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C085307

CONTRACT OF CONDITIONAL SALE

This contract of Conditional Sale, made this 23rd day of February, 1971, by and between ALASKA AIRLINES, INC., whose address is Seattle-Tacoma International Airport, Seattle, Washington 98158 ("Seller") and ANTILLES AIR BOATS, INC., whose address is: Seaplane Ramp, Veterans Drive, St. Thomas, U.S. Virgin Islands, 00801 ("Purchaser").

CONVEYANCE
RECORDED

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FEDERAL AVIATION
ADMINISTRATION

WITNESSETH:

WHEREAS, the parties have previously executed a memorandum of agreement on January 23rd, 1969, modified by Letter of Agreement executed February 10, 1970, further modified by Letter of Agreement dated May 1, 1970, governing the Conditional Sale of an aircraft later described herein the terms of which remain in effect, and

WHEREAS, the Federal Aviation Administration ("FAA") has rejected similar memorandum of agreements for recording in the past (AC-252, November 5, 1970) and

WHEREAS, the parties desire to record the Conditional Sale with the FAA for their mutual benefit and are willing to supplement the previous documents to the extent necessary to permit recordation by the FAA while retaining the elements of the original sale agreements,

NOW THEREFORE, in consideration of the mutual benefits flowing to each party of an FAA Recording, it is agreed that:

Seller has granted, bargained, and sold to the said Purchaser, its successors and assigns, and the said Purchaser has purchased subject to the terms and conditions herein set forth, the following described aircraft:

Super Catalina - PBY FAA #N2763A
Manufacturer's Serial Number 21232

Together with all equipment and accessories attached thereto or used in connection therewith including spare parts relating to the aircraft including two (2) engines Wright Model R-2600, Serial Numbers 177282 and 433266 all of which are included in the term aircraft as used herein, for the sum of

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CONVEYANCE FILED WITH
FAA AIRCRAFT REGISTRY

one hundred fifty one thousand dollars (\$151,000.00) of which one hundred thirty six thousand dollars (\$136,000.00) represents the price of the aircraft and fifteen thousand dollars (\$15,000.00) represents the price of spares, fifty thousand dollars (\$50,000.00) of which has been paid to date consisting of forty thousand dollars (\$40,000.00) paid upon delivery of the aircraft and ten thousand dollars (\$10,000.00) paid pursuant to subsequent payments, receipt of which is hereby acknowledged by the Seller.

The said Purchaser hereby acknowledges the aforesaid aircraft was delivered and accepted under the following terms and conditions:

First: The payment of all indebtedness evidenced by and according to the terms of that certain promissory note and all renewals and extensions thereof, bearing the date of November 1, 1969, executed by the Purchaser and payable to the order of Alaska Airlines, Inc., in the aggregate principal sum of \$151,000.00, without interest if paid on or before July 23rd 1970 the due date of the note or if not paid by July, 23rd 1970, bearing interest thereafter at the rate of 9% per annum which interest shall be payable monthly until the principal sum is paid.

Second: The prompt and faithful discharge and performance of each agreement set forth herein in connection with the indebtedness to secure which this instrument is executed, and the repayment of any sums expended or advanced by the Seller for the maintenance or preservation of the aircraft sold hereby or in enforcing his rights hereunder.

Said Seller hereby declares and warrants to the said Purchaser that it is the absolute owner of the legal title to the said aircraft and that the same is free and clear of all liens, encumbrances and adverse claims, except that Purchaser recognizes that the B. M. Behrends Bank of Juneau, Alaska, is the holder of a first mortgage on the aircraft and that payments made to Seller will be transmitted to the B. M. Behrends Bank until all sums due under the first mortgage have been fully paid.

Title to the aforesaid aircraft shall not pass to the Purchaser by delivery, but shall remain in the Seller until such time as all payments hereunder have been made, and all other conditions, fully performed. When all payments have been made and all conditions fully performed, the Seller agrees that absolute title to the aircraft shall pass to the Purchaser by Bill of Sale, free and clear of all encumbrances.

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The aircraft was delivered in an "as is, where is" condition, without a Certificate of Airworthiness issued under FAR Part 91, but that the aircraft was operable and in a ferryable condition. Delivery of the aircraft was at Litchfield Park, Arizona with Alaska waiving the ferry charges from Juneau.

Until such time as the aircraft is fully paid for under the terms of this agreement, Purchaser will obtain and maintain current all aircraft licensing as required by the FAA. Purchaser will at its expense install all mandatory modifications which may from time to time be required by the FAA. The aircraft will be registered in the name of Purchaser at the FAA Office in Oklahoma City, upon execution of this agreement.

On or before delivery of the aircraft sold hereunder, Purchaser will furnish Seller with Certificates of Liability Insurance naming Seller as an additional insured with the following minimum coverages;

Primary - \$1,000,000 Single Limit) Aircraft and Ground
Umbrella - \$5,000,000 Single Limit) Coverages including
General Liability, etc.

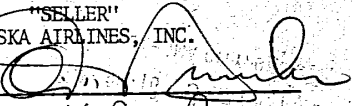
First Excess - \$5,000,000 Single Limit) Aircraft Only

In addition, Purchaser will prior to or on delivery of the aircraft, furnish Seller with Certificates of Aircraft Hull Insurance evidencing a minimum coverage of no less than Alaska Airlines' equity in the aircraft payable to Seller and the B.M. Behrends Bank, as loss payees, as their interest may appear. Purchaser will keep the aircraft insured and will not cancel or allow any of these policies to lapse without 30 days prior written notice to Seller, during the term of this agreement.

During the term of possession by Purchaser under the terms of this agreement and while it is in force, Purchaser indemnifies and holds Seller harmless from and against all claims, suits, or demands arising out of the operation and control of the aircraft.

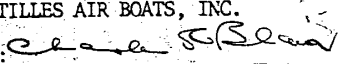
IN WITNESS WHEREOF, the Seller and Purchaser have hereunto set their hand and seal on the day and year first above written.

"SELLER"
ALASKA AIRLINES, INC.

By: 

Title: V.P. Properties

"PURCHASER"
ANTILLES AIR BOATS, INC.

By: 

Title: President