

CORPORATE BY-LAWS AND AGREEMENT
OF *THE [YOU NAME IT] GLIDER CORPORATION*

CORPORATE BY-LAWS

This agreement between ----- and ----- is for the purpose of forming a Minnesota business corporation for the purchase and ownership in unequal or equal shares of a glider, trailer and accessories for sport aviation use.

This agreement constitutes the By-Laws of The [You Name It] Glider Corporation, a Minnesota corporation. The present officers and sole shareholders of the corporation are -----, President, and -----, Vice President. Each of the officers has executive authority to conduct the business of owning and flying the glider(s) owned by The [You Name It] Glider Corporation, a Minnesota corporation, including execution of whatever instruments as may be necessary in the normal course of business. X shares of common stock have been presently distributed to the shareholders in the Corporation. Stock certificates have been issued to each of the shareholders for the numbers of shares commensurate with their respective initial investment in the corporation, at a value of \$1.00 per share.

ASSET INSURANCE AGREEMENT

The corporate assets are defined as the glider(s) and instruments (flying assets), and trailers and accessories (non-flying assets) which may be owned by the Corporation.

The soaring season is defined as the months of April through November.

For purposes of insurance the total assets shall be presently valued in the amount of \$X. The valuation amount and other terms of the insurance are subject to annual review prior to April first by mutual agreement of the shareholders. At such time the valuation of the assets shall be stated in writing, dated and signed by each of the shareholders, each to receive a copy. The value last written shall remain in force until another valuation is stated in writing. If mutual agreement cannot be reached regarding the valuation of assets the value shall be as last written. The value of each share of stock issued shall be 1/Xth of the valuation of the total assets on the last previous April first.

The total assets shall be presently insured during the soaring season with hull and liability insurance by an insurer selected by the shareholders in the following coverage amounts:

- Liability coverage: \$1,000,000.00;
- Hull and trailer insurance: \$X

Between seasons the total assets shall be insured for storage. Deductible shall be in the amount of \$250.00. Insurance premiums will be shared equally by the shareholders and paid when due.

At such future date as the shareholders may determine that the value of the flying assets is such that it no longer warrants the cost of hull insurance, the hull insurance may be waived by mutual agreement of the shareholders. If hull insurance shall be thus waived and a shareholder causes or allows to be caused damage to the flying assets, the responsible shareholder shall bear the entire cost of repair of the assets or shall purchase all of the shares of stock of the other shareholder(s) at the per share cost as valued on the last previous April first.

CORPORATE ASSET USE AGREEMENT

During the soaring season the total assets shall normally be kept at Faribault Airport, Faribault, Minnesota. The total assets may be temporarily relocated for events or to access tow services, provided the shareholders agree on the place and the duration of the relocation. A change in the normal location of the total assets must be mutually agreed upon by the shareholders.

Between seasons the total assets will be stored at a location agreed upon by the shareholders. Storage and tie down costs, both during the soaring season and between seasons will be shared equally by the shareholders.

Use of the total assets is restricted to only the shareholders of the Corporation. Exception may be made only with the shareholders mutual agreement. No "lease back" arrangement with any "fixed base operator" or commercial glider operation may be entered into by either shareholder without the consent of the other shareholder(s) and the insurer. No club use of the total assets may be made without the mutual agreement of the shareholders and the insurer.

In the event of damage of the assets (flying or non-flying), the shareholder who incurred the damage or allowed the damage to occur, either through normal flight activities, while transporting or through negligence (i.e. improperly securing the glider or trailer, etc.) shall be responsible for such repair costs as may not be covered by the insurer. The responsible shareholder shall also be responsible for the timeliness of the repairs so that the other shareholder(s) is deprived of the use of the assets for the least reasonable length of time. In no case shall the timeliness of the repairs compromise the integrity of the assets. All repairs must be of the highest quality and repairs to the flying assets must be performed by, or supervised by, a FAA certified mechanic or inspector who is mutually agreed upon by the shareholders.

The costs of repair of damages that result from an "act of God" as defined by the insurer shall be shared equally by the shareholders.

Any material changes to the assets, i.e. structural changes, instrumentation, radios, cockpit layout, etc. which are of a permanent nature shall be undertaken only with the mutual agreement of the shareholders.

The total assets shall be maintained in excellent condition. Required annual inspections of the flying assets shall be performed by a mutually agreed upon FAA certified mechanic or inspector. Use of the flying assets at all times shall be within FAA regulations regarding inspections and compliance with "AD"s, without exception. All work done on the flying assets which must be performed or supervised by a FAA certified mechanic or inspector as defined by the "FAR"s shall be performed or supervised by such a mechanic or inspector without exception. Expenses for annual inspections and routing maintenance shall be shared equally among the shareholders.

Each shareholder shall make reasonable accommodations to the other shareholder(s) regarding use of the total assets. This may mean that one shareholder may have exclusive rights to use the total assets for a particular time period or event. It is, however, the intention of this agreement that use of the total assets shall be shared equally among the shareholders.

CONDITIONS OF SALE OF STOCK OR ASSETS

In the event that any of the accessories acquired as an asset by the corporation are to be sold, the sale price shall be mutually agreed upon by the shareholders, and the sale proceeds shall be distributed between the shareholders as a stock dividend per number of shares owned by the respective shareholders.

In the event that the total assets are sold, the sale proceeds shall be distributed between the shareholders as a stock dividend per number of shares owned by the respective shareholders. Upon the liquidation of the total assets of the Corporation, the Corporation shall be dissolved.

In the event that a shareholder elects to sell his stock to the other shareholder(s), the per share stock value shall be $1/\underline{X}$ th of the value of the total assets as of the last previous April first.

In the event that a shareholder(s) elects to sell his stock and the other shareholder(s) cannot or elect not to purchase it, then a third party who is acceptable to the remaining shareholder(s) shall be allowed to purchase the selling shareholders stock at the per share price of $1/\underline{X}$ th of the value of the total assets as of the valuation on the last previous April first. Upon being notified by the selling shareholder(s) of his intent to sell his stock, the remaining shareholder(s) shall be given 60 days to find a purchaser, it being the duty of the remaining shareholder(s) to find an acceptable third party. If no acceptable third party purchaser can be found within the prescribed 60 days, then the total assets of the Corporation shall be offered for sale at the value of the total assets as of the last previous April first.

In the event of the death of a shareholder, the remaining shareholder(s) shall have one year to purchase the deceased shareholder's stock in the Corporation from the decedent's heirs or legatees. The surviving shareholder(s) shall be solely responsible for all of the expenses of the Corporation during that year. However, the decedent's heirs or legatees shall not be entitled to a refund of any portion of prepaid expenses, i.e. insurance, storage, etc. If the surviving shareholder(s) elect not to purchase the deceased shareholder's stock, then the total assets of the corporation shall be offered for sale at the value of the total assets as of the last previous April first.

In the event of the sale or transfer of all shareholder stock in the Corporation to a single remaining shareholder, this Agreement shall be null and void, except that the remaining shareholder's corporate authority shall continue.

In the event of the sale of a shareholder's stock in the Corporation either to the remaining shareholder(s) or to a third party, the selling shareholder shall be held harmless from the continuing acts of the Corporation. The terms of this Agreement will inure to a third party as if the third party "stepped into the shoes" of the seller.

This Agreement may become null and void upon the mutual agreement of the shareholders and the Corporation shall be then dissolved.

Signed,

Etc.