

## Aircraft Lease Agreement

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## **General Information**

### **Aircraft Lease Agreement**

This Aircraft Lease Agreement is between an airline or aircraft owner and a company or individual who desires to lease an aircraft. This lease sets out the specific terms including a description of the aircraft, term of the lease and the rental amounts paid under the lease. It also includes the uses for which the aircraft is leased and lessee's rights to inspect the aircraft upon delivery.

A knowledgeable business person will insist that this type of arrangement be clearly set out in writing and not left to oral interpretation. A written Aircraft Lease Agreement will prove invaluable in the event of disagreements, misunderstandings or litigation surrounding the lease agreement.

## Instructions and Checklist

### Aircraft Lease Agreement

- The parties should read the document carefully.
- Insert all requested information in the spaces provided on the form.
- Read the "Lease Rental" provision carefully to ensure it sets out the correct payment structure. If disagreements arise, they will likely focus on this provision.
- This form includes exhibits which should be attached and incorporated as part of this agreement.
- This form contains the basic terms and language that should be included in similar agreements.
- This lease agreement must be signed by both the borrower and the lender.
- The parties should retain either an original or copy of the signed promissory note.
- All legal documents should be kept in a safe location such as a fireproof safe or safe deposit box.

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**AIRCRAFT LEASE AGREEMENT**

**THIS AIRCRAFT LEASE AGREEMENT** is made and executed on this the \_\_\_\_\_ Day of \_\_\_\_\_ (Month), \_\_\_\_\_ (Year) , by and between:

**PARTIES:**

1. \_\_\_\_\_, a company incorporated under the laws of the State of \_\_\_\_\_ and having its principal office at \_\_\_\_\_ represented by its \_\_\_\_\_ (Hereinafter referred to as the “Lessor”) which expression shall unless it be repugnant to the context or meaning thereof be deemed to mean and include all persons deriving title under the Lessor.

**TO AND IN FAVOR OF**

2. \_\_\_\_\_, a company incorporated under the laws of the State of \_\_\_\_\_ and having its principal office at \_\_\_\_\_ represented by its \_\_\_\_\_ named \_\_\_\_\_ (hereinafter referred to as the “Lessee”) which expression shall unless it be repugnant to the context or meaning thereof be deemed to mean and include all persons deriving title under the Lessee.

**RECITALS: (Please change the recitals in accordance with your needs)**

- A. **WHEREAS**, the Lessor is involved in the business of \_\_\_\_\_ and owns many aircrafts. The Lessor has expressed his desire to grant an Aircraft (herein after referred to as Aircraft, more specifically described in Schedule A of this Agreement) on lease on payment of certain lease amount.
- B. **WHEREAS**, the Lessee has expressed his willingness to pay such lease amount as specified by the Lessor and acquire the Aircraft on Lease.
- C. Based on the same this Agreement is entered into between the Lessor and the Lessee. The terms of the lease, the period of lease, obligations, and all other stipulations governing the lease and incidental thereto are covered by this Agreement.

**NOW THEREFORE**, in consideration of the mutual promises contained herein, and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and for the reasons set forth and in consideration of the covenants and promises of the parties hereto, parties agree as follows:

## 1. INTERPRETATIONS

Unless the context of this Agreement otherwise requires:

- 1.1 The headings of the clauses to this Agreement are for convenience only and shall be ignored in construing this Agreement;
- 1.2 The singular includes the plural and vice versa;
- 1.3 References to a party or the parties are references to either the Lessor or the Lessee or both, as deem and appropriate.
- 1.4 References to other agreements and documents shall be deemed to be references to such agreements and documents as amended, replaced, substituted, assigned, novated, supplemented or otherwise modified from time to time; and the words "include" and "including" shall be deemed to be qualified by a reference to "without limitation".

## 2. EFFECTIVE DATE

The effective date of this Agreement shall be \_\_\_\_ of \_\_\_\_\_, 20\_\_ and all rights and obligations of the parties hereunder shall be effective as of that date.

