

Aviation Law Webinar – January 10, 2017

International Aircraft Transactions:

What is common and customary for aviation transactions in the United States is not always common and customary for transactions with buyers or sellers in other countries.



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Differences in International Transactions

- **The Appetite of the International Buyer**
- **Why do we typically see new or very new equipment?**



Restrictions in International Transactions

→ Regulatory constraints of the importing country

- Age
- Jurisdictional

→ Maintenance restrictions

- MRO's
- Warranty consideration
- AOG



Delivery Statistics

- **How will the delivery statistics impact the overall fleet in the next 5 to 10 years?**
- Geographically
 - Asset Valuation



Assessing Value Differences

- How do you assess any value differences in aircraft that come out of international markets back to USA?



Sourcing an Aircraft

- How do you source an aircraft from a market/country or region that does not have a mature dealer/broker network?



Inspection

→ What can buyer and seller expect?

- Purchase
- Deregistration
- Import steps



Import/Export Transactions: Exporter's Issues

→ Deregistration request

- Make/model/serial number/N-number
- Reasons for deregistration (e.g., export)
- Destination country

→ No liens on file

→ Notice of Deregistration/Non-Registration

→ Export C-of-A / DAR Inspection



Import/Export Transactions: Exporter's Issues (IDERA on File)

→ Secured Parties/Lenders acting pursuant to an Irrevocable Deregistration and Export Request Authorization (IDERA) must:

- certify “that all registered interests ranking higher in priority to that of the requestor have been discharged or that the holders of such interests have consented to the cancellation for export purposes”
- provide evidence of the discharge of interests or consent of higher ranking interest holders



Import/Export Transactions: Importer's Issues

→ Notice of Deregistration/Non-Registration

- Should be in English to avoid a 1-3 day delay
- Additional certification may be required if 90 days has elapsed

→ Bill of Sale/Proof of Ownership

- Original, ink signature (no fax/pdf/etc)
- Establish full Chain of Title

→ C-of-A

- DAR inspection
- 135 Conformity inspection
- Equipment requirements

→ DAR inspection letter



Import/Export Transactions: Importer's Issues

→ Title Opinion/Title Insurance

→ Application for Registration (8050-1)

- Pink copy is not an authorization for domestic ops
- Fly-wire automatic; no need for DIO



Import/Export Transactions: Managing Expectations

- ➔ **Types of representations**
 - Clear title
 - Aircraft condition/airworthiness
 - Aircraft specification

- ➔ **Survival of representations**

- ➔ **Timing of release of funds**
 - Lenders' requirements
 - Escrow Agreements

- ➔ **Delivery location**

- ➔ **Use of Trusts/U.S. Brokers**



Import/Export Transactions: Managing Expectations

- **Deposit amount**
- **Exchange rate fluctuations**
 - In what currency is the purchase price payable?
 - Increased risk of default may justify increased deposit/remedies
- **Carrying Seller as an additional insured**
- **Choice of law/forum**
- **Article 2(e) of the United Nations Convention on Contracts for the International Sale of Goods**



Closing Remarks

Thank you for joining us today. Please call any of us if you ever have questions about the complexities and nuances of international aviation transactions.

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