

TERMS OF SALE

**1986 BOMBARDIER CHALLENGER C1-601-2A12,
BEARING UNITED STATES' MANUFACTURER'S
SERIAL NUMBER 3064 AND FEDERAL AVIATION ADMINISTRATION
REGISTRATION MARK N28FM, COLLECTIVELY WITH ALL INSTALLED,
INCORPORATED OR ATTACHED ACCESSORIES, PARTS AND EQUIPMENT,
INCLUDING THE AIRFRAME, TWO (2) GENERAL ELECTRIC MODEL
CF34-3A ENGINES BEARING SERIAL NUMBERS 350230 AND 350235 AND ANY APU**

TERMS OF SALE

On October 5, 2021, HV Pal Holdings, LLC (“Lender”) and Barbara A. Martinez, solely in her capacity as the temporary receiver (the “Temporary Receiver,” and together with Lender, the “Parties”) for JF Aircorp., Inc. (“JF Aircorp.”) and South Aviation, Inc. (“South Aviation”) and its respective affiliates, subsidiaries, successors, and assigns (collectively with South Aviation, the “Receivership Estates”), filed a motion that sought, among other things [Entry No. 113]¹ (the “Motion”), (i) authorization of the Parties’ entry into and approval of that certain Stipulation By and Between HV Pal Holdings, LLC and Temporary Receiver for South Aviation, Inc. and the Receivership Estates (the “Stipulation”) [Entry No. 113; Exh. B],² which, among other things, contemplates the sale of that certain 1986 Bombardier Challenger CI-601-2A12, bearing manufacturer’s serial number 3064 and N-registration N28FM (the “Aircraft”), registered in the name of JF Aircorp.; (ii) approval of the sale of the Aircraft in accordance with the terms of the Stipulation; and (iii) authorization for the Parties to take any and all actions reasonably necessary to consummate the Stipulation and perform all of the obligations thereunder.

On October 6, 2021, the United States District Court for the Southern District of Florida (the “District Court”) entered the Order on Motion for Approval of Stipulation By and Between Temporary Receiver For South Aviation, Inc. and the Receivership Estates and HV Pal Holdings, LLC for Sale of Aircraft and Request for Entry of a Court Order [Entry No. 114] (the “Sale Order”), which, among other things, (i) authorized the Parties’ entry into and performance under the Stipulation; (ii) approved Stipulation in its entirety; (iii) approved the sale of the Aircraft in accordance with the terms of the Stipulation; and (iv) expanded the receivership to include JF Aircorp. and the Aircraft; *provided, however*, that title to the Aircraft shall remain in the name of JF Aircorp. until a closing of a sale transaction as contemplated by the Stipulation.

The sale of the Aircraft will be implemented pursuant to the terms and conditions of the Sale Order, these Bidding Procedures and the Stipulation, as the same may be amended pursuant to the terms thereof, subject to the Parties’ selection in their reasonable discretion, after consultation with their advisors, of a Successful Bid (as defined herein) in accordance with these Bidding Procedures.

The Lender, in consultation with, and with the consent of, the Temporary Receiver, is offering interested bidders the opportunity to purchase the Aircraft. Any interested bidder should contact, as soon as practical, the Parties’ retained aviation repossession and sales broker, Business Aircraft Sales Corporation (“BASC”), 705 Firestone Road, Santa Barbara, California 93117, Office: (805) 964-0632, Mobile: (805) 455-6000, Attn: Ken Hill (ken@busaircraft.com).

¹ References to the docket of Case No. 21-cv-60462-BLOOM/Valle (S.D. Fla.) shall appear as “Entry No. _.”

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion or Stipulation, as applicable. Copies of the Order (as defined herein), Motion and Stipulation may be obtained upon request of counsel to the Parties.

Notice Parties

Information that must be provided under these Bidding Procedures must be *electronically* provided to the following advisors to the Parties (collectively, the “Notice Parties”): (i) counsel to Lender, Alston & Bird LLP, 90 Park Avenue, New York, New York 10016, Tel.: (212) 210-9571, Attn: Gerard S. Catalanello, Esq. (Gerard.Catalanello@alston.com) and Kimberly J. Kodis, Esq. (Kimberly.Kodis@alston.com); and (ii) counsel to the Temporary Receiver, Holland & Knight LLP, 701 Brickell Avenue, Suite 3300, Miami, Florida 33131, Attn: Warren Gluck, Esq. (Warren.Gluck@hklaw.com; Tel.: (212) 513-3200), Jessica B. Magee, Esq. (Jessica.Magee@hklaw.com; Tel.: (214) 969-1375) and Sydney B. Alexander, Esq. (Sydney.Alexander@hklaw.com; Tel.: (305) 374-8500); and (iii) the Parties’ retained aviation repossession and sales broker, BASC, 705 Firestone Road, Santa Barbara, California 93117, Office: (805) 964-0632, Mobile: (805) 455-6000, Attn: Ken Hill (ken@busaircraft.com).

