

Aircraft Repossession
Preparing and Managing Asset Recovery
Mitigating Diminishment of Value

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Wyndham Miami Airport Hotel

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CFM Established 1983

Aircraft Management and Charter 33 Aircraft

Embraer Worldwide Endorsed Delivery Provider

Jetstream Aircraft Remanufacturer

Authorized Cirrus Service Center

Two FBOs with Part 141 Training Schools

DOD Certified Contractor

Difficult Answers

How much would your aircraft be devalued due to???

Damage

Excess Wear and Tear

Loss of or Incomplete Log Books

The True Answer is:

“IT DEPENDS”

Diminution of Value

Diminution in value generally refers to a reduction in the worth of something caused by an action of a third party or entity.

In the case of aircraft it may be the consequence of actions of the first party. Property valuations and diminution in value studies are meaningful only if based upon valid market data.

Major Factors Affecting Diminution of Value

Aircraft Age at time of Diminution

Part Specificity

Theatre of Operation

Type and Location of Repairs

Market vs. Economic Value

Market Value

Blue Book, Age, Is it one of a kind?

Number of Hours, Market Conditions

Are there many examples of the type?

Economic Value

Lost Log Books

Run Out Engines



Cosmetic Appeal

Damage History

Do you have an advocate?

Difficult Answers Damage

Location - Location - Location

Engine

Nacelle Strike or Mechanical Failure

Airframe

Landing Gear

Flight Controls

Interior

Difficult Answers Excess Wear and Tear

Economic Value Not Market Value

Hours vs. Age

Utilization , Corporate?

Hangared? On the Road?

Airframe

Landing Gear

Interior

Difficult Answers Loss of Log Books

Location - Location - Location

Your Country or Mine?

Service Center or Shade Tree Mechanic?

Changes of Owners

Maintenance Logbooks

Whose Maintenance?

Flight Logs?

Are the Logbooks Insured? For What Kind of Loss?

Difficult Answers Loss of Log Books

Location - Location – Location

FAR Part 43, Part 91.417 Part 91.419

Must be transferred with ownership of aircraft

Are not part of an aircraft

Most Vulnerable part of the aircraft

Generally constitute 20% of aircraft value

Difficult Answers Loss of Log Books

Location - Location – Location

Hangar Keepers Insurance

Liability insurance to cover their acts of negligence for aircraft in their care.

BUT

Log books are not part of the aircraft

The ensuing court battle may not be worth trying.

Difficult Answers Loss of Log Books

Location - Location – Location

Find a Good Home for Your Logbooks and Records

Solution in the hangar

Backup

Scanned and separate location

Data entry with offsite backup

Consequential Damages

How much would your business be devalued due to?

Loss of Use

Extra Expenses

Loss of Profits

Liability Claims for Lost Value

Diminution claim: You must agree on what it was worth the minute before damage and after it is repaired.

Bottom Line

New is easier than old.

Prior Planning is Necessary

“It’s the Records Stupid”



Simple Questions

How much would your aircraft be devalued due to???

Damage

Excess Wear and Tear

Operation in Charter

Loss of or Incomplete Log Books

Thank You

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