

AIRCRAFT LEASE AGREEMENT

This **Aircraft Lease Agreement** is entered into by and between **MUSTANG SALLY AVIATION, LLC.**, with its Principle office located at 55 FOXWOOD LANE, CAMDEN, SC 29020, hereinafter referred to as "**Lessor** " and **Mustang Flyers Aviation, Inc. 1954 First Avenue, PO Box 461627 San Antonio, TX 78246-1627** hereinafter referred to as "**Lessee** " .

1.- LEASE OF AIRCRAFT :

Lessor hereby leases to **Lessee** the following described **Aircraft** with standard equipment and the optional equipment listed below

Year, Manufacturer, Model : **1997-2008 Cessna 172S**

N # : N6718X

Serial Number : 172S10000

Engine Make & Model : Lycoming O-360

2.- DELIVERY AND ACCEPTANCE OF AIRCRAFT:

The **AIRCRAFT** will be delivered by **Lessor** to **Lessee** San Antonio, Tx or **Lessor** warrants that upon delivery the **Aircraft** shall be in good condition and fit for **LESSES'S** use. **Lessee** reserves the right to Inspect the condition of the **Aircraft** upon Acceptance /Delivery Receipt attached hereto.

3.- TERM OF LEASE:

The **Aircraft** will be leased for a minimum term of One(1) Year. The lease shall commence on the date the **Aircraft** is accepted by **Lessee** as shown on the Aircraft Acceptance/Delivery Receipt signed by the **Lessee** and attached hereto. At the expiration of the lease period, the lease shall continue on a month-to-month basis, during which time either party may terminate by giving a 60-day written notice of intent to terminate to the other.

4.- LEASE RENTAL:

In consideration for the lease of each **Aircraft**, **Lessee** agrees to pay **Lessor: \$ 47.00 USD per Hobbs hour if each aircraft is utilized 100 or more hours per month, \$50.00 per Hobbs hour if utilized less than 100 Hours but more than 70 Hours Per Month, a 40 Hour a Month, \$55.00 USD per Hobbs Hour, 480 hour Annual minimum of \$26,400 USD Per Aircraft** does apply.

Flight hours shall be determined by the Hobbs meter, and the monthly rental payments shall computed using the " base " Hobbs meter reading shown on the Acceptance/Delivery Receipt.

5.- Insurance:

Lessee shall, at its own expense, secure and maintain in full force and effect throughout the term of this lease, as a **minimum**, such insurance coverage on the **Aircraft** as follows:

- A. Bodily Injury Liability-Excluding Passengers : \$ 1,000,000. 00
- B. Bodily Injury Liability- Passengers : 100,000. 00
- C. Property Damage Liability : \$ 1,000,000. 00
- D. Hull Insurance : All risk ground and flight Hull Insurance on **Aircraft** shall be in the amount of **\$125,000USD** for term of this lease, with maximum Hull deductibles as show below:
- E. Hull Deductibles : **\$ 5,000.00 Not in Motion ; \$ 5,000.00 In Motion**;
- F. Lessee shall furnish to **Lessor** certificates of insurance, with evidence that Hull and Liability insurance policies name **Lessors** as “ **Owner/Lessor**”: as “ **Loss Payee** “ for **Aircraft** Physical Damage Coverage there under:

Lessor's lien holder, must be provided “**Breach of Warranty**” coverage, in this case Cessna Finance Corp, 100 N. Broadway, Suite 600, Wichita, KS 67202

- G. **Lessee** shall furnish to **Lessor** evidence that the required insurance has been secured prior to delivery of **Aircraft**.

6.- Risk of Casualty Loss :

In the event of any loss or damage, **Lessee** shall promptly report such loss or damage or damage to the **Lessor**, the insurance company, any and all applicable local , state, federal, or other governmental agencies as required, and shall furnish such information and execute such documents as may required for **Lessor** to make claim under applicable insurance policies, This rights and liabilities of the parties shall be as follows:

- A. It the **Aircraft** is loss or damaged beyond repair , and the insurance company pays **Lessor** the amount of the Hull insurance, **Lessee** shall pay **Lessor** the amount of the Hull insurance deductible, and this lease shall end;
- B. **Lessee** acknowledges that the Hull insurance deductible shall be paid directly to Lessor as required;
- C. If the **Aircraft** is only partially damaged, this lease shall remain in full force and effect, and **Lessee** shall at its own cost and expense, repair the **Aircraft**, so as to restore **Aircraft**, as nearly as possible, to same and exact condition as was **Aircraft** before said damage occurred. To the extent such damage is covered by the insurance described above, **Lessor**, upon receiving from **Lessee** such information and such documents as may be required, shall make claim if required under the Hull insurance policy and shall promptly reimburse **Lessee** for the cost of repairing the **Aircraft**, to the full extent of, but not more than, the net amount of such insurance recovery actually received;
- D. If payment for the damages to the **Aircraft** is not made to the **Lessor** by the insurance carrier, **Lessee** shall be obligated to repair the **Aircraft** to the required satisfaction of the **Lessor** at its own cost and expense, and **Lessor** will then relinquish to **Lessee** all claims that it may have against the Hull insurance carrier under the said Hull insurance policy for the damage to the aircraft;
- E. During the period that the **Aircraft** is being repaired, **Lessee** shall continue to make the monthly rental payments as they become due.

7. MAINTENANCE:

- A. Lessee agrees to, at its own expense, provide the necessary labor and materials for maintenance of the

Aircraft airframe, engines, and attached associated accessories for the term of this lease.

1. The **Lessee** shall be responsible for a single part line item of up to \$2000.00 USD. Any single part line item that exceeds \$2000.00 USD will be discussed with the **Lessor** prior to purchase and the **Lessor** has the option to elect to provide the part to the **Lessee** for \$2,000, or to be invoiced for the amount exceeding \$2000.00 USD.

B. Upon reaching the properly and duly recorded Time Between Overhaul (TBO) , the Engine and the

Propeller (s) overhaul shall be the responsibility of the **Lessor**;

C. In the event of engine replacement, **Lessor** may elect to repair the engine so as to place it in good, safe, and serviceable condition for use by the **Lessee**

8. LEASE COVENANTS :

A. **That Lessee** will endeavor to use and operate the **Aircraft** in accordance with the manufacturer's

operating instructions, in conformity with the laws, ordinances, rules and regulations, municipal, state,

national or otherwise, now existing the hereafter enacted, controlling or in any way affecting the

operation, use or possession of the **Aircraft** or the use of any airport premises by the **Aircraft**, and only

in compliance with the terms, conditions and limitations set forth in the applications for or policies of

insurance made or issued pursuant to the terms of this lease;

B. **That Lessee's** expense to cause maintenance and inspections on the **Aircraft** airframe, engines, and

Attached associated accessories to be performed as required by Federal Aviation Administration and

Federal Aviation Regulation;

C. **THAT Lessee** shall not contract for maintenance, or make any alterations or modifications to the **Aircraft**

or install any additional equipment therein or thereon without prior written consent of the **Lessor**, which consent of the **Lessor** , will not be unreasonably withheld ;

D. **THAT Lessee** will not permit any charge, lien, or encumbrance of any nature to be placed to or remain upon the **Aircraft**;

E. **THAT Lessee** indemnify and save **Lessor** harmless from and against all claims, costs, expenses, demand, and liabilities of any nature whatsoever which may be asserted **Lessee's** use or operation of the **Aircraft** during the term of this lease, whether caused by **Lessee's** negligence, or not;

F. **THAT Lessee** permit the **Aircraft** to be operated only by pilots having current certificates as required by the Federal Aviation Administration and Federal Aviation Regulations and described insurance policies, certificates or applications;

G. **THAT Lessee** maintain all records, logs, and other materials required by the Federal Aviation Administration or any other governmental authority to be maintained in respect of the **Aircraft**, to reasonable times for inspection by **Lessor**, and at the expiration of termination of this lease, to deliver

Such materials to **Lessor**;

H. **THAT** applicable, sales taxes, or other local taxes, are the full responsibility of the **Lessee**. (The “ **Lease**

Rental “rate referenced in Paragraph 4 above, does not include sales tax).

9. DEFAULT BY LESSEE:

If **Lessee** shall fail to make monthly payments as herein provided, or any other amounts payable thereunder, when the same are due and payable, or if **Lessee** should default in the performance of any other terms, conditions and covenants to be performed by **Lessee**, or if the insurance as herein provided to be maintained shall expire or be cancelled, and **Lessee** shall be unable to replace such insurance, or if the **Aircraft** shall be misused or abandoned, **Lessor** , at its option, may take possession of and remove the **Aircraft** forthwith, without notice to **Lessee**, and with or without legal proceedings.

