



Terms and Conditions for Deposit Agreement and Purchase Agreement, ver. 1912

LN-3 SEAGULL

The LN-3 Seagull will be delivered as a materials kit where the builder's work portion of the finished aircraft is minimum 51%. Due to advanced kit manufacturing processes, the builder's portion still represents a relatively low number of work hours. All critical safety related operations like closing wing- and stabilizer panels are made at the factory. This warrants the builder straight wing, stabilizer and sponsoon parts where only the final bonding of leading edges and control surface attachments remains. The fuselage is delivered temporarily assembled and after the separated fuselage halves are finished, they can be re-assembled in the same position. This enables the builder to get a straight and un-warped fuselage without the need for complex fixtures.

LN-3 Seagull Aircraft Kit Deposit Agreement and Purchase Agreement

Buyer, below named Builder, is firstly making a deposit agreement and later a purchase agreement with Svenska Flygfabriken, below named FLYFAB, for the purchase of a LN-3 Kit according to the following terms and conditions ("Deposit and Purchase Agreement"). As used herein, "FLYFAB" refers to Svenska Flygfabriken AB, Axvägen 6B Sundsvall. These are binding agreements. Read them carefully.

Deposit Agreement

This Deposit Agreement outlines the deposit terms for a LN-3 Kit delivered by FLYFAB. The first production deliveries are planned to begin during 2020. Positions will be allocated on a first come, first serve basis.

This Deposit Agreement is subject to the following terms:

Aircraft:	Kit of LN-3 Seagull (Standard Equipment - see Exhibit A)
Price:	SEK (Call for price)
Deposit Amount:	SEK10,000
Refundable:	Yes, less a SEK 500 processing fee
Transferable:	Yes

THEREFORE, in consideration of the mutual covenants set forth herein and other good and valuable considerations, Seller and Builder (each a "Party," and collectively the "Parties") agree as follows:

Section 1 DEPOSIT

Section 1.1 - Builder agrees to pay the Deposit Amount set forth above ("Deposit") for a delivery position from FLYFAB of one (1) LN-3 aircraft kit with standard equipment. The Deposit shall be refundable as provided herein.

Section 2 POSITION LIST AND DELIVERY

Section 2.1 - Upon receipt of a signed Deposit Agreement and Deposit, FLYFAB will assign Builder a delivery position ("Position Number") on the position list. Delivery positions are offered on a first come, first served basis, and are subject to prior commitment and availability, as determined by FLYFAB in its sole discretion.

Section 2.2 - FLYFAB expects deliveries of the Aircraft Kit to begin in the year 2014. Actual production and delivery dates may vary. The scheduled date of delivery for the Aircraft Kit ("Delivery Date") shall be determined by FLYFAB.

Section 3 PURCHASE AGREEMENT

Section 3.1 - No later than two (2) months prior to delivery, FLYFAB will inform Builder in writing of the expected initiation of production of the Aircraft Kit ("Production Notice") and include an Aircraft Kit Purchase Agreement governing the purchase of the Aircraft Kit. Unless the Deposit Agreement has been earlier cancelled, Builder shall, within three weeks of the date of the Production Notice, return to FLYFAB a signed Aircraft Kit Purchase Agreement.

Section 3.2 - Unless otherwise agreed in the Aircraft Kit Purchase Agreement, the Aircraft Kit shall be delivered at FLYFAB's Sweden-based facilities.

Section 4 SPECIFICATIONS

Section 4.1 - The preliminary Standard Aircraft Kit Specification is shown in Exhibit A, and FLYFAB will, as a part of the Aircraft Kit Purchase Agreement, inform Builder of the detailed specifications for the Aircraft Kit, which will include final dimensions, standard equipment, documentation, options, etc. Any specifications referred to on our website or otherwise in any materials or information provided by FLYFAB (other than the Aircraft Kit Purchase Agreement) are preliminary only and may be changed at any time.

Section 4.2 - Builder expressly acknowledges that Buyer has not relied on any oral or written representations except as specifically stated in the Agreement and that FLYFAB has made no representations as to the suitability of the Aircraft Kit for any particular purpose of Builder. Builder acknowledges that the Aircraft Kit is an Experimental Category Homebuilt Aircraft and is not permitted for commercial transport.

