

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported):
April 8, 2016

AIR INDUSTRIES GROUP

(Exact Name of Registrant as Specified in its Charter)

Nevada
State of
Incorporation

001-35927
Commission
File Number

80-0948413
IRS Employer
I.D. Number

360 Motor Parkway, Suite 100, Hauppauge, NY 11788
(Address of Principal Executive Offices)

Registrant's telephone number: (631) 881-4920

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 8.01 Other Events

On April 11, 2016, Air Industries Group (the "Company") sold the property located at 283 Sullivan Avenue, South Windsor, Connecticut, the premises upon which the operations of its wholly-owned subsidiary, The Sterling Engineering Corporation, are conducted, for a purchase price of \$1,700,000, less closing adjustments of approximately \$200,000, pursuant to a Real Estate Purchase and Sale Contract dated as of December 7, 2015, as amended, and entered into a lease with the purchaser of the property for an initial term of 15 years, with an option to renew the lease for an additional five years. In addition to rent, initially \$155,000 per annum, subject to annual increase, the Company also will be responsible for real estate taxes and the maintenance of the buildings and the property. The net proceeds from the sale of the property will be applied to the amounts owed to PNC Bank, National Association, the Company's senior lender.

On April 8, 2016, the Company borrowed \$350,000 from each of Michael N. Taglich and Robert F. Taglich, directors of the Company, and issued its promissory notes in the principal amount of \$350,000 to evidence its obligation to repay that indebtedness. The notes bear interest at the rate of 7% per annum and are payable on June 30, 2016, or earlier upon the Company's receipt of proceeds from the sale of its equity securities in the aggregate amount of \$1,000,000.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
10.46	Real Estate Purchase and Sale Agreement, dated as of December 7, 2015 (incorporated herein by reference to Exhibit 10.46 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 filed on April 4, 2016).
10.47	First Amendment to Real Estate Purchase and Sale Agreement dated as of January 26, 2016 (incorporated herein by reference to Exhibit 10.47 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 filed on April 4, 2016).
10.48	Second Amendment to Real Estate Purchase and Sale Agreement dated as of February 24, 2016 (incorporated herein by reference to Exhibit 10.48 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 filed on April 4, 2016).
10.49	Third Amendment to Real Estate Purchase and Sale Agreement dated as of April 6, 2016.
10.50	Lease dated April 11, 2016 for the premises located at 283 Sullivan Avenue, South Windsor, CT.
10.51	Promissory note in the principal amount of \$350,000 payable to Michael N. Taglich.
10.52	Promissory note in the principal amount of \$350,000 payable to Robert F. Taglich.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: April 13, 2016

AIR INDUSTRIES GROUP

By: /s/ Daniel R. Godin

Daniel R. Godin
President and Chief Executive Officer

THIRD AMENDMENT TO REAL ESTATE PURCHASE AND SALE CONTRACT

This Third Amendment to Real Estate Purchase and Sale Contract (“**Amendment**”) is made and entered into as of April 6, 2016, by and between Air Realty Group LLC, a Connecticut limited liability company (“**Seller**”) and Blue Desk LLC, a Michigan limited liability company (“**Buyer**”).

Recitals

- A. Buyer and Seller entered into a Real Estate Purchase and Sale Contract dated December 7, 2015, as amended by a First Amendment dated January 26, 2016 and that Second Amendment dated February 24, 2016 (the “**Agreement**”) for the sale and purchase of certain Real Property located at 283 Sullivan Avenue, South Windsor, Connecticut 06074.
- B. Seller and Buyer now desire to amend the Agreement in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the covenants and agreements hereinafter set forth, and in furtherance of the parties understanding, it is agreed as follows:

- 1. Closing. The last sentence of Section (1)(a) of the Agreement is hereby amended and restated to read in its entirety as follows:

The Closing Date shall occur no later than April 11, 2016.

- 2. Closing Date. Section 4 of the Agreement is hereby amended and restated to read in its entirety as follows:

- 4. Closing Date. The Closing Date shall occur no later than April 11, 2016.

- 3. Purchase Agreement in Full Force and Effect. Except as specifically amended herein, all the terms and provisions of the Agreement are hereby ratified and affirmed to be in full force and effect as of the date hereof. To the extent of any conflict between the Agreement, and this Amendment, the terms and provisions of this Amendment shall govern and control. Capitalized terms not separately defined herein have the meaning otherwise ascribed to them in the Agreement.

- 4. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

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SIGNATURE PAGE FOR THIRD AMENDMENT
TO REAL ESTATE PURCHASE AND SALE CONTRACT AMONG
AIR REALTY GROUP LLC AND
BLUE DESK LLC

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed effective as of the day and year first written above.

SELLER:

AIR REALTY GROUP LLC,
a Connecticut limited liability company

By: /s/ Kristie Petersen
Name: Kristie Petersen
Its: Vice President-Administration

BUYER:

BLUE DESK LLC,
a Michigan limited liability company

By: /s/ Gary Sakwa
Gary Sakwa
Its: Authorized Representative

LEASE AGREEMENT

Between

BLUE DESK LLC,
a Michigan limited liability company,
as Landlord,

and

AIR REALTY GROUP LLC,
a Connecticut limited liability company,
as Tenant,

Dated
as of

April 11, 2016

LEASE AGREEMENT

THIS LEASE AND AGREEMENT (the “**Lease**”) is made and entered into effective as of the 11th day of April, 2016 (the “**Effective Date**”) by and between **BLUE DESK LLC**, a Michigan limited liability company (the “**Landlord**”) and **AIR REALTY GROUP LLC**, a Connecticut limited liability company (the “**Tenant**”)

W I T N E S S E T H:

WHEREAS, Landlord is the owner of fee simple title to certain real property located in the City of South Windsor, County of Hartford, State of Connecticut and described in **Exhibit A** attached hereto “**Land**”, upon which a building has been constructed (“**Building**”), (the Building, together with related site improvements the “**Improvements**”); (the Land and the Improvements, together with all licenses, rights, privileges and easements appurtenant thereto shall be collectively referred to herein, and all tangible personal property, including fixtures located therein as the “**Premises**”); and

WHEREAS, Tenant desires to lease from Landlord, and Landlord has agreed to lease to Tenant, the Premises upon the terms and conditions as more particularly hereinafter provided and described.

NOW, THEREFORE, for and in consideration of the premises hereof, the sums of money to be paid hereunder, and the mutual and reciprocal obligations undertaken herein, the parties hereto do hereby covenant, stipulate and agree as follows:

ARTICLE I.
AGREEMENT TO LEASE

1.1 Demise. Landlord does hereby demise, and lease to Tenant, and Tenant does hereby lease and take as tenant from Landlord, the Premises upon those terms and conditions hereinafter set forth.

1.2 Condition. Tenant acknowledges and agrees that the Premises is and shall be leased by Landlord to Tenant in its present “as is” condition and that Landlord makes absolutely no representations or warranties whatsoever with respect to the Premises or the condition thereof. Tenant acknowledges that Landlord has not investigated and does not warrant or represent to Tenant that the Premises are fit for the purposes intended by Tenant or for any other purpose or purposes whatsoever, and Tenant acknowledges that the Premises are to be leased to Tenant in their existing condition, i.e., “as-is”, on and as of the Possession Date (as hereinafter defined). Tenant acknowledges that Tenant shall be solely responsible for any and all actions, repairs, permits, approvals and costs required for the rehabilitation, renovation, use, occupancy and operation of the Premises in accordance with applicable governmental requirements, including, without limitation, all governmental charges and fees, if any, which may be due or payable to applicable authorities. Tenant agrees that, by leasing the Premises, Tenant warrants and represents that Tenant has examined and approved all things concerning the Premises which Tenant deems material to Tenant’s leasing and use of the Premises. Tenant further acknowledges and agrees that (i) neither Landlord nor any agent of Landlord has made any representation or warranty, express or implied, concerning the Premises or which have induced Tenant to execute this Lease, (ii) any other representations and warranties are expressly disclaimed by Landlord, and (iii) Tenant has previously owned the Premises, is familiar with both the physical and economic condition of the Premises and is responsible for all aspects of the Premises.

1.3 Quiet Enjoyment. Landlord covenants and agrees that so long as Tenant shall timely pay all rents due to Landlord from Tenant under this Lease under and keep, observe and perform all covenants, promises and agreements on Tenant's part to be kept, observed and performed hereunder, Tenant shall and may peacefully and quietly have, hold and occupy the Premises free of any interference from Landlord; subject, however, and nevertheless to the terms, provisions and conditions of this Lease and subject to the terms of any mortgage encumbering the Premises.

ARTICLE II.
TERM

2.1 Term. The initial term of this Lease (the "**Term**") shall, unless sooner terminated as elsewhere provided in this Lease, commence on the Effective Date and shall terminate and expire at 11:59 p.m. on the last date of the 15th Lease Year. The Initial Term, together with any Extension Period (defined in Section 2.4 as hereinafter defined) shall be collectively referred to herein as the "**Term**".

2.2 Rental Commencement Date. For the purposes of this Lease, the "**Rental Commencement Date**" shall be the Effective Date hereof.

2.3 Possession Date. For the purposes of this Lease, the "**Possession Date**" shall be the date on which Landlord grants Tenant exclusive possession of the Premises, which shall be the Effective Date hereof.

2.4 Term Extensions. The term of the Lease shall automatically be extended beyond the Initial Term for up to three (3) successive five (5) year Extension Periods upon the same terms, covenants, conditions and rent as set herein (each, an "**Extension Period**") (other than any prior Extension Period) unless Tenant notifies Landlord in writing in accordance with the notice provisions hereof at least twelve (12) months before the last day of the Initial Term or nine (9) months before the last day of the then current Extension Period, as applicable (the "**Notice Date**") that the Lease shall terminate at the end of such current term without further extension. Notwithstanding the foregoing, Landlord, at its sole option, and notwithstanding other remedies for Tenant's default set forth herein, may refuse, by written notice to Tenant, to extend the Term of this Lease if, at the Notice Date or at the time of commencement of an Extension Period, Tenant is in default under any provision of this Lease as to which default Landlord has given notice to Tenant in accordance with this Lease hereof and such default remains uncured after the expiration of any applicable cure period, by and upon the delivery of such notice, all remaining rights of extension shall automatically expire.

2.5 Termination. Notwithstanding any present or future law to the contrary, this Lease shall not be terminated by Tenant for any failure of Landlord to perform pursuant to the terms and conditions of this Lease or otherwise for any reason except as expressly provided herein.

ARTICLE III.
RENT

3.1 Base Rent. Beginning on the Rental Commencement Date, and subject to proration as set forth below, Tenant shall pay monthly net base rent for the Premises in the amount set forth on Exhibit B attached hereto ("**Base Rent**"), together with all applicable sales and use taxes thereon. Base Rent shall be paid by Tenant to Landlord in equal monthly installments, in advance, on the first (1st) day of each calendar month commencing on the first (1st) day of the calendar month immediately following the Rental Commencement Date, it being agreed that Base Rent payable with respect to the period between the Rental Commencement Date and the first day of the following calendar month shall be due at the time that the first payment of Base Rent is due.

For the purposes of this Lease, the term "**Lease Year**" shall mean and be defined as each twelve month period commencing on the first day of the calendar month immediately following the Rental Commencement Date; provided, however, that the first Lease Year shall include the period from the Effective Date to the first day of the next following calendar month after the Rental Commencement Date. Base Rent shall be proportionately prorated for any extended or partial Lease Year (i.e., the first Lease Year and/or the final Lease Year).

3.2 Additional Rent; Rent Defined. If Landlord shall, upon no less than ten (10) days prior written notice to Tenant (other than in the event of an emergency for which only notices which are reasonable under the circumstances shall be given), make any expenditure for which Tenant is responsible or liable under this Lease, or if Tenant shall become obligated to Landlord or others under this Lease for any sum other than Base Rent as hereinabove provided, the amount thereof shall be deemed to constitute additional rent ("**Additional Rent**") and shall be due and payable by Tenant to Landlord or others, together with all applicable sales taxes thereon, if any, within thirty (30) days after receipt of an invoice therefor.

For the purpose of this Lease, the term "**Rent**" shall mean and be defined as all Base Rent, and Additional Rent due from Tenant to Landlord hereunder and all other sums due under this Lease for the purpose of Section 592(b)(6) of the Bankruptcy Code, 11 U.S.C. 502(b)(6). Except as may be expressly otherwise provided in this Lease, there shall be no abatement, diminution or reduction of Base Rent, Additional Rent or any other sums due under this Lease under any circumstances including, without limitation, due to charges or other compensation claimed by or allowed to Tenant or any person claiming under it, nor shall there be any abatement or diminution or reduction of the performance of the obligations of Tenant under any circumstances.

3.3 Payment of Rent. Each of the foregoing amounts of Rent and other sums shall (upon receipt of an invoice as to Additional Rent only) be paid to Landlord or others without demand and without deduction, set-off, claim or counterclaim of any nature whatsoever which Tenant may have or allege to have against Landlord, and all such payments shall, upon receipt by Landlord, be and remain the sole and absolute property of Landlord. All such Rent and other sums shall be paid to Landlord in legal tender of the United States at the address to which notices to Landlord are to be given or to such other party or to such other address as Landlord may designate from time to time by written notice to Tenant. If Landlord shall at any time accept any such Rent or other sums after the same shall become due and payable, such acceptance shall not excuse a delay upon subsequent occasions, or constitute or be construed as a waiver of any of Landlord's rights hereunder.

