



## **Aircraft Buyer's Checklist**

Would you fly without using a checklist? So, why would you buy a plane without one? By following a few simple precautionary procedures, buying a plane can be an enjoyable and exciting experience that you will remember forever. Our goal is to make your experience a great one!

The following checklist will provide you with all the tools necessary to make a confident, educated purchase. From choosing the right aircraft to getting a quality insurance policy, we have thought of it all and listed everything in an easy to follow guide. If you would like to print this checklist, there is a link to a printable version on the left side of the page. If you have any questions, a Plane Exchange representative will be happy to assist you.

Good Luck!

### **Step 1: Choose the Make/Model that is Right for You**

This is one of the most important decisions you will face in this process. The aircraft should meet your personal standards of style and taste, as well as fit into your needs and budget.

#### **Examine your needs:**

What will you primarily be using your aircraft for? This is one of the most important questions you need to ask yourself. If you have a family of six and would like to take them on vacation once a year, but you are mostly going to be using your plane to commute sixty miles to work, you probably don't need to own a Cessna 210 just because it will hold the whole family. In the long run it would be much more cost effective to buy a plane more suited to your commute and rent a plane for that big family vacation each year.

Think about what is important to you in an airplane and make a list, arranging it from most important to least important. This will help you determine which plane is right for you.

#### **Determine your budget:**

The purchase price of an aircraft is only part of the affordability. You must also consider the cost of operating and maintaining the aircraft. Being prepared for such a big decision will insure that you make the right one. A worksheet for estimating hourly operating costs and engine reserves is provided in the printable version of this checklist.

#### **Compare aircraft size & performance vs. operating costs:**

Once you have established your basic needs & budget, you can begin comparing aircraft to see which one is right for you. A Cherokee 140 for instance has four seats, but will realistically only carry two adults and two kids, where as a Cherokee 180 will carry 4 adults while going a few knots faster, but it will also cost more in maintenance, fuel & insurance. Performing a cost comparison for each type of aircraft you are interested in will help you narrow down the market.

To help you compare, our website contains reviews and performance specs for each aircraft. Once you have chosen a make/model, you should read the information specific to that aircraft thoroughly. This will give you an idea of what you can expect as an owner and what to look out for when buying your plane.

#### **Do you qualify for insurance in the plane you desire?**

Your experience level as a pilot greatly determines which types of aircraft you qualify for insurance in, as well as your yearly premiums. It is a good idea to start making contact with an insurance company at this time. A quick conversation with an insurance agent may save you from wasting your time shopping for an airplane you can't get insurance in. Often times, you may qualify for

insurance after you meet a minimum requirement such as five hours of instruction in a similar make and model. By knowing these things ahead of time, you can be one step ahead of the game. To learn more about insurance and who to contact see [Step 8: Get a Quality Insurance Policy](#).

As you can see there are a lot of factors involved in choosing the right type of plane. For this reason many aircraft buyers choose to enlist the help of a qualified aircraft broker. This person can save you time, money and in some cases a lot of headaches.

## **Step 2: Get Pre-Qualified for Financing**

Too many pilots search for the perfect aircraft, and then have it sold out from under them while they are making their financial arrangements. You don't want your dream aircraft to be owned by someone else!

We recommend you get pre-qualified right now! There are many aircraft lenders that can pre-approve you over the phone in as little as fifteen minutes, or you can apply online. Once you have been pre-approved, you are under no obligation to use the loan; it will just be there for you if and when you need it.

Most lenders require a minimum of 10% down with a 10-20 year loan. These aircraft lenders offer a low monthly payment with outstanding repayment terms. Some offer additional pilot incentives as well.

Some local banks also handle aircraft loans. Usually these lending institutions are less experienced with aircraft loans and can often cause delays, however this is not always the case. If you prefer to use your local bank you should contact their lending department directly.

## **Step 3: Shop Around**

Knowing how similar aircraft have been priced can be very helpful in determining if the price of a specific aircraft seems fair. Remember, each aircraft is different so you will have to consider all the variables when making your comparison, keeping in mind those factors that are most important to you.

### **Factors that Effect Price**

**Engine Time:** Engines have a limited life expectancy or TBO (Time Before Overhaul). This number is based on when the average engine needs to be overhauled. If you purchase a plane that has 1500 hours on an engine with a 2000 TBO, you will have approximately 500 before you need to overhaul the engine. You will probably want to start saving for the occasion or if you plan on selling before that happens, you should know it may be a little harder to sell your plane as it approaches TBO. If you purchase a plane that has 1150 hours on an engine with a 1200 TBO, however, you should make sure you already have enough money to perform an overhaul.

**Exterior Condition:** Painting an aircraft is very time consuming and can be quite costly so an aircraft in above average condition is worth several thousand dollars more than one that requires paint. Corrosion is another thing to consider. Many airplanes have it, especially if they come from humid areas near salt water. It can often be treated, but depending on the severity, it does reduce the value of the plane. It is always a good idea to get a mechanics opinion on this matter.

**Interior Condition:** Like painting, refurbishing the interior also requires a fair amount of time and money. Seat covers can always help extend the life of an interior, but a new interior adds a few to several thousand dollars depending on the number of seats.