Section 5 PRICE AND PAYMENT SCHEDULE

Section 5.1 - The Price herein is the sales price for the Standard Kit in accordance with exhibit A, at the time of this Deposit and Purchase Agreement.

Upon establishing an Aircraft Kit Purchase Agreement, Builder shall make a non-refundable payment ("Down Payment") of 10% of the Purchase Price. The previously paid deposit is thereby lifted and constitutes a part of the 10% Down Payment. FLYFAB must receive this Progress Payment within 30 days of the Production Notice. The Aircraft Kit is delivered in four subparts and the builder pays 25% of the remaining amount prior to delivery of each subpart.

FLYFAB shall one month prior to the delivery of each subpart to the builder send a Delivery Notice. The builder should then within three weeks pay the 25% amount to FLYFAB.

Even if the builder lags behind in his kit building process, FLYFAB has the right to deliver and receive the payment prior to the delivery of all four subparts in accordance with the delivery plan stipulated in the Purchase Agreement. Should the Builder fail to comply with this delivery plan, FLYFAB has the right to withdraw the Builders delivery position.

Additional payments, if any, will be defined in the Purchase Agreement. The balance of the Aircraft Kit Purchase Price shall be due no later than prior to the delivery of the last subpart.

Section 5.2 - Payments shall be made as stipulated in the Aircraft Kit Purchase Agreement and are subject to verification by FLYFAB.

Section 5.3 - Deposits shall be held in a separate account, currently with Sundsvallsbanken, Sundsvall. FLYFAB is responsible for the costs of this account and is entitled to any interest earned on deposited funds. The bank holding this separate account may be changed by FLYFAB in its discretion. Builder agrees to provide information that may be requested by this bank. When a Builder cancels the Deposit or Payment in accordance with the Deposit and Purchase Agreement, FLYFAB will direct the release and return the Deposit (less cancellation or other fees if applicable) to the Builder. When a Builder executes an Aircraft Kit Purchase Agreement, FLYFAB will direct the release of the Deposit to FLYFAB to be applied toward the Purchase Price. When Builder fails to timely cancel or execute an Aircraft Kit Purchase Agreement, FLYFAB will direct the release of the Deposit to FLYFAB.

Section 5.4 - The Purchase Price is exclusive of any sales or user tax, value-added taxes, duties, registration fees or any charges that may be levied by governmental authorities in connection with the purchase, sale, transfer, use, registration, export, import of the Aircraft (collectively, "Taxes"). Taxes required by law to be charged at the point of sale will be collected by FLYFAB.

Section 6 TERMINATION OF DEPOSIT AGREEMENT

Section 6.1 - Builder may cancel this Deposit Agreement by providing written notice to FLYFAB no later than three weeks after the date of the Production Notice. In the event Builder timely cancels this Deposit Agreement, Builder's Deposit will be refundable less a SEK 500 processing fee. FLYFAB will refund the Deposit to Builder within 45 days of receipt of a timely cancellation notice, and will be made by the bank transfer used for the Deposit. No interest shall accrue, or be paid, to Builder on the refund of Deposits or other pre-delivery payments.

Section 6.2 - FLYFAB may terminate this Deposit and Payment Agreement for cause, upon written notice to Builder, if any of the following apply:

- a. Builder fails to enter into an Aircraft Kit Purchase Agreement within three weeks after the date of the Production Notice; or
- b. Builder fails to make any required payments in a timely manner or otherwise fails to comply with this Deposit Agreement; or
- c. A proceeding under any law of bankruptcy, insolvency or reorganization or relief of debtors is instituted by or against Builder.

