

I. Introductory **Quarter Shares FLORIDA Jan 14 2019**

- Formation and Purpose... Each shareholder will receive a SFUSA stock certificate and will have exclusive use of the aircraft owned by the corporation one week each month and at other times by calling or texting the shareholder whose week it is. The purpose of this Agreement is to provide for the operations, maintenance, and disposition of the corporation owned airplane. The shareholders agree that the aircraft and accessory items shall be held in the name of Sport Flying USA, Inc., a New York Corporation.
- Commencement and Terms... This Agreement shall commence as of the date of endorsement of the parties and shall continue indefinitely, until terminated by agreement of the parties, by at least sixty (60) days written notice given by any of the parties to the others, under the conditions set forth below.

II. Contributions: Sport Flying USA, Inc. initially owns all the shares.

A. On-going..... **SFUSA will sell 1/4 shares.**

B. fixed, hourly, and unexpected costs as outlined below shall be made to a bank account maintained exclusively for this purpose. Sport Flying USA, Inc., Inc. will initially handle the bank account.

III. Management, Operation and Maintenance

A. Acts Requiring Unanimous Consent

- Pledges.... Encumbering the stock.
- Liens.... Knowingly suffering or causing anything to be done whereby jointly owned property may be seized.
- Expenditures.... Making or authorizing any expenditure in excess of five hundred dollars (\$500).
- Base of Operation.... Changing the base of operations from the field where the aircraft is currently base.

B. Operation, Maintenance, and Limitations

- Use Restrictions... The shareholders agree that the aircraft has been purchased solely for their private (pleasure and business), non-commercial use, and that the aircraft will not be used for lease-back, air taxi, or charter purposes. The aircraft may also be used for flight instruction by a Certified Flight Instructor for the purpose of maintaining the currency or upgrading the ratings of the shareholders or training new student shareholders. Shareholders may, however, share operating expenses with passengers. SFUSA will be permitted to do demo flights until the other shares are sold. The demo flights will be flown exclusively by a pilot (PIC) approved by Louis or Michael Mancuso and all landings will be done by the PIC.
- The aircraft based shall be \_\_5FA1\_\_ Changing the base requires approval by shareholder 3/4th majority.
- All shareholders will undergo GPA, (Ground Proximity Awareness) training with Lou Mancuso or his designee and fly as many hours as necessary to assure a high degree of landing skills.
- **The crosswind limitation for each pilot will be a maximum of 6 knots until acquiring 10 hours in the aircraft.**
- **The maximum wind operation will be limited to 15 knots for the first ten hours, then 25 knots (28 mph) thereafter.**
- **No full stall landing will be performed until each shareholder has a minimum of 10 hours.**
- Shareholders will only fly into airports with runways that are at least 3000 feet long until the pilot has 25 hours logged in the aircraft. Runway length required will be reduced to 2000 feet after 50 hours are logged.
- A shareholder will not land at grass airports until he has received type-specific training for soft-field operations as approved by an agent of SFUSA.
- Formation flying or flights of two are prohibited.
- The aircraft will not be operated unless one of the shareholders is aboard as Pilot in Command, except for:

C. Authorized Users

- A duly licensed mechanic, where such operation is required as part of the repair and maintenance of the aircraft and proper insurance is in place.
- Anyone with the unanimous consent of the shareholders who is named on the insurance policy.
- The time scheduled and used and associated costs shall be allocated to the shareholder sponsoring the named pilot.
- A Certified Flight Instructor when instructing one of the shareholders provided that said instructor is covered for this

purpose by all applicable aircraft insurance policies.

- A professional pilot employed by the shareholder using the airplane, provided that said pilot is covered for this purpose by all applicable aircraft insurance policies. No one will fly the plane without an owner on board without unanimous approval of all shareholders.

#### D. Other

##### 1. Aircraft Condition

All equipment required by applicable FAA Regulations for flight under day and night VFR will be installed and maintained in good operating condition. The plane can be certified and equipped for IFR in IMC with shareholders' approval.

**On a regular basis, pilot shareholder will check tire pressures and inflate the tires to 26 LBS for the mains and 20 lbs for the nose.** After each use, the shareholder using the aircraft will ensure that ailerons are belted locked, seat belts are secured, trash is removed, the cabin doors and baggage compartment are locked and the bugs are removed from the leading edge of the wing with spray wax. Additionally, he will arrange for refueling by requesting a top off (one inch low) when the fuel level is less than half tanks and bringing the oil and coolant level to the proper level.

