Administration.

NOTE: If executed for co-ownership all applicants must sign. Use reverse side if necessary.

EACH PART OF THIS APPLICATION MUST BE SIGNED IN INK.

SIGNATURE	TITLE	DATE
Thomas F. O'Donnell	Treasurer	7/4/86
SIGNATURE	TITLE	DATE
SIGNATURE	TITLE	DATE

NOTE: Pending receipt of the Certificate of Aircraft Registration, the aircraft may be operated for a period not in excess of 90 days, during which time the PINK copy of this application must be carried in the aircraft.

AC FORM 8050-1 (11-79) (0052-00-628-9005) SUPERSEDES PREVIOUS EDITION

FAA AIRCRAFT REGISTRY
CAMERA NO. 3 DATE: 5-12-86

41

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

FORM APPROVED OMB NO. 04-R0076

40-1

UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION - FEDERAL AVIATION ADMINISTRATION

AIRCRAFT REGISTRATION APPLICATION

CERT. ISSUE DATE

UNITED STATES REGISTRATION NUMBER N -51151

AIRCRAFT MANUFACTURER & MODEL Grumman Mallard G-73

AIRCRAFT SERIAL No. J-42 1068

W071479
FOR FAA USE ONLY

TYPE OF REGISTRATION (Check one box)

☐ 1. Individual ☐ 2. Partnership ☒ 3. Corporation ☐ 4. Co-Owner ☐ 5. Gov't.

NAME OF APPLICANT (Person(s) shown on evidence of ownership. If individual, give last name, first name, and middle initial.)

CHALK'S INTERNATIONAL AIRLINE, INC.
837 City National Bank
Miami, Florida 33130

ADDRESS (Permanent mailing address for first applicant listed.)

Number and street: Same as above

Rural Route: P. O. Box:

CITY	STATE	ZIP CODE
Miami	Florida	33130

☐ CHECK HERE IF YOU ARE ONLY REPORTING A CHANGE OF ADDRESS

ATTENTION! Read the following statement before signing this application.

A false or dishonest answer to any question in this application may be grounds for punishment by fine and/or imprisonment (U.S. Code, Title 18, Sec. 1001).

CERTIFICATION

I/WE CERTIFY that the above described aircraft (1) is owned by the undersigned applicant(s), who is/are citizen(s) of the United States as defined in Sec. 101(13) of the Federal Aviation Act of 1958; (2) is not registered under the laws of any foreign country; and (3) legal evidence of ownership is attached or has been filed with the Federal Aviation Administration.

NOTE: If executed for co-ownership all applicants must sign. Use reverse side if necessary.

EACH PART OF THIS APPLICATION MUST BE SIGNED IF NEC.

SIGNATURE	TITLE	DATE
Richard H. Adams	Vice-President	6/21/79
SIGNATURE	TITLE	DATE
SIGNATURE	TITLE	DATE

NOTE: Pending receipt of the Certificate of Aircraft Registration, the aircraft may be operated for a period not in excess of 90 days, during which time the PINK copy of this application must be carried in the aircraft.

AC FORM 8050-1 (8-76) (0052-00-628-9004)

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

40

SUBMITTED BY L.A.T.S.

CONVEYANCE
FILED WITH FAA
AIRCRAFT REGISTRY

JUL 3 12 39 PM '79

OKLAHOMA CITY
OKLAHOMA

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

FORM APPROVED:
OMB NO. 04-R0076

39-1

UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION - FEDERAL AVIATION ADMINISTRATION

AIRCRAFT BILL OF SALE

FOR AND IN CONSIDERATION OF $ 3151 THE UNDERSIGNED OWNER(S) OF THE FULL LEGAL AND BENEFICIAL TITLE OF THE AIRCRAFT DESCRIBED AS FOLLOWS:

UNITED STATES REGISTRATION NUMBER N 0 0 0 0 0 1 6 8 3

AIRCRAFT MANUFACTURER & MODEL Grumman Mallard; G-73

AIRCRAFT SERIAL No. J-42

W 4 5 4 6 1

DOES THIS 14th DAY OF June 19 79

HEREBY SELL, GRANT, TRANSFER AND DELIVER ALL RIGHTS, TITLE, AND INTERESTS IN AND TO SUCH AIRCRAFT UNTO:

CONVEYANCE RECORDED

Do Not Write In This Block
FOR FAA USE ONLY

PURCHASER

NAME AND ADDRESS
(IF INDIVIDUAL(S), GIVE LAST NAME, FIRST NAME, AND MIDDLE INITIAL.)

CHALK'S INTERNATIONAL AIRLINE, INC.
837 City National Bank Building
Miami, Florida 33130

JUL 11 11 54 AM '79
FEDERAL AVIATION ADMINISTRATION

DEALER CERTIFICATE NUMBER

AND TO EXECUTORS, ADMINISTRATORS, AND ASSIGNS TO HAVE AND TO HOLD SINGULARLY THE SAID AIRCRAFT FOREVER, AND WARRANTS THE TITLE THEREOF.

IN TESTIMONY WHEREOF HAVE SET HAND AND SEAL THIS DAY OF 19

SELLER

NAME (S) OF SELLER (TYPED OR PRINTED)	SIGNATURE (S) (IN INK) (IF EXECUTED FOR CO-OWNERSHIP, ALL MUST SIGN.)	TITLE (TYPED OR PRINTED)
Dixon-Hill Aircraft Leasing Company		PARTNER

JUL 5 10 82 FAA OKLAHOMA CITY

ACKNOWLEDGMENT (NOT REQUIRED FOR PURPOSES OF FAA RECORDING; HOWEVER, MAY BE REQUIRED BY LOCAL LAW FOR VALIDITY OF THE INSTRUMENT.)

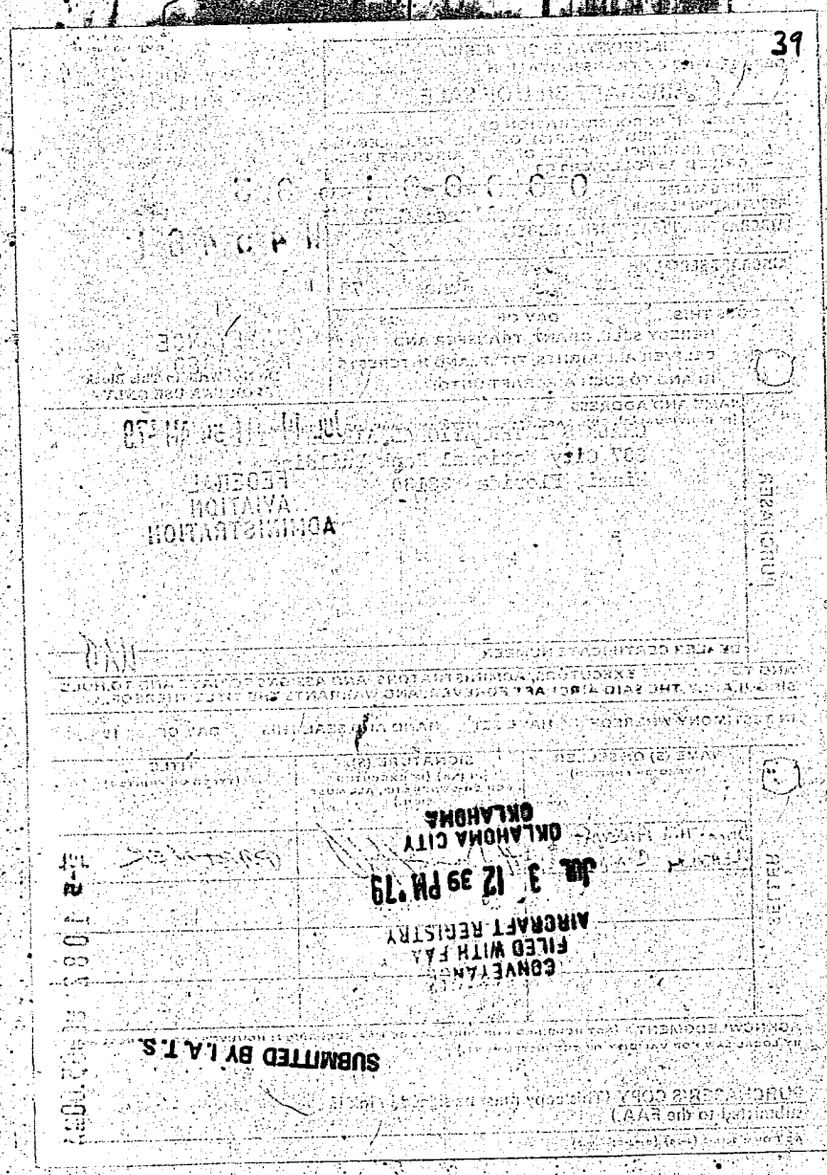
SUBMITTED BY

PURCHASER'S COPY (This copy must be signed in ink if submitted to the FAA.)

AC FORM 8050-2 (8-76) (0052-629-0002)

0005.00

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85



FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

38-1

X070913

SECURITY PACIFIC NATIONAL BANK

CONVEYANCE RECORDED
Jul 9 3 08 PM '79
FEDERAL AVIATION ADMINISTRATION

RELEASE

The undersigned is the true and lawful holder of the note or other evidence of indebtedness secured by a conveyance on the following described collateral:

AIRCRAFT MAKE AND MODEL	
Grumman G-73	
FAA REGISTRATION NUMBER	AIRCRAFT SERIAL NUMBER
N51151	J-42

The conveyance dated January 25, 1979, was executed by

Dixon/Hill Aircraft Leasing Company

to Security Pacific National Bank and assigned to N/a

This conveyance was recorded by the Federal Aviation Administration on 2-2-79

and was assigned conveyance number F10561. I hereby certify and acknowledge that the above described collateral was released from the terms of the conveyance on June 14, 1979.

SECURITY PACIFIC NATIONAL BANK

By L. Ordway

L. Ordway

Title Consumer Credit Officer

OKLAHOMA

JUN 15 1 58 PM '79

AIRCRAFT REGISTRATION

081930 2-79* 25 PS Aircraft Release Of Lien

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

X07093
CONVEYANCE
RECORDED
JUN 3 3 08 PM '79
FEDERAL AVIATION
ADMINISTRATION

CONVEYANCE
FILED WITH FAA
AIRCRAFT REGISTRY
JUN 22 1 29 PM '79
OKLAHOMA CITY
OKLAHOMA

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

AIRCRAFT SECURITY AGREEMENT AND PROMISSORY NOTE

37-1

0 0 0 0 0 0 1 2 6 1

SECURITY PACIFIC NATIONAL BANK

January 25, 19 79

P.O.Box 2638
Van Nuys, CA. 91404

1. For value received, the undersigned Dixon/Hill Aircraft Leasing Company, Borrower, whose address is 19300 Ike Jones Rd., Santa Ana, CA. 92707 promises to pay to the order of Security Pacific National Bank, a National Banking Association, Bank, at its above office, the sum of Two Hundred Twenty-Five Thousand Fifty and NO/100**** ********** Dollars ($ 225,050.00*****), herein called the "Indebtedness" (Item c below), together with interest on unpaid principal at the rate of 14.50 percent per annum in consecutive monthly instalments of principal and interest in the amount of Four Thousand Two Hundred Seventy-Nine and 87/100********** Dollars ($ 4,279.87*** each, the first of which shall be due and payable on February 25, 19 79, the succeeding instalments to be payable on the same day of each succeeding month thereafter, and the final payment of the remaining principal and interest thereon due and payable on January 25, 19 86. Each monthly payment will be applied first to the payment of interest accrued to the date of receipt of such payment, and the balance, if any, to principal.

a. TOTAL AMOUNT ADVANCED	b. FEES	c. INDEBTEDNESS
$225,000.00	$50.00	$225,050.00

(To be completed if applicable)

If at any time while the Indebtedness remains unpaid, the Bank's prime rate is greater or less than the present Bank prime rate of Eleven and Three-Quarters** Per Cent (11.75%) per annum, the interest rate payable hereunder shall be increased or decreased by an amount equal to the amount of difference in the Bank prime rate, effective on the first day of the month following a change in the Bank's prime rate.

2. As security for the payment and performance of Borrower's obligations hereunder and for payment of any other sum, now or hereafter owing from Borrower to Bank, expended or expense or liability incurred by Bank as provided herein, and the performance by Borrower of the covenants, warranties and agreements contained herein, and any other agreements between Bank and Borrower, Borrower hereby grants to Bank a security interest under the Uniform Commercial Code in the below described aircraft, together with all equipment and accessories now or hereafter used in connection therewith, and any substitutions or replacments thereof, all herein collectively called "Aircraft."

YEAR MANUFACTURED	MANUFACTURER OF AIRCRAFT	MODEL NO.	SERIAL NO.
1950	Grumman	G-73 Mallard	J-42

MANUFACTURER OF ENGINE(S)	ENGINE MODEL NO.	ENGINE SERIAL NO(S).	FAA NO.	BASE AIRPORT
			N51151	Long Beach, CA.

DESCRIBE EXTRA EQUIPMENT

SEE RECORDED CONVEYANCE NUMBER X070913

3. Aircraft will be used at all times in accordance with the laws, rules, regulations and ordinances of the United States, the several states and municipalities thereof, and any other sovereign jurisdictions in which Aircraft may be used; Aircraft will be used only for the purposes and in the manner set forth in the insurance covering said Aircraft; Aircraft will be operated at all times by a currently certified pilot having the minimum total pilot hours required by such insurance; and Aircraft will at all times be maintained in an airworthy condition necessary for Aircraft licenses under the laws, ordinances, rules and regulations of the United States, the several states and municipalities thereof, and any other sovereign jurisdictions in which Aircraft shall be at any time operated.

4. The base airport of the Aircraft shall be as identified in paragraph 2 hereof. Said base airport will not be changed nor will Aircraft be removed from the county where the Aircraft is permanently located, as set forth herein, for any period in excess of 30 days without the prior written consent of Bank.

5. Aircraft will be kept in good repair and Borrower will not permit the same to be damaged or injured and will not sell, assign or dispose of Aircraft or any interest therein, or any part thereof, including any equipment or accessories; Aircraft will not be leased or rented except with the prior written consent of Bank; and Borrower will not suffer or permit any lien, encumbrance or charge of any character whatsoever upon or against Aircraft except this Security Agreement, and will pay or cause to be paid all taxes that may be levied against the Aircraft.

6. Borrower will obtain at its own expense and keep in force, so long as any indebtedness is owing hereunder, such insurance on the Aircraft and such other insurance as Bank may require, written by a company or companies, and insuring against such hazards and in such amounts and in form as are acceptable to Bank and such policy or policies with premium receipts therefor shall be delivered to Bank, and the policy or policies shall, by endorsement acceptable to Bank, provide that losses thereunder shall be first payable to Bank as its interest may appear, and Borrower hereby assigns to Bank the proceeds of all such insurance (including any refund or premium) to the extent of the indebtedness secured hereby, directs the insurer to make payments of any losses or refunds directly to Bank, and appoints Bank as Attorney-in-Fact to endorse any draft, check or other form of payment made by the insurer.

7. If Borrower fails to keep Aircraft free and clear of all encumbrances, liens and charges, except as herein provided, or to pay tax or public charges thereon, or to keep the same in good order or repair, or fully insured as herein required, then Bank, at its discretion, may discharge such encumbrances, liens or charges, or pay such taxes or other public charges, or procure and maintain such insurance or make such repairs as it may deem advisable. All sums of money thus expended and all other monies paid by Bank to protect its interest in the Aircraft shall be repayable by Borrower to Bank on demand, and if not so repaid shall bear interest and be secured by this Security Agreement.

8. No transfer, renewal, extension or assignment of this Agreement or any interest thereunder, or loss, damage, injury or destruction of Aircraft shall release Borrower from its obligations hereunder.

100990 (10/77)

BANK COPY (FAA)

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

9. All payments or other monies owing hereunder shall be paid by Borrower to Bank, or Bank's Assignee without recoupment, set-off or counterclaim, either at law or in equity, and any payments otherwise made shall be at the risk of Borrower if not received by Bank or Bank's Assignee. 37

10. Borrower will at all times be liable to and indemnify and save harmless Bank from any and all claims and liabilities on account of death, bodily injury or property damage occasioned by the use or ownership of Aircraft.

11. At the request of Bank, Borrower will join Bank in executing any additional documents needed to properly register Aircraft with the Federal Aviation Administration.

12. Default – Should Borrower fail to make any payment as provided in this Security Agreement or if any breach be made of any obligation or promise of the Borrower herein contained or secured, or if Borrower shall abandon said aircraft, or regardless of any other default, if said aircraft be attached or bankruptcy proceedings be instituted by, or against Borrower, then the whole amount unpaid under this Security Agreement and all other sums of money due or unpaid at the time of default, and interest thereon, or advanced under the terms of this Security Agreement, or secured hereby, and the interest thereon, shall immediately become due and payable at the option of the Bank without notice to Borrower, and it may at once proceed to foreclose this Security Agreement according to law, or it may, at its option, and it is hereby empowered so to do, enter upon the premises where the said property may be and take possession thereof, and (a) retain it and all payments in satisfaction of the balance, or (b) sell the same at public or private sale, as permitted by law, without any previous demand for performance, or notice to the Borrower of any such sale whatsoever, notice of sale and demand for performance and every other notice or demand whatsoever being hereby expressly waived by said Borrower to the extent that such notice and/or demand may be waived by law, and/or exercise any other remedy allowed by law, and from the proceeds of any such sale retain all costs and charges incurred by it in the said taking of sale, including reasonable attorney's fees incurred; and all sums due, or advanced under the terms of this Security Agreement, and interest thereon, owing to Bank under any provisions of this Security Agreement, or secured hereby, with interest thereon, and any surplus of such proceeds remaining shall be paid to Borrower or whomever may be lawfully entitled to receive the same; if there be a deficit, Borrower, to the extent permitted by law, agrees immediately to pay the same to Bank.

13. Power of Attorney – Borrower irrevocably appoints Bank the attorney-in-fact of Borrower to prepare, sign and file or record, for Borrower in Borrower's name, any financing statements, applications for registration, and like papers and to take any other action deemed by Bank necessary or desirable in order to perfect security of Bank hereunder.

14. Any delay on the part of Bank in exercising any power, privilege or right hereunder or under any other instrument executed by Borrower to Bank in connection herewith shall not operate as a waiver thereof and no single or partial exercise of any power, privilege or right shall preclude other or further exercise thereof, or the exercise of any other power, privilege or right. The waiver by Bank of any default by Borrower shall not constitute a waiver of any subsequent defaults, but shall be restricted to the default so waived. If any part of this Agreement shall be contrary to any law which Bank might seek to apply or enforce or should otherwise be defective, the other provisions of this Agreement shall not be affected thereby, but shall continue in full force and effect. All rights, remedies and powers of Bank hereunder are irrevocable and cumulative, and not alternative or exclusive, and shall be in addition to all rights, remedies and powers given hereunder or in or by any instruments or any laws now existing or hereafter enacted.

15. Borrower shall pay all out-of-pocket expenses and all costs of any nature whatsoever incurred by Bank in connection with the making of this loan, including, but not limited to, all filing fees and recording costs, stamp taxes and attorney's fees actually incurred.

