



dream

Realize the dream



The Key to Ownership

Become an aircraft owner—
one way or another

BY IAN J. TWOMBLY

As teenagers, we all go through the agony of waiting to have our own car and the freedom that it represents. As pilots, we go through the same feeling again, but with a different machine. We think of how simple it would be to fly the kids to camp instead of drive, or how nice it would be to spend the weekend cleaning the airplane instead of the basement. Whatever your mission or adventure, owning an airplane makes it more fun, more convenient, and more rewarding.

One of the great things about aircraft ownership is the many avenues available to make it a reality. People of different backgrounds and economic situations have made aircraft ownership work for them. Take Tom Nery, for example: Nery knew he wouldn't continue flying much past his initial training if he didn't buy an airplane. Now he takes his pride and joy for \$100 hamburgers and on longer trips, often cheaper and faster than the airlines.

But maybe owning your own airplane isn't financially possible. Chances are there's a flying club near you that will allow you to realize some of the benefits of aircraft ownership without all the expense. The Penn Yan Flying Club in Penn Yan, New York, has 140 members who have realized the benefits, and many wouldn't own any other way.

If a flying club sounds like too much extra work, how about co-ownership? Three co-owners at the Phoenix Deer Valley Airport, who are at very different points in their lives, share one airplane.

Finally, consider Tim Cappelli who owns a share of a new Cirrus SR22 G3 in a fractional ownership program. He gets to fly an advanced, high-performance airplane with exceptional concierge service, and he doesn't have to manage maintenance schedules.

We hope these stories inspire you to realize the dream.



Tom Nery



Sole owner Tom Nery

Tom Nery says that when he first started learning to fly, his wife knew he was going to buy an airplane before *he* did. "I'm not one of those guys who does anything halfway," he says. "She knew that as soon as I really got into flying, [an airplane] would be something I would want to own." As his wife predicted, Nery purchased his first airplane, a 1966 Piper Cherokee 180C, a month before he finished training for his private pilot certificate.

Nery is a 53-year-old software director. Like many aircraft owners, he first bought an airplane in pursuit of food. An hour-and-a-half flight for breakfast or lunch is the main mission, he says. Only occasionally did he plan to take the airplane out of New England. Nery says buying was a simple decision for many reasons. "I wanted to fly when I wanted to fly, not only when an airplane was available." Another key reason was safe-

Making it happen

Let's say you've decided to take the plunge and buy your own airplane. Congratulations! Chances are you are unsure what to buy and how to buy. AOPA's Pilot Information Center can help. Call 800-USA-AOPA or visit AOPA Online (www.aopa.org). The experienced professionals in the PIC are well versed to answer your ownership questions. They can take you step by step through the process, beginning at your decision to buy and ending at the paperwork. AOPA Online contains all the resources you'll need to help you on your journey. Here are a few:

Operating cost calculator—Get an idea of what it will cost to own your dream machine (www.aopa.org/members/pic/

[ac/buy_sell.html](http://www.aopa.org/members/pic/ac/buy_sell.html)).

Buying tips—Learn all about the buying process (www.aopa.org/members/files/guides/tipsbuy.html).

V-Ref—Find out what your chosen airplane is really worth (www.aopa.org/members/vref).

Title search—Don't get caught buying an airplane with liens. Have a title search performed by the experts (<http://aopa.aictitle.com>).

Financing—Find out about competitive rates and benefits (www.aopa.org/info/certified/afp/index.html).

Purchase agreement—Protect your interests with this sample agreement (www.aopa.org/members/files/topics/purchase_agreement.html).

Insurance—Get competitive rates (www.aopaia.com).

ty and maintenance. While some flight school airplanes may be meticulously maintained, there's still an unknown factor. "I wanted to be able to have confidence in what I was flying," Nery says. "I know how a squawk is taken care of. I know the history." Pinpointing an average mission or flight is the first required decision when it comes to buying an airplane. For Nery, the burger run meant range and speed weren't a concern. For him, the load-carrying capability was the key driver. "I'm a big guy and I wanted something that could carry me and some other people," he says. Nery did consider other airplanes, but for his money, the Cherokee 180 (denoting a 180-horsepower engine) was the perfect airplane. As a student pilot, Nery didn't know many of the different aircraft models and their strengths and weaknesses. He researched Web sites, read through aircraft classifieds, and consulted his flight instructor for guidance. Ultimately it was his CFI who led him to the Cherokee, an airplane he says he is "very happy" he picked.

