CASH SECURITY DEPOSIT

ARC Number | | | | | | | | |

(Note: For new applicants, ARC will add the ARC Number following approval of the application for ARC Accreditation.)

This Cash Security Deposit Agreement ("Agreement") is made and entered into on the last date shown below, between Airlines Reporting Corporation ("ARC"), 3000 Wilson Blvd., Suite 300 Arlington, VA 22201, and

_____

Full Legal Business Name of Travel Agency (Agent)

Located at:

Street Address: _____

City: _____State:_____ Zip:_____

designated with ARC Number referenced above ("Agent").

ARC and Agent agree:

- ARC and Agent[1] are parties to the Agent Reporting Agreement ("ARA"), Corporate Travel Department Reporting Agreement ("CTDRA"), Sovereign Entity Agent Reporting Agreement ("SEARA"), or the Sovereign Entity CTD Reporting Agreement ("SECTDRA"), as applicable (referred to individually and collectively as the Reporting Agreement");

- In order to comply with and otherwise satisfy its obligations under any Reporting Agreement, Agent is required to maintain an instrument or other documentary proof of financial security ("Financial Instrument") for the benefit of ARC and the Carriers (as defined in the Reporting Agreement) for its performance of its obligations under the terms and conditions of the Reporting Agreement;

- ARC offers a program in which the Agent may satisfy the Financial Instrument requirements of the Reporting Agreement by delivering to ARC cash in an amount sufficient to meet the security requirements in the form of a cash security deposit, which shall include Agent's interest in the funds that are deposited, and any claim by Agent to the funds delivered to ARC and deposited into any account ("Security Deposit" or "Cash Security Deposit");

- This Agreement governs the terms and conditions of the Security Deposit.

[1] The term "Agent" includes, as applicable, "ARC Accredited Agent" ("Agent"), "Corporate Travel Department" ("CTD"); "Sovereign Entity Agent "("SEA") or a "Sovereign Entity CTD" ("SECTD").
If the Entity identified as Agent above is applying for ARC accreditation and inclusion on the ARC Agency List ("Applicant"), the Reporting Agreement and this Agreement shall become effective only upon written notification from ARC to the Entity that the application for accreditation has been approved and that Entity has been included on the ARC Agency List. If ARC disapproves the application for accreditation, ARC will return the principal amount of the Security Deposit, without interest, to the signatory for the Applicant.

In consideration of the mutual promises set forth herein, the sufficiency and adequacy of which are acknowledged, the benefit provided to Agent by ARC and by Agent's participation under the Reporting Agreement, ARC and Agent further agree:

1. Agent has delivered to ARC cash in the amount of $_____USD in order to create a Cash Security Deposit, and Agent consents to ARC receiving and maintaining such funds under the terms and conditions of this Agreement.

2. Agent hereby grants ARC a first priority security interest in any Security Deposit, and such additional and further amounts as may be added by or on behalf of Agent to the Security Deposit from time to time, following the execution of this Agreement.

3. Agent agrees that any and all amounts making up its Security Deposit shall not accrue interest on its behalf, nor shall ARC be required to account for any amount other than the principal amount of the Security Deposit in the event Agent is entitled to receive a refund of f all or a portion of the amount of the Security Deposit as permitted by and in accordance with this Agreement.

4. The Security Deposit, together with any and all other security deposits received by ARC from other agents, as solely determined by ARC,may be maintained in one or more segregated demand deposit account(s) at one or more federally insured financial institution(s) selected in the sole and absolute discretion of ARC, and the Security Deposit will be held and titled solely in the name of ARC for its benefit under the terms of this Agreement.

5. ARC will maintain a notation in its records of the amount of the Security Deposit delivered by Agent under this Agreement and currently held by ARC and shall provide such information to the Agent within seven (7) business days of receiving a written request from Agent.

6. If Agent breaches or defaults for any reason in the performance of its obligations under the Reporting Agreement, ARC may apply, with or without notice to or consent by Agent or any other party, by set off, recoupment or otherwise, all or any portion of the Security Deposit subject to the security interest to cover any and all amounts owed to ARC or the Carriers under the Reporting Agreement by Agent for any obligation of any kind.

7. It is the intention of the parties hereto that the Security Deposit, including such additional and further amounts as may be added to the Security Deposit from time to time following the execution of this Agreement, be considered in the sole possession of ARC and subject to a perfected security interest and agreement in favor of ARC.

8. It is further the intention of the parties that ARC be considered to be in sole control, within the meaning of the current Uniform Commercial Code and any revisions or modifications thereto, and other applicable law, of any account into which the Security Deposit may be deposited and any Agent interest in or claim to the funds in the account. ARC holds a perfected security interest in such account and in Agent's interest in and claim to the funds in the account. Agent agrees that regarding any Security Deposit, none of its officers, directors, general partners, managers, employees or agents shall be a signatory on any account or have the right to withdraw or otherwise direct any action to ARC or to any bank where the Security Deposit is maintained, and that said bank may disregard any demand, verbal or written made to said bank by Agent or anyone purporting to acting on behalf of the Agent.

9. ARC may terminate this Agreement without further notice following a breach or default by Agent under the terms and conditions of the Reporting Agreement. ARC may terminate this Agreement without cause upon ninety (90) days advanced, written notice to Agent.