3.4 Past Due Rent. If Tenant fails to make any payment of Rent or any other sums or amounts to be paid by Tenant under the Lease on or before the date such payment is due and payable, any such past due payment shall bear interest from the date such payment became due to the date of payment thereof by Tenant at a rate which is equal to the lesser of (i) twelve percent (12%) per annum, or (ii) the maximum interest rate then allowable under the laws of the State in which the Premises are located. Any payment of Rent not paid within any permitted grace period specifically set forth in this Lease shall incur a late charge for reimbursement of Landlord's anticipated out-of-pocket expenses due to such failure of five percent (5%) of the amount of such payment. Such late charge and interest shall constitute Additional Rent and shall be due and payable with the next installment of Rent due hereunder. Notwithstanding the foregoing or anything else to the contrary contained in this Section, Tenant shall not be responsible for the late charge set forth in this Section if the first time Tenant fails to pay Base Rent when due Tenant pays such Base Rent within ten (10) days after delivery of written notice of such default.

3.5 No Diminution or Abatement of Rent. No abatement, diminution or reduction (i) of Rent, charges or other compensation, or (ii) of Tenant's other obligations hereunder shall be allowed to Tenant or any person claiming under Tenant, under any circumstances or for any reason whatsoever, except as expressly provided otherwise herein.

ARTICLE IV.
USE AND OPERATION OF PREMISES

4.1 Permitted Use. Tenant covenants that it shall, throughout the Term of this Lease, use and occupy the Premises only for lawful industrial and office uses or other lawful uses consistent with applicable zoning and which do not conflict with covenants, restrictions or other matters of record affecting title to the Premises.

4.2 Compliance with Laws. Tenant shall at all times keep and maintain the Premises in compliance with all applicable laws, ordinances, statutes, rules, regulations, orders, directions and requirements of all federal, state, county and municipal governments and of all other governmental agencies or authorities having or claiming jurisdiction over the Premises or the business activities conducted thereon or therein and of all of their respective departments, bureaus, agencies or officers, and of any insurance underwriting board or insurance inspection bureau having or claiming such jurisdiction or any other body exercising similar functions and of all insurance companies from time to time selected by Tenant to write policies of insurance covering the Premises and any business or business activity conducted thereon or therein. Without limiting the foregoing, to the extent any governmental entity requires more parking spaces to be located on the Premises or more striped spaces to be located on the Premises, Tenant shall be responsible for complying with any such requirement.

4.3 Hazardous Materials and Sewage Prohibited. Tenant hereby agrees that Tenant, its employees, agents, invitees, licensees, contractors or subtenants (if permitted), shall handle, store, dispose of and use any and all Hazardous Materials (as hereinafter defined) located on the Premises which are standard for Tenant's intended use of the Premises in accordance with Environmental Requirements (as hereinafter defined). Except for such Hazardous Materials which are standard for or used in connection with such uses, Tenant shall at all times from and after the Effective Date keep the Premises free of Hazardous Materials. Neither Tenant nor any of its employees, agents, invitees, licensees, contractors or subtenants (if permitted) shall use, generate, manufacture, refine, treat, process, produce, store, deposit, handle, transport, release, or dispose of Hazardous Materials in, on or about the Premises or into the groundwater thereof, in violation of any federal, state or municipal law, decision, statute, rule, ordinance or regulation currently in existence or hereafter enacted or rendered.

Tenant shall give Landlord prompt written notice of any claim received by Tenant from any person, entity, or governmental agency that a release or disposal of Hazardous Materials has occurred on the Premises or the groundwater thereof. Landlord shall give Tenant prompt written notice of any claim received by Landlord from any person, entity, or governmental agency that a release or disposal of Hazardous Materials has occurred on the Premises or the groundwater thereof.

Commencing upon the Effective Date and continuing during the Term of this Lease, Tenant shall indemnify, defend and hold Landlord, its successors and assigns, and their respective directors, officers, employees and agents, harmless from and against any claims (including third party claims), demands, penalties, fines, liabilities, settlements, damages, costs or expenses of whatever kind or nature, known or unknown, including reasonable attorneys' fees, fees of environmental consultants and other experts and laboratory fees, contingent or otherwise, arising out of or in any way related to the following matters: (i) the release, use, storage, treatment, transportation, transfer, manufacture, refinement, handling, production, disposal or threatened release of any Hazardous Materials, on, over, under, from or affecting the Premises or the air, soil, water vegetation, buildings, personal property, persons or animals thereon (collectively a "**Release**"); (ii) any personal injury (including wrongful death) or property damages (real or personal) arising out of or related to such Release; (iii) any lawsuit brought or threatened, settlement reached or governmental order relating to such Release; (iv) any violation of or liability pursuant to environmental laws which is based upon or in any way related to such Release; (v) any Pre-Existing Environmental Condition (as hereinafter defined); and/or (vi) the breach of any warranty, representation or covenant contained in this Section. The indemnity provided in this Section shall survive the expiration or termination of this Lease and is not limited or otherwise affected by Landlord's knowledge of any matter. Tenant further agrees that Tenant shall be responsible, at its sole cost and expense, for all Corrective Action (as hereinafter defined) relative to: (a) any and all Hazardous Materials in soil, groundwater or surface water on or about the Premises in amounts, concentrations or levels that meet or exceed Environmental Requirements, and (b) any Pre-Existing Environmental Condition.

As used herein, the term "**Hazardous Materials**" shall mean and be defined as any and all toxic or hazardous substances, chemicals, materials or pollutants, of any kind or nature, which are regulated, governed, restricted or prohibited by any federal, state or local law, decision, statute, rule, or ordinance currently in existence or hereafter enacted or rendered, and shall include (without limitation), all oil, gasoline and petroleum based substances. As used herein, the term "**Pre-Existing Environmental Condition**" means presence of: (i) Hazardous Materials in soil, groundwater or surface water on or about the Premises which first existed or first occurred prior to the Effective Date; or (ii) any other environmental condition which first existed or first occurred prior to the Effective Date. "**Environmental Requirements**", as used herein, shall mean all applicable federal, state, and local government laws (including common law), rules, regulations, statutes, codes, ordinances, directives, guidance documents, cleanup or other standards, and any other governmental requirements or standards which pertain to, regulate, or impose liability or standards of conduct concerning the use, storage, human exposure to, handling, transportation, release, cleanup or disposal of Hazardous Substances. "**Corrective Action**" shall mean investigation, assessment, monitoring, sampling, analysis, cleanup, removal, disposal, on-site treatment, off-site treatment, active remediation, passive remediation, remediation alternatives including but not limited to risk-based corrective action, if applicable, and/or other activities approved, concurred in or required by the governmental agency having jurisdiction over the Premises.

Tenant shall not discharge or permit to be discharged from the Premises any Hazardous Materials on, in or from the Premises. Any sewage which is produced or generated in connection with the use or operation of the Premises shall be handled and disposed of by Tenant as required by and in compliance with all applicable local, state and federal laws, ordinances and rules or regulations.

Tenant agrees that no underground storage tank or underground storage receptacle shall be constructed by Tenant on the Premises.

4.4 Mold and Other Environmental Conditions. Tenant shall, during the Term of this Lease and any renewals thereof, (i) provide prompt written notification to Landlord of any adverse change to the Premises, such as changes to any environmental condition, including the presence of biocontaminants, such as mold; (ii) promptly undertake appropriate assessment, remedial and preventative actions sufficient to meet any guidelines or regulations adopted by applicable authoritative bodies or regulatory agencies in connection with a determination of any adverse change, and, in any event with respect to mold contamination, Tenant shall undertake (a) removal of the mold, (b) abatement of the underlying cause of the mold (including water intrusion), and (c) repair of any leaks and associated water damage at the Premises.

4.5 Compliance With Restrictions, Etc. Tenant, at its expense, shall comply with all restrictive covenants or other title exceptions affecting the Premises and comply with and perform all of the obligations set forth therein to the extent that the same are applicable to the Premises or to the extent that the same, if not complied with or performed, would impair or prevent the continued use, occupancy and operation of the Premises. Further, in addition to Tenant's payment obligations under this Lease, Tenant shall pay all reasonable, legal sums charged, levied or assessed under any restrictive covenants, declaration, reciprocal easement agreement or other title exceptions affecting the Premises promptly as the same become due and shall furnish Landlord evidence of payment thereof and indemnify, defend and hold harmless Landlord for any claim against Landlord for any such matters.

ARTICLE V.
TAXES AND ASSESSMENTS

5.1 Real Estate Taxes and Assessments. From and after the Effective Date and continuing throughout the Term of this Lease Tenant's obligations with respect to Real Estate Taxes (as hereinafter defined) shall be as follows:

(a) Tenant shall pay directly to the taxing authorities, twenty (20) days prior to the date Real Estate Taxes may be paid without penalties or interest, the ad valorem real estate taxes, any payments in lieu of ad valorem taxes, property taxes, and all assessments, annual benefits, levies, fees and all other governmental charges, general and special, ordinary and extraordinary, foreseen and unforeseen, attributable and levied upon or assessed and payable by Landlord with respect to the Premises (collectively the "**Real Estate Taxes**"). Real Estate Taxes shall also include (i) other taxes, other charges and impositions imposed by the State in which the Premises is located or any subdivision thereof which: (A) are in replacement of or in addition to all or any part of ad valorem taxes as sources of revenue, and (B) are based in whole or in part upon the land of which the Premises are a part or any interest therein or the ownership thereof, or the rents or other income therefrom, including, without limitation, income, single business, franchise, excise, license, privilege, sales, use, and occupancy taxes; (ii) taxes or surcharges of any kind or nature upon, against or with respect to the parking areas or the number of parking spaces in the Premises.

(b) Tenant shall deliver to Landlord evidence of the payment of the Real Estate Taxes no later than fifteen (15) days after the date Real Estate Taxes can be paid without penalties or interest.

(c) Tenant shall pay and discharge, when due, all taxes assessed during the Term of this Lease against any leasehold interest or personal property of any kind owned by or placed in the Premises by Tenant. In addition to the Rent and any other sums or amounts required to be paid by Tenant to Landlord pursuant to the provisions of this Lease, Tenant shall also pay to Landlord, simultaneously with such payment of such Rent or other sums or amounts, the amount of any applicable sales, use or excise tax on any such Rent or other sums or amounts so paid by Tenant to Landlord, whether the same be levied, imposed or assessed by the State in which the Premises is located or any other federal, state, county or municipal governmental entity or agency. Any such sales, use or excise taxes shall be paid by Tenant to Landlord at the same time that each of the amounts with respect to which such taxes are payable are paid by Tenant to Landlord.

(d) If Landlord does not appeal the real estate tax assessment after request of Tenant, Tenant may, as long as it pays all real estate taxes first, upon notice to Landlord, appeal the real estate tax assessment attributable to the Premises and Landlord shall cooperate, including timely signing all required applications and documents and, if required, being named as a plaintiff.

ARTICLE VI. UTILITIES

From and after the Effective Date Tenant shall be liable for and shall pay directly all charges, rents and fees (together with any applicable taxes or assessments thereon) when due for water, gas, electricity, air conditioning, heat, septic, sewer, refuse collection, telephone, telecommunications cable and any other utility charges or similar items in connection with the use or occupancy of the Premises during the Term of this Lease. Landlord shall not be responsible or liable in any way whatsoever for the impairment, interruption, stoppage, or other interference with any utility services to the Premises.

ARTICLE VII. INSURANCE

7.1. During the Term, Tenant, at its sole cost, but for the mutual benefit of Landlord and Tenant, shall maintain the following insurance:

(a) General Comprehensive public liability insurance protecting and indemnifying Landlord and Tenant against all claims for damages to person or property or for loss of life or property occurring in, upon or about the Premises and the areas adjacent thereto, in the amount of not less than Three Million and 00/100 (\$3,000,000.00) per occurrence and Five Million and 00/100 (\$5,000,000.00) annual general aggregate limit per location, naming Landlord, its managing agent, if any, and any mortgagee(s), as their respective interests may appear as additional insureds;

(b) Insurance against damage to the Building by all risks of direct physical loss (at Landlord's option to include earthquake, flood and such other risks as Landlord deems appropriate) with the policy to contain either the agreed amount endorsement or a replacement cost endorsement, in amounts equal to one hundred (100%) percent of full replacement cost, and in any event in an amount sufficient to prevent Landlord from becoming a co-insurer. Replacement Cost shall be determined from time to time by an independent appraiser, architect or engineer designated by Landlord and reasonably acceptable to Tenant, at Tenant's reasonable expense. The policy may include, at Landlord's reasonable option, a contingent liability endorsement and/or demolition and increased cost of construction endorsement in order for the Building to be constructed in accordance with all requirements and regulations which may be applicable at the time of loss or damage, of all governmental agencies having jurisdiction over the Building and construction of the Building.