Section 6.3 - FLYFAB will use this Deposit Agreement as an important measure of demand for the Aircraft Kit and will commit to development and production costs accordingly. If this Deposit and Payment Agreement is terminated pursuant to Section 6.2, FLYFAB will be damaged in a manner that will be difficult to calculate. For these reasons, if FLYFAB terminates this Deposit Agreement under Section 6.2, FLYFAB may cancel Builder's delivery position and retain all Deposits and any other pre-delivery payments made by Builder as liquidated damages. If Builder is unable to enter into Aircraft Kit Purchase Agreement for reasons that are beyond Builder's control, then FLYFAB, in its sole discretion, may refund all or a portion of any pre-delivery payments that have been received by FLYFAB. Builder acknowledges that the foregoing liquidated damages provision is an important consideration to FLYFAB's willingness to enter into this Deposit Agreement and is not a penalty.

Section 6.4 – If Builder on whatever grounds wants to terminate an executed Aircraft Kit Purchase Agreement, FLYFAB has the right to retain all deposits, down payments and paid money for subparts delivered to date.

Section 7 LIMITATION OF LIABILITY

Notwithstanding anything to the contrary, the maximum liability FLYFAB have to the builder for any breach of this Deposit and Purchase Agreement or otherwise arising out of or related to this Deposit and Purchase Agreement shall be a full refund of the deposit made by the Builder. In no event shall FLYFAB be liable for consequential, indirect, punitive, incidental or special damage whatsoever arising out of or relating to this Deposit and Purchase Agreement.

Section 8 ATTORNEYS' FEES

Should any litigation be commenced (including any proceedings in a bankruptcy court) among FLYFAB and Builder in connection with this Deposit and Purchase Agreement, the prevailing party in such proceeding, as determined by the court, will be entitled to reimbursement of its reasonable attorneys' fees, expenses and court costs incurred in the litigation.

Section 9 GOVERNING LAW AND VENUE

Section 9.1 - This Deposit and Purchase Agreement shall be governed by the laws of the State of Sweden, regardless of the choice of law provisions of any other jurisdiction. Any and all disputes between the Parties will be heard in an appropriate court located in Sweden.

Section 9.2 - The Parties acknowledge that the courts located in Sweden, have exclusive jurisdiction and venue under this Deposit and Purchase Agreement and FLYFAB and Builder consent to, and hereby waive any and all objections that they may have as to jurisdiction and/or venue in any of the above courts, including any claim that any action or proceeding has been brought in an inconvenient forum.

Section 10 SEVERABILITY

In the event that any part of this Deposit and Purchase Agreement is declared by any court or other jurisdictional or administrative body to be null, void, or unenforceable, such provision shall be severed to the extent unenforceable under the applicable law, and all of the other provisions of the Deposit and Purchase Agreement shall remain in full force and effect.

Section 11 TRANSFERABILITY AND MODIFICATION

This Deposit and Purchase Agreement (and the rights in the Deposit and Purchase Agreement) is assignable or transferable by Builder upon execution by Builder and the transferee of a transfer form provided by FLYFAB. The transfer form is available upon written request to FLYFAB.

Section 12 MODIFICATION

This Deposit and Purchase Agreement may be amended or modified, and any of the terms, covenants, representations, warranties, or conditions may be waived, only by a written instrument executed by FLYFAB, or in the case of a waiver, by the party waiving compliance. Any waiver by any party of any condition or breach shall not be deemed to be a further continuing waiver of any such condition or breach, or of the breach of any other provision of this Deposit and Purchase Agreement. This Deposit and Purchase Agreement shall be binding upon and inure to the benefit of the Parties' successors, executors, heirs and assigns.

Section 13 NOTICES

Section 13.1 - Any notice to be given under this Deposit and Purchase Agreement may be sent by email or by pre-paid delivery (for example, FedEx) to Builder's address given with this Order or to the address below for FLYFAB. Each notice or demand shall be deemed to have been given or made when actually received or 24 hours after being sent, whichever occurs first.

Svenska Flygfabriken AB
Axxvägen 6 B
853 50 Sundsvall, Sweden

Section 13.2 - Builder acknowledges that "documents" associated with this Deposit and Purchase Agreement may be digital and that such "documents" are agreed to be equivalent to "paper" documents. Also, communications to/from the email address specified by Builder shall constitute delivery of the equivalent of "signed" documents.

