

AIRCRAFT REPOSSESSION & RECOVERY

A Grounded Aircraft Is Not a Secure Aircraft

How much value remains after you recover a distressed aircraft may very well depend on the partner you choose.

Lenders often fail to realize how quickly value can diminish. The aircraft looks like the safe part of the portfolio: large, documented, sitting on a ramp where everyone can see it. That assumption is exactly how recoverable value disappears. A distressed aircraft is exposed, depreciating (and contested), and from the moment the payments stop, the value you underwrote begins to leave the airframe. What follows is not a worst case. It is the ordinary path we've seen time and again of an aircraft left too long without the right hands on it; but this can be completely avoidable.

WHAT A DEFAULTED AIRCRAFT LOSES, AND HOW FAST

A defaulted aircraft does not lose value in one place. It bleeds from several at once, and the clock starts the moment payments stop and the aircraft is not cared for. It is important to become active at the first sign of trouble: employ your inspection rights and get copies of logbooks and current status. Also confirm insurance coverage.

The parts walk first

A grounded fleet is a mobile stockroom to an operator keeping other aircraft flying, and to anyone with ramp access. Aircraft parts and major components come off quietly, and each is worth a fraction of replacement costs. A stripped aircraft is a recovery project, not a flying asset.

The liens stack up

Maintenance providers, ground handlers, fuel vendors, and airports do not wait politely. Unpaid invoices become liens; wherever the aircraft is parked it becomes the target for a possessory lien, and the aircraft can be physically detained, legally, until the claims can be resolved. The longer it sits the larger the claim, and possessory liens trump the interest you believed was secured.

The airframe deteriorates

An aircraft that is not actively preserved declines quickly. Corrosion, moisture intrusion, flat-spotted tires, and lapsed engine and APU preservation turn a serviceable asset into one that needs significant work before it can fly or sell, while storage charges accrue every single day it sits.

The records disappear

Logbooks and back-to-birth traceability are worth more than any single part, and are demanded by a serious buyer. When they go missing (flight crews and employees have been known to hold them for ransom) they can fall into disorder, or be seized for any reason, a saleable aircraft becomes commercially unsaleable, and no physical recovery brings that value back.

Cross-border cuts both ways

An aircraft on foreign soil is subject to foreign law, foreign courts, and sometimes an operator with no incentive to cooperate. With the right instruments in place, clean records, a deregistration authorization on file, and local counsel ready, recovery can move quickly. Without them, the same steps stall for months while the aircraft sits. The jurisdiction sets the difficulty; preparation decides the speed.

A mass default hits all at once

When a portfolio turns or an operator collapses across several countries at the same time, these losses hit many aircraft simultaneously, while competing creditors and local actors race for the same assets. The party that moves first generally recovers the best value. The one that waits inherits a shell and a legal file.

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The time to choose a repossession partner is before you need one.

None of this is inevitable. It is a function of time and the wrong response, not the default itself. The right partner secures the asset and its records on day one, manages the liens and the jurisdiction, preserves the airframe, knows what it is worth in every exit scenario, and can return it to serviceable, saleable condition rather than handing you back a problem. If you are facing a default, a workout, or a distressed asset on the ground, Sage-Popovich can run the recovery and execute it, from the asset at risk to the value realized.