

'WD390 GROUP'

SYNDICATE AGREEMENT



Revision 0.2
29th February 2007

WD390 Group - Syndicate Agreement

General

1. Syndicate Members (the "Members") are required to return a signed and dated copy of the Agreement prior to final acceptance as a Member. In so doing the Member confirms acceptance of all terms herein.
2. The purpose of this Agreement is to define terms governing the ownership, operation and maintenance of the aircraft known as a de Havilland DHC-1 Chipmunk Civil registration G-BWNK and carrying Military markings WD390 (the "Aircraft").
3. The aims of the Syndicate are to make affordable Chipmunk flying available to a diverse group of persons and thereby encourage an interest in flying tailwheel aircraft, entry level aerobatics and maintenance of our aviation heritage. The diversity of the group is encouraged and is reflected in options available to Members as detailed below.
4. The Home Base will be the location where the Aircraft will normally be hangared when it is not in use by the Members and shall in the first instance be EGNW, Wickenby, Lincolnshire. A Member will take charge of the Aircraft at the Home Base unless alternative arrangements have been agreed with the Member who previously flew the Aircraft. Members must hold a current flying membership of Wickenby Aerodrome LLP.
5. The Home Base maintenance and training organizations will be utilized for all routine and ad-hoc maintenance and training wherever possible.

Membership Options

6. All members are required to contribute an equitable amount towards the capital, fixed monthly and hourly flying costs of the Aircraft. All Members will have as a minimum a 5% beneficial share in the Aircraft and such shares will be recorded by the Trustee of the WD390 GROUP with the C.A.A. . Fixed monthly costs shall include the cost of landing and hangarage at the Home Base; permit renewal; radio license renewal; aircraft and public liability insurance; inspections and maintenance. Hourly flying costs cover the cost of fuels and oils, hourly-based checks, a charge for future engine and propeller replacement and servicing and other repair and maintenance costs arising from normal usage of the aircraft. All transactions relating to change or transfer of shares shall be conducted through the WD390 GROUP account.
7. **Founding Member.** Founding Members will normally have a current contribution of a minimum 1/6th share in the initial capital required for Aircraft purchase. The initial purchase price is agreed at £38,000. Founding Members shall be responsible for all aspects of the sound financial and routine management of the Syndicate, the Aircraft and its operation. Founding Member Monthly Contributions to the fixed costs of the Aircraft will be determined from time to time by the Founding Members to balance liquidity requirements of the Syndicate and to maintain the aggregate of assessed Aircraft value plus maintenance fund

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at a value approximating to the initial purchase price. Such monthly contributions will be in proportion to capital shareholding. The hourly flying rate is £70 inclusive of fuel and oil.

8. **Low Equity Member.** Low Equity Members will normally contribute a capital sum of at least £500 as minimum deposit against the total of 5% the initial purchase price due, and agree to maintain their membership for a minimum of two years. Consideration of continuance of membership thereafter may be subject to prior contribution by the Member of any outstanding balance of the initial purchase price due. Monthly contributions are £65 and the hourly flying rate is £70 inclusive of fuel and oil.
9. **Induction Member.** Induction Members make a nominal capital contribution as deposit against the total of 5% the initial purchase price due, a monthly contribution and an hourly flying rate contribution by purchase of a 3 monthly membership which includes 4 hours flying. The membership fee is £500. At the end of one 3 month membership period, Induction Members are encouraged to apply for conversion to a Low Equity Membership as described above.
10. Hourly usage is to be recorded as 'engine start' to 'engine stop'.
11. Members accept that the above costs may be varied from time to time at the discretion of the Founding Members but only in so far as this is justified by any volatility in fuel, hangarage, insurance costs or other such unavoidable impact on the general aviation industry.
12. Other costs (such as instructional fees, landing fees and hangarage fees at locations other than the Home Base, etc) will be the sole responsibility of the Member in charge of the Aircraft at the time the costs were incurred.
13. Each member will be responsible for any uninsured costs incurred whilst the Aircraft is in his/her charge, except when the other Members agree this is unreasonable when the costs will be shared in the proportions agreed by the Founding Members.
14. The Founding Members agree to share proportionately all unexpected or exceptional expenses including, without limitation, Airworthiness Directives; Equipment damage due to mechanical failure; Unscheduled maintenance; excepting that each Member reserves the right to liquidate his/her interest as provided for in Clauses 41 to 46 inclusive in lieu of incurring further costs.
15. The numbers of Founding Members, Low Equity Members and Induction Members will be limited to 10 Members in total, or such number as may be agreed by the Founding Members from time to time.
16. Payments for monthly contributions are to be by Bank Standing Order to the WD390 GROUP account (details attached) on the 1st of that month. Payments for hourly flying rate are to be cleared into the same account as soon as possible but no later than 5 days from the month end. Monthly flying account payment summaries are to be confirmed by email to the Treasurer by the same date. Invoices will not be issued unless to notify of potential default.

