



AIRCRAFT, TOOLS, MATERIALS, AND SUPPLIES LEASE AGREEMENT

This Agreement is entered into this 1st day of January, 2015, between H. Paul Shuch, hereinafter called "Owner" and AvSport LLC, doing business as AvSport of Lock Haven, hereinafter called "FBO."

WHEREAS, Owner owns an aircraft, tools, supplies, documentation, materials, parts inventory, and associated equipment (hereinafter called "Materials", and wishes to make them available to the FBO for a fee that will earn Owner a profit; and WHEREAS, FBO has a physical presence on an airport and the ability to introduce customers to the Owner for the use of Owner's aircraft tools, supplies, documentation, materials, parts inventory, and associated equipment,

NOW, THEREFORE, in consideration of the mutual promises and conditions expressed herein, the parties agree as follows:

1. Aircraft. Owner does hereby make available on the terms herewith set forth, the following described aircraft (the "Aircraft"):

Manufacturer of Aircraft:	Evektor
Model:	SportStar Max
Serial number:	2006-0810
FAA Registration No.:	N66AV
Engine Make and Model:	Rotax 912 ULS
Propeller:	Woodcomp 170 Klasic
Equipment and Accessories:	All installed avionics, instruments, and equipment. All associated tools, supplies, documentation, materials, parts inventory, and associated equipment located in Hangar N7, the Flight School Office, and the Flight Simulator Room on Piper Memorial Airport, Lock Haven PA.

2. Term. The term of this Agreement shall begin at 12:01 a.m. Eastern Standard Time on the 1st day of January, 2015, and ends when terminated by either party, subject to thirty (30) days written notice.
3. Fees for Aircraft Use. FBO will be responsible for setting the fees for Aircraft use, consistent with FBO's established charges for use of similar aircraft. FBO will make efforts to promote the use of the Aircraft to the public. The FBO will act as a collection agent for the Owner of any fees paid by Owner's customers. These fees will be turned over to the Owner on request of the Owner.



4. Commission. As Owner is sole owner of FBO, no commission shall be paid by FBO to Owner for use of the Materials.

5. Operation.

Scheduling. The FBO will maintain a schedule book or electronic scheduling means for Aircraft use on the FBO's premises.

Aircraft Base. The Aircraft will be permanently based at Piper Memorial Airport (KLHV), Lock Haven PA.

Owner Use. Owner may use the Aircraft when said use does not interfere with scheduled use of the Aircraft arranged by the FBO.

Geographic Limits of Aircraft Use. The Aircraft is not to be operated beyond the continental limits of the United States.

Limits on Aircraft Use. The Aircraft will be made available only for the purposes of:

- a. Personal non-commercial travel.
- b. Recreational flight.
- c. Discovery flights.
- d. Flight instruction provided by FBO's instructional staff.

Aircraft Accidents. Accidents shall be reported promptly to the Owner, and the Owner shall, in cooperative consultation with the FBO, file all necessary reports with the FAA and the NTSB.

6. Ownership. It is clearly understood that title to the Aircraft shall at all times remain with the Owner, and nothing herein shall authorize FBO or any other person to incur any liability or obligation on behalf of the Owner. Furthermore, Owner warrants that he is the owner of the Aircraft and that he has the full right to execute this Agreement.

7. Registration and Markings. Owner authorizes FBO, at FBO's expense, to change the assigned registration number of subject aircraft to one from the block of registration numbers reserved by FBO for its commercial fleet, to secure revised registration and airworthiness certificates in owner's behalf, to affix such new registration markings to the airframe, and to affix to the aircraft fuselage, cowling, or tail a decal or transfer depicting FBO's registered trademark or service mark.

8. Maintenance and Care.

Fuel and Oil. FBO shall arrange for, at FBO's expense, all fuel and oil for operation of the Aircraft, except that when the aircraft is rented at a Dry Hobbs rate, fuel shall be provided at the expense of the renter.



Maintenance. FBO shall, at FBO's expense, maintain and keep in good order and repair the Aircraft. FBO shall arrange for, at FBO's expense, all inspections, parts, labor, overhaul and all maintenance and repairs of or for the Aircraft during the term hereof. FBO may arrange for properly qualified service companies to perform such services. Fueling, maintenance, inspection and repairs shall be made by competent personnel and with proper fuel, oil and other parts in compliance with the operation and maintenance manuals for the Aircraft and with FAA rules and regulations, all under the control and direction of the FBO.

Hangar/Tiedown. The FBO shall, at FBO's expense, arrange for hangaring of the Aircraft or, at the Owner's written direction, for outdoor tiedown of the Aircraft.

Fees. Owner agrees to pay all license fees and other fees, taxes and assessments imposed by any government or municipality that may arise out of the operation of the Aircraft except sales tax, which FBO will arrange to have charged to use as provided by the sales tax law of the Commonwealth of Pennsylvania.

Owner's Liability. Owner is and will remain responsible and liable for all damage, confiscation, destruction or loss to or of the Aircraft for any reason whatsoever, including loss of use or diminution in market value.

Material Participation by Owner. FBO acknowledges that it is the Owner's intent to meet the IRS test for material participation in this activity. Accordingly, FBO agrees that neither its principals nor employees will collectively devote more than 100 hours per year to management of the Owner's aircraft, except for maintenance, inspections, and service as contracted by the Owner.

9. Insurance.

Hull Insurance and Waiver of Subrogation. In cooperative consultation with the Owner, FBO will provide commercial hull insurance for the aircraft in the amount of the full aircraft purchase price, and for the interest of Owner, to include a waiver of subrogation in favor of FBO and users.

Insurance Proceeds. Proceeds from the insurance will be applied to the cost of repairs of the damage covered by insurance, but the user operating the aircraft when it was damaged will pay the deductible portion of the loss, if any.

Liability Insurance. In cooperative consultation with the Owner, FBO shall, at its expense, provide a minimum of \$1 Million combined single-limit legal liability insurance, including passengers, for user's protection.

Notice of Cancellation. The policies shall provide Owner with at least thirty (30) days notice in writing before termination, modification or cancellation of the policies.



10. Operator Proficiency.

The Aircraft shall be operated only by pilots currently certificated and qualified to operate the Aircraft in compliance with the laws of the United States or any other state or local government authority having jurisdiction therefor, and in accordance with the provisions of the insurance policy or policies issued in connection therewith.

11. Default. In the event of any breach or default of this Agreement by either Owner or FBO, this Agreement shall be terminated immediately.

12. Entire Agreement. This Agreement constitutes the entire agreement between the parties. No statements, promises, or inducements made by any party to this Agreement, or any agent or employees of either party, which are not contained in this written contract shall be valid or binding. This Agreement may not be enlarged, modified, or altered except in writing signed by the parties.

13. Waiver. Either party's failure to enforce any provision of this Agreement against the other party shall not be construed as a waiver thereof so as to excuse the other party from future performance of that provision or any other provision.

14. Assignment. This Agreement may not be transferred or assigned without a written authorization signed by Owner and FBO.

15. Severability. The invalidity of any portion of this Agreement shall not affect the validity of the remaining portions thereof.

16. Paragraph Headings. The headings to the paragraphs to this Agreement are solely for convenience and have no substantive effect on the Agreement nor are they to aid in the interpretation of the Agreement.

17. Governing Law. This Agreement is a contract executed under and to be construed under the laws of the Commonwealth of Pennsylvania. Both parties consent to submit any disputes related to this Agreement to binding arbitration.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

OWNER

FBO