

**TELEGRAPHIC MESSAGE**

NAME OF AGENCY FEDERAL AVIATION ADMINISTRATION MM AERONAUTICAL CENTER OKLAHOMA CITY, OKLAHOMA 73125		PRECEDENCE ACTION: <b>PRIORITY</b> INFO:	SECURITY CLASSIFICATION <b>UNCLASS</b>
ACCOUNTING CLASSIFICATION	DATE PREPARED <b>OCTOBER 18, 2004</b>		FILE
<b>FOR INFORMATION CALL</b>			
NAME <b>SHARON MELLINGER</b>	AFS-754	PHONE NUMBER <b>X4-3116</b>	TYPE OF MESSAGE <input type="checkbox"/> SINGLE <input type="checkbox"/> BOOK <input type="checkbox"/> MULTIPLE-ADDRESS

THIS SPACE FOR USE OF COMMUNICATION UNIT

**MESSAGE TO BE TRANSMITTED (Use double spacing and all capital letters)**

**TO:**  
**SVCCYAYX**  
**CIVILAIR**  
**CARACAS, VENEZUELA**

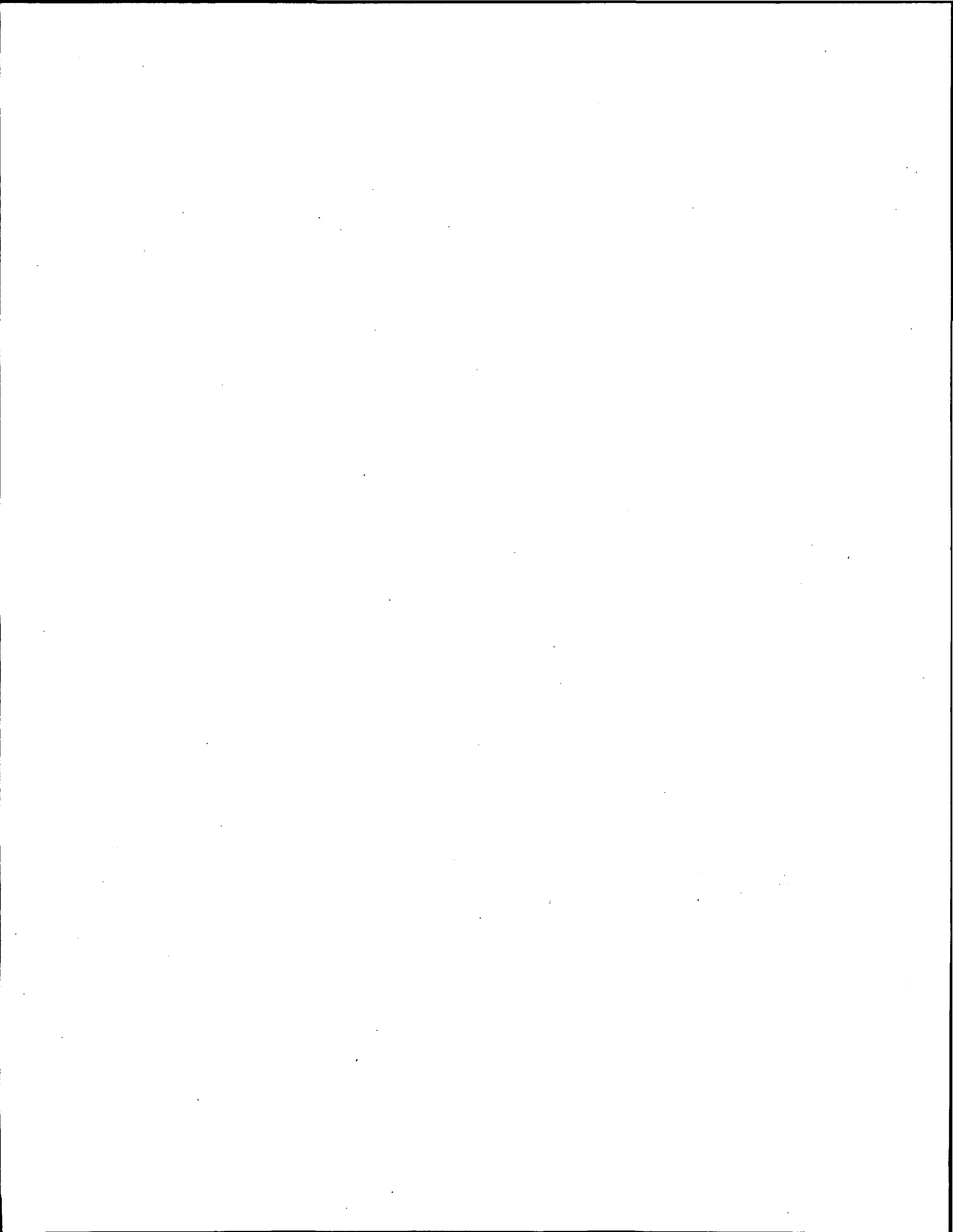
**THIS CONFIRMS DEREGISTRATION OF N391SA BEECH 200 SERIAL BC-37 FROM THE UNITED STATES CIVIL AIRCRAFT REGISTER EFFECTIVE 07:30 AM CDT, OCTOBER 18, 2004. OUR RECORDS SHOW NO UNRELEASED RECORDED LIENS AGAINST AIRCRAFT.**

**ORIGINAL SIGNED BY**  
**SHARON MELLINGER**

\_\_\_\_\_ for  
**WALTER BINKLEY**  
**MANAGER, FAA AIRCRAFT REGISTRY AFS-750**  
**FEDERAL AVIATION ADMINISTRATION**

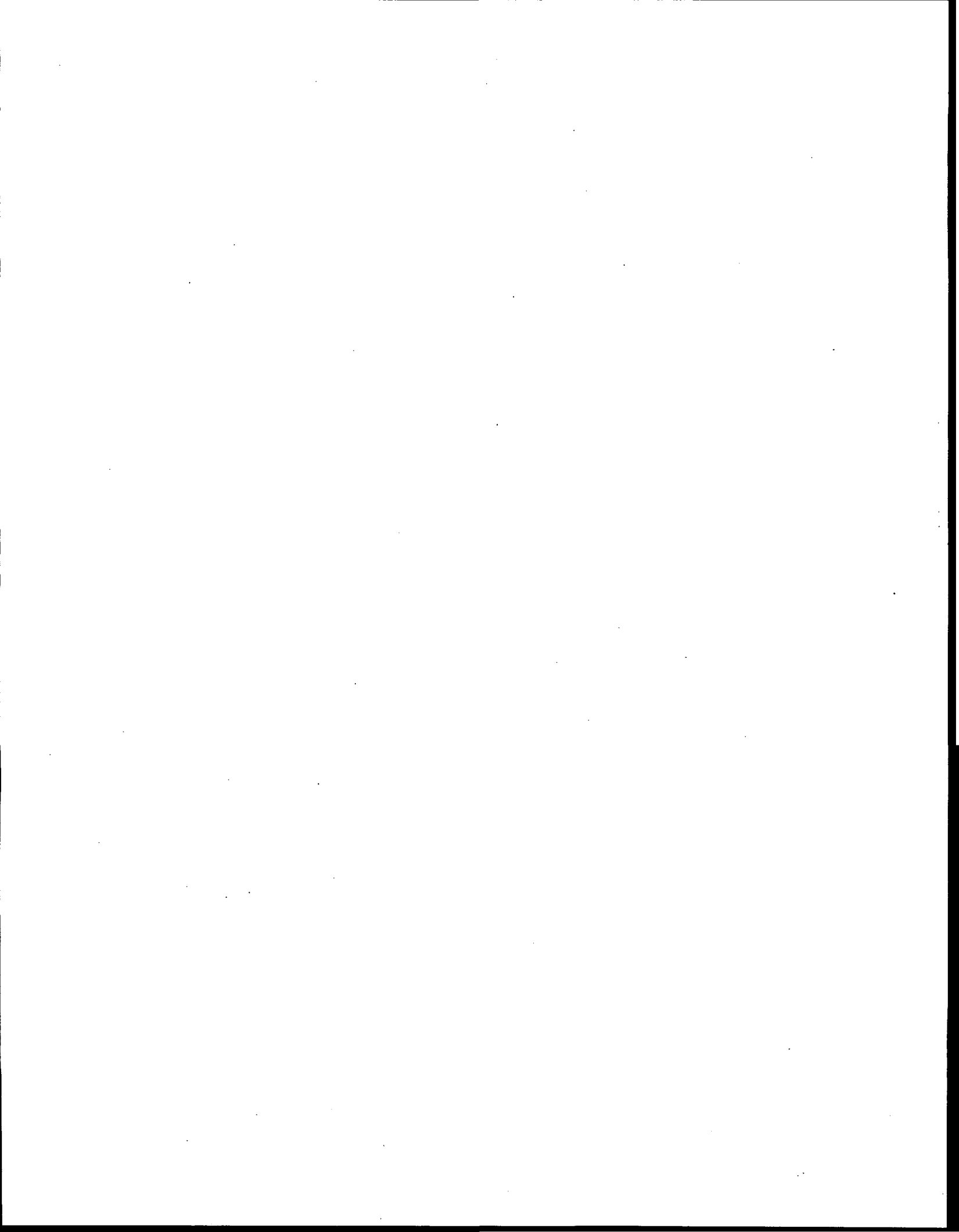
**CC: AEROSPACE REPORTS-PD ROOM**

MCCULLOUGH:AS		SECURITY CLASSIFICATION
PAGE NO. <b>1</b>	NO. OF PGS. <b>1</b>	



## DEREGISTRATION OF UNITED STATES CIVIL AIRCRAFT

Aircraft Registration No. N-391SA	Manufacturer and Model BEECH 200	Serial Number BC-37
Last Registered Owner SKYWAY AIRCRAFT	Lien Information on File: <input checked="" type="checkbox"/> None <input type="checkbox"/> Outstanding Recorded Conveyance  No. _____	LIENHOLDER:
The above registration is to be canceled for the reason checked below:		
<input type="checkbox"/> Accident <input type="checkbox"/> Totally destroyed or scrapped <input checked="" type="checkbox"/> At the request of: <input type="checkbox"/> Registrant <input checked="" type="checkbox"/> Owner <input type="checkbox"/> Revocation <input type="checkbox"/> AC Form 8050-73 Action <input type="checkbox"/> Other (Specify) _____		<input checked="" type="checkbox"/> Exported to: <u>VENEZUELA</u>  INDEX CHECKED THROUGH: OCTOBER 15, 2004
Official approving the cancellation: Name: Thelma McCullough <i>Thelma M. McCullough</i>	TIME: 7:30AM CDT	DATE: October 18, 2004
CONFIRM TO: <u>VENEZUELA</u> FOREIGN MARKINGS: _____  CHARGE INFO WIRE TO:		COPY TO: <input checked="" type="checkbox"/> WIRE <input type="checkbox"/> MAIL  AERO SPACE REPORTS
The above registration has been canceled and records adjusted accordingly. Records Clerk:		DATE: October 18, 2004



REQUEST FOR DEREGISTRATION

Federal Aviation Administration  
Export/Priority  
Oklahoma City, OK

F OCT 18 2004

Re: N391SA, Beech 200 with Serial Number BC-37

To Whom It May Concern:

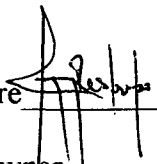
As owner of the above-referenced aircraft, we hereby request cancellation of the U. S. Registration as the aircraft will be exported.

Once the aircraft has been deregistered, please notify the appropriate authorities in Venezuela, and provide a copy of the deregistration wire to our title company, Aero-Space Reports, Inc. in the P.D. Room.

Thank you very much for your attention to this request.

Sincerely,

Mario Gonzales Restrepo

Signature 

---

Title Owner

---

Date 10/11/04

---

FILED WITH FAA  
AIRCRAFT REGISTRATION BR  
2004 OCT 15 PM 1 55  
OKLAHOMA CITY  
OKLAHOMA

UNITED STATES OF AMERICA 24  
U.S. DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION

**AIRCRAFT BILL OF SALE**

FOR AND IN CONSIDERATION OF \$ \_\_\_\_\_ THE  
UNDERSIGNED OWNER(S) OF THE FULL LEGAL  
AND BENEFICIAL TITLE OF THE AIRCRAFT DES-  
CRIBED AS FOLLOWS:

UNITED STATES  
REGISTRATION NUMBER **N391SA**  
AIRCRAFT MANUFACTURER & MODEL  
**Beech A200**  
AIRCRAFT SERIAL No.  
**BC-37**

**F OCT 18 2004**

DOES THIS **21<sup>st</sup>** DAY OF **Sept** 20**04**  
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.)

**mario Gonzales Restrepo**  
**Calle Vicente martins #23, Apt. 830B**  
**Caracas, Venezuela**

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 20

**SELLER**

NAME (S) OF SELLER  
(TYPED OR PRINTED)

SIGNATURE (S)  
(IN INK) (IF EXECUTED  
FOR CO-OWNERSHIP, ALL MUST  
SIGN.)

TITLE  
(TYPED OR PRINTED)

**Skyway Aircraft  
Inc**

*[Handwritten Signature]*

**President**

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

**ORIGINAL: TO FAA**

FILED WITH FAA  
AIRCRAFT REGISTRATION BR  
2004 SEP 24 PM 1 17  
OKLAHOMA CITY  
OKLAHOMA



DEPARTMENT OF TRANSPORTATION  
FEDERAL AVIATION ADMINISTRATION

2 A 2 9 1 1 1 9

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  
Bates Properties, Inc.

NAME and ADDRESS OF SECURED PARTY/ASSIGNEE  
Bank of America, N.A.  
Private Credit Services  
333 South Beaudry Ave., 11<sup>th</sup> Floor  
Los Angeles, CA 90017

CONVEYANCE  
RECORDED

2004 OCT 18 AM 10 16

FEDERAL AVIATION  
ADMINISTRATION

FAA REGISTRATION  
NUMBER  
N391SA

AIRCRAFT SERIAL  
NUMBER  
BC-37

AIRCRAFT MFR. (BUILDER) and MODEL  
Beechcraft King Air 200

ENGINE MFR. And MODEL  
Pratt & Whitney PT6A-41 (2)

ENGINE SERIAL NUMBER (S)  
79172 & 85139

NUMBER Q66752  
DOCID CO14 PAGE 9

PROPELLER MFR. And MODEL

PROPELLER SERIAL NUMBER (S)

THE SECURITY CONVEYANCE DATED August 31, 2000 COVERING THE ABOVE COLLATERAL WAS RECORDED BY THE FAA AIRCRAFT REGISTRY ON December 16, 2000 AS CONVEYANCE NUMBER Q66752.

PART II - RELEASE - (This suggested release form may be executed by the secured party and returned to the FAA Aircraft Registry when the 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.

DATE OF RELEASE: 9-7-04

Bank of America, N.A.

SIGNATURE (in ink)

*Janet S. Johnson*

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)

FILED WITH FAA  
'04 SEP 21 PM 1 31  
OKLAHOMA CITY  
OKLAHOMA

0 0 0 0 0 0 0 0 1 2 2 6  
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 391SA**

AIRCRAFT MANUFACTURER & MODEL  
**Beech 200**

AIRCRAFT SERIAL No.  
**BC-37**

**Y SEP 01 2004**

FOR FAA USE ONLY

TYPE OF REGISTRATION (Check one box)

1. Individual  2. Partnership  3. Corporation  4. Co-owner  5. Gov't.  6. Non-Citizen Corporation

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

**Sky Way Aircraft, Inc.**

TELEPHONE NUMBER: ( )

ADDRESS (Permanent mailing address for first applicant listed.)

Number and street: **341 8th Avenue S.E., Hangar 3-C**

Rural Route:

P.O. Box:

CITY <b>St. Petersburg</b>	STATE <b>FL</b>	ZIP CODE <b>33701</b>
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**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 <i>Lisa J. Peters</i>	TITLE <i>Comp Secretary</i>	DATE <i>8/31/04</i>
	SIGNATURE <i>Lisa J. Peters</i>	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.

**ISSUED TEMP CERT OF**

**REG TO EXPIRE**

**10-1-04**

**T 045174**

FILED WITH FAA  
AIRCRAFT REGISTRATION BR  
2004 AUG 31 PM 2 13  
OKLAHOMA CITY  
OKLAHOMA

00000001225

A059651

AC Form 8050-2 (9/92) (NSN 0052-00-629-0003) Supersedes Previous Edition

FORM APPROVED  
OMB NO. 7120-0047

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

CONVEYANCE RECORDED

**AIRCRAFT BILL OF SALE**

2004 SEP 1 PM 1 08

FOR AND IN CONSIDERATION OF \$ 1 & OVC THE  
UNDERSIGNED OWNER(S) OF THE FULL LEGAL  
AND BENEFICIAL TITLE OF THE AIRCRAFT DES-  
CRIBED AS FOLLOWS:

FEDERAL AVIATION  
ADMINISTRATION

UNITED STATES  
REGISTRATION NUMBER **N 391SA**  
AIRCRAFT MANUFACTURER & MODEL  
**Beech 200**  
AIRCRAFT SERIAL No. **BC-37**

DOES THIS **31st** DAY OF August 20 **04**  
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

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

PURCHASER

Sky Way Aircraft Inc.  
341 8th Avenue S.E. Hangar 3-C  
St. Petersburg, FL 33701

DEALER CERTIFICATE NUMBER

AND TO **its successors** ~~PROPRIETORS, ADMINISTRATORS,~~ AND ASSIGNS TO HAVE AND TO HOLD  
SINGULARLY THE SAID AIRCRAFT FOR USE, AND WARRANTS THE TITLE THEREOF.