(c) "All Risk" property insurance against fire, theft, vandalism, malicious mischief, sprinkler leakage and such additional perils as are now, or hereafter may be, included in a standard extended coverage endorsement from time to time in general use in the State in which the Premises is located upon property of every description and kind owned by Tenant and/or under Tenant's care, custody or control located in the Building or the Premises or for which Tenant is legally liable or installed by or on behalf of Tenant, including by way of example and not by way of limitation, fixtures, fittings and affixed installations in an amount equal to the full replacement cost thereof.

(d) Boiler and machinery insurance coverage, if appropriate, for all eligible objects, including pressure vessels and air conditioning equipment, with the electrical apparatus clause, with such limits as may be reasonably necessary to properly insure the values at risk in the Building.

(e) Business interruption and rent loss insurance, against the loss of Base and Additional Rent for no less than one (1) year as provided herein.

(f) Workers' Compensation Insurance (including employers' liability insurance) covering all persons employed at the Premises to the extent required by the laws of the State in which the Premises is located.

(g) Insurance for such other hazards and in such amounts as Landlord may reasonably require and as at the time are commonly insured against with respect to buildings similar in character, general location and particular manner of use and occupancy to the Premises in relative amounts normally carried with respect thereto. If, by reason of changed economic conditions, the insurance amounts referred to in this Section become inadequate, in Landlord's reasonable determination, Tenant agrees to increase the amounts of such insurance promptly upon Landlord's reasonable request.

Tenant represents, said representation being specifically designed to induce Landlord to execute this Lease, that Tenant's personal property, fixtures, goods and inventory and any other items which Tenant may bring to the Premises or which may be under Tenant's care, custody and control which may be subject to any claim for damages or destruction shall never exceed the amount of insurance which Tenant is required to carry pursuant to this Lease. Tenant shall name Landlord, its managing agent, if any, and Landlord's mortgagee[s] as an additional named insureds, as their interests may appear, with Landlord (or its mortgagee(s)) being designated as "loss payee" in all fire/casualty real property cases only. If at any time the amount of personal property, fixtures, goods and inventory or other items located at the Premises shall exceed said amount, Tenant covenants to so notify Landlord and at the same time increase the amount of insurance required to be carried pursuant to Subsection 7.1(c) to an amount sufficient to cover the aforesaid to preclude any liability on Landlord's part to Tenant. Should Tenant fail to do so, or fail to maintain insurance coverage adequate to cover the aforesaid, naming Landlord, its managing agent, if any, and Landlord's mortgagee[s] as an additional named insured, then, after written notice and a ten (10) day opportunity to cure, Tenant shall be in default hereunder and shall be deemed to have breached its covenants as set forth herein.

Tenant shall not do or permit to be done any act or thing on the Premises which shall invalidate or be in conflict with, or cause additional premium for any insurance policy insuring the Premises.

All policies of insurance required pursuant to this Section shall be from a company rated in the A.M. Best Key Rating Guide with a policyholder's service rating of A and a financial rating of X or such other rating as may be required by Landlord's mortgagee. The insurance company shall be licensed to do business in the State in which the Premises is located and a certificate(s) evidencing the existence of such policy shall be delivered to Landlord, together with evidence of the payment of the premiums therefore upon the execution of this Lease. Each insurance company shall agree to provide a notice of cancellation or non-renewal to Landlord and any mortgagee at least thirty (30) days prior to said event becoming effective. At least thirty (30) days prior to the expiration or termination date of any policy, Tenant shall deliver a renewal or replacement policy, or certificate(s) evidencing the existence thereof, to Landlord together with proof of the payment of the premium therefor. No deductible on any insurance required hereunder shall exceed Ten Thousand and 00/100 (\$10,000.00) Dollars. If Tenant shall fail to comply with the provisions of this Article VII, Landlord shall have the right on no less than three (3) days prior written notice (unless Landlord needs to accelerate the implementation of such insurance due to the lapse or possible lapse of such insurance), but not the obligation, to procure such insurance and pay the premiums thereof and Landlord shall be entitled to repayment by Tenant immediately on demand, as Additional Rent.

7.2 Tenant is and shall be in exclusive control and possession of the Premises as provided herein, and Landlord shall not be liable to Tenant for any loss suffered by Tenant under any circumstances, including, but not limited to: (i) loss of or injury to Tenant or to Tenant's property or that for which Tenant is legally liable from any cause whatsoever, including but not limited to theft or burglary; or (ii) that which results from or is incidental to the furnishing of or failure to furnish or the interruption in connection with the furnishing of any service; or (iii) that which results from any inspection, repair, alteration or addition or the failure thereof undertaken or failed to be undertaken by Landlord; or (iv) any interruption to Tenant's business, however occurring.

The aforesaid exculpatory Section is to induce Landlord, in its judgment, to avoid or minimize covering risks which are better quantified and covered by Tenant either through insurance, thereby avoiding the need to increase the rent charged Tenant to compensate Landlord for the additional costs in obtaining said coverage or reserving against such losses.

Tenant shall indemnify, defend and save Landlord harmless against and from all and all liabilities, claims, suits, fines, penalties, damages, losses, fees, obligations, costs and expenses (including attorneys' fees) which may be imposed upon, incurred by or asserted against Landlord by reason of:

- (A) Any work or thing done in, on or about the Premises or any part thereof by Tenant or permitted by Tenant;
- (B) Any use, occupation, condition or operation of the Premises by Tenant;
- (C) Any act or omission on the part of Tenant or any of its agents, employees, invitees, licensees or subtenants on or within the Premises or any part thereof, or any occurrence on any of the same;
- (D) Any accident, injury (including death) or damage to any third party or property owned by someone other than Tenant and not under the care, custody or control of Tenant occurring in, on or about the Premises or any part thereof;
- (E) Any failure on the part of Tenant to perform or comply with any of the covenants, agreements, terms or conditions contained in this Lease.

The provisions of this Section shall survive the expiration or earlier termination of the Lease.

7.3. Any policies required to be furnished by Tenant pursuant to this Article VII will unequivocally provide an undertaking by the insurers to notify Landlord and the mortgagees or ground lessors of Landlord (who Tenant has received notice thereof and the address of such mortgages or ground lessors) in writing not less than thirty (30) days prior to any material change, reduction in coverage, cancellation or other termination thereof.

7.4 All policies of insurance set forth in this Article shall expressly provide that any losses thereunder shall be adjusted with Landlord, Tenant and Landlord's mortgagees. The Tenant will not take out separate insurance concurrent in form or contributing in the event of loss with that required (or which may reasonably be required) pursuant to this paragraph to be furnished by the Tenant unless the Landlord and each of Landlord's mortgagees are included therein as an insured, with all losses payable thereunder as provided above. Any such additional policy shall be subject to Landlord's prior consent and if approved, shall be delivered to Landlord.

7.5 Carriers and Features. All insurance policies required to be carried by Tenant as provided in this Article shall be issued by insurance companies reasonably approved by Landlord authorized and licensed to do business in the State in which the Premises is located. The insurance companies must have (as determined by Landlord at its discretion): (i) an investment grade rating for claims paying ability assigned by a credit rating agency approved by Landlord and (ii) a general policy rating of A or better and a financial class of X or better by A.M. Best Company, Inc. All such policies shall be for periods of not less than one year and Tenant shall renew the same at least thirty (30) days prior to the expiration thereof. All such policies shall name Landlord as additional insured and any wholly or principally owned subsidiaries of Landlord that may now or hereafter exist, as well as any mortgagee or collateral assignee of Landlord, and shall require not less than thirty (30) days written notice to Landlord prior to any cancellation thereof or any change reducing coverage thereunder. In addition to the foregoing, all policies of insurance required in this Article shall contain above shall contain clauses or endorsements to the effect that (i) no act or negligence of Tenant, or anyone acting for Tenant, or failure to comply with the provisions of any policy which might otherwise result in a forfeiture of the insurance or any part thereof, shall in any way affect the validity or enforceability of the insurance insofar as Landlord is concerned, and (ii) Landlord shall not be liable for any insurance premiums thereon or subject to any assessments thereunder.

Tenant shall pay the premiums for all insurance policies which Tenant is obligated to carry under this Article and, at least thirty (30) days prior to the date any such insurance must be in effect, deliver to Landlord a copy of the policy or policies, or a certificate or certificates thereof (on ACORD 27 forms or equivalent), along with evidence that the premiums therefor have been paid for at least the next ensuing annual period.

7.6 Failure to Procure Insurance. In the event Tenant shall fail to procure insurance required under this Article and fail to maintain the same in full force and effect continuously during the Term of this Lease, Landlord shall be entitled to, upon no less than three (3) days' written notice to Tenant (unless Landlord needs to accelerate the implementation of such insurance due to the lapse or possible lapse of such insurance), procure the same and Tenant shall immediately reimburse Landlord for such premium expense as past due Additional Rent.

7.7 Mutual Waiver of Subrogation. Tenant agrees that, if any property owned by it and located in the Premises shall be stolen, damaged or destroyed by an insured peril, Landlord shall not have any liability to Tenant, nor to any insurer of Tenant, for or in respect of such theft, damage or destruction, and Tenant and Landlord shall require all policies of risk insurance carried by it on its property in the Premises to contain or be endorsed with a provision in and by which the insurer designated therein shall waive its right of subrogation against Landlord or Tenant, as the case may be. Landlord agrees that, if any property owned by it and located in the Premises shall be stolen, damaged or destroyed by an insured peril, Tenant shall not have any liability to Landlord, nor to any insurer of Landlord, for or in respect of such theft, damage or destruction, and Landlord shall require all policies of risk insurance carried by it on its property in the Premises to contain or be endorsed with a provision in and by which the insurer designated therein shall waive its right of subrogation against Tenant.

ARTICLE VIII.
ADDITIONS, ALTERATIONS AND REMOVALS

8.1 Prohibition. Except as hereinafter expressly provided in Section 8.2, no portion of the Premises shall be demolished, removed or materially altered by Tenant in any manner whatsoever without the prior written consent and approval of Landlord, which may be withheld by Landlord in its sole and absolute discretion.

8.2 Permitted Renovations.

(a) Tenant shall be entitled and obligated to undertake all alterations to the Premises required by any applicable law or ordinance.

(b) Tenant shall be entitled to undertake non-structural alterations, renovations or modifications to the Premises which cost no more than Two Hundred Thousand Dollars (\$200,000) per year without Landlord's prior consent.

(c) Tenant shall not be entitled to undertake any structural alterations, renovations or modifications (collectively, "**Structural Work**") to the Premises without Landlord's prior written consent; provided, however, Landlord's prior consent shall not be required for structural repairs or replacements of existing structural elements (e.g. replacing roof, the roof membrane roof covering, exterior walls, structural support beams); provided further however that Tenant shall give Landlord written notice before causing such structural repairs or replacements to be performed and shall also comply with the provisions of Section 9.2 below. Prior to performing any Structural Work, Tenant shall request Landlord's consent, which consent shall be given or withheld within [thirty (30)] days of Tenant's request. Landlord's consent shall not be unreasonably withheld or delayed, but may be conditioned upon Tenant's full compliance with the requirements of Section 9.2 below. Landlord may retain expert consultants in connection with the review of any proposed Structural Work, and the reasonable cost thereof shall be reimbursed by Tenant. Structural Work shall also include system wide repairs or replacements to the mechanical systems and exterior elevations.

(d) When performing any alterations or renovations to the Improvements, Tenant shall comply with all of the following requirements:

(i) No such alterations shall be undertaken by Tenant which materially and adversely affect the value of the Premises or without Landlord's consent, materially decrease the square footage of the Improvements.

(ii) Before the commencement of any such alterations, Tenant or its agents shall furnish to Landlord either plans and specifications therefor depicting the scope of the Alterations or a reasonable detailed itemization thereof.

(iii) Before the commencement of any such alterations, Tenant shall obtain the approval thereof by all governmental departments or authorities having or claiming jurisdiction of or over the Premises, if required by such departments or authorities, and with any public utility companies having an interest therein, if required by such utility companies. In any such work, Tenant shall comply with all applicable laws, ordinances, requirements, orders, directions, rules and regulations of the federal, state, county and municipal governments and of all other governmental authorities having or claiming jurisdiction of or over the Premises and of all their respective departments, bureaus and offices, and with the requirements and regulations, if any, of such public utilities, of the insurance underwriting board or insurance inspection bureau having or claiming jurisdiction, or any other body exercising similar functions, and of all insurance companies then writing policies covering the Premises or any part thereof.

(iv) Tenant represents and warrants to Landlord that all such alterations will be performed in a good and workmanlike manner, in accordance with the terms, provisions and conditions of this Lease, the plans and specifications or itemization thereof approved by Landlord and all governmental requirements.

(v) Landlord shall have the right to inspect any such work on prior notice at all times during normal working hours accompanied by an authorized Tenant representative and to maintain at the Premises for that purpose (at its own expense) such inspector(s) as it may deem necessary so long as such inspections do not interfere with Tenant's work (but Landlord shall not thereby assume any responsibility for the proper completion of the alterations in accordance with the terms of this Lease, nor any liability arising from the improper performance thereof).

(vi) All such alterations shall be performed at Tenant's cost and expense and free of any expense to Landlord and free of any liens on Landlord's title to or Tenant's leasehold interest in the Premises.