16. Borrower, including any guarantor hereunder, hereby waives presentment demand, protest, notice of protest, and non-payment or dishonor, notice of the sale of any collateral security and all benefit of valuation, appraisement, and all exemption laws not in force or hereafter passed, including stay of execution and condemnation.

17. This Agreement shall apply and inure to the benefit of and bind the successors and assigns of Borrower and Bank, and the terms Borrower and Bank include and mean, respectively, the successors and assigns of Borrower and Bank.

IN WITNESS WHEREOF, Borrower has caused this Agreement to be duly executed on the day and year first above written.

Dixon/Hill Aircraft Leasing Company
(Trade, Firm or Corporate Name)

(Corporate Seal)

ATTEST OR WITNESS:

Chet E. Adams
Secretary or Witness

By _____
(Signature of Individual, Partner, or Officer)

David G. Dixon, Partner
(Typed Name)

(Title)

H. Dan Hill
H. Dan Hill, Partner

Accepted at Van Nuys, CA
as of the date thereof.

SECURITY PACIFIC NATIONAL BANK

By Chet E. Adams

Chet E. Adams, Asst. Vice-President
(Typed Name) (Title)

CORPORATE CERTIFICATION

Undersigned hereby certifies that he is the duly elected, qualified and acting _____ Secretary of the corporation executing the above Security Agreement with SECURITY PACIFIC NATIONAL BANK; as such officer, he has custody of the corporation's corporate records, including the minutes of the meetings of its Board of Directors; at a _____ meeting of the Board of Directors held on the _____ day of _____, 19____, a quorum being present and acting throughout, the borrowings and security provided for thereunder, and the execution by the Corporation of the foregoing Security Agreement, which was submitted to the Board of Directors, was approved by said Board of Directors, and the officer executing the above Security Agreement was duly authorized and directed to execute and deliver said Agreement to SECURITY PACIFIC NATIONAL BANK, as this Corporation's valid and binding obligation; and the resolutions so providing are still in effect.

IN WITNESS WHEREOF, Undersigned has hereunto set his hand and affixed the corporate seal of this Corporation on the _____ day of _____, 19____.

(Corporate Seal)

_____
(Secretary or Assistant Secretary)

_____
(Typed Name) (Title)

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

FORM APPROVED OMB NO. 04-R0076

36-1

UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION - FEDERAL AVIATION ADMINISTRATION

AIRCRAFT REGISTRATION APPLICATION

CERT. ISSUE DATE

UNITED STATES REGISTRATION NUMBER N 51151 0 0 0 0 0 1 2 5 9

F 020279

AIRCRAFT MANUFACTURER & MODEL: Grumman G-73 Mallard

AIRCRAFT SERIAL No.: J-42

FOR FAA USE ONLY

TYPE OF REGISTRATION (Check one box)

☐ 1. Individual ☒ 2. Partnership ☐ 3. Corporation ☐ 4. Co-Owner ☐ 5. Gov't.

NAME OF APPLICANT (Person(s) shown on evidence of ownership. If individual, give last name, first name, and middle initial.)

Dixon/Hill Aircraft Leasing Company

ADDRESS (Permanent mailing address for first applicant listed.)

Number and street: 19300 Ike Jones Rd.

Rural Route: P. O. Box:

CITY	STATE	ZIP CODE
Santa Ana	CA.	92707

☐ CHECK HERE IF YOU ARE ONLY REPORTING A CHANGE OF ADDRESS

ATTENTION! Read the following statement before signing this application

A false or dishonest answer to any question in this application may be grounds for punishment by fine and/or imprisonment (U.S. Code, Title 18, Sec. 1001).

CERTIFICATION

I/WE CERTIFY that the above described aircraft (1) is owned by the undersigned applicant(s), who is/are citizen(s) of the United States as defined in Sec. 101(13) of the Federal Aviation Act of 1958; (2) is not registered under the laws of any foreign country; and (3) legal evidence of ownership is attached or has been filed with the Federal Aviation Administration.

JAN 31

NOTE: If executed for co-ownership all applicants must sign. Use reverse side if necessary.

EACH PART OF THIS APPLICATION MUST BE SIGNED IN INK.

SIGNATURE	TITLE	DATE
[signature]	Partner	1-25-79
[signature]	Partner	1-25-79

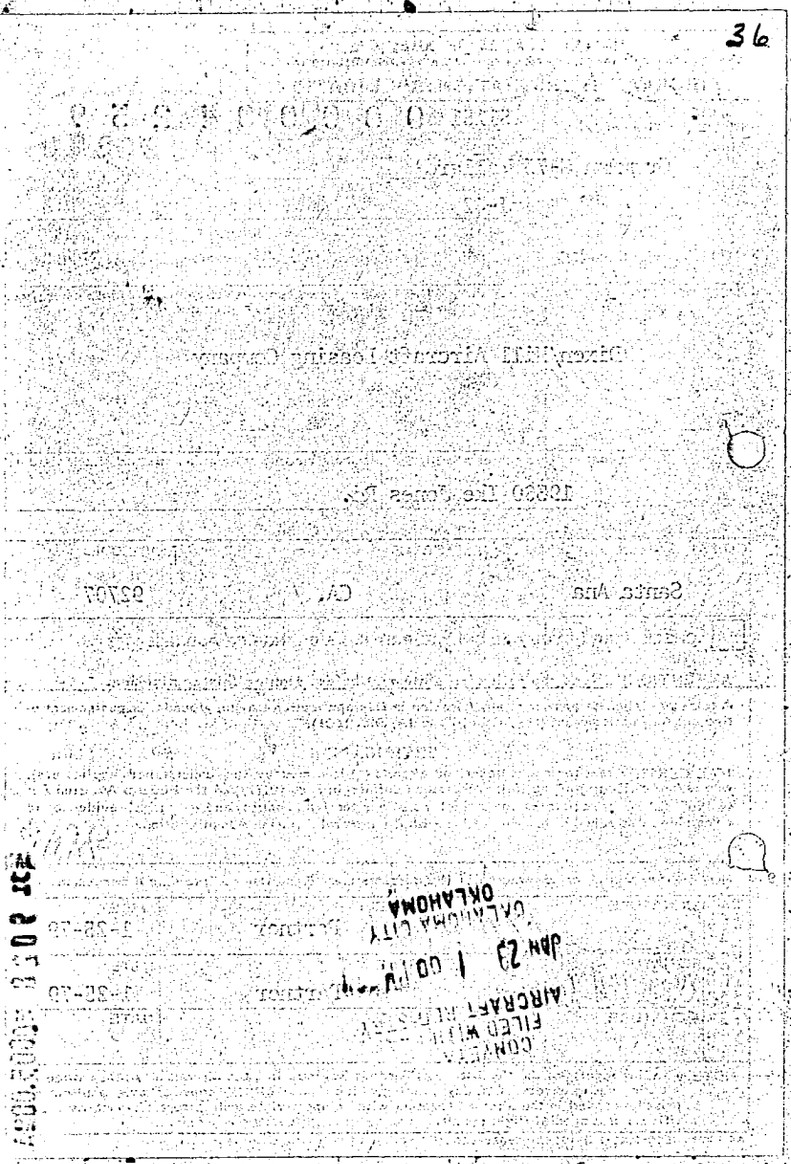
0028

NOTE: Pending receipt of the Certificate of Aircraft Registration, the aircraft may be operated for a period not in excess of 90 days, during which time the PINK copy of this application must be carried in the aircraft, together with an appropriate and current airworthiness certificate or a special flight permit.

AC FORM 8050-1 (8-76) (0052-00-628-9004)

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

36



FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

FORM APPROVED:
OMB NO. 04-R0076

35-1

UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION

AIRCRAFT BILL OF SALE

FOR AND IN CONSIDERATION OF $10.00 THE UNDERSIGNED OWNER(S) OF THE FULL LEGAL AND BENEFICIAL TITLE OF THE AIRCRAFT DESCRIBED AS FOLLOWS:

00 00 01260 F 10540

FEB 23 11 44 PM '79
FEDERAL AVIATION ADMINISTRATION
CONVEYANCE RECORDED

UNITED STATES REGISTRATION NUMBER: N 51151

AIRCRAFT MANUFACTURER & MODEL: Grumman G-73 Mallard

AIRCRAFT SERIAL No.: J-42

DOES THIS 25th DAY OF January 19 79 HEREBY SELL, GRANT, TRANSFER AND DELIVER ALL RIGHTS, TITLE, AND INTERESTS IN AND TO SUCH AIRCRAFT UNTO:

Do Not Write In This Block
FOR FAA USE ONLY

PURCHASER

NAME AND ADDRESS
(IF INDIVIDUAL(S), GIVE LAST NAME, FIRST NAME, AND MIDDLE INITIAL.)

Dixon/Hill Aircraft Leasing Company
19300 Ike Jones Rd.
Santa Ana, CA. 92707

DEALER CERTIFICATE NUMBER

AND TO their EXECUTORS, ADMINISTRATORS, AND ASSIGNS TO HAVE AND TO HOLD SINGULARLY THE SAID AIRCRAFT FOREVER, AND WARRANTS THE TITLE THEREOF.

IN TESTIMONY WHEREOF I HAVE SET my HAND AND SEAL THIS 25 DAY OF Jan 19 79

SELLER

NAME (S) OF SELLER (TYPED OR PRINTED)	SIGNATURE (S) (IN INK) (IF EXECUTED FOR CO-OWNERSHIP, ALL MUST SIGN.)	TITLE (TYPED OR PRINTED)
H. Dan Hill	H Dan Hill	Owner

ACKNOWLEDGMENT (NOT REQUIRED FOR PURPOSES OF FAA RECORDING; HOWEVER, MAY BE REQUIRED BY LOCAL LAW FOR VALIDITY OF THE INSTRUMENT.)

ORIGINAL: TO FAA

AC FORM 8050-2 (8-76) (0052-629-0002)

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

35

CONVEYANCE
FILED WITH FAA
AIRCRAFT REGISTRY
JAN 29 1 01 PM '79
OKLAHOMA CITY
OKLAHOMA

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

34-1

000000 1 A

RECEIVED
AUG 23 1978
LA HABRA BRANCH
Bank of America
N. T. & S. A

FEB 2 3 14 PM '79
FEDERAL AVIATION ADMINISTRATION
CONVEYANCE RECORDED

F 1 U 5 3 9

DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION

OMB APPROVAL
NOT REQUIRED

THIS FORM SERVES TWO PURPOSES
PART I acknowledges the recording of a security conveyance covering the collateral shown.
PART II is a suggested form of release which may be used to release the collateral from the terms of the conveyance.

PART I – CONVEYANCE RECORDATION NOTICE

NAME (last name first) OF DEBTOR

Hill H Dan

NAME and ADDRESS OF SECURED PARTY/ASSIGNEE

Bank of America NT & SA
500 W La Habra Blvd
La Habra, Ca 90631

NAME OF SECURED PARTY'S ASSIGNOR (If assigned)

Do Not Write In This Block
FOR FAA USE ONLY

FAA REGISTRATION NUMBER	AIRCRAFT SERIAL NUMBER	AIRCRAFT MFR. (BUILDER) and MODEL
51151	J-42	Duncan C-73

ENGINE MFR. and MODEL	ENGINE SERIAL NUMBER(S)

PROPELLER MFR. and MODEL	PROPELLER SERIAL NUMBER(S)

THE SECURITY CONVEYANCE DATED 1-21-79 COVERING THE ABOVE COLLATERAL WAS RECORDED BY THE FAA AIRCRAFT REGISTRY ON 2-21-79 AS CONVEYANCE NUMBER 440652

R Y Sidney
FAA CONVEYANCE EXAMINER

PART II – RELEASE – (This suggested release form may be executed by the secured party and returned to the FAA Aircraft Registry when terms of the conveyance have been satisfied. See below for additional information.)

THE UNDERSIGNED HEREBY CERTIFIES AND ACKNOWLEDGES THAT HE IS THE TRUE AND LAWFUL HOLDER OF THE NOTE OR OTHER EVIDENCE OF INDEBTEDNESS SECURED BY THE CONVEYANCE REFERRED TO HEREIN ON THE ABOVE-DESCRIBED COLLATERAL AND THAT THE SAME COLLATERAL IS HEREBY RELEASED FROM THE TERMS OF THE CONVEYANCE. ANY TITLE RETAINED IN THE COLLATERAL BY THE CONVEYANCE IS HEREBY SOLD, GRANTED, TRANSFERRED, AND ASSIGNED TO THE PARTY WHO EXECUTED THE CONVEYANCE, OR TO THE ASSIGNEE OF SAID PARTY IF THE CONVEYANCE SHALL HAVE BEEN ASSIGNED: PROVIDED, THAT NO EXPRESS WARRANTY IS GIVEN NOR IMPLIED BY REASON OF EXECUTION OR DELIVERY OF THIS RELEASE.

This form is only intended to be a suggested form of release, which meets the recording requirements of the Federal Aviation Act of 1958, and the regulations issued thereunder. In addition to these requirements, the form used by the security holder should be drafted in accordance with the pertinent provisions of local statutes and other applicable federal statutes. This form may be reproduced. There is no fee for recording a release. Send to FAA Aircraft Registry, P. O. Box 25504, Oklahoma City, Oklahoma 73125.

ACKNOWLEDGEMENT (If Required By Applicable Local Law):

DATE OF RELEASE: January 25, 1979

Bank of America NT & SA
(Name of security holder)

SIGNATURE (in ink) Carl E. Andrews

TITLE Vice President - Manager

(A person signing for a corporation must be a corporate officer or hold a managerial position and must show his title. A person signing for another should see Parts 47 and 49 of the Federal Aviation Regulations (14 CFR).

AC Form 8050-41 (8-77) (0052-00-543-9001)

☆ U.S. GOVERNMENT PRINTING OFFICE: 1977—771-089/b45

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

34

CONVEYANCE
FILED WITH FAA
AIRCRAFT REGISTRY
JAN 29 1 01 PM '79
OKLAHOMA CITY
OKLAHOMA

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

0 0 0 0 0 0 7 5 2 33-1

SECURITY AGREEMENT

BANK OF AMERICA

To: Bank of America NT & SA
500 W. La Habra Blvd.
La Habra, California 90631

July 27, 19 78

Loan No.

I grant you a security interest in the following property (the "Property"):

YEAR MODEL	MANUFACTURER'S MAKE OR TRADE NAME	MODEL NAME	BODY TYPE OR SIZE	MANUFACTURER'S SERIAL NO. OR I.D. NO.	LICENSE OR REG. NO.	MODEL ENGINE
	Grumman	G-73	Mallard	J-42	N51151	

DESCRIBE EXTRA EQUIPMENT AND SERIAL NO'S.

SEE RELEASE OF CONVEYANCE NUMBER F10539

now and to be permanently located, garaged, hangared, or moored in the City of SANTA ANA, County of ORANGE, State of CA, (the "Location") together with all equipment, parts, and accessories I own or will own that are installed in or affixed to the Property.

I grant this security interest to secure the payment of:

- A promissory note in the original principal amount of SIXTY THOUSAND AND NO/100 DOLLARS ($ 60,000.00), dated JULY 27, 19 78, which is payable by H. DAN HILL AND DAVID G. DIXON to you (the "Note").
  CUSTOMER(S) NAME(S)
- All extensions, revisions, or renewals of the Note;
- All late charges on the Note;
- "Collection and Protection Costs"—including attorneys' fees, court costs, and any other money you spend in collecting the Note, or in finding, taking possession of, repairing, protecting, insuring or storing the Property, or returning the Property to the Location or to the place of its sale if you find it necessary to sell the Property pursuant to this Security Agreement; and
- Any other sum I owe or will owe you unless that debt arises out of a consumer credit transaction which is subject to the disclosure requirements of the Federal Truth in Lending Law and there is no written agreement between you and any of us who sign this Security Agreement that the Property is to secure that debt.

1. This Security Agreement will remain in effect until the Note and any other sum secured hereby has been completely paid and I have done everything else I have agreed to in this Security Agreement.
2. I am the owner of the Property, and I have exclusive control of the Property. No one else other than you has any claim of any kind to the Property.
3. I will not use and I will not permit anyone else to use the Property:
   - for any unlawful purpose, including as an example—illegally transporting or concealing intoxicating liquors, drugs, narcotics, or contraband goods of any kind; or
   - for any racing competition of any type; or
   - for rental or military purposes.
4. I will register, use, and control the Property as specified in the laws and regulations dealing with the registration, use, and control of the Property.
5. If the Property includes vehicle(s) or vessel(s) required by the State of the Location to be registered and/or licensed, for such vehicle(s) or vessel(s) I will at once:
   - obtain the required license(s) and registration(s);
   - give you the number of each license and registration; and
   - deliver to you the certificate(s) of legal ownership showing you or your assignee as legal owner.
6. If the Property includes aircraft, I will:
   - not operate or permit anyone else to operate the aircraft without permanent or temporary authority under the Federal Aviation Act of 1958, as amended (the "Act");
   - keep the aircraft in airworthy condition at all times pursuant to the provisions of the Act, and the orders, rules, and regulations of the Administrator of the Federal Aviation Administration; and
   - register the aircraft as set out in Section 501 of the Act.
7. I will pay for and handle the recording, registering, and filing of this Security Agreement and such other papers from time to time as you may request of me in such jurisdictions and offices as you may specify. This is so you may have a valid enforceable security interest in the Property, and rights of a secured party as to the Property, superior to any other claim or right anyone might have or come to have as to the Property while the Security Agreement is in effect.
8. I will give you proof satisfactory to you of every recording, registering, and filing requested by you and will do all things and execute all papers as you may specify for the purpose of carrying out this Security Agreement and its intent.
9. I will not transfer any right to the Property or any part of it, to anyone except you, and I will not:
   - remove or permit anyone else to remove the Property from the Location for any period longer than thirty (30) consecutive days, without your prior written permission;
   - misuse, hide, sell, abandon or lose possession of the Property;
   - permit any lien, encumbrance or other claim to exist against the Property; and
   - if the Property includes aircraft, operate such aircraft outside of the United States, without your written permission.
10. I will:
    - show you the Property whenever you want;
    - keep the Property in as good condition and repair as it now is, ordinary wear and tear excepted;
    - pay within thirty days all bills for repairs or storage of the Property;
    - suitably shelter the Property; and
    - pay promptly all taxes levied or assessed on, and all liens which may attach to, the Property.
11. I agree that the loss, damage, or destruction of the Property or any part of the Property will in no way release me from my duties under this Security Agreement or under the Note.