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Operation and Maintenance

17. The Members agree that the Aircraft has been purchased solely for their private business and pleasure use. The Aircraft may also be used for flight instruction by a CAA approved flying instructor for the purpose of maintaining the currency or upgrading the ratings of the Members.
18. Members attention is specifically drawn to the need to treat the Aircraft with due respect to its age, fatigue life and heritage value. Gentle aerobatics are encouraged, but particular care must be taken to avoid engine overspeed and/or shock cooling. Members must obviously make themselves fully familiar with the Operators Handbook. In addition, aerobatic operation should be restricted to less than +4 'G' and negative 'G' manoeuvres are forbidden. The fitted 'G' meter must not be reset post flight and any exceedence of these limits should be immediately reported to the Maintenance Manager.
19. Members will use sound judgement and avoid operating the aircraft in conditions where the 90^o crosswind component is likely to exceed 10 knots.
20. Members wishing to undertake aerobatics must first satisfy the Founding Members that they have been suitably trained or are receiving suitable training and are experienced so to do.
21. Hull and liability insurance for the Aircraft shall be continuously maintained. The value of liability insurance shall be at least £1Million per accident/incident and will include additional Crown Liability.
22. Insofar as the excess value of the insurance cover is concerned, the Member having control of the Aircraft at the time of the incident shall be responsible for such excess.
23. An Internet booking system will be established for Members to book hour or ½ days of use. Booking for 1 or more days requires the prior agreement of the Founding Members.
24. The Aircraft may be operated anywhere within Europe providing the insurance policy has cover for the specific country.
25. The Aircraft may not be operated unless one of the Members is aboard in the capacity of Pilot in Command except for a CAA approved flight instructor when instructing one of the Members provided that the said instructor is covered for this purpose by all applicable insurance policies.
26. The Member who has charge of the Aircraft must always fly in the front seat unless previously checked out by a CAA approved flying instructor for flight as Pilot in Command in the rear seat. The Aircraft may not be flown Solo from the rear seat.
27. The Pilot in Command of the Aircraft must abide by all relevant Rules and Laws covering the operation of the Aircraft, the privileges of his/her license, mandatory CAA reporting requirements and any other restrictions or operating procedures required by the insurance policy. Any deficiencies resulting therefrom which cause any civil penalties to be levied shall be borne by the Member responsible for the violation. In the event that the violation is not

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directly attributable to one or more Members, the cost shall be shared equitably between the Members.

28. Each Member must undertake that he will not knowingly do or cause to be done any act that would invalidate any insurance policies held by the Syndicate or contravene any Laws or Regulations that apply to the ownership and operation of the Aircraft. In such instance the Member accepts full liability for any action that results from activities he has performed with respect to the Aircraft and no other Member will be liable purely by virtue of his/her membership of the Syndicate.
29. The Members agree to maintain the Aircraft in an airworthy condition suitable for day VFR flight, and to comply with all normal pre-flight, operational and post flight requirements.
30. If the pilot has not flown the Aircraft within the previous 6 weeks, he is required to have a check flight with a Founding Member who is himself current, or a Qualified Flying Instructor who is current on type.
31. Each Member shall report to the Maintenance Manager all conditions and circumstances which have caused damage to the Aircraft or which may subsequently have an impact on its operation including, without limitation, any unusual air turbulence, hard landings, or ground incidents.
32. Regular annual and hours based inspections shall be carried out automatically as arranged by the Maintenance Manager.
33. If the Aircraft becomes unserviceable, it is the responsibility of the Member in charge to initiate immediate actions to rectify the situation. If the defect is minor and the repair is allowed, the Member should effect a repair if it is within his/her capabilities. Under all other circumstances the Maintenance Manager should be informed immediately and a course of action agreed. In all cases the defect must be recorded in the aircraft technical log. If the fault cannot be repaired by the time the next Member is due to take charge of the aircraft, the Member in charge at the time the fault occurred should inform him of the situation.
34. The cost of emergency maintenance performed at locations other than the Home Base will be refunded to the Member in charge provided a receipt for the services is obtained and presented to the Treasurer. The Maintenance Manager must be informed of any such maintenance and the appropriate paperwork completed.
35. The cost of any fuel taken up at a location other than the Home Base will be refunded at the rate charged by the Home Base, provided a receipt is presented to the Treasurer.
36. The Aircraft will always be left in a clean and tidy condition.
37. Smoking is not allowed in the Aircraft at any time.
38. Unless agreed otherwise, the Aircraft will be left available to the next Member at the Home Base and the fuel tanks will be full and oil levels checked and replenished if necessary.

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39. A meeting of all Founding Members will be held annually to review the workings of the syndicate, set future plans, decide the level of monthly and flying hour contributions and discuss any other relevant matters. Any Founding Member may call a meeting of the Syndicate at any time provided all Founding Members are given a reasonable opportunity to attend the meeting. In the event that there is no unanimous decision relating to the maintenance of the Aircraft, a decision can be carried by a majority vote based on shareholding. In such instances where a casting vote is required a further voter will be nominated agreeable to all Founding Members who shall vote "for the Aircraft".

