

**AMERICAN AIRLINES
DOMESTIC RELOCATION POLICY
CURRENT EMPLOYEE LEVEL 3-4
HOMEOWNER**

Congratulations on your new position! We understand that relocating can be an overwhelming process and we want to help make it as trouble free as possible. **This packet contains critical information you will need before you plan your move, so please carefully review it and let us know right away if you have any questions.**

If you are a current employee homeowner, you are eligible for the following:

- Home Sale Assistance through Quantum Relocation Service (QRS the Company authorized Relocation Service) and Home Purchase Assistance through Quantum Relocation Service **(Please note – total reimbursement amount is capped at \$25,000 for both home sale and home purchase for management levels 3-4)**
- One (1) move package per family
- Shipment of Household and Personal Goods by ARS the company authorized relocation company
- Miscellaneous Moving Allowance
- Enroute Travel Expenses
- Qualified Life Event

Reimbursed relocation expenses are subject to IRS Regulations, which require that:

- All relocations meet the IRS 50 mile distance requirement (the distance from your old residence to your new work location must be 50 miles greater than the distance from your old residence to your old work location);
- All relocation expenses must be reimbursed within one year of the relocation. **Therefore, you have one (1) year from the effective date stated on your Relocation Expense Authorization Letter (Move Letter) to complete your move and submit all relocation related expense statements.**

Home Sale Assistance through Quantum Relocation Service

- If you own your home and reside in it on the date you receive the new job offer; you may be eligible for a program offered by Quantum Relocation Services (QRS). This program allows you to avoid paying seller's basic and customary closing costs on the sale of your home. **To take advantage of this program, you must contact QRS at 1-800-263-1181 prior to listing your home or signing any realtor or sale agreement.** This program may save you time and money and is completely voluntary.
- The residence must be (1) your primary place of residence (at your base location), and (2) owned solely by you and/or owned jointly by you and your legal spouse or Company recognized domestic partner. You must also hold title to the residence so recorded on the date you received the new job offer.
- If you utilize QRS, a marketing program is developed to market your home through a realtor approved by QRS and you. When an offer is provided which is acceptable, QRS prepares a contract of sale between you and QRS. This contract removes you as the seller and QRS becomes the seller. QRS will then prepare a contract of sale under the terms you negotiated with the prospective buyer. In addition, you will not have to attend the closing.

- A primary residence is defined as a single family detached dwelling, a townhouse, a garden home, a zero lot line residence, a condominium and/or a cooperative apartment that you must be able to obtain an unconditional waiver for the first right of refusal. If you own a single and/or a multi-family dwelling that is investment property and/or income producing property, a vacation home, a mini-farm or ranch, a houseboat, a motor home, or homes that are commercial or zoned commercial these types of homes are not considered to be primary.
- Seller's covered closing costs for the sale of your primary residence are: broker's commissions at the local customary rate and when customarily paid by the seller, transfer taxes, settlement or closing fees, closing attorney fees up to 1% of the sales price, title insurance/policy when customarily paid by the seller, tax certificates, recording fees, courier fees, abstract fees, revenue stamps.
- Non-covered home sale expenses are any items that you may have negotiated by contract and/or such items as: homeowner warranties, homeowner association fees, country club or golf memberships, general home inspections, structural inspections, electrical inspections, plumbing and mechanical inspections, walk-thru repairs or decorating allowances, any closing costs for the buyer such as mortgage loan discount points or FHA/VA funding fees, and rent for the buyer or seller.
- If you do not use QRS's program, you must submit an expense report for reimbursement of your closing costs and provide proof of payment, a copy of your signed closing statement and a copy of the warranty deed showing ownership. These documents must be provided along with your expense statement and a copy of your signed Move Letter in order to receive reimbursement. ***All applicable withholding taxes will be withheld from this payment, and please allow 5 days to process payments.***

Note: Closing costs that are out of line with current terms in your community will not be accepted and, if excessive expenses are incurred, the amount exceeding normal practice will not be covered.