FEDERAL AVIATION ADMINISTRATION AUG 21 3 AM '78 RECORDED

U 4 0 5 2

AUG 19 11 00 AM '78

TPL-91 4-77

Continued on Reverse Side

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

33

SECURITY AGREEMENT

12. If the Property includes vessel(s), aircraft, or vehicle(s), I agree to get, pay for, and keep in full force a policy or policies of insurance on the Property, satisfactory to you and issued by an insurance carrier approved by you, naming both you and me as insureds for the hazards of fire, theft, total or partial destruction, collision, and such additional hazards, including public liability, and including flood (in the event the Property includes a mobile home), as you may reasonably require. Each such policy shall be delivered to you and held by you during the term of this Security Agreement. The loss under each such policy shall be paid first to you or your assigns up to the amount of everything I owe you which is secured by this Security Agreement, and the balance, if any, to me, as specified in a loss payable endorsement satisfactory to you. I grant you a security interest in, and assign to you, the proceeds of any insurance on the Property whether paid by reason of loss, damages, return or refund of premium, or otherwise. You shall use such proceeds at your option to replace the Property or pay what I owe you that is secured by this Security Agreement. I assume all risks of damage to or loss of the Property whether or not insured against. If I should ever fail to deliver the required policy or policies to you or take out the insurance specified above, or pay for that insurance, you may, at my cost and expense, but without any duty to do so, get and pay for insurance covering the hazards of fire, flood, theft, total or partial destruction, collision, and such additional hazards as you may reasonably choose to insure against and naming as the insured, at your option, either both you and me or you only and any money you spend to get and keep such insurance shall be secured by this Security Agreement and shall be repayable by me in the manner set out in Paragraph (13) as Advance(s) for the protection of your security interest in the Property. Any sums you receive upon cancellation of any such policy may be applied by you to any sum I owe you that is secured by this Security Agreement.

13. I authorize you, but do not require you to pay any amount(s) as you believe are necessary to protect or preserve your security interest in the Property. These amount(s) shall be called Advance(s). All such Advances and all sums described in this Security Agreement as "Collection and Protection Costs" shall, at your option, be immediately due and payable to you by me with interest at the rate of ten percent (10%) per year or be added to the balance of the Note together with a finance charge computed for the remainder of the term of the Note at the rate otherwise applicable to the Note, in which case you may increase each of the then unpaid monthly instalments not then due by an amount sufficient to provide for payment of these Advances and this finance charge over the remainder of the term of the Note. When I make a payment under the Note or under this Security Agreement, notwithstanding any contrary provision in the Note, you are to apply it as follows:

- first, to pay any unpaid interest on "Collection and Protection Costs," and on Advances as described in this Paragraph (13);
- second, to pay such Advances and "Collection and Protection Costs", and
- third, the balance, if any, to the Note as provided in the Note.

If any of my payments is not large enough to pay for any of these things, including the amounts then due under the Note, I will immediately make an additional payment to make up the difference, and if I do not, you may, at your option, make the Note and all other sums secured by this Security Agreement immediately due and payable, and you may exercise any of your rights under the Security Agreement, including those specified in Paragraphs (14) and (15).

14. If (a) I fail to pay you as provided in the Note, (b) I fail to pay anything else I owe you or come to owe you, even if not secured by the Property, (c) I fail in any way to keep any promise or agreement I have made in this Security Agreement, (d) I abandon the Property, or (e) the Property or any other property of mine is attached or any type of bankruptcy petition is filed by or against me or I commit any act which will entitle my creditors to file a bankruptcy petition against me, then (i) the entire unpaid balance of the Note and any other sums I owe you whether or not then due, including advances made by you as provided in this Security Agreement, and other sums I owe you that are secured by this Security Agreement and unpaid interest on all such sums, shall immediately become due and payable at your option without notice to me and (ii) you may at once proceed to foreclose this Security Agreement according to law, and you may enter the premises where the Property may be located, take possession of it and remove and sell and dispose of it at public or private sale without making any demand on me to keep my promises and agreements set out in this Security Agreement, or Note, every demand and every notice being expressly waived by me to the extent permitted by law. Any notice of sale or other intended action by you mailed at least five (5) days prior to such action or sale shall constitute reasonable notice to me, unless a longer notice period is specifically required by law;

15. I irrevocably appoint and authorize you to act as my true and lawful agent to make all necessary transfers of ownership of the Property sold as provided in Paragraph (14) and to make, execute, and deliver all necessary instruments, assignments, and transfers of ownership. I promise that if you ask me I will sign and deliver to such purchaser(s) of the Property at any sale held under this Security Agreement, any instruments requested by you to confirm to such purchaser(s) all my rights to the Property sold. From the proceeds of any such sale you may first keep an amount equal to the sums owed you by me that are secured by this Security Agreement. You shall at once pay me (or whomever is lawfully entitled) the remainder of such proceeds if there is a surplus and I shall pay you at once the difference if there is a deficit. Any failure on my part to do anything I have promised or agreed to in this Security Agreement or Note may be regarded by you without notice to me as a default and you shall have all the rights and remedies of a secured party under the California Commercial Code, or other applicable law, and all rights and remedies shall, to the extent permitted by law, be cumulative. You or your agent may bid and purchase at any sale made under or authorized by this Security Agreement, or at any sale made upon foreclosure of this Security Agreement.

16. I agree that if the value of the Property substantially decreases you have the option of asking me to provide you with additional security to make up the difference, and if I fail to give such additional security you may regard this as you would my failure to keep any other promise or agreement I have made in this Security Agreement.

17. Please send all notices to me at the address shown below my signature.

18. This Security Agreement has been signed in, and shall be governed by the laws of, the State of California.

19. If more than one person signs this Security Agreement we will be jointly and severally liable. You may collect from or sue any one or more of us without giving up any of your rights against the others. Each of us who is married and signs the Note and this Security Agreement expressly agrees that his or her separate property shall be liable for payment of the Note and all other sums secured by this Security Agreement. HOWEVER, THOSE OF US WHO SIGN THIS SECURITY AGREEMENT, BUT NOT THE NOTE, WILL NOT BE LIABLE BEYOND OUR INTEREST IN THE PROPERTY.

H Don Hill	David Gordon	
(Signature)	(Signature)	
19300 Ike Jones Rd.	19300 Ike Jones Rd.	
Santa Ana, CA	Santa Ana, CA	
(Address)	(Address if different)	(Address if different)

OFFICIAL SEAL
EUGENIE KOCH
NOTARY PUBLIC - CALIFORNIA
PRINCIPAL OFFICE IN
ORANGE COUNTY
My Commission Expires April 27, 1979

Eugenie Koch
(Signature)

FILED WITH FAA AIRCRAFT REGISTRY
ORANGE COUNTY CLERK
12 57 PM '85

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

FORM APPROVED OMB NO. 04-R0078

32-1

UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION - FEDERAL AVIATION ADMINISTRATION

AIRCRAFT REGISTRATION APPLICATION

0 0 0 0 0 7 8 6

CERT. ISSUE DATE

U 0 8 2 1 7 8

UNITED STATES REGISTRATION NUMBER N 51151

AIRCRAFT MANUFACTURER & MODEL Grumman Mallard G-73

AIRCRAFT SERIAL No. J-42

FOR FAA USE ONLY

TYPE OF REGISTRATION (Check one box)

☒ 1. Individual ☐ 2. Partnership ☐ 3. Corporation ☐ 4. Co-Owner ☐ 5. Gov't.

NAME OF APPLICANT (Person(s) shown on evidence of ownership. If individual, give last name, first name, and middle initial.)

H. Dan Hill

ADDRESS (Permanent mailing address for first applicant listed.)

Number and street: 19300 Ike Jones Rd.

Rural Route: P. O. Box:

CITY	STATE	ZIP CODE
Santa Ana	California	92707

☐ CHECK HERE IF YOU ARE ONLY REPORTING A CHANGE OF ADDRESS

ATTENTION! Read the following statement before signing this application.

A false or dishonest answer to any question in this application may be grounds for punishment by fine and/or imprisonment (U.S. Code, Title 18, Sec. 1001).

CERTIFICATION

I/WE CERTIFY that the above described aircraft (1) is owned by the undersigned applicant(s), who is/are citizen(s) of the United States as defined in Sec. 101(13) of the Federal Aviation Act of 1958; (2) is not registered under the laws of any foreign country; and (3) legal evidence of ownership is attached or has been filed with the Federal Aviation Administration.

NOTE: If executed for co-ownership all applicants must sign. Use reverse side if necessary.

EACH PART OF THIS APPLICATION MUST BE SIGNED IN INK.

SIGNATURE	TITLE	DATE
H Dan Hill		6/23/78
SIGNATURE	TITLE	DATE
SIGNATURE	TITLE	DATE

NOTE: Pending receipt of the Certificate of Aircraft Registration, the aircraft may be operated for a period not in excess of 90 days, during which time the PINK copy of this application must be carried in the aircraft.

AC FORM 8050-1, (8-76) (0052-00-628-9004)

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

32

CONVEYANCE
FILED WITH FAA
AIRCRAFT REGISTRY
JUN 28 3 29 PM '78
OKLAHOMA CITY
OKLAHOMA

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

FORM APPROVED: OMB NO. 04-R0076

DO NOT WRITE IN THIS BLOCK FOR FAA USE ONLY

0 0 0 0 0 7 5 1 31-1

UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION

AIRCRAFT BILL OF SALE

FOR AND IN CONSIDERATION OF $ 1.00 OVC THE UNDERSIGNED OWNER(S) OF THE FULL LEGAL AND BENEFICIAL TITLE OF THE AIRCRAFT DESCRIBED AS FOLLOWS:

AIRCRAFT MAKE AND MODEL: GRUMMAN G-73

MANUFACTURER'S SERIAL NUMBER: J-42

NATIONALITY & REGISTRATION MARKS: N 51151

DOES THIS 15th DAY OF May, 1978 HEREBY SELL, GRANT, TRANSFER AND DELIVER ALL RIGHTS, TITLE, AND INTEREST IN AND TO SUCH AIRCRAFT UNTO

AUG 21 3 33 PM '78
FEDERAL AVIATION ADMINISTRATION
CONVEYANCE RECORDED
U 4 0 6 5 1

PURCHASER

NAME AND ADDRESS (IF INDIVIDUAL(S), GIVE LAST NAME, FIRST NAME, AND MIDDLE (IF ANY))

H. DAN HILL
DAVID G. DIXON
19300 IKE JONES RD.
SANTA ANA CALIF. 92705

AND TO its EXECUTORS, ADMINISTRATORS, AND ASSIGNS TO HAVE AND TO HOLD SINGULARLY THE SAID AIRCRAFT FOREVER, AND WARRANTS THE TITLE THEREOF.

IN TESTIMONY WHEREOF I HAVE SET my HAND AND SEAL THIS 15th DAY OF May, 78

SELLER

NAME (S) OF SELLER (TYPED OR PRINTED)	SIGNATURE (S) (IN BLACK INK.) (IF EXECUTED FOR CO-OWNERSHIP, ALL MUST SIGN.)	TITLE (TYPED OR PRINTED)
L.E. BARNUM	L.E. Barnum	OWNER

ACKNOWLEDGMENT (NOT REQUIRED FOR PURPOSES OF FAA RECORDING; HOWEVER, MAY BE REQUIRED BY LOCAL LAW FOR VALIDITY OF THE INSTRUMENT.)

ORIGINAL: TO FAA

AC FORM 8050-2 (4-71) (0052-629-0002)

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

31

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

0000007 99 5342

30-1

DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION

FORM APPROVED:
OMB No. 04-R0169

THIS FORM SERVES TWO PURPOSES
PART I acknowledges the recording of a security conveyance covering the collateral shown.
PART II is a suggested form of release which may be used to release the collateral from the terms of the conveyance.

PART I – CONVEYANCE RECORDATION NOTICE

NAME (last name first) OF DEBTOR
Barnum, Leon H.

NAME and ADDRESS OF SECURED PARTY/ASSIGNEE
First Natl Bank of Toledo
Toledo, Ohio

NAME OF SECURED PARTY'S ASSIGNOR (if assigned)

FEDERAL AVIATION ADMINISTRATION
AUG 21 7 31 AM '78
CONVEYANCE RECORDED

Do Not Write In This Block
FOR FAA USE ONLY

U 40 650

FAA REGISTRATION NUMBER	AIRCRAFT SERIAL NUMBER	AIRCRAFT MFR. (BUILDER) and MODEL
N5151	J 42	Grumman Mallard G73

ENGINE MFR. and MODEL	ENGINE SERIAL NUMBER(S)

PROPELLER MFR. and MODEL	PROPELLER SERIAL NUMBER(S)

THE SECURITY CONVEYANCE DATED 12-28-76 COVERING THE ABOVE COLLATERAL WAS RECORDED BY THE FAA AIRCRAFT REGISTRY ON 1-13-77 AS CONVEYANCE NUMBER H90862 L. Phelps
FAA CONVEYANCE EXAMINER

PART II – RELEASE – (This suggested release form may be executed by the secured party and returned to the FAA Aircraft Registry when terms of the conveyance have been satisfied. See below for additional information.)

THE UNDERSIGNED HEREBY CERTIFIES AND ACKNOWLEDGES THAT HE IS THE TRUE AND LAWFUL HOLDER OF THE NOTE OR OTHER EVIDENCE OF INDEBTEDNESS SECURED BY THE CONVEYANCE REFERRED TO HEREIN ON THE ABOVE-DESCRIBED COLLATERAL AND THAT THE SAME COLLATERAL IS HEREBY RELEASED FROM THE TERMS OF THE CONVEYANCE. ANY TITLE RETAINED IN THE COLLATERAL BY THE CONVEYANCE IS HEREBY SOLD, GRANTED, TRANSFERRED, AND ASSIGNED TO THE PARTY WHO EXECUTED THE CONVEYANCE, OR TO THE ASSIGNEE OF SAID PARTY IF THE CONVEYANCE SHALL HAVE BEEN ASSIGNED: PROVIDED, THAT NO EXPRESS WARRANTY IS GIVEN NOR IMPLIED BY REASON OF EXECUTION OR DELIVERY OF THIS RELEASE.

This form is only intended to be a suggested form of release, which meets the recording requirements of the Federal Aviation Act of 1958, and the regulations issued thereunder. In addition to these requirements, the form used by the security holder should be drafted in accordance with the pertinent provisions of local statutes and other applicable federal statutes. This form may be reproduced. There is no fee for recording a release. Send to FAA Aircraft Registry, P. O. Box 25504, Oklahoma City, Oklahoma 73125.

ACKNOWLEDGEMENT (If Required By Applicable Local Law):

DATE OF RELEASE: May 12-1978

First National Bank of Toledo
(Name of security holder)

SIGNATURE (in ink)

TITLE Vice President

(A person signing for a corporation must be a corporate officer or hold a managerial position and must show his title. A person signing for another should see Parts 47 and 49 of the Federal Aviation Regulations (14 CFR).

AC Form 8050-41 (1-76) (0052-00-543-9001)

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

CONVEYANCE FILED WITH
FAA AIRCRAFT REGISTRY
AUG 10 12 57 PM '78
OKLAHOMA CITY, OKLA.

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

29-1

CONSUMER GOODS AND BUSINESS OR FARM EQUIPMENT
(NOT TITLED VEHICLES)

H90862

SECURITY AGREEMENT

No. CONVEYANCE FILED

Date December 28, , 1976

JAN 13 10 25 AM '77

FEDERAL AVIATION ADMIN

Leon E. Barnum whose address is

P.O. Box 102, Swanton, Ohio 43558

(No. and Street) (County) (State)

(herein called "Borrower") hereby grants FIRST NATIONAL BANK OF TOLEDO, at Toledo, Ohio (herein called "Bank"), a security interest in the property described below, together with any parts, accessories, attachments and additions thereto and substitutions therefor (herein called "Collateral").

DESCRIPTION OF COLLATERAL	SEE RECORDED CONVEYANCE NUMBER 440650
1949 Grumman Mallard G73 N-51151 Aircraft Serial #J42	

Such security interest is granted to secure the payment to Bank of

Seventy One thousand Nine hundred Ninety Two and 80/100---------- Dollars ($ 71,992.80)

as evidenced by the note, or notes, of Borrower of even date herewith (herein called the "Note(s)"), and all other indebtedness of the Borrower to Bank now in existence or hereafter arising.

BORROWER REPRESENTS, WARRANTS AND AGREES THAT:
(Insert lines in spaces not used).

1. The Collateral will be kept at _____ (Street) (City) (County) _____ (State). Borrower will notify Bank of any change in location of the Collateral within Ohio and will not remove the Collateral from Ohio without the written consent of Bank.

2. The Collateral is or is to be used primarily for _____ (insert one: (a) Personal, family or household purposes, (b) farming operations, (c) business use).

3. The Collateral — is — is not — being acquired with the proceeds of the Note(s) which Bank may disburse directly to the seller of the Collateral. (Cross out "is" or "is not".)

4. Borrower's place of business in this state is _____ (Street) (City) (County) (if none, write "none") and all other places of business of Borrower in this state outside of said county are located as follows: _____

5. If the Collateral is used or bought primarily for personal, family or household purposes or for farming operations, or if Borrower has no place of business in this state, Borrower's residence is as above.

6. If the Collateral is of a type normally used in more than one state (such as automotive equipment, rolling stock, airplanes, road building equipment, commercial harvesting equipment, construction machinery and the like), Borrower's chief place of business is located at _____.

7. If the Collateral has been or is to be attached to real estate, the name of the record owner of such real estate is _____ and said real estate is described as follows:

(Reasonably identify, if farm property, at least county, township and acreage. If city property, at least street address, county, municipality.)

and if the Collateral is attached to real estate prior to the perfection of the security interest hereby granted, Borrower will upon demand furnish Bank with a disclaimer signed by all persons having an interest in the real estate, of any interest in the Collateral which is prior to Bank's interest.

THIS AGREEMENT IS SUBJECT TO THE ADDITIONAL REPRESENTATIONS, WARRANTIES AND AGREEMENTS SET FORTH ON THE REVERSE SIDE HEREOF, WHICH ARE INCORPORATED HEREIN BY REFERENCE.

Signature (Sign full name in ink. Do not print)

Leon E. Barnum Leon E. Barnum
OWNER

FIRST NATIONAL BANK OF TOLEDO

By _____

(To be signed by Bank only if agreement is to be filed)

Borrower

K468

JAN-7 1837 [illegible]

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

BORROWER FURTHER REPRESENTS, WARRANTS AND AGREES THAT:

8. Except for the security interest hereby granted, Borrower is the owner of the Collateral free from any prior lien, security interest or encumbrance and will defend the same against all claims and demands of all persons.

9. Borrower will not sell or offer to sell or otherwise transfer or encumber the Collateral or any interest therein without written consent of Bank; will keep the Collateral in good order and repair; and will not waste or destroy the Collateral.

10. Bank may examine and inspect the Collateral at any time, wherever located.

11. Borrower will keep the Collateral insured at all times against loss by fire and/or other hazards concerning which, in the judgment of the Bank, insurance protection is reasonably necessary, in a company or companies satisfactory to the Bank and in amounts sufficient to protect Bank against loss or damage to said Collateral. Such policy or policies of insurance will be delivered to the Bank, together with loss payable clauses in favor of the Bank as its interest may appear, in form satisfactory to the Bank.

12. No financing statement covering the Collateral is on file in any public office, and at request of Bank, Borrower will join with Bank in executing one or more financing statements pursuant to the Uniform Commercial Code, as enacted in Ohio, in form satisfactory to Bank and will pay the cost of filing the same in all public offices wherever filing is deemed necessary or desirable by Bank.