**“Hobbs” hours (start/stop), etc. shall be recorded on a sheet or book kept in the aircraft for this purpose. After each flight the pilot will take a picture of the hour meter and email it to [www.coffeetab@hotmial.com](mailto:www.coffeetab@hotmial.com)**

Each shareholder will report to the others all conditions and circumstances which have caused damage to the aircraft or which may subsequently have an impact on its operation

If the aircraft is grounded or otherwise unable to return to base, it shall be the responsibility of the shareholder with the aircraft at the time it is grounded to insure:

The aircraft is adequately secured. All shareholders are informed

Any required maintenance or repair is arranged. The aircraft is returned to base in a timely manner as repairs permit

##### 2. Normal Expenses

The parties agree that they will share the expenses incurred in the normal day-to-day operation and maintenance of the aircraft as set forth below. Each shareholder shall be solely responsible for any incidental ground charges during his operation of the aircraft including landing/parking fees, storage fees, ground handling charges, etc.

##### **3. Fixed Expenses will initially be \$163 per month per 1/4 share for hangar and insurance.**

The parties agree to share proportionally, among partners, for all yearly fixed expenses such as tie-down or hangar fees, aircraft cleaning, and fees for annual inspections. These fixed costs will be pro-rated to a monthly basis. This monthly cost will be shared proportionally according to the percentage of ownership. The monthly cost shall be determined at the beginning of each calendar year but may be changed with the unanimous consent of the shareholder. Loan payments will not be paid from the aircraft bank account.

##### 4. Other Expenses

The shareholders agree to share proportionally for all unexpected expenses including, without limitation:

Airworthiness Directives and equipment damage due to mechanical failure.

Damage from any cause while secured in its permanent tie-down spot or hangar (aside from recovery from 3<sup>rd</sup> parties when possible).

Should the shareholder be stranded with the aircraft away from base:

Actual repair expenses (parts, labor, supplies, shop storage) shall be paid out of maintenance funds as described below. If paid by the stranded shareholder, he shall be reimbursed out of maintenance funds.

All incidental expenses including hotel, food and other travel arrangements are the responsibility of the stranded shareholder, not the aircraft partnership.

However, each shareholder reserves the right to liquidate his interest in lieu of encumbering further costs.

**Hourly Contribution for fuel, maintenance and engine reserve of \$72 per hour.**

Each year the maintenance fee will be evaluated and may be revised as necessary upon approval of the shareholders.

a) Excess Expenses

If there are insufficient funds in the maintenance account to cover expenses, shareholders will be assessed equally for funds to cover the excess and leave enough money in reserve to cover reasonable future unanticipated expenses

5. Prepayments and Expenses

Any expenses or payments made directly by the shareholders for fuel purchased away from home, oil, maintenance, or similar items shall be subtracted from payments made to SFUSA services.

**MAIL PAYMENTS TO SPORT FLYING USA, Inc. c/o Kari Mancuso PO BOX 623, 6 HEATHER DRIVE, REMSENBURG, NY 11960**

Improvements may be made from time to time provided there is a majority vote and a letter of authorization from the manufacturer.

6. Fuel and Maintenance will be provided by Sport Flying USA, INC.

7. Inspections: Regular annual inspections will be carried out as required by Federal Aviation Regulations.

8. Insurance

**Hull and liability insurance for the aircraft shall be at least equal to the current valuation. The amount of liability insurance shall be at least \$1,000,000 per incident/accident, and \$100,000 dollars per individual injury.**

9. Liability for Damage

Insofar as the deductible portion of the insurance is concerned, damage due to any cause other than those outlined earlier in this agreement will be the responsibility of the shareholder having control of the aircraft at the time of the damage. The initial deductible is \$1000 per accident.

10. Additional Equipment may be added to the aircraft with 3/4ths consent of the shareholders.

E. Rules and Regulations

1. The aircraft shall always be flown and maintained in accordance with all applicable Federal Air Regulations and requirements of duly constituted authority

2. Delinquencies

Any delinquency in the payment of charges, costs or fees arising out of the terms of this agreement for more than thirty (30) days, shall result in the deprivation of flight privileges.

Any delinquency which continues thereafter for an additional sixty (60) days shall be grounds for involuntary liquidation of the delinquent shareholder's stock.