Home Purchase Assistance through Quantum Relocation Service

- QRS's Home Purchase Assistance program will help you select a qualified realtor in your new area and provide information on any communities you may be considering. QRS will also audit the closing costs on your home purchase to ensure you are charged reasonable and customary charges for the area.
- Reimbursable closing costs on the purchase of a primary place of residence at your new location will be reimbursed if (1) your prior residence has been sold, (2) you were eligible for home sale expense reimbursement and (3) your new primary residence is being purchased at your new location solely by you or jointly by you and your legal spouse or Company recognized domestic partner.
- A primary residence is defined as a single family detached dwelling, a townhouse, a garden home, a zero lot line residence, a condominium and/or a cooperative apartment that you must be able to obtain an unconditional waiver for the first right of refusal. If you own a single and/or a multi-family dwelling that is investment property and/or income producing property, a vacation home, a mini-farm or ranch, a houseboat, a motor home, commercial property or homes on commercial zoned property these types of homes are not considered to be primary residences. The Company will not reimburse closing costs on the purchase of homes not considered to be a primary residence.
 - Basic and customary closing costs on the purchase of your new home will be reimbursed as long as you meet the criteria. Eligible closing costs will be reimbursed for single mortgages

only. Any closing costs paid for a second or third mortgage will not be reimbursed. Buyer's reimbursable closing costs on the purchase of a new home are: loan origination fee up to 1% of the mortgage amount **(LOAN ORIGATION FEE WILL BE ADDED TO THE EMPLOYEES TAXABLE INCOME AND THE EMPLOYEE WILL BE LIABLE TO PAY TAXES ON THIS AMOUNT)** , 1 (one) loan discount point **(THE DISCOUNT POINT WILL BE ADDED TO THE EMPLOYEES TAXABLE INCOME AND THE EMPLOYEE WILL BE LIABLE TO PAY TAXES ON THIS AMOUNT)** , appraisal fee, application fees, credit report, lender's (appraisal) inspection fee, underwriting fee, processing fee, tax service fees, settlement or closing fee, abstract fee, document prep fees, notary fees, courier fees, recording fees, city/county/state tax stamps, closing attorney's fees up to 1% of the mortgage amount, title insurance/policy when customarily paid by the buyer, assignment/loan assumption fees if customarily paid by the buyer, termite inspection fee if required by lender, property survey fees.

- Non-reimbursable home purchase expenses are any items that you may have negotiated by contract and/or items such as: multiple mortgages, homeowner warranty, homeowner association fees, country club and/or golf memberships, private attorney hired for reviewing contracts and/or closing papers except where customary, general home inspections, structural inspections, electrical, mechanical and plumbing inspections, FHA or VA funding fees, private and FHA mortgage insurance fees, loan placement fees, prepaid real estate taxes and insurance costs, payment of any costs normally paid for by the seller (including brokerage commission and, in many communities, title insurance), mortgage finder's/broker fees, property taxes, homeowner's insurance and any payments into an escrow account.

Real estate conditions practices and terms vary with geographic area. It is your responsibility to "shop around" and negotiate for the best terms available concerning mortgage conditions, attorney's fees and closing costs. Closing costs, for example, that are out of line with current terms in that community will not be accepted and if excessive expenses are incurred, the amount exceeding normal practice will not be reimbursed.

Shipment of Household and Personal Goods by QRS

- The Relocation Department will authorize a representative from ARS to contact you regarding the shipment of your household and personal goods. The representative will make arrangements for the survey, the packing, loading and shipping of your goods.
- You are not authorized to move from more than one location or move from a location other than your current work location.
- All packing, unpacking, loading, unloading, and deliveries will be arranged Monday-Friday to eliminate overtime expenses
- Your shipment will be covered with replacement value all-risk transit insurance at \$3.50 per pound, up to a maximum of \$75,000. If your shipment requires additional insurance coverage or should you request additional insurance coverage, you will be responsible for the cost of any additional insurance coverage.
- ARS is not authorized to ship jewelry, cash, sterling silver, family heirlooms, securities, personal documents, deeds, valuable collections (i.e. stamps, baseball cards, coins, art, etc.), hazardous materials, chemicals, guns, ammunition, frozen/perishable foods, plants or animals. Neither the Company nor ARS will be responsible for loss or damage to unauthorized items shipped or for any damage caused by unauthorized items shipped.
- You will be provided with sixty (60) days of storage at your new location. **However, IRS regulations only allow for 30 days to storage to be considered non taxable and non**