Nery went through the process of buying the Cherokee in a textbook manner. He searched the classifieds, asked local pilots, and used known, respected resources such as his CFI and flight school, as aids. After finding the right airplane, he had a mechanic complete a thorough pre-purchase inspection. And he signed a sales and purchase agreement to protect himself in case anything was wrong with the airplane or with the deal. The process was fairly effortless, he says.

Now looking back five years, Nery says the Cherokee is still the perfect airplane. Although he often doesn't take the three passengers he thought he would on some trips, the airplane still fits 90 percent of his missions. In the time he's owned the airplane, Nery has trained for and passed his instrument

checkride, flown for many meals, and even taken the airplane to the Carolinas and the Midwest. He tells the story of one trip when he and his wife hopped into the Cherokee for a family reunion in North Carolina. His sister took the airlines on a last-minute fare. It turns out that even in his Cherokee, Nery beat his sister to the gathering, and got there cheaper.

In the five years he's owned the airplane, Nery has also taken advantage of another owner benefit—upgrades. After a new radio stack and some other goodies, he thinks he has almost as much in the panel as what he paid for the airplane. In fact, Nery says, if there's one thing he could go back and do differently, it would be to identify what he wanted in the panel more clearly and buy an airplane that was already equipped. Like most owners, Nery is finding that avionics, while they may increase the value of the airplane, are never going to pay for themselves in the sale. It's an economic reality you can see every day as owners list their airplanes for an exorbitant amount of money, hoping to eek out a few thousand more from a GPS or MFD.

But Nery isn't concerned. He doesn't plan to upgrade, something most owners do every few years. "I could get a [Piper] Arrow. Ten knots more would be wonderful," he says. "But it doesn't matter. Getting there 10 minutes faster means I'm flying less." In his opinion, buying too much airplane is worse than buying too little.

Flying club

Penn Yan Flying Club



Penn Yan is a town of around 5,200 year-round residents in the beautiful Finger Lakes region of New York. It's a rural area more than an hour's drive from Rochester. The town's location makes it even more impressive that the Penn Yan Flying Club has been operating continuously since 1939, and currently has 140 members.

This is not a club that only exists for members to meet and chat about flying. It's a vibrant club with many members ac-



Flying club resources

Flying clubs are the cheapest form of aircraft ownership. Unfortunately, many are poorly managed and only last a few years before they run out of cash and disband. It's easy to say that joining a financially viable club is a must, but sometimes that just doesn't exist at your airport. What's the solution? Create one. Potential benefits include less expensive flying, new friends, and more time spent at the airport. Anyone

interested in joining a club or forming one can find information on AOPA Online (www.aopa.org/pilot/clubinfo). This one page links you with everything you need to know about insurance, financing, club management, and even promoting the club. There's even a sample incorporation of bylaws. Of course, additional questions can always be handled in AOPA's Pilot Information Center. Call 800-USA-AOPA.



Just a small portion of the 140 members of the Penn Yan Flying Club in front of the club's 1946 Piper Cub it has owned since new.

tively flying, and an estimated 15 primary flight training students. The club currently owns a flight simulator and six airplanes—a Cessna 150, 150 Aerobat, 172, Piper Cherokee 180, Arrow, and a J-3 Cub. But this is no ordinary Cub. It is likely one of the last remaining original-owner Cubs to be found. Imagine that at your local flight school!

A key benefit of a flying club is its economic value. Depending on how the club is structured, members own a piece of the corporation, of which the aircraft are an asset. The fact that one doesn't technically own a piece of an airplane isn't the point. This is aircraft ownership at its least expensive. Like traditional aircraft ownership, new members put up a capital investment. Except, instead of \$35,000 for a Cessna 172, it may be \$3,500 for a one-tenth share. The initial

membership cost to join the Penn Yan Flying Club is \$600. Just like in a traditional ownership scenario, the member will get that money back, plus or minus the perceived value of the assets, at the time the share is sold. To pay for insurance, hangar rent, annual inspections, and other fixed expenses, members pay monthly dues. At Penn Yan Flying Club that usually comes in at about \$38 a month.