Section 14 WARRANTIES

FLYFAB WARRANTS THAT ALL DELIVERED PARTS HAVE A QUALITY TO MAKE SURE THAT EACH PART WILL FUNCTION PROPERLY IN ITS INTENDED OPERATION. THESE WARRANTIES APPLY ONLY IF THE BUILDER TO THE MINOR ITEM FOLLOWS THE BUILDING INSTRUCTIONS THAT COME WITH AND IS RELATED TO THE PARTS. ANY DEVIATION WHATSOEVER, DELIBERATE OR UN-DELIBERATE, WILL AUTOMATICALLY RESULT IN A VOIDANCE OF ALL WARRANTIES.

Section 15 BINDING

This Deposit and Purchase Agreement shall become binding upon FLYFAB's acceptance of the Order (by return email to Builder confirming the Order or execution and delivery of this Agreement to Builder) and receipt by FLYFAB of unconditional payment of the Deposit. Builder acknowledges and agrees that it has read, understood and agrees to the provisions hereof. Prior to acceptance, this offering is subject to change in FLYFAB's sole discretion at any time. There are no assurances by FLYFAB that the terms and conditions of this Deposit and Purchase Agreement, including the Purchase Price or Deposit amount, are or will be the same for all purchasers.

Exhibit A
STANDARD AIRCRAFT KIT SPECIFICATION (Preliminary) OF A
LN-3 SEAGULL EXPERIMENTAL CATEGORY AMPHIBIAN AIRCRAFT

The kit comprises the complete aircraft except engine with accessories, instruments and paint. Electrical drawings and harness necessary for serving built in electrical components like horizontal stabiliser trim motor, cabin ventilation servos and fuel tank level senders, are included

Specifications of the LN-3 airplane built in accordance with the Builder's Manual:

- Aircraft will meet or exceed the requirements as established by the ASTM F2245, FAR23 and JAR23 standards.:

- Seats: 2

- Maximum Design Takeoff Weight: 1320 lbs (600 kg)

- Useful Load including fuel: 606 - 551 lbs (275-250kg) (depending on engine selection)

- Baggage: 66 lbs (30 kg) (maximum)

- Fuel (Auto Gas or Av Gas): 30 U.S.gal (114 liters)

- Maximum Speed (Vh): 105-120 kts (120-138 mph, 195-222 kmh) (depending on engine selection)

- Range without reserve: 500 nm (940 km)

- Takeoff & Landing Distance: 750 ft

- Engine Alternatives: Rotax 912 ULS 100 hp, Rotax 914 115 hp, D-motor

PRICES

The complete LN-3 Seagull Standard Kit sell for a total of SEK (Call for price)

At signing of a LN-3 Aircraft Kit Purchase Agreement a down payment of 10% is paid. Prior to delivery of each subpart a payment of 25% (SEK) is paid.

The LN-3 Aircraft Kit is delivered in four subparts, each part as per specification below, or as a complete kit:

The LN-3 Aircraft kit subpart one comprises:

1. Builder's handbook subpart one
2. Horizontal stabiliser including hinges provisionally fixed in correct places
3. Elevator panels including hinges provisionally fixed in correct places
4. Rudder panel including hinges provisionally fixed in correct places
5. All needed bearings with holders
6. Right and left wing tips
7. Necessary gigs are printed on the plywood box the kit is shipped in and are to be cut out by the builder

The LN-3 Aircraft kit subpart two comprises:

1. Builder's handbook subpart two
2. Right and left wing panel with flaperon hinges provisionally fixed in correct places
3. Right and left flaperon with hinges provisionally fixed in correct places
4. All needed bearings with holders
5. Necessary gigs are printed on the plywood box the kit is shipped in and are to be cut out by the builder

The LN-3 Aircraft kit subpart three comprises:

1. Builder's handbook subpart three
2. Temporarily assembled fuselage with bulkhead and formers provisionally fixed in correct places
3. Central cantilever wing with fittings
4. Cockpit doors and canopy
5. Necessary gigs are printed on the plywood box the kit is shipped in and are to be cut out by the builder

The LN-3 Aircraft kit subpart four comprises:

1. Builder's handbook subpart four
2. Sponsoon parts
3. Landing gear system
4. Cabin interior including seats, wall covering, flooring, instrument panel and electrical system
5. Pilot operating handbook