IN TESTIMONY WHEREOF **we** HAVE SET **our** HAND AND SEAL THIS **31st** DAY OF **Aug.** 20 **04**

SELLER	NAME (S) OF SELLER (TYPE OR PRINTED)	SIGNATURE (S) (IN INK IF EXECUTED FOR CO-OWNERSHIP ALL MUST SIGN)	TITLE (TYPE OR PRINTED)
		Bates Properties, Inc.	<i>By Frederick M. Bates</i> <b>FREDERICK M. BATES</b>

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 (9/92) (NSN 0052-00-629-0003) Supersedes Previous Edition

042441447043  
\$5.00 08/31/2004

FILED WITH FAA  
AIRCRAFT REGISTRATION BR  
2009 AUG 31 PM 2 13  
OKLAHOMA CITY  
OKLAHOMA

A 059650

00000001227

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:  
Bates Properties, Inc.

NAME OF SECURED PARTY/ASSIGNEE:  
Bank of America, N.A.  
231 South LaSalle Street  
Chicago, IL 60697

NAME OF SECURED PARTY'S ASSIGNOR (if assigned):

Do Not Write In Above Block  
FOR FAA USE ONLY

CONVEYANCE RECORDED

2004 SEP 1 PM 1 08

FEDERAL AVIATION  
ADMINISTRATION

FAA REGISTRATION NUMBER: <b>N391SA</b>	AIRCRAFT SERIAL NUMBER: <b>BC-37</b>	AIRCRAFT MFR. (BUILDER) AND MODEL: <b>Beech 200</b> SEE RECORDED CONVEYANCE NUMBER <u>066752</u> DOC ID <u>0014</u> PAGE <u>1</u>
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ENGINE MFR. AND MODEL: <b>Pratt &amp; Whitney PT6A-41</b>	ENGINE SERIAL NUMBER (S): <b>79172</b> <b>85139</b>
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PROPELLER MFR. AND MODEL:	PROPELLER SERIAL NUMBER (S):
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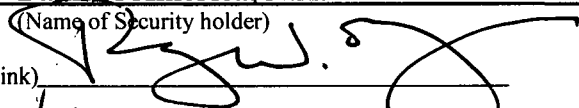
THE SECURITY CONVEYANCE DATED **08/31/00** COVERING THE ABOVE COLLATERAL WAS RECORDED BY THE FAA AIRCRAFT REGISTRY ON **12/16/00** AS CONVEYANCE NUMBER **066752**.

**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 PART 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 NO IMPLIED BY REASON OF EXECUTION OF DELIVERY OF THIS RELEASE.

DATE OF RELEASE: 01 31 04

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 additional to these requirements, the form used by the security holder should be drafted in accordance with the pertinent provisions of local statues and other applicable federal statutes. This form may be reproduced. There is no fee for recording a release. Send to FAA Aircraft Registry, PO Box 25504, Oklahoma City, Oklahoma 73125

**Bank of America, N.A.**  
(Name of Security holder)  
SIGNATURE (in ink)   
TITLE: V.P. CLIENT 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 Part 47 and 49 of the Federal Aviation Regulations.)

FILED WITH FAA  
AIRCRAFT REGISTRATION BR  
2004 AUG 31 PM 2 13  
OKLAHOMA CITY  
OKLAHOMA



0 0 0 0 0 0 0 0 2 5  
UNITED STATES OF AMERICA DEPARTMENT OF TRANSPORTATION  
FEDERAL AVIATION ADMINISTRATION-MIKE MONROEY AERONAUTICAL CENTER  
AIRCRAFT REGISTRATION APPLICATION

CERT. ISSUE DATE

TT JUN 04 2003  
DOI REV  
9/19/00  
FOR FAA USE ONLY

UNITED STATES  
REGISTRATION NUMBER **N 391SA**  
AIRCRAFT MANUFACTURER & MODEL  
**BECHCRAFT King Air 200**  
AIRCRAFT SERIAL No  
**BC-37**

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.)

**BATES PROPERTIES, INC**

TELEPHONE NUMBER: **(831) 655-5000**

ADDRESS (Permanent mailing address for first applicant listed.)

Number and street: **100 PASADENA DRIVE**

Rural Route:

P.O. Box:

CITY <b>MONTEREY</b>	STATE <b>CA</b>	ZIP CODE <b>93940</b>
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**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 <b>Frederick M. Bates</b>	TITLE <b>Pres</b>	DATE <b>5/8/03</b>
	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.

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APR 19 1954

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OKLAHOMA CITY OKLAHOMA

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FILED WITH FAA AIRCRAFT REGISTRATION SR

23-43

<b>U.S. DEPARTMENT OF TRANSPORTATION</b>  FEDERAL AVIATION ADMINISTRATION <b>CROSS-REFERENCE--RECORDATION</b>	SEE CONVEYANCE NO _____  FILING DATE: _____
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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 MORTGAGE, SECURITY AGREEMENT AND ASSIGNMENT	DATE EXECUTED 08/31/00
FROM BATES PROPERTIES, INC (DEBTOR)	DOCUMENT NO. Q66752
TO OR ASSIGNED TO BANK OF AMERICA NA (DEBTOR)	DATE RECORDED December 16, 2000

**THE FOLLOWING COLLATERAL IS COVERED BY THE CONVEYANCE:**

AIRCRAFT (List by registration number)	TOTAL NUMBER INVOLVED
N391SA	1

ENGINES MAKE(S) PRATT & WHITNEY PT6A-41	SERIAL NO. 79172 85139 TOTAL NUMBER INVOLVED 2
PROPELLERS MAKE(S)	SERIAL NO. TOTAL NUMBER INVOLVED
SPARE PARTS --LOCATIONS LOCATION	TOTAL NUMBER INVOLVED

RECORDED CONVEYANCE FILED IN: N391SA BEECH 200 S/N BC-37

23-42

0000001320

23-41

**MORTGAGE, SECURITY AGREEMENT AND ASSIGNMENT**

Dated as of August 31, 2000

between

**BATES PROPERTIES, INC.**

as the Grantor

and

**BANK OF AMERICA, NATIONAL ASSOCIATION**

as the Bank

MORTGAGE SECURITY AGREEMENT ASSIGNMENT - BATESPROPERTIES INC.

**CERTIFIED COPY-TO BE RECORDED**

23-40

OKLAHOMA CITY  
NOV 7 7 2 PM '14  
FILED WITH FAA

RECORDED & INDEXED

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Q66752

23-39

MORTGAGE, SECURITY AGREEMENT AND ASSIGNMENT

THIS MORTGAGE, SECURITY AGREEMENT AND ASSIGNMENT, dated as of August 31, 2000 between BATES PROPERTIES, INC., a California corporation (hereinafter referred to as the "Grantor"), and BANK OF AMERICA, NATIONAL ASSOCIATION, a national banking association with a place of business at 231 South LaSalle Street, Chicago, Illinois 60697 (the "Bank").

RECEIVED  
DEC 16 10 19 AM '00  
ADMINISTRATION

RECITALS:

- A. Pursuant to a Business Loan Agreement dated as of August 31, 2000 (together with all amendments, modifications and supplements thereto, if any, the "Loan Agreement") between the Grantor and the Bank, the Bank has agreed to make a term loan to the Grantor (the "Loan").
- B. As a condition precedent to the making of the Loan under the Loan Agreement, the Grantor is required to execute and deliver this Agreement.
- C. Grantor is duly authorized to execute, deliver and perform this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to induce the Bank to make the Loan pursuant to the Loan Agreement, the Grantor agrees, for the benefit of the Bank, as follows:

ARTICLE 1

DEFINITIONS

**SECTION 1.1 Definitions.** In this Agreement, unless the context otherwise requires, the terms defined herein and in any agreement executed in connection herewith include, where appropriate, the plural as well as the singular and the singular as well as the plural. Except as otherwise indicated, all agreements defined herein refer to the same as from time to time amended or supplemented or the terms thereof waived or modified in accordance herewith and therewith. Unless otherwise defined herein, capitalized terms used herein shall have the meanings given thereto in the Loan Agreement. The following terms shall have the respective meanings set forth below:

"Act" means the Federal Aviation Act of 1958, as amended from time to time and recodified in Subtitle VII of Title 49 of the United States Code.

Orig rtn to DFP+H

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\$15.00 11-7-00

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23-38



"Agreement", "this Agreement", "hereby", "herein", "hereof", "hereunder" or other like words means this Mortgage, Security Agreement and Assignment, as it may be amended, modified or supplemented from time to time.

"Aircraft" means the Airframe purchased under the Purchase Agreement, together with the Engines initially installed on such Airframe when delivered to the Grantor (or any replacement Engine substituted for any of such Engines hereunder), whether or not any such initial or replacement Engines may from time to time thereafter be installed on such Airframe or may be installed on any other airframe or on any other aircraft, and all Parts, including avionics and related equipment, manuals and logs.

"Airframe" means (i) the Beechcraft King Air 200 aircraft (excluding the Engines or engines from time to time installed thereon) bearing United States Federal Aviation Administration Registration Number N391SA and manufacturer's serial number BC-37, and (ii) any and all Parts so long as the same shall be incorporated in such aircraft and any and all Parts removed from such aircraft so long as such Parts shall remain subject to this Agreement and the Lien hereof in accordance with the terms of Section 3.5.

"Banking Day" means a day other than a Saturday or Sunday on which the Bank is open for business in Chicago, Illinois.

"Bill of Sale" means, the Bill of Sale dated May 5, 2000 from Stanford & Associates, Inc. to the Grantor with respect to the Aircraft, as it may be amended, modified or supplemented from time to time.

"Closing Date" means the date on which the Bank makes the Loan to Grantor pursuant to the Loan Agreement.

"Collateral" shall have the meaning set forth in Section 2.1 hereof.

"Default" means an event which, after the giving of notice or lapse of time, or both, would become an Event of Default.

"Default Rate" means the rate per annum set forth in Section 3.7 of the Loan Agreement.

"Engine" means (i) each of the two Pratt & Whitney PT6A-41 engines bearing manufacturer's serial numbers 79172 and 85139, each of which engines has 750 or more rated takeoff horsepower or the equivalent thereof, which engines were originally installed on the Aircraft upon the Grantor's acquisition of its interest therein, whether or not from time to time thereafter installed on such Aircraft or installed on any other airframe or on any other aircraft, and (ii) any engine which shall have been substituted for an engine described in preceding clause (i), whether or not from time to time thereafter installed on the Aircraft or any other airframe or on any other

23-36'

aircraft, together in each case with any and all Parts, incorporated in such Engine and any and all Parts removed from such Engine so long as the Grantor has an interest in such Parts.

"Equipment" means any or all of the Airframe, Engines and Parts.

"Event of Default" shall have the meaning set forth in Section 8 of the Loan Agreement.

"Event of Loss" means, with respect to the Aircraft, the Airframe or any Engine, any of the following events with respect to such item of Equipment:

(a) such item of Equipment shall be lost, stolen, destroyed, rendered permanently unfit for its intended use, or irreparably damaged, from any cause whatsoever;

(b) such item of Equipment shall be returned to the manufacturer or seller or either of their agents or nominees pursuant to any warranty settlement or patent indemnity settlement;

(c) such item of Equipment shall be damaged to the extent that an insurance settlement is made on the basis of a total loss or a constructive or compromised total loss;

(d) such item of Equipment shall be prohibited from use for air transportation by any agency of the Government for a period of six months or more; or

(e) such item of Equipment shall be taken or requisitioned by condemnation or otherwise by any governmental Person, including a foreign government or the Government resulting in loss of possession by the Grantor for a period of six months or more.

An Event of Loss with respect to the Aircraft shall be deemed to have occurred if an Event of Loss occurs with respect to the Airframe or the Engine which constitutes a part of the Aircraft.

"FAA" means the Federal Aviation Administration or any governmental Person, agency or other authority succeeding to the functions of the Federal Aviation Administration.

"Government" means the federal government of the United States of America or any instrumentality or agency thereof.

"Guaranty" means, collectively, (i) the Continuing Guaranty, dated August 31, 2000 by Frederick M. Bates in favor of the Bank, and (ii) the Continuing Guaranty, dated August 31, 2000 from Deborah A. Bates in favor of the Bank.

"incorporated in" means incorporated, installed in or attached to or otherwise made a part of.

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"**Indemnified Parties**" means the Bank and its successors, assigns, transferees, directors, officers, employees, shareholders, servants and agents.

"**Liabilities**" See Section 2.1.

"**Lien**" shall mean any mortgage, pledge, lien, charge, encumbrance, lease or security interest or any claim or exercise of rights affecting the title to or any interest in property.

"**Loan Documents**" means the Loan Agreement, the Guaranty and this Agreement.

"**Loss Value**" means 100% of the amount necessary to pay in full, as of the date of payment thereof, the principal and accrued interest on the Loan.

"**Parts**" means all appliances, parts, components, instruments, appurtenances, accessories, furnishings and other equipment of whatever nature (other than complete Engines or engines) whether now owned or hereafter acquired which may from time to time be incorporated in the Airframe or any Engine (and "Part" means any of the foregoing) or, after removal therefrom, so long as such Parts remain subject to the Lien of this Agreement in accordance with Section 3.5 or 3.6 hereof.

"**Permitted Lien**" means any Lien referred to in clauses (a) and (b) of Section 3.1.

"**Person**" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"**Purchase Agreement**" means the Aircraft Sales Agreement dated March 28, 2000 between Stanford + Associates, Inc. as Seller, and Grantor as Buyer, as it may be amended, modified or supplemented from time to time.

"**Records**" means the records, logs and other material described in Section 3.3.

"**Swap Obligations**" means all obligations (contingent or otherwise) of the Grantor to the Bank or any affiliate of the Bank existing or arising under any agreement, whether or not in writing, relating to any transaction that is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction, currency swap, cross-currency rate swap, swaption, currency option or any other, similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement and related confirmations relating to or governing any or all of the foregoing.

"**UCC**" or "**Uniform Commercial Code**" means the Uniform Commercial Code as in effect in any applicable jurisdiction.

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ARTICLE 2

GRANT OF SECURITY INTEREST

**SECTION 2.1 Grant of Security Interest.** The Grantor, in consideration of the premises and other good and valuable consideration, receipt whereof is hereby acknowledged, and in order to secure the payment of the principal of and interest on the Loan according to its tenor and effect, and to secure the payment of all other indebtedness under the Loan Documents and the performance and observance of all covenants and conditions contained in the Loan Documents and the payment and performance of all Swap Obligations (collectively referred to as the "**Liabilities**"), does hereby convey, warrant, mortgage, assign, pledge, and grant a security interest to the Bank, its successors and assigns, in all and singular of the Grantor's right, title and interest in and to the properties, rights, interests and privileges described below and all proceeds thereof (all of which properties, rights, interests and privileges hereby mortgaged, assigned, pledged and granted or intended so to be, together with all proceeds thereof, are hereinafter collectively referred to as the "**Collateral**"):

- (i) all of the Grantor's rights, title and interests in the Equipment (including the Airframe, the Engines, and the Parts) and substitutions and replacements of any of the foregoing;
- (ii) the Purchase Agreement and the Bill of Sale, together with all rights, powers, privileges, options and other benefits of the Grantor under the Purchase Agreement and the Bill of Sale;
- (iii) any and all service and warranty rights related to the Equipment, including the Engines, and claims under any thereof; and
- (iv) all proceeds of any or all of the foregoing, whenever acquired, including, but not limited to, the proceeds of any insurance maintained with respect to any of the foregoing and all proceeds payable or received with respect to any condemnation, expropriation, requisition or other Event of Loss, or the proceeds of any warranty.

The conveyance, warranty, mortgage, assignment, pledge and security interest created hereunder in all of the foregoing Collateral are effective and operative immediately, and shall continue in full force and effect until the Grantor shall have made such payments and shall have duly, fully and finally performed and observed all of its agreements and covenants and provisions then required hereunder and under the other Loan Documents.

**SECTION 2.2 Filing of Financing Statements and Continuation Statements.** The Grantor and the Bank will execute and the Grantor will deliver to the Bank for filing, if not already

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filed, such financing statements or other documents and such continuation statements with respect to financing statements previously filed relating to the conveyance, warranty, mortgage, assignment, pledge and security interest created under this Agreement in the Collateral and any other documents that may be required in order to comply with the Act or other applicable law or as may be specified from time to time by the Bank.

### ARTICLE 3

#### COVENANTS

**SECTION 3.1 Ownership and Liens.** The Grantor will not sell, lease, assign or transfer its interest in the Aircraft, the Airframe or any Engine or directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to its interest in the Aircraft, the Airframe or any Engine, except for: (a) Liens in favor of the Bank; and (b) mechanics' or other like Liens arising in the ordinary course of business for amounts which are not material and the payment of which is either not yet due or is being contested in good faith by appropriate proceedings so long as such proceedings do not, in the Bank's opinion, involve any material danger of the attachment, sale, forfeiture or loss of any item of Equipment or any interest therein (including the Lien of the Bank).

The Grantor will promptly, and in any event within five days, take (or cause to be taken) such action as may be necessary duly to discharge any such Lien not excepted above if the same shall arise at any time.

#### **SECTION 3.2 Registration and Operation.**

(a) The Grantor shall cause the Aircraft to be duly registered, and at all times thereafter to remain duly registered, in the name of the Grantor as owner with the FAA pursuant to the Act. The Grantor agrees that it will not utilize any item of Equipment in violation of any law or any rule, regulation or order (including, without limitation, concerning alcoholic beverages or prohibited substances) of any governmental authority having jurisdiction (domestic or foreign) or in violation of any airworthiness certificate, license or registration relating to any item of Equipment issued by any such authority, except to the extent such violation is not material or the validity or application of any such law, rule, regulation or order is being contested in good faith and by appropriate proceedings (but only so long as such proceedings do not, in the Bank's opinion, involve any material danger of the sale, forfeiture or loss of such item of Equipment, or any interest, including the Bank's security interest, therein). In the event that any such law, rule, regulation or order requires alteration of any item of Equipment, unless the validity thereof is being contested in good faith and by appropriate proceedings (but only so long as such proceedings do not in the Bank's opinion involve any material danger of the sale, forfeiture or loss of any item of Equipment, or any interest, including the Bank's security interest, therein), the Grantor will obtain conformance therewith at no expense to the Bank and will cause such item of Equipment to be maintained in proper operating condition under such laws, rules, regulations and orders.