10. MISCELLANEOUS:

A. This agreement is, and is intended to be a lease, and if **Lessee** performs its obligations under this lease,

Lessee shall peaceably and quietly hold, possess and use the **Aircraft** during the entire lease term, free from any interference or hinderance:

B. Neither party shall at any time during this lease for any purpose whatsoever be or become the agent of the other, nor shall either party be responsible for the acts and omissions of the other or its agents,

C. The invalidity of any portion of this lease shall not affect the remaining valid portions thereof;

D. All notices shall be binding on the parties hereto if sent to the address of the applicable party set forth herein, unless a subsequent address has been furnished. by mail, by one party to the other;

E. Except as elsewhere herein provided, any change or modification to this lease shall be in writing and signed by the parties hereto;

F. During the term of this lease, the **Aircraft** will be maintained and inspected in accordance with all applicable Federal Aviation Regulation (s);

G. During the term of this lease, the **Lessee** will be in operational control of the **Aircraft**, and by its signature set

Forth below, **Lessee** certifies that it understands its responsibility for operational control of the **Aircraft** and for compliance with applicable Federal Aviation Regulations;

H. All lease payments as set forth in this lease are due at the office of MUSTANG SALLY AVIATION, LLC. 55 FOXWOOD LANE CAMDEN, SC 29020, no later than **TENTH (10TH) day** of each beginning with the month following the month in which the lease commences. Payment (s) received after the **TENTH (10TH) day** of the month shall be subject to a **Ten Percent (10)** late fee;

- I. This agreement shall be subject to, governed by, and construed in accordance with the laws of the State of SOUTH CAROLINA.

11.- RETURN OF AIRCRAFT:

Lessee shall, at its own expense, and at the expiration or termination of this lease, return **Aircraft to Lessor** at LONG BEACH, CA LONG BEACH AIRPORT(KLGB), with a Fresh Annual Inspection.

Should Lessee return **Aircraft to Lessor** at any time before the expiration of termination of this lease, **Lessee**, by its signature below, hereby solemnly agrees to pay **Lessor** the monthly minimum Lease Rental amount as set forth in Paragraph 4 above for each and every month remaining in the contracted **Term of Lease**.

12.- GUARANTY;

BUSINESS OWNER, is the principal of **LESSE** herein. As the principal of **Lessee**, **BUSINESS OWNER** hereby unconditionally guarantees to all terms set forth in the **Aircraft Lessee Agreement**, and agrees to guarantee the payment of all bills and accounts including, but not limited to, lease payments, insurance payments, maintenance payments to include parts and labor, or any other payments required to be under the terms of this lease. This "Guaranty" shall act as an unlimited continuing "Guaranty" for any aircraft leased by **Lessee** from **Lessor** herein;

13.- DEPOSIT(S);

NO DEPOSIT REQUIRED

14.-DATE

Executed this 25th day of October, 2009.

15.-SIGNATURES;

LESSOR

LESSEE

By:-----

By: -----

KEITH W. FURLONG

Title: President, Mustang Sally Aviation, LLC.

Title:

GUARANTY:

By: _____

Title: Individual

AIRCRAFT ACCEPTANCE/ DELIVERY RECEIPT

The undersigned LESSEE with MUSTNAG SALLY AVIATION, LLC.. concerning the following
AIRCRAFT:

Year, Manufacturer, Model : **1997 – 2008 Cessna 172S**

N # : N6718X

Serial Number : 172S10000

Engine Make & Model : Lycoming O-360

Tach Left: _____ Tach Right: _____ Hobbs: _____

Hereby acknowledge that he/she has inspected this above-referenced Aircraft, and has found it to be in accordance with the terms and Conditions of the lease Agreement, that it meets the expectations and purposes of the LESSEE, and therefore, LESSEE hereby accepts Delivery of AIRCRAFT in accordance with, and on, the terms and Conditions stated in the said CONTRACT.

The undersigned LESSEE also hereby acknowledges receipt of the Following AIRCRAFT RECORDS, all of which are received and accounted for in good condition, and LESSEE accepts responsibility for their precise, safe and secure whereabouts and upkeep at all times, until AIRCRAFT is returned to LESSOR , Mustang Sally Aviation, LLC.

Should any " AIRFRAME " logbook not be returned to Lessor, Lessee Agrees to pay Lessor a "Value-loss penalty" of 15% of the "AVG RETAIL" value as determined by the latest edition of " Aircraft Bluebook Price Digest" for each Airframe logbook not returned!

AIRFRAME : # 1 TO PRESENT

ENGINE : # 1 TO PRESENT

PROP.: #1 TO PRESENT

AVIONICS: TO PRESENT

MISC: _____

Notes _____

Dated this _____ day of _____, 20 _____

SIGNATURE

PRINTED NAME

Company

Title