

**THE OWNER, LLC**  
**and**  
**EXAMPLE FLYING CLUB, Inc.**  
**AIRCRAFT LEASE AGREEMENT**

This aircraft lease agreement is entered into effective <DATE> (“the Effective Date”) between THE OWNER, LLC (“the Owner”) and EXAMPLE FLYING CLUB, Inc (“the Club”), collectively known as “the parties”.

Whereas, the Owner owns outright the aircraft and wishes to make it available to members of the Club for an annual lease-fee and per-hour usage fees. Whereas, the Club has members and member agreements in place such that members only shall use the aircraft and the club shall be responsible for payments to the Owner of the above defined lease-fee as well as hourly charges as defined below.

Now, therefore, the parties agree as follows:

**1. The Aircraft:**

- a. The Owner shall provide a <aircraft>, serial number <number>, registered as <N number> (“the Aircraft”)
- b. Engine, airframe, equipment, and avionics are provided as in existence and operational on the Effective Date.
- c. The aircraft shall remain the registered and sole property of the Owner.
- d. The Owner shall be responsible for all fees associated with the ownership and registration of the Aircraft.

**2. Terms:**

- a. This lease agreement shall commence on the Effective Date and shall end one year thereafter.
- b. The Club shall pay the Owner a lease-fee, paid at a rate of <amount> per month, plus sales tax.
- c. The Club shall pay the Owner <amount> per hour of use, as recorded on the Hobbs meter.
- d. Payment shall be made by the 15<sup>th</sup> day of each month.
- e. The Club shall be liable for, and shall pay on or before their due date, all sales and usage taxes, business taxes and income taxes as assessed on its Corporation.
- f. The Owner shall be responsible for all sales and usage taxes, business taxes and income taxes as assessed on its Limited Liability Company.
- g. The Club shall establish rules and regulations that define safe and responsible operation of the Aircraft, and that shall minimize damage and misuse of the Aircraft.
- h. The Club shall provide the Owner monthly reports of usage and maintenance.
- i. The Club shall provide the Owner an annual statement summarizing all usage, maintenance, and payments made to the Owner, and others, in the execution of this agreement.

**3. Hangar Equipment Use and Security:**

- a. The Club shall hangar the Aircraft at <airport>, <airport ID>, and the hangar shall remain closed and locked when unattended. The Club shall be responsible for all hangar fees.
- b. The Owner shall equip the hangar with such tools and equipment as deemed appropriate for general operations. Use of the tools and equipment is at the Club and its members’ risk. Such tools and equipment shall remain the property of the Owner and shall not be removed from the hangar except with approval from the Owner.
- c. The Club may, at its own expense, provide additional equipment and tools, that shall be assets of the Club.

**4. Maintenance:**

- a. Club responsibilities:
  - i. No maintenance shall be performed on the Aircraft without approval of the Owner.
  - ii. In order to keep the Aircraft in good operating condition and appearance, and to keep the Aircraft in such condition to retain airworthiness, the Club shall service and maintain the aircraft, at its expense for parts and labor, on a schedule not limited to:
    1. General and preventative maintenance, including repair or replacement of general wear and tear items
    2. Regular oil and filter changes as deemed appropriate by the engine manufacturer.
    3. 100-hour inspection, as per FAR 91.409
  - iii. Prior approval shall be obtained from the Owner prior to repairs, use of parts and components, and return to service.
  - iv. The Club shall keep maintenance records pertaining to the Aircraft and its use, maintenance, and inspections.

- b. Owner responsibilities:
  - i. The Owner shall be responsible for the cost of labor incurred in performing an Annual Inspection, as per FAR 91.409
  - ii. Not precluding the Club's responsibility for damage and wear and tear, the Owner shall be responsible for the costs pertaining to airworthiness of the Aircraft, including airworthiness directives.
  - iii. The Owner shall be responsible for maintaining all official Aircraft records and logs.
- c. The Owner and Club shall, on good terms, negotiate a fair share of maintenance and other issues discovered during the Annual Inspection, such that the Club bears the cost of general wear and tear, and the Owner bears the cost of aspects of fundamental airworthiness.

**5. Damage:**

- a. The Club shall be directly and fully responsible for all damages to the Aircraft for the period and duration of the agreement.

**6. Insurance:**

- a. The Club shall purchase and maintain for the term of the agreement, an insurance policy with at least the following minimum coverages:
  - i. Hull cover (flight and ground) in the amount of <hull value>
  - ii. Liability of <amount> each occurrence, <amount> per person
  - iii. Zero deductible, in motion and not in motion
- b. The Club and members shall ensure that all limitations and conditions of the insurance policy are met at all times.
- c. The Club shall be responsible for all premium and deductible payments
- d. Insurance shall cover all requirements stipulated in the hangar lease agreement with the Frederick Municipal Airport.
- e. The Club and members shall be responsible to carry and purchase additional insurance appropriate for the operational usage of the aircraft.

**7. Renewal:**

- a. Unless otherwise by Section 8: Termination, the agreement shall be negotiated and renewed on the eleventh month of the term, for successive one-year terms.
- b. New terms and rates shall be effective the 1<sup>st</sup> of the month following the twelfth month of the agreement.
- c. In the event the parties cannot reach agreement by 15<sup>th</sup> of the eleventh month of the agreement, the agreement shall automatically terminate on the last day of the twelfth month of the agreement, and the Aircraft shall be returned to the Owner as defined in Section 9: Return of Aircraft

**8. Termination:**

- a. Either party may terminate this agreement for convenience by providing at least 30-days' notice to the other party.
- b. In the event of perceived cause, the affected party shall attempt good-faith negotiations with the other party to identify and rectify any breach of agreement. The party considered responsible for the breach shall have 15-days to rectify the situation, after which time Termination for Cause shall be invoked by the affected party.
- c. Termination for Cause shall be communicated to the other party in writing and shall list the terms or articles that have been breached, the reason the breach occurred, and why an agreeable solution cannot be reached. In such situation, the Club shall have 15-days to settle all obligations to the Owner.

**9. Return of Aircraft**

- a. Upon Termination of this agreement for any reason, the Club shall return the Aircraft to the Owner at the same location where it was received and with all equipment and in a condition as of the Effective Date.
- b. The Aircraft shall be returned with a recent (within 10-hours) annual inspection and with full fuel.

**10. Exclusivity**

- a. The Owner acknowledges that this agreement constitutes an exclusive use agreement with the Club. Other than for purposes of approved instruction and maintenance, the Aircraft shall not be operated by other than Club members.
- b. The Owner acknowledges that in order to fly the Aircraft during the period of the Agreement, the Owner shall be a member of the Club, and shall be subject to the same fees, dues and charges as any other member.

**11. Entire Agreement:**

- a. This document constitutes the entire and complete agreement between the parties for this agreement.

This agreement is approved and accepted on this day, the \_\_\_\_\_

**Club: EXAMPLE FLYING CLUB, Inc.**  
**President of the Board of Directors**

**Owner: The Owner, LLC**

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