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(b) The Grantor shall not utilize the Aircraft so as to include any landings in countries other than countries that then have diplomatic relations with the United States of America. The Grantor shall not operate the Aircraft in any country or territory where armed conflict exists unless the Aircraft is fully insured against such risks.

(c) The Grantor agrees that it will not utilize any item of Equipment in any area excluded from coverage by the insurance required by the terms of Article 5.

**SECTION 3.3 Records and Reports.** The Grantor shall cause all records, logs and other materials required by the FAA and any other governmental authority having jurisdiction to be maintained in respect of each item of Equipment. Grantor shall promptly furnish or cause to be furnished to the Bank such information as may be required to enable the Bank to file any reports required to be filed by the Bank with any governmental authority because of the Bank's interests in any item of Equipment.

**SECTION 3.4 Maintenance.** The Grantor, at its own cost and expense, shall cause each item of Equipment to be maintained, serviced, repaired, overhauled, altered, modified, added to and tested in accordance with standard practices for similar equipment (including, without limitation, the maintenance program for such item of Equipment as from time to time in effect and approved by manufacturer and/or seller thereof, and to the extent required by law, by the FAA), which practices shall at all times be at or above the standard of the industry for maintenance of similar equipment; and, additionally, in the case of the Aircraft, cause the Aircraft to be maintained, serviced, repaired, overhauled and tested so as to keep the Aircraft in such condition as may be necessary to enable the airworthiness certification of the Aircraft to be maintained in good standing at all times under the Act. The Grantor agrees that the Aircraft, Airframe and Engines will not be maintained in violation of any law or any rule, regulation or order of any government or governmental authority (domestic or foreign) having jurisdiction, in violation of any warranty with respect to any item of Equipment or in violation of any airworthiness certificate, license or registration relating to the Aircraft, Airframe or any Engine issued by any such government or authority, except to the extent the validity or application of any such directive, instruction, law, rule, regulation or order is being contested in good faith and by appropriate proceedings (but only so long as such proceedings do not, in the Bank's opinion, involve any material danger of the sale, forfeiture or loss of such item of Equipment or any interest, including the Bank's security interest, therein).

**SECTION 3.5 Replacement of Parts.** The Grantor, at its own cost and expense, will promptly cause the replacement of all Parts which may from time to time become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use for any reason whatsoever. In addition, the Grantor, at its own cost and expense, may permit the removal in the ordinary course of maintenance, service, repair, overhaul or testing of any Parts, whether or not worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use; provided, however, that the Grantor, at its own cost and expense, will cause such Parts to be replaced as promptly as possible. All replacement Parts shall be free and clear of all Liens (except for Permitted Liens described in Section 3.1), shall be in as good operating

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condition as, and shall have a value and utility at least substantially equal to, the Parts replaced, assuming such replaced Parts were in the condition and repair required to be maintained by the terms hereof. The Grantor's rights, title and interests in all Parts at any time removed from any item of Equipment shall remain subject to the Lien of this Agreement no matter where located, until such time as such Parts shall be replaced by Parts which have been incorporated in such item of Equipment and which meet the requirements for replacement Parts specified above. Immediately upon any replacement Part becoming incorporated or installed in or attached to any item of Equipment as above provided, without further act, (i) the Grantor's rights, title and interests in such replacement Part shall become subject to the Lien of this Agreement, and such replacement Part shall be deemed part of such item of Equipment for all purposes hereof to the same extent as the Parts originally incorporated in such item of Equipment, and (ii) the Grantor's rights, title and interests in the replaced Part shall be released from the Lien of this Agreement and the replaced Part shall no longer be deemed a Part hereunder. The Grantor shall, not less often than once during each calendar year, provide to the Bank written confirmation, in form and content acceptable to the Bank, that the Grantor has complied with the provisions of this Section 3.5.

**SECTION 3.6 Alterations, Modifications and Additions.** The Grantor, at its own cost and expense, shall cause such alterations and modifications in and additions to the Equipment to be made as may be required from time to time to meet the standards of the FAA and of any other governmental authority having jurisdiction and to maintain the certificate of airworthiness for the Aircraft; provided, however, that the validity or application of any such law, rule, regulation or order may be contested in good faith by appropriate proceedings (but only so long as such proceedings do not, in the Bank's opinion, involve any material danger of sale, forfeiture or loss of any item of Equipment, or any interest, including the Bank's security interest, therein). In addition, the Grantor, at no cost or expense to the Bank, may, from time to time, cause such alterations and modifications in and additions to any item of Equipment to be made as the Grantor may deem desirable; provided, that each such alteration, modification and addition is readily removable from such item of Equipment; and provided, further, that no such alteration, modification or addition shall (i) materially diminish the value, utility or condition of such item of Equipment below the value, utility or condition thereof immediately prior to such alteration, modification or addition, assuming the item of Equipment was then of the value and utility and in the condition required to be maintained by the terms of this Agreement, or (ii) cause the airworthiness certification of the Aircraft to cease to be in good standing under the Act. The Grantor's rights, title and interests in all Parts added to the Aircraft, the Airframe or an Engine as the result of such alteration, modification or addition shall, without further act, be subject to the Lien of this Agreement. Notwithstanding the foregoing sentence of this Section 3.6, so long as no Event of Default shall have occurred and be continuing, the Grantor may remove any Part if (i) such Part is in addition to, and not in replacement of or substitution for, any Part originally incorporated in such item of Equipment at the time of delivery thereof 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 such item of Equipment pursuant to the terms of this Article 3, and (iii) such Part can be removed from such item of Equipment without causing any material damage thereto. Upon the removal of any Part as above provided, the Grantor's rights, title and interests in such Part shall be released from the Lien of this Agreement.

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**SECTION 3.7 Maintenance of Other Engines.** Each aircraft engine which does not constitute an Engine, but which is installed on the Airframe from time to time, shall be maintained, operated, serviced, repaired, overhauled, altered, modified and tested in accordance with Section 3.4 to the same extent as if it were an Engine.

**SECTION 3.8 Payment of Obligations.** The Grantor hereby agrees that it will promptly pay or cause to be paid when due all taxes, assessments and other governmental charges imposed with respect to the Collateral (except to the extent being contested in good faith and by appropriate proceedings).

**SECTION 3.9 Change of Name or Location.** In connection with any change of the name, identity or structure of Grantor that might make the UCC financing statements filed in connection with the transactions contemplated hereby seriously misleading within the meaning of the UCC or any change in the location of the principal place of business of Grantor, shall (a) duly file appropriate financing statements in all appropriate filing offices prior to such change and (b) give the Bank notice of such change and copies of the form of such financing statements at least 10 Business Days prior to such change.

**SECTION 3.10 Inspection.** The Grantor shall permit, at its expense, the Bank or any Person designated by the Bank to inspect (i) the Aircraft; provided, however, that as long as no Event of Default has occurred and is continuing, the Bank shall not exercise such inspection rights more than once a year or in such a way so as to unreasonably interfere with any Grantor's use of the Aircraft and (ii) the logs, maintenance records and other records maintained with respect to the Aircraft.

#### ARTICLE 4

##### EVENTS OF LOSS

**SECTION 4.1 Event of Loss with Respect to the Aircraft.** Upon the occurrence of an Event of Loss with respect to the Aircraft, the Grantor shall give the Bank prompt written notice (and in any event within three Banking Days after such occurrence) thereof, and the Grantor shall, on or before the Banking Day which is the earliest of (i) the thirtieth (30th) day following the date of the occurrence of such Event of Loss, or (ii) the next Banking Day following the receipt of insurance proceeds with respect to such occurrence, pay to the Bank the Loss Value. In the event of payment in full by the Grantor of the appropriate Loss Value and all other amounts then due and payable hereunder and under any other Loan Document, the Grantor's rights, title and interest in the Aircraft having suffered the Event of Loss shall be released from this Agreement and the Bank shall execute and deliver, at the Grantor's cost and expense, such instruments as may be reasonably required to evidence such release.

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**SECTION 4.2 Application of Payments from Governmental Authorities or other Persons.** Any payments (other than insurance proceeds, the application of which is provided for in Article 5 or Section 4.1), received at any time by the Bank or Grantor from any governmental authority or other Person with respect to any Event of Loss, or from a governmental authority with respect to an event which does not constitute an event of Loss, shall be applied as follows:

(a) **Reduction of Loss Value.** Such payments shall be applied in reduction of the Grantor's obligation to pay the Loss Value, if not already paid by the Grantor, or, if already paid by the Grantor, shall be applied to reimburse the Grantor for its payment of such amounts. The balance, if any, of such payment remaining' thereafter, and after payment of all amounts then due and payable under the Loan Documents, shall be paid to the Grantor.

(b) **Use of Aircraft Not Constituting an Event of Loss.** If such payments are received with respect to a requisition for use by the government which does not constitute an Event of Loss, such payments may be retained by the Grantor.

(c) **Payments During Default.** Notwithstanding the foregoing provisions of this Section 4.2, any payments (other than insurance proceeds, the application of which is provided for in Article 5) received at any time by the Bank from any governmental authority or other Person with respect to any Event of Loss, which are payable to the Grantor, shall not be paid to the Grantor if at the time of such payment an Event of Default or Default shall have occurred and be continuing, in which event all such amounts shall be paid to and held by the Bank as security for the Liabilities or, at the Bank's option, applied by the Bank toward the payment of such Liabilities at the time due in such order of application as the Bank may from time to time elect. At such time as there shall not be any Event of Default or Default, all such amounts at the time held by the Bank in excess of the amount, if any, which the Bank shall have elected to apply as above provided shall be paid to the Grantor.

In furtherance of the foregoing, the Grantor hereby irrevocably assigns, transfers and sets over to the Bank all rights of the Grantor to any award or payment received by or payable to the Grantor on account of an Event of Loss.

## ARTICLE 5

### INSURANCE

**SECTION 5.1 Insurance.** The Grantor shall at all times, at its own cost and expense, cause policies of insurance in such form, of such type and with insurers of recognized responsibility reasonably satisfactory to the Bank, to be procured and maintained on or in respect of the Aircraft, as follows:

(a) **Liability.** The Grantor will cause liability insurance to be carried and maintained at all times with respect to the Aircraft and any other type of insurance required under

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applicable laws and regulations of the United States with respect to the Aircraft, but in any event not less than \$100,000,000 combined single limit for any one occurrence.

(b) **Property.** The Grantor shall cause all-risk aircraft hull insurance covering the Aircraft, including all-risk coverage with respect to any Engine or Part while not installed on the Aircraft, to be maintained in effect. Insurance required under this Section 5.1(b) shall at all times while any Liabilities are outstanding be for an amount not less than the greater of (i) \$1,100,000 or (ii) the fair market value of the Aircraft.

Any policies maintained in accordance with this Section 5.1 shall (i) be with insurance companies of recognized responsibility, (ii) name each Indemnified Party, as an additional insured, as its interest may appear (but without imposing upon the Bank or any other Indemnified Party any obligation imposed upon the insured, including, without limitation, the liability to pay the premiums for such policies), (iii) in the case of the insurance described in clause (b), provide that any loss shall be payable to the Bank as its interest may appear, (iv) provide that, in respect of the interest of each Indemnified Party in such policies, the insurance shall not be invalidated by any action or inaction directly or indirectly by, for or on behalf of any Person other than such Indemnified Party, and shall insure each Indemnified Party as its interest may appear regardless of any breach or violation of any warranty, declaration or condition contained in such policies by Grantor or any other Persons, (v) provide that as against each Indemnified Party, the insurers shall waive any rights of subrogation to the extent that the Grantor has waived such rights (and the Grantor hereby irrevocably and unconditionally waives any right of subrogation against any Indemnified Party, except for claims arising out of the gross negligence or wilful misconduct of such Indemnified Party), and (vi) provide that if such insurance is cancelled for any reason whatever, or is changed in any material respect, or if such insurance is allowed to lapse for nonpayment of premium, such cancellation, change or lapse shall not be effective as to the Bank or any other Indemnified Party, for 30 days after receipt by the Bank of written notice by such insurers of such cancellation, change or lapse. Each insurance policy required under this Section 5.1 shall be primary without right of contribution from any other insurance which is carried by any Indemnified Party with respect to its interest in the Aircraft. Nothing contained herein shall prevent any Indemnified Party from maintaining additional insurance at its own expense, provided that the maintaining of such insurance shall not prejudice the Grantor's ability to obtain, or recover under, the insurance required to be maintained hereunder at the direction of the Grantor or any reinsurance thereof.

In the event that the Grantor shall fail to cause insurance to be maintained as herein provided, the Bank or any Indemnified Party may at its option (but shall not be obligated to) provide such insurance and in such event, the Grantor shall, upon demand, reimburse such Person for the cost thereof, together with interest thereon at the Default Rate, which reimbursement obligation shall be secured by the Collateral. No such payment, performance or compliance shall be deemed to cure any default hereunder or otherwise relieve the Grantor of its obligations with respect thereto. Nothing contained in this Article 5 shall limit or prohibit any Indemnified Party from obtaining insurance for its own account, and any proceeds payable thereunder shall be payable as provided in the insurance policy relating thereto; provided, however, that no such insurance may be obtained

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which would limit or otherwise adversely affect the coverage of any insurance which the Grantor causes to be maintained with respect to the Aircraft.

**SECTION 5.2 Certificates of Insurance.** The Grantor agrees to furnish the Bank on the Closing Date, and promptly after the terms have been fixed for any renewal of, or changes in any material respect with respect to, the insurance required to be maintained pursuant to this Article 5 (but in no event less frequently than annually, on or before August 1 of each year, commencing in 2001), until the Liabilities secured hereby are paid in full, an insurance certificate signed by an independent insurance broker reasonably acceptable to the Bank describing in reasonable detail the insurance then carried (or to be carried) on each item of Equipment. The Grantor shall cause such broker to agree to advise the Bank in writing at its address set forth in this Agreement, (i) promptly of any default in the payment of any premium and of any other act or omission on the part of the Grantor or otherwise of which such broker has knowledge and which, in such broker's opinion, might invalidate or render unenforceable, in whole or in part, any insurance on any item of Equipment, and (ii) at least thirty (30) days prior to the expiration or termination date of any insurance carried and maintained on any item of Equipment pursuant to this Article 5. The Grantor shall advise the Bank of any act or omission which might render insurance unenforceable in whole or in part.

**SECTION 5.3 Proceeds of Insurance.** Any proceeds of insurance received by the Bank as a result of an Event of Loss with respect to the Aircraft, shall be applied to reduce the Grantor's obligation to pay the Loss Value, if not already paid by the Grantor, or, if already paid by the Grantor, shall be paid over to the Grantor; provided, however, that if a Default or an Event of Default shall have occurred and be continuing, such proceeds shall be held by the Bank as security for the Liabilities or, at the Bank's option, applied to the payment of the Liabilities in such order as the Bank may from time to time elect. In the event of any damage to, or loss, theft or destruction of, the Aircraft by any cause whatsoever not involving an Event of Loss, all insurance proceeds in respect thereof shall be paid to the Grantor in trust for the repair and restoration of the Aircraft to good repair, condition and working order.

**ARTICLE 6**

**REMEDIES UPON OCCURRENCE OF AN EVENT OF DEFAULT**

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**SECTION 6.1 Action upon Event of Default.** Upon the occurrence of an Event of Default described in Section 8.5 (Bankruptcy) of the Loan Agreement, unless the Bank should otherwise agree, the commitment of the Bank to make the Loan shall automatically and without further act terminate and the unpaid principal of (and indemnification for funding losses, if any) and accrued interest on the Loan and all other amounts due and payable under this Agreement and the other Loan Documents shall automatically and without further act become due and payable without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived, anything contained herein or in any other Loan Document to the contrary notwithstanding, and the Bank may immediately exercise and pursue any remedy described herein or otherwise available to it in any Loan Document, at law, in equity or by statute (subject always to compliance with any mandatory requirements of applicable law). If any other Event of Default shall have occurred and be continuing, the Bank may, at its option, declare the commitment of the Bank to make the Loan to be terminated and the unpaid principal of (and indemnification for funding losses, if any) and accrued interest on the Loan and all other amounts due and payable under this Agreement and the other Loan Documents to be forthwith due and payable, whereupon such commitment shall immediately terminate and the Loan and such other amounts shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, anything contained herein or in any other Loan Document to the contrary notwithstanding; and the Bank may immediately exercise and pursue any remedy described herein or otherwise available to it in any Loan Document, at law, in equity or by statute (subject always to compliance with any mandatory requirements of applicable law). Upon such declaration, the Bank may exercise any or all of the rights and powers and pursue any or all of the remedies permitted by this Article 6.

**SECTION 6.2 Remedies.** The Grantor agrees, to the full extent that it lawfully may, that if one or more Events of Default shall have occurred and be continuing, then in every such case the Bank may exercise any or all of the rights and powers and pursue any and all of the remedies available to it hereunder or in any other Loan Document or available to a secured party under the Uniform Commercial Code or any other provision of law or equity; the Bank may exclude the Grantor from the Collateral; and the Bank may sell, assign, transfer and deliver, to the extent permitted by law, the Collateral or any interest therein, whether or not the Collateral is in the constructive possession of the Bank or the Person conducting the sale, at any private sale or public auction with or without demand, advertisement or notice (except as may be required by law) of the date, time and place of sale and any adjournment thereof, for cash or credit or other property, for immediate or future delivery and for such price or prices and on such terms and to such Persons as the Bank in its discretion may determine or as may be required by law; and the Bank may otherwise dispose of, hold or use the Collateral, or any part thereof, as the Bank in its sole discretion may determine, in each case free and clear of any rights of the Grantor and without any duty to account to the Grantor with respect to any such action or inaction or for any proceeds with respect thereto.

It is agreed that 10 days' notice to the Grantor of the date, time and place (and terms, in the case of a private sale) of any proposed sale by the Bank of the Collateral or any part thereof or interest therein is reasonable.

