Executive Certificate in Aircraft Financing and Leasing

Aircraft Leasing Structures and Agreements

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Aircraft leasing structures and agreements refer to the various legal and financial arrangements used in the aviation industry to lease aircraft to airlines or other operators. These structures and agreements are crucial in aircraft financing and leasing as they dictate the terms, conditions, and responsibilities of both lessors and lessees.

1. ACMI Lease (Aircraft, Crew, Maintenance, and Insurance)

ACMI lease is a type of aircraft leasing agreement where the lessor provides the lessee with an aircraft, crew, maintenance, and insurance. This type of lease is commonly used by airlines that require additional capacity during peak seasons or to cover maintenance downtime.

Related Terms: Wet Lease

Example: ABC Airlines entered into an ACMI lease agreement with XYZ Leasing Company to operate flights to a new destination.

2. Bareboat Lease

A bareboat lease, also known as a dry lease, is a leasing agreement where the lessor provides an aircraft to the lessee without crew, maintenance, or insurance. The lessee is responsible for all operational aspects of the aircraft during the lease term.

Related Terms: Wet Lease, ACMI Lease

Example: DEF Airlines signed a bareboat lease with GHI Leasing Company for a fleet of new aircraft to expand its operations.

3. Capital Lease

A capital lease is a long-term lease agreement that is treated as a purchase for accounting purposes. The lessee records the leased asset as an owned asset on its balance sheet and is responsible for maintenance, insurance, and other operational costs.

Related Terms: Operating Lease, Finance Lease

Example: JKL Aviation Company opted for a capital lease to acquire new aircraft for its fleet expansion.

4. Dry Lease

A dry lease, also known as a bareboat lease, is a leasing agreement where the lessor provides an aircraft to the lessee without crew, maintenance, or insurance.

Related Terms: Bareboat Lease, Wet Lease

Example: MNO Airlines decided to enter into a dry lease agreement with PQR Leasing Company for its regional aircraft requirements.

5. Finance Lease

A finance lease is a type of lease agreement where the lessor finances the purchase of the aircraft and transfers the ownership to the lessee at the end of the lease term. The lessee is responsible for maintenance, insurance, and other operational costs.

Related Terms: Capital Lease, Operating Lease

Example: STU Aviation Group secured a finance lease to acquire new aircraft for its international routes.

6. Full-Service Lease

A full-service lease is a comprehensive leasing agreement where the lessor provides the aircraft, crew, maintenance, insurance, and other services to the lessee. This type of lease is a hassle-free solution for airlines that prefer a one-stop leasing arrangement.

Related Terms: ACMI Lease, Operating Lease

Example: VWX Airlines opted for a full-service lease with YZ Leasing Company for its long-haul flights.

7. Operating Lease

An operating lease is a short- to medium-term lease agreement where the lessor retains ownership of the aircraft. The lessee pays for the use of the aircraft and is not responsible for maintenance, insurance, or other operational costs.

Related Terms: Capital Lease, Finance Lease, Wet Lease

Example: ABCD Airways chose an operating lease to meet its seasonal aircraft requirements without long-term commitments.

8. Wet Lease

A wet lease is a type of aircraft leasing agreement where the lessor provides the aircraft, crew, maintenance, and insurance to the lessee. This type of lease is commonly used for short-term capacity needs or to cover maintenance downtime.

Related Terms: Bareboat Lease, ACMI Lease

Example: EFG Airlines leased additional aircraft on a wet lease basis from HIJ Leasing Company to meet increased demand during the holiday season.