13. Bank may correct patent errors herein and in the Note(s).

14. Any notice to Borrower shall be sufficiently given when mailed to Borrower's address stated above.

15. If any of the following events of default occur, namely: (a) nonpayment when due of any indebtedness secured hereby; (b) breach of any warranty or representation, or nonperformance of any agreement of the Borrower; (c) loss, theft, substantial damage, destruction, sale or encumbrance to or of any of the Collateral, or the making of any levy, seizure or attachment thereof or thereon; (d) death, dissolution, termination of existence, insolvency, business failure, appointment of a receiver of any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower or any guarantor, or surety for Borrower; or (e) Bank at any time deems itself insecure with respect to the indebtedness secured hereby; thereupon, or at any time thereafter (such default not having been previously cured), the Bank may at its option and without notice or demand declare the balance remaining unpaid on the Note(s) and any other indebtedness secured hereby immediately due and payable and shall then have the remedies of a secured party under the laws of the State of Ohio, including, without limitation thereto, the right to take possession of the Collateral, and for that purpose the Bank may, so far as Borrower can give authority therefor, enter upon any premises on which the Collateral or any part thereof may be situated and remove the same therefrom. Bank may require Borrower to make the Collateral available to the Bank at a place to be designated by Bank which is reasonably convenient to both parties. Upon taking possession of all or any part of the Collateral, the Bank shall have the right to sell and deliver in one or more sales all or any part of the Collateral at public or private sale, at any time after giving Borrower such notification thereof as may be required by law.

16. This Agreement and the security interest in the Collateral created hereby shall terminate when the Note(s) and all other indebtedness secured hereby have been paid in full. No waiver by Bank of any default shall be effective unless in writing nor operate as a waiver of any other default or of the same default on a future occasion. Bank is authorized to fill in any blank spaces herein and to date this agreement the date the loan is made. All rights of Bank hereunder shall inure to the benefit of the successors and assigns of the Bank; and all obligations of Borrower shall bind the heirs, executors, administrators, successors, and assigns of Borrower. If there be more than one Borrower, their obligations hereunder shall be joint and several. This Agreement shall take effect when signed by Borrower. This Agreement shall be governed by the laws of Ohio.

17. Borrower acknowledges receipt of a true copy of this Security Agreement with all blanks suitably filled at the time of execution hereof.

18. This Security Agreement contains the entire agreement between the parties, and no oral agreement shall be binding.

CONVEYANCE FILED WITH
FAA AIRCRAFT REGISTRY
JAN 7 10 54 AM '77
OKLAHOMA CITY, OKLA.

SUBMITTED BY FAX

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-15

FORM APPROVED: OMB No. 04-R0076

28-1X

UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION – FEDERAL AVIATION ADMINISTRATION

AIRCRAFT REGISTRATION APPLICATION

TYPE OF REGISTRATION (Check one box) ☐ 1. Individual ☐ 2. Partnership ☐ 3. Corporation ☐ 4. Co-Owner ☐ 5. Gov't.

CERT. ISSUE DATE
JAN 13 1977

UNITED STATES REGISTRATION NUMBER N 51151

AIRCRAFT MANUFACTURER & MODEL: Grumman Mallard G-73

AIRCRAFT SERIAL No.: J-42

FOR FAA USE ONLY

NAME OF APPLICANT (Person(s) shown on evidence of ownership. If individual, give last name, first name, and middle initial.)

Barnum, Leon E.

ADDRESS (Permanent mailing address for first applicant listed.)

Number and street: 6040 Winslow Road

Rural Route: P. O. Box:

☐ CHECK HERE IF ADDRESS CHANGE

CITY	STATE	ZIP CODE
Whitehouse	Ohio	43571

(No fee required for revised Certificate of Registration)

ATTENTION! Read the following statement before signing this application. A false or dishonest answer to any question in this application may be grounds for punishment by fine and/or imprisonment (U.S. Code, Title 18, Sec. 1001).

CERTIFICATION

I/WE CERTIFY that the above described aircraft (1) is owned by the undersigned applicant(s), who is/are citizen(s) of the United States as defined in Sec. 101(13) of the Federal Aviation Act of 1958; (2) is not registered under the laws of any foreign country; and (3) legal evidence of ownership is attached or has been filed with the Federal Aviation Administration.

NOTE: If executed for co-ownership all applicants must sign. Use reverse side if necessary.

EACH PART OF THIS APPLICATION MUST BE SIGNED IN INK.

SIGNATURE	TITLE	DATE
Leon E. Barnum	Owner	12/28/76
SIGNATURE	TITLE	DATE
SIGNATURE	TITLE	DATE

NOTE: Pending receipt of the Certificate of Aircraft Registration, the aircraft may be operated for a period not in excess of 90 days, during which time the PINK copy of this application must be carried in the aircraft.

AC Form 8050-1 (8-75) (0052-00-628-9004) Supersedes previous edition.

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

28

SUBMITTED BY I.A.T.S.

CONVEYANCE FILED WITH
FAA AIRCRAFT REGISTRY
JAN 7 10 54 AM '77
OKLAHOMA CITY, OKLA.

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

FORM APPROVED: OMB NO. 04-R0076

UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION

DO NOT WRITE IN THIS BLOCK FOR FAA USE ONLY

27-1

AIRCRAFT BILL OF SALE

FOR AND IN CONSIDERATION OF $ ONE DOLLAR AND OTHER VALUABLE CONSIDERATION, THE UNDERSIGNED OWNER(S) OF THE FULL LEGAL AND BENEFICIAL TITLE OF THE AIRCRAFT DESCRIBED AS FOLLOWS:

AIRCRAFT, MAKE AND MODEL
Grumman Mallard G-73

MANUFACTURER'S SERIAL NUMBER
1-42

NATIONALITY & REGISTRATION MARKS
N 5115J

DOES THIS 28th DAY OF DEC 1976 HEREBY SELL, GRANT, TRANSFER AND DELIVER ALL RIGHTS, TITLE, AND INTERESTS IN AND TO SUCH AIRCRAFT UNTO:

JAN 13 10 22 AM '77
CONVEYANCE RECORDED
H90861

PURCHASER

NAME AND ADDRESS
(IF INDIVIDUAL(S), GIVE LAST NAME, FIRST NAME, AND MIDDLE INITIAL.)

BARNUM, LEON E.
6040 WINSLOW RD
WHITEHOUSE, OHIO
43571

AND TO EXECUTORS, ADMINISTRATORS, AND ASSIGNS TO HAVE AND TO HOLD SINGULARLY THE SAID AIRCRAFT FOREVER, AND WARRANTS THE TITLE THEREOF.

IN TESTIMONY WHEREOF HAVE SET HAND AND SEAL THIS DAY OF 19

SELLER

NAME (S) OF SELLER (TYPED OR PRINTED)	SIGNATURE (S) (IN BLACK INK.) (IF EXECUTED FOR CO-OWNERSHIP, ALL MUST SIGN.)	TITLE (TYPED OR PRINTED)
BEAVER AVIATION SERVICE		

JAN 7 1975

$0005.00 FEE

ACKNOWLEDGMENT (NOT REQUIRED FOR PURPOSES OF FAA RECORDING; HOWEVER, MAY BE REQUIRED BY LOCAL LAW FOR VALIDITY OF THE INSTRUMENT.)

ORIGINAL: TO FAA

AC FORM 8050-2 (8-71) (0052-629-0003)

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

27

CONVEYANCE FILED WITH
FAA AIRCRAFT REGISTRY
JAN 7 10 54 AM '77
OKLAHOMA CITY, OKLA.

SUBMITTED BY I.A.T.S.

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

FORM APPROVED: OMB No. 04-R0076

26-1

UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION – FEDERAL AVIATION ADMINISTRATION

AIRCRAFT REGISTRATION APPLICATION

U 01 117

CERT. ISSUE DATE

TYPE OF REGISTRATION (Check one box) ☐ 1. Individual ☐ 2. Partnership ☑ 3. Corporation ☐ 4. Co-Owner ☐ 5. Gov't.

UNITED STATES REGISTRATION NUMBER N 5115 1

AIRCRAFT MANUFACTURER & MODEL GRUMMAN MALLARD G-73

AIRCRAFT SERIAL No. J-42

FOR FAA USE ONLY

NAME OF APPLICANT (Person(s) shown on evidence of ownership. If individual, give last name, first name, and middle initial.)

BEAVER AVIATION SERVICE, INC.

ADDRESS (Permanent mailing address for first applicant listed.)

P.O. BOX 607

Number and street:

Rural Route: P. O. Box:

☐ CHECK HERE IF ADDRESS CHANGE	CITY	STATE	ZIP CODE
	GROVE CITY	PA.	16127

(No fee required for revised Certificate of Registration)

ATTENTION! **Read the following statement before signing this application.** A false or dishonest answer to any question in this application may be grounds for punishment by fine and/or imprisonment (U.S. Code, Title 18, Sec. 1001).

CERTIFICATION

I/WE CERTIFY that the above described aircraft (1) is owned by the undersigned applicant(s), who is/are citizen(s) of the United States as defined in Sec. 101(13) of the Federal Aviation Act of 1958; (2) is not registered under the laws of any foreign country; and (3) legal evidence of ownership is attached or has been filed with the Federal Aviation Administration.

NOTE: If executed for co-ownership all applicants must sign. Use reverse side if necessary.

EACH PART OF THIS APPLICATION MUST BE SIGNED IN INK.

SIGNATURE	TITLE	DATE
[signature]	Pres	12/20/76
SIGNATURE	TITLE	DATE
SIGNATURE	TITLE	DATE

NOTE: Pending receipt of the Certificate of Aircraft Registration, the aircraft may be operated for a period not in excess of 90 days, during which time the PINK copy of this application must be carried in the aircraft.

AC Form 8050-1 (8-75) (0052-00-628-9004) Supersedes previous edition.

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

26

CONVEYANCE FILED WITH
FAA AIRCRAFT REGISTRY
JAN 4 1 47 PM '77
OKLAHOMA CITY, OKLA.

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

FORM APPROVED
OMB NO. 04-R0078

UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION

DO NOT WRITE IN THIS BLOCK
FOR FAA USE ONLY

25-1

AIRCRAFT BILL OF SALE

FOR AND IN CONSIDERATION OF $1 & OVC THE UNDERSIGNED OWNER(S) OF THE FULL LEGAL AND BENEFICIAL TITLE OF THE AIRCRAFT DESCRIBED AS FOLLOWS:

AIRCRAFT MAKE AND MODEL
Grumman Mallard G-73

MANUFACTURER'S SERIAL NUMBER
J-42

NATIONALITY & REGISTRATION MARKS
N51151

DOES THIS 20th DAY OF Dec. 19 76 HEREBY SELL, GRANT, TRANSFER AND DELIVER ALL RIGHTS, TITLE, AND INTEREST IN AND TO SUCH AIRCRAFT UNTO:

PURCHASER

NAME AND ADDRESS
(IF INDIVIDUAL(S), GIVE LAST NAME, FIRST NAME, AND MIDDLE INITIAL)

Beaver Aviation Service, Inc.
P.O. Box 607
Grove City, Pa. 16127

JAN 11 1 23 PM '77
FEDERAL AVIATION ADMINISTRATION
CONVEYANCE RECORDED
U 2 5 9 3

SLa

AND TO their EXECUTORS, ADMINISTRATORS, AND ASSIGNS TO HAVE AND TO HOLD SINGULARLY THE SAID AIRCRAFT FOREVER; AND WARRANTS THE TITLE THEREOF.

IN TESTIMONY WHEREOF I HAVE SET my HAND AND SEAL THIS 20th DAY OF Dec 76

SELLER	NAME (S) OF SELLER (TYPED OR PRINTED)	SIGNATURE (S) (IN BLACK INK.) (IF EXECUTED FOR CO-OWNERSHIP, ALL MUST SIGN.)	TITLE (TYPED OR PRINTED)
	Crow, Inc.	Jayne Callahan	Secretary/Treas.

JAN 11 1 08 PM '77
FEDERAL AVIATION ADMINISTRATION

ACKNOWLEDGMENT (NOT REQUIRED FOR PURPOSES OF FAA RECORDING; HOWEVER, MAY BE REQUIRED BY LOCAL LAW FOR VALIDITY OF THE INSTRUMENT.)

ORIGINAL: TO FAA

Dup Ret

AC FORM 8050-2 (4-71) (0052-629-0002)

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

25

CONVEYANCE FILED WITH
FAA AIRCRAFT REGISTRY
JAN 4 1 47 PM '77
OKLAHOMA CITY, OKLA.

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

24-1

BUDGET BUREAU NO. 04-R0169; APPROVAL EXPIRES SEPTEMBER 30, 1972

The use of this form is not required, and it is provided solely for your convenience. It is only intended to be a suggested form of release, which, however, meets the recording requirements of the Federal Aviation Act of 1958, and the regulations issued thereunder. It is important that the form of release used by the security holder be drafted in accordance with the pertinent provisions of the law applicable under Section 506 of the Federal Aviation Act of 1958 (49 USC 1406) and to conform to the circumstances of the particular transaction. If this release form meets these requirements, you may use this copy. This form may be reproduced.

RELEASE

The undersigned (herein described as the security holder) is the true and lawful holder of the note or other evidence of indebtedness secured by a conveyance on the following described collateral:

AIRCRAFT MAKE AND MODEL: G-73 GRUMMAN MALLARD	
FAA REGISTRATION NUMBER: N 51151	AIRCRAFT SERIAL NUMBER: J-42
ENGINE MAKE AND MODEL	ENGINE SERIAL NUMBER
PROPELLER MAKE	PROPELLER SERIAL NUMBER(S)
SPARE PARTS AND LOCATION	

CONVEYANCE RECORDED
JAN 11 1 22 PM '77
FEDERAL AVIATION ADMINISTRATION

U 27592

Do Not Write In This Block
FOR FAA USE ONLY

MICROFILM CODE
2E KE

The conveyance dated 3-29-72, was executed by

Crow, Inc. to Lucas County State Bank and assigned to

This conveyance was recorded by the Federal Aviation Administration on 4-10-72

and was assigned conveyance number R 47082

I hereby certify and acknowledge that the above described collateral was released from the terms of the conveyance on 12-20-76

LUCAS COUNTY STATE BANK
TOLEDO, OHIO
(Name of Security Holder)

SIGNATURE (In Ink) D. R. Schwind

TITLE Vice President

A person signing for a corporation must be a corporate officer or hold a managerial position and must show his title. A person signing for another should see Parts 47 and 49 of the Federal Aviation Regulations (14 CFR Parts 47 and 49).

ACKNOWLEDGMENT (If Required by Applicable Local Law)

AC Form 8050-41 (5-68) Supersedes previous edition

C FAA AC 68-3539

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

24

DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION

AERONAUTICAL CENTER
P.O. BOX 25082
OKLAHOMA CITY, OKLAHOMA 73125

DATE: R 10 APR 1972

IN REPLY REFER TO: AC-250:N 51151

SUBJECT: Notice of Recordation of Conveyance

TO: Lucas County State Bank
515 Madison Ave
Toledo, Ohio Zip 43604

NAME: Crow, Inc

We have received the conveyance securing an obligation which was submitted to the Federal Aviation Administration for recording.

This conveyance dated 3-29-72 was recorded on 4-10-72

as conveyance number R47082 pertaining to N51151

When the obligation secured by the conveyance has been satisfied, the security holder is required to execute a release and send it to the FAA Aircraft Registry for recording. The release must be signed in ink by the security holder and the above-mentioned conveyance number be included in the release. A suggested form of release is printed on the reverse side of this letter.

If applicable local law so requires to make the release valid, the release must be acknowledged before a notary public.

There is no fee for the recording of a release.

for M. Robinson
LESTER G. ROBINSON
Chief, Aircraft Registration Branch, AC-250

CONVEYANCE FILED WITH
FAA AIRCRAFT REGISTRY
JAN 4 1 47 PM '77
OKLAHOMA CITY, OKLA.

AC Form 8050-41 (5-68) Supersedes previous edition

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

23-1

R 47082

FLOOR PLAN SECURITY AGREEMENT

UCC-8

SEE RECORDED CONVEYANCE NUMBER 422592

CONVEYANCE RECORDED

APR 3 9 18 AM '72
(Date)
FEDERAL AVIATION ADMINISTRATION

CROW, INC., Toledo Express Airport, Swanton, Lucas, Ohio
(Name) (No. and Street) (City or Town) (County) (State)

an (individual) (partnership) (corporation organized under the laws of.....) (hereinafter called "Debtor"), for valuable consideration, receipt whereof is hereby acknowledged, do.....hereby grant unto THE LUCAS COUNTY STATE BANK, 515 Madison Avenue, Toledo, Ohio (hereinafter called "Bank"), a security interest in the property described below, or in the list attached hereto, together with any additions and accessions thereto. (Hereinafter called the Collateral.)

Description of Goods

Make	Body	Model	Year	Serial No.	Registration No.	Amount
Grumman Aircraft		G-73		J-42	N51151	$55,000.00

to secure the payment of Fifty-five Thousand and ----------XX/100 ($55,000.00) as provided in the note or notes of even date herewith and any renewals or extensions thereof and also any and all liabilities of Debtor to Bank, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising (all hereinafter called the "Obligations").

Except for the security interest granted hereby, Debtor is the owner of the Collateral free from any prior lien, security interest or encumbrances, and Debtor will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein.

THIS AGREEMENT IS SUBJECT TO THE ADDITIONAL PROVISIONS SET FORTH ON THE REVERSE SIDE HEREOF, THE SAME BEING INCORPORATED HEREIN BY REFERENCE.

Signature (Sign full name in ink. Do not print)

CROW, INC.

Sam D. Bonnie, Pres.

Debtor

Secured Party
(To be signed by secured party only if agreement is to be filed.)

SEAL

ACKNOWLEDGMENT BY SECURED PARTY (ASSIGNOR)

State of Ohio

County of Lucas

HAROLD C. TOOMAN, JR.
Notary Public, Lucas County, Ohio
My Commission Expires 5/9/73

My commission expires May 9, 73

On this 3 day of April 19 72 before me personally appeared the above-named Secured party to me known to be the person described in and who executed the foregoing assignment, and acknowledged that he executed the same as his free act and deed, and, if said assignment be that of a corporation swore that he was duly authorized to execute the same. Given under my hand and official seal the day and year written above.

Harold C. Tooman

Signature of notary public (in ink)

ACKNOWLEDGMENT BY DEBTOR

State of Ohio

County of Lucas

HAROLD C. TOOMAN, JR.
Notary Public, Lucas County, Ohio
My Commission Expires 5/9/73

My commission expires May 9, 73

This instrument prepared by

SEAL

On this 3 day of April 19 72 before me personally appeared the above-named debtor to me known to be the person described in and who executed the foregoing Security Agreement, and acknowledged that he executed the same as his free act and deed, and, if said Security Agreement be that of a corporation swore that he was duly authorized to execute the same. Given under my hand and official seal the day and year written above.

Harold C. Tooman

Signature of notary public (in ink)

APR 5 1654 50005.0023

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

MICRO

CONVEYANCE FILED WITH
FAA AIRCRAFT REGISTRY
APR 6 12 27 PM '72
OKLAHOMA CITY, OKLA.