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The Bank may proceed to enforce its rights by directing payment to it of all monies payable under any agreement relating to the Collateral, by proceedings in any court of competent jurisdiction for an appointment of a receiver or for the sale of all or any part of the Collateral possession to which the Bank shall at the time be entitled hereunder or for foreclosure of such Collateral, or by any other action, suit, remedy or proceeding authorized or permitted by this Agreement or at law or by equity, and may file such proofs of claim or other papers or documents as necessary or advisable in order to have the claims of the Bank asserted or upheld in any bankruptcy, receivership or other judicial case or proceeding.

In addition to the foregoing remedies, the Grantor shall be liable for any and all unpaid amounts due hereunder and under the other Loan Documents before, during and after the exercise of any of the foregoing remedies and for all reasonable legal fees and other reasonable costs and expenses of the Bank, including, without limitation, attorneys' fees and legal expenses, incurred by reason of the occurrence of any Event of Default or the exercise of any remedies with respect thereto.

**SECTION 6.3 Remedies Cumulative.** Each and every right, power and remedy herein specifically given to the Bank or otherwise in this Agreement or the other Loan Documents shall be cumulative and shall be in addition to every other right, power and remedy herein or therein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy whether specifically herein or therein given or otherwise existing may be exercised from time to time and as often and in such order as may be deemed expedient by the Bank, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy. No delay or omission by the Bank in the exercise of any right, power or remedy or in the pursuit of any remedy shall impair any such right, power or remedy or be construed to be a waiver of any default on the part of the Grantor to be an acquiescence therein.

**SECTION 6.4 Grantor's Waiver of Rights.** To the extent permitted by applicable law, the Grantor hereby waives any rights, now or hereafter conferred by statute or otherwise, which might limit or modify any of the rights or remedies of the Bank under or in connection with this Article 6.

**SECTION 6.5 Power of Attorney.** The Grantor hereby appoints the Bank or its designated agent as such Grantor's attorney-in-fact, irrevocably, with full power of substitution, to collect all payments with respect to the Collateral due and to become due under or arising out of this Agreement or any other Loan Document, to receive all moneys (including, but not limited to, proceeds of insurance) which may become due under any policy insuring the Collateral and all awards payable in connection with the condemnation, requisition or seizure of the Collateral, or any part thereof, to execute proofs of claim, to endorse drafts, checks and other instruments for the payment of money payable to the Grantor in payment of such insurance moneys and to do all other acts, things, take any actions (including the filing of financing statements or other documents) or institute any proceedings which the Bank may deem to be necessary or appropriate at any time to

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protect and preserve the interest of the Bank in the Collateral, or in this Agreement or the other Loan Documents.

**SECTION 6.6 Distribution of Amounts Received after an Event of Default.** All payments received and amounts realized by the Bank with respect to the Collateral after an Event of Default shall have occurred and be continuing (whether realized from the exercise of any remedies pursuant to this Article 6 or otherwise), as well as payments or amounts then held by the Bank as part of the Collateral, shall be distributed by the Bank in the following order of priority:

First, so much of such payments and amounts as shall be required to pay the expenses paid by the Bank pursuant to this Article 6 (to the extent not previously reimbursed) shall be paid to the Bank;

Second, so much of such payments or amounts as shall be required to pay the amounts payable to any Indemnified Party (to the extent not previously reimbursed) shall be paid to such Indemnified Party;

Third, so much of such payments or amounts remaining as shall be required to pay in full the aggregate unpaid principal amount of the Loan, the accrued but unpaid interest thereon to the date of distribution, indemnification for funding losses, if any, and all other Liabilities, shall be paid to the Bank; such payments or amounts to be applied to the amounts so due, owing or unpaid in such order of application as the Bank may from time to time elect; and

Fourth, the balance, if any, of such payments or amounts remaining thereafter shall be paid to the Grantor.

**SECTION 6.7 Suits for Enforcement.** In case of any default in payment of the Loan beyond any applicable grace period, then, regardless of whether or not the Loan has then been accelerated, the Bank may proceed to enforce the payment of the Loan. The Grantor agrees that, in the case of any default in the payment of the Loan, it will pay the Bank such further amount as shall be sufficient to pay the costs and expenses of collection, including reasonable counsel fees and expenses.

**ARTICLE 7**

**AMENDMENTS**

**SECTION 7.1 Amendments.** Neither this Agreement, nor any of the terms hereof, may be terminated, amended, supplemented, waived or modified orally, but only by an instrument in writing which is signed by the party against whom the enforcement of the termination, amendment, supplement, waiver or modification is sought.

23-10

ARTICLE 8

SECURITY INTEREST ABSOLUTE

**SECTION 8.1 Security Interest Absolute.** All rights of the Bank and the security interests granted to the Bank hereunder, and all obligations of the Grantor hereunder, shall be absolute and unconditional, irrespective of:

- (a) any lack of validity or enforceability of any Loan Document;
- (b) the failure of the Bank to
  - (i) assert any claim or demand or to enforce any right or remedy against the Grantor or any other Person under the provisions of the Loan Agreement any other Loan Document or otherwise; or
  - (ii) to exercise any right or remedy against any guarantor of, or collateral securing, any of the Liabilities;
- (c) any change in the time, manner or place of payment of, or in any other term of, all or any of the Liabilities or any other extension, compromise or renewal of any of the Liabilities;
- (d) any reduction, limitation, impairment or termination of any of the Liabilities for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to (and the Grantor hereby waives any right to or claim of) any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality, nongenuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, any of the Liabilities;
- (e) any amendment to, rescission, waiver, or other modification of, or any consent to departure from, any of the terms of the Loan Agreement or any other Loan Document,
- (f) any addition, exchange, release, surrender or nonperfection of any collateral (including the Collateral), or any amendment to or waiver or release of or addition to or consent to departure from any guaranty, for any of the Liabilities; or
- (g) any other circumstances which might otherwise constitute a defense available to, or a legal or equitable discharge of, the Grantor, any surety or any guarantor.

23-8 . . . . .

## ARTICLE 9

MISCELLANEOUS

**SECTION 9.1 GOVERNING LAW. THIS AGREEMENT IS BEING DELIVERED IN THE STATE OF ILLINOIS. THIS AGREEMENT, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, SHALL IN ALL RESPECTS BE GOVERNED BY, AND BE CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ILLINOIS, WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES.**

**SECTION 9.2 Notices.** Unless otherwise expressly specified or permitted by the terms hereof, all communications, consents and notices provided for herein shall be in writing and shall be, if by telegram or telecopier, deemed to have been given when sent (with electronic confirmation, if sent by telecopier), and if mailed, shall be deemed to have been given three Banking Days after the date sent by registered or certified mail, postage prepaid, to the addresses specified on the signature pages hereof or at such other addresses as may be specified by written notice to the parties hereto.

**SECTION 9.3 Limitation as to Enforcement of Rights, Remedies and Claims.** Nothing in this Agreement, whether express or implied, shall be construed to give to any Person other than the Grantor and the Bank any legal or equitable right, remedy or claim under or in respect of this Agreement or any other Loan Document.

**SECTION 9.4 Severability of Invalid Provisions.** Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such provision, 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.

**SECTION 9.5 Benefit of Parties, Successors and Assigns; Entire Agreement.** All representations, warranties, covenants and agreements contained herein or delivered in connection herewith shall be binding upon, and inure to the benefit of, the Grantor and the Bank and their respective legal representatives, successors and assigns; provided, however, that the Grantor may not assign its obligations hereunder. This Agreement, together with the other Loan Documents, constitute the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior understandings and agreements of such parties.

**SECTION 9.6 Counterpart Execution.** This Agreement and any amendment to this Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when so executed and delivered, shall be an original, but all such counterparts shall together constitute but one and the same instrument. Fully executed sets of counterparts shall be delivered to, and retained by, the Grantor and the Bank.

23-6



**SECTION 9.7 Further Assurances.** At any time and from time to time, upon the request of the Bank, the Grantor shall promptly and duly execute and deliver any and all such further instruments and documents as may be specified in such request, and as are necessary or desirable to perfect, preserve or protect the security interests and assignments created or intended to be created hereby, or to obtain for the Bank the full benefit of the specific rights and powers herein granted, including, without limitation, the execution and delivery of Uniform Commercial Code financing statements and continuation statements with respect thereto, or similar instruments relating to the perfection of the mortgage, security interests or assignments created or intended to be created hereby.

**SECTION 9.8 Performance by Bank.** In its discretion, the Bank may (but shall not be obligated to), at any time and from time to time (regardless of whether or not an Event of Default has occurred), for the account of the Grantor, pay any amount or do any act required of the Grantor hereunder and which the Grantor fails to pay or do at the time required hereunder, and any such payment shall be repayable by the Grantor on demand to the Bank, shall bear interest at the Default Rate and shall be secured by the Collateral.

**SECTION 9.9 Indemnity.** The Grantor agrees to indemnify the Bank from and against any and all claims, losses and liabilities arising out of or resulting from this Agreement (including, without limitation, enforcement of this Agreement), except claims, losses or liabilities resulting from the Bank's gross negligence or willful misconduct.

**SECTION 9.10 Consent to Jurisdiction.** To induce the Bank to accept this Agreement, the Grantor irrevocably agrees that, subject to the Bank's sole and absolute election, **ALL ACTIONS OR PROCEEDINGS IN ANY WAY ARISING OUT OF OR RELATED TO THIS AGREEMENT WILL BE LITIGATED IN COURTS HAVING SITUS IN CHICAGO, ILLINOIS. THE GRANTOR HEREBY CONSENTS AND SUBMITS TO THE JURISDICTION OF ANY COURT LOCATED WITHIN CHICAGO, ILLINOIS, WAIVES PERSONAL SERVICE OF PROCESS UPON THE GRANTOR, AND AGREES THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE BY REGISTERED MAIL DIRECTED TO THE GRANTOR AT THE ADDRESS STATED ON THE SIGNATURE PAGE HEREOF AND SERVICE SO MADE WILL BE DEEMED TO BE COMPLETED UPON ACTUAL RECEIPT.**

**SECTION 9.11 Waiver of Jury Trial.** **THE GRANTOR AND THE BANK EACH WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS (a) UNDER THIS AGREEMENT OR ANY LOAN DOCUMENT OR ANY RELATED AGREEMENT OR UNDER ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION WITH THIS AGREEMENT OR ANY LOAN DOCUMENT OR (b) ARISING FROM ANY BANKING RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING WILL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. THE GRANTOR AGREES THAT IT WILL NOT ASSERT ANY CLAIM AGAINST THE**

23-4

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0 0 0 0 0 0 1 3 3 9 )

23-3

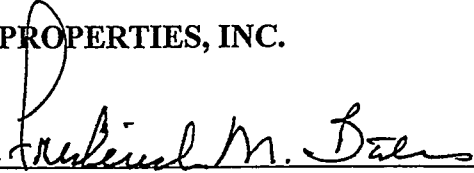
**BANK OR ANY OTHER PERSON INDEMNIFIED UNDER THIS AGREEMENT ON ANY THEORY OF LIABILITY FOR SPECIAL, INDIRECT, CONSEQUENTIAL, INCIDENTAL OR PUNITIVE DAMAGES.**

23-2

IN WITNESS WHEREOF, the parties have each executed this Agreement, as of the date set forth above.

**GRANTOR:**

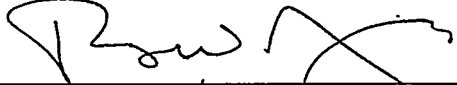
**BATES PROPERTIES, INC.**

By:   
Name: Frederick M. Bates  
Title: President

Address: 9781 Blue Larkspur Lane  
Monterey, California 93940  
Telecopier: 831-655-5000

**BANK:**

**BANK OF AMERICA, NATIONAL ASSOCIATION**

By:   
Name: Emily Shanks / ROSE W. BOWIE, JR  
Title: J.P. SR. RELATIONSHIP MGR.

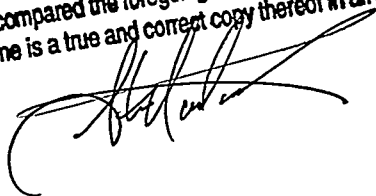
Address: Private Banking  
231 South LaSalle Street  
Chicago, Illinois 60697  
Attention: Aviation Division  
Telecopier (312) 987-5637

with copy to:

50 California Street  
CA5-162-28-01  
San Francisco, California 94111  
Attention: Emily B. Shanks  
Telecopier (415) 445-4697

23

COMPARISON CERTIFICATE  
I have compared the foregoing instrument with the original and  
the same is a true and correct copy thereof in all respects.



OKLAHOMA CITY  
NOV 7 PM 2 14  
FEDERAL RESERVE BANK

28-1

CERT. ISSUE DATE

SEP 19 2000

FOR FAA USE ONLY

0 0 0 0 0 0 0 0 0 8 6 5

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

UNITED STATES  
REGISTRATION NUMBER **N** 391SA

AIRCRAFT MANUFACTURER & MODEL  
*Beechcraft King Air 200* **SS**

AIRCRAFT SERIAL No.  
*BC-37*

TYPE OF REGISTRATION (Check one box)

1. Individual  2. Partnership  3. Corporation  4. Co-owner  5. Gov't  8. Foreign-owned Corporation

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

*Bates Properties, Inc.*

TELEPHONE NUMBER: *831, 655 5000*

ADDRESS (Permanent mailing address for first applicant listed.)

Number and street: *9781 Blue Larkspur Lane*

Rural Route:

P.O. Box:

CITY

STATE

ZIP CODE

*monterey*

*Ca.*

*93940*

**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 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 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.

TYPE OR PRINT NAME BELOW SIGNATURE

EACH PART OF THIS APPLICATION MUST BE SIGNED IN INK.	SIGNATURE <i>[Signature]</i>	TITLE <i>PRES</i>	DATE <i>5-5-2000</i>
	SIGNATURE	TITLE	DATE
	SIGNATURE	TITLE	DATE

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

902381402459  
55.00 08/25/2000

gg

OKLAHOMA CITY  
OKLAHOMA  
AUG 25 AM 10 57  
AUG 25  
FILED WITH FAA  
22 00 08 15 21 2000  
00338310344



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

**AIRCRAFT BILL OF SALE**

0 0 0 0 0 0 0 0 0 1 5 5 0 4 7 7

21-1

FOR AND IN CONSIDERATION OF \$1,000 + OVC THE  
UNDERSIGNED OWNER(S) OF THE FULL LEGAL  
AND BENEFICIAL TITLE OF THE AIRCRAFT DES-  
CRIBED AS FOLLOWS:

UNITED STATES  
REGISTRATION NUMBER **N 391SA**  
AIRCRAFT MANUFACTURER & MODEL  
**Beech 200**  
AIRCRAFT SERIAL No.  
**BC-37**

CONVEYANCE  
RECORDED

DOES THIS **5th** DAY OF **May** **2000** SEP 19 AM 9 42  
HEREBY SELL, GRANT, TRANSFER AND  
DELIVER ALL RIGHTS, TITLE, AND INTERESTS  
IN AND TO SUCH AIRCRAFT UNTO:

FEDERAL AVIATION  
Do Not Write in This Block  
ADMINISTRATIVE ONLY

PURCHASER

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

Bates Properties, Inc.  
9781 Blue Larkspur Lane  
Monterey, CA 93940

DEALER CERTIFICATE NUMBER

AND TO **its successors** ~~EXEMPT FROM FEDERAL AVIATION ADMINISTRATION RECORDING~~ 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 **5th** DAY OF **May** **2000**

SELLER

NAME (S) OF SELLER (TYPED OR PRINTED)	SIGNATURE (S) (IN INK) (IF EXECUTES FOR CO-OWNERSHIP ALL MUST SIGN)	TITLE (TYPED OR PRINTED)
Stanford & Associates	<i>[Signature]</i>	President
Inc.		

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

ORIGINAL: TO FAA

Faint, illegible text, possibly a header or title.

FILED WITH FAA  
AIRCRAFT REGISTRATION BR  
00 MAY 9 9 10 50  
OKLAHOMA CITY  
OKLAHOMA

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.

II 018353

PART I CONVEYANCE RECORDATION NOTICE

CONVEYANCE  
RECORDED

NAME (last name first) OF DEBTOR  
STANFORD & ASSOCIATES, INC.

JUN 19 PM 2 13

NAME and ADDRESS OF SECURED PARTY/ASSIGNEE  
MERCANTILE-SAFE DEPOSIT AND TRUST CO.  
IATS  
PD ROOM

FEDERAL AVIATION  
ADMINISTRATION

NAME OF SECURED PARTY'S ASSIGNOR (if assigned)

Do Not Write In This Block  
FOR FAA USE ONLY

FAA REGISTRATION NUMBER  
N256AG NKA N391 SA

AIRCRAFT SERIAL NUMBER  
BC-37

AIRCRAFT MFR. (BUILDER) and MODEL  
BEECH 200

ENGINE MFR. and MODEL  
PRATT & WHITNEY PT6A-41

ENGINE SERIAL NUMBER(S)  
79172  
85139

PROPELLER MFR. and MODEL  
HARTZELL HC-B3TN-3G

PROPELLER SERIAL NUMBER(S)  
BU11108  
BUA19785

THE SECURITY CONVEYANCE DATED September 28, 1999 COVERING THE ABOVE COLLATERAL WAS RECORDED BY

THE CIVIL AVIATION REGISTRY ON November 15, 1999 AS CONVEYANCE NUMBER Q63397

SEE RECORDED  
CONVEYANCE  
NUMBER Q63397  
FICHE # R2 PAGE # 16-19

Jan Thomas Jan Thomas  
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 MAY 5, 2000

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY  
(Name of security holder)

SIGNATURE (In Ink) [Signature]

TITLE DAVID R. LONG, 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))

ACKNOWLEDGMENT (If Required By Applicable Local Law):  
AC Form 8050-41 (2/96) (NSN 0052-00-543-9001)

1950

U.S. DEPARTMENT OF COMMERCE

FEDERAL AVIATION ADMINISTRATION

FILED WITH FAA  
AIRCRAFT REGISTRATION BR  
00 MAY 9 AM 10 50  
OKLAHOMA CITY  
OKLAHOMA

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S110374

19-9

GENERAL RELEASE

CONVEYANCE  
RECORDED

The undersigned, as Collateral Agent, hereby releases all of its  
 right title and interest in, to and under all of the collateral '00 JAN 3 PM 1 56  
 covered by the certain conveyances (the "Conveyances") described on FEDERAL AVIATION  
ADMINISTRATION  
 Schedule I attached hereto and by this reference made a part  
 hereof.

