

## **CESSNA LEASEBACK PROGRAM**

### **OCEAN AVIATION HAS AIRCRAFT LEASEBACK OPORTUNITIES AVAILABLE**

Are you an aircraft owner who is not utilizing your aircraft or would like to offset the cost of ownership, this can be a great option.

Are you an investor? Starting your own aircraft leasing business can allow you to enjoy a great investment opportunity while being a part of aviation.

Our program gives present and future aircraft owners the ability to lease their aircraft back to Cessna Pilot Centers such as Ocean Aviation. The revenue generated by rental helps offset monthly payments as the owner's equity in the aircraft increases.

There are great Tax Benefits to leaseback. For most owners and investors, getting into the aircraft leasing business allows them to qualify for business tax benefits including depreciation, and other incentives that would not be available to private owners. We can assist as you essentially start a small aircraft leasing business. Business expenses such as insurance, maintenance, and other operating expenses can be deductible. Both loan interest and depreciation may be deductible too.

One owner of three new Cessna aircraft in Florida has not only enjoyed all the tax benefits of his aircraft leasing business but is also experiencing positive cash flow. All while owning aircraft and flying at a far reduced overall cost. Other owners who found themselves not flying their aircraft as much as they thought they might be, have chosen to allow Ocean Aviation to manage their aircraft, effectively eliminating their cost of ownership.

Included in our leaseback and aircraft management program.

- Provide Online Scheduling, Monthly Billing and Revenue Collection for your aircraft.
- Arrange Tiedown or Hangar Space
- Regulate the use of your aircraft to comply with Federal and State Regulations
- Regulate the use of your aircraft to comply with company safety requirements
- Maintenance
- Insurance
- Provide monthly statement detailing gross revenue earned minus expenses.

## Benefits to You

- Increased Utilization – The worst thing for an aircraft is to not fly.
- Cover Costs – split the cost of ownership over several people instead of paying it all the costs yourself.
- Thorough Maintenance – Aircraft will be maintained to FAA Part 141 Standards.
- Tax Incentives. – Consult your tax accounting professional for personal advantages.

If you like, we are happy to explore this opportunity. We can also assist with aircraft acquisition. Contact Mike Freed at [mfreed@flyoceanaviation.com](mailto:mfreed@flyoceanaviation.com) about leaseback opportunities.

## **AIRCRAFT LEASEBACK AGREEMENT**

This AIRCRAFT MARKETING AGREEMENT, dated as of June 1, 2020 (this "Agreement") is entered into by and between .....(Owner), and Ocean Aviation Inc. (Agent), with respect to an aircraft outlined on Exhibit A.

WHEREAS, Agent in the ordinary course of business develops relationships with prospective customers for owner seeking to rent aircraft;

WHEREAS, Owner desires to rent the aircraft to qualified licensed pilots on an hourly basis;

WHEREAS, Agent is willing to serve as marketing and compliance agent on a non-exclusive basis upon the terms and conditions herein set forth.

NOW THEREFORE, in consideration of these premises and of the covenants herein and of good and valuable consideration, Owner and Agent hereby agree as follows:

1. AIRCRAFT: Owner hereby authorizes Agent to serve as a nonexclusive marketer for the aircraft outlined on Exhibit A.
2. TERMS OF AGREEMENT: The term of this Agreement shall be for a period of sixty days (60) days commencing on the date hereof, and automatically renew each sixty (60) days thereafter. This Agreement shall be subject to termination by either the Owner or Agent for any reason whatsoever upon sixty (60) days advance written notice given to the other party.
3. USE OF THE AIRCRAFT: Subject to the provisions of this Agreement, Agent may use the aircraft for the purpose of hourly rental by other persons not party to this Agreement, and for operation by the Agent for flight training and for operation by the Agent for its own use (individual use).
  - 3.1 Agent shall at all times use, and permit use, and operate the aircraft in full compliance with Federal Aviation Regulations. Agent shall not take the aircraft, or suffer or permit it to be taken, outside the continental limits of the United States and Canada without the prior written consent of Owner. After each use of the aircraft by Agent, Agent shall return the aircraft to the base airport in the same condition as when received by Agent except for reasonable wear and tear from ordinary use.
  - 3.2 Agent shall not use the aircraft or suffer or permit it to be used, for any business or purpose which is in violation of any present or future law, rule, order, ordinance, or regulation of the United States of America, Canada, and any city, state, territory or governmental subdivision thereof, or in violation of any airworthiness certificate, license, or registration relating to the aircraft, or in violation of any terms or conditions imposed by any insurance carrier of the aircraft or by this rental.
  - 3.3 Accidents shall be reported by Agent immediately to Owner, followed by written report from Agent within forty-eight (48) hours, and Agent shall file all necessary reports with the FAA and insurance company.

