



AVIATION RISK MANAGEMENT SOLUTIONS, INC.
Aircraft Collateral Risk Mitigation

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Aircraft Asset Management Services

As an aviation lender with millions of dollars of collateral value exposure in the world's most mobile assets, how sure are you about the condition, status, operation and maintenance of the aircraft in your portfolio at any given point in time?

An aircraft can lose hundreds of thousands of dollars in value in as little as 90 days if it is out of service or not being operated or maintained as required by the manufacturer. After 180 days those losses can easily exceed a million dollars. An improperly preserved static aircraft is a bigger risk than one that is being flown at a much higher than expected rate.

*How quickly would you find out that **missions have changed dramatically**, that flying has diminished or stopped completely?*

*Would you know if an aircraft that you financed assuming Part 91 operations was in reality **performing charter work under Part 135 regulations**?*

*Would you know if contract pilots flying that aircraft are not only type rated but also **satisfy all insurance requirements** for training and experience?*

Does your aircraft have the proper and necessary Hull and Liability insurance coverage in place? Is War Risk coverage advisable?

AvRisk monitors all aspects of the operation of the aircraft so that you have comprehensive data on all aspects of its operation, available around the clock, 365 days a year.

If the aircraft was **taken out of service**, would you know? If so, were the **necessary preservation procedures performed** to assure that the aircraft is **properly protected** and that the various component **warranties are not being voided**? Is the aircraft **being properly stored** in a special climate controlled facility?

If the aircraft is covered by one or more **hourly cost maintenance programs**, are the minimum monthly **payments being made**? Are **actual hours being reported**? Are the programs still in full force and effect? Do you know how much the **program reinstatement penalties** will be if they are not?

Do you know **what items are excluded from coverage** under various Hourly Cost Engine, Airframe and APU programs? Without thoroughly understanding what the program covers, a **mid-life engine inspection or overhaul can turn into an unpleasant seven-figure surprise**.

AvRisk monitors the operating status of the aircraft to make sure that any unusual activity is noted and immediately reported to you so you can address issues before they become major problems.



Proactive Maintenance Monitoring

Do you have an in-house team of **aircraft maintenance experts that know the frequency and costs of future Scheduled service events**? Can they determine the **value impact of an FAA Form 337 for a repair or alteration to the aircraft**? How would you know if the aircraft sustained significant damage which resulted in a **seven-figure devaluation** even though the repair work was perfectly performed?

Do you know **which service centers are performing maintenance** and repair work on the aircraft? Are you tracking **Airworthiness Directives, Mandatory Service Bulletins** and required **Avionics upgrades** to assure that the aircraft can legally continue flying?

Would you like to have the **technical resources and expertise to advise your clients of alternative maintenance schedules and programs that can save hundreds of thousands of dollars each year**?

AvRisk has technical experts that make sure that you know the precise maintenance status of your collateral throughout the term of the lease or loan. **We identify opportunities to reduce costs without compromising quality** and pass those to you so **you can advise your client and add significant value to your financing relationship**.

At AvRisk, **our sole purpose is to make sure that anything related to the status, operation or maintenance of aircraft that you finance are being constantly checked** to make sure that your expected values are being protected.

Lenders are usually the last to know that there is a problem with a loan. **Do you have the tools in place to recognize the early warning signs of financial distress** on the part of your aircraft obligor? Our objective is to make sure that you always have the necessary information that allows you to structure a solution and avoid an adversarial situation.

*If the worst case scenario becomes reality, **do you have a pre-tested Default Action Plan** in place that allows you to move **quickly to protect your asset and minimize your costs** in the event of a default? This is not an everyday event and **most lenders cannot react quickly and minimize damage and loss of value.***

AvRisk has the plans and resources to react immediately to secure the aircraft and its records, gain effective control and begin the process of settling the situation as quickly and cost effectively as possible.



What are the goals of your organization?

Would **reducing collateral risk** allow you to comfortably assume a greater level of risk elsewhere in the deal (credit, geography, aircraft age, funding Part 135 operators, etc.) **increase your opportunities for transaction, revenue and profit growth?**

What is the value of being able to **reduce your loan loss reserves** through the use of proactive asset management?

What is the value to your organization of **having your client treat you as a trusted confidant** that adds value to their operation? Would a single transaction **open the door to a long-term mutually beneficial relationship?**

Would you like to have the **information demanded by regulators, auditors, investment committees, loan review committees and your board of directors at your fingertips?**

AvRisk... We provide the answers that you need every day.



AvRisk Services

It is imperative that your aircraft collateral is diligently being monitored. AvRisk Provides an array of services that allows you to instantly reference the exact status of your asset at any point during the term of the lease or loan transaction. Our services include:

Independent Pre-buy representation during the closing process

- Document aircraft condition and review insurance and Hourly Cost Maintenance Program contracts

Flight status

- Airworthy and flying, or out of service
- Hours, landings, cycles per month tracking and recording trends

Operations Monitoring

- Aircraft location and recent flights
- Crew qualifications
- Insurance coverage verification
- Avionics compliance
- FBO/MRO qualification
- Verify that there are no liens or encumbrances against the aircraft or its title

Maintenance Monitoring

- Evaluate maintenance program
- Verify that all maintenance items are current
- Note next major scheduled service/inspections due dates
- Provide cost estimates for future scheduled service work
- Immediately report on significant deferred maintenance
- Note and monitor component warranty coverage and expiration
- ADs and Mandatory SBs completed and logged
- Repair notation or FAA Form 337 filed

Default Assistance

We utilize an established and agreed upon set of processes and procedures to make sure that material defaults are handled quickly and efficiently to protect the asset. A detailed checklist is prepared and followed when directed by our client.

End of term remarketing assistance

Provide services as requested to make sure that the disposition of the aircraft is handled as efficiently and expeditiously as possible.