SEE RECORDED  
CONVEYANCE

SEARCHED F 71502  
SERIAL R1 PAGE 4-1

The undersigned, as Collateral Agent, further confirms that the  
 Conveyances and any and all supplements and amendments thereof have  
 been satisfied and discharged in full, and that The AGES Group, A  
 Limited Partnership, Worldwide Resources, A Limited Partnership,  
 and AGES Aircraft Sales & Leasing, A Limited Partnership, are  
 released from any and all of their obligations under the terms of  
 the Conveyances.

Dated this 30th day of March, 1999.

European American Bank, as  
Collateral Agent

By: [Signature]

Title: Chief Vice President

*cert copy release to DEG*

19-8

FILED WITH FAA  
AIRCRAFT REGISTRATION BR  
.99 SEP 29 PM 1 32  
OKLAHOMA CITY  
OKLAHOMA

Schedule I  
to General Release

CONVEYANCES

Airframe General Security Agreement, dated as of December 11, 1992 (the "Airframe General Security Agreement"), between The AGES Group, A Limited Partnership ("AGES"), as borrower, Wilmington Trust Company ("Owner Trustee"), as owner trustee, and European American Bank ("EAB"), as collateral agent for NationsBank of Florida, National Association ("NationsBank"), National Westminster Bank USA, Continental Bank, N.A., EAB, Bank of Tokyo Trust Co. and Fleet Bank, as lenders (collectively, the "Lenders"), and NationsBank, as agent for the Lenders, which Airframe General Security Agreement was recorded by the FAA on December 15, 1992, and assigned conveyance number PP001272, as amended and supplemented from time to time and particularly by those supplements and amendments described as follows:

<u>Instruments</u>	<u>Date</u>	FAA Recording <u>Date</u>	FAA Conveyance <u>Number</u>
Supplement No. 1 to Airframe Security Agreement;	12-31-92	01-04-93	LL04308
Supplement No. 2 to Airframe Security Agreement;	01-26-93	02-10-93	DD003787
Supplement No. 3 to Airframe Security Agreement;	Never filed for recording with FAA		
Supplement No. 5 to Airframe Security Agreement;	01-25-94	02-03-94	2A265025
Supplement No. 4 to Airframe Security Agreement;	09-20-93	02-17-94	E17143
Supplement No. 7 to Airframe Security Agreement;	04-11-94	06-03-94	PP003734

19-6



## Schedule 1 (continued)

Supplement No. 6 to Airframe Security Agreement;	04-18-94	08-17-94	EE007531
Supplement No. 8 to Airframe Security Agreement;	09-30-94	11-23-94	HK003280
Supplement No. 9 to Airframe Security Agreement;	12-23-94	01-06-95	GG004451
Supplement No. 10 to Airframe Security Agreement;	02-03-95	02-07-95	2A265991
Supplement No. 11 to Airframe Security Agreement;	Never filed for recording with FAA		
Supplement No. 12 to Airframe Security Agreement;	02-17-95	02-22-95	2A266104
Supplement No. 14 to Airframe Security Agreement;	05-10-95	05-19-95	HK004207
Supplement No. 13 to Airframe Security Agreement;	04-24-95	06-01-95	Y41186
Supplement No. 16 to Airframe Security Agreement;	07-27-95	08-14-95	Z96705
Amendment to Airframe Security Agreement between AGES, AGES Aircraft Sales & Leasing, A Limited Partnership ("AASL"), Owner Trustee, and EAB.	As of 07-21-95	08-15-95	JJ14598
Supplement No. 15 to Airframe Security Agreement;	07-21-95	08-15-95	JJ14599
Airframe General Security Agreement Schedule C Assignment of Lease Supplement No. 3;	07-21-95	08-15-95	JJ14600

19-4

## Schedule I (continued)

Airframe General Security Agreement Schedule C Assignment of Lease Supplement No. 4;	07-21-95	08-15-95	JJ14601
Airframe General Security Agreement Schedule D Assignment of Lease Supplement No. 3;	07-21-95	08-15-95	JJ14602
Airframe General Security Agreement Schedule D Assignment of Lease Supplement No. 4;	07-21-95	08-15-95	JJ14603
Supplement No. 17 to Airframe Security Agreement;	10-11-95	12-20-95	I55297
Supplement No. 20 to Airframe Security Agreement;	01-11-96	01-30-96	X128581
Supplement No. 21 to Airframe Security Agreement;	01-29-96	02-26-96	NN010114
Supplement No. 19 to Airframe Security Agreement;	11-14-95	02-28-96	Z98015
Supplement No. 18 to Airframe Security Agreement;	12-14-95	03-27-96	HH011548
Supplement No. 23 to Airframe Security Agreement;	08-28-96	10-02-96	I56783
Supplement No. 25 to Airframe Security Agreement;	10-10-96	10-15-96	2A270250
Supplement No. 22 to Airframe Security Agreement;	11-21-96	12-06-96	PU9045
Supplement No. 24 to Airframe Security Agreement;	09-10-96	12-12-96	JJ19389

19-2


## Schedule I (continued)

Supplement No. 26 to Airframe Security Agreement;	Never filed for recording with FAA		
Supplement No. 27 to Airframe Security Agreement;	01-24-97	02-25-97	T053569
Supplement No. 29 to Airframe Security Agreement;	02-26-97	03-05-97	P10021
Supplement No. 28 to Airframe Security Agreement;	03-06-97	03-07-97	2A271065
Supplement No. 30 to Airframe Security Agreement;	06-05-97	06-17-97	S100786
Supplement No. 31 to Airframe Security Agreement;	03-17-98	03-25-98	BB26951
Supplement No. 32 to Airframe Security Agreement;	07-09-98	08-13-98	CC011670
Supplement No. 33 to Airframe Security Agreement; and	10-14-98	12-10-98	II012666
Supplement No. 34 to Airframe Security Agreement.	01-19-99	02-10-99	F71502



0000031060

NUMBER CHANGED TO 3915A 18-1  
 DATE 4 DEC 06 1999

ASSIGNMENT OF SPECIAL REGISTRATION NUMBERS		Special Registration Number
 US Department of Transportation Federal Aviation Administration	Aircraft Make and Model <b>BE200</b>	N <b>3915A</b>
	Serial Number <b>BC-37</b>	Present Registration Number <b>N 256AC</b>
<b>ICAO AIRCRAFT ADDRESS CODE</b> <b>FOR N3915A = 51104021</b>  <b>STANFORD &amp; ASSOCIATES, INC</b> <b>1329 ALUM SPRING RD STE 101</b> <b>FREDERICKSBURG VA 22401-7001</b>		Issue Date: <b>NOVEMBER 08, 1999</b>
<p>This is your authority to change the United States registration number on the above described aircraft to the special registration number shown.</p> <p>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.</p> <p>The latest FAA Form #130-6, Application For Airworthiness on file is dated:  <b>OCTOBER 01, 1999</b></p> <p>The airworthiness classification and category:  <b>STD NORMAL</b></p>		
<p><b>INSTRUCTIONS:</b></p> <p>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.</p> <p>The authority to use the special number expires:</p> <p><b>NOVEMBER 08, 2000</b></p>		
<p><b>CERTIFICATION:</b> I certify that the special registration number was placed on the aircraft described above.</p> <p>Signature of Owner: <i>[Signature]</i></p> <p>Title of Owner: <i>President</i></p> <p>Date Placed on Aircraft: <b>11-9-99</b></p>		<p><b>RETURN FORM TO:</b></p> <p>Civil Aviation Registry, AFS-750          P.O. Box 25504          Oklahoma City, Oklahoma 73125-0504</p>

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OKLAHOMA CITY  
OKLAHOMA





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FILED WITH FAA  
AIRCRAFT REGISTRATION BR  
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OKLAHOMA CITY  
OKLAHOMA

NOV 19 1999  
FEDERAL BUREAU OF INVESTIGATION  
U.S. DEPARTMENT OF JUSTICE



16-18

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16-17

I hereby certify this is a true and exact copy of the original.

*Donix Badger*  
Insured Aircraft Title Service, Inc.

**AIRCRAFT CHATTEL MORTGAGE**

By

**STANFORD & ASSOCIATES, INC.,**  
A Delaware Corporation

Debtor

To And For The Benefit Of

**MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY,**  
A Maryland Banking and Trust Company

Secured Party

992951701075  
Date of Sept 28, 1999

16-16

NO. 100-100000  
OCT 22 1999

FILED WITH FAA  
OCT 22 1999  
OKLAHOMA CITY  
OKLAHOMA

AIRCRAFT CHATTEL MORTGAGE

16-15

CONVEYANCE  
RECORDED

THIS AIRCRAFT CHATTEL MORTGAGE ("MORTGAGE") is made as of the 28th day of September, 1999, by STANFORD & ASSOCIATES, INC., a Delaware corporation ("DEBTOR"), and MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, a Maryland banking and trust company ("SECURED PARTY").

As set forth in the "LOAN AGREEMENT" (as that term is hereafter defined), DEBTOR has obtained certain credit accommodations from the SECURED PARTY and has agreed to secure such credit accommodations by executing and delivering this MORTGAGE.

ARTICLE I  
DEFINITIONS

As used in this MORTGAGE, the terms set forth in this Article I shall have the meanings set forth as definitions, unless the specific context of this MORTGAGE clearly requires a different meaning. Terms defined in this Article, or elsewhere in this MORTGAGE, shall be in all capital letters throughout this MORTGAGE. The singular use of any defined terms shall include the plural and the plural use shall include the singular.

Section 1.1. Act. The term "ACT" means Title 49, Subtitle VII of U.S. Code Annotated, as amended.

Section 1.2. Aircraft. The term "AIRCRAFT" means the airframes described on Exhibit A attached hereto and made a part hereof, together with the engines and propellers described on Exhibit A attached hereto and made a part hereof, and all related equipment, PARTS, accessories, avionics, and attachments, now or hereafter installed in or affixed thereto.

Section 1.3. Collateral. The term "COLLATERAL" means all of the tangible and intangible assets, property rights, and benefits with respect to which the DEBTOR has granted a security interest or lien to the SECURED PARTY or has assigned as security or otherwise pledged to the SECURED PARTY, pursuant to this MORTGAGE, including the AIRCRAFT.

Section 1.4. Credit Facility. The term "CREDIT FACILITY" means the loans, letters of credit, and other credit accommodations being provided by the SECURED PARTY to the DEBTOR, including, but not limited to the revolving line of credit in the maximum principal amount of Five Million Dollars (\$5,000,000.00) evidenced by the Floor Plan Promissory Note dated July 9, 1999 from the DEBTOR to the order of the SECURED PARTY and all amendments or modifications of such credit accommodations including any increase in the amount thereof.

Section 1.5. Event Of Default. The term "EVENT OF DEFAULT" means any of the events set forth in Article 6 of this MORTGAGE, provided that any requirement for the giving of notice, the lapse of time, or both, or any other expressly stated condition, has been satisfied.

Section 1.6. The term "FAA" means the United States Federal Aviation Administration, or any successor governmental agency.

Section 1.7. Laws. The term "LAWS" means all ordinances, statutes, rules, regulations, orders, injunctions, writs or decrees of any government or political subdivision or agency thereof, or any court or similar entity established by any thereof.

Section 1.8. Loan Agreement. The term "LOAN AGREEMENT" means the Loan And Security Agreement by and between the DEBTOR and the SECURED PARTY dated July 9, 1999, as amended, supplemented or otherwise modified from time to time.

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Section 1.9. Loan Documents. The term "LOAN DOCUMENTS" means all agreements, instruments and documents relating to the CREDIT FACILITY, including without limitation the LOAN AGREEMENT, this MORTGAGE, and all promissory notes, and other documents executed in connection therewith, as such may be amended, supplemented or otherwise modified from time to time, whether heretofore, now or hereafter executed by or on behalf of the DEBTOR, any guarantor, or by any other PERSON.

Section 1.10. Obligations. The terms "OBLIGATIONS" means all of the DEBTOR'S now existing or hereafter arising obligations to the SECURED PARTY under or in connection with the CREDIT FACILITY and the LOAN DOCUMENTS, including, but not limited to, the obligation to pay when and as due all sums outstanding under the CREDIT FACILITY.

Section 1.11. Parts. The term "PARTS" means all parts, parts inventories, replacements, instruments, fittings, materials, devices, accessions, additions, components, and other items for attachment to, refurbishing of, use in connection with, or otherwise relating or pertaining to the AIRCRAFT.

Section 1.12. Person. The term "PERSON" means an individual, corporation, partnership, association, trust, business trust, limited liability company, joint venture, joint stock company, pool, syndicate, sole proprietorship, unincorporated organization, governmental authority or any other form of entity or group thereof specifically listed herein.

Section 1.13. Records. The term "RECORDS" means correspondence, memoranda, tapes, discs, papers, books and other documents, or transcribed information of any type, whether expressed in, ordinary, computer or machine language, including but not limited to all logs, manuals and data, and inspection, maintenance, modification and overhaul records maintained with respect to the AIRCRAFT.

## ARTICLE II SECURITY FOR THE CREDIT FACILITY

In addition to the security interests, liens, guarantees, assignments and pledges described in the LOAN AGREEMENT, the full, complete, timely, and absolute satisfaction by the DEBTOR of all of the OBLIGATIONS shall be secured by the following described security interests and pledges.

Section 2.1. Grant Of Security Interest. The DEBTOR hereby mortgages and grants to the SECURED PARTY a continuing security interest in all of the DEBTOR'S right, title and interest in and to the AIRCRAFT, wherever located, whether now owned or hereafter acquired by the DEBTOR, together with: (a) all substitutions therefor, and all replacements and renewals thereof; (b) all accessions, additions, replacement parts, manuals, warranties and packaging relating thereto; (c) all rights and interests of the DEBTOR to receive all rents, revenues, income, profits and payments resulting from any sale or lease of any AIRCRAFT, and all of the chattel paper thereof, and all of the DEBTOR'S powers to enforce such rights and interests; (d) all rights, claims, causes of action, if any, which the DEBTOR may have against any manufacturer or seller or any lessee or sublessee of the DEBTOR, with respect to the AIRCRAFT; and (e) all RECORDS.

Section 2.2. Proceeds And Products. The security interests provided for herein shall apply to the proceeds, including but not limited to insurance proceeds, and the products of the COLLATERAL.

Section 2.3. Future Advances. The security interests granted by the DEBTOR hereunder shall secure all current and all future advances under the LOAN DOCUMENTS.

Section 2.4. Priority Of Security Interest. Each of the security interests granted by the DEBTOR to the SECURED PARTY pursuant to this MORTGAGE shall be a perfected security interest in the COLLATERAL, subject only to other liens, if any, in favor of the SECURED PARTY.

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ARTICLE III  
REPRESENTATIONS AND WARRANTIES

The DEBTOR makes the representations and warranties set forth below. The DEBTOR acknowledges the SECURED PARTY'S justifiable right to rely upon these representations and warranties.

Section 3.1. Title To Collateral. The DEBTOR has good and marketable title to all of the AIRCRAFT. The SECURED PARTY'S liens described herein shall constitute indefeasible security interests or liens thereon.

Section 3.2. U.S. Citizenship. The DEBTOR is validly incorporated under the LAWS of the State of Delaware and its operations and affairs have been effectively and validly commenced. The DEBTOR is a United States citizen within the meaning of Section 40102(a)(15) of the ACT, and shall maintain such status at all time during the term of the CREDIT FACILITY.

Section 3.3. Compliance With Laws. The DEBTOR has complied in all material respects with all applicable LAWS with respect to: (a) the conduct of its business; (b) the use, maintenance, and operation of the AIRCRAFT; and (c) the obtaining of all necessary licenses and permits necessary to engage in its business.

ARTICLE IV  
AFFIRMATIVE COVENANTS

In addition to the covenants set forth in the LOAN AGREEMENT, the DEBTOR covenants and agrees during the term of this MORTGAGE and while any OBLIGATIONS are outstanding and unpaid to do and perform the acts and promises set forth below:

Section 4.1. Payment And Performance. All OBLIGATIONS shall be paid and performed in full when and as due, time being strictly of the essence. Each warranty and representation set forth in this MORTGAGE shall remain true, accurate and correct in all material respects at all times during the term of the CREDIT FACILITY.

Section 4.2. Insurance. The DEBTOR shall obtain and maintain, or cause to be maintained, insurance on the AIRCRAFT in accordance with the insurance requirements contained in the LOAN AGREEMENT.