4. **PILOTS:** Agent shall not operate the aircraft or permit it to be operated by any person or pilot in violation of Federal Aviation Regulations as now in force or subsequently amended, or of any present or future law, rule, order, ordinance, or regulation of the United States of America or Canada, or any city, state, territory, or governmental subdivision thereof, or in violation of any terms or conditions imposed by any insurance carrier of the aircraft or by this Agreement.
5. **PRIORITY OF USE:** It is the intention of the parties that Agent, Operator, and owners will use the aircraft during the life of this agreement. It is agreed that Agent and Owner will schedule all use of the aircraft on the "Aircraft Schedule Log", and that the general rule of "first come, first serve" will be followed.
6. **AIRCRAFT BASE:** During the term of this Agreement shall be in effect, the permanent base of the aircraft shall be Ocean Aviation at Ocean City Municipal Airport (OXB). Agent shall insure that the aircraft shall at all times be kept hangared outside of normal business hours and when not in use. Hangar fee to be paid by Owner. Tie down at OXB during normal business hours will be provided by Agent at Agent's expense. Tie down or hangar fees at other airports, and all landing fees, ramp fees, and other airport expenses at any airport, including the aircraft's base airport, shall be paid by the party then using the aircraft and incurring such costs and expenses.
7. **MARKETING FEE:** The Owner agrees to pay the Agent as consideration for leasing of the aircraft a marketing fee in the amount of 20% of all rental derived by Owner from all rental operations, except when rented by owner or any companies owned by owner. No rental will be charged on time required for maintenance, repositioning or Agent's flight instructor standardization time.
  - 7.1 Owner acknowledges that any funds collected by Agent with respect to the use of the aircraft will be submitted to Owner net of Agent's marketing fee. Owner shall be furnished by Agent full documentation of Agent's calculations, beginning and ending Hobbs and Tach time for the aircraft and itemized costs paid by agent with receipts as appropriate. Agent shall credit to Owner's account the net rent for the use of the aircraft during each month. Agent shall remit a check for any credit balance to the Owner no later than thirty (30) days from the end of the preceding month. The Owner shall remit a check for any debit balance to the Agent no later than thirty (30) days from the end of the preceding month.
8. **MAINTENANCE:** Agent agrees to act as agent of Owner for obtaining proper maintenance of the Aircraft. Agent expressly undertakes to assure that:
  - a.) FAA-required inspection maintenance and repairs are accomplished on schedule by qualified personnel (Agent reserves the right to designate the maintenance facility, subject to requirements of any warranty and FAA regulations, but agrees to consult with owner regarding any such choice. It is understood that "qualified personnel" means persons authorized by the FAA to perform the particular task and that the parties hereto are entitled to rely on representations by a maintenance facility as to the qualifications of its personnel). Agent will make reasonable

efforts to maintain the general appearance of the Aircraft, both inside and out.

- b.) Equipment now or subsequently installed in the aircraft, including but not limited to communications and navigation equipment, are kept in good working order.
- c.) The FAA-required logbooks and records are accurately maintained and are made available as required.
- d.) All maintenance and repairs will be completed in Ocean Aviation's maintenance facility whenever possible

9. DISCOUNTS ON SERVICES AND FUEL: The following are provided to owner by agent on agent provided services and fuel and are based on current published rate schedules (which are subject to change without notice):

Fuel	Self Fueler Pricing
Hangar Rent	\$275.00 per month
Tie Down Rent	\$85.00 per month