Bidding Process

BASC, on behalf of the Lender, will accept bids during the period commencing on February 22, 2022 and ending at 5:00 p.m. (Prevailing Eastern Time) on March 24, 2022 (the “Bidding Period”) in accordance with the bidding procedures outlined below (the “Bidding Procedures”). At the expiration of the Bidding Period, BASC, in consultation with and the consent of the Temporary Receiver, shall determine whether any bids submitted are “Qualified Bids.” In order to be a Qualified Bid, each bid shall:

- a) specify the amount of cash offered (the “Purchase Price”);
- b) provide a commitment to close as soon as practicable, but in no event later than ten days following the close of the Bidding Period;
- c) not be conditioned on unperformed due diligence, obtaining financing or any internal approval or otherwise be subject to contingencies;
- d) contain written evidence of a commitment for financing or other evidence of the ability to consummate a proposed transaction at the Purchase Price, satisfactory to the Parties in their reasonable discretion; and
- e) be received by the expiration of the Bidding Period.

The Lender will at all times be deemed to be a Qualified Bidder and, for the avoidance of doubt, exempt from the requirements set forth above and below.

If BASC receives one or more Qualified Bids, other than any bid submitted by the Lender, during the Bidding Period, BASC will discuss and negotiate such Qualified Bids with the Qualified Bidders for a period of not more than seven (7) days following the expiration of the Bidding Period, at the conclusion of which the Successful Bid (as defined below) shall be selected.

If no Qualified Bids are received by the Bid Deadline, other than any bid submitted by the Lender, then Lender will be deemed the Successful Bidder.

“As Is, Where Is”

Any sale of the Aircraft will be on an “AS IS, WHERE IS” basis and without representations or warranties of any kind by the Parties, their agents or the Receivership Estates. Each Qualified Bidder will be required to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Aircraft and that it has relied solely upon its own independent review and investigation in making its bid.

Selection of Successful Bid

At the conclusion of the bidding process described above, the Parties, in the exercise of their reasonable business judgment, will select the highest or otherwise best bid submitted by a Qualified Bidder that the Parties believe is most beneficial to the Parties and the Receivership Estates (the “Successful Bid”).

In selecting the Successful Bid, the Parties shall take into account the expected net benefit of the transaction to the Parties as per the Stipulation, including the likelihood of the transaction with the Qualified Bidder actually closing and the timing thereof. The Qualified Bidder that submits the Successful Bid will be deemed the “Successful Bidder.” The Qualified Bidder that submits the “Back-Up Bid,” if any, will be deemed the “Back-Up Bidder,” *provided, however*, that the Lender will be deemed to be the Back-Up Bidder only with the prior written consent of the Lender, exercisable in its sole and absolute discretion. The Successful Bidder and Back-Up Bidder shall be required to make a good faith deposit (each, a “Good Faith Deposit”), within two (2) days of being selected as such, in the form of a wire transfer or certified check (transferred or payable to such party designated by BASC) in an amount equal to ten percent (10%) of the value of the Purchase Price, all in accordance with the terms and conditions set forth in the escrow agreement to be provided to each bidder.

The Back-Up Bid, if any, will remain open and binding on the Back-Up Bidder until consummation of the Successful Bid with the Successful Bidder. If the Successful Bidder fails to consummate the Successful Bid within the time set forth therein, the Parties will be authorized, but not required, to select the Back-Up Bidder, if any, as the new Successful Bidder, and shall proceed to consummate the Successful Bid of the new Successful Bidder.

Additional Procedures and Modifications

The Parties may modify the rules, procedures and deadlines set forth herein, or adopt new rules, procedures and deadlines that, in their reasonable discretion, will better promote the goals of these procedures, namely, to maximize value for the Parties and Receivership Estates; *provided, however*, that all modifications and additional rules, procedures and deadlines shall not otherwise conflict with or alter any provisions, rights or claims of the Parties under the Stipulation. All such modifications and additional rules will be communicated to each of the Notice Parties, potential bidders and Qualified Bidders.

Return of Good Faith Deposit

All Good Faith Deposits will be held in an escrow or trust account, which may include such account(s) established for the benefit of the Receivership Estates. Good Faith Deposits of Qualified Bidders, other than the Successful Bidder and the Back-Up Bidder, if any, will be returned to the unsuccessful bidders within five (5) business days after selection of the Successful Bidder and Back-Up Bidder, if any, in accordance with these Bidding Procedures. The Successful Bidder's Good Faith Deposit will be applied to the Purchase Price of the Successful Bid at closing, and the Parties will be entitled to retain such Good Faith Deposit as part of their damages if the Successful Bidder fails to meet its obligations to close the transaction contemplated by the Successful Bid. The Good Faith Deposit of the Back-Up Bidder, if any, will be returned to the Back-Up Bidder, if any, within five (5) business days after the consummation of the sale with the Successful Bidder.

Reservation of Rights; Deadline Extension

Notwithstanding any of the foregoing, the Parties reserve the right, in the exercise of their respective fiduciary or other obligations, to modify the Bidding Procedures or impose additional customary terms and conditions on the sale of the Aircraft, including, without limitation, extending the deadlines set forth in the Bidding Procedures without further notice.