Section 4.3. Maintenance, Operation And Possession.

a. Maintenance And Operation. The DEBTOR, at its own cost and expense, shall: (i) maintain, service, repair, overhaul and test the AIRCRAFT in accordance with the applicable regulations of the FAA and the DEBTOR'S or the manufacturer's maintenance program (as approved by the FAA) and in the same manner and with the same care used with respect to similar aircraft and engines utilized in similar circumstances so as to keep the AIRCRAFT in good operating condition, ordinary wear and tear excepted, and in such condition as may be necessary to enable the airworthiness certificate of the AIRCRAFT to be maintained in good standing at all times under the regulations of the FAA; and (ii) maintain all RECORDS, logs and other materials required by the FAA to be maintained in respect of the AIRCRAFT. The DEBTOR agrees that the AIRCRAFT will not be maintained, used or operated in material violation of any LAW or any rule, regulation or order of any government or governmental authority having jurisdiction (domestic or foreign), or in material violation of any airworthiness certificate, license or registration relating to any AIRCRAFT issued by any such authority. In the event that any such LAW, rule, regulation or order requires alteration of any AIRCRAFT, the DEBTOR will conform thereto or obtain conformance therewith at no expense to SECURED PARTY and will maintain such AIRCRAFT in proper operating condition under such LAWS, regulations and orders; provided that the DEBTOR may, in good faith, contest the validity or application of any such LAW, rule, regulation or order in any reasonable manner which does not, in the opinion of any SECURED PARTY, materially adversely affect the SECURED PARTY. The DEBTOR also agrees not to operate or locate any AIRCRAFT or suffer such AIRCRAFT to be operated or located, (1) in any area excluded from coverage by any insurance required by the terms of this MORTGAGE or any other LOAN DOCUMENT, or (2) in any recognized or, in the DEBTOR'S reasonable judgment, threatened area of hostilities unless fully covered to the SECURED PARTY'S satisfaction by war risk insurance, or unless such AIRCRAFT is operated or used under contract with the Government of the United States under which contract that Government assumes liability for any damage, loss, destruction or failure to

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return possession of such AIRCRAFT at the end of the term of such contract or for injury to persons or damages to property of others.

b. Possession. Except as permitted by the SECURED PARTY in writing, the DEBTOR will not lease or otherwise in any manner deliver, transfer or relinquish possession of any AIRCRAFT or PART.

c. Loss Or Damage. The DEBTOR shall immediately notify the SECURED PARTY of any accident that is required to be reported as an "Aircraft Accident", as defined in 49 C.F.R. Part 830, which could have a material adverse effect on the DEBTOR, connected with the use, operation or malfunction of any of the AIRCRAFT, specifying the time, place and nature of the accident and any damage to the AIRCRAFT, the names and addresses of all parties involved, persons injured, witnesses and owners of property damaged in connection therewith, and such other pertinent information as may be known or available to the DEBTOR. The DEBTOR shall advise the SECURED PARTY of all correspondence, papers, notices and documents whatsoever received by the DEBTOR in connection with any claim or demand involving or relating to the AIRCRAFT or the DEBTOR'S operations which is material to the business of the DEBTOR and shall provide reasonable assistance under the circumstances in any related investigation instituted by the SECURED PARTY and in the recovery of damages from third persons liable therefor.

Section 4.4. Permits, Certificates And Operating Authority. The DEBTOR shall at all times during the term of this MORTGAGE maintain in full force and effect all material permits, certificates and operating authorities necessary to the conduct of its business and operating the AIRCRAFT.

#### ARTICLE V NEGATIVE COVENANTS

In addition to the covenants set forth in the LOAN AGREEMENT, the DEBTOR covenants and agrees during the term of the CREDIT FACILITY and while any OBLIGATIONS are outstanding and unpaid not to do or to permit to be done or to occur any of the acts or happenings set forth below without the prior written authorization of the SECURED PARTY.

Section 5.1. Sale Or Transfer Of Collateral. Except as set forth in the LOAN AGREEMENT, the DEBTOR shall not sell, transfer, lease or otherwise dispose of any of the COLLATERAL.

Section 5.2. Encumbrance Of Collateral. The DEBTOR shall not mortgage, pledge, grant or permit to exist a security interest in any of the COLLATERAL except as set forth in this MORTGAGE.

#### ARTICLE VI EVENTS OF DEFAULT

The occurrence of any of the following events shall constitute an EVENT OF DEFAULT.

Section 6.1. Default Under Loan Agreement. The occurrence of an "Event of Default" as that term is defined in the LOAN AGREEMENT.

Section 6.2. Violation Of Covenants. The default by the DEBTOR of any of the covenants or agreements provided in this MORTGAGE.

Section 6.3. Representation Or Warranty. The failure of any representation or warranty made by the DEBTOR to be true in any material respect, as of the date made.

#### ARTICLE VII RIGHTS AND REMEDIES ON THE OCCURRENCE OF AN EVENT OF DEFAULT

Section 7.1. The Secured Party's Specific Rights And Remedies. Upon the occurrence of an EVENT OF DEFAULT, in addition to all other rights and remedies provided by the LOAN AGREEMENT, the other LOAN

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DOCUMENTS, and at LAW, the SECURED PARTY may exercise any rights of a secured creditor under the Uniform Commercial Code, as adopted and amended in Maryland, including the right to take possession of the COLLATERAL without the use of judicial process or hearing of any kind and the right to require the DEBTOR to assemble the COLLATERAL at such place as the SECURED PARTY may specify.

Section 7.2. Sale Of Collateral. In addition to any other remedy provided herein, upon the occurrence of an EVENT OF DEFAULT, the SECURED PARTY, in a commercially reasonable fashion, may sell at public or private sale or otherwise realize upon, in Baltimore, Maryland, or elsewhere, the whole or, from time to time, any part of all COLLATERAL which is personal property, or any interest which the DEBTOR may have therein. After deducting from the proceeds of sale or other disposition of such COLLATERAL all expenses, including all expenses for legal services, the SECURED PARTY shall apply such proceeds toward the satisfaction of the OBLIGATIONS. Any remainder of the proceeds after satisfaction in full of the OBLIGATIONS shall be distributed as required by applicable LAW. Notice of any sale or other disposition shall be given to the DEBTOR at least ten (10) days before the time of any intended public sale or of the time after which any intended private sale or other disposition of the COLLATERAL is to be made, which the DEBTOR hereby agrees shall be commercially reasonable notice of such sale or other disposition. The DEBTOR shall assemble, or shall cause to be assembled, at the DEBTOR'S own expense, the COLLATERAL at such place or places as the SECURED PARTY shall designate. The DEBTOR shall cooperate with the SECURED PARTY in obtaining any required consent by any governmental agency required to consummate any such sale or other disposition. At any such sale or other disposition, the SECURED PARTY may, to the extent permissible under applicable law, purchase the whole or any part of the COLLATERAL, free from any right of redemption on the part of the DEBTOR, which right is hereby waived and released to the extent lawfully permitted. Without limiting the generality of any of the rights and remedies conferred upon the SECURED PARTY under this Section, the SECURED PARTY may, to the full extent permitted by applicable law: (a) enter upon the premises of the DEBTOR, exclude therefrom the DEBTOR or any PERSON connected therewith, and take immediate possession of the COLLATERAL, either personally or by means of a receiver appointed by a court of competent jurisdiction, using all necessary force to do so; (b) at the SECURED PARTY'S option, use, operate, manage, and control the COLLATERAL in any lawful manner; (c) collect and receive all income, revenue, earnings, issues, and profits therefrom; and (d) maintain, alter or remove the COLLATERAL as the SECURED PARTY may determine in the SECURED PARTY'S discretion.

Section 7.3. Remedies Cumulative. The rights and remedies provided in this MORTGAGE, the LOAN AGREEMENT, and in the other LOAN DOCUMENTS or otherwise under applicable LAWS shall be cumulative and the exercise of any particular right or remedy shall not preclude the exercise of any other rights or remedies in addition to, or as an alternative of, such right or remedy.

#### ARTICLE VIII GENERAL CONDITIONS AND TERMS

Section 8.1. Incorporation. The terms and conditions of the LOAN AGREEMENT are incorporated by reference and made a part hereof, as if fully set forth herein.

Section 8.2. Waivers. The SECURED PARTY may at any time or from time to time waive all or any rights under this MORTGAGE or any other LOAN DOCUMENT, but any waiver or indulgence by the SECURED PARTY at any time or from time to time shall not constitute a future waiver of performance or exact performance by the DEBTOR.

Section 8.3. Binding Obligation. This MORTGAGE shall be binding upon the parties and their successors and assigns.

Section 8.4. Final Agreement. This MORTGAGE and the LOAN DOCUMENTS contain the final and entire agreement and understanding of the parties, and any terms and conditions not set forth in this MORTGAGE or the LOAN DOCUMENTS are not a part of this MORTGAGE and the understanding of the parties hereof.

Section 8.5. Amendment. This MORTGAGE may be amended or altered only in writing signed by the party to be bound by the change or alteration.

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Section 8.6. Time. Time is strictly of the essence of this MORTGAGE.

Section 8.7. Choice Of Law. The laws of the State of Maryland shall strictly govern the rights and obligations of the parties to this MORTGAGE and all other LOAN DOCUMENTS, and the interpretation and construction and enforceability thereof and any and all issues relating to the transactions contemplated herein. The DEBTOR consents to the jurisdiction and venue of the courts of any county of the State of Maryland and to the courts of the City of Baltimore, Maryland as well as to the venue and jurisdiction of the United States District Court for the District of Maryland if suit is filed by the SECURED PARTY, or any successor thereto, to enforce, interpret, or construe the LOAN DOCUMENTS.

Section 8.8. Waiver Of Trial By Jury. Each party to this MORTGAGE agrees that any suit, action, or proceeding, whether claim or counterclaim, brought or instituted by either party hereto or any successor or assign of any party on or with respect to this MORTGAGE or any other LOAN DOCUMENT or which in any way relates, directly or indirectly, to the CREDIT FACILITY or any event, transaction, or occurrence arising out of or in any way connected with the CREDIT FACILITY, or the dealings of the parties with respect thereto, shall be tried only by a court and not by a jury. **EACH PARTY HEREBY EXPRESSLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY SUCH SUIT, ACTION, OR PROCEEDING.** The DEBTOR acknowledges and agrees that this provision is a specific and material aspect of this MORTGAGE and the understandings between the parties.

Section 8.9. Number, Gender, And Captions. As used herein, the singular shall include the plural and the plural may refer to only the singular. The use of any gender shall be applicable to all genders. The captions contained herein are for purposes of convenience only and are not a part of this MORTGAGE.

Section 8.10. Photocopies Sufficient. A carbon, photographic, photocopy or other reproduction of a security agreement or financing statement shall be sufficient as a financing statement.

Section 8.11. Notices. Any notice required or permitted by or in connection with this MORTGAGE shall be in the manner described in the LOAN AGREEMENT.


IN WITNESS WHEREOF, the DEBTOR executes and seals this MORTGAGE as of the date first above written, with the specific intention that this MORTGAGE constitute a document under seal.

WITNESS/ATTEST:

DEBTOR:

STANFORD & ASSOCIATES, INC.,  
A Delaware Corporation

\_\_\_\_\_

By:  \_\_\_\_\_ (SEAL)  
Robert F. Stanford, President

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ACKNOWLEDGMENT

STATE OF Virginia, CITY/COUNTY OF Fredericksburg, TO WIT:

I HEREBY CERTIFY that on this 29 day of July, 1999, before me, the undersigned Notary Public of the aforesaid State, personally appeared Robert F. Stanford, and acknowledged himself to be the President of STANFORD & ASSOCIATES, INC., a Delaware corporation, and that he, as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the STANFORD & ASSOCIATES, INC., by himself as President.

IN WITNESS MY Hand and Notarial Seal.

Lisa Marie Wylod (SEAL)  
NOTARY PUBLIC

My Commission Expires:

December 31, 2003

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EXHIBIT A  
To Aircraft Chattel Mortgage

AIRFRAMES

<u>Make</u>	<u>Model</u>	<u>Serial No.</u>	<u>Registration No.</u>
Beechcraft	King Air 200	BC-37	N256AG

ENGINES AND PROPELLERS

<u>Engines</u>	<u>Type</u>	<u>Serial No.</u>
Pratt & Whitney	PT6A-41	79172
Pratt & Whitney	PT6A-41	85139

Propellers

Hartzell	3-Blade HC-B3TN-3G	BU11108
Hartzell	3-Blade HC-B3TN-3G	BUA19785

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OKLAHOMA CITY  
OKLAHOMA

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

UNITED STATES  
REGISTRATION NUMBER **N** 256AG

AIRCRAFT MANUFACTURER & MODEL  
Beech 200

AIRCRAFT SERIAL No.  
BC-37

CERT. ISSUE DATE

OCT 22 1999

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.)

Stanford & Associates, Inc.

TELEPHONE NUMBER: ( )

ADDRESS (Permanent mailing address for first applicant listed.)

Number and street: 1329 Alum Spring Rd., Ste. 101

Rural Route:

P.O. Box:

CITY Fredricksburg	STATE VA	ZIP CODE 22401
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**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:

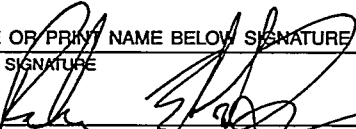
**CHECK ONE AS APPROPRIATE:**

- 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 OF PRINT NAME BELOW SIGNATURE

EACH PART OF THIS APPLICATION MUST BE SIGNED IN INK.	SIGNATURE 	TITLE President	DATE 9-30-99
	SIGNATURE Robert F. Stanford	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.

ISSUED TEMP CERT OF  
TO EXPIRE 11-21-99  
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OKLAHOMA





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U.S. DEPARTMENT OF TRANSPORTATION  
FEDERAL AVIATION ADMINISTRATION

OMB APPROVAL  
NOT REQUIRED

CONVEYANCE  
RECORDED

OCT 22 1 59 PM '99

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  
Dynamic Aviation Group, Inc.  
P.O. Box 7/Bridgewater Airport VBW  
Bridgewater, VA 22812

NAME and ADDRESS OF SECURED PARTY/ASSIGNEE  
Mercantile-Safe Deposit and Trust Company  
2 Hopkins Plaza  
Baltimore, MD 21201

NAME OF SECURED PARTY'S ASSIGNOR (if assigned)

Do Not Write In This Block  
FOR FAA USE ONLY

FAA REGISTRATION NUMBER N256AG	AIRCRAFT SERIAL NUMBER BC37	AIRCRAFT MFR. (BUILDER) and MODEL Beechcraft King-Air 200
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ENGINE MFR. and MODEL	ENGINE SERIAL NUMBER(S)
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PROPELLER MFR. and MODEL	PROPELLER SERIAL NUMBER(S)
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THE SECURITY CONVEYANCE DATED 1-29-99 COVERING THE ABOVE COLLATERAL WAS RECORDED BY THE FAA AIRCRAFT REGISTRY ON 3-1-99 AS CONVEYANCE NUMBER H96256

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: September 30, 1999  
Mercantile-Safe Deposit & Trust Company  
(Name of security holder)  
SIGNATURE (in ink) [Signature]  
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).

ACKNOWLEDGEMENT (If Required By Applicable Local Law):

SEE RECORDED  
CONVEYANCE

H96256  
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OKLAHOMA  
OKLAHOMA CITY  
OCT 22 11 28 AM '99  
FEDERAL BUREAU OF INVESTIGATION

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GENERAL RELEASE

CONVEYANCE  
RECORD

SEP 30 8 15 AM 99

The undersigned, as Collateral Agent, hereby releases all of its right title and interest in, to and under all of the collateral covered by the certain conveyances (the "Conveyances") described on Schedule I attached hereto and by this reference made a part hereof.

The undersigned, as Collateral Agent, further confirms that the Conveyances and any and all supplements and amendments thereof have been satisfied and discharged in full, and that The AGES Group, A Limited Partnership, Wilmington Trust Company, as owner trustee, and AGES Aircraft Sales & Leasing, A Limited Partnership, are released from any and all of their obligations under the terms of the Conveyances.

Dated this 30th day of March, 1999.

RECORDED  
CONVEYANCE  
INDEXED  
F 71502  
RI PAGE 4 of 1

European American Bank, as  
Collateral Agent

By: [Signature]

Title: Group Vice President

*cut copy with  
Dee Bee*

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Schedule I  
to General Release

CONVEYANCES

Airframe General Security Agreement, dated as of December 11, 1992 (the "Airframe General Security Agreement"), between The AGES Group, A Limited Partnership ("AGES"), as borrower, Wilmington Trust Company ("Owner Trustee"), as owner trustee, and European American Bank ("EAB"), as collateral agent for NationsBank of Florida, National Association ("NationsBank"), National Westminster Bank USA, Continental Bank, N.A., EAB, Bank of Tokyo Trust Co. and Fleet Bank, as lenders (collectively, the "Lenders"), and NationsBank, as agent for the Lenders, which Airframe General Security Agreement was recorded by the FAA on December 15, 1992, and assigned conveyance number PP001272, as amended and supplemented from time to time and particularly by those supplements and amendments described as follows:

<u>Instruments</u>	<u>Date</u>	FAA Recording <u>Date</u>	FAA Conveyance <u>Number</u>
Supplement No. 1 to Airframe Security Agreement;	12-31-92	01-04-93	LL04308
Supplement No. 2 to Airframe Security Agreement;	01-26-93	02-10-93	DD003787
Supplement No. 3 to Airframe Security Agreement;	Never filed for recording with FAA		
Supplement No. 5 to Airframe Security Agreement;	01-25-94	02-03-94	2A265025
Supplement No. 4 to Airframe Security Agreement;	09-20-93	02-17-94	E17143
Supplement No. 7 to Airframe Security Agreement;	04-11-94	06-03-94	PP003734

72-6



## Schedule 1 (continued)

Supplement No. 6 to Airframe Security Agreement;	04-18-94	08-17-94	EE007531
Supplement No. 8 to Airframe Security Agreement;	09-30-94	11-23-94	HK003280
Supplement No. 9 to Airframe Security Agreement;	12-23-94	01-06-95	GG004451
Supplement No. 10 to Airframe Security Agreement;	02-03-95	02-07-95	2A265991
Supplement No. 11 to Airframe Security Agreement;	Never filed for recording with FAA		
Supplement No. 12 to Airframe Security Agreement;	02-17-95	02-22-95	2A266104
Supplement No. 14 to Airframe Security Agreement;	05-10-95	05-19-95	HK004207
Supplement No. 13 to Airframe Security Agreement;	04-24-95	06-01-95	Y41186
Supplement No. 16 to Airframe Security Agreement;	07-27-95	08-14-95	Z96705
Amendment to Airframe Security Agreement between AGES, AGES Aircraft Sales & Leasing, A Limited Partnership ("AASL"), Owner Trustee, and EAB.	As of 07-21-95	08-15-95	JJ14598
Supplement No. 15 to Airframe Security Agreement;	07-21-95	08-15-95	JJ14599
Airframe General Security Agreement Schedule C Assignment of Lease Supplement No. 3;	07-21-95	08-15-95	JJ14600