## 3. LEASE OF AIRCRAFT

- 3.1 The Lessor agrees to grant on Lease an Aircraft, and the Lessee agrees to rent the Aircraft as more specifically described in Schedule A of this Agreement.
- 3.2 The Lessor grants the Lease of the Aircraft on the condition that the Aircraft is to be used for \_\_\_\_\_.
- 3.3 The Lessor undertakes to deliver the Aircraft to the Lessee at \_\_\_\_\_ at his own expense, at the time of entering into this Agreement.
- 3.4 The Lessee reserves the right to inspect the Aircraft at the time of delivery.

## 4. LEASE TERM

The term of this Agreement is for a period of \_\_\_\_\_ years and the same shall commence from the effective date and end on the \_\_\_\_\_ unless and until

terminated by either of the Parties in accordance with the Termination Clause specified herein. At the expiry of the term of lease this agreement shall be renewed on a monthly basis. At such time either party may terminate the lease by giving a written notice of \_\_\_\_\_ days informing the intention to terminate the lease to the other party.

**5. LEASE RENTAL**

**5.1** As consideration to this Agreement the Lessee agrees to make payments towards the Lessor with regard to the Aircraft in the following manner:

**5.1.1** \_\_\_\_\_

**5.1.2** \_\_\_\_\_

**5.1.3** \_\_\_\_\_

**5.1.4** \_\_\_\_\_

**5.2** The Lease rental is to be paid by the \_\_\_\_\_ of every calendar month to \_\_\_\_\_.

**5.3** Penalty of \_\_\_\_\_ is to be imposed for every delay or default in payment.

**5.4** If there is any default or delay in this regard then the Lessee is placed under an obligation to inform the Lessor in writing and the Lessee can make late payments with the Lessor written permission.

**5.5** If there is any default or delay in the payment of the lease rental and the Lessee fails to inform the Lessor in the manner specified above and fails to obtain Lessor's permission then the Lessee is liable to pay the penalty as specified in Clause 5.3 for each such default.

**6. SECURITY DEPOSIT**

**6.1** The Lessee agrees to deposit with the Lessor a sum of \$\_\_\_\_\_ to guarantee the return of the Aircraft to the Lessor at the expiry of this Agreement

**6.2** At the termination of this Lease, the deposit will be returned to Lessee within \_\_\_\_\_ days following the return of the Aircraft after deduction of any unpaid amounts towards the Lessor.

**7. LESSEE COVENANTS**

The Lessee hereby covenants and agrees as follows:

**7.1** To use the Aircraft as per the terms specified herein.

**7.2** To take an insurance as specified below for the Aircraft:

**7.2.1** \_\_\_\_\_

**7.2.2** \_\_\_\_\_

**7.2.3** \_\_\_\_\_

**7.2.4** \_\_\_\_\_

**7.3** That the Lessee will not use the Aircraft for any unlawful purpose and that the Lessee will conform to and obey all laws, ordinances, rules, regulations, requirements and orders of all the governmental authorities, agencies, departments, bureaus, boards or officials, respecting the use of the Aircraft;

**7.4** That Lessee shall not contract for maintenance, or make any alterations or modifications to the Aircraft or install any additional equipment therein or thereon without prior written consent of the Lessor ;

**7.5** That the Lessee will use the Aircraft as prescribed in the manufacturers operating instruction ( more specifically specified in Schedule B of this Agreement);

**7.6** That the Lessee will surrender and deliver the Aircraft, at the end of the term or any extensions thereof in as good order and condition as the same now exists, reasonable use and natural wear and tear excepted.

**7.7** That the Lessee at its own expense shall provide for the necessary labor and the materials of the maintenance of the Aircraft for the term of this Lease.

**7.8** That Lessee will not permit any charge, lien, or encumbrance of any nature to be placed to or remain upon the Aircraft;

**7.9** That Lessee permit the Aircraft to be operated only by pilots having current certificates as required by the \_\_\_\_\_ Regulations and described insurance policies, certificates or applications;

**7.10** That Lessee maintain all records, logs, and other materials required by the \_\_\_\_\_ or any other governmental authority to be maintains in respect of

the Aircraft, to reasonable times for inspection by Lessor, and at the expiration of termination of this lease, to deliver such materials to the Lessor;

**7.11** That the taxes payable with regard to the Aircraft are the complete responsibility of the Lessee.

**7.12** Any failure by the Lessee to comply with the obligations in this paragraph is a material breach of