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

22-1

BUDGET BUREAU NO. 04-R0169; APPROVAL EXPIRES SEPTEMBER 30, 1972

The use of this form is not required, and it is provided solely for your convenience. It is only intended to be a suggested form of release, which, however, meets the recording requirements of the Federal Aviation Act of 1958, and the regulations issued thereunder. It is important that the form of release used by the security holder be drafted in accordance with the pertinent provisions of the law applicable under Section 506 of the Federal Aviation Act of 1958 (49 USC 1406) and to conform to the circumstances of the particular transaction. If this release form meets these requirements, you may use this copy. This form may be reproduced.

R 47081

CONVEYANCE RECORDED
APR 10 9 18 AM '72
FEDERAL AVIATION ADMINISTRATION

Do Not Write In This Block
FOR FAA USE ONLY

MICROFILM CODE
2E KE

RELEASE

The undersigned (herein described as the security holder) is the true and lawful holder of the note or other evidence of indebtedness secured by a conveyance on the following described collateral:

AIRCRAFT MAKE AND MODEL: Grumman Aircraft	
FAA REGISTRATION NUMBER: N51151	AIRCRAFT SERIAL NUMBER: J-42
ENGINE MAKE AND MODEL: G-73	ENGINE SERIAL NUMBER:
PROPELLER MAKE:	PROPELLER SERIAL NUMBER(S):
SPARE PARTS AND LOCATION:	

The conveyance dated May 24, 1971, was executed by Crow, Inc. to Edward S. Herzog and assigned to

This conveyance was recorded by the Federal Aviation Administration on October 18, 1971 and was assigned conveyance number D60025

I hereby certify and acknowledge that the above described collateral was released from the terms of the conveyance on April 3, 1972

A person signing for a corporation must be a corporate officer or hold a managerial position and must show his title. A person signing for another should see Parts 47 and 49 of the Federal Aviation Regulations (14 CFR Parts 47 and 49).

(Name of Security Holder)

SIGNATURE (In Ink) Edward S. Herzog

TITLE Personal

ACKNOWLEDGMENT (If Required By Applicable Local Law)

AC Form 8050-41 (5-68) Supersedes previous edition

FAA AC 68-3538

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

22

DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION

AERONAUTICAL CENTER
P.O. BOX 25082
OKLAHOMA CITY, OKLAHOMA 73125

DATE: D 18 OCT 1971

IN REPLY REFER TO: AC-250:N 51151

SUBJECT: Notice of Recordation of Conveyance

TO: Edward L. Herzog
3331 Stanhope
Toledo, Ohio Zip 43606

NAME: Crow, Inc

We have received the conveyance securing an obligation which was submitted to the Federal Aviation Administration for recording.

This conveyance dated 5-24-71 was recorded on 10-18-71

as conveyance number A60025 pertaining to N-51151

When the obligation secured by the conveyance has been satisfied, the security holder is required to execute a release and send it to the FAA Aircraft Registry for recording. The release must be signed in ink by the security holder and the above-mentioned conveyance number be included in the release. A suggested form of release is printed on the reverse side of this letter.

If applicable local law so requires to make the release valid, the release must be acknowledged before a notary public.

There is no fee for the recording of a release.

B. Buehan
for LESTER G. ROBINSON
Chief, Aircraft Registration Branch, AC-250

OKLAHOMA CITY, OKLA.
APR 6 12 27 PM '72
CONVEYANCE FILED WITH
FAA AIRCRAFT REGISTRY

Grumman Mallard
a

AC Form 8050-41 (5-68) Supersedes previous edition

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

21-1

R 4 7 0 8 0

BUDGET BUREAU NO. 04-R0169; APPROVAL EXPIRES SEPTEMBER 30, 1972

The use of this form is not required, and it is provided solely for your convenience. It is only intended to be a suggested form of release, which, however, meets the recording requirements of the Federal Aviation Act of 1958, and the regulations issued thereunder. It is important that the form of release used by the security holder be drafted in accordance with the pertinent provisions of the law applicable under Section 506 of the Federal Aviation Act of 1958 (49 USC 1406) and to conform to the circumstances of the particular transaction. If this release form meets these requirements, you may use this copy. This form may be reproduced.

CONVEYANCE RECORDED

APR 10 9 17 AM '72

FEDERAL AVIATION ADMINISTRATION

RELEASE

The undersigned (herein described as the security holder) is the true and lawful holder of the note or other evidence of indebtedness secured by a conveyance on the following described collateral:

AIRCRAFT MAKE AND MODEL: Grumman G-73	
FAA REGISTRATION NUMBER: N51151	AIRCRAFT SERIAL NUMBER: J-42
ENGINE MAKE AND MODEL	ENGINE SERIAL NUMBER
PROPELLER MAKE	PROPELLER SERIAL NUMBER(S)
SPARE PARTS AND LOCATION	

Do Not Write In This Block
FOR FAA USE ONLY

MICROFILM CODE
2E KE

The conveyance dated _____, was executed by Crow, Inc.

_____ to The Huntington National

Bank of Columbus and assigned to _____

_____

_____

This conveyance was recorded by the Federal Aviation Administration on 10/5/71

_____ and was assigned conveyance number C085301

I hereby certify and acknowledge that the above described collateral was released from the terms of the conveyance on December 10, 1971

The Huntington National Bank
(Name of Security Holder)

SIGNATURE (In Ink) _____

TITLE Vice President

A person signing for a corporation must be a corporate officer or hold a managerial position and must show his title. A person signing for another should see Parts 47 and 49 of the Federal Aviation Regulations (14 CFR Parts 47 and 49).

ACKNOWLEDGEMENT (If Required By Applicable Local Law)

AC Form 8050-41 (12-67) Supersedes FAA Forms 506, 618, 1991, Parts 1 and 2.

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

MICRO

21

THIS FORM IS PROVIDED FOR OUR CLIENTS WITH OUR COMPLIMENTS

INSURED AIRCRAFT TITLE SERVICE

POST OFFICE BOX 26187 AREA CODE 405-681-6663 OKLAHOMA CITY, OKLAHOMA

ACCURATE REPORTS - FASTER SERVICE - SUBSTANTIAL SAVINGS

OKLAHOMA CITY, OKLA.
APR 5 12 27 PM '72
CONVEYANCE FILED WITH
FAA AIRCRAFT REGISTRY

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

20-3

BUDGET BUREAU NO. 04-R0189; APPROVAL EXPIRES SEPTEMBER 30, 1972

The use of this form is not required, and it is provided solely for your convenience. It is only intended to be a suggested form of release, which, however, meets the recording requirements of the Federal Aviation Act of 1958, and the regulations issued thereunder. It is important that the form of release used by the security holder be drafted in accordance with the pertinent provisions of the law applicable under Section 506 of the Federal Aviation Act of 1958 (49 USC 1406) and to conform to the circumstances of the particular transaction. If this release form meets these requirements, you may use this copy. This form may be reproduced.

R 4 5 8 0 6

CONVEYANCE RECORDED

FEB 5 7 51 AM '77

FEDERAL AVIATION ADMINISTRATION

RELEASE

The undersigned (herein described as the security holder) is the true and lawful holder of the note or other evidence of indebtedness secured by a conveyance on the following described collateral:

AIRCRAFT MAKE AND MODEL: 1949 Grumman Mallard G-73	
FAA REGISTRATION NUMBER: N51151	AIRCRAFT SERIAL NUMBER: J-42
ENGINE MAKE AND MODEL	ENGINE SERIAL NUMBER
PROPELLER MAKE	PROPELLER SERIAL NUMBER(S)
SPARE PARTS AND LOCATION	

Do Not Write In This Block
FOR FAA USE ONLY

MICROFILM CODE
2E KE

The conveyance dated 12/2/65, was executed by Crow, Inc.

to The Huntington National Bank of Columbus and assigned to

This conveyance was recorded by the Federal Aviation Administration on 12/16/65

and was assigned conveyance number B049066

I hereby certify and acknowledge that the above described collateral was released from the terms of the conveyance on December 28, 1971

A person signing for a corporation must be a corporate officer or hold a managerial position and must show his title. A person signing for another should see Parts 47 and 49 of the Federal Aviation Regulations (14 CFR Parts 47 and 49).

The Huntington National Bank of Columbus
(Name of Security Holder)

SIGNATURE (In Ink)

TITLE Vice President

ACKNOWLEDGMENT (If Required By Applicable Local Law)

AC Form 8050-41 (5-68) Supersedes previous edition

FAA AC 68-3539

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

20-2

DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION

AERONAUTICAL CENTER
P.O. BOX 25082
OKLAHOMA CITY, OKLAHOMA 73125

DATE: C 05 OCT 1971

IN REPLY REFER TO: AC-250:N 5116 1

SUBJECT: Notice of Recordation of Conveyance

TO: Huntington National Bank
17 So. High
Columbus, Ohio Zip 43215

NAME: Crow, Inc.

We have received the conveyance securing an obligation which was submitted to the Federal Aviation Administration for recording.

This conveyance dated 12-2-65 was recorded on 12-16-65 as conveyance number B049066 pertaining to N5116T; assignment dated 1-18-66 recorded 10-5-71 as document 085301. When the obligation secured by the conveyance has been satisfied, the security holder is required to execute a release and send it to the FAA Aircraft Registry for recording. The release must be signed in ink by the security holder and the above-mentioned conveyance number be included in the release. A suggested form of release is printed on the reverse side of this letter.

If applicable local law so requires to make the release valid, the release must be acknowledged before a notary public.

There is no fee for the recording of a release.

for B. Grover
LESTER G. ROBINSON
Chief, Aircraft Registration Branch, AC-250

CONVEYANCE FILED WITH
FAA AIRCRAFT REGISTRY
JAN 6 10 48 AM '72
OKLAHOMA CITY, OKLA.

AC Form 8050-41 (5-68) Supersedes previous edition

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

20-1

This form is only intended to be a suggested form of release which meets the recording requirements of the Federal Aviation Act of 1958 and the Regulations of the Administrator issued thereunder. In addition to these requirements, the form of release used by the mortgagee or assignee should be drafted in accordance with the pertinent provisions of the local statutes. If this release form meets the local statutes, you may use this copy. Copies of this form may be reproduced, if desired.

RELEASE

The undersigned is the true and lawful holder of the note or other evidence of indebtedness secured by a mortgage on the following described aircraft:

AIRCRAFT MAKE	
Gruman Mallard	
AIRCRAFT SERIAL NUMBER	FAA REGISTRATION NUMBER
J-42	N-51151

The mortgage dated 12-2-65, was executed by Crow, Inc., (Mortgagor), to Aircraft Acceptance Corporation, (Mortgagee), and assigned to _____.

This mortgage was recorded by the Federal Aviation Agency on 12/16/65, and was assigned document number B049066.

I hereby certify and acknowledge that the above-described aircraft was released from the terms of the mortgage on March 22, 1971.

The signature of a person signing for a corporation other than the president, vice president, secretary, or treasurer, will not be accepted unless there is submitted a certified copy of the authority granted him by the Board of Directors of the corporation to act in that capacity.

AIRCRAFT ACCEPTANCE CORPORATION
Name of Mortgagee or Assignee

Signature *(In ink)* [signature]

Title PRESIDENT

ACKNOWLEDGMENT

State of OHIO

County of FRANKLIN

on this 22 day of March 19 71 before me personally appeared the above-named Mortgagee or Assignee, to me known to be the person described in and who executed the foregoing release, and acknowledged that he executed the same as his free act and deed, and if said release be that of a corporation swore that he was duly authorized to execute the same. Given under my hand and official seal the day and year written above.

(SEAL) SEAL

[signature]
Notary public *(In ink)*

NORMA JEAN PANTHANA
NOTARY PUBLIC, FRANKLIN COUNTY, OHIO
MY COMMISSION EXPIRES 4-8-73

My commission expires _____

FAA Form 506, Part 2 (3-68) OBSOLETE PREVIOUS EDITION (6060)

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

20

MICRO

FEDERAL AVIATION AGENCY
AERONAUTICAL CENTER
P. O. Box 1082
Oklahoma City, Oklahoma 73101

B DEC 16 1965

IN REPLY REFER TO: N 51151

Aircraft Acceptance Corp.
4920 E. 5th. Ave.
Columbus, Ohio

RECEIVED
DEC 20 1965
AIRCRAFT ACCEPTANCE CORP.
FLIGHT LEASE, INC.
INTERSTATE AIRCRAFT

MORTGAGOR: Crow, Inc.

We have received the aircraft chattel mortgage which was submitted for recording by the Federal Aviation Agency. Security agreement

This mortgage dated Dec 2, 1965 was recorded on Dec 16, 1965 as document number 1049066 against aircraft registration number(s)

N-51151

The above-mentioned document number should be included in the release to be executed when the mortgage is paid or satisfied. An appropriate form of release is printed on the reverse side of this letter.

The release should be signed in ink by the mortagee or the assignee; if a corporation, signed by the president, vice president, secretary or treasurer, and acknowledged before a notary public, and submitted to this office for recording.

There is no fee for the recording of a release.

Sincerely yours,

Lester G. Robinson

Lester G. Robinson
Chief, Aircraft Registration Branch
Data Services Division

OKLAHOMA CITY, OKLA. MAR 25 1971
OCT 8 3 49 PM '71
CONVEYANCE FILED WITH
FAA AIRCRAFT REGISTRY

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

19-1

AIRCRAFT CHATTEL MORTGAGE

This mortgage, made this 24th day of May, 19 71 by and between

D60025

Crow, Inc.

whose address is *(Number, street, city, zone, and State)*

hereinafter called the MORTGAGOR, and

SEE RECORDED CONVEYANCE NUMBER R47081

CONVEYANCE RECORDED

Edward S. Herzog

OCT 18 3 39 PM '71

whose address is *(Number, street, city, zone, and State)* 3331 Stanhope, Toledo, Ohio FEDERAL AVIATION ADMINISTRATION 43606

hereinafter called the MORTGAGEE,

WITNESSETH: That the said mortgagor, being justly indebted unto the said mortgagee in the sum of Fifty Thousand & .00/100

dollars ($50,000.00) as evidenced by a promissory note referred to herein, grants, bargains, sells, and mortgages to the said mortgagee, his heirs, administrators, successors, and assigns, the following described aircraft:

Aircraft make and model Grumman Mallard G-73 FAA registration number N51151

Manufacturer's serial number J-42

Together with all equipment and accessories attached thereto or used in connection therewith including the following:

all of which are included in the term aircraft as used herein.

The above described aircraft is hereby mortgaged to the mortgagee for the purpose of securing in the order named:

First: The payment of all indebtedness evidenced by and according to the terms of that certain promissory note, hereinbelow described, and all renewals and extensions thereof:

Note bearing date of May 24 1971 executed by the mortgagor and payable to the order of Edward S. Herzog in the aggregate principal sum of $50,000.00 with interest thereon at the rate of None per centum per annum, from date, payable in installments as follows: In Full November 16,1971

The principal and interest of said note is payable in one installments of $ each on the day of each successive month beginning with the day of 19

The last payment of $ is due on the day of 19

Second: The prompt and faithful discharge and performance of each agreement of the mortgagor herein contained made with or for the benefit of the mortgagee in connection with the indebtedness to secure which this instrument is executed, and the repayment of any sums expended or advanced by the mortgagee for the maintenance or preservation of the property mortgaged hereby or in enforcing his rights hereunder.

Said mortgagor hereby declares and hereby warrants to the said mortgagee that he is the absolute owner of the legal and beneficial title to the said aircraft and in possession thereof, and that the same is free and clear of all liens, encumbrances, and adverse claims whatsoever, except as follows: *(If no liens other than this mortgage indicate "None".)*

None

The following space is for the inclusion of any special provisions which the parties hereto are desirous of making a part of this mortgage.

Provided, however, that if the mortgagor, his heirs, administrators, successors, or assigns shall pay said note and the interest thereon in accordance with the terms thereof and shall keep and perform all and singular the terms, covenants, and agreements in this mortgage, then this mortgage shall be null and void.

FEE $ 2100 CK 000500 RCB

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

19

Time is of the essence of this mortgage. It is hereby agreed that if default be made in the payment of any part of the principal or interest of the promissory note secured hereby at the time and in the manner therein specified, or if any breach be made of any obligation or promise of the mortgagor herein contained or secured hereby, or if any or all of the property covered hereby be hereafter sold, leased, transferred, mortgaged, or otherwise encumbered without the written consent of the mortgagee first had and obtained, or in the event of the seizure of the aircraft under execution or other legal process, or if for any other reason the mortgagee may deem himself insecure, then the whole principal sum unpaid upon said promissory note, with the interest accrued thereon, or advanced under the terms of this mortgage, or secured thereby, and the interest thereon, shall immediately become due and payable at the option of the mortgagee. *(Any other causes of default should be listed below:)*

Upon default, mortgagee may at once proceed to foreclose this mortgage in any manner provided by law, or he may at his option, and he is hereby empowered so to do, with or without a foreclosure action, enter upon the premises where the said aircraft may be and take possession thereof; and remove and sell and dispose of the same at public or private sale, and from the proceeds of such sale retain all costs and charges incurred by him in the taking or sale of said aircraft, including any reasonable attorney's fees incurred; also all sums due him on said promissory note, under any provisions thereof, or advanced under the terms of this mortgage, and interest thereon, or due or owing to the said mortgagee, under any provisions of this mortgage, or secured hereby, with the interest thereon, and any surplus of such proceeds remaining shall be paid to the mortgagor, or whoever may be lawfully entitled to receive the same. If a deficiency occurs, the mortgagor agrees to pay such deficiency forthwith.

Said mortgagee or his agent may bid and purchase at any sale made under this mortgage or herein authorized, or at any sale made upon foreclosure of this mortgage.

IN WITNESS WHEREOF, the mortgagor has hereunto set hand and seal on the day and year first above written.

Name of mortgagor Crow, Inc.

Signature(s) *(In ink)* Sharon L. Bauer
(If executed for co-ownership, all must sign)

Title President
(If signed for a corporation, partnership, owner, or agent)

ACKNOWLEDGMENT BY MORTGAGOR

State of Ohio

County of Lucas

(SEAL)

On this 24th day of May, 19 71, before me personally appeared the above-named mortgagor, to me known to be the person described in and who executed the foregoing chattel mortgage, and acknowledged that he executed the same as his free act and deed, and, if said chattel mortgage be that of a corporation swore that he was duly authorized to execute the same. Given under my hand and official seal the day and year written above.

My commission expires 12-9-75

Sharon L. Bauer
(Signature of notary public *(In ink)*)

ASSIGNMENT BY MORTGAGEE

For value received, the undersigned mortgagee does hereby sell, assign, and transfer all his right, title and interest in and to the foregoing note and chattel mortgage, and the aircraft covered thereby, unto

whose address is *(Number, street, city, zone, and State)*

and hereby authorizes the said to do every act, and thing necessary to collect and discharge the same. The undersigned mortgagee warrants and agrees to defend the title of said aircraft hereby conveyed against all lawful claims and demands except the rights of the maker. The undersigned mortgagee warrants that he is the owner of a valid security interest in the said aircraft. *(A guaranty clause or any other provisions which the parties hereto are desirous of making a part of this assignment should be included in the following space.)*

Dated this _____ day of _____, 19____.