12-4

## Schedule I (continued)

Airframe General Security Agreement Schedule C Assignment of Lease Supplement No. 4;	07-21-95	08-15-95	JJ14601
Airframe General Security Agreement Schedule D Assignment of Lease Supplement No. 3;	07-21-95	08-15-95	JJ14602
Airframe General Security Agreement Schedule D Assignment of Lease Supplement No. 4;	07-21-95	08-15-95	JJ14603
Supplement No. 17 to Airframe Security Agreement;	10-11-95	12-20-95	I55297
Supplement No. 20 to Airframe Security Agreement;	01-11-96	01-30-96	X128581
Supplement No. 21 to Airframe Security Agreement;	01-29-96	02-26-96	NN010114
Supplement No. 19 to Airframe Security Agreement;	11-14-95	02-28-96	Z98015
Supplement No. 18 to Airframe Security Agreement;	12-14-95	03-27-96	HH011548
Supplement No. 23 to Airframe Security Agreement;	08-28-96	10-02-96	I56783
Supplement No. 25 to Airframe Security Agreement;	10-10-96	10-15-96	2A270250
Supplement No. 22 to Airframe Security Agreement;	11-21-96	12-06-96	PU9045
Supplement No. 24 to Airframe Security Agreement;	09-10-96	12-12-96	JJ19389

12-2

## Schedule I (continued)

Supplement No. 26 to Airframe Security Agreement;	Never filed for recording with FAA		
Supplement No. 27 to Airframe Security Agreement;	01-24-97	02-25-97	T053569
Supplement No. 29 to Airframe Security Agreement;	02-26-97	03-05-97	P10021
Supplement No. 28 to Airframe Security Agreement;	03-06-97	03-07-97	2A271065
Supplement No. 30 to Airframe Security Agreement;	06-05-97	06-17-97	S100786
Supplement No. 31 to Airframe Security Agreement;	03-17-98	03-25-98	BB26951
Supplement No. 32 to Airframe Security Agreement;	07-09-98	08-13-98	CC011670
Supplement No. 33 to Airframe Security Agreement; and	10-14-98	12-10-98	II012666
Supplement No. 34 to Airframe Security Agreement.	01-19-99	02-10-99	F71502

FILED WITH  
MIRGRAFT HOSPITAL  
MAY 20 1959  
OKLAHOMA  
OKLAHOMA



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11-5

CONVEYANCE  
RECORDED

PARTIAL RELEASE

MAY 7 11:01 AM '99

The undersigned hereby releases each aircraft described on Schedule I (the "Aircraft"), which is attached hereto and by this reference made a part hereof, from the terms of the conveyances (the "Conveyances") described on Schedule II, which is attached hereto and by this reference made a part hereof.

The undersigned further confirms that the Conveyances have been satisfied and discharged as to the Aircraft and hereby releases AGES Aircraft Sales & Leasing, A Limited Partnership, from its obligations under the terms of the Conveyances as they relate to each Aircraft.

As to all other collateral covered by the Conveyances, the Conveyances continue in full force and effect.

Dated this 27th day of January, 1999.

EUROPEAN AMERICAN BANK  
as collateral agent

By: Anthony V. Pantina  
Anthony V. Pantina  
Assistant Vice President

*Cert Copy Ret: DeBee & Gilchrist*

11-4

FILE  
SEARCHED  
SERIALIZED  
INDEXED  
MAR 1 1969  
OKLAHOMA  
OKLAHOMA



0000001895

11-3



**SCHEDULE I**  
to Partial Release

**AIRCRAFT**

<u>Manufacturer</u>	<u>Model</u>	<u>Serial Number</u>	<u>U.S. Registration No.</u>
Beechcraft	King Air 200	BC-37	N256AG
Beechcraft	King Air 200	BC-41	N257AG
Beechcraft	King Air 200	BC-44	N258AG

11-2

OKLAHOMA  
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1969 MAR 1 PM 2 31  
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**SCHEDULE II**  
To Partial Release

<u>Instrument and Parties</u>	<u>Dated as of</u>	<u>Date Recorded</u>	<u>Conveyance Number</u>
Airframe General Security Agreement, as amended, supplemented or restated from time to time, among Wilmington Trust Company, (the "Trustee"), as owner trustee, The AGES Group, A Limited Partnership ("AGES"), as borrower, and European American Bank (the "Collateral Agent"), as collateral agent;	12-11-92	12-15-92	PP001272
Amendment to Airframe General Security Agreement among the Trustee, AGES, AGES Aircraft Sales & Leasing, A Limited Partnership ("AASL") and the Collateral Agent; and	07-21-95	08-15-95	JJ14598
Supplement No. 34 to Airframe Security Agreement among the Trustee, AASL and the Collateral Agent.	01-19-99	02-10-99	F71502



11

FILED IN DISTRICT COURT  
MURKIN DISTRICT  
OKLAHOMA CITY  
1999 MAR 1 PM 2 31  
OKLAHOMA CITY

00000000425 K-21225

10-7

GENERAL RELEASE

CONVEYANCE  
RECORDED

MAY 3 11 45 AM 99

The undersigned, as Collateral Agent, hereby releases all of its right title and interest in, to and under all of the collateral covered by the certain conveyances (the "Conveyances") described on Schedule I attached hereto and by this reference made a part hereof.

The undersigned, as Collateral Agent, further confirms that the Conveyances and any and all supplements and amendments thereof have been satisfied and discharged in full, and that The AGES Group, A Limited Partnership, Wilmington Trust Company, as owner trustee, and AGES Aircraft Sales & Leasing, A Limited Partnership, are released from any and all of their obligations under the terms of the Conveyances.

SEE RECORDED  
CONVEYANCE  
NUMBER F. 71502  
FICHE# R.1 PAGE# 4-1

Dated this 30<sup>th</sup> day of March, 1999.

European American Bank, as  
Collateral Agent

By: [Signature]

Title: Group Vice President

10-6

FILED WITH FAA  
AIRCRAFT REGISTRATION  
'99 APR 22 PM 10 10  
OKLAHOMA CITY  
OKLAHOMA

Schedule I  
to General Release

CONVEYANCES

Airframe General Security Agreement, dated as of December 11, 1992 (the "Airframe General Security Agreement"), between The AGES Group, A Limited Partnership ("AGES"), as borrower, Wilmington Trust Company ("Owner Trustee"), as owner trustee, and European American Bank ("EAB"), as collateral agent for NationsBank of Florida, National Association ("NationsBank"), National Westminster Bank USA, Continental Bank, N.A., EAB, Bank of Tokyo Trust Co. and Fleet Bank, as lenders (collectively, the "Lenders"), and NationsBank, as agent for the Lenders, which Airframe General Security Agreement was recorded by the FAA on December 15, 1992, and assigned conveyance number PP001272, as amended and supplemented from time to time and particularly by those supplements and amendments described as follows:

<u>Instruments</u>	<u>Date</u>	<u>FAA Recording Date</u>	<u>FAA Conveyance Number</u>
Supplement No. 1 to Airframe Security Agreement;	12-31-92	01-04-93	LL04308
Supplement No. 2 to Airframe Security Agreement;	01-26-93	02-10-93	DD003787
Supplement No. 3 to Airframe Security Agreement;	Never filed for recording with FAA		
Supplement No. 5 to Airframe Security Agreement;	01-25-94	02-03-94	2A265025
Supplement No. 4 to Airframe Security Agreement;	09-20-93	02-17-94	E17143
Supplement No. 7 to Airframe Security Agreement;	04-11-94	06-03-94	PP003734

104:



## Schedule 1 (continued)

Supplement No. 6 to Airframe Security Agreement;	04-18-94	08-17-94	EE007531
Supplement No. 8 to Airframe Security Agreement;	09-30-94	11-23-94	HK003280
Supplement No. 9 to Airframe Security Agreement;	12-23-94	01-06-95	GG004451
Supplement No. 10 to Airframe Security Agreement;	02-03-95	02-07-95	2A265991
Supplement No. 11 to Airframe Security Agreement;	Never filed for recording with FAA		
Supplement No. 12 to Airframe Security Agreement;	02-17-95	02-22-95	2A266104
Supplement No. 14 to Airframe Security Agreement;	05-10-95	05-19-95	HK004207
Supplement No. 13 to Airframe Security Agreement;	04-24-95	06-01-95	Y41186
Supplement No. 16 to Airframe Security Agreement;	07-27-95	08-14-95	Z96705
Amendment to Airframe Security Agreement between AGES, AGES Aircraft Sales & Leasing, A Limited Partnership ("AASL"), Owner Trustee, and EAB.	As of 07-21-95	08-15-95	JJ14598
Supplement No. 15 to Airframe Security Agreement;	07-21-95	08-15-95	JJ14599
Airframe General Security Agreement Schedule C Assignment of Lease Supplement No. 3;	07-21-95	08-15-95	JJ14600

10-2

Schedule I (continued)

Airframe General Security Agreement Schedule C Assignment of Lease Supplement No. 4;	07-21-95	08-15-95	JJ14601
Airframe General Security Agreement Schedule D Assignment of Lease Supplement No. 3;	07-21-95	08-15-95	JJ14602
Airframe General Security Agreement Schedule D Assignment of Lease Supplement No. 4;	07-21-95	08-15-95	JJ14603
Supplement No. 17 to Airframe Security Agreement;	10-11-95	12-20-95	I55297
Supplement No. 20 to Airframe Security Agreement;	01-11-96	01-30-96	X128581
Supplement No. 21 to Airframe Security Agreement;	01-29-96	02-26-96	NN010114
Supplement No. 19 to Airframe Security Agreement;	11-14-95	02-28-96	Z98015
Supplement No. 18 to Airframe Security Agreement;	12-14-95	03-27-96	HH011548
Supplement No. 23 to Airframe Security Agreement;	08-28-96	10-02-96	I56783
Supplement No. 25 to Airframe Security Agreement;	10-10-96	10-15-96	2A270250
Supplement No. 22 to Airframe Security Agreement;	11-21-96	12-06-96	PU9045
Supplement No. 24 to Airframe Security Agreement;	09-10-96	12-12-96	JJ19389

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FILED WITH FAA  
AIRCRAFT REGISTRATION IS  
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OKLAHOMA CITY  
OKLAHOMA

10000000466

H96256



MERCANTILE-SAFE DEPOSIT & TRUST COMPANY

9-1

Aircraft Chattel Mortgage

CONVEYANCE RECORD

XXXXXXXXXXXXXXXXXXXX

Dynamic Aviation Group, Inc. PRINT NAME OF CUSTOMER OR CUSTOMERS

MAR 1 12 28 PM '99

P.O. Box 7, Bridgewater Airport VBW, Bridgewater, VA 22812

ADDRESS, TOWN AND STATE OF CUSTOMER OR CUSTOMERS

Mercantile-Safe Deposit & Trust Company

SELLER

FEDERAL AVIATION ADMINISTRATION

2 Hopkins Plaza, Baltimore, MD 21201

SELLER'S TOWN AND STATE

AND MORTGAGEE HEREBY SELLS AND UNDERSIGNED MORTGAGOR HEREBY PURCHASES ON THE TERMS AND CONDITIONS SET FORTH BELOW AND ON THE REVERSE HEREOF THE FOLLOWING AIRCRAFT IN ITS PRESENT CONDITION, DELIVERY AND ACCEPTANCE OF WHICH MORTGAGOR HEREBY ACKNOWLEDGES

Table with columns: YEAR MANUFACTURED (1977), NEW OR USED (Used), MANUFACTURER OF AIRCRAFT (Beechcraft), MODEL NO. (King Air 200 (C-12)), SERIAL NO. (BC-37), MANUFACTURER OF ENGINE(S) (P&W Canada PT6A-41), ENGINE SERIAL NUMBER(S) (N256AG), FAA NO. OF AIRCRAFT (N256AG). Includes a section to DESCRIBE EXTRA EQUIPMENT.

INSURANCE COMPUTATION section with checkboxes for insurance requests and a table for annual insurance and finance charges. Includes fields for agent name, address, and insurance company.

Table with 3 columns for financial details: 1. Total Cash Del. Price Down Payment, 2. Total Down Payment, 3. Unpaid Cash Sale Price, 4. Title & Recording Fees, 5. Principal Balance, 6. Finance Charge, 7. Insurance Premium, 8. Total Time Balance.

Mortgagor agrees to pay Time Balance as follows: N/A equal successive monthly installments of \$ N/A each on the N/A day of each month commencing N/A, 19 \* and every month thereafter except the final payment which is to be the amount then due. \*If no date is inserted in blank, the first installment is payable one month from date of contract. Or payable in unequal payments as follows: N/A

DATE AIRCRAFT DELIVERED -> February 2, 1999

Mortgagor acknowledges receipt of an exact copy of this agreement signed by the Mortgagee on the day and date first above written. Accepted by: Mercantile-Safe Deposit & Trust Company - SIGN IN INK - Dynamic Aviation Group, Inc

Signature of Seller-Mortgagee: DAVID R. LONG, VP

Signature of Buyer-Mortgagee: Barbara B. Stulljes, V.P. Finance

Witnessed by: [Signature]

426398

certcy net to DNG 290330800468 73 2-2-99

**AIRCRAFT CHATTEL MORTGAGE (Continued)**

As security for the payment of Time Balance and the prompt and faithful discharge and performance of each covenant and agreement of Mortgagor herein contained. Mortgagor grants, a security interest in, bargains, sells and mortgages to Mortgagee, its successors and assigns, the aircraft described on the reverse side hereof, together with all equipment and accessories now or hereafter used in connection therewith, and any substitutions or replacements thereof, all of which are mortgaged hereunder and are included in the term "Aircraft" as used herein.

Mortgagor covenants, warrants and agrees that: (a) it will use Aircraft 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; (b) Aircraft will be used only for the purposes and in the manner set forth in the application for insurance executed at the time of negotiating the purchase of the Aircraft; (c) Aircraft will be operated at all times by a currently certificated pilot having the minimum total pilot hours required by such insurance; (d) Aircraft will at all times be maintained in air-worthy 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 at any time be operated; (e) the home airport of the Aircraft shall be as identified in an Aircraft Credit Statement executed by Mortgagor of even date herewith, which home airport will not be changed without the prior written consent of Mortgagee; (f) Mortgagor will not use or permit Aircraft to be used contrary to any laws relating to intoxicating liquors, narcotics or similar products, and shall conform with all laws governing Aircraft; (g) it will keep Aircraft in good repair and 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 equipment and accessories; (h) it will not lease or rent the Aircraft except with the prior written consent of Mortgagee; (i) it will not suffer or permit any lien, encumbrance or charge of any character whatsoever upon or against Aircraft except this mortgage and will pay or cause to be paid all taxes that may be levied against the Aircraft, and (j) it will, at its own expense, so long as any indebtedness is owing hereunder, keep in force such insurance on the Aircraft and such other insurance as Mortgagee may require, written by a company or companies, and insuring against such hazards, and in such amounts and form as are acceptable to Mortgagee, and such policy or policies, with premium receipts therefor, shall be delivered to Mortgagee, and the policy or policies shall by endorsement acceptable to Mortgagee provide that losses thereunder shall be first payable to Mortgagee, as its interest may appear, and Mortgagor hereby assigns to Mortgagee the proceeds of all such insurance (including any refund of premium) to the extent of the indebtedness secured hereby, directs the insurer to make payment of any losses or refunds directly to Mortgagee, and appoints Mortgagee as Attorney-in-Fact to endorse any draft, check or other form of payment made by the insurer.

In the event Mortgagor should permit or fail to remove any lien or encumbrance against Aircraft, permit Aircraft to be damaged or injured, or fail to pay said taxes or to obtain and maintain all such insurance, then Mortgagee at its option may pay or discharge all such liens, encumbrances or taxes, repair any damages or injuries, pay the insurance premiums or, if such has not been done by Mortgagor, purchase any and all such insurance at Mortgagor's expense, and all sums of money thus expended are hereby secured by this mortgage, shall be repayable upon demand by Mortgagor to Mortgagee and may be retained by Mortgagee from the proceeds of the sale of the Aircraft herein authorized.

In the event Mortgagor defaults in the payment of the indebtedness, or any installment thereof, secured hereby, or breaches this mortgage, or if any execution, attachment or other writ should be levied on Aircraft, or on any other property of Mortgagor, or if a petition in bankruptcy should be filed by or against Mortgagor, or if application be made for the appointment of a receiver for Mortgagor or its property, or if Mortgagor makes an assignment for the benefit of creditors, suspends business, or commits any other act amounting to a business failure, or if any insurance company cancels as to Mortgagor any policy of insurance against any of the hazards required to be insured against, or if a tax lien be filed against Mortgagor, or if Mortgagee at any time deems itself insecure, then in any and all such events, the entire unpaid balance of the indebtedness of Mortgagor to Mortgagee hereby secured shall become due and payable forthwith at Mortgagee's election, and Mortgagee may without notice or demand take possession of Aircraft and all equipment, instruments, accessories and/or repairs thereon, which shall be considered a component part thereof, wherever Aircraft may be found, and may enter any premises therefor with or without legal process, and Mortgagor waives all claims for damages caused thereby, and agrees to pay to any other parties any damages resulting from acts necessary to repossess or remove Aircraft. While repossessing Aircraft or removing it from a point of repossession to a place of storage, Mortgagee may, if permitted by law, use any of Mortgagor's licenses in respect to Aircraft. Mortgagee may sell Aircraft and all equity of redemption of Mortgagor therein, whether at public or private sale, without having Aircraft at the place of sale, and with or without notice or demand to Mortgagor, and Mortgagee shall have the right at any public sale to purchase Aircraft the same as any other person, and all laws governing such sale are hereby waived by Mortgagor, if such waiver is permitted by law. Such private or public sale may be held before any judgment in any repossession or replevin suit. The proceeds of any sale, after deducting expenses, liens, storage, cost of repairs and advertising, as well as the costs of pursuing and retaking Aircraft, and an attorney's reasonable fee, shall be applied to the amount owing on said note or the indebtedness hereunder, and the surplus, if any, shall be paid to Mortgagor; and in case of deficiency Mortgagor covenants to pay the same forthwith.