(vii) Upon substantial completion of any such alterations Tenant shall procure a certificate of occupancy or other written approval, if available and if required, from the appropriate governmental authorities verifying the substantial completion thereof and shall provide a copy of same to Landlord.

(viii) Tenant shall, and hereby agrees to, indemnify and save and hold Landlord harmless from and against and reimburse Landlord for any and all loss, damage, cost and expense (including, without limitation, reasonable attorneys' fees) incurred by or asserted against Landlord which is occasioned by or results, directly or indirectly, from any construction or renovation activities conducted upon the Premises by or at the direction of Tenant; whether or not the same is caused by or is the fault of Tenant or any contractor, subcontractor, laborer, supplier, materialman or any other third party.

(e) Upon expiration of or termination of the Term, Tenant shall not be required to remove any alterations or renovations made to the Improvements by Tenant. Landlord represents and warrants that Tenant shall have no obligation to remove any Improvements made to the Premises prior to the Effective Date hereof.

ARTICLE IX.
MAINTENANCE AND REPAIRS

9.1 Repairs by Tenant. From and after the Effective Date and continuing throughout the Term of this Lease Tenant shall at all times and at its sole cost and expense, put, keep, replace and maintain the Premises (including, without limitation, the roof, plumbing systems, electric systems and HVAC systems) in repair and in safe and substantial order and condition, shall make all repairs thereto, both inside and outside, structural and non-structural, ordinary and extraordinary, howsoever the necessity or desirability for repairs may occur, and whether or not necessitated by wear, tear, obsolescence or defects, latent or otherwise, and shall use all reasonable precautions to prevent waste, damage or injury. Tenant shall also, at its own cost and expense, put, keep, replace and maintain all landscaping, signs, sidewalks, roadways, driveways and parking areas within the Premises in good repair and in good, safe and substantial order and condition and free from dirt, standing water, rubbish and other obstructions or obstacles.

9.2 Landlord's Obligation. Landlord shall not be required to make any alterations, reconstructions, replacements, changes, additions, improvements or repairs of any kind or nature whatsoever to the Premises or any portion thereof (including, without limitation, any portion of the Improvements) at any time during the Term of this Lease.

ARTICLE X.
DAMAGE OR DESTRUCTION

10.1 Restoration and Repair. If, during the Term of this Lease, the Improvements shall be destroyed or damaged in whole or in part by fire, windstorm or any other cause whatsoever, Tenant shall give Landlord prompt notice thereof and shall repair, reconstruct or replace the Improvements, or the portion thereof so destroyed or damaged (whichever is reasonably required), at least to the extent of the value and character thereof existing immediately prior to such occurrence. All work shall be started as soon as practicable and completed, at Tenant's sole reasonable cost and expense. Tenant shall, however, immediately take such action as is necessary to assure that the Premises (or any portion thereof) do not constitute a nuisance or otherwise present a health or safety hazard.

10.2 Escrow of Insurance Proceeds. In the event of a casualty resulting in a loss payment for the Improvements in an amount greater than ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$100,000.00), the proceeds of all insurance policies maintained by Tenant shall be deposited in Landlord's name in a joint escrow account at a bank or other financial institution agreed to by Landlord and Tenant, and shall be used by Tenant for the repair, reconstruction or restoration of the Improvements together with its own funds advanced by Tenant, which, together with the insurance proceeds, are sufficient to fully restore the Improvements. Such proceeds and such additional funds as are deposited by Tenant shall be disbursed periodically upon receipt of partial lien waivers and certification of the architect or engineer having supervision of the work that such amounts are the amounts paid or payable for the repair, reconstruction or restoration. Tenant shall obtain and make receipted bills available to Landlord and, upon completion of said work, full and final waivers of lien. In the event of a casualty resulting in a loss payment for the Improvements in an amount equal to or less than the amount stated above, the proceeds shall be paid to Tenant, and shall be applied towards repair, reconstruction and restoration.

10.3 Uninsured Losses. Nothing contained herein shall relieve Tenant of its obligations under this Article if the destruction or damage is not covered, either in whole or in part, by insurance.

ARTICLE XI.
CONDEMNATION

11.1 Complete Taking. If the whole of the Premises shall be taken or condemned for any public or quasi-public use or purpose, by right of eminent domain or by purchase in lieu thereof, or if a substantial portion of the Premises shall be so taken or condemned that the portion or portions remaining is or are not sufficient and suitable, in the mutual reasonable judgment of Landlord and Tenant, for the continued operation of the business contemplated by this Lease to be conducted thereon, therein or therefrom so as to effectively render the Premises untenable, then this Lease and the Term hereby granted shall cease and terminate as of the date on which the condemning authority takes possession and all Rent shall be paid by Tenant to Landlord up to that date or refunded by Landlord to Tenant if Rent has previously been paid by Tenant beyond that date.

11.2 Partial Taking. If a portion of the Premises is taken, and the portion or portions remaining can, in the mutual reasonable judgment of Landlord and Tenant, be adapted and used for the conduct of Tenant's business operation, such that the Premises are not effectively rendered untenable or unfit for Tenant's business purposes, then the Tenant shall promptly restore the remaining portion or portions thereof to a condition comparable to their condition at the time of such taking or condemnation, less the portion or portions lost by the taking, and this Lease shall continue in full force and effect except that the Rent payable hereunder shall, if necessary, be equitably adjusted to take into account the portion or portions of the Premises lost by the taking.

11.3 Award. The entire award for the Premises or the portion or portions thereof so taken shall be apportioned between Landlord and Tenant as follows: (i) if this Lease terminates due to a taking or condemnation, Landlord shall be entitled to the entire award (except for any separate award made to Tenant for its moving expenses, interruption of or damage to Tenant's business, any unamortized leasehold improvements paid for by Tenant (regardless of whether such improvements are part of the Improvements or Landlord's property pursuant to this Lease) and the value of any Tenant's property, pursuant to a separate independent action taken by Tenant against the condemning authority); (ii) if this Lease does not terminate due to such taking or condemnation, Tenant shall be entitled to the award to the extent required for restoration of the Premises, and Landlord shall be entitled to the balance of the award not applied to restoration. If this Lease does not terminate due to a taking or condemnation, Tenant shall, with due diligence, restore the remaining portion or portions of the Premises in the manner hereinabove provided. In such event, the proceeds of the award to be applied to restoration shall be deposited with a bank or financial institution agreeable to Landlord and Tenant as if such award were insurance proceeds, and the amount so deposited will thereafter be treated in the same manner as insurance proceeds are to be treated under Section 7.2 of this Lease until the restoration has been completed and Tenant has been reimbursed for all the costs and expenses thereof. If the award is insufficient to pay for the restoration, Tenant shall be responsible for the remaining cost and expense of such restoration.

11.4 Disputes. If Landlord and Tenant cannot agree in respect of any matters to be determined under this Article, a determination shall be requested of the court having jurisdiction over the taking or condemnation; provided, however, that if said court will not accept such matters for determination, either party may have the matters determined by a court otherwise having jurisdiction over the parties.

ARTICLE XII.
LANDLORD'S RIGHT TO INSPECT

Landlord and its agents, mortgagees, proposed mortgagees, purchasers and their employees or representatives shall have the right to enter upon the Premises or any portion thereof during Tenant's normal business hours on prior notice (other than in the event of an emergency) only Tenant's representative shall be welcome to participate in any such inspections, after twenty four (24) hours prior notice to Tenant, to inspect the operation, sanitation, safety, maintenance and use of the same, or any portions of the same and to assure itself that Tenant is in full compliance with its obligations under this Lease (but Landlord shall not thereby assume any responsibility for the performance of any of Tenant's obligations hereunder, nor any liability arising from the improper performance thereof). In making any such inspections, Landlord shall not unduly interrupt or interfere with the conduct of Tenant's business.

ARTICLE XIII.
ASSIGNMENT AND SUBLETTING BY TENANT

Tenant may not assign its interest in this Lease or sublet the whole or any part of the Premises without the prior consent of Landlord, which consent will not be unreasonably withheld, delayed or conditioned. Tenant shall remain primarily liable and responsible under this Lease in the event of any such assignment or sublease and shall not be released from its obligations hereunder nor shall the guaranty of the Lease by Air Industries Group be terminated or released. Any assignment of this Lease or subletting of the Premises without notification to and consent by Landlord shall not be effective as to Landlord and Landlord shall not be bound thereby.

Tenant agrees that it shall not be unreasonable for Landlord to withhold its consent to a proposed sublease or assignment if:

- (a) The proposed assignee ("**Proposed Assignee**") refuses to provide Landlord with financial statements covering a period of at least 12 months ending no earlier than six months and no later than three months prior to the effective date of the proposed assignment;
- (b) The Proposed Assignee shall not agree in writing to assume all of the obligations of Tenant under this Lease from and after the date of assignment;
- (c) Tenant or Proposed Assignee shall fail to pay to Landlord a processing fee of One Thousand Five Hundred (\$1,500.00) Dollars (increased by 2% each year commencing 1/1/17) in connection with the proposed sublet or assignment of this lease;

(d) Tenant shall fail to furnish Landlord with a true and correct copy of the sublease or assignment and assumption not less than thirty (30) days prior to execution for Landlord's review and approval and a fully executed counterpart of the sublease or assignment and assumption of this Lease, as applicable, within ten (10) days after the date of the execution of same;

(e) The Proposed Assignee is not solvent or is generally held in disrepute;

(f) Without consent of Landlord, Tenant may assign this Lease to a corporation or other entity which is a direct or indirect subsidiary of Guarantor.

(g) Without consent of Landlord Tenant may assign this Lease or the holders of the equity interests of Tenant may sell or assign such interests to a third party which acquires all or substantially all of the business then being conducted by Tenant at the Premises.

(h) Without consent of Landlord, Tenant may sell or transfer a minority of its equity interests or otherwise assign or sublease to an affiliate or subsidiary of Tenant or its parent company; up to forty-nine percent (49%) of the Premises, or transfer equity interests in connection with going public.

(i) Under no circumstances shall Tenant or Guarantor be released from any liability under this Lease or Guaranty.

ARTICLE XIV.
LANDLORD'S INTEREST NOT SUBJECT TO LIENS

14.1 Liens, Generally. Tenant shall not create or cause to be imposed, claimed or filed upon the Premises, or any portion thereof, or upon the interest of Landlord therein, any lien, charge or encumbrance whatsoever. If, because of any act or omission of Tenant, any such lien, charge or encumbrance shall be imposed, claimed or filed, Tenant shall, at its sole cost and expense, cause the same to be fully paid and satisfied or otherwise discharged of record (by bonding or otherwise) within thirty (30) days after the date such lien is recorded and Tenant has notice of same and Tenant shall indemnify, defend and save and hold Landlord harmless from and against any and all reasonable costs, liabilities, suits, penalties, claims and demands whatsoever, and from and against any and all reasonable attorneys' fees, at both trial and all appellate levels, resulting or on account thereof and therefrom. In the event that Tenant shall fail to comply with the foregoing provisions of this Section, Landlord shall have the option of paying, satisfying or otherwise discharging (by bonding or otherwise) such lien, charge or encumbrance and Tenant agrees to reimburse Landlord, as Additional Rent, for all sums so paid and for all costs and expenses incurred by Landlord in connection therewith, together with interest thereon as provided in this Lease, until paid.

14.2 Mechanics Liens. Landlord's interest in the Premises shall not be subjected to liens of any nature by reason of Tenant's construction, alteration, renovation, repair, restoration, replacement or reconstruction of any improvements on or in the Premises, or by reason of any other act or omission of Tenant (or of any person claiming by, through or under Tenant) including, but not limited to, mechanics' and materialmen's liens. All persons dealing with Tenant are hereby placed on notice that such persons shall not look to Landlord or to Landlord's credit or assets (including Landlord's interest in the Premises) for payment or satisfaction of any obligations incurred in connection with the construction, alteration, renovation, repair, restoration, replacement or reconstruction thereof by or on behalf of Tenant. Tenant has no power, right or authority to subject Landlord's interest in the Premises to any mechanic's or materialmen's lien or claim of lien. If a lien, a claim of lien or an order for the payment of money shall be imposed against the Premises on account of work performed, for or on behalf of Tenant, Tenant shall, within thirty (30) days after written notice of the imposition of such lien, claim or order, cause the Premises to be released therefrom by the payment of the obligation secured thereby or by furnishing a bond or by any other method prescribed or permitted by law. If a lien is released, Tenant shall thereupon establish the release as a matter of record by recording or filing it in the appropriate office of land records of the County in which the Premises is located, and shall furnish Landlord with a copy of same.

14.3 Contest of Liens. Tenant may, at its option, contest the validity of any lien or claim of lien if Tenant shall have first posted an appropriate and sufficient bond in favor of the claimant or paid the appropriate sum into court, if permitted by law, and thereby obtained the release of the Premises from such lien. If judgment is obtained by the claimant under any lien, Tenant shall pay the same immediately after such judgment shall have become final and the time for appeal therefrom has expired without appeal having been taken. Tenant shall, at its own expense, defend the interests of Tenant and Landlord in any and all such suits; provided, however, that Landlord may, at its election, engage its own counsel and assert its own defenses, in which event Tenant shall cooperate with Landlord and make available to Landlord all information and data which Landlord deems necessary or desirable for such defense.