What do \$600 and \$38 a month get you? Lower aircraft rental rates, better availability of aircraft, and no minimum flying times on weekends and overnights are just a few advantages over renting. All of Penn Yan Flying Club's airplanes are rented wet (the price of fuel is included) and time is calculated via the tachometer. The 152 goes for \$62 per hour; the 172 and Cherokee for \$77; the Arrow for \$87, and the Cub for only \$45. In the days of skyrocketing fuel costs, dwindling discretionary income, and less time to spend at the airport, the value of a good flying club can't be beat for aircraft ownership.

The key to starting or joining a great flying club is to set out the proper rules with clear, smart bylaws. Says Penn Yan Flying Club President Neil Atkins, "The type of corporation should be left up to lawyers, but a good set of bylaws should allow the board to function without outside influence." Atkins suggests going around to other clubs in the area and getting advice about what works and what doesn't. "They all have different flavors," he says.

Club historian Paul Middlebrook, whose father was a member of the club starting in the mid-1940s, says his group's success and longevity can be adapted to other clubs. You have to think ahead, he says. The Penn Yan Flying Club obtained property early on and grew its holdings over the years to encompass 110 acres. Through member participation, it paved and extended runways and built many hangars. In 1993, the club sold 100 acres to the county and kept 10 for its hangars and office building, or barn as the case may be. Instead of spending the money on other airplanes, Middlebrook says, the club invested it and will be able to pay for

AOPA Legal Services plan

One of AOPA's most valuable benefits for aircraft owners is the Legal Services Plan. For private pilots, \$29 a year gets you access to an attorney versed in aviation. The plan covers one hour with the attorney annually, useful for reviewing purchase and sales agree-

ments, hangar leases, FAA documents, formation of a corporation to protect your assets, and much more. Best of all, the aircraft ownership benefits are only the beginning.

To find out more, visit AOPA Online (www.aopa.org/legalplan) or call the PIC at 800-USA-AOPA.



Left to right, partners Scott Molt, Steven Lampert, and Leonard Mikus

DAN DELANEY

a new use agreement with the county when the current one expires in 40 years. It's that kind of foresight, he says, that keeps clubs going for a long time.

To keep aircraft rental rates low, the club hosts an annual Fourth of July pancake breakfast. And they literally feed half the town. The event is required duty for club members and takes an estimated \$10 an hour off the rate of each airplane. "I don't see how, in a rural area like this, we could survive without a commitment to voluntary time," says Middlebrook. "If you don't want to work voluntarily, you are better to go off and fly with an FBO. If you're a pilot and you're going to fly regularly, you can fly much cheaper as a club member, but it requires you to put that time in." Members enjoy the time they put in and the friends they make along the way, he says. Spend any time around the club and you begin to understand the social benefits. Many members have been with the club for decades, and in some cases their parents were members before them. Lifelong friendships have grown out of the social interactions members have made conducting club business and working at events.

Finally, as a way to lower insurance rates and get members to come to the monthly meetings, the elected board requires members to attend four safety seminars a year. One is held after each meeting, ranging in topic from carburetor icing to GPS instrument approaches.

And, to keep things interesting, Middlebrook suggests a flying club have a variety of airplanes. If the club doesn't have the capital, ask members to front the money in their account to be flown off later, he says. It keeps people flying, and you can get new airplanes.

Co-ownership

Steven Lampert, Leonard Mikus,
Scott Molt



There's a reason owning an airplane with another pilot is often called a partnership. Like a marriage, it involves trust, financial management, commitment, sharing, and understanding. Enter into a good one, and aircraft ownership can be bliss. But go about it the wrong way or with the wrong person, and aircraft divorce can be messy.