Any indulgence granted Mortgagor shall not be considered a waiver of any rights of Mortgagee. Time is of the essence of this mortgage. Any part of this mortgage contrary to the law of any jurisdiction shall not invalidate other parts of this mortgage in that jurisdiction. This mortgage may be assigned without notice to Mortgagor, and when assigned shall be free from any defense, counterclaim, or cross complaint by Mortgagor. All rights of Mortgagee hereunder, including the right to receive payments, repossess and any other rights shall vest in Mortgagee's assignee. This mortgage may be executed in several counterparts, each of which shall be an original. The execution of this instrument by Mortgagor shall be an acknowledgment of his receipt of an original or a true copy thereof. This mortgage shall apply to, inure to the benefit of and bind the successors and assigns of Mortgagor and Mortgagee.

IN WITNESS WHEREOF, Mortgagor has duly executed this Chattel Mortgage on the day and year first above written on the reverse side hereof.

STATE OF ..... } SS:  
COUNTY OF .....

**INDIVIDUAL AND PARTNERSHIP ACKNOWLEDGMENT**

On this ..... day of ....., 19 ....., personally appeared, before me, the undersigned, a Notary Public within and for the county and state aforesaid, duly commissioned and acting, ..... (Mortgagor) to me personally known to be (the individual)\* (a partner in the partnership)\* described in and who/which executed and delivered the above Mortgage and he, being by me duly sworn and being informed of the contents of said Mortgage stated and acknowledged that he signed, executed, sealed and delivered same as (his free and voluntary act and deed)\* (as the free and voluntary act of said partnership)\*, for the uses, purposes and considerations therein mentioned and set forth.

\*Strike inapplicable language.

**CORPORATE ACKNOWLEDGMENT**

On this ..... day of ....., 19 ....., personally appeared, before me, the undersigned, a Notary Public within and for the county and state aforesaid, duly commissioned and acting, ..... (Name of Officer of Mortgagor), to me personally well-known to be and who stated that he was the ..... (Title of Officer) of ....., the Corporation named in and which executed the above Mortgage, and who knows the corporate seal of the said Corporation; and who, being by me duly sworn, stated on oath and acknowledged that the seal affixed to said instrument is the corporate seal of the said Corporation, that he was duly authorized to execute said instrument for, in the name of and on behalf of said Corporation, and that same was signed, sealed, executed and delivered by him in the name of and on behalf of said Corporation by authority of its Board of Directors and he duly acknowledged and stated the execution of said instrument to be his voluntary and free act and deed in his said capacity and the voluntary and free act and deed of said Corporation by it, and by him voluntarily executed for the uses, purposes and considerations therein mentioned and set forth.

In testimony whereof, I have hereunto set my hand and official seal this ..... day of ..... 19 .....

My commission expires: ..... (Notary Public)  
(Notarial Seal) Notary Public in and for ..... County.

*Non-Recourse Assignment*

For Value Received, without recourse, Undersigned hereby sells, assigns and transfers the above mortgage to Mercantile Safe Deposit and Trust Co.

..... (Seal)  
..... (Mortgagee's Trade, Firm or Corporate Name)

By ..... (Seal)  
..... (Owner, Partner or Corporate Title)

**ACKNOWLEDGMENT**

STATE OF ..... } SS:  
COUNTY OF .....

On this ..... day of ....., 19 ....., before me personally appeared the above-named subscriber, 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 above written. .... (Notary Public)

(Seal) My Commission Expires: .....

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8-1

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

UNITED STATES  
REGISTRATION NUMBER **N 256AG**

AIRCRAFT MANUFACTURER & MODEL  
**Beechcraft King Air A200 (C-12)**

AIRCRAFT SERIAL No.  
~~8033~~ **BC-37**

CERT. ISSUE DATE

**H MAR 1 1999**

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.)

Dynamic Aviation Group, Inc.

TELEPHONE NUMBER: ( 540) 828-2600

ADDRESS (Permanent mailing address for first applicant listed.)

Number and street: 1402 Airport Rd.

Rural Route:

P.O. Box: 7

CITY Bridgewater	STATE VA	ZIP CODE 22812
---------------------	-------------	-------------------

**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 <i>Barbara B. Stoltzfus</i>	TITLE V.P. Finance	DATE 2/2/99
	SIGNATURE Barbara B. Stoltzfus	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.

990 330 739 477  
FS 2-2-99

By net to DVG

FILED WITH  
MURRAY REPAIR  
FEB 2 6 09  
OKLAHOMA CITY  
OKLAHOMA



UNITED STATES OF AMERICA  
U.S. DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION  
**AIRCRAFT BILL OF SALE**

1486248  
7-1

FOR AND IN CONSIDERATION OF \$10,000.00 THE  
UNDERSIGNED OWNER(S) OF THE FULL LEGAL  
AND BENEFICIAL TITLE OF THE AIRCRAFT DES-  
CRIBED AS FOLLOWS:

UNITED STATES  
REGISTRATION NUMBER **N 256AG**  
AIRCRAFT MANUFACTURER & MODEL  
**BECHCRAFT KING AIR 200**  
AIRCRAFT SERIAL No.  
**BC-37**

CONVEYANCE  
RECORDED

MAR 1 12 05 PM '99

FEDERAL AVIATION  
ADMINISTRATION

Do Not Write In This Block  
FOR FAA USE ONLY

DOES THIS **2nd** DAY OF **February** 19 **99**  
HEREBY SELL, GRANT, TRANSFER AND  
DELIVER ALL RIGHTS, TITLE, AND INTERESTS  
IN AND TO SUCH AIRCRAFT UNTO:

PURCHASER

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

DYNAMIC AVIATION GROUP, INC.  
1402 AIRPORT ROAD,  
BRIDGEWATER AIRPORT  
BRIDGEWATER, VA 22812

DEALER CERTIFICATE NUMBER

AND TO **ITS SUCCESSORS,** ~~EXECUTIVE~~ 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 **2nd** DAY OF **Feb.** 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)
AGES AIRCRAFT SALES & LEASING, A LIMITED PARTNERSHIP BY: AGES AIRCRAFT INTERNATIONAL	<i>[Handwritten Signature]</i>	
LTD., GENERAL PARTNER		EXECUTIVE VICE PRESIDENT

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

ORIGINAL: TO FAA

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FILED WITH ST. AIRCRAFT REGISTRY  
99 FEB 2 AM 8 08  
OKLAHOMA CITY  
OKLAHOMA

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

**AIRCRAFT BILL OF SALE**

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FOR AND IN CONSIDERATION OF \$10,000.00 & OVC THE UNDERSIGNED OWNER(S) OF THE FULL LEGAL AND BENEFICIAL TITLE OF THE AIRCRAFT DESCRIBED AS FOLLOWS:

UNITED STATES  
REGISTRATION NUMBER **N 256AG**  
AIRCRAFT MANUFACTURER & MODEL  
**BECHCRAFT KING AIR 200**  
AIRCRAFT SERIAL No.

CONVEYANCE  
RECORDED

**BC-37**

**MAR 1 12 04 PM '99**

DOES THIS **2nd** DAY OF **February** 19**99**  
HEREBY SELL, GRANT, TRANSFER AND  
DELIVER ALL RIGHTS, TITLE, AND INTERESTS AND  
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.)


**AGES AIRCRAFT SALES & LEASING, A LIMITED PARTNERSHIP**  
**645 PARK OF COMMERCE WAY**  
**BOCA RATON, FLORIDA 33487**

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 **2nd** DAY OF **Feb.** 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)
WILMINGTON TRUST COMPANY NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS OWNER		VICE-PRESIDENT
TRUSTEE UNDER TRUST AGREEMENT DATED DECEMBER 11, 1992 AS AMENDED JULY 21, 1995		

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

ORIGINAL: TO FAA

FILED WITH  
AIRCRAFT REGISTRATION  
'99 FEB 2 AM 8 07  
OKLAHOMA CITY  
OKLAHOMA

00000000175

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**EAB**

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CONVEYANCE  
RECORDED

**PARTIAL RELEASE**

MAR 1 10 31 AM '99

FEDERAL AVIATION  
ADMINISTRATION

The undersigned hereby releases each aircraft described on Schedule I (the "Aircraft"), which is attached hereto and by this reference made a part hereof, from the terms of the conveyances (the "Conveyances") described on Schedule II, which is attached hereto and by this reference made a part hereof.

The undersigned further confirms that the Conveyances have been satisfied and discharged as to the Aircraft and hereby releases AGES Aircraft Sales & Leasing, A Limited Partnership, from its obligations under the terms of the Conveyances as they relate to each Aircraft.

As to all other collateral covered by the Conveyances, the Conveyances continue in full force and effect.

Dated this 27th day of January, 1999.

EUROPEAN AMERICAN BANK  
as collateral agent

By: Anthony V. Pantina  
Anthony V. Pantina  
Assistant Vice President

*cert by ret to DVG*

5-4

RECEIVED  
FEB 2 1969  
OKLAHOMA CITY  
OKLAHOMA

**SCHEDULE I**  
to Partial Release

**AIRCRAFT**

<u>Manufacturer</u>	<u>Model</u>	<u>Serial Number</u>	<u>U.S. Registration No.</u>
Beechcraft	King Air 200	BC-37	N256AG
Beechcraft	King Air 200	BC-41	N257AG
Beechcraft	King Air 200	BC-44	N258AG

5-2





**SCHEDULE II**  
To Partial Release

<u>Instrument and Parties</u>	<u>Dated as of</u>	<u>Date Recorded</u>	<u>Conveyance Number</u>
Airframe General Security Agreement, as amended, supplemented or restated from time to time, among Wilmington Trust Company, (the "Trustee"), as owner trustee, The AGES Group, A Limited Partnership ("AGES"), as borrower, and European American Bank (the "Collateral Agent"), as collateral agent;	12-11-92	12-15-92	PP001272
Amendment to Airframe General Security Agreement among the Trustee, AGES, AGES Aircraft Sales & Leasing, A Limited Partnership ("AASL") and the Collateral Agent; and	07-21-95	08-15-95	JJ14598
Supplement No. 34 to Airframe Security Agreement among the Trustee, AASL and the Collateral Agent.	01-19-99	<u>*</u>	<u>*</u>

*\* Filed with the FAA on January 19, 1999 but not yet recorded*

OKLAHOMA CITY  
FEB 2 1933  
FEDERAL BUREAU OF INVESTIGATION  
U. S. DEPARTMENT OF JUSTICE

**U.S. DEPARTMENT OF TRANSPORTATION**  
**FEDERAL AVIATION ADMINISTRATION**  
**CROSS-REFERENCE--RECORDATION**

SEE CONVEYANCE NO. 4-1  
 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 SUPPLEMENT NO 34 TO AIRFRAME SECURITY AGREEMENT (SEE N885EA PP001272 R4 PG 37-77)	DATE EXECUTED 1-19-99
FROM AGES AIRCRAFT SALES & LEASING LIMITED PARTNERSHIP -DEBTOR WILMINGTON TRUST COMPANY TRUSTEE	DOCUMENT NO. F71502
TO OR ASSIGNED TO EUROPEAN AMERICAN BANK-COLLATERAL AGENT	DATE RECORDED February 10, 1999

**THE FOLLOWING COLLATERAL IS COVERED BY THE CONVEYANCE:**

AIRCRAFT (List by registration number)	TOTAL NUMBER INVOLVED 10
--	--------------------------

- N253AG
- N254AG
- N255AG
- N256AG
- N257AG
- N258AG
- N259AG
- N260AG
- N261AG
- N262AG

ENGINES	TOTAL NUMBER INVOLVED
MAKE(S)	SERIAL NO.
PROPELLERS	TOTAL NUMBER INVOLVED
MAKE(S)	SERIAL NO.
SPARE PARTS --LOCATIONS	TOTAL NUMBER INVOLVED
LOCATION	

RECORDED CONVEYANCE FILED IN:  
 N885EA DEHAVILLAND DHC-6 TWIN OTTER SERIAL NUMBER 454

20

0000000 + 37

3-1

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

UNITED STATES  
REGISTRATION NUMBER **N 256AG**

AIRCRAFT MANUFACTURER & MODEL **F**  
**Beechcraft King Air 200 (C-12)**

AIRCRAFT SERIAL No.  
**BC-37**

CERT. ISSUE DATE  
**FEB 05 1999**

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.)

**WILMINGTON TRUST COMPANY, NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS OWNER TRUSTEE UNDER TRUST AGREEMENT DATED DECEMBER 11, 1992, AS AMENDED JULY 21, 1995**

TELEPHONE NUMBER: **(302) 651-8914**

ADDRESS (Permanent mailing address for first applicant listed.)

Number and street: **RODNEY SQUARE NORTH, 1100 NORTH MARKET STREET**

Rural Route:

P.O. Box:

CITY <b>WILMINGTON</b>	STATE <b>DELAWARE</b>	ZIP CODE <b>19890-0001</b>
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**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:

- 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 resident alien, with alien registration (Form 1-151 or Form 1-551) No. \_\_\_\_\_
  - 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 \_\_\_\_\_
- That the aircraft is not registered under the laws of any foreign country; and
- 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 <b>VP</b>	DATE <b>1/19/99</b>
	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.

*cut copy  
New 2620 not Debu*

FILED WITH AIRCRAFT REGISTRATION  
99 JUN 19 PM 1 36  
OKLAHOMA CITY  
OKLAHOMA

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

**AIRCRAFT BILL OF SALE**

FOR AND IN CONSIDERATION OF \$10,000.00 THE UNDERSIGNED OWNER(S) OF THE FULL LEGAL AND BENEFICIAL TITLE OF THE AIRCRAFT DESCRIBED AS FOLLOWS:

UNITED STATES REGISTRATION NUMBER **N**

AIRCRAFT MANUFACTURER & MODEL  
**Beechcraft King Air 200 (C-12)**

AIRCRAFT SERIAL No.  
**BC-37**

DOES THIS **19th** DAY OF **January** 19**99**  
HEREBY SELL, GRANT, TRANSFER AND  
DELIVER ALL RIGHTS, TITLE, AND INTERESTS  
IN AND TO SUCH AIRCRAFT UNTO:

**206001**

CONVEYANCE  
RECORDED

Do Not Write In This Block  
FOR FAA USE ONLY

FEB 5 2 32 PM '99

PURCHASER

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

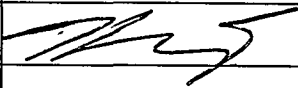
WILMINGTON TRUST COMPANY, NOT IN ITS INDIVIDUAL  
CAPACITY BUT SOLELY AS OWNER TRUSTEE UNDER  
TRUST AGREEMENT DATED DECEMBER 11, 1992,  
AS AMENDED JULY 21, 1995.  
RODNEY SQUARE NORTH  
1100 NORTH MARKET STREET  
WILMINGTON, DELAWARE 19890-0001

DEALER CERTIFICATE NUMBER

AND TO ITS SUCCESSORS, ~~EXCEPT~~ 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 **19th** DAY OF **January** 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)
AGES AIRCRAFT SALES & LEASING, A LIMITED PARTNERSHIP BY: AGES AIRCRAFT INTERNATIONAL L.D., GENERAL PARTNER		EXECUTIVE VICE PRESIDENT

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

*Out copy  
2/6/99 with Du Buis*  
ORIGINAL: TO FAA

990191324391  
\$5<sup>00</sup>  
1-1999

OKLAHOMA CITY  
OKLAHOMA

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FILED WITH FAA  
AIRCRAFT REGISTRATION



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**BILL OF SALE**

CONVEYANCE  
RECORDED

In and for valuable consideration, the receipt and sufficiency of which is hereby acknowledged and further described in Contract Number DAAH23-99-C-0034, **U.S. ARMY AVIATION & MISSILE COMMAND** (herein "AMCOM"), owner of the full legal and beneficial title of the following used Aircraft:

**ONE (1) BEECHCRAFT KING AIR 200 (C-12) AIRCRAFT  
BEARING MANUFACTURER'S SERIAL NUMBER BC-37,  
COMPLETE WITH TWO (2) PRATT & WHITNEY CANADA PT6A-41 ENGINES  
BEARING MANUFACTURER'S SERIAL NUMBERS PCE79172 AND PCE85128,  
AND TWO (2) HARTZELL HC-B3TN-3G PROPELLERS  
BEARING MANUFACTURER'S SERIAL NUMBERS BU11108 AND BU19785**

does hereby grant, transfer and deliver all its full legal and beneficial title, title rights and interest in and to said Aircraft (herein the "Aircraft") unto **AGES AIRCRAFT SALES & LEASING, A LIMITED PARTNERSHIP** (herein "CONTRACTOR"), and its successors and assigns, to have and to hold said Aircraft forever.

This Bill of Sale is made pursuant to Contract Number DAAH23-99-C-0034 dated the 15<sup>th</sup> day of Jan, 1999 by and between AMCOM and CONTRACTOR to which reference is made and which sets forth the rights and obligations of the parties.

**IN WITNESS WHEREOF**, we have set our hand and seal this 15<sup>th</sup> day of Jan, 1999.

**FOR: U.S. ARMY AVIATION & MISSILE COMMAND**

**BY:** Carol L. West

**NAME: CAROL L. WEST**

**TITLE: CONTRACTING OFFICER**

*cut copy  
mim: 2/6/98  
not to be used*

STATE OF ALABAMA  
COUNTY OF MADISON  
Subscribed and sworn to before me  
this 15<sup>th</sup> day of January 1999.  
My commission expires Aug 28, 2000.  
Lorna J. Lennig  
Notary Public for Alabama State of Large



FILED WITH AIRCRAFT REGISTRATION  
99 JUN 19 PM 1 34  
OKLAHOMA CITY  
OKLAHOMA