10. OPERATING EXPENSES: Agent shall be responsible for providing for all fuel and oil consumed operating this aircraft. Such costs incurred shall be charged to the Owner's account.
11. REGISTRATION FEES AND TAXES: Owner shall pay registration fees, initial sales tax, and any property or excise taxes on the aircraft assessed by any governmental authority, and any income tax assessed by virtue of the rent payments to be made by Agent pursuant to this Agreement. Agent is responsible for collecting and remitting any sales and use tax due on any rentals.
12. INSURANCE: Insurance for the aircraft will be obtained by agent at the most favorable rate available, consistent with appropriate coverage as agreed to by both parties. Agent agrees that owner will be included as an additional insured under the policy. The Aircraft will be covered by at least One Million Dollar total, One hundred thousand dollars per passenger liability insurance.
13. Each party will agree to Hull Coverage value. Both parties agree that costs, unrecoverable by insurance, resulting from misuse or abuse of the Aircraft by renters are the responsibility of the renters in accordance with the agent's rental agreement. Agent is not obligated to reimburse owner for such cost except to the extent they are recovered from a renter by agent.
14. UNAVAILABILITY OF THE AIRCRAFT: Except as may be expressly provided herein, Owner shall not be liable to Agent for any loss of use of the aircraft or interruption of Agent's business if the aircraft fails to function, or if it is out of use for repairs or service, or for any other cause whatsoever.

- 13.1 In the event that the aircraft shall be lost, seized, confiscated, destroyed, or damaged from any cause whatsoever during the term of this rental with the result that the aircraft is rendered unavailable or unfit for further use by the Agent, this Agreement shall expire and terminate.
15. **OWNERSHIP OF THE AIRCRAFT:** The aircraft at all times shall remain and be the sole and exclusive property of the Owner, and Owner may give any lender a chattel mortgage or security interest on the aircraft as security for any debt of Owner. Other than the right to use the aircraft under the conditions of this Agreement, Agent shall have no rights in the aircraft.
16. **ASSIGNMENT AND SUB-LEASING:** This Agreement shall not be assigned by Agent. Agent will have the right to rent the aircraft to individuals who have met the posted licensing, recurrency, and check ride requirements then in existence at Agent's facility. Owner has been provided a list of those requirements on existence as of the date of this Agreement, and will be provided written notice prior to any changes in them.
16. **DEFAULT:** In the event Agent fails to make any rental payments hereunder when due or fails to comply with any of the other terms and conditions of this Agreement, and any such default shall not be remedied forthwith after written notice from Owner. Owner shall have the right, cumulative of all other rights, to declare this Agreement in default, and to terminate the same without further notice. Owner's remedies in case of Agent's default shall be cumulative, and Owner may exercise any and all other lawful remedies it may have by virtue of Agent's breach.
17. **NOTICES:** Whenever, under the terms of this Agreement, notice is required or desired to be given, it shall be given in writing and signed by or on behalf of the party giving notice, and shall be deemed given when delivered personally or mailed certified first-class mail, postage prepaid, addressed to the party to be notified at the address of its principal office as shown in this Agreement, or at such other address as either party shall designate by written notice to the other party, or transmitted via facsimile machine.
18. **REPRESENTATIONS AND WARRANTIES OF THE OWNER:** The Owner represents and warrants that it is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of .....and that it has full power to execute and deliver this Agreement, and is appropriately authorized to perform under its terms.
19. **MISCELLANEOUS:** All flights of the aircraft necessitated by mechanical failure, breakdown, repair, installation of equipment or testing, will be at the sole expense of the Owner and will be billed to the Owner by the Agent.
- 19.1 No delay or forbearance of the Owner in the exercise of any remedy or right under this Agreement will constitute a waiver thereof and the exercise or partial exercise of a remedy or right shall not preclude the further exercise of the same or any other right to remedy.

- 20. **BINDING AGEEMENT:** The terms of this Agreement shall be binding upon the parties, their successors, personal representatives, and assigns.
- 21. **SEPARABILITY OF PROVISIONS:** Any provisions of this Agreement prohibited by law or by court decree in any locality or state shall be ineffective to the extent of such prohibition, without invalidating or affecting the remaining provisions of this Agreement in such localities and without affecting the validity of such provisions within states and localities in which they are not prohibited by law or court decree.
- 22. **ENTIRE AGREEMENT:** This Agreement and attached addendum constitutes the entire Agreement between the parties hereto. Agent and Owner acknowledge that no representations, inducements, promises, guarantees, agreements, or undertakings oral or written, express or implied, other than those set forth herein, have been made by Owner or Agent. No amendment or changes in the terms and conditions hereof shall be binding unless reduced to writing and signed by the party to be bound by such change or amendment.
- 23. **GOVERNING LAW:** This Agreement shall be governed by and construed under the laws of the State of Maryland.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed by their duly authorized officers or individually as of the day and year first above written.

OWNER:

AGENT:

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Ocean Aviation Inc.

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*Michael J. Freed, President*

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Ocean Aviation Inc.  
 12724 Airport Road  
 Berlin, Maryland 21811

**EXHIBIT A**

Aircraft Identification