Three pilots from Phoenix, Dr. Steven Lampert, Leonard Mikus, and Scott Molt, are in a very healthy partnership. Together they have happily owned a 1983 Mooney M20J for the past three years. Molt had solely owned the airplane prior to the partnership, but found that he was no longer flying it the 200 or 300 hours a year he had previously. Instead of selling the airplane outright, Molt decided to take on a partner. He placed a national advertisement looking for the right person, and had many tire kickers come by and take a look.

"When I had my advertisement, I was approached by several people and met a few," he says. "You just have to go with your gut." Mikus was one of those who approached Molt, and Molt says he knew right away that Mikus was the right guy. Mikus had been in several partnerships before, and at the time, owned an older Mooney M20J. "I had a better hangar, he had a better airplane," says Mikus. "I sold my airplane, he moved into my hangar." Lampert was the last to join. He and Molt shared a CFI who recommended each to the other, and according to Molt, a referral is usually a good bet.

The first order of business for any partnership is to set up a written agreement, says Mikus. "[Lampert] lobbied for an LLC [limited liability corporation]. It took more time up front, but was worth it in the end." The three used the partnership

Make a healthy partnership

Before diving into aircraft ownership with other pilots, make sure you know what you're getting into. Read AOPA's *The Pilot's Guide to Multiple Ownership: Co-Ownership and Flying Clubs*. It can be found on AOPA Online (www.aopa.org/members/files/guides/multiple.html). In the guide you'll find a 21-point checklist for finding the perfect partner and setting up a successful agreement. Read

on for a list of frequently asked questions, and finally you'll come to the sample agreement Steven Lampert, Leonard Mikus, and Scott Molt used for their happy partnership. There are also resources to find potential aircraft partners, such as the new Aircraft Partnership Association (www.theapa.com). Of course, you can also find out more by calling the Pilot Information Center at 800-USA-AOPA.

template on AOPA Online (see "Make a Healthy Partnership"), and then took their version to an attorney to firm up the documents. Key provisions of a written agreement may include how each share is bought or sold, how repairs and assessments are handled, and how aircraft upgrades are performed. The primary benefit of an LLC is that it limits each partner's liability. LLC's are corporations, however, and Mikus says they need to be treated as such. "You need to have regular meetings. There needs to be an administrator."

To pay all the bills, the partners opened two bank accounts. Variable expenses such as an engine overhaul and instrument repair reserve go into an online interest-bearing savings account, while fixed expenses such as hangar rent and database subscriptions go into a local checking account. Because the fixed expenses can be estimated with a high degree of reliability, Mikus says, they, along with a small extra reserve, are assessed at each quarterly meeting. That meeting also serves to discuss any aircraft or scheduling issues and levy variable expenses to each partner based on the amount they flew in the previous quarter.