reportable to the employee. Storage days that exceed 30 days will become reportable income to the employee and subject to withholding taxes. AA will pay for all 60 days storage; the only change will be that 30 days will be reportable. ARS must make the arrangements for your storage. Your household and personal goods will be moved in and out of storage one time only. If your storage exceeds the authorized sixty (60) days, you will be responsible for any additional cost for your extended storage. If your storage is going to exceed the authorized sixty (60) days, it is your responsibility to inquire about current storage rates. Should you need access to your household goods while they are in storage, you will be responsible for any fees charged by the storage Company for accessing your goods.

- You are authorized to ship up to 2 cars if ARS is shipping ship your household and personal goods and the distance to your new work location is greater than 350 miles. ARS must make all arrangements for the shipping of your cars (see en route expenses). The cars being shipped must be licensed, registered, and roadworthy. If the distance to your new work location is 350 miles or less, you must drive your cars. You will be responsible for any additional cost for special requests on the shipment of your cars. The Company will not be responsible for rental car expenses incurred while your cars are being shipped.
- ARS will provide third party appliance servicing for major appliances such as washers, dryers, refrigerators, stoves, dishwashers, icemakers, freezers, and water purifiers. Third party servicing includes disconnecting and reconnecting your major appliances. Appliances not disconnected at your old location will not be reconnected at your new location. It will be your responsibility to ensure all items such as computer equipment, VCR's, CD players, DVD players, receivers, speakers, surround-sound systems, and satellite dishes have been disassembled and made ready for shipment. You will be responsible for any additional cost incurred for special requests for packing or servicing of appliances.
- Hobby items, shop tools, and toolboxes all within reasonable limits may be included in your shipment. Some items may be considered bulky and may require additional labor and/or shipping charges. You will be responsible for those charges.
- Children's playground equipment such as forts, playhouses, teeter-totters, swing-sets, trampolines, jungle gyms, basketball goals, etc., that have been disassembled may be included in your shipment. It will be your responsibility to ensure all playground equipment has been properly disassembled and made ready for shipment. Some disassembled playground equipment may be considered bulky and may require additional labor and/or shipping charges. You will be responsible for those charges.
- Items such as boats/trailer, utility trailers/wagons, canoes, motor homes, travel trailers, utility sheds, engines, auto parts/pieces, hobby car(s), antique car(s), jet skis, wave runners, taxidermy items, riding mowers, motorcycles, tractors, heavy exercise equipment (step-masters, treadmills, weight-lifting, exercise bikes, etc), spas, hot tubs, farm equipment, dog houses/runs, and golf carts are authorized for shipping; However, any cost associated with shipping these items will be your responsibility.
- If you have household pets and/or farmyard animals, they are not considered to be part of your household and/or family and cannot be shipped by QRS. The cost of obtaining health certificates, boarding fees, vaccinations, kennels, or the actual transportation of the animal will be your responsibility.

Self-move

If you elect to relocate your household and personal goods without the assistance of ARS, you **Self-move**

If you elect to relocate your household and personal goods without the assistance of company authorized relocation company, you will be responsible for making your own arrangements.

To receive reimbursement for your self-move, you must obtain a "Self Move Estimate" from AA's authorized relocation company (Atlantic Relocation Services 800-241-1140 x179). Please be advised that you will only receive 50% of the final estimate that has the company discount taken from it (69.25 %). If you receive an estimate where a discount has not been taken (approx 69.25%), the estimate will be null and void. You will be required to request another estimate from the van line company with the appropriate discount applied. Please see below for an example of what a valid estimate looks like: In this example, the employee would receive 50% of the discount applied est. 949.01 which would be 474.50.

