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Re: Engagement Letter - "Jet Aircraft Fractional Service Agreement"

Dear Client:

The purpose of this letter is to outline the terms of an agreement between your company and Advocate Consulting Legal Group, PLLC, a Florida professional limited liability company with its principal place of business at 1300 N. Westshore Blvd., Suite 220, Tampa FL 33607 (hereinafter referred to as "Advocate"). By signing this letter you agree to engage Advocate to assist you by providing legal services related to the structuring of the acquisition and operation of an aircraft in a tax efficient manner.

Advocate's legal services will involve assistance in the design of an entity to hold title to an aircraft, and outline tax requirements. Advocate will form entities, draft entity operating agreements, prepare registrations with FAA and state regulatory authorities, and advise you on federal income tax reporting in relation to your aircraft activity. Advocate will also provide you with information related to recordkeeping requirements imposed by tax and regulatory requirements.

Advocate will work with you, and your advisors, to assist you with tax, regulatory and operational planning issues related to your aircraft. Advocate will prepare income tax returns for the special purpose entity, if any, which holds title to your aircraft, (non-aircraft items are outside our scope) as well as assist in the integration of income tax deductions on tax returns of related entities. Advocate will also advise on preparing aircraft related property tax returns, and federal excise tax returns where appropriate. Advocate is not a bookkeeping service and does not provide tariff expertise. Records must be submitted to us in an orderly manner.

Advocate will assist you with compliance with documentation requirements related to "contemporaneous" recordkeeping requirements imposed on aircraft. Advocate will prepare calculations on income includable for personal use of a business aircraft. The flight log software Advocate has developed can accommodate a wide range of aircraft structures. However, in the unlikely case that your structure does not fit, Advocate reserves the right to refund your fee for the year and end the engagement.

Aircraft are the ultimate mobile asset, and therefore inevitably touch multiple states. Advocate is a Florida law firm and you will likely be represented by an attorney who is licensed only in Florida. According to the American Law Institute commentary, Restatement 3<sup>rd</sup> §3, of the Law Governing Lawyers: "a lawyer conducting activities in the lawyer's home state may advise a client about the law of another state, a proceeding in another state, or a transaction there, including conducting research in the law of the other state, advising the client about the application of that law, and drafting legal documents intended to have legal effect there." By signing this engagement, you agree to the arrangement and will not claim that the representation constitutes unlicensed practice of law in your state. If you retain local counsel, we are happy to work with them.

This agreement contemplates the tax management of one aircraft for a three-year period; should you replace your aircraft or acquire another, you and Advocate may negotiate an additional fee for those services. Should you dispose of the aircraft during the term of the agreement; this agreement will terminate at the close of the service year of the disposition. If

this agreement is for a contemplated purchase, and no aircraft is ultimately acquired within one year of the date of this letter; you will be responsible only for charges for actual time at our regular hourly rates (not to exceed an average rate of \$550 per hour) plus out-of-pocket expenses, and the agreement will terminate. Upon the expiration of this agreement you may use any of Advocate's documents, planning systems, and methodologies for your own use, but not for any commercial purposes. Following the expiration, or termination, of this agreement, Advocate will have no responsibility for updating you on changes in the law, or other developments that might impact the effectiveness of your methodologies, nor will we be responsible for representing you before taxing or regulatory authorities for any period.

Advocate's annual fee relating to the aforementioned service is \$10,000, payable at the beginning of each service year. Payment is due upon signing this Agreement, and on each subsequent anniversary thereof. This billing structure allows you to make equal annual payments, despite the fact that the work done by Advocate is more extensive in the first year. In case you should terminate Advocate's services before the end of the three-year period, you agree to pay upon termination the excess of the earned fees over the amount paid. The earned fees are \$14,000 in year one, and \$8,000 each in years two and three. There will be no other charge for these services, but you will be responsible for the reimbursement of filing fees advanced by Advocate to state regulatory authorities each year. In the unlikely event that Advocate employees would need to travel in connection with a tax examination, you would be responsible for out-of-pocket travel expense. You may terminate this agreement at any time, effective at the close of the service year, by providing Advocate written notice and paying any outstanding fees including allocated but unpaid first year fees. Upon the expiration of the three-year service period, you and Advocate may mutually agree to renew annually under the same terms.