14.4 Notices of Commencement of Construction. If required by the laws of the State in which the Premises is located, prior to commencement by Tenant of any work on the Premises Tenant shall record or file a notice of the commencement of such work (the "**Notice of Commencement**") in the land records of the County in which the Premises are located, identifying Tenant as the party for whom such work is being performed, stating such other matters as may be required by law and requiring the service of copies of all notices, liens or claims of lien upon Landlord. Any such Notice of Commencement shall clearly reflect that the interest of Tenant in the Premises is that of a leasehold estate and shall also clearly reflect that the interest of Landlord as the fee simple owner of the Premises shall not be subject to mechanics or materialmen's liens on account of the work which is the subject of such Notice of Commencement. A copy of any such Notice of Commencement shall be furnished to and approved by Landlord and its attorneys prior to the recording or filing thereof, as aforesaid.

ARTICLE XV.
SUBORDINATION, ATTORNMENT AND NON-DISTURBANCE

15.1 Subordination. Provided Tenant receives a recordable SNDA from any mortgagee or ground lessor, this Lease, Tenant's interest hereunder and Tenant's leasehold interest in and to the Premises are hereby agreed by Tenant to be and are hereby made junior, inferior, subordinate and subject in right, title, interest, lien, encumbrance, priority and all other respects to any mortgage or mortgages now or hereafter in force and effect upon or encumbering Landlord's interest in the Premises, or any portion thereof, and to all collateral assignments by Landlord to any third party or parties of any of Landlord's rights under this Lease or the rents, issues and profits thereof or therefrom as security for any liability or indebtedness, direct, indirect or contingent, of Landlord to such third party or parties, and to all future modifications, extensions, renewals, consolidations and replacements of, and all amendments and supplements to any such mortgage, mortgages or assignments, and upon recording of any such mortgage, mortgages or assignments, the same shall be deemed to be prior in dignity, lien and encumbrance to this Lease, Tenant's interest hereunder and Tenant's leasehold interest in and to the Premises irrespective of the dates of execution, delivery or recordation of any such mortgage, mortgages or assignments; provided, however, Tenant's possession and right of use under this Lease in and to the Premises shall not be disturbed by such mortgagee or ground lessor unless and until Tenant shall breach any of the provisions hereof after notice and expiration of the applicable cure period, if any. The foregoing subordination provisions of this Section shall be automatic and self-operative without the necessity of the execution of any further instrument or agreement of subordination on the part of Tenant. However, if Landlord or the holder or proposed holder of any such mortgage, mortgages or assignments shall request that Tenant execute and deliver any further instrument or agreement of subordination of this Lease, Tenant's interest hereunder or Tenant's leasehold interest in the Premises to any such mortgage, mortgages or assignments in confirmation or furtherance of or in addition to the foregoing subordination provisions of this Section, Tenant shall execute and deliver the same to the requesting party within thirty (30) days following Tenant's receipt of such a written request. Tenant's failure to execute a subordination pursuant to this Section or an Estoppel Certificate pursuant to Section 20.2 shall be an Event of Default for which no notice, grace or cure period shall be provided, provided Tenant is notified of the potential for a default when the request is made.

15.2 Attornment. Tenant shall and hereby agrees to attorn, and be bound under all of the terms, provisions, covenants and conditions of this Lease, to any successor of the interest of Landlord under this Lease for the balance of the Term of this Lease remaining at the time of the succession of such interest to such successor. In particular, in the event that any proceedings are brought for the foreclosure of any mortgage or security interest encumbering or collateral assignment of Landlord's interest in the Premises, or any portion thereof, Tenant shall attorn to the purchaser at any such foreclosure sale and recognize such purchaser as Landlord under this Lease, subject, however, to all of the terms and conditions of this Lease. Tenant agrees that neither the purchaser at any such foreclosure sale nor the foreclosing mortgagee or holder of such security interest or collateral assignment shall have any liability for any act or omission of Landlord, be subject to any offsets or defenses which Tenant may have as claim against Landlord, or be bound by any advance rents which may have been paid by Tenant to Landlord for more than the current period in which such rents come due; provided, however, if the foreclosing mortgagee had notice of any default and an opportunity to cure said default, then the foreclosing mortgagee will be subject to offsets and defenses for said default of which it had notice from Tenant.

ARTICLE XVI.
END OF TERM

16.1 Surrender of Premises. Tenant shall, on or before the last day of the Term of this Lease or upon the sooner termination thereof, peaceably and quietly surrender and deliver to Landlord the Premises (including, without limitation, all Improvements and all additions thereto and replacements thereof made from time to time over the Term of this Lease), in order, condition and repair, reasonable wear and tear and casualty excepted, and free and clear of all liens and encumbrances other than those which exist on the Rental Commencement Date or are otherwise specifically approved and acknowledged by Landlord in writing.

16.2 Holding Over. If Tenant or any other person or party shall remain in possession of the Premises or any part thereof following the expiration of the Term or earlier termination of this Lease without an agreement in writing between Landlord and Tenant with respect thereto, the person or party remaining in possession shall be deemed to be a tenant at sufferance, and during any such holdover, the Base Rent payable under this Lease by such tenant at sufferance shall be one hundred and fifty percent (150%) of the rate or rates in effect immediately prior to the expiration of the Term or earlier termination of this Lease, plus Additional Rent. In no event, however, shall such holding over be deemed or construed to be or constitute a renewal or extension of this Lease. The parties agree that: (i) it would be impractical and extremely difficult to fix the actual damage Landlord will suffer in the event of Tenant's holdover without Landlord's consent; and (ii) the foregoing increases in Rent due during any holdover period represent a fair and reasonable estimate of the detriment that Landlord will suffer by reason of Tenant's holdover without consent. Any holding over without Landlord's consent shall entitle Landlord to re-enter the Premises as provided in this Lease and Tenant shall pay to Landlord all reasonable documented damages sustained by Landlord as a result of retention of possession by Tenant, including, without limitation, the loss of any proposed subsequent tenant for any portion of the Premises.

ARTICLE XVII.
LIABILITY OF LANDLORD; INDEMNIFICATION

17.1 Liability of Landlord. Landlord shall not be liable to Tenant, its employees, agents, business invitees, licensees, customers, clients, or guests for any damage, injury, loss, compensation or claim, including, but not limited to, claims for the interruption of or loss to Tenant's business, based on, arising out of or resulting from any cause whatsoever, including, but not limited to: (i) repairs to any portion of the Premises; (ii) interruption in Tenant's use of the Premises; (iii) any accident or damage resulting from the use or operation (by Tenant or any other person or persons) of any equipment within the Premises, including without limitation, heating, cooling, electrical or plumbing equipment or apparatus; (iv) the termination of this Lease by reason of the condemnation or destruction of the Premises in accordance with the provisions of this Lease; (v) any fire, robbery, theft, mysterious disappearance or other casualty; (vi) the actions of any other person or persons; and (vii) any leakage or seepage in or from any part or portion of the Premises, whether from water, rain or other precipitation that may leak into, or flow from, any part of the Premises, or from drains, pipes or plumbing fixtures in the Improvements. Any storage or placement by the Tenant or its employees of goods, property or personal effects in or about the Premises shall be at the sole risk of the Tenant.

17.2 Indemnification of Landlord. Tenant shall defend, indemnify and save and hold Landlord harmless from and against any and all liabilities, obligations, losses, damages, injunctions, suits, actions, fines, penalties, claims, demands, costs and expenses of every kind or nature, including reasonable attorneys' fees and court costs, incurred by Landlord, arising directly or indirectly from or out of: (i) any failure by Tenant to perform any of the terms, provisions, covenants or conditions of this Lease on Tenant's part to be performed; (ii) any accident, injury or damage which shall happen at, in or upon the Premises, however occurring; (iii) any matter or thing growing out of the condition, occupation, maintenance, alteration, repair, use or operation by any person of the Premises, or any part thereof, or the operation of the business contemplated by this Lease to be conducted thereon, thereat, therein, or therefrom; (iv) any failure of Tenant to comply with any laws, ordinances, requirements, orders, directions, rules or regulations of any governmental authority; (v) any contamination of the Premises, or the groundwaters thereof; (vi) any discharge of Hazardous Materials sewage or waste materials from the Premises; or (vii) any other act or omission of Tenant, its employees, agents, invitees, customers, licensees or contractors, provided Tenant shall not be responsible for any indirect or consequential damages or loss of profits arising out of any of the foregoing.

17.3 Survival of Indemnities. Tenant's indemnity obligations under this Article and elsewhere in this Lease arising prior to the expiration or earlier termination of this Lease shall survive any such expiration or termination.

17.4 Notice of Claim or Suit. Tenant shall promptly notify Landlord of any claim, action, proceeding or suit involving the Premises which is instituted or threatened against Tenant or Landlord of which Tenant receives notice or of which Tenant acquires knowledge. In the event Landlord is made a party to any action for damages or other relief against which Tenant has indemnified Landlord, as aforesaid, Tenant shall defend Landlord, pay all costs and shall provide effective counsel to Landlord in such litigation or, at Landlord's option, shall pay all reasonable attorneys' fees and costs incurred by Landlord in connection with its own defense or settlement of said litigation.

17.5 Limitation on Liability of Landlord. In the event Tenant is awarded a money judgment against Landlord, Tenant's sole recourse for satisfaction of such judgment shall be limited to execution against the Premises. In no event shall any officer, director, employee or shareholder of Landlord be personally liable for the obligations of Landlord hereunder.

ARTICLE XIII.
DEFAULT

18.1 Events of Default. Each of the following events shall be an event of default hereunder by Tenant and shall constitute a breach of this Lease (individually an "**Event of Default**"):

(a) If Tenant shall fail to pay, when due, any Rent, or portion thereof, or any other sum due to Landlord from Tenant hereunder, and such failure shall continue for a period of ten (10) days after the due date thereof.

(b) If Tenant shall violate or fail to comply with or perform any other term, provision, covenant, agreement or condition to be performed or observed by Tenant under this Lease, and such violation or failure shall continue for a period of thirty (30) days after written notice thereof from Landlord. However, if said violation cannot be cured within thirty (30) days and should Tenant commence to cure said violation or commence the performance of said provision, covenant, agreement or condition within said thirty (30) days and thereafter diligently pursue said cure, then such failure shall not be an Event of Default hereunder so long as Tenant is diligently pursuing said cure, and so long as said failure is cured in any event within ninety (90) days after the written notice from Landlord.

(c) If, at any time during the Term of this Lease, there shall be filed against Tenant in any court, pursuant to any statute of either the United States or of any State, a petition in bankruptcy or insolvency, or for reorganization or arrangement, or for the appointment of a receiver or trustee of all or any portion of Tenant's property, including, without limitation, its leasehold interest in the Premises, or if Tenant shall make an assignment for the benefit of its creditors or petitions for or enters into an arrangement with its creditors.

(d) If, at any time during the Term of this Lease, there shall be filed against Tenant in any courts pursuant to any statute of the United States or of any State, a petition in bankruptcy or insolvency, or for reorganization, or for the appointment of a receiver or trustee of all or a portion of Tenant's property, including, without limitation, its leasehold interest in the Premises, and any such proceeding against Tenant shall not be dismissed within sixty (60) days following the commencement thereof.

(e) If Tenant's leasehold interest in the Premises or property therein shall be seized under any levy, execution, attachment or other process of court where the same shall not be vacated or stayed on appeal or otherwise within sixty (60) days thereafter, or if Tenant's leasehold interest in the Premises is sold by judicial sale and such sale is not vacated, set aside or stayed on appeal or otherwise within sixty (60) days thereafter.

18.2 Remedies on Default. If any of the Events of Default hereinabove specified shall occur, Landlord, at any time thereafter, shall have and may exercise any of the following rights and remedies:

(a) Landlord may, on no less than thirty (30) days prior written notice thereof to Tenant, terminate this Lease and, peaceably or pursuant to appropriate legal proceedings, re-enter, retake and resume possession of the Premises for Landlord's own account and, for Tenant's breach of and default under this Lease, recover from Tenant any and all rents and other sums and damages due or in existence at the time of such termination, including, without limitation, (i) all unaccelerated Rent and other sums, charges, payments, costs and expenses agreed and/or required to be paid by Tenant to Landlord hereunder, (ii) all reasonable documented costs and expenses of Landlord in connection with the recovery of possession of the Premises, including reasonable attorneys' fees and court costs, and (iii) all reasonable documented costs and expenses of Landlord in connection with any reletting or attempted reletting of the Premises or any part or parts thereof, including, without limitation, brokerage fees, attorneys' fees and the cost of any alterations or repairs which may be reasonably required to so relet the Premises, or any part or parts thereof.