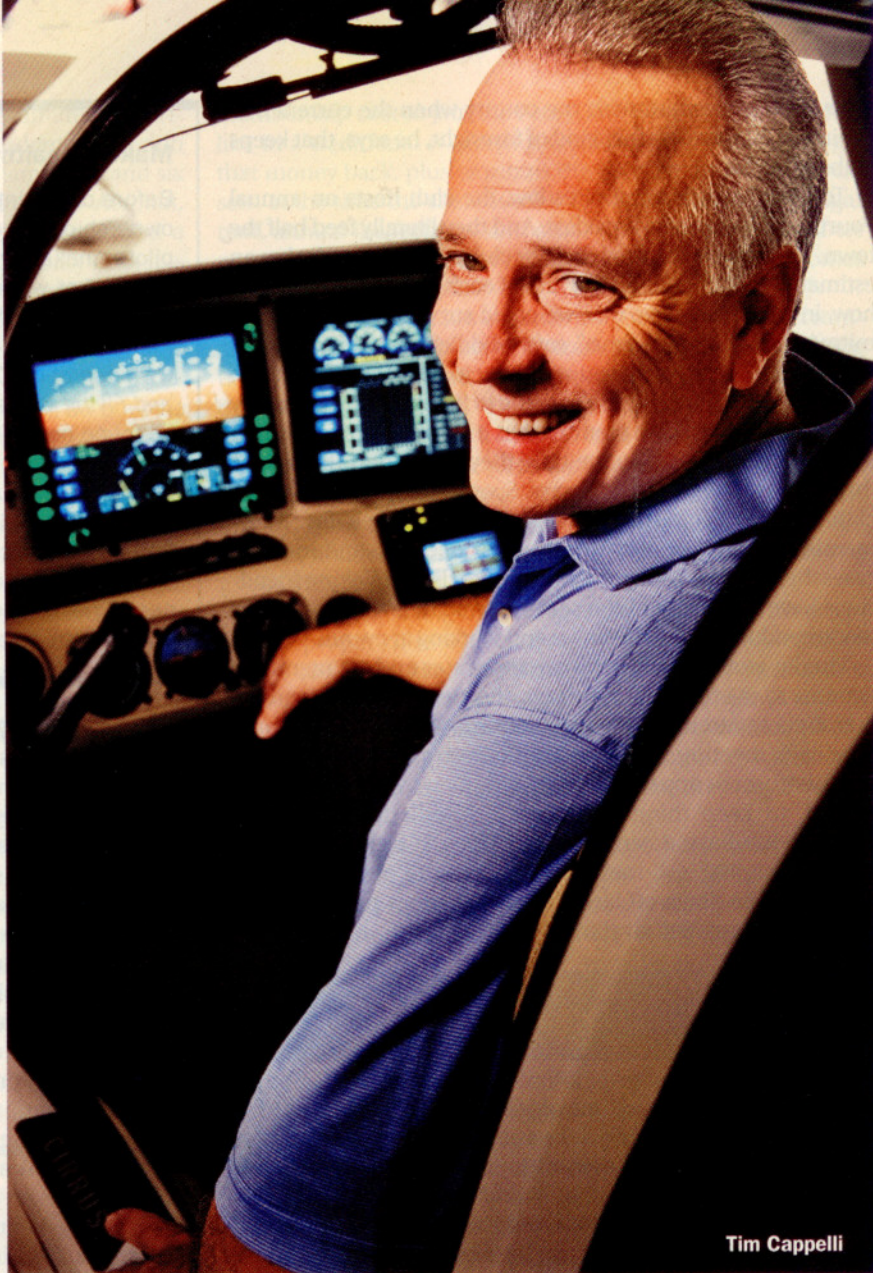
But a robust written agreement and accurate banking and bill paying are only good for so much in an aircraft partnership. All three agree that other ingredients include similar goals, financial security, agreement on the right type of airplane, a focus on flying safely, and an idea on how to maintain an airplane. "We've all made a commitment to the partnership," says Lampert. "It's been a really good experience."

Exceptional service is just one reason to consider fractional ownership.



Is fractional ownership for you?

Chances are you've never considered fractional ownership. It's a relatively new concept in the industry and one that may deserve a close look for you. As Tim Cappelli shows, it can be a great way to own without the usual hassles. Make sure to crunch the numbers, however. For those looking for that "country club service" it may be the perfect option. Before signing on the dotted line, take a look at the Pilot Information Center's guide to fractional ownership, found on AOPA Online (www.aopa.org/members/files/topics/fractional.html).



Tim Cappelli

"We all have the same goal of safety and what work needs to be done. There's never any question about keeping the airplane up," says Molt. "It would be disastrous if you had a deadbeat in the group. You have to make sure that each can pull their share," adds Mikus.

One reason Lampert, Mikus, and Molt work so well together is because each is at a different place in his life. As a practicing family physician, Lampert's weekday schedule is hectic, so flying is reserved to the weekends. Mikus is retired and can fly anytime. Molt works full time, but his schedule is flexible. It's a perfect example of why Mikus says three partners is the sweet spot. "One partner splits fixed expenses in half. A second partner cuts things in a third. After that, it's a case of diminishing return," he says. Online scheduling, an idea Lampert brought to the group

from his flying club days, makes things even easier. But every arrangement has its tradeoffs. According to Mikus, that's limited to two things. "The airplane is not instantly available. If you wake up on a beautiful Saturday, you better get on the Internet to see if the airplane is in the hangar," he says. The second thing is that, in general, you can't be sure if everyone is flying the airplane with as much care as you, he adds. Lampert says there are no downsides at all, and he has only had one time in the past three years when he wanted to fly and the airplane was taken. Then he laughs. "I did get chewed out once for latching the seatbelts after I flew." Because Molt owned the airplane himself first, he clearly had the most to lose in the deal. But he says he has been very pleased with the partnership. "Dealing with two level-headed partners is great. I couldn't imagine it working out any better."