Advocate will bill you for aircraft taxation services as outlined in this agreement. You agree to pay interest of 1½% per month on the balance of fees owed to Advocate that are 30 days delinquent. Should any balance due remain unpaid for over 30 days, Advocate will have the right to suspend the further rendering of service until paid. Client acknowledges that a suspension of services will not relieve Client of a liability for payment and may impact the effectiveness of tax planning and release Advocate of any damage resulting therefrom. This engagement is contingent on Advocate's satisfaction that it does not present a conflict of interest with pre-existing clients.

No party may assign this agreement prior to the written consent of the other party. This agreement shall be binding upon and inure to the benefit of the parties in this agreement and their respective successors and assigns. This agreement constitutes the entire agreement of the parties with reference to the subject matter hereof, and may not be changed, waived, or modified except in writing signed by both parties. Any and all claims arising under this agreement or the relationship created by it shall be brought only in the courts of Hillsborough County, Florida and shall be governed by Florida law, without regard to its choice of law provisions. By signing below the parties agree to be bound by the terms of this engagement letter.

Sincerely,

Jonathan S. Levy, J.D., Member  
Suzanne Meiners-Levy, J.D., Member

Advocate Consulting Legal Group, PLLC

\_\_\_\_\_  
Company

By: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Telephone: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Address: 1300 N Westshore Blvd.  
Suite 220  
Tampa, Florida 33607  
Tel. (888) 325-1942

Date: \_\_\_\_\_

**Payment Information**

**(Work Will Commence After Payment is Received)**

- ☐ Please bill my credit card for initial fee  
(Please use attached credit card payment form)
- ☐ Please contact me for credit card payment via telephone
- ☐ Check enclosed or sent under separate cover

**Please fax back to (239) 213-0698**

# INITIAL AIRCRAFT QUESTIONNAIRE

Contact: \_\_\_\_\_

Company Name: \_\_\_\_\_

Business Address to be used for all documents and filings: \_\_\_\_\_

County: \_\_\_\_\_

Business Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

Social Security Number: \_\_\_\_\_ Mobile Phone: \_\_\_\_\_

Date of Birth: \_\_\_\_\_ U.S. Citizen: YES NO Drivers License Number & State: \_\_\_\_\_

How were you referred to Advocate? \_\_\_\_\_

N Number: \_\_\_\_\_ Anticipated Purchase Price: \$ \_\_\_\_\_ Anticipated Purchase Date: \_\_\_\_\_

Aircraft Year, Make, and Model: \_\_\_\_\_

Base Airport Name and Identifier: \_\_\_\_\_ ( \_\_\_\_\_ ) County: \_\_\_\_\_

Will you pilot the aircraft or will it be professionally flown? ☐ Owner Flown ☐ Professionally Flown ☐ Combination

Aircraft Manager, Charter Operator or Flight School (if applicable): \_\_\_\_\_

Broker/Dealer (if applicable): \_\_\_\_\_ Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Are you financing the Aircraft? ☐ YES ☐ NO

Finance Contact: \_\_\_\_\_ Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Insurance Contact: \_\_\_\_\_ Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Primary Tax Accountant: \_\_\_\_\_ Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Should we include your primary accountant on structuring developments? ☐ Yes ☐ No

Seller's Name: \_\_\_\_\_ Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Seller's City: \_\_\_\_\_ State: \_\_\_\_\_ Airport Code: \_\_\_\_\_

Do you have business interests or personal residences in any other states outside of your home state? ☐ YES ☐ NO

| OPERATION OF THE AIRCRAFT: |                                                                                       |      |
|----------------------------|---------------------------------------------------------------------------------------|------|
|                            |                                                                                       |      |
| 1.                         | How many hours do you intend to fly on an annual basis:                               |      |
| 2.                         | Please allocate these intended hours among the following categories:                  |      |
|                            | Business use for a business you own                                                   | %    |
|                            | Business use for a business in which you are merely an employee and have no ownership | %    |
|                            | * Use by a charter operator                                                           | %    |
|                            | * Use by an unrelated third party such as a flight school                             | %    |
|                            | Use for training and maintenance                                                      | %    |
|                            | Personal use                                                                          | %    |
|                            | <b>Total (=100%)</b>                                                                  | 100% |

**MAIL OR FAX**  
**CREDIT CARD PAYMENT INFORMATION**

Mail to:  
1300 N Westshore Blvd.  
Suite 220  
Tampa, FL 33607

Fax: 239-213-0698

Name as it appears on card

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| Credit Card Number | (Card Type) | CVV/Sec. Code | Expiration Date |
|--------------------|-------------|---------------|-----------------|
| MC / Amex / Visa   |             |               |                 |

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Billing Address on Credit Card

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Amount to Charge

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Signature of Cardholder:

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Date

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