**Avionics:** Radios play a major role in determining the value of the aircraft, adding more than \$20,000.00 in some cases. Aircraft Blue Book has a formula for calculating this value. Vref also has a system for considering avionics upgrades. A qualified aircraft broker can help you put these figures into perspective.

**Options/Modifications:** Many airplanes have after market modifications that enhance the beauty or performance of the plane. It is important that these mods all have the proper FAA paperwork and log book endorsements. Some mods increase the value of the plane, while others improve the marketability.

**Location:** Don't forget to consider the aircraft's location when determining value. You should figure in the cost involved in getting to the aircraft as well as what it will take to bring it home.

#### **Resources to Help You:**

[AOPA's Aircraft Valuation Service:](http://www.aopa.org/members/vref/) This is a free service to AOPA members that will give you a Vref appraisal, based on market value according to the aircraft information you supply.  
[www.aopa.org/members/vref/](http://www.aopa.org/members/vref/)

**Certified Aircraft Appraisers:** To help you make an educated purchase, it may be wise to enlist the help of a Certified Aircraft Appraiser. A qualified appraiser understands all the factors involved in determining aircraft value. Items that the average pilot may overlook, such as a new prop or maybe your plane is missing some items that are considered to be standard and included in the base value of the aircraft. Getting an appraisal by a professional just might save you thousands of dollars. You would never consider buying a house without an appraisal, so why would you invest in an airplane without one?

#### **Step 4: Research Your Aircraft**

Gather all information related to your aircraft including, a complete list of specifications, photos, maintenance history, damage history, etc. Knowing the history of an aircraft is essential. All maintenance should be complete and well documented. Airplanes with missing records or major damage may still be good, but they are usually worth less and you may want to speak with a broker to determine value in a situation like this.

The Plane Exchange performs this kind of research on all the aircraft we list. Our knowledgeable staff gathers information on the title, previous ownership history, and any reported accidents or incidents. We also check out the maintenance records and ask questions... we talk to the owner and the mechanics that have been caring for the plane. We verify all times and include eventful log entries and 337's right on our website for your review. Any additional questions you may have can be discussed in detail by e-mail or over the phone.

When buying a plane, the owner/seller should be willing to provide you with all the information you request. You can also do a little research on your own.

#### **Resources to Help You:**

[MyAirplane.com:](http://MyAirplane.com) Run a free aircraft background investigation including NTSB and FAA accident reports.

[Order Aircraft Records:](#) You can get copies of all 337s and the chain of aircraft ownership for an individual aircraft directly from the FAA. You will need the aircraft registration number and serial number to process the order. You can expect to receive a CD-ROM in the mail in a week to 10 days, unless the FAA is currently updating the file. If you need this information quicker, some Title and Escrow companies can retrieve the data within a day or two and email or fax it to you. The FAA charges \$10 for this service, title companies will charge more but it may be worth it.

**Google:** It is always a good idea to type the aircraft registration number of the plane you are going to buy into a search engine like google. Occasionally you will find accident reports that for some reason didn't show up on the MyAirplane.com search or past owners talking about the history of the aircraft, which can be useful.

#### **Step 5: Put a Deposit Down on the Aircraft**

After you have reviewed all available information about the plane and you feel fairly comfortable

that this is the plane for you, it is time to put down a deposit to remove the aircraft from the market. This will secure the aircraft while you make arrangements for a pre-purchase inspection.

### **Why put down a deposit?**

This tells the seller that you are serious about the plane. You are saying that yes, I have the money to buy the plane and if it is everything that it is represented to be, I will buy it. This gives you first rights to the plane, meaning that the plane will not be sold out from under you. A **purchase agreement** should be signed by both parties, outlining the terms of the sale. Before sending your deposit money, you should trust the seller or use a third-party escrow company, make sure you understand and agree to the terms of the sale, and be sure your deposit is refundable. It is common for the seller to retain a small portion of the deposit, if there were expenses involved, but this should be clearly outlined beforehand. We recommend that you use an escrow company to handle the transaction, read on to learn more about escrow services can help you.

### **Escrow Services**

If you find a plane you like, but you are not comfortable sending money directly to the seller, you can enlist the services of an Escrow Company. For a fee, an escrow service will hold the money and the aircraft documents until both parties give authorization for release. Then the money & documents are disbursed to the appropriate parties. Usually the escrow company files the appropriate paperwork with the FAA so you are sure the title gets transferred correctly.

Most Escrow companies that charge for their services are insured by the FDIC. This is not always the case, however; so it is a good idea to verify this before you send your money to a third party.

## **Step 6: Pre-Purchase Inspection**

The pre-purchase inspection is the financial responsibility of the buyer and money well spent. If there is anything wrong with the aircraft you want to know about it before you become the one responsible to fix it. A mechanic of your choice will be hired to be your "technical guru". He or she will be your eyes and your advisor at this point. To minimize the expense, we recommend you find a mechanic near the aircraft to perform the inspection. We can help you locate a respectable mechanic or give you a list of names in the local area for you to review.