Name of mortgagee (assignor) _____

Signature(s) *(In ink)* _____
(If executed for co-ownership, all must sign)

Title _____
(If signed for a corporation, partnership, owner, or agent)

OKLAHOMA CITY, OKLA.

ACKNOWLEDGMENT BY MORTGAGEE (ASSIGNOR)

State of _____

County of _____

(SEAL)

On this _____ day of _____, 19____, before me personally appeared the above-named mortgagee, to me known to be the person described in and who executed the foregoing assignment, and acknowledged that he executed the same as his free act and deed, and, if said assignment be that of a corporation swore that he was duly authorized to execute the same. Given under my hand and official seal the day and year written above.

My commission expires _____

_____
(Signature of notary public *(In ink)*)

FAA AC 88-3841

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

18-1

MC 085301

SEE RECORDED CONVEYANCE NUMBER R45808 R47080

ASSIGNMENT OF INSTRUMENTS

CONVEYANCE RECORDED

SEP 13 4 04 PM '71

FEDERAL AVIATION ADMINISTRATION

For value received, the attached instrument and note secured thereby assigned upon an aircraft bearing Registration No. 51151, is assigned to the Huntington National Bank of Columbus, Ohio, with full recourse this 18th day of January 196 6.

Assignment of Security agreement dated 12-2-65, recorded 12-16-65 as document B 049066

Grumman G-73 S/N J-42

AIRCRAFT ACCEPTANCE CORPORATION

BY _____

Pres.

STATE OF OHIO

COUNTY OF FRANKLIN

Be it remembered that on this 18th day of January, 196 6, before me the undersigned, a Notary Public in and for the said County and State, personally appeared the above named corporation by George S. Hostei, Jr., its President, and acknowledged the signing of the foregoing assignment to be its voluntary act and deed for the uses and purposes therein mentioned.

In Whitness Whereof I have hereunto set my hand and affixed my official seal on the day and year above written.

SEAL

_____
Notary Public
Franklin County, Ohio

My Commission Expires 3/31/68

SEP 28 7081

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

MICRO

OKLAHOMA CITY, OKLA.
SEP 28 2:09 PM '71
CONVEYANCE FILED WITH
FAA AIRCRAFT REGISTRY

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

2 17-1

FOR ALL U.C.C. JURISDICTIONS

AAC

RETAIL INSTALLMENT SALES—NEW AND USED AIRCRAFT AND RELATED ACCESSORIES.

SECURITY AGREEMENT

B 0 4 9 0 6 6

December 2, 1965
Date

Crow, Inc. Toledo Express Airport, Swanton, Lucas, Ohio
(Name) (No. and Street) (City or Town) (County) (State)

(hereinafter called Buyer-Debtor), for valuable consideration, receipt whereof is hereby acknowledged, does hereby purchase from, grants to Aircraft Acceptance Corp. 4920 E. 5th Ave. Columbus, Franklin, Ohio
(Name) (No. and Street) (City or Town) (County) (State)

(hereinafter called Seller-Secured Party), a security interest and agrees to pay for the property described below (hereinafter called Collateral) and the extra accessories, if any, described below, including such as may be added or substituted by the Buyer for the total price and upon and subject to the terms stated below:

DOC. RECORDED
DEC 16 10
FAA AIRCRAFT REGISTRY

Make of Aircraft or Related Accessories	Year Mfd.	Model	Motor Name and Type	Serial No.	FAA Reg. Cert. No.
Grumman	1949	Mallard G-73	P & W	J-42	N-51151

ITEMS MAKING UP TOTAL OBLIGATION

1.	Cash Price	$83,000.00
2.	Extra Equipment	
3.	Sales Tax (if applicable)	35.00
4.	Documentary Service Charge	83,035.00
5.	Total Cash Price (Sum 1, 2, 3, and 4)	
6.	Down Payment: $ ..... Cash $ ..... Trade-In	83,035.00
7.	Unpaid Balance of Cash Price (5 minus 6)	83,035.00
8.	Cost of Insurance: (Coverage)	22,751.84
9.	Principal Balance Owing (Sum of 7 and 8)	105,786.84
10.	Finance Charge—Including Service Charge	
11.	Time Balance—Amount of Note (Sum of 9 and 10)	

RECORDED
CONVEYANCE
COR 530
R 45 80

Time balance payable in *60 consecutive monthly payments of $1729.90 each or as follows:
8% per month for 90 days (3Pmts. of $664.28) then*

First Payment Due 6th of January 1966

THE CONDITIONS OF THIS SECURITY AGREEMENT ARE SUCH that Buyer has executed and delivered to Seller a certain promissory note of even date herewith, hereinafter referred to as the "note", in the principal amount equal to the Time Balance shown above payable as set forth above and any purchaser of said note shall take the same free from any defense thereto and/or claims, demands and setoffs of Buyer against Seller, NOW, THEREFORE:

If the obligation hereby secured, or any part thereof, is not paid at the maturity hereof, whether such maturity be caused by lapse of time or by acceleration, such entire obligation or the part thereof which has matured, as the case may be, shall thereafter draw straight interest at the rate of 8% per annum until paid; or at the option of the Seller, the Seller may collect and receive, and the Buyer agrees to pay, a late charge calculated at the rate of 5¢ for each dollar of any monthly installment shown above which is not paid on or before ten days after the due date thereof, but in no event shall the amount of such late charge for any one defaulted installment exceed $3, which late charge, if imposed and collected by the Seller, shall be in lieu of such 8% straight interest on the applicable installment.

Buyer warrants and covenants that:

1. The Collateral will be kept at Toledo Express Airport, Swanton, Lucas, Ohio
(Street) (City) (County) (State) (Zip Code)

Buyer will notify Seller of any change in location of the Collateral and will not permanently remove the Collateral from the above state without the written consent of Seller. The Seller may examine and inspect the Collateral at any time, wherever located.

2. The Collateral is or is to be used primarily in Business (Insert one: (a) Personal, family or household purposes, (b) farming operations, (c) business use).

3. Buyer's place of business in this state is Toledo Express Airport, Swanton, Lucas
(Street) (City) (County)
(if none, write "none") and all other places of business of Buyer in this state outside of said county are located as follows:

4. If the Collateral is used or bought primarily for personal, family or household purposes or for farming operations, or if Buyer has no place of business in this state, Buyer's residence is as above.

5. If the Collateral is of a type normally used in more than one state (such as automotive equipment, rolling stock, airplanes, road building equipment, commercial harvesting equipment, construction machinery and the like) Buyer's chief place of business is located at Toledo Express Airport, Swanton, Lucas, Ohio

This agreement is subject to the additional provisions set forth on the reverse side hereof, the same being incorporated herein by reference.

Signature (Sign full name in ink. Do not print)

Aircraft Acceptance Corp.
Seller—Secured Party
(To be signed by Seller-Secured Party if agreement is to be filed in lieu of financing statement)

Crow, Inc.
X [signature] Pres.
Buyer—Debtor

DEC 15 3 27 PM 1965

ACKNOWLEDGMENT BY DEBTOR

State of Ohio
County of Franklin

SEAL

On this 12 day of December, 1965, before me personally appeared the above-named debtor to me known to be the person described in and who executed the foregoing Security Agreement and acknowledged that he executed the same as his free act and deed, and, if said Security Agreement be that of a corporation swore that he was duly authorized to execute the same. Given under my hand and official seal the day and year written above.

[signature]
(Signature of notary public (in ink)

My commission expires 3/31/67

This instrument prepared by AIRCRAFT ACCEPTANCE CORP.

DUPLICATE FOR FEDERAL RECORDING

20 DEC 15 1965

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

Buyer further warrants and covenants:

6. The statements and representations made by the Buyer herein and signed by Buyer are true. Buyer will immediately notify Seller or his assignee in writing of any change in or discontinuance of Buyer's place of residence or place or places of business whichever is or are set forth in said statement.

7. No financing statement covering the Collateral is on file in any public office, and at request of Seller, Buyer will join with Seller in executing one or more financing statements pursuant to the Uniform Commercial Code in form satisfactory to Seller and will pay the cost of filing the same in all public offices wherever filing is deemed necessary or desirable by Seller.

8. Buyer will not sell or offer to sell or otherwise transfer or encumber the Collateral or any interest therein without written consent of Seller; will keep the Collateral in good order and repair and will not waste or destroy the Collateral.

9. The Buyer admits, upon examination, that the Collateral is as represented by Seller and acknowledges acceptance and delivery thereof complete with attachments and equipment in good condition and repair and that if Collateral is an airplane, same is airworthy. Seller may examine and inspect the Collateral at any time, wherever located.

10. Seller may correct patent errors herein and in the note.

11. That any notice to Buyer shall be sufficiently given when mailed to Buyer's address stated above.

12. That the Buyer will keep the Collateral insured at all times against loss by fire and/or other hazards concerning which, in the judgment of the Seller or his assignee, insurance protection is reasonably necessary, in a company or companies satisfactory to the Seller or assignee and in amounts sufficient to protect Seller or assignee against loss or damage to said Collateral, that such policy or policies of insurance will be delivered to the Seller or assignee together with loss payable clauses in favor of the Seller or assignee as its interest may appear, in form satisfactory to the Seller or assignee.

13. Upon the happening of any of the following events or conditions, namely: (I) default in the payment or performance of any of the Obligations or of any covenant or liability contained or referred to herein or in any note evidencing any of the Obligations; (II) any warranty, representation of statement made or furnished to Secured Party by or on behalf of Buyer in connection with this agreement or to induce Seller-Secured Party to make a loan to Buyer proving to have been false in any material respect when made or furnished; (III) loss, theft, substantial damage, destruction, sale or encumbrance to or of any of the Collateral, or the making of any levy, seizure or attachment thereof or thereon; (IV) death, dissolution, termination of existence, insolvency, business failure, appointment of a receiver of any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Debtor, or a guarantor or surety for Debtor; thereupon, or at any time thereafter (such default not having previously been cured) Secured Party at its option may declare all of the Obligations to be immediately due and payable and shall then have the remedies of a secured party under THE UNIFORM COMMERCIAL CODE, including, without limitation thereto, the right to take possession of the Collateral, and for that purpose Secured Party may, so far as Debtor can give authority therefor, enter upon any premises on which the Collateral or any part thereof may be situated and remove the same therefrom. Secured Party may require Debtor to make the Collateral available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties. Secured Party will give Debtor reasonable notification if necessary of the time and place of any public sale or reasonable notification if necessary of the time after which any private sale or other intended disposition is to be made and at any such public or private sale Secured Party may purchase the Collateral.

14. This agreement and the security interest in the Collateral created hereby shall terminate when the Obligations have been paid in full. No waiver by Secured Party of any default shall be effective unless in writing nor operate as a waiver of any other default or of the same default on a future occasion. Secured Party is authorized to fill in any blank spaces herein and to date this agreement the date the loan is made. All rights of Secured Party hereunder shall inure to the benefit of the heirs, executors, administrators, successors and assigns of Secured Party; and all obligations of Debtor shall bind the heirs, executors, administrators, successors and assigns of Debtor. If there be more than one Debtor, their obligations hereunder shall be joint and several. This Agreement shall take effect when signed by Debtor.

15. It is understood and agreed that this instrument and the promissory note executed herewith may be assigned to a third party. Upon notice of such assignment Buyer agrees to make all payments at the office of the named assignee and Buyer acknowledges that Seller is not an agent of such assignee for any purpose. Buyer hereby agrees that such assignment shall be free of any and all defenses which Buyer may have against Seller and Buyer agrees to settle all claims against Seller directly with Seller and not to set up any such claim in any action brought by assignee.

16. Debtor acknowledges receipt of a true copy of this Security Agreement with all blanks suitably filled at the time of execution hereof.

17. This Security Agreement contains the entire agreement between the parties and no oral agreement shall be binding.

DEALER'S ASSIGNMENT AND WARRANTY

For value received, the undersigned does hereby sell, assign, transfer, and set over unto AIRCRAFT ACCEPTANCE CORP., COLUMBUS, OHIO all of its right, title and interest in and to the within security agreement, the amounts due and to become due thereunder and to the Collateral therein described, hereby granting full power to the said assignee, either in the assignee's own name or in the name of the undersigned, to take all such legal or other proceedings as the undersigned might have taken except for this assignment.

The undersigned warrants that the within instrument and the note secured thereby are genuine and in all respects what they purport to be; that all statements contained therein are true; that the within security interest is the first and best lieu upon the Collateral described therein; that there are no defenses, counterclaims, or set-offs thereto that all parties to the foregoing instrument have capacity to contract, and that the undersigned has no knowledge of any facts which impair the validity or value of either the said note or the within security agreement.

The undersigned warrants that the said note and security agreement arise out of a bona fide sale made in compliance with the applicable Retail Installment Sales law from the undersigned to the buyer named in the agreement for the amount therein, the Collateral described therein has been accepted by the buyer, that the down payment was made by the buyer in cash, unless otherwise specifically stated in the agreement, and that the cash payment indicated in said agreement has been received and/or that the allowance given for the trade-in is in the amount stipulated in the agreement. The undersigned further warrants that said agreement and the extension of installment credit complies with all laws, regulations and orders of the Federal and State Governments and specifically complies with all provisions of such Retail Installment Sales law.

Dated this ____ day of _____ 19____

_____ (Dealer)

By _____ (Title)

ACKNOWLEDGMENT BY SECURED PARTY (ASSIGNOR)

State of _____ } ss.
County of _____ }

On this ____ day of _____ 19____ before me personally appeared the above-named Secured party, to me known to be the person described in and who executed the foregoing assignment, and acknowledged that he executed the same as his free act and deed, and, if said assignment be that of a corporation sworn that he was duly authorized to execute the same.

In witness whereof I have hereunto set my hand and official seal the day and year written

My commission expires _____

_____ (Signature of notary public (in ink))

OKLAHOMA CITY, OKLA.
DEC 15 2 25 PM '69
RECEIVED
FILED
RECORDED
INDEXED

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

Form Approved. Budget Bureau No. 04-R076.1

DEC 17 1965 FEDERAL AVIATION AGENCY

16-1

APPLICATION FOR AIRCRAFT REGISTRATION

NATIONALITY AND REGISTRATION MARKS	AIRCRAFT MAKE AND MODEL	AIRCRAFT SERIAL NO.
N -5115T	Gruman Mallard G-73	J-42

NAME AND ADDRESS OF APPLICANT (To be same as shown on other parts of this form)

Crow, Inc.
Toledo Express Airport
Swanton, Ohio

TYPE OF OWNERSHIP

X	CORPORATION
	PARTNERSHIP
	CO-OWNER
	INDIVIDUAL
	GOVERNMENT

I hereby certify that the aircraft described above is not registered under the laws of any foreign country; that all persons whose names appear hereon as applicants are citizens of the United States as defined in section 101(13) of the Federal Aviation Act of 1958; that the applicants are the legal owners of the aircraft, or the buyers under a contract of conditional sale submitted as evidence of ownership for the purpose of registration; and that both copies of FAA Form 500-1 and the original of FAA Form 500-2 and legal evidence of ownership were forwarded to the Federal Aviation Agency, Oklahoma City, Oklahoma 73119.

APPLICANT'S SIGNATURE (In Ink) (If executed for co-ownership, all must sign)

CROW, INC.

Glen E. Bowman

President

DATE OF APPLICATION

12-6-65

Upon transmission of the original of this application to the FAA, Oklahoma City, Oklahoma, and while carrying the duplicate for the aircraft, the applicant may operate that aircraft for not over 30 days from the date of execution of the application until he receives an authenticated copy of FAA Form 500-1 or FAA Form 500, Certificate of Aircraft Registration. This 30-day period may be exceeded if necessary. (See section 47.31(b) of Part 47 of the Federal Aviation Regulations.)

FORWARD THIS COPY TO FAA, OKLAHOMA CITY, OKLAHOMA 73119 — Retain duplicate copy.

FAA Form 500-2 (4-64) REPLACES FORM FAA-500 (PART B) WHICH IS OBSOLETE (9050)

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

16

FEDERAL AVIATION
AGENCY--AIRCRAFT
REGISTRATION BRANCH
DEC 15 2 56 PM '65
OKLAHOMA CITY, OKLA.

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

Form Approved. Budget Bureau No. 04-R076.1

15-1

FEDERAL AVIATION AGENCY

BILL OF SALE B 0 4 9 0 6 5

For and in consideration of $ 1.00 & OVC the undersigned owner of the full legal and beneficial title of the aircraft described as follows:

AIRCRAFT MAKE AND MODEL	SERIAL NO.	REGISTRATION MARKS
Gruman Mallard G-73	J-42	N -51151

DOC. RECORDED
DEC 16 10 30 AM '65
FAA
AIRCRAFT REGISTRY

does this 2nd day of December 19 65, hereby sell, grant, transfer, and deliver all of his right, title and interest in and to such aircraft unto:

NAME AND ADDRESS OF PURCHASER *(To be same as shown on other parts of this form)*

Crow, Inc.
Toledo Express Airport
Swanton, Ohio

and to its executors, administrators, and assigns, to have and to hold singularly the said aircraft forever, and certifies that same is not subject to any mortgage or other encumbrance except

TYPE OF ENCUMBRANCE	AMOUNT	DATE
None		

IN FAVOR OF

In testimony whereof we have set our hand and seal this 2nd day of December 19 65

SEAL

NAME OF SELLER New York Yankees Inc.

BY (SIGN IN INK) X Joseph Cawm
(If executed for co-ownership, all must sign)

SEAL

TITLE Secy Treas
(If signed for a corporation, partnership, owner, or agent)

DEC

ACKNOWLEDGMENT

State of Florida OKLAHOMA COUNTY

County of Broward DEC 13 5 31 PM '65

On this 2nd day of December 19 65 before me personally appeared the above named seller, to me known to be the person described herein who executed the foregoing bill of sale and acknowledged that he executed the same as his free act and deed, and, if said bill of sale be that of a corporation swore that he was duly authorized to execute the same. Given under my hand and official seal the day and year written above.

(SEAL)

NOTARY PUBLIC STATE of FLORIDA at LARGE
MY COMMISSION EXPIRES SEPT. 4, 1967
BONDED THROUGH FRED W. DIETZ JOHNSON

Therese B. Butler
NOTARY PUBLIC

FORWARD THIS COPY TO FAA, OKLAHOMA CITY, OKLAHOMA 73119 — Retain duplicate copy.