10. Agent may terminate this Agreement without cause in conjunction with either a substitution in the form of Agent's Financial Instrument (e.g., a change to a bond or letter of credit) in the nature, amount and terms acceptable to ARC in its sole discretion, or in connection with an ownership change or a voluntary termination under the terms and conditions of the Reporting Agreement.

11. Upon termination of this Agreement, an amount equal to any Security Deposit made by Agent, less any and all amounts owing by Agent under the Reporting Agreement and/or the Travel Agent Service Fee (TASF) Agreement, will be refunded to Agent without interest or other remuneration:

    a. if Agent is in default under the terms and conditions of the Reporting Agreement or the TASF Agreement, only upon a full and final accounting and payment of all amounts owed by the Agent under those agreements;

    b. if Agent is not in default under the terms and conditions of the Reporting Agreement or the TASF Agreement, and termination of this Agreement is the result of a substitution in the form of Agent's Financial Instrument from a Cash Security Deposit to a bond, 100 days .from the effective date of the replacement bond; or

    c. if Agent is covered by a Cash Security Deposit and is voluntarily terminating its Reporting Agreement, 100 days from the effective date of the voluntary termination OR upon a full and final accounting and payment of all amounts owed by the Agent, whichever occurs later; or

    d. if Agent has been ARC approved for a Reclassification as a VTC, or for the following Ownership Changes: a Stock Transfer with New Owners (Type 2) or Complete change of Agency Entity with New Owners (Type 5), or an Acquisition of Agency/Branch (Type 4), (or, in the case of a CTD, ARC approval of any type of Ownership Change), 100 days from the effective date of the Ownership Change (or Reclassification), OR upon a full and final accounting and payment of all amounts owed by Agent, whichever occurs later.

12. The terms and conditions of the Agent's applicable Reporting Agreement are incorporated herein and made a part hereof by reference.

13. This Agreement in combination with the applicable Reporting Agreement constitutes the entire agreement of the parties concerning the Security Deposit. All prior negotiations or representations are merged into this Agreement. This Agreement may not be modified or amended except by a writing signed by the party against which the modification or amendment would operate.

14. No failure or delay on the part of ARC to exercise any rights, power, or remedy under this Agreement shall be construed as a waiver of the right to exercise the same or any other right at any time. This Agreement may not be assigned or otherwise assumed by a party other than Agent except with the express prior written consent of ARC.

15. This Agreement shall be construed in accordance with and governed by the laws of the Commonwealth of Virginia. Agent agrees, and its principal confirm, that the State and Federal courts of the Commonwealth of Virginia will have personal jurisdiction over all matters arising under this Agreement.

16. The parties agree that faxed or scanned signatures will constitute original signatures and will be treated the same as original signatures.

17. ARC and its affiliates may from time to time receive funds from Agent pursuant to this Agreement, including Cash Security Deposit funds, and ARC agrees, on behalf of itself and its affiliates, that ARC and/or its affiliates shall control such funds (less any fees due and payable from time to time to ARC and/or its affiliates) pursuant to the terms of this Agreement.

18. Any request for return of the amount equal to the Security Deposit funds must be made in writing and signed before a notary public by Agent's owner (or officer if Agent is a corporation).

19. In accord with the terms of this Agreement, ARC will return an amount equal to the Security Deposit, without interest and less any and all amounts owed by Agent to ARC and the Carriers, to Agent's designated

ARC bank account by check or electronic funds transfer (EFT) payable to Agent, such method to be determined solely at ARC's discretion.

In the event Agent's ARC designated bank account is closed, Agent may designate an owner (or, as applicable, general partner or officer if the Agent is a corporation) of Agent as an alternate recipient for the amount equal to the Security Deposit, if any, that may be returned pursuant to the terms of this Agreement. Upon receipt of a written request in the form required by ARC, signed and notarized by an owner or officer of the Agent, ARC may return the amount equal to the Security Deposit, without interest and less any and all amounts owed by Agent to ARC and the Carriers, to the recipient Agent designates below:

Optional Alternate

Print Name of Alternate Recipient _____

Title of Alternate Recipient _____

Address of Alternate Recipient _____

Phone Number of Alternate Recipient_____

Email address of Alternate Recipient _____

(A request to change or withdraw the alternate recipient designation must be provided in the form required by ARC, signed and notarized by an owner or officer of Agent.)

AGREED TO BY:

Agent:
I, the owner or officer of Agent, certify and represent to ARC that I am authorized to submit this Cash Security Deposit and

_____
Signature of owner (or officer if Agent is a corporation)

Print Name: _____

Print Title: _____

Date: _____

Airlines Reporting Corporation:

Signature: _____

Title: _____

Date: _____

_____
E-mail Address (Countersigned Cash Security Deposit Agreement will be sent to this email address)

Please send the following documents via overnight deliver or a traceable mail service to ARC at the address shown below (please ***do not*** send via certified mail):

- Certified or cashier's check in the currently required amount
- The Cash Security Deposit Agreement (CSDA) signed by an owner of the Agent (or officer if the Agent is a corporation)

ARC
Attention: ***Financial Instrument Program***
3000 Wilson Blvd. Suite 300
Arlington, VA 22201