In order to assist the mechanic in thoroughly examining your aircraft, you should supply the list of aircraft specifications along with a pre-purchase inspection checklist, required by some financing institutions. Your mechanic will verify the spec list plus inspect the aircraft, its engine, avionics, equipment and documentation. Afterwards, you will talk to your mechanic on the phone about the condition of your aircraft, both mechanical and cosmetic. It is your responsibility to make sure you fully understand the results of the inspection. If something doesn't make sense to you, ask questions or get a second opinion. As long as the aircraft is found to be in the same condition as advertised, the sale will proceed.

If something undesirable does come up in the inspection, it doesn't necessarily mean the sale can't happen. It just means both sides need to come to an agreement on a solution. The seller may opt to fix the problem or renegotiate the price, either way; a solution is often possible that will make both sides happy. Remember, you are buying a used aircraft, don't expect it to be in perfect condition.

## **Step 7: Verify the aircraft has a clean title**

If there is an old lien on the aircraft, you cannot get financing, and worse yet that person could have a claim to your airplane. Finding this out ahead of time could save you time and the expense of costly attorneys' fees.

### **Ordering a title search**

There are companies in Oklahoma with access to FAA records that can perform a title search for you. It will list any liens against the aircraft or site that there are none. Any old liens must be

released by filing the correct release of lien paperwork with the FAA, signed by the original lien holder. Most title search companies provide additional services to research old liens and attempt to get them released.

## **Step 8: Get a quality insurance policy**

When it comes to insurance, ask questions and shop around. A recent customer saved over \$1,200.00/year by shopping around!

Ask at your local airport who covers the local FBO or flight school.

At The Plane Exchange, our certified aircraft brokers will help you find an insurance policy that fits your needs. All you have to do is ask!

For more information on Aircraft Insurance, check out:

[AOPA's Pilot's guide to Insurance: Renters, Aircraft Hull and Liability](http://www.aopa.org/members/files/guides/insurance.html)  
www.aopa.org/members/files/guides/insurance.html

This article is only available to AOPA members, but it is a great reference. AOPA can also give you an insurance quote.

## **Step 9: Arrange Final Payment**

At this point you will wire transfer the remaining balance due on the aircraft.

**If you have arranged for financing**, the Seller will need to send the financing company all the required documents including the signed bill of sale. Once they receive the closing documents they will need your authorization to disburse funds.

**If you are using an escrow service**, the escrow company will prepare the closing documents including the Bill of Sale. The seller will send signed documents to the escrow company and you will need to wire transfer them full payment of the aircraft. All parties will be advised when all required documents and funds have been received. Funds will remain in escrow until you give final authorization for disbursement.

## **Step 10: Closing Paperwork**

If you buy an aircraft with the assistance of an aircraft broker, that broker will usually prepare and file all the necessary paperwork for you. Just one of the many advantages of using a qualified aircraft broker.

**Bill of Sale:** A signed copy of the Bill of Sale should be retained by both the buyer and the seller for their records and another copy must be sent to the FAA for filing.

**Federal Aircraft Registration:** A signed copy of the registration must be sent to the FAA along with a check for \$5.00 to cover the filing fee. The pink copy of the registration will serve as your temporary federal registration and must remain in your plane until you receive your permanent registration in the mail.

**Release of Lien:** If there is a lien on the aircraft, the proper release of lien paperwork must also be filed with the FAA.

**State Registration:** Each state has different regulations concerning aircraft registration. You should check with your local flight school to see what the requirements are in your state.

## **Step 11: Pick Up Your Plane or Make Delivery Arrangements**

This is the part you have been waiting for. You are now the proud owner of your new plane. You will need to find a hangar or tie down space to store your plane and you will be responsible to get it

to its new home. Many buyers enjoy the adventure of flying their plane, sometimes across the country, to get it home. Others don't have the time or the experience and prefer to hire someone to deliver the plane. There are several options for delivery. You could hire a commercial pilot to bring you the aircraft or you could hire a flight instructor to fly with you. We have included links on this page to help you make your travel arrangements. Using these links helps to support our website and all the great, free services we offer.

**Ferry Pilots:** There are many types of ferry pilots available for hire. Professional ferry pilots ferry airplanes as their main profession. You may pay a little more for their services, but the experience they bring to the flight may be worth it. Especially if you are trying to move a plane all the way across the country or internationally. Another great option for relocating aircraft is to hire a part-time ferry pilot. Often times, you can find a pilot who works for an airline, but acts as a ferry pilot in his or her spare time. Scheduling is a bit more difficult, but you can save a lot in travel expenses making the wait worth it. You may also want to talk to your local flight instructor. A long cross-country flight can be a great learning experience as well as an adventure!

We hope this aircraft buyers guide has given you insight to buying an aircraft. If you still have unanswered questions please contact one of our brokers or dealers and they will be happy to help you. If you are still shopping around for your perfect plane, please remember to visit [www.ThePlaneExchange.com](http://www.ThePlaneExchange.com) often as we are continuously updating it with new aircraft for sale. In addition, you may want to join our [Aircraft Buyer's Club](#) where you will be the first to know when new planes are added to our site.

Good luck in your aircraft search and let us know if there is anything else we can do to help.



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