FAA Form 500-3 (4-64) REPLACES FORM FAA-500 PART C WHICH IS TO BE USED

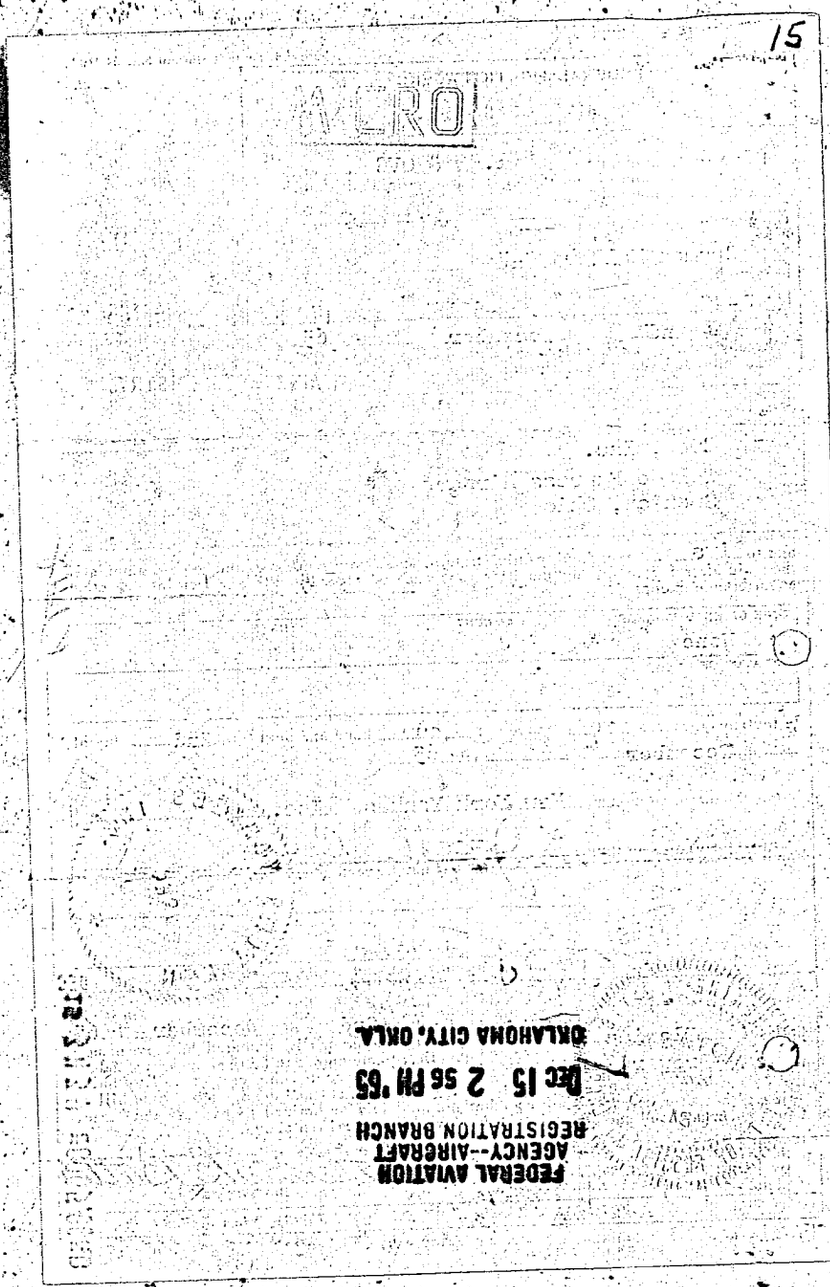
20 DEC 15 1965

(8050)

CR 500 BOB

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

15



FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

FORM FAA-500 (PART B) (6-59) DEC 10 1964 Form Approved Budget Bureau No. 04-R076. 14-1

FEDERAL AVIATION AGENCY

APPLICATION FOR REGISTRATION

NAME AND ADDRESS OF APPLICANT (Same as that shown on Part A of this form)

853 660

NEW YORK YANKEES INC.
745 Fifth Avenue
New York 22, New York

846 1664

REGISTRATION MARKS: N 51151

AIRCRAFT MAKE AND MODEL: G73 Grumman Mallard

SERIAL NO: J 42 (49)

CHECK WHETHER OWNERSHIP IS

[X] CORPORATION [ ] PARTNERSHIP [ ] CO-OWNERSHIP [ ] INDIVIDUAL OWNER

I HEREBY CERTIFY that the above described aircraft is not registered under the laws of any foreign country; that all persons whose names appear hereon as applicants are citizens of the United States as defined in Section 101(13) of the Federal Aviation Act of 1958; that the applicants are the legal owners of the aircraft, or the purchasers under a contract of conditional sale submitted as evidence of ownership for the purpose of registration; and that both copies of Part A and a copy of Part B of Form FAA-500 and legal evidence of ownership were forwarded to the Federal Aviation Agency, Oklahoma City, Oklahoma.

NEW YORK YANKEES INC.

SIGNATURE OF APPLICANT (IN INK) Ralph G. Houk
(If executed for co-ownership, all must sign)

TITLE Vice President

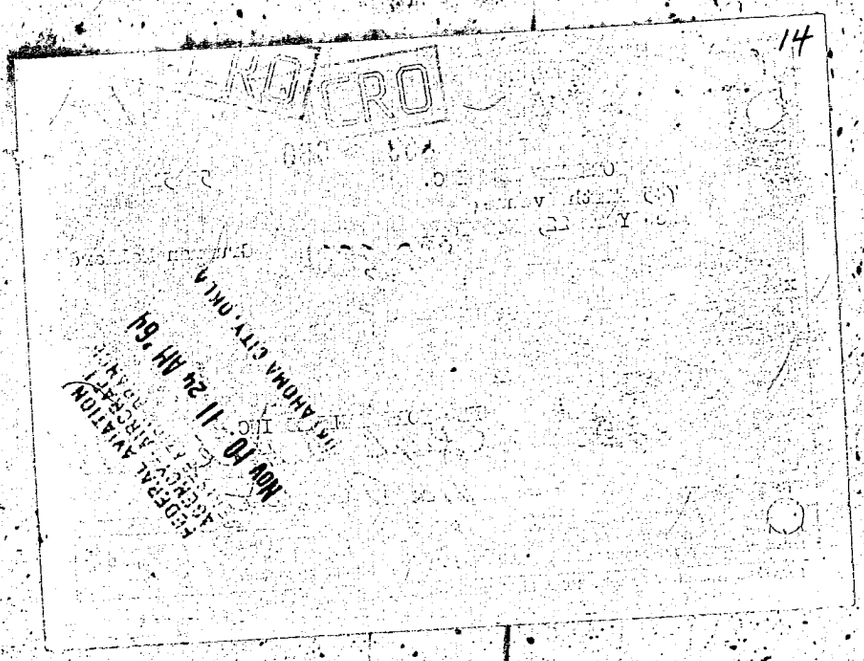
DATE OF APPLICATION

the above statements are true and made in good faith, the aircraft described above may be [illegible]oted, pending registration or notification from the Federal Aviation Agency, provided airworthiness requirements of applicable Civil Air Regulations are complied with.

FORWARD THIS COPY TO OKLAHOMA CITY, OKLAHOMA — Retain Duplicate Copy.

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

14



FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

FORM FAA-500 (PART C) (6-59)

NOV 17 1964

FEDERAL AVIATION AGENCY

NOT ACCEPTABLE FOR RECORDING

BILL OF SALE

DATE _____ 19__

For and in consideration of $ 1.00, etc., the undersigned owner of the full legal and beneficial title of the aircraft described as follows:

AIRCRAFT MAKE AND MODEL	
Grumman Mallard	DOC. RECORDED
SERIAL NO. 49	REGISTRATION MARKS N 51151

DEC 8 1 50 PM '64

does this 2nd day of November 19 64 hereby sell, grant, transfer, and deliver all of my right, title, and interest in and to such aircraft unto: FEDERAL AVIATION AGENCY

(Name and address of purchaser—same as on Parts A and B of this form)

NEW YORK YANKEES INC. 853 660
745 Fifth Avenue
New York 22, New York

and to its executors, administrators, and assigns, to have and to hold singularly the said aircraft forever, and certifies that same is not subject to any mortgage or other encumbrance except

TYPE OF ENCUMBRANCE	AMOUNT	DATE
IN FAVOR OF		

In testimony whereof I have set my hand and seal this 2nd day of November, 19 64.

NAME OF SELLER NEW YORK YANKEES

BY (SIGN IN INK) David R. Topping
(If executed for co-ownership, all must sign)

TITLE Partner
(If signed for a corporation, partnership, owner, or agent)

ACKNOWLEDGMENT

State of New York

County of New York

On this 30th day of October 19 64 before me personally appeared the above named seller, to me known to be the person described in and who executed the foregoing bill of sale, acknowledged that he executed the same as his free act and deed; and, if said bill of sale be that of a corporation swore that he was duly authorized to execute the same. Given under my hand and official seal the day and year written above.

(SEAL)

Ann J. Doran
NOTARY PUBLIC

MY COMMISSION EXPIRES _____

ANN J. DORAN
Notary Public, State of New York
No. 41-6076550
Qualified in Queens County
Certificate filed in New York County
Commission Expires March 30, 1966

FORWARD THIS COPY TO OKLAHOMA CITY, OKLAHOMA — Retain Duplicate Copy.

28 NOV 10 1964

13-1
1c

11-27-64 $10.00 FAA

7

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

13

FEDERAL AVIATION
AGENCY-AIRCRAFT
REGISTRATION BRANCH
NOV 10 11 24 AM '64
OKLAHOMA CITY, OKLA.

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

FORM ACA-500 (PART A) (3-58)

12-1

UNITED STATES OF AMERICA

DEPARTMENT OF COMMERCE—CIVIL AERONAUTICS ADMINISTRATION

CERTIFICATE OF REGISTRATION

NATIONALITY AND REGISTRATION MARKS	MAKE AND MODEL OF AIRCRAFT	AIRCRAFT SERIAL NO.
N 51151	Grumman G-73	J-42

Del E. Webb & Daniel R. Topping
D/B as New York Yankees
NAME OF OWNER

745 Fifth Avenue
ADDRESS OF OWNER—NUMBER AND STREET

New York 22, New York
CITY ZONE STATE

It is hereby certified that the above described aircraft has been duly entered on the register of the Civil Aeronautics Administration, Department of Commerce, United States of America, in accordance with the Convention of International Civil Aviation dated 7 December 1944, and with the Civil Aeronautics Act of 1938, as amended, and regulations issued thereunder.

DATE OF ISSUE:

November 19, 1959 eye

FOR THE ADMINISTRATOR OF CIVIL AERONAUTICS

Robert E. Forbes

CHIEF, AIRCRAFT & AIRMAN RECORDS BRANCH

11-30-9

(OVER)

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

MICRO

12

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

FORM ACA-500 (PART B) (7-58)

Form Approved
Budget Bureau No. 41-R689.4

U. S. DEPARTMENT OF COMMERCE — CIVIL AERONAUTICS ADMINISTRATION

11-1

APPLICATION FOR REGISTRATION

NAME AND ADDRESS OF APPLICANT (Name as that shown on Part A of this form)

Daniel R Topping & Del E Webb
D/B as New York Yankees
745 Fifth Avenue
New York 22 N. Y.

REGISTRATION MARKS
N— 51151

AIRCRAFT MAKE AND MODEL
Grumman G-73

SERIAL NO.
J-42

CHECK WHETHER OWNERSHIP IS

☐ CORPORATION ☒ PARTNERSHIP ☐ CO-OWNERSHIP ☐ INDIVIDUAL OWNER

I HEREBY CERTIFY that the above described aircraft is not registered under the laws of any foreign country; that the owner whose name(s) appear hereon as the applicant is (are) a citizen of the United States as defined in Section 1 (13) of the Civil Aeronautics Act of 1938; and that both copies of Part A and a copy of Part B of Form ACA-500 and legal evidence of ownership were forwarded to the Civil Aeronautics Administration, Washington, D.C.

SIGNATURE OF APPLICANT (IN INK) David R. Topping
(If executed for co-ownership, all must sign)

Oct 29, 1959
DATE OF APPLICATION

TITLE Partner

If all the above statements are true and made in good faith, the aircraft described above may be operated, pending registration or notification from the Civil Aeronautics Administration, provided airworthiness requirements of applicable Civil Air Regulations are complied with.

FORWARD THIS COPY TO WASHINGTON — Retain Duplicate Copy.

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

MICRO

AIRCRAFT AND AIRMEN
RECORDS BRANCH
FAA
NOV 3 3 29 PM '59
WASHINGTON, D.C.

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

FORM ACA-500 (PART C) (7-58)

U. S. DEPARTMENT OF COMMERCE—CIVIL AERONAUTICS ADMINISTRATION

BILL OF SALE

69941

For and in consideration of $ 1.00 & over the undersigned owner of the full legal and beneficial title of the aircraft described as follows:

AIRCRAFT MAKE AND MODEL	SERIAL NO.	REGISTRATION MARKS
Grumman G-73	J-42	N— 51151

DOC. RECORDED
Nov 19 10 50 AM '59
FEDERAL AVIATION AGENCY

does this 23rd day of October 1959 hereby sell, grant, transfer, and deliver all of his right, title and interest in and to such aircraft unto:

(Name and address of purchaser—same as on Parts A and B of this form)

Daniel R. Topping and Del E. Webb
D/B/A New York Yankees
745 Fifth Avenue, New York 22, N. Y.

and to their executors, administrators, and assigns, to have and to hold singularly the said aircraft forever, and certifies that same is not subject to any mortgage or other encumbrance except

TYPE OF ENCUMBRANCE	AMOUNT	DATE
	none	
IN FAVOR OF		

In testimony whereof we have set our hand and seal this _____ day of _____ 19____

NAME OF SELLER KIEKHAEFER CORPORATION

BY (SIGN IN INK) [signature] (If executed for co-ownership, all must sign)

TITLE Vice President (If signed for a corporation, partnership, owner, or agent)

SEAL

ACKNOWLEDGMENT

State of Wisconsin SEAL

County of Fond du Lac

On this 23 day of October 1959 before me personally appeared the above named seller, to me known to be the person described in and who executed the foregoing bill of sale, and acknowledged that he executed the same as his free act and deed, and, if said bill of sale be that of a corporation swore that he was duly authorized to execute the same. Given under my hand and official seal the day and year written above.

(SEAL)

[signature] NOTARY PUBLIC

MY COMMISSION EXPIRES May 28, 1961

FORWARD THIS COPY TO WASHINGTON — Retain Duplicate Copy.

NOV 2 9 1959 475203 FAA — Rec'd — 4.00

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

MICRO

10

NOV 3 3 29 PM '59
AIRCRAFT AID AIRMEN
RECORDS BRANCH
FAA
WASHINGTON, D.C.

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

9-1

FORM ACA-500 (PART A) (9-58)

UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE—CIVIL AERONAUTICS ADMINISTRATION

CERTIFICATE OF REGISTRATION

NATIONALITY AND REGISTRATION MARKS	MAKE AND MODEL OF AIRCRAFT	AIRCRAFT SERIAL NO.
N 51151	Grumman G-73	J-42

Kiekhaefer Corporation
NAME OF OWNER

660 S. Hickory Street
ADDRESS OF OWNER—NUMBER AND STREET

Fond du Lac, Wisconsin
CITY ZONE STATE

It is hereby certified that the above described aircraft has been duly entered on the register of the Civil Aeronautics Administration, Department of Commerce, United States of America, in accordance with the Convention of International Civil Aviation dated 7 December 1944, and with the Civil Aeronautics Act of 1938, as amended, and regulations issued thereunder.

FOR THE ADMINISTRATOR OF CIVIL AERONAUTICS

DATE OF ISSUE: October 1, 1959 eyo

Robert E. Forbes ace
CHIEF, AIRCRAFT & AIRMAN RECORDS BRANCH

(OVER)

10-6-9

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

MICRO

9

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

FORM ACA-500 (PART B) (7-58)

Form Approved
Budget Bureau No. 41 - R889.4

U. S. DEPARTMENT OF COMMERCE — CIVIL AERONAUTICS ADMINISTRATION

8-3

APPLICATION FOR REGISTRATION

NAME AND ADDRESS OF APPLICANT (Same as that shown on Part A of this form)	REGISTRATION MARKS
Kiekhaefer Corporation 660 S. Hickory Street Fond du Lac, Wisconsin	N - 51151
	AIRCRAFT MAKE AND MODEL: Grumman G-73
CHECK WHETHER OWNERSHIP IS ☒ CORPORATION ☐ PARTNERSHIP ☐ CO-OWNERSHIP ☐ INDIVIDUAL OWNER	SERIAL NO. J-42

I HEREBY CERTIFY that the above described aircraft is not registered under the laws of any foreign country; that the owner whose name(s) appear hereon as the applicant is (are) a citizen of the United States as defined in Section 1 (13) of the Civil Aeronautics Act of 1938; and that both copies of Part A and a copy of Part B of Form ACA-500 and legal evidence of ownership were forwarded to the Civil Aeronautics Administration, Washington, D. C.

SIGNATURE OF APPLICANT (IN INK) Kiekhaefer Corporation
By Robert E. Anderegg
(If executed for co-ownership, all must sign)

Sept. 1, 1959
DATE OF APPLICATION

TITLE Secretary

If all the above statements are true and made in good faith, the aircraft described above may be operated, pending registration or notification from the Civil Aeronautics Administration, provided airworthiness requirements of applicable Civil Air Regulations are complied with.

FORWARD THIS COPY TO WASHINGTON — Retain Duplicate Copy.

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

MICRO

18-2

RECEIVED
AUG 31 1959
Kleinhaefer Aeromarine Motors

SEP 10 9 37 AM '59
WASHINGTON, D.C.
FAA
AIRCRAFT REGISTRATION
RECORDS BRANCH

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

FORM ACA-500 (PART B) (3-56) Form Approved Budget Bureau No. 41. R889.4

U. S. DEPARTMENT OF COMMERCE — CIVIL AERONAUTICS ADMINISTRATION

APPLICATION FOR REGISTRATION

8-1

NAME AND ADDRESS OF APPLICANT (Same as that shown on Part A of this form)

Kiekhaefer Corp.
660 S. Hickory Street
Fond du Lac, Wisconsin

REGISTRATION NO.

N 5115Y

AIRCRAFT MAKE AND MODEL

Grumman G-73

CHECK WHETHER OWNERSHIP IS

☒ CORPORATION ☐ PARTNERSHIP ☐ CO-OWNERSHIP ☐ INDIVIDUAL OWNER

SERIAL NO.

[illegible] J-42

I HEREBY CERTIFY that the above described aircraft is not registered under the laws of any foreign country; that the owner whose name(s) appear hereon as the applicant is (are) a citizen of the United States as defined in Section 1 (13) of the Civil Aeronautics Act of 1938; and that both copies of Part A and a copy of Part B of Form ACA-500 and legal evidence of ownership were forwarded to the Civil Aeronautics Administration, Washington, D. C.

SIGNATURE OF APPLICANT (IN INK) Kiekhaefer Corporation By George C. McKenney
(If executed for co-ownership, all must sign)

DATE OF APPLICATION July 10 1959 TITLE

If all the above statements are true and made in good faith, the aircraft described above may be operated, pending registration or notification from the Civil Aeronautics Administration, provided airworthiness requirements of applicable Civil Air Regulations are complied with.

FORWARD THIS COPY TO WASHINGTON — Retain Duplicate Copy.

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

MICRU

8

AIRCRAFT AND AIRMEN
RECORDS BRANCH
FAA

SEP 10 9 37 AM '59

WASHINGTON, D.C. 15 4

RECEIVED
AUG 31 1959
Kleinfelter Aeronautics
Models
WASHINGTON, D.C.

