

**Handout for Buying a Business Aircraft: Lessons from the Trenches Panel Presentation
 NBAA Aircraft Transactions Working Group of the NBAA Tax Committee
 Closing Checklist**

√	Item	Description	Comments
	1	Select and engage buyer's legal counsel – buyer	
	2	Select and engage seller's legal counsel – seller	
	3	Select and engage FAA aviation counsel - buyer	
	4	Select and engage broker/consultant - buyer	
	5	Conduct mission profile and select make and model – buyer	
	6	Conduct a market evaluation for the designated make and model – buyer	
	7	Select target aircraft - buyer	
	8	Evaluate U.S. citizenship of buyer and address US registration issues – buyer and FAA aviation counsel	
	9	Formation of buyer's LLC (if applicable) - buyer	
	10	Investigate operational issues (e.g. dry lease issues) with buyer's legal counsel - buyer	
	11	Identify any 1031 'like kind exchange' requirements – buyer and seller	
	12	Identify qualified intermediary or QI for 1031 exchange (if applicable) – buyer and seller	
	13	Develop a work scope for the pre-purchase inspection – buyer	
	14	Identify exemptions and need for certificate or affidavit to be delivered at closing and research other state	

	tax issues - buyer	
15	Determine export/import and deregistration/registration requirements (if applicable) – buyer and seller	
16	Identify and define how the aircraft will be operated by the buyer (FAR 91 or 135) – buyer	
17	Select and engage aircraft manager and/or charter operator (if applicable) - buyer	
18	Select and put in place Part 91 flight department (if applicable) - buyer	
19	Draft offer letter or letter of intent (“LOI”) – buyer	
20	Select and engage acceptable escrow agent/Oklahoma City law firm (can serve as both escrow agent and FAA aviation counsel) – buyer and seller	
21	Select and engage aviation insurance broker - buyer	
22	Submit all contracts containing insurance and indemnity clauses to insurance broker for review - buyer	
23	Execute LOI – buyer and seller	
24	Wire transfer deposit to designated escrow agent – buyer	
25	Draft, negotiate and execute escrow agreement – buyer, seller and escrow agent	
26	Draft, negotiate and execute purchase and sale agreement – buyer, seller and escrow agent	
27	Current searches of FAA title and lien records – FAA and International Registry – buyer and escrow agent and/or FAA counsel	
28	Have seller add buyer as additional insured with waiver of subrogation status to current insurance policy on aircraft for test flight - seller	
29	Initial test flight (if applicable) – buyer and seller	

30	Part 135 FAA (or foreign equivalent, if applicable) conformity inspection - buyer
31	Complete pre-purchase inspection - buyer
32	Evaluate and negotiate pre-purchase discrepancies – buyer and seller
33	Execute technical acceptance letter – buyer
34	Establish or confirm existence of buyer’s transaction user entity (“TUE”) account for International Registry filing (if applicable) – buyer
35	Establish or confirm existence of seller’s transaction user entity (“TUE”) account for International Registry filing (if applicable) – seller
36	Designate professional user entity or “PUE” for International Registry filing – buyer and seller
37	Lien releases/FAA disclaimer and release (if applicable) – seller and FAA aviation counsel
38	Executed FAA bill of sale (FAA Form 8050-2) (US domestic only) - seller
39	Security agreement (if applicable) - buyer
40	Notify insurance broker of insurance requirements of security agreement for compliance review – buyer
41	Aircraft Registration Application (FAA Form 8050-1) (US domestic only) – buyer
42	Statement in Support of Registration by an LLC (if applicable) (US domestic only) - buyer
43	Ownership trust (if applicable) (for foreign buyer)
44	Position warranty bill of sale – seller
45	Position aircraft delivery receipt – buyer

46	Position relevant documents (originally signed and undated) with escrow agent or FAA aviation counsel for filing with FAA at closing – buyer and seller
47	Position pink copy of the FAA registration application with the aircraft - buyer
48	Perform all finance requirements (if applicable) - buyer
49	Notify insurance broker to provide draft certificate of insurance for approval by lender – buyer
50	Draft and negotiate buyer’s Part 91 or Part 135 aircraft management/charter agreement (if applicable) – buyer
51	Notify insurance broker of insurance requirements of management/charter agreement for compliance review - buyer
52	Selection and training of crew for buyer – buyer
53	Post-maintenance acceptance flight (if applicable) – buyer
54	Buyer’s confirmation of the correction of all discrepancies (if applicable) – buyer
55	Certificate of Airworthiness – seller
56	Confirm payment of inspection facility – buyer and seller
57	Pre-closing delivery flight (if applicable) – seller
58	Establish or confirm final purchase price/funds at closing – buyer and seller
59	Payoff instructions from existing lienholder – seller’s lender
60	Closing instructions and distribution letters – buyer, seller, escrow agent and/or FAA aviation counsel

61	Obtain insurance including certificate of insurance – buyer	
62	De-registration of aircraft from foreign registry (if applicable) – seller	
63	Closing conference call – all parties	
64	Sales tax exemption certificate or affidavit (if applicable) – buyer	
65	Obtain FAA fly wire for any international flights planned in weeks following closing – buyer	
66	Transfer or enroll (if applicable) in aircraft computerized maintenance tracking program (i.e., CAMP, CESCO, CMP, etc.) – buyer and seller	
67	Transfer or enroll (if applicable) in airframe hourly cost maintenance program (i.e. JSSI, SmartParts, Pro Parts, etc.) – buyer and seller	
68	Transfer or enroll (if applicable) in engine hourly cost maintenance program (i.e., JSSI, MSP, GE OnPoint, ESP, etc.) – buyer and seller	
69	Transfer or enroll (if applicable) in APU hourly cost maintenance program (i.e., JSSI or MSP) – buyer and seller	
70	Transfer or enroll (if applicable) in avionics subscription cost maintenance program – buyer and seller	
71	Transfer all appropriate subscriptions and warranties (if applicable) – buyer and seller	
72	Execute operational documents (if applicable) – buyer	
73	Seller’s retention of aircraft registration markings (if applicable) – buyer and seller	
74	Change of aircraft registration markings (if applicable) – buyer	
75	RVSM, MNPS LOA – buyer	

76	Restrapping of transponders, AFIS, flight-phone or FMS uplinks – buyer and seller	
77	Cancel seller's insurance – seller	
78	Register with DOT (if applicable) – buyer	
	Thanks to Bill Quinn with Aviation Management Systems, Inc., who provided the initial draft of this checklist.	

Presenters:

Frank Polk
 McAfee & Taft PC
 (405) 552-2201
frank.polk@mcafeetaft.com
 Two Leadership Square 211 N Robinson, Suite 1000
 Oklahoma City, OK 73102

Stuart Hope
 Hope Aviation Insurance, Inc.
 (800) 342-4673
shope@hopeaviation.com
 PO Box 5677
 Columbia, SC 29250

Dave Weil
 Solairus Aviation LLC
 (707) 769-6021
dweil@solairusaviation.com
 1350 Bayshore Hwy, #800
 Burlingame, CA 94010

Alan Burnett
 CenterPoint Aviation Law PLLC
 (206) 805-5700
alan@centerpointaviationlaw.com

2624 Eastlake Ave. E.
Seattle, WA 98102

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