Transfer of Interests

40. Low Equity Members' and Induction Members' beneficial share in the Aircraft or other Syndicate assets shall be 5% of the initial purchase price. At termination of membership this share will be repurchased by the Syndicate at face value less any outstanding capital contribution, less any outstanding dues for monthly and hourly charges, less any other costs or charges for which the member remains liable to the Syndicate.
41. A Founding Member or if deceased, his/her personal representatives, wishing to sell his/her share in the Aircraft must notify the other Founding Members in writing of his/her intentions and must first offer it to the remaining Founding Members at the value currently prevailing as calculated in Clause 7 hereinafter. If within 28 days no individual Founding Member or the Founding Members collectively decide not to purchase his/her share he/she may proceed with finding a purchaser who is a duly licensed pilot and is then qualified to operate the Aircraft, and who must be acceptable to all existing Founding Members.
42. Within ninety (90) days after the end of each calendar year, the Founding Members shall after due consideration of all relevant factors determine the Aircraft's value by unanimous Agreement, and this value shall remain in effect until the next determination.
43. Prior to the sale of his/her share of the Aircraft the Founding Member must ensure that all his/her financial responsibilities to the Syndicate have been settled in full. Once the sale of his/her share has been completed, he/she will cease to be a Member of the Syndicate and will have no claim on monies already paid into the Syndicate Account. This includes monies set aside for future purchases, replacement of 'lifer' parts and Fixed Charges.
44. The new Founding Member will be required to join the Syndicate and sign this Agreement. He/she will assume responsibility for any unpaid debts held by the out-going Founding Member which were incurred as a result of flying the aircraft or being a member of the Syndicate.
45. If the Founding Member wishing to sell his/her share cannot find a buyer within 6 months of notifying the syndicate of his/her intention, he/she will offer his/her share to the remaining Founding Members at a price in accordance with clause 7 less 10%. If the remaining Founding Members do not take up this offer for sale, the Aircraft will be offered for sale on the open

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market and all net proceeds and assets will be distributed to Founding Members in proportion to their shareholding.

46. A Founding Member will remain responsible for his/her share of the monthly contributions plus any hourly flying charges incurred until he has completed the sale of his/her share of the Aircraft. Completion is defined as the moment at which all Founding Members of the Syndicate sign a new Syndicate Agreement document.
47. The death of a Founding Member will be treated as if he wished to sell his/her share of the aircraft.
48. In the event of any Member repeatedly endangering the aircraft or defaulting on this Agreement, he/she may be asked to sell his/her share (in accordance with the procedure described above) and leave the Syndicate. If necessary the remaining Members will sell the share on his/her behalf and he will be paid the sale price less any outstanding debts he has to the Syndicate. Expulsion under this rule will require the majority agreement of all other Founding Members.
49. The signatories to this agreement accept it in its entirety. Should changes be required they must be approved by all Founding Members, after which an amended agreement will be drawn up for signature. In the event of a disagreement over any changes, the existing agreement will remain in force. Consent will not be required from a Member being expelled in accordance with Clause 48.
50. Each member shall indemnify and keep indemnified the other members from any and all expense and liability resulting from or arising out of any negligence or misconduct on his/her part to the extent that the amount exceeds the applicable insurance carried by the joint owners
51. Any amendments to this Agreement must be in writing and signed by all Founding Members.

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Schedule 1

Responsibilities

1. The Treasurer will be responsible for managing the G-BWVK Syndicate Account, issuing invoices to syndicate members, paying bills which the Syndicate has incurred and producing and distributing a quarterly summary of the financial state of the Syndicate. He will ensure that at all times the aircraft is covered by sufficient insurance, with a public liability cover of not less than £1,000,000.
2. The Operations Manager will create and manage the booking system, ensuring equitable flying opportunities for all Members. He will hold all aircraft documentation and paperwork not required by the Maintenance Manager. He will be responsible for ensuring the correct registration of the aircraft with the appropriate authorities. He will manage the Agreement with the authorities at the Home Base for take-off/landing and hangarage privileges and matters relating to access to the aircraft. He will be the primary contact with the authorities at the Home Base.
3. The Maintenance Manager will keep record of engine and airframe hours, arrange internal or external maintenance and checks as required, keep engine and airframe Log Books up-to-date, arrange spares when required and act as the interface with the CAA on all matters related to aircraft safety and airworthiness. Where appropriate he will arrange for other Members to assist with cleaning the aircraft and perform allowable maintenance activities.
4. The Tech-Log Manager will be responsible for creating and validating the Aircraft Technical Log, which should contain information on engine hours, times to next inspection and any other information required by the Maintenance Manager to ensure the correct maintenance of the aircraft. The Technical Log will also contain the information required by the Treasurer to allow him to correctly invoice Members for their flying hours and it is the Tech-Log Manager's responsibility to extract the required information and pass it to the Treasurer and Maintenance Manager in a timely manner.
5. The Founding Members will determine allocation of the above responsibilities from time to time.