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

FORM ACA-800 (PART C) (3-59)

U. S. DEPARTMENT OF COMMERCE — CIVIL AERONAUTICS ADMINISTRATION

BILL OF SALE

PH 10 5 8 9 9 1

For and in consideration of $1.00 & ovc the undersigned owner of the full legal and beneficial title of the aircraft described as follows:

AIRCRAFT MAKE AND MODEL	REGISTRATION MARK
Grumman G-73	N-51151
SERIAL NO.	
J-42	

DOC. RECORDED
OCT 1 2 29 PM '59
FEDERAL AVIATION AGENCY

does this 10 day of July 1959 hereby sell, grant, transfer, and deliver all of his right, title and interest in and to such aircraft unto:

(Name and address of purchaser—same as on Parts A and B of this form)

Kiekhaefer Corp.
660 S. Hickory Street
Fond du Lac, Wisconsin

and to their executors, administrators, and assigns, to have and to hold singularly the said aircraft forever, and certifies that same is not subject to any mortgage or other encumbrance except

TYPE OF ENCUMBRANCE	AMOUNT	DATE
	none	
IN FAVOR OF		

In testimony whereof ~~I~~ we have set our hand and seal this 10th day of July 19 59.

NAME OF SELLER C. F. KETTERING, INC.

BY (SIGN IN INK) A. J. Martin (If executed for co-partnership, all must sign) SEAL

TITLE Assistant Treasurer (If signed for a corporation, partnership, owner, or agent)

ACKNOWLEDGMENT

State of Ohio
County of Montgomery SEAL

On this 10th day of July 1959 before me personally appeared the above named seller, to me known to be the person described in and who executed the foregoing bill of sale, and acknowledged that he executed the same as his free act and deed, and, if said bill of sale be that of a corporation swore that he was duly authorized to execute the same. Given under my hand and official seal the day and year written above.

NOTARY PUBLIC E. Lovaune Sowry

(SEAL)

MY COMMISSION EXPIRES
E. LOVAUNE SOWRY, Notary Public
In and for Montgomery County, Ohio
My Commission Expires Aug. 18, 1961

FORWARD THIS COPY TO WASHINGTON: Retain Duplicate Copy.

FILED
OCT 1 1959
152105
C. F. K. I.
CA

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

MICRO

7

AIRCRAFT AND AIRMEN
RECORDS BRANCH
FAA
JUL 15 4 58 PM '59
WASHINGTON, D.C.

EXHIBIT NO. 1

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

6-1

CERTIFICATE

I, R. L. Ramseyer, hereby certify that I am the duly elected, qualified and acting Assistant Secretary of C. F. Kettering, Incorporated; that a meeting of the Executive Committee of C. F. Kettering, Incorporated was properly and legally held on July 10, 1959; that a quorum was present and voted at the said meeting; and that the following resolution was adopted by the unanimous vote of those present:

N5115J

"RESOLVED, that the sale of the Grumman-Mallard Aircraft - Model G-73, Serial No. J-42, owned by the Corporation, be and hereby is approved and ordered and that the Assistant Treasurer be and he hereby is authorized to negotiate the sale and to execute, on behalf of the Corporation, any and all assignment and transfer forms and other documents necessary to transfer title and complete the sale and he is further authorized to collect the proceeds of the sale for the Corporation account."

I further certify that the above resolution is now in full force and effect, that it is in accord with the Charter and Bylaws of the said Corporation, that it has not been rescinded nor modified and that Allen J. Martin (also known as A. J. Martin) is presently the duly elected, qualified and acting Assistant Treasurer of the Corporation.

IN WITNESS WHEREOF, I have hereunto subscribed my name as Assistant Secretary of C. F. Kettering, Incorporated, and have affixed the seal of said Corporation this tenth day of July, 1959.

R. L. Ramseyer
Assistant Secretary.

SEAL

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

MICRO

AIRCRAFT AND AIRMEN
RECORDS BRANCH
FAA

JUL 15 4 57 PM '59

WASHINGTON, D.C.

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

FORM ACA-500 (PART A)(3-56) CORRECTED: 3/10/59 5-1

UNITED STATES OF AMERICA

DEPARTMENT OF COMMERCE—CIVIL AERONAUTICS ADMINISTRATION

CERTIFICATE OF REGISTRATION

NATIONALITY AND REGISTRATION MARKS	MAKE AND MODEL OF AIRCRAFT	AIRCRAFT SERIAL NO.
N 51151	Grumman G-73	J-42

C. F. Kettering, Inc.
NAME OF OWNER

The Winters National Bank Building
ADDRESS OF OWNER—NUMBER AND STREET

Dayton, Ohio
CITY ZONE STATE

It is hereby certified that the above described aircraft has been duly entered on the register of the Civil Aeronautics Administration, Department of Commerce, United States of America, in accordance with the Convention of International Civil Aviation dated 7 December 1944, and with the Civil Aeronautics Act of 1938, as amended, and regulations issued thereunder.

DATE OF ISSUE: January 27, 1949 to

FOR THE ADMINISTRATOR OF CIVIL AERONAUTICS

Robert C. Forbes
CHIEF, REGISTRY & RECORDS BRANCH

5-13-9

Forward This Copy and the Duplicate Copy to Washington. (OVER)

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

5

MICRO

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

CORRECTED 10/4/49 Reg #. chg; new 4-1

Form ACA-500.1
(9-47)

PART A

UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE
CIVIL AERONAUTICS ADMINISTRATION

CERTIFICATE OF REGISTRATION

1. NATIONALITY AND REGISTRATION MARKS	2. MAKE OF AIRCRAFT	3. AIRCRAFT SERIAL NO.
N 5115	Cruzeman	3-42

4. C. F. Kettering, Inc.
NAME OF OWNER

5. The Winters National Bank Building
ADDRESS OF OWNER NUMBER STREET

Dayton, Ohio
CITY ZONE STATE

6. IT IS HEREBY CERTIFIED that the above-described aircraft has been duly entered on the register of the Civil Aeronautics Administration, Department of Commerce, United States of America, in accordance with the Convention on International Civil Aviation dated December 7, 1944, and with the Civil Aeronautics Act of 1938, as amended.

To be executed by Aircraft Records Section, Washington, D. C.

ISSUE: Jan. 27, 1949 BY DIRECTION OF THE ADMINISTRATOR: acw 10-10-49

George W. Haldeman
DIRECTOR, AIRCRAFT SERVICE

U. S. GOVERNMENT PRINTING OFFICE 16—87432-1

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

4

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

N (DUPLICATE) 2976 canc. box 3-1 10-10-49

FORM ACA-500 (10-23-46) PART A

DEPARTMENT OF COMMERCE
CIVIL AERONAUTICS ADMINISTRATION

REGISTRATION CERTIFICATE

1. REGISTRATION NO. N-2976 5/15

2. AIRCRAFT MAKE: Grumman G-75 Mallard

3. SERIAL NO.: J-42

WHEREAS IT HAS BEEN DECLARED THAT THE ABOVE DESCRIBED AIRCRAFT IS NOT REGISTERED UNDER THE LAWS OF ANY FOREIGN COUNTRY AND IS OWNED BY A CITIZEN OF THE UNITED STATES, SUCH AIRCRAFT HAS BEEN DULY REGISTERED AS A CIVIL AIRCRAFT OF THE UNITED STATES IN ACCORDANCE WITH THE CIVIL AERONAUTICS ACT OF 1938, AS AMENDED

FORWARD TO WASHINGTON

4. NAME: C. F. Kettering, Inc.

5. ADDRESS: The Winters National Bank Building (STREET, NUMBER)

Dayton, Ohio (CITY, ZONE, STATE)

THIS REGISTRATION CERTIFICATE SHALL REMAIN IN EFFECT UNTIL SUSPENDED OR REVOKED OR OWNERSHIP OF AIRCRAFT IS TRANSFERRED OR THE CERTIFICATE IS OTHERWISE TERMINATED AS PROVIDED IN PART 501 OF THE REGULATIONS OF THE ADMINISTRATOR.

TO BE EXECUTED BY CERTIFICATION AND RECORDATION SECTION, WASHINGTON, D. C.

DATE ISSUED JAN 27 1949

BY DIRECTION OF THE ADMINISTRATOR:

George W. Haldeman

DIRECTOR, AIRCRAFT AND COMPONENTS SERVICE

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

3

ALL INFORMATION GIVEN IN COMPLETING FORMS ON REVERSE SIDE MUST BE TYPED

PART A - REGISTRATION CERTIFICATE

Item 1 - Aircraft registration number shall be inserted. (The registration number is that which has been assigned to the aircraft by Civil Aeronautics Administration and will be shown on the old registration certificate, or that number which has been painted on the aircraft.)

Item 2 - Aircraft "Make" should be inserted. For example: "Stinson", etc.

Item 3 - Manufacturer's serial number shall be inserted. This serial number may be taken from the manufacturer's nameplate on the aircraft.

Item 4 - Purchaser shall enter his name or name of partnership, (club, association) or corporation as shown in Bill of Sale (Part "C" of Form ACA-500.)

Item 5 - Mailing address of purchaser shall be inserted, comprising street and number, city and state. (Zone if applicable.)

The balance of Part "A" will not be completed by the purchaser. The original Part "A" and duplicate Parts "A" and "B", and Part "C" if an out-and-out sale (see condition 1), will constitute the file to be forwarded to the Civil Aeronautics Administration, Certification and Recordation Section, A-300, Washington 25, D.C., accompanied by a fee of $5.00, payable by money order or check drawn to the order of the Treasurer of the United States. (Currency forwarded at your risk - stamps not acceptable.) If aircraft being sold under Conditional Sale Contract or chattel mortgage, see condition 2 or 3, whichever is applicable.

The original of this Part "A" will be returned to the purchaser as the Registration Certificate to be maintained in the aircraft in accordance with Civil Air Regulations.

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

FORM ACA-500
(10-23-46)
PART B

DEPARTMENT OF COMMERCE
CIVIL AERONAUTICS ADMINISTRATION

APPLICATION FOR REGISTRATION

1. REGISTRATION NO. N-2976 2-1

2. NAME
C. F. Kettering Inc.

3. ADDRESS (Street and number, city, zone and state)
The Winters National Bank Building
Dayton, Ohio

4. AIRCRAFT
MAKE
Grumman
G-73
Mallard
SERIAL NO.
1-42

FORWARD TO WASHINGTON

5. I HEREBY CERTIFY THAT PART "A", FORM ACA-500 AND LEGAL EVIDENCE OF OWNERSHIP WERE FORWARDED TO THE CHIEF, REGISTRATION AND RECORDATION SECTION, CIVIL AERONAUTICS ADMINISTRATION, WASHINGTON 25, D.C., ON January 20, 1949; THAT THE ABOVE-DESCRIBED AIRCRAFT IS NOT REGISTERED UNDER THE LAWS OF ANY FOREIGN COUNTRY, AND THAT THE OWNER THEREOF IS A CITIZEN OF THE UNITED STATES AS DEFINED IN SUBSECTION (13) OF SECTION 1 OF THE CIVIL AERONAUTICS ACT OF 1938. (See Reverse Side)

C. F. KETTERING INC.

C. F. Kettering

SIGNATURE OF APPLICANT

IF ALL THE ABOVE STATEMENTS ARE TRUE AND MADE IN GOOD FAITH, THE AIRCRAFT HEREIN DESCRIBED MAY BE OPERATED PENDING REGISTRATION FOR 60 DAYS PROVIDED AIRWORTHINESS REQUIREMENTS OF APPLICABLE CIVIL AIR REGULATIONS ARE COMPLIED WITH. THE ORIGINAL OF THIS APPLICATION (PART "B") MUST BE RETAINED IN THE AIRCRAFT DURING SUCH TIME.

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

2

AIRD

PART B - APPLICATION FOR REGISTRATION

Items 1 to 4 inclusive - Except for change in sequence, information given these items will be identical to that given in items 1 to 5 inclusive in Part "A".

Item 5 - The date that the purchaser forwards the original of Part "A" and all copies of Parts "A", "B" and "C" to the Civil Aeronautics Administration, Certification and Recordation Section, A-800, Washington 25, D.C., shall be inserted. Until this is accomplished, the aircraft may not be flown for the sixty day period otherwise allowed, provided airworthiness requirements of applicable Civil Air Regulations are complied with.

Applicant must be the owner of the aircraft except when owner is artificial person, that is, corporation, etc. Signature of applicant as required in item 5 certifies that the aircraft is not registered under the laws of any foreign country; that the owner is a citizen of the United States, and that application for registration in the owner's name has been made and file forwarded to the Civil Aeronautics Administration, Certification and Recordation Section, A-800, Washington 25, D. C.

"Citizen of the United States" means (A) an individual who is a citizen of the United States or of one of its possessions, or (B) a partnership of which each member is such an individual, or (C) a corporation or association created or organized under the laws of the United States, of which the President and two-thirds or more of the Board of Directors and other managing officers thereof are such individuals and in which at least 75 percentum of the voting interest is owned or controlled by persons who are citizens of the United States or of one of its possessions.

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

FORM ACA-500 (10-23-46) PART C

DEPARTMENT OF COMMERCE
CIVIL AERONAUTICS ADMINISTRATION

BILL OF SALE

FORM APPROVED
BUDGET BUREAU NO. 41-R889

FOR AND IN CONSIDERATION OF $one dollar and other valuable considerations, THE UNDERSIGNED OWNER OF THE FULL LEGAL AND BENEFICIAL TITLE OF THE AIRCRAFT DESCRIBED AS FOLLOWS:

AIRCRAFT MAKE	SERIAL NO.	CAA REGISTRATION NO.
Grumman G-73	J-42	N-2976

DOES THIS 19th DAY OF January, 19 49 HEREBY SELL, GRANT, TRANSFER AND DELIVER ALL OF HIS RIGHT, TITLE AND INTEREST IN AND TO SUCH AIRCRAFT UNTO:

NAME OF PURCHASER: C. F. Kettering Inc. 444014

ADDRESS OF PURCHASER (Street and number, city, zone and state): The Winters National Bank Building, Dayton, Ohio

TO their EXECUTORS, ADMINISTRATORS AND ASSIGNS, TO HAVE AND TO HOLD SINGULARLY, THE SAID AIRCRAFT FOREVER, AND CERTIFIES THAT SAME IS NOT SUBJECT TO ANY MORTGAGE OR OTHER ENCUMBRANCE EXCEPT:

TYPE OF ENCUMBRANCE	AMOUNT	DATE
None		

IN FAVOR OF

SEAL

IN TESTIMONY WHEREOF I HAVE SET MY HAND AND SEAL THIS 19th DAY OF January, 19 49

SIGNATURE OF SELLER

TITLE OF SELLER: Chairman of the Board

FOR (Name of corporation, partnership): Grumman Aircraft Engineering Corporation

ACKNOWLEDGMENT

STATE OF New York SEAL

COUNTY OF Nassau

ON THIS 19 DAY OF January, 19 49 BEFORE ME PERSONALLY APPEARED THE ABOVE-NAMED SELLER, TO ME KNOWN TO BE THE PERSON DESCRIBED IN AND WHO EXECUTED THE FOREGOING BILL OF SALE, AND ACKNOWLEDGED THAT HE EXECUTED THE SAME AS HIS FREE ACT AND DEED. GIVEN UNDER MY HAND AND OFFICIAL SEAL THE DAY AND YEAR ABOVE WRITTEN.

NOTARY PUBLIC

MY COMMISSION EXPIRES

Qualified in Queens Co. #1635 Reg. #268-K-0
Certificate filed in Nassau County #21-K-50
Commission Expires March 30, 1950

READ INSTRUCTIONS ON REVERSE SIDE CAREFULLY

FORWARD TO WASHINGTON

RECORDED
CIVIL AERONAUTICS ADMINISTRATION
WASHINGTON, D. C.
JAN 19 11 58 AM '49
Rec — A

1.00

FAA AIRCRAFT REGISTRY
CAMERA NO. 2 DATE: 5-7-85

MICRO

PART C -- BILL OF SALE

TO PURCHASER: It is your responsibility to determine at time of purchase of aircraft that chain of title to you is in order (from last registered owner and all intervening owners or, if not previously registered, from manufacturer through all intervening owners), and whether or not there is a lien, mortgage or other encumbrance against such aircraft. Copies of Bills of Sale confirming chain of title should be obtained and attached to file when forwarded for registration in your name. For use in checking this form at the time of purchase, both in connection with previously unregistered and previously registered aircraft, the following conditions are discussed:

Condition 1 - SALE OF AN AIRCRAFT WITH CLEAR TITLE - The seller will complete Part "C" in detail and the purchaser should check its accuracy. Both original and copy must be signed in ink by the seller and both attested to by a Notary Public. The purchaser should detach the original of the Bill of Sale and retain it as proof of ownership.

Condition 2 - SALE OF ENCUMBERED AIRCRAFT - OTHER THAN CONDITION 3 - Seller shall complete Part "C" exactly as described above, and in addition, shall indicate in the spaces provided for the purpose, the type of encumbrance and the amount and date thereof, and the name of the owner of the encumbrance. However, if it is desired that the encumbrance be recorded with the Civil Aeronautics Administration, the original or an executed counterpart thereof, (signed and notarized duplicate) must be forwarded to Civil Aeronautics Administration, Certification and Recordation Section, A-800, Washington 25, D.C., together with *recordation* fee of $5.00, (in addition to the *registration* fee of $5.00) payable by money order or check drawn to the order of the Treasurer of the United States. (Currency forwarded at your risk - stamps not acceptable.)

Condition 3 - AIRCRAFT SOLD WITH CONDITIONAL SALE CONTRACT - (FORM ACA-906 OR EQUIVALENT.) - Part "C" (Bill of Sale) will not be completed by the seller. The purchaser shall complete Parts "A" and "B" as instructions provide, and in place of the Bill of Sale, the original Conditional Sale Contract or an executed counterpart thereof (signed and notarized duplicate), the original and copy of Part "A" and copy of Part "B", together with fee of $10.00 ($5.00 for registration and $5.00 for recordation of sale contract) shall be forwarded to Civil Aeronautics Administration, Certification and Recordation Section, A-800, Washington 25, D. C. Such remittance may be made by money order or check made payable to the Treasurer of the United States, (Currency forwarded at your risk - stamps not acceptable.) Title to the aircraft is retained by the seller until the terms of the conditional sale contract are fulfilled.

Condition 4 - RECORDATION BY HOLDER OF MORTGAGE OR OTHER INSTRUMENT AFFECTING TITLE TO REGISTERED AIRCRAFT - This may be accomplished by forwarding to the Civil Aeronautics Administration, Certification and Recordation Section, A-800, Washington 25, D.C., the original mortgage or lien or an executed counterpart thereof (signed and notarized duplicate), together with the required recordation fee of $5.00, payable by money order or check drawn to the order of the Treasurer of the United States. (Currency forwarded at your risk - stamps not acceptable.)

DEPARTMENT OF COMMERCE
CIVIL AERONAUTICS ADMN.
JAN 25 3 50 PM '70

AFTER AN ENCUMBRANCE HAS BEEN RECORDED AND ASSIGNED, AN ACKNOWLEDGMENT WILL BE FURNISHED BY THE CAA TO THE HOLDER.