



E: info@escroair.ca | T: 416 • 238 • 8300 | 1 • 877 • 24 • ESCRO (37276)

## Independence, Transaction Dispute, and Confidentiality Policy

**WHEREAS** EscroAir Canada Inc. (“EscroAir”) delivers unparalleled aircraft escrow services as the first and only Canadian provider of such services;

**AND WHEREAS** EscroAir may from time-to-time encounter disputes among the parties in an aircraft escrow transaction requiring a predefined set of policies for dealing with such disputes;

**AND WHEREAS** EscroAir’s policies and initial resources are derived, in part, from the experience and resources of YYZlaw Professional Corporation (“YYZlaw”) and its staff in having acted in numerous past aircraft transactions;

**AND WHEREAS** EscroAir’s present relationship with YYZlaw may give rise to concerns about conflicts of interest, confidentiality, and independence;

**AND WHEREAS** EscroAir will, over time, become wholly independent of YYZlaw and its staff, policies, and operations;

**BE IT RESOLVED** that the following policy shall strictly govern all services provided by EscroAir and shall in all events be paramount to any instructions, commands, directions, or influence that YYZlaw or its staff may actively or passively assert during the performance of any services by EscroAir for its clients, including where YYZlaw may be acting for one or more of the parties that are the intended recipient, or part recipient, of EscroAir’s services.

### Irrevocable Instructions

1. EscroAir and its employees shall at all times act pursuant to, and abide by, the terms of the agreement(s) entered into by the parties utilizing the services of EscroAir. Where there are clear, irrevocable instructions to EscroAir or its employees to perform any act, EscroAir shall perform such act irrespective of any protest by any party on 30 days emailed notice to all parties of its intention to act, subject to any amendment of such irrevocable instructions that meets with the mutual approval of the transacting parties. For the avoidance of doubt, each of the following shall constitute or amount to irrevocable instructions to EscroAir or its employees (“Irrevocable Instructions”):
  - a. Any agreement that is duly executed by the parties utilizing the services of EscroAir. Any agreement may be amended pursuant to the terms contained therein or in accordance with the express consent of all parties thereto; or
  - b. any letter, deed or document that is executed and tendered by a party (or parties) to a transaction, with respect to only the interests, assets, title, and funds that are within the ownership and control of such party (or parties) (“Letter of Instructions”), except that such



Letter of Instructions shall not seek to amend, or amend, any agreement provided for in paragraph 1.a above except pursuant to the terms thereof.

### **Disputes to Irrevocable Instructions**

2. Where the parties to an agreement, or a party (or parties) to a Letter of Instructions, contest, or object to the authority of EscroAir to do any act, and where EscroAir acting reasonably, determines that said act may fall outside of the Irrevocable Instructions received by EscroAir, EscroAir may, but shall in no way be obligated to, at its sole and absolute discretion, take any one or more of the following steps:
  - a. Seek legal advice from a lawyer or law firm that is not otherwise involved in the transaction at issue;
  - b. Refuse to perform any act;
  - c. Interplead to a court of law regarding the dispute; and/or
  - d. Take legal action to resolve any such uncertainty or conflict.

Prior to taking any of the above steps, EscroAir shall provide the parties with 30 days emailed notice setting forth its intentions.

Any and all costs incurred by EscroAir associated with any of the foregoing (“Ancillary Costs”) shall be at the cost of the parties to the agreement, or party (or parties) to a Letter of Instructions, on a joint and several basis, to the extent that such party (or parties) are responsible for the payment of, in whole or in part, EscroAir’s ordinary and customary fees for its services, and such Ancillary Costs shall be in addition to any other fees that are ordinarily and customarily payable for EscroAir’s services.

Notwithstanding the foregoing, EscroAir is authorized to and may deduct any Ancillary Costs from funds deposited with EscroAir, including but not limited to funds deposited by a Purchaser, such that EscroAir is saved harmless from incurring any costs associated with a dispute, including any Ancillary Costs.

### **Back-to-Back Transactions**

3. Where EscroAir is requested to assist with a back-to-back transaction, the escrow fee charged will be per transaction. A separate deposit of funds will be required for each of the transactions, or, in the alternative, the parties will be required to enter into a mutually acceptable multilateral agreement, acknowledging the back-to-back nature of the transaction and the use of funds from one transaction in satisfaction of another transaction in the chain.

### **Funds in Escrow**

4. All funds held in escrow by EscroAir on behalf of parties to a transaction are held on a non-interest-bearing basis.

### **Disputes Relating to Obligations Owed to Third Parties**



5. Parties to an agreement are required to approve a settlement statement prior to a transaction closing. This is intended to ensure that debits and credits are approved by transacting parties (buyer/seller). Where a third party, such as an aircraft broker or inspection facility asserts a right to be paid certain funds from funds held in escrow (“Disbursement”), the payment of the Disbursement must be approved by the transacting party.

Should such consent be withheld, EscroAir shall promptly advise the third party concerned of the transacting party’s refusal to authorize the Disbursement. EscroAir shall not act further in regard of the Disbursement in dispute, except where EscroAir is provided with a court order to perform or refrain from performing any act. Third parties shall, at their own discretion, wish to notify the other transacting parties, as the dispute may be material to such transaction party’s interests. EscroAir shall not delay closing a transaction on account of such dispute, except where it arises on the day of closing, at which point EscroAir may, in its sole discretion, acting reasonably, delay closing of the transaction by a period of no more than one (1) business day.

Any and all costs incurred by EscroAir associated with any of the foregoing (“Third Party Ancillary Costs”) shall be at the cost of the third party or the parties to the agreement, or party (or parties) to a Letter of Instructions, on a joint and several basis, to the extent that such party (or parties) are responsible for the payment of, in whole or in part, EscroAir’s ordinary and customary fees for its services, and such Third Party Ancillary Costs shall be in addition to any other fees that are ordinarily and customarily payable for EscroAir’s services.

Notwithstanding the foregoing, EscroAir is authorized to and may deduct any Third Party Ancillary Costs from funds deposited with EscroAir, including but not limited to funds deposited by a Purchaser, such that EscroAir is saved harmless from incurring any costs associated with a dispute, including any Third Party Ancillary Costs.

## **Confidentiality**

6. Business aircraft are widely used to provide business and transportation flexibility to corporations and high net-worth individuals. All employees of EscroAir shall keep confidential any and all information they acquire during the course of their employment with EscroAir (“Confidential Information”), including but not limited to the i) past and present ownership status of an aircraft, including any beneficial ownership thereof, ii) the source of funds, identity of financiers or lessors, or the terms thereof, and iii) the purchase or sale price of any aircraft, except where such information is readily and publicly accessible from time to time.
7. No employee of EscroAir shall disclose Confidential Information unless such disclosure is required i) within the course of employment at EscroAir, ii) pursuant to government legislation or regulations, or iii) in compliance with a court order or warrant.