



# 10

# TIPS

for financing  
your aircraft  
purchase



**Bank of America**



*“My loan application was handled efficiently and quickly – I highly recommend AOPA’s Aircraft Financing Program.”*



Larry Jones  
*Pilot, Instructor, AOPA Member*

## **Your local bank might see a few aircraft loans a year. We see thousands.**

As the sole lender to AOPA’s Aircraft Financing Program, Bank of America’s team of loan specialists has helped thousands of pilots get into their own aircraft. If you’re buying for the first time—or even if you’ve been through it before—take a few minutes to read these helpful tips that will make your loan process run smoothly.



## **1 Get a pre-purchase inspection.**

Hire a mechanic to conduct a pre-purchase inspection of the aircraft. What you think is the plane of your dreams could turn out completely different. A pre-purchase inspection should give you the confidence that your aircraft is in good mechanical shape. Nothing would dampen the excitement of a new purchase like finding out about problems after the fact—“let the buyer beware” has been good advice for hundreds of years.

## **2 Order a complete title search or history.**

A title search of your potential purchase will tell you its current and previous owners, as well as whether the aircraft has been damaged in the past. Most banks will automatically include a basic title search in their closing process, but a more detailed independent search could reveal problems with the aircraft or its ownership.

## **3 Consult with tax and legal advisors about registration options for your aircraft.**

There may be tax and liability benefits to registering your personal or business aircraft to a separate Limited Liability Company (LLC) or corporation. If you choose to set up a LLC or corporation, you will want to start this early in the process to avoid delays at closing.

## **4 Shop for insurance early.**

Since the cost of insurance is a factor in determining the affordability of your aircraft, it's important to shop for insurance early in the process. The cost of aircraft insurance is determined by a number of factors and can vary widely depending on your flight experience and the type of aircraft.

## **5 Choose a bank or finance company with experience in aviation lending.**

Most local banks finance few aircraft, but a lender that specializes in aircraft loans will assure a timely loan approval and accurate documentation. It is important to ask whether the lender services the loans after closing, and find out where you will be calling if you have questions about the account or if you want to refinance or upgrade.

## **6 Inquire about the services provided by the financial institution.**

Experience with aircraft financing often shows in the kinds of services the lender provides as part of the process. Does the lender order the title search? Does the lender handle the FAA filings? If not, who does? Find out who coordinates collection of the required documents to ensure proper registration. If the lender employs an escrow company or title company for this purpose, additional fees may be involved. Also, banks have different policies when determining the value of an aircraft. Some financial institutions may use desktop tools such as Aircraft Bluebooks or VREF. Others might require an on-site appraisal for every aircraft. If your lender requires a third party appraisal of all aircraft, what does it cost?

## **7 Consider all costs of closing a loan, not just the rate and closing fee.**

Unexpected costs can surprise you at closing—expenditures such as closing fees, title search, escrow and filing fees, and appraisal fees can really add up. Find out what is included in your closing costs—and what isn't.

## **8 Consider all terms of the loan when reaching a decision.**

A loan is a long-term commitment, so it's important to look at all of the terms when shopping. For example, what is the maximum repayment term? Some lenders will make loans for as long as 20 years, while others will limit the note to seven years. You also need to find out whether there are any prepayment penalties. Some banks don't charge these, but others do. You may be willing to accept a prepayment penalty if you intend to keep the aircraft for a long time.

## **9 Find out whether the lender can close within your required timeframe.**

A lender with general aviation experience may approve your loan as quickly as the same day you apply and close in less than a week. Lenders with less experience may need more time to coordinate the loan approval, aircraft valuation, and FAA documentation.

## **10 Choose AOPA Member Products for all aspects of your aircraft purchase.**

With top-notch partners and more than 414,000 members, AOPA Member Products is able to include a wide range of insurance and financial services that can help you finance or refinance your aircraft. All products are 100% endorsed by AOPA, and provide both the buying power and extra value you need.

To find out about the other top AOPA Products and Services for owners, visit:

[www.aopa.org/info/member-products](http://www.aopa.org/info/member-products), or call

- AOPA Aircraft Financing Program .. 800-62-PLANE
- AOPA Insurance Agency ..... 800-622-AOPA
- AOPA Aircraft Title Services ..... 800-711-0087
- AOPA Legal Services Plans ..... 800-USA-AOPA
- Pilot Assistance Hotline ..... 800-USA-AOPA

# Get your financing off the ground with the AOPA Aircraft Financing Program.



AOPA members can take advantage of a banking relationship with Bank of America that has existed for more than 20 years. Bank of America has established a toll-free telephone number and a dedicated service center specifically to handle financing for AOPA members.

**Call today to apply for the AOPA Aircraft  
Financing Program at 1-800-62-PLANE  
or go to: [www.aopa.org/loans](http://www.aopa.org/loans)**

