

Purchasing an Aircraft with Maintenance Programs and Subscriptions: The Details Matter



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Aircraft that are enrolled in maintenance and subscription programs, such as those covering airframes, engines, and maintenance tracking, are often more marketable, and sometimes more valuable, than comparable aircraft that are not covered by such programs and subscriptions. There is real value to an aircraft buyer in having the programs and subscriptions on the aircraft when purchased. As a result, it is important that the programs and subscriptions are transferrable as part of the acquisition process. Each third-party provider is different in how they handle the transfer or assignment of programs and subscriptions. Some providers simply allow the seller to assign the current contract to the buyer but many require the buyer enter into a new agreement. It is important that the buyer understand the cost of the programs and subscriptions when putting together the budget for the ownership and operation of the aircraft. It is also important that all of the necessary paperwork be handled in a timely manner. Some providers will not send out the transfer paperwork until the purchase of the aircraft has been completed. When progressing through the aircraft purchase process, the buyer should consider the following:

1. Purchase Agreement Requirements
 - a. Prior to the execution of the purchase agreement, request copies of the current maintenance program agreements. Confirm that the advertised programs are in place at the rates previously provided.
 - b. If the program provider(s) will not complete the transfers until after closing, make sure the purchase agreement requires the transfer obligations of Seller extend beyond the closing.
 - c. For annual maintenance or subscription payments, make sure the contract is clear that the payment will be prorated based on the closing date or as otherwise agreed upon between the parties.
 - d. If the buyer elects not to continue with a program or subscription, make sure the purchase agreement allows the buyer to terminate the program or subscription upon closing and stipulates which party must pay any fees associated with the termination.
 2. If the aircraft is being financed, make sure the lender documents allow sufficient time to get the transfers in place. Since the process is controlled by a third-party provider, it is difficult for the buyer to dictate to the provider a timeline put in place by the aircraft lender.
 3. If there is a minimum flight hour requirements under the program, make sure the minimums can be met by the buyer and if not, see if the program requirements can be revised.
 4. During the inspection process, contact each maintenance provider and subscription service and inform them of the pending purchase and request a balance on each of the accounts and what date they have been paid through. Often the maintenance provider or subscription service requires seller's approval to disclose account information.
 5. Confirm with the maintenance or subscription service providers how the agreements will be transferred and when. Since each provider may have their own process, it is a good idea to create a document that tracks the process for each program and subscription.
 6. Closing should only take place after third party confirmation that all programs and subscriptions are paid through closing or otherwise in accordance with the purchase agreement.
 7. Once the closing has occurred, promptly send notification of the closing to the program and subscription service providers. Some providers will want a copy of the delivery receipt showing the number of hours on the aircraft/engine(s) at the time of closing. They may also want a copy of the bill of sale and perhaps additional documentation regarding the buying entity. Be sure to provide all required documents without delay.
 8. Continue to follow up with the providers until the transfer of all applicable programs and subscriptions are complete.
- Since there is real value to the aircraft programs and subscriptions associated with the aircraft, it is important that all of the paperwork is completed in a timely manner, so the aircraft remains enrolled on the programs and subscriptions bargained for as part of the aircraft purchase. ■

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