(b) Landlord may, pursuant to any prior notice required by law, and without terminating this Lease, peaceably or pursuant to appropriate legal proceedings, re-enter, retake and resume possession of the Premises for the account of Tenant, make such alterations of and repairs to the Premises as may be reasonably necessary in order to relet the same or any part or parts thereof and relet or attempt to relet the Premises or any part or parts thereof for such term or terms (which may be for a term or terms extending beyond the Term of this Lease), at such rents and upon such other terms and provisions as Landlord, in its sole, but reasonable, discretion, may deem advisable. Landlord shall use reasonable efforts to mitigate its damages. If Landlord relets or attempts to relet the Premises, Landlord shall at its sole discretion determine the terms and provisions of any new lease or sublease and whether or not a particular proposed new tenant or sublessee is acceptable to Landlord. Upon any such reletting, all rents received by the Landlord from such reletting shall be applied, (i) first, to the payment of all costs and expenses of recovering possession of the Premises, (ii) second, to the payment of any costs and expenses of such reletting, including brokerage fees, attorneys' fees and the cost of any alterations and repairs reasonably required for such reletting; (iii) third, to the payment of any indebtedness, other than Rent, due hereunder from Tenant to the Landlord, (iv) fourth, to the payment of all Rent and other sums due and unpaid hereunder, and (v) fifth, the residue, if any, shall be held by the Landlord and applied in payment of future Rents as the same may become due and payable hereunder. If the rents received from such reletting during any period shall be less than that required to be paid during that period by the Tenant hereunder, Tenant shall promptly pay any such deficiency to the Landlord and failing the prompt payment thereof by Tenant to Landlord, Landlord shall immediately be entitled to institute legal proceedings for the recovery and collection of the same. Such deficiency shall be calculated and paid at the time each payment of rent shall otherwise become due under this Lease, or, at the option of Landlord, at the end of the Term of this Lease. Landlord shall, in addition, be immediately entitled to sue for and otherwise recover from Tenant any other damages occasioned by or resulting from any abandonment of the Premises or other breach of or default under this Lease other than a default in the payment of rent. No such re-entry, retaking or resumption of possession of the Premises by the Landlord for the account of Tenant shall be construed as an election on the part of Landlord to terminate this Lease unless a written notice of such intention shall be given to the Tenant or unless the termination of this Lease be decreed by a court of competent jurisdiction. Notwithstanding any such re-entry and reletting or attempted reletting of the Premises or any part or parts thereof for the account of Tenant without termination, Landlord may at any time thereafter, upon written notice to Tenant, elect to terminate this Lease or pursue any other remedy available to Landlord for Tenant's previous breach of or default under this Lease.

(c) Landlord may, without re-entering, retaking or resuming possession of the Premises, sue for all Rent and all other sums, charges, payments, costs and expenses due from Tenant to Landlord hereunder either: (i) as they become due under this Lease, taking into account that Tenant's right and option to pay the Rent hereunder on a monthly basis in any particular Lease Year is conditioned upon the absence of a default on Tenant's part in the performance of its obligations under this Lease, or (ii) at Landlord's option, accelerate the maturity and due date of the whole or any part of the Rent for the entire then-remaining unexpired balance of the Term of this Lease (the "**Accelerated Rent Amount**"), as well as all other sums, charges, payments, costs and expenses required to be paid by Tenant to Landlord hereunder, including, without limitation, damages for breach or default of Tenant's obligations hereunder in existence at the time of such acceleration, such that all sums due and payable under this Lease shall, following such acceleration, be treated as being and, in fact, be due and payable in advance as of the date of such acceleration. Landlord may then proceed to recover and collect the Present Value, as defined herein, of the Accelerated Rent Amount, and interest on said amount and other sums so sued for from Tenant by distress, levy, execution or otherwise. As used herein, "**Present Value**" shall mean Accelerated Rent Amount discounted at a discount rate equal to the yield on the ten (10) year U.S. Treasury Note.

(d) In addition to the remedies hereinabove specified and enumerated, Landlord shall have and may exercise the right to invoke any other remedies allowed at law or in equity as if the remedies of re-entry, unlawful detainer proceedings and other remedies were not herein provided. Accordingly, the mention in this Lease of any particular remedy shall not preclude Landlord from having or exercising any other remedy at law or in equity. Nothing herein contained shall be construed as precluding the Landlord from having or exercising such lawful remedies as may be and become necessary in order to preserve the Landlord's right or the interest of the Landlord in the Premises and in this Lease, even before the expiration of any notice periods provided for in this Lease, if under the particular circumstances then existing the allowance of such notice periods will prejudice or will endanger the rights and estate of the Landlord in this Lease and in the Premises.

18.3 Landlord May Cure Tenant Defaults. If Tenant shall default in the performance of any term, provisions, covenant or condition on its part to be performed hereunder, Landlord may, on no less than ten (10) days written notice (other than in the event of an emergency) after notice to Tenant and expiration of the applicable cure period (or without notice or shorter notice, as reasonable under the circumstances if, in Landlord's reasonable opinion, an emergency exists, but in any event with prior oral notice via telephone) perform the same for the account and at the expense of Tenant. If, at any time and by reason of such default, Landlord is compelled to pay, or elects to pay, any sum of money or do any act which will require the payment of any sum of money, or is compelled to incur any expense in the enforcement of its rights hereunder or otherwise, such sum or sums, together with interest thereon at the highest rate allowed under the laws of the State where the Premises is located, shall be deemed past due rent subject to Section 3.4 hereof and shall be repaid to Landlord by Tenant promptly when billed therefor, and Landlord shall have all the same rights and remedies in respect thereof as Landlord has in respect of the rents herein reserved.

18.4 Rights Cumulative. The rights and remedies provided and available to Landlord in this Lease are distinct, separate and cumulative remedies, and no one of them, whether or not exercised by Landlord, shall be deemed to be in exclusion of any other.

ARTICLE XIX.
NOTICES

Any notice required or permitted to be given under this Lease shall be deemed given if delivered personally to an officer of the party to be notified or sent by (i) United States registered or certified mail, postage prepaid, return receipt requested or (ii) overnight courier service, and addressed as follows:

If to Landlord:

BLUE DESK LLC
28470 Thirteen Mile Road, Suite 220
Farmington Hills, MI 48334
Attn: Jason Miller
Phone: (248) 538-6370
Fax: (248) 855-0915

With copy to: Honigman Miller Schwartz and Cohn LLP
2290 First National Building
600 Woodward Avenue
Detroit, MI 48226
Attn: Howard N. Luckoff
Phone: (248)566-8466
Fax: (248) 566-8467

If to Tenant: Air Realty Group LLC
360 Motor Parkway, Suite 100
Happauge, New York 11788
Attn: Daniel Godin
Phone: (631) 881-4920
Fax: (631) 206-9162

With copy to: Eaton and Winkle LLP
3 Park Avenue, 16th Floor
New York, N 10016
Attn: Vincent J. McGill, Esq.
Phone: (212) 561-3604
Fax: (212) 779-9928

or such other address as may be designated by either party by written notice to the other in accordance with the provisions of this Article. All notices, consents, requests, demands, designations or other communications which may or are required to be given by either party to the other under this Lease shall be in writing and shall be deemed to have been duly given and received when (a) personally delivered; or (b) three days after being deposited in the United States mail, certified or registered, postage prepaid; or (c) one business day after being deposited with a nationally recognized overnight courier service; or (d) sent by facsimile transmission or electronic mail to be immediately followed by delivery in accordance with the foregoing (a), (b) or (c), and in all instances addressed as required under this Section. Notwithstanding the foregoing, any notice mailed to the last designated address of any person or party to which a notice may be or is required to be delivered pursuant to this Lease shall not be deemed ineffective if actual delivery cannot be made due to a change of address of the person or party to which the notice is directed or the failure or refusal of such person or party to accept delivery of the notice.

ARTICLE XX.
MISCELLANEOUS

20.1 "Net" Lease. It is understood that this is an absolute net lease. The Base Rent and all other sums payable by Tenant pursuant to this Lease shall be absolutely net to Landlord. All costs, operating expenses, and obligations imposed upon the Premises or incurred in connection with its use, occupancy, care, maintenance, operation and control (including, but not limited to, all costs of replacements, maintenance and repairs (capital and ordinary, structural and non-structural, foreseen and unforeseen, ordinary and extraordinary) of the structure, roof, parking lot, utilities, taxes, insurance and all other payments required in connection with the Premises during the Term of this Lease) shall be paid by Tenant in addition to all items of Base Rent payable by Tenant under this Lease without notice or demand and without setoff, counterclaim, abatement, deduction, etc. Additionally, Tenant shall be responsible for compliance with any and all legal requirements and shall pay any and all current and future costs relative thereto.

20.2 Estoppel Certificates. Tenant shall from time to time, within twenty (20) days after request by Landlord and without charge, give a Tenant Estoppel Certificate in the form attached hereto as **Exhibit C** and containing such other matters as may be reasonably requested by Landlord to any person, firm or corporation specified by Landlord. Landlord shall provide a commercially reasonable estoppel certificate to Tenant's lender in connection with a proposed financing or a proposed assignee permitted pursuant to the provisions of this Lease.

20.3 Brokerage. Landlord and Tenant hereby represent and warrant to each other that they have not engaged, employed or utilized the services of any business or real estate brokers, salesmen, agents or finders in the initiation, negotiation or consummation of the business and real estate transaction reflected in this Lease. On the basis of such representation and warranty, each party shall and hereby agrees to indemnify and save and hold the other party harmless from and against the payment of any commissions or fees to or claims for commissions or fees by any real estate or business broker, salesman, agent or finder resulting from or arising out of any actions taken or agreements made by them with respect to the business and real estate transaction reflected in this Lease.

20.4 No Partnership or Joint Venture. Landlord shall not, by virtue of this Lease, in any way or for any purpose, be deemed to be a partner of Tenant in the conduct of Tenant's business upon, within or from the Premises or otherwise, or a joint venturer or a member of a joint enterprise with Tenant.

20.5 Entire Agreement. This Lease contains the entire agreement between the parties and, except as otherwise provided herein, can only be changed, modified, amended or terminated by an instrument in writing executed by the parties. It is mutually acknowledged and agreed by Landlord and Tenant that there are no verbal agreements, representations, warranties or other understandings affecting the same; and that Tenant hereby waives, as a material part of the consideration hereof, all claims against Landlord for rescission, damages or any other form of relief by reason of any alleged covenant, warranty, representation, agreement or understanding not contained in this Lease. This Lease shall not be changed, amended or modified except by a written instrument executed by Landlord and Tenant.

20.6 Waiver. No release, discharge or waiver of any provision hereof shall be enforceable against or binding upon Landlord or Tenant unless in writing and executed by Landlord or Tenant, as the case may be. Neither the failure of Landlord or Tenant to insist upon a strict performance of any of the terms, provisions, covenants, agreements and conditions hereof, nor the acceptance of any Rent by Landlord with knowledge of a breach of this Lease by Tenant in the performance of its obligations hereunder, shall be deemed a waiver of any rights or remedies that Landlord or Tenant may have or a waiver of any subsequent breach or default in any of such terms, provisions, covenants, agreements and conditions.

20.7 Time. Time is of the essence in every particular of this Lease, including, without limitation, obligations for the payment of money.

20.8 Costs and Attorneys' Fees. If either party shall bring an action to recover any sum due hereunder, or for any breach hereunder, and shall obtain a judgment or decree in its favor, the court may award to such prevailing party its reasonable costs and reasonable attorneys' fees, specifically including reasonable attorneys' fees incurred in connection with any appeals (whether or not taxable as such by law). Landlord shall also be entitled to recover its reasonable attorneys' fees and costs incurred in any bankruptcy action filed by or against Tenant, including, without limitation, those incurred in seeking relief from the automatic stay, in dealing with the assumption or rejection of this Lease, in any adversary proceeding, and in the preparation and filing of any proof of claim. Tenant shall also be entitled to recover its reasonable attorneys' fees and costs incurred in any bankruptcy action filed by or against Landlord, including, without limitation, those incurred in seeking relief from the automatic stay, in dealing with the assumption or rejection of this Lease, in any adversary proceeding, and in the preparation and filing of any proof of claim.

20.9 Captions and Headings. The captions and headings in this Lease have been inserted herein only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of, or otherwise affect, the provisions of this Lease.

20.10 Severability. If any provision of this Lease shall be deemed to be invalid, it shall be considered deleted therefrom and shall not invalidate the remaining provisions of this Lease.

20.11 Successors and Assigns. The agreements, terms, provisions, covenants and conditions contained in this Lease shall be binding upon and inure to the benefit of Landlord and Tenant and, to the extent permitted herein, their respective successors and assigns.

20.12 Applicable Law. This Lease shall be governed by, and construed in accordance with, the laws of the State in which the Premises are located.

20.13 Waiver of Jury Trial. TENANT AND LANDLORD HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER OF THEM OR THEIR HEIRS, PERSONAL REPRESENTATIVES, SUCCESSORS OR ASSIGNS MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS LEASE OR ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY. IN THE EVENT LANDLORD COMMENCES ANY PROCEEDINGS FOR NONPAYMENT OF RENT, TENANT SHALL NOT INTERPOSE ANY COUNTERCLAIM OF WHATEVER NATURE OR DESCRIPTION IN ANY SUCH PROCEEDING, UNLESS THE FAILURE TO RAISE THE SAME WOULD CONSTITUTE A WAIVER THEREOF. THIS SHALL NOT, HOWEVER, BE CONSTRUED AS A WAIVER OF TENANT'S RIGHT TO ASSERT SUCH CLAIMS IN ANY SEPARATE ACTION BROUGHT BY TENANT. THIS PROVISION IS A MATERIAL INDUCEMENT TO LANDLORD'S ACCEPTING THIS LEASE.