ESTIMATE SUMMARY		
COST OF PACKING	840.00	a
COST OF UNPACKING		b
COST OF TRANS & ACCESSORIALS	2,246.20	c
SUBTOTAL LINES A-D	3,086.20	d
69.25% B.L. DISCOUNT	(2,137.19)	e
SUBTOTAL E & F	949.01	f
VALUATION CHARGES		g
S I T & 3RD PARTY CHARGES		h
TOTAL LINES G-I	949.01	i
		j

NON-BINDING ESTIMATE:	NON-BINDING CHARGES:	949.01
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Once you receive the estimate, you must submit the estimate along with your actual receipts **American Airlines c/o Relocation Expenses 1821 W. Rio Salado Parkway Tempe, AZ 85281 or MD PHX-RWE-PAY**. The estimate is given to you to cover any and all expenses (i.e., truck rental, insurance, mileage charges for rental truck, fuel purchases for rental truck, packing materials, storage, towing and/or shipping of cars, appliance servicing, etc.) incurred by the self-move. Your receipts must validate the total weight that the estimate was based on. Self Move Estimates will not be reimbursed with out valid receipts. **Estimates from any other company than company authorized relocation company will not be accepted.**

Release and Indemnity Waiver - Complete this form only if you elect the self-move option. The form has been included in your package and must be signed, notarized and submitted with your expense statement when seeking reimbursement for your self-move.

Miscellaneous Moving Allowance

- The amount of your Miscellaneous Moving Allowance is stated in your Move Letter and is provided to help cover incidental relocation expenses not covered by the policy.
- To receive your Miscellaneous Moving Allowance, you must complete an Employee Relocation Expense Statement (expense statements have been included in your Relocation Package). Complete the expense statement and claim the total amount authorized on your Move Letter. You do not need to itemize or provide receipts for your miscellaneous expenses. Submit the signed Relocation Expense Statement along with a copy of your Move Letter to **American Airlines c/o Relocation Expenses 1821 W. Rio Salado Parkway Tempe, AZ 85281 or MD PHX-RWE-PAY**. **Applicable taxes will be withheld from this payment.**

Enroute Travel Expenses

Your en route expenses begin when you leave your old location and cease when you arrive at your new location.

- **Enroute mileage** is reimbursable at \$.245 per mile for cars you have driven on a direct route to your new location. **Specific dates of travel and fuel receipts must be submitted to validate miles driven.**
- If you have used ARS to ship your household and personal goods and the distance to your new location is greater than 350 miles you may (1) ship both of your cars, (2) drive one car and ship the second one, or (3) drive both cars. All shipping arrangements must be made by ARS.
- If the distance to your new location is 350 miles or less, you must drive your cars.
- If you elect the self-move option, you must drive your cars regardless of the distance to your new location.
- If your family owns more than two (2) cars, any cost associated with shipping or en route expenses for any additional cars will be your responsibility.
- **Reimbursement of fares** for air, rail, or bus for locations not serviced by American Airlines/American Eagle require prior approval.
- **Hotel and meal** expenses for you and your family. Hotel expenses are at actual and reasonable cost. When driving to your new location, you must drive at least 350 miles per day to qualify for overnight hotel expenses. Original itemized receipts are required for reimbursement of hotel and meal expenses. Credit card slips are not an acceptable form of receipt. Hotels reservations that are made through the internet require internet receipt showing payment and hotel receipt showing arrival and departure dates. **Due to IRS regulations, hotel and meal expenses will be reimbursed for one en-route trip only. However, you and your family members do not have to travel together.**
- **Tips** at actual and reasonable cost.
- **Taxi fare** for transportation from your old home to the airport and from the airport to your new home. Reimbursement is at actual cost. Original receipts are required.
- **Tolls** at actual cost. Original receipts required.
- **Parking fees**, when necessary, at actual cost. Original receipts required.
- To receive reimbursement for en route expenses, you must complete an Employee Relocation Expense Statement. Submit the signed Relocation Expense Statement, applicable receipts, and a copy of your Move Letter to **American Airlines c/o Relocation Expenses 1821 W. Rio Salado Parkway Tempe, AZ 85281 or MD PHX-RWE-PAY. Applicable taxes will be withheld from this payment.**

