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Repossession

With the prevailing global economic conditions it is proving to be difficult times for both passenger and freight airlines. While some airlines have adapted to the market changes others have not fared so well, in 2009 there was more than 20 airline failures globally.

Charles Taylor aviation (asset management) Limited has seen a large increase in the resultant activities following the collapse of an airline, many of which have been aircraft repossessions. This Aviation Industry Update aims to provide a brief insight into aircraft repossessions.



When it comes to repossession there are two distinct types. A 'Friendly' repossession is by mutual consent, support of both parties to return an aircraft in a controlled and timely manner. A 'Hostile' repossession is when the owner conducts proceedings to gain immediate control of the asset by fair or foul means. In reality most owners aim to achieve the former as it produces the most successful outcome, but it is all too common to conduct repossessions in-between these two scenarios. In CTa (am)'s experience planning is the key to a successful return of any aircraft and this is certainly true of a repossession.

When planning it is important that the process includes specialists in legal, commercial and technical issues, even before any decision to force a return has been made. Similarly, it is important to have local knowledge, for example would it be better to repossess an aircraft while it is out of the habitual country due to difficult airport access or legal process in that region.

The only guarantee with any repossession is that it is going to cost money. The need for funds to be available is essential, to accommodate any changes in circumstances that may appear. We have found that appropriate planning can limit these issues, but rarely eliminates them all. Have you considered de-icing costs, parking fees, catering fees, navigation charges???

The list goes on!

One of the first steps following repossession is to ensure the security of the asset. This doesn't just mean placing a burly looking security guard at the bottom of the passenger steps to protect the aircraft. It is commonly stated that 99% of the aircraft's value is in the aircraft records. The records should be a paramount consideration when removing an aircraft from an operator. Securing as much of the documentation as possible is essential. An example of a poorly managed process was following a narrow body retrieval, followed by the records. On arrival at the airlines office disgruntled employees were found to be loading historical aircraft records into a trash compactor, while others were shredding essential documentation.



Additionally, consider where are your engines located?? On a B737 Classic the engines can make up the majority of the value, so there is no benefit in securing your airframe if the engines are installed on another unprotected aircraft.

Did You Know...

...that Charles Taylor aviation (asset management) has surveyors travelling to India, Spain, Thailand and The Netherlands in the coming weeks

It is common to re-position an aircraft to a secure location following repossession. This not only secures the asset, but also reduces the risks of liens and additional charges to be incurred. If an airline is not paying their rental fees it usually means that they will not be paying for other services, such as maintenance, catering, ground handling, landing and parking fees. It is not uncommon to find an aircraft encircled with a ring of baggage trolleys to prevent it departing. The lesson here is to consider that word of the repossession will spread quickly and other parties will try to re-coup their losses by any means.

Aircraft repossessions often result in the failure of an airline, making it difficult to reposition the aircraft. Additionally, if an airline has an in-house maintenance approval, this is typically removed, as is the airlines AOC on entering administration, making even a daily check impossible. Many organisations opt to transfer the asset to another registration for convenience. One mechanism that supports such activities is an FAA Designated Airworthiness Representative (DAR).

The success of any repossession will be gauged by the speed at which the aircraft can be re-leased. To do this successfully requires experienced, multi-faceted specialists that can project manage a continually changing set of circumstances. Charles Taylor aviation (asset management) Limited has proven to their clients that they are able to provide this service and return an aircraft to the highest asset value at minimal outlay to the owner.

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Charles Taylor aviation (asset management) is an aviation consulting company specialising in the management of commercial aircraft operating leases. Charles Taylor aviation (asset management) is a Charles Taylor adjusting company. We offer technical support and management that is specifically geared to aircraft operators, owners and financiers. Our commitment is to provide a highly flexible service that can be individually tailored to suit your requirements. We have designed our services to ensure your financial risk is minimised, your assets are secure and values are maintained. Charles Taylor aviation (asset management) is able to assess all risk factors and draw the right conclusions for your investments. Whether we are appointed to make a comprehensive inspection of an aircraft for lease termination, prospective purchase, investment or sale, or whether we manage the aircraft you have leased, we will adapt our approach entirely to meet your needs.

Charles Taylor aviation (asset management) Limited services comprise of the following disciplines:

- *Aircraft Build and Pre-Purchase Inspections*
- *Technical Records Audits*
- *Aircraft Operating Lease Technical Management Services*
- *Airline Technical Audits and Risk Surveys*
- *Maintenance Check Technical Representation*
- *Repossessions, Extractions and Lease Termination Inspections*
- *Airline Quality and Safety Audits*