20.14 Counterparts. This Lease may be executed in counterparts by the parties hereto and each shall be considered an original, but all such counterparts shall be construed together and constitute one Lease between the parties hereto.

20.15 Mortgagee Protection. Tenant shall give any mortgagees of the Premises by registered or certified mail, return receipt requested, or nationally recognized overnight delivery service, a copy of any notice of default sent to Landlord by Tenant, provided that prior to such notice Tenant has been notified, in writing (by way of Notice of Assignment of Rents and Leases, or otherwise), of the addresses of such mortgagees which has been provided in writing to Tenant. If Landlord shall have failed to cure such default within the time provided for in this Lease, then the mortgagees shall have an additional thirty (30) days within which to cure such default or, if such default cannot be cured within that time, then such additional time as may be necessary if, within such thirty (30) days, any mortgagee has commenced and is diligently pursuing the remedies necessary to cure such default (including, but not limited to, commencement of foreclosure proceedings, if necessary to effect such cure), in which event this Lease shall not be terminated by Tenant while such remedies are being so diligently pursued.

20.16 Guaranty. (a) On or before the Commencement Date, Tenant shall deposit with Landlord, as security for the payment of the Rent due hereunder and the full and faithful performance by Tenant of the covenants and conditions on the part of Tenant to be performed under this Lease, a cash security deposit ("Security Deposit"). The initial amount of the Security Deposit shall be the sum of One Hundred Fifty-Five Thousand Seven Hundred Ten and no/100 (\$155,710.00) Dollars. In the event of any default by Tenant under this Lease, Landlord is hereby authorized to draw upon the Security Deposit to cure the default. In such case, Tenant shall immediately provide Landlord with additional cash in the amount equal to the aggregate of twelve (12) monthly payments of the then-current Basic Rent.

(b) The remainder of the Security Deposit shall be returned to Tenant after the expiration of the Term, provided that Tenant has fully and faithfully performed all such covenants and conditions of this Lease, is not in arrears in Rent and has vacated the Premises. In the event of a sale, pledge, transfer or encumbrance of the Premises subject to this Lease, Landlord shall have the right to transfer the Security Deposit to a purchaser or lender, as applicable, and Landlord shall be considered released by Tenant from all liability for the return of the Security Deposit. All costs incurred in connection with the transfer of the Security Deposit shall be paid by Tenant. It is agreed that this shall apply to every transfer or assignment made of the Security Deposit to the new landlord.

(c) In the event of the insolvency of Tenant or in the event of the entry of a judgment in bankruptcy in any court against Tenant which is not discharged within thirty (30) days after entry, or in the event a petition is filed by or against Tenant under any chapter of the bankruptcy or insolvency laws of any state or the United States of America, then and in such event Landlord may require Tenant to deposit additional security in such amount as may be necessary to adequately assure Tenant's performance of all of its obligations under this Lease, including all payments subsequently accruing. Failure of Tenant to deposit the additional security required by this section within ten (10) days after Landlord's written demand shall constitute a default by Tenant under this Lease.

20.17 Financial Statements. If Tenant and Guarantor are not public companies and in any event, upon Landlord's written request in connection with a sale or a financing or refinancing, Tenant (and Guarantor) shall promptly furnish Landlord, from time to time, detailed financial statements reflecting Tenant's (and Guarantor's) current financial condition along with such information requested by a mortgagee, proposed mortgagee or purchaser.

20.18 Direct Payment of Rent. Tenant and Landlord acknowledge and agree that Landlord may irrevocably instruct Tenant to make all rent and other payments due and to become due to Landlord under the Lease directly to Landlord's mortgagee, which direction Tenant agrees to follow until further written notice from such mortgagee, and Landlord hereby expressly agrees that (a) Landlord shall have no right or claim against Tenant for or by reason of any payments of rent or other sums due under the Lease made to such mortgagee, and (b) any and all payments made by Tenant to such mortgagee shall constitute full and complete performance of such obligations of Tenant to Landlord under the Lease to the extent of such payments.

20.19 Merger. Notwithstanding anything to the contrary contained in the Lease, if both Landlord's and Tenant's interests or estates in the Premises become vested in the same owner while the Premises is subject to a mortgage, the Lease shall nevertheless not be destroyed by the application of the doctrine of merger except upon the express written consent of the mortgagee.

20.20 Guaranty. Upon execution of this Lease by Tenant, Air Industries Group, a Nevada corporation (“**Guarantor**”) shall execute and deliver to Landlord the unconditional and irrevocable Guaranty in the form of Exhibit "D" attached hereto.

20.21 Landlord's Waiver. Landlord agrees, as long as Tenant is not in default, to execute a commercially reasonable form of Landlord's Waiver in favor of an independent third party which provides financing to Tenant which is secured by Tenant's personal property in the Premises.

20.22 Short Form Lease. Upon request of either Landlord or Tenant each, the other shall execute and record, in recordable form, a short form of this Lease.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be duly executed on or as of the day and year first above written.

Signed, sealed and delivered in the presence of:

BLUE DESK LLC,
a Michigan limited liability company

By: /s/ Gary Sakwa
Name: Gary Sakwa
Its: Authorized Representative

“LANDLORD”

AIR REALTY GROUP LLC,
a Connecticut limited liability company

By: /s/ Kristie Petersen
Name: Kristie Petersen
Its: Vice President-Administration

“TENANT”

ACKNOWLEDGMENT OF GUARANTOR

Air Industries Group, a Nevada corporation, as the guarantor under that Guaranty Agreement of even date with respect to the Lease, hereby acknowledges and agrees to the terms of the Lease.

AIR INDUSTRIES GROUP,
a Nevada corporation

By: /s/ Kristie Petersen
Name: Kristie Petersen
Its: Vice President-Administration

EXHIBIT A

LEGAL DESCRIPTION

Three certain pieces or parcels of land with the buildings and improvements thereon situated in the Town of South Windsor, County of Hartford and State of Connecticut and being described as follows:

First Piece:

Known as No. 283 Sullivan Avenue

Northerly By Sullivan Avenue 190.24 feet;

Easterly By land now or formerly of Sperry Wood Corporation, 310 feet;

Southerly By land now or formerly of Alva Rossi et al, (the second piece hereafter described) 215.93 feet;

Westerly By Patria Road, 284.31 feet; and

Northwesterly By the arc of a curve connecting the southerly street line of Sullivan Avenue with the easterly street line of Patria Road, 39.95 feet.

Second Piece:

Lot No. 8 as shown on a map or plan entitled "Patria Industrial Park Sullivan Avenue South Windsor Scale 1"=40' May 1970 William J. Carrington Reg L. S. Revisions: Lots 2 and 3 now known as Parcel "A" on file in the Town Clerk's Office in said Town of South Windsor.

Said premises are more particularly bounded and described as follows:

Northerly: By land now or formerly of Alva Rossi, et al (the first piece above described), 215.93 feet;

Easterly: By land now or formerly of Sperry Wood Corporation, 110 feet;

Southerly: By land now or formerly of Abraham Patria (Lot No. 7 on the aforesaid map) 215.93 feet; and

Westerly: By Patria Road, 110 feet.

Third Piece:

A certain piece or parcel of Land known as Parcel B is described on a map or plan entitled:

"LAND TO BE CONVEYED FROM SOUTH WINDSOR TECHNOLOGIES CENTER, LLC TO DYNAMIC MATERIALS CORP SULLIVAN AVENUE SOUTH WINDSOR, CONNECTICUT PROPERTY SURVEY/RESURVEY CONVEYANCE MAP DESIGN; DMG DRAWN: DMG CHECKED: RPM/PRD JOB NO.: 1253 DATE: 8/5/02 DRAWING NO.: JOBS/1253/1253CONV.DWG SHEET 1 of 1 design professionals, Inc. civil engineers – planners- surveyors 165 South Satellite Road, South Windsor, Connecticut 06074".

Said Parcel B is more particularly set forth and described as follows:

Beginning at an iron pin, which iron pin marks the northwesterly corner of the premises herein described; thence running S 20° 01' 16" W a distance of 420.34 feet to a point; thence turning and running S 68° 24' 46" E a distance of 195.85 feet to a point; thence turning and running N 21° 19' 19" E a distance of 419.37 feet to an iron pin; thence turning and running N 68° 11' 07" W a distance of 205.40 feet to an iron pin, which iron pin marks the point or place of beginning.

EXHIBIT B

**BASE RENT FOR INITIAL TERM
AND OPTION PERIODS**

Annual Base Rental (payable monthly):

Lease Year	Annual Base Rent	per month	psf
Year 1	\$155,710	\$12,976	\$4.60
Year 2	\$160,381	\$13,365	\$4.74
Year 3	\$165,193	\$13,766	\$4.88
Year 4	\$170,149	\$14,179	\$5.03
Year 5	\$175,253	\$14,604	\$5.18
Year 6	\$180,511	\$15,043	\$5.33
Year 7	\$185,926	\$15,494	\$5.49
Year 8	\$191,504	\$15,959	\$5.66
Year 9	\$197,249	\$16,437	\$5.83
Year 10	\$203,166	\$16,931	\$6.00
Year 11	\$209,261	\$17,438	\$6.18
Year 12	\$215,539	\$17,962	\$6.37
Year 13	\$222,005	\$18,500	\$6.56
Year 14	\$228,665	\$19,055	\$6.76
Year 15	\$235,525	\$19,627	\$6.96

EXHIBIT B - CONTINUED

Extension Periods Annual Base Rental (payable monthly):

1st Option Period

<u>Lease Year</u>	<u>Annual Base Rent</u>	<u>per month</u>	<u>psf</u>
Year 16	\$242,591	\$20,216	\$7.17
Year 17	\$249,869	\$20,822	\$7.38
Year 18	\$257,365	\$21,447	\$7.60
Year 19	\$265,086	\$22,090	\$7.83
Year 20	\$273,038	\$22,753	\$8.07

2nd Option Period

<u>Lease Year</u>	<u>Annual Base Rent</u>	<u>per month</u>	<u>psf</u>
Year 21	\$281,230	\$23,436	\$8.31
Year 22	\$289,666	\$24,139	\$8.56
Year 23	\$298,356	\$24,863	\$8.81
Year 24	\$307,307	\$25,609	\$9.08
Year 25	\$316,526	\$26,377	\$9.35

3rd Option Period

<u>Lease Year</u>	<u>Annual Base Rent</u>	<u>per month</u>	<u>psf</u>
Year 26	\$326,022	\$27,169	\$9.63
Year 27	\$335,803	\$27,984	\$9.92
Year 28	\$345,877	\$28,823	\$10.22
Year 29	\$356,253	\$29,688	\$10.52
Year 30	\$366,941	\$30,578	\$10.84

EXHIBIT C

TENANT ESTOPPEL CERTIFICATE

THIS TENANT ESTOPPEL CERTIFICATE ("Certificate") is given this ___ day of _____, 20__ by Air Realty Group LLC, a Connecticut limited liability company ("Tenant") in favor of _____, a _____, with principal office and place of business at _____ ("Beneficiary").

RECITALS:

A. Pursuant to the terms and conditions of that certain Lease Agreement ("Lease") dated April ____, 2016, Blue Desk LLC, a Michigan limited liability company ("Landlord") leased to Tenant certain real property in Hartford County, Connecticut ("Premises"), which Premises are more particularly described in the Lease.

B. Pursuant to the terms and conditions of the Lease, the Beneficiary has requested that the Tenant execute and deliver this Certificate with respect to the Lease.

NOW, THEREFORE, in consideration of the above premises, the Tenant hereby makes the following statements for the benefit of the Assignee:

1. The copy of the Lease attached hereto and made a part hereof as Exhibit A is a true, correct and complete copy of the Lease, which Lease is in full force and effect as of the date hereof, and has not been modified or amended.
2. The Lease sets forth the entire agreement between the Landlord and the Tenant relating to the leasing of the Premises, and there are no other agreements, written or oral, relating to the leasing of the Premises.
3. There exists no uncured or outstanding defaults or events of default under the Lease, or events which, with the passage of time, and the giving of notice, or both, would be a default or event of default under the Lease.
4. No notice of termination has been given by Landlord or Tenant with respect to the Lease.
5. All payments due the Landlord under the Lease through and including the date hereof have been made, including the monthly installment of Base Rent (as defined in the Lease) for the period of _____ to _____ in the amount of \$_____.
6. As of the date hereof, the annual Base Rent under the Lease is \$_____.

7. There are no disputes between the Landlord and the Tenant with respect to any rental due under the Lease or with respect to any provision of the Lease.

8. Notwithstanding any provisions of the Lease to the contrary, the Tenant hereby consents to the [collateral] assignment of the Lease by the Landlord to the Beneficiary, and agrees that no terms and conditions of the Lease shall be altered, amended or changed as a result of such assignment.

9. The Tenant hereby agrees that from and after the date hereof [copies of] all notices which Tenant is required to deliver to the Landlord under the Lease with respect to defaults, events of default or failure to perform by the Landlord under the Lease, shall be delivered to Beneficiary at the following address:

10. The Tenant understands and acknowledges that Beneficiary is relying upon the representations set forth in this Certificate, and may rely thereon in connection with the [collateral] assignment of the Lease to Beneficiary.

IN TESTIMONY WHEREOF, witness the signature of the Tenant as of the day and year first set forth above.