General Information

Qualified Life Event – Relocation is a qualified Life Event. You have the opportunity to change your Benefits options and update your dependants. Refer to the Benefits page of Jetnet for details.

Commuting - In the event you have elected to commute to your new location because your family has elected not to relocate or they plan on relocating at a later date, you must use your D2 travel privileges. If you elect to commute, the Company will not reimburse D2 travel charges. It is your responsibility to be at work during your scheduled hours, and American generally discourages commuting, since it could conflict or interfere with your ability to perform your job.

Business Travel - You are authorized a reasonable number of trips using your authorized classification for Business Travel. Travel must be related directly to your relocation. You and your family are authorized 2 round-trips for house hunting purposes, 1 round trip to make arrangements on the shipment of your household goods (if necessary), 1 round trip for closing on the sale of your home and a 1 one-way trip to report to your new location. Any other travel will be considered as personal travel and you must use your D2 travel privileges. The Company will not reimburse D2 personal travel charges. Excess use of Business Travel will result in repayment of applicable service charges.

Family Members - The Company recognizes family members as being a legal spouse, Company-recognized domestic partner, and any dependent children.

Conflict of Interest - You and/or spouse, domestic partner, parents, children and their spouses, domestic partner's children and their spouses should not engage in any activity that might benefit you personally at the expense of the Company, or that would be harmful to the Company, without the express written consent of the Company. For example, finder's fees, commissions from listing, selling or purchasing your residence, fees or rebates from transporting your household goods or vehicles, lease of rental automobiles, bridge loans to enable you to purchase a residence, fees to family members or friends for baby-sitting and temporary lodging would be in conflict of interest.

Claims - In the event that loss or damage occurs during your move, it is your responsibility to file a timely claim with the carrier. The nature of the loss or damage will determine the manner of settlement. Often, this will be in the form of satisfactory repair, equivalent replacement, or a cash allowance. You should refer to the carrier's Bill of Lading or contact your household move coordinator for assistance with filing a claim. Please note that you must adhere to the policies and procedures of the carrier in order for your claim to be honored. American Airlines is not liable, or in any way responsible, for employee's property that may be lost, stolen, or damaged while in transit. Upon proper inspection, if you do not feel that your goods are in acceptable condition to enter your residence at the time of delivery, and believe that the goods may create a safety hazard for you or your family, you should refuse delivery of any such items at the time of delivery.

Expense Statements

Payroll will not be able to issue any type of reimbursement check or advance for relocation expenses until you are on active AA payroll and your first payroll check has been issued.

- **Per IRS Regulations, you must seek reimbursement for any relocation expenses within one (1) year of the date stated on your Move Letter.**
- Your Move Letter contains the appropriate account number, station and branch codes you will need for completing your expense statement.
- You must complete an expense statement for each of the above paragraphs for which you have an expense. For example, you will need to submit one Expense Report for Miscellaneous Move Allowance, one for Enroute expenses, one for Home Purchase closing costs, one for Self-Move expenses, if any, etc.
- Expense statements must be submitted with appropriate receipts as applicable.
- Forward your completed Relocation Expense Statements, applicable receipts, and a copy of your Move Letter to **American Airlines c/o Relocation Expenses 1821 W. Rio Salado Parkway Tempe, AZ 85281 or MD PHX-RWE-PAY** for payment.
- All payments made by AMR to the employee must be reported as compensation for services (this excludes payments made through QRS's Home Sale Assistance Program).
- Should you have any questions regarding expense statements or payment status, you may contact **Frank Going or Diane Kent**.