

PROSPECTUS OF THE PAJARITO FLYING CLUB MEMBERSHIP OFFERING I

March 17, 2016

1 OFFERING SUMMARY

The current offering is for equity membership in Pajarito Flying Club. Each subscription represents an equal share in the club and all of its assets and liabilities, and will be in the amount of **\$3,000.00 per share (per membership)**. Each member will subsequently be responsible for an estimated **monthly payment of \$205.00** for the purpose of maintenance and operation of club aircraft and associated service fees or other costs duly approved by the Club Board of Directors according to Club Bylaws. **Each member is additionally responsible for bearing their equal share of any unexpected maintenance costs**, as well as the **hourly fee which is currently \$35.00 per hour plus fuel**. All fees are subject to change in accordance with Club Bylaws.

All proceeds of the Offering shall be used for the purchase, operation, and maintenance of club aircraft; aviation-related social events; or other activities duly approved by the Board of Directors in accordance with Club Bylaws. The operation of club aircraft is further subject to federal, state and local regulations, including those of the FAA.

Further terms and conditions may apply. Please see Club Governing Documents and applicable federal, state and local regulations for details.

2 CLUB OVERVIEW

The Pajarito Flying Club (the Club) has been formed for the purpose of providing affordable aircraft ownership and aviation-related camaraderie, education, and social activities. All Equity Members of the Club own an equal share in the Club and its assets and liabilities. The initial offering aggregate amount is for \$72,000.00 or \$3,000.00 per member up to twenty four (24) members. The offering will be open for the period of one year, beginning December 4, 2015. The offering is provided under Securities Act of 1933 exemption 202X, or NMSA 1978 58-13C-202X and the Club is organized as a 501(c)(7) non-profit.

3 USE OF PROCEEDS

All proceeds will be used, on a non-profit basis, to provide the Club aircraft, related accessories and fees or approved social or educational events. These uses may include tax, title, license, mortgage down-payment, tie-down lease, hangar rental, storage supplies, aircraft covers, aircraft transportation, closing costs, professional service fees, annual maintenance, engine overhaul, incidental maintenance, aviation-related social events, aviation-related education, or other costs as defined by the Club Bylaws or approved by the Board of Directors in accordance with the Club Bylaws.

4 SUBSCRIPTION PROCEDURES

New members pay a subscription price of \$3,000.00 and ongoing monthly payments which are currently \$205.00 per member per month. There may be member assessments required to cover unforeseen maintenance costs, to obtain new assets, or to cover other costs when properly approved according to Club Bylaws. The additional cost of hourly operation is the responsibility of the member, and is currently estimated to be \$35.00 per hour plus the cost of fuel and any other fees incurred by the member, such as tie-down or storage fees while not at the home airport.

5 MEMBER SUITABILITY

Any person interested in aviation is eligible to become an Equity Member of the Club. The Club reserves the right to request confirmation of financial capability to bear the burden of Club Membership as determined by a credit check. Potential Club Members should also consider their ability to meet the FAA requirements for solo operation of aircraft, including the time and expense of training and testing, as well as the medical requirements of the third class medical certificate. Basic requirements for solo operation of club aircraft are:

1. A valid private pilot certificate issued by the FAA, a valid medical certificate, and approval from the Club Chief Pilot/Instructor to operate the aircraft in question, or
2. A valid student certificate with an endorsement and supervision from a Club approved CFI to operate the aircraft in question

6 RISK FACTORS

Membership in the Club is equivalent to partial ownership of all of the Club aircraft and any other Club assets. This ownership requires a financial obligation to make ongoing monthly payments toward the mortgage, maintenance, storage, insurance, and other costs of ownership. Club aircraft may be used for training

purposes, and while the Club maintains insurance, there may be some risk of total loss in a manner that might not be covered by Club insurance. Please see the Club Insurance Policy for further details.

7 RESTRICTIONS ON DISPOSITION OF EQUITY SHARES

The Club retains the right of first refusal when any member wishes to sell their equity share. If the Club refuses, in accordance with Club Bylaws, the share may be offered to a new member.

8 DILUTION OF SHARES

Subsequent to the offering, a change in the number of memberships will always result in all shareholders holding equal shares in the Club, and therefore in the Club's assets. The value of a share subsequent to the offering will be determined by an annual valuation of Club assets and liabilities according to standard accounting practices. Any proceeds or debts generated by the Club's choice to acquire existing shares from exiting members or to sell previously acquired shares, unless the funds are allocated otherwise by a vote of the membership at large according to the Club Bylaws, shall be split equally among the Club's Members. Exits may also be accomplished by selling an existing member's share to a new member, pending first refusal by the Club and Club approval of the new member. For further details, please see Pajarito Flying Club Bylaws sections 7 and 4.