By: _____

Name: _____

Its: _____

EXHIBIT D

GUARANTY

The undersigned, Air Industries Group, a Nevada corporation, whose address is 360 Motor Parkway, Suite 100, Happpage, New York, 11788, in consideration of the leasing of the leased premises described in that certain Lease (hereinafter referred to as the "Lease"), dated April ____, 2016 between BLUE DESK LLC, whose address is 28470 Thirteen Mile Road, Suite 220, Farmington Hills, MI 48334 as Landlord (hereinafter referred to as "Landlord"), and AIR REALTY GROUP LLC, whose address is 360 Motor Parkway, Suite 100, Happpage, New York, 11788, as Tenant (hereinafter referred to as "Tenant"), does hereby covenant and agree as follows:

The undersigned does hereby guarantee the full, faithful and timely payment and performance by Tenant of all of the payments, covenants and other obligations of Tenant under or pursuant to the Lease. If Tenant shall default at any time in the payment of any rent or any other sums, costs or charges whatsoever, or in the performance of any of the other covenants and obligations of Tenant, under or pursuant to the Lease, then the undersigned, at its expense, shall on demand of Landlord fully and promptly, and well and truly, pay all rent, sums, costs and charges to be paid by Tenant, and perform all the other covenants and obligations to be performed by Tenant, under or pursuant to the Lease, and in addition shall on Landlord's demand pay to Landlord any and all sums due to Landlord, including (without limitation) all interest on past due obligations of Tenant, costs advanced by Landlord, and damages and all expenses (including attorneys' fees and litigation costs), that may arise in consequence of Tenant's default. The undersigned hereby waives all requirements of notice of the acceptance of this Guaranty and all requirements of notice of breach or nonperformance by Tenant.

The obligations of the undersigned hereunder are independent of the obligations of Tenant. A separate action or actions may, at Landlord's option, be brought and prosecuted against the undersigned, whether or not any action is first or subsequently brought against Tenant, or whether or not Tenant is joined in any such action, and the undersigned may be joined in any action or proceeding commenced by Landlord against Tenant arising out of, in connection with or based upon the Lease. The undersigned waives any right to require Landlord to proceed against Tenant or pursue any other remedy in Landlord's power whatsoever, any right to complain of delay in the enforcement of Landlord's rights under the Lease, and any demand by Landlord and/or prior action by Landlord of any nature whatsoever against Tenant, or otherwise.

This Guaranty shall remain and continue in full force and effect and shall not be discharged in whole or in part notwithstanding (whether prior or subsequent to the execution hereof) any alteration, renewal, extension, modification, amendment or assignment of, or subletting, concession, franchising, licensing or permitting under the Lease. The undersigned hereby waives notices of any of the foregoing, and agrees that the liability of the undersigned hereunder shall be based upon the obligations of Tenant set forth in the Lease as the same may be altered, renewed, extended, modified, amended or assigned. For the purpose of this Guaranty and the obligations and liabilities of the undersigned hereunder, "Tenant" shall be deemed to include any and all concessionaires, licensees, franchisees, department operators, assignees, subtenants, permittees or others directly or indirectly operating or conducting a business in or from the Premises, as fully as if any of the same were the named Tenant under the Lease.

The undersigned's obligations hereunder shall remain fully binding although Landlord may have waived one or more defaults by Tenant, extended the time of performance by Tenant, released, returned or misapplied other collateral at any time given as security for Tenant's obligations (including other guaranties) and/or released Tenant from the performance of its obligations under the Lease.

This Guaranty shall remain in full force and effect notwithstanding the institution by or against Tenant, of bankruptcy, reorganization, readjustment, receivership or insolvency proceedings of any nature, or the disaffirmance of the Lease in any such proceedings or otherwise.

If this Guaranty is signed by more than one party, their obligations shall be joint and several, and the release of one of such guarantors shall not release any other of such guarantors.

Neuter terms should also refer, where applicable, to the feminine gender and the masculine gender; the singular reference shall also include the plural of any word if the context so requires.

This Guaranty shall be applicable to and binding upon the heirs, executors, administrators, representatives, successors and assigns of Landlord, Tenant and the undersigned. Landlord may, without notice, assign this Guaranty in whole or in part.

In the event that Landlord should institute any suit against the undersigned for violation of or to enforce any of the covenants or conditions of this Guaranty or to enforce any right of Landlord hereunder, or should the undersigned institute any suit against Landlord arising out of or in connection with this Guaranty, or should either party institute a suit against the other for a declaration of rights hereunder, or should either party intervene in any suit in which the other is a party to enforce or protect its interest or rights hereunder, the prevailing party in any such suit shall be entitled to the fees of its attorney(s) in the reasonable amount thereof, to be determined by the court and taxed as a part of the costs therein.

The execution of this Guaranty prior to execution of the Lease shall not invalidate this Guaranty or lessen the obligations of Guarantor(s) hereunder.

Upon Landlord's written request, the undersigned shall promptly furnish Landlord (in any event, within twenty (20) days of request), from time to time, with financial statements (including, without limitation, operating statements including an annual profit and loss statement for the individual store unit covered by the Lease) reflecting the undersigned's current financial condition, and written evidence of ownership of managing and controlling interests in the undersigned and in any entities which directly or indirectly control or manage the undersigned.

The undersigned shall, without charge and within twenty (20) days after any request of Landlord, certify in writing to any person specified in such request, as to the existence, amendment, validity of this Guaranty, the existence of any default or counterclaim hereunder or under the Lease and any other matter reasonably requested. Any such certificate may be relied upon by any party requesting it and by any person to whom the same may be exhibited.

This Guaranty is made pursuant to, and shall be interpreted and applied in accordance with, the laws of the State of Michigan.

IN WITNESS WHEREOF, the undersigned has executed this Guaranty this ____ day of April, 2016.

AIR INDUSTRIES GROUP,
a Nevada corporation

By:
Name:
Its:

STATE OF MICHIGAN)
) SS.
COUNTY OF _____)

On this ____ day of April, 2016, before me personally appeared _____, the _____ of AIR INDUSTRIES GROUP, a Nevada corporation, to me known to be the person who executed the foregoing Guaranty and acknowledged before me that he is duly authorized and did execute same on behalf of said corporation.

Notary Public
_____ County, _____
My Commission Expires: _____

PROMISSORY NOTE

\$350,000

as of April 8, 2016

FOR VALUE RECEIVED, Air Industries Group (the "Maker"), promises to pay to the order of Michael Taglich (the "Holder") at 790 New York Avenue, Suite 209, Huntington, New York 11743 the principal sum of \$350,000 on June 30, 2016 (the "Maturity Date") together with interest thereon as provided herein.

The Maker further agrees to pay interest on the Maturity Date (and thereafter upon demand) on the unpaid principal sum of this Note at the rate of 7.00% per annum. Interest shall be calculated from April 8, 2016, on the basis of a 365/366 day year and the actual number of days elapsed. In no event shall the Holder hereof, or any permitted successor or assign, be entitled to receive, collect or retain any amount of interest paid hereon in excess of that permitted by applicable law. The Maker shall have the right, at any time and from time to time, upon three business days' notice to the Holder, to prepay this Note in whole or in part together with accrued interest on the amount prepaid, but without premium or penalty. All payments to Holder shall be made in United States dollars.

Any sum required to be withheld from the payment of interest due hereunder pursuant to United States law shall be promptly paid by Maker for and on behalf of Holder to the appropriate tax authority and Maker shall furnish Holder with official tax receipts or other appropriate evidence sufficient to enable Holder to support a claim for income tax credit in respect of any sum so withheld.

If any of the following events ("Events of Default") shall occur and be continuing: (a) the failure of the Maker to pay when due any amount due under this Note; (b) the filing of any petition by or against the Maker, or commencement of any proceedings for the relief or readjustment of any indebtedness of the Maker under any law relating to bankruptcy, insolvency or reorganization or relief of debtors and the continuance of such event for 60 consecutive days unless dismissed, bonded to the satisfaction of the court of competent jurisdiction or discharged; (c) the appointment of a receiver or conservator of any property of the Maker; or (d) the sale by Maker of all or any substantial portion of its assets; then, or at any time after the happening and during the continuance of any Event of Default, the Holder may declare this Note and all amounts payable hereunder to be immediately due and payable, whereupon this Note, and all amounts due hereunder shall become and be immediately due and payable, all without presentment, protest, demand or notice of any kind, all of which are expressly waived by the Maker; provided, however, that in the event of an entry of an order for relief with respect to the Maker or any endorser or guarantor of this Note under the Federal Bankruptcy Code, this Note, and all such amounts shall automatically become and be due and payable, all without presentment, protest, demand or notice of any kind, all of which are expressly waived by the Maker.

If after the date of this Note the Maker receives gross proceeds of not less than \$1,000,000 from the sale of its equity securities (including for this purpose, any securities convertible into, or exchangeable or exercisable for, its equity securities), the Maker agrees to pay the Holder within three days after the receipt of such proceeds, the unpaid principal amount of this Note, together with accrued and unpaid interest thereon.

The Maker agrees to pay on demand all reasonable costs and expenses in connection with the preparation, execution, delivery, administration, modification, amendment and enforcement (whether through legal proceedings, negotiations or otherwise) of this Note and any other document to be delivered hereunder (such costs and expenses shall include without limitation, the reasonable fees and expenses of legal counsel.) The obligations of the Maker under this Paragraph shall survive the payment in full of this Note.

The Maker hereby waives presentment for payment, demand, notice of dishonor and protest of this Note. This Note shall be governed by, and construed in accordance with, the laws of the State of New York. None of the terms or provisions of this Note may be waived, altered, modified or amended except as the Holder may consent thereto in writing.

Without limiting the right of the Holder to bring any action or proceeding against the Maker or against property of the Maker arising out of or relating to this Note (an Action) in the courts of other jurisdictions, the Maker hereby irrevocably submits to the jurisdiction of any New York State or Federal Court sitting in New York County, New York, respectively, and the Maker hereby irrevocably agrees that any Action may be heard and determined in any such State or Federal court.

Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be sent by certified mail, return receipt requested, by Express Mail, or by a recognized overnight delivery courier service: (i) to the Maker at 360 Motor Parkway, Suite, Hauppauge, New York 11788, (ii) to the Holder at its address first above written; and (iii) in either case, at such other address as the party shall have furnished in writing in accordance with the provisions of this Note. Any notice or other communication given by the means permitted hereunder shall be deemed given and effective at the time of deposit thereof in the mails or with a recognized overnight courier.

Air Industries Group

By: /s/ Daniel R. Godin
Daniel R. Godin
President and CEO

PROMISSORY NOTE

\$350,000

as of April 8, 2016

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Any sum required to be withheld from the payment of interest due hereunder pursuant to United States law shall be promptly paid by Maker for and on behalf of Holder to the appropriate tax authority and Maker shall furnish Holder with official tax receipts or other appropriate evidence sufficient to enable Holder to support a claim for income tax credit in respect of any sum so withheld.

If any of the following events ("Events of Default") shall occur and be continuing: (a) the failure of the Maker to pay when due any amount due under this Note; (b) the filing of any petition by or against the Maker, or commencement of any proceedings for the relief or readjustment of any indebtedness of the Maker under any law relating to bankruptcy, insolvency or reorganization or relief of debtors and the continuance of such event for 60 consecutive days unless dismissed, bonded to the satisfaction of the court of competent jurisdiction or discharged; (c) the appointment of a receiver or conservator of any property of the Maker; or (d) the sale by Maker of all or any substantial portion of its assets; then, or at any time after the happening and during the continuance of any Event of Default, the Holder may declare this Note and all amounts payable hereunder to be immediately due and payable, whereupon this Note, and all amounts due hereunder shall become and be immediately due and payable, all without presentment, protest, demand or notice of any kind, all of which are expressly waived by the Maker; provided, however, that in the event of an entry of an order for relief with respect to the Maker or any endorser or guarantor of this Note under the Federal Bankruptcy Code, this Note, and all such amounts shall automatically become and be due and payable, all without presentment, protest, demand or notice of any kind, all of which are expressly waived by the Maker.

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The Maker agrees to pay on demand all reasonable costs and expenses in connection with the preparation, execution, delivery, administration, modification, amendment and enforcement (whether through legal proceedings, negotiations or otherwise) of this Note and any other document to be delivered hereunder (such costs and expenses shall include without limitation, the reasonable fees and expenses of legal counsel.) The obligations of the Maker under this Paragraph shall survive the payment in full of this Note.

The Maker hereby waives presentment for payment, demand, notice of dishonor and protest of this Note. This Note shall be governed by, and construed in accordance with, the laws of the State of New York. None of the terms or provisions of this Note may be waived, altered, modified or amended except as the Holder may consent thereto in writing.

Without limiting the right of the Holder to bring any action or proceeding against the Maker or against property of the Maker arising out of or relating to this Note (an Action) in the courts of other jurisdictions, the Maker hereby irrevocably submits to the jurisdiction of any New York State or Federal Court sitting in New York County, New York, respectively, and the Maker hereby irrevocably agrees that any Action may be heard and determined in any such State or Federal court.

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Air Industries Group

By: /s/ Daniel R. Godin
Daniel R. Godin
President and CEO