Fractional ownership

Tim Cappelli



Owning any piece of machinery can be less than glamorous at times. Machines fail and must be fixed, and that takes time to coordinate and manage. So while owning an airplane is a

TOM HUSSEY

dream, maybe dealing with the hassles of aircraft ownership is not. Luckily, the market has responded and there is the perfect type of aircraft ownership for this type of potential owner.

Fractional ownership is a mixing bowl full of renting, co-ownership, flying club, and sole ownership. Once reserved for the ultra-wealthy and jet aircraft, new companies have started to open up the opportunity for piston fractional ownership. Companies such as AirShares Elite, PlaneSmart! Aviation, and US Aviation Group are just a few of the outfits offering such an arrangement.

The structure varies, but FAA regulations require that all fractional owners hold a piece of a particular airplane. Unlike a flying club, where the owner buys into the corporation, a fractional owner buys into an airplane. Usually, the larger a share one buys, the more hours each year they get to fly. Which of the company's airplanes the owner flies is irrelevant, and it may never be the one with their name on the registration. The company markets the airplanes, brings owners together, and manages the fleet. Like many players in the industry, shares are time-limited. to four years for PlaneSmart owners. At the end of that time, owners have the option of either rolling their equity into a new share, or cashing out. The process ensures that new airplanes come online consistently.

Every detail is taken care of, from insurance and maintenance, to hangar rent and GPS database updates. Full-service management is just one of the many benefits, although, according to owner Tim Cappelli, it's the best. "The biggest advantage is the country club flying," says Cappelli. "I get the country club greeting." Cappelli should know. He has owned 19 aircraft over the years. Currently he owns four, one of which is an eighth share in a Cirrus SR22 G3 through PlaneSmart! Aviation in Addison, Texas. Cappelli's share currently goes for an initial \$75,900, an equity share that he will get back, plus or minus the value of the airplane, if he ever decides to sell. He also pays \$897 a month, and \$125 an hour wet. For that, he gets 75 hours of flying time a year and a maximum of 21 nights away from base.

If it sounds like a lot of money, Cappelli says you haven't owned enough airplanes. Immediately prior to purchasing his share of the SR22, Cappelli owned a Beechcraft V35B Bonanza. He says the Cirrus is \$500 less a month and

he gets to fly a turbonormalized new airplane, one he considers "The best airplane on the market."

Aside from the cost, Cappelli says the reason he will continue to own the Cirrus is service and convenience. "This is not about pride of ownership," he says. "There was a time when I needed to say I owned my own airplane, but it doesn't matter anymore to me." Then Cappelli rattles off the details—the airplane is pulled up front and fueled, all the charts for the trip are in the cockpit ready to go and in the same place they always are, there are four bottles of water in the cup holders, the airplane is clean, there's a gas discount card to pay for fuel so you don't have to put it on your credit card, if you are flying to the Bahamas there's a life raft already loaded, and the staff will reserve a car or hotel at the destination and print out your flight plan and weather.

Of course, everything has a downside. Owning your own airplane is the ultimate in scheduling freedom. With fractional ownership, there are constraints. "You do have to schedule the airplane. Me, being an impulsive guy like I am, scheduling is a problem. You can't get it on a whim," he says. But Cappelli stresses that two weeks lead time for a longer trip is usually sufficient.

When planning to become an aircraft owner, a smart move is to estimate the real costs of ownership and weigh the pros and cons. Although more expensive than a traditional partnership, fractional ownership provides benefits not experienced with other forms of ownership. The extra premium goes toward the management fee and to a company that is in business to make a profit. But, if the hassle of owning an airplane seems prohibitive, fractional ownership programs were made for you. **AOPA**

E-mail the author at ian.twombly@aopa.org.

INTERACTIVE ►

AOPA PILOT ONLINE



Hear how ownership has enriched the lives of the pilots interviewed for this article on *AOPA Pilot Online*.
www.aopa.org/pilot/owners