

AIRCRAFT LEASING CONTRACTS A LEGAL PROSPECTIVE ON AIRCRAFT REPOSSESSION



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*Overview of Fundamental
Legal Default
Concepts in Aircraft
Leasing*

- **Aircraft Owner (“Lessor”)** needs worldwide protection for his aircraft assets while under lease.
- Lessor needs to document the transaction legally in a way that insures his asset, (Aircraft/Engines) will be used, operated, maintained, registered, preserved and returned according to worldwide airline/aircraft standards.
- Lessor must insure that he retains legal title to his aircraft assets.
- The most popular and prominent form of aircraft leasing is the “Operating Lease”.



*LEGAL DOCUMENTATION
OF EVENTS OF DEFAULT
AND REMEDIES
UNDER AN AIRCRAFT
OPERATING LEASE*



*SOME OF THE MOST
IMPORTANT NEGOTIATING
POINTS FOR AIRCRAFT
LEASE AGREEMENTS ARE:*



Events of Default

- **Non-Payment of Rent and any other payment due on its due date, plus 3-5 Business Days**
- **Failure to maintain required insurance.**
- **Breach of any other material provision of the Lease continuing (generally) for 30 days after notice.**
- **Cross Default with any other agreement between Lessor and Lessee.**

Events of Default- Con't

- Lessee's air transport license revoked, suspended or cancelled.
- Bankruptcy appointment of a receiver, liquidator, trustee, insolvency
- Final judgment (undischarged) over a stated amount.
- **Illegality Events**
- **Material Adverse Change**

Rights of Remedies

- **Termination of the Lease without prejudice to Lessee's continuing obligations (Return Conditions, etc).**
- **Immediate possession of aircraft by requiring Lessee to fly aircraft to an agreed location.**
- **Return of aircraft records.**
- **Right to proceed with appropriate court action to enforce performance of Lease provisions or to recover damages for breach of Agreement.**
- **.**

Rights of Remedies-Con't

- **Right to sell the aircraft or otherwise dispose of it free of any leasehold right.**
- **Right to appointment of agent via Power of Attorney to de-register the aircraft and export from country of registry as may be necessary**
- **Right to recover default payments for loss of profit from a sale or re-leasing of the Aircraft.**
- **Accelaration of Rent**
- **De-registration and Export**



REPOSSESSION "REALTY"
(Lessor and Lessee)

**1. Actual Repossession May Not Be "EASY"
Notwithstanding Contractual provision**

A) Conflicts of Laws in foreign countries vis-à-vis agreed law under contract.

2. Physical repossession-

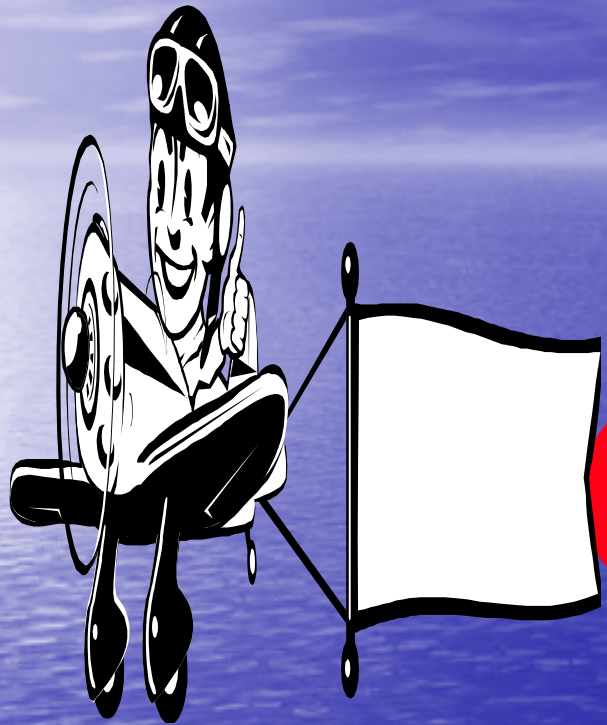
a) Self-help not always available without cooperation- cannot access airport, etc.

b) May need Court Order, hearings, defenses allowed which are both costly and time consuming.

c) Jurisdiction where aircraft/engine are based may be more friendly towards debtor than reposessor

1) may not agree to de-register

2) may not grant export license



THANK YOU