3. Lien on Liquidation

Any just charges owed by one shareholder to the other shall become a lien upon the interest of the party indebted, and shall be satisfied out of the proceeds of sale upon liquidation.

4. Scheduling

Each .0167 share of stock of the corporation shall entitle that shareholder to 1/4 usage. This period must be booked in the online system.

a. Extended Travel Planning

Each 1/4shareholder is entitled to at least one two-week extended travel period per year to be scheduled by swapping priority time with the other shareholders on a mutually acceptable basis. The aircraft will only be operated in the United States.

b. Multi-Day Travel

Each shareholder agrees to notify the others in the event he will have the aircraft away from its base of operations more than seven days. A voice mail or e-mail notification to at least one other shareholder is considered adequate.

b) Recording of Hours

All hours flown shall be recorded in the Aircraft Time Share Logbook ("Taylor Log") following each flight. Any squawks or other items of interest to shareholders regarding the flight or aircraft should also be recorded as well as e-mailed to other shareholders.

At the end of each billing period, the billing coordinator shall use the entries in the Time Share Logbook to generate hourly billing. After each flight a picture of the hobbs will be sent to [www.coffeebabe@hotmail.com](mailto:www.coffeebabe@hotmail.com)

5. Annual Maximums...240 Maximum Hours Per Calendar Year shall be used by the combined total of all shareholders

Each 1/4shareholder shall have a maximum 60 hours per year. If the shareholder goes over his allotted hours, hours may be purchased from the primary shareholder, Sport Flying USA, Inc., Inc. for \$150 per hour wet. This rate will be adjusted based on fuel prices. When the primary shareholder no longer holds any shares, the over hours will be purchased from another shareholder who has not used his hours.

6. Smoking: No smoking will be allowed in the aircraft.

IV. Changes in Ownership

- A. Prohibited Transfers.....Stock may not be sold to a non US citizen.
- B. Right of First Refusal

If any shareholder receives an offer to purchase his stock and if he is willing to accept it, he may transfer the interest specified in the offer only after he has afforded the other shareholders the following rights of first refusal:

a) Notification of Pending Transfer

The shareholder desiring to make the transfer must first notify the other shareholders of the interest he proposes to transfer, the price and terms on which it is proposed to be transferred, and the identity of the proposed transferee. SFUSA, LOUIS MANCUSO, may sell his shares without approval of other shareholders.

Options to Purchase...The remaining shareholders shall have the option to purchase that interest from him.

Transfer to Outside Party....If the other shareholders do not exercise their option to purchase the stock the stock may be sold to a third party.

2. Transfers on Death;

Upon the death of any shareholder, the remaining shareholders shall have the option to purchase the

deceased shareholder' stock at a price to be agreed upon by the surviving shareholders and the deceased shareholder's agent.

C. Indemnification

Each shareholder shall indemnify and hold harmless the others from any and all expense and liability resulting from or arising out of any negligence or misconduct on his part to the extent that the amount exceeds the applicable insurance carried by the joint owners.

D. Amendments.....This Agreement may be amended in writing and signed by all shareholders.

E. Unenforceability.....If any term, provision, covenant, or condition of the Agreement is held by a court of competent jurisdiction to be invalid, the rest of the Agreement shall remain in full force and effect and shall in no way be affected or invalidated.

V. Pronouns

A. As used in this Agreement, the masculine, feminine, or neuter gender and the singular or plural numbers shall each be deemed to include the others whenever the context so indicates.

VI. Abbreviations

A. SFUSA – Sport Flying USA, Inc.

B. MIAS – Mid Island Air Service, Inc. or New York Jet

VII. Attorney's Fees

A. In the event of any dispute under this Agreement, or the default by either shareholder of that shareholder's obligations hereunder, then the prevailing shareholder shall be entitled to recover, in addition to all others sums which may be due under the terms of the Agreement, all costs of suit, including reasonable attorney's fees.

VIII. Entire Agreement

This instrument contains the entire agreement of the shareholders relating to the right granted and obligations assumed in this instrument and supersedes any prior agreements between the shareholders. Any oral representations or modifications concerning this instrument shall be of no force or effect unless contained in a subsequent written modification signed by the shareholders to be charged. **These BY LAWS may be changed with a 3/4 majority vote.**

In witness whereof, the shareholders have executed this Agreement on \_\_\_\_\_, 20\_\_\_\_, at \_\_\_\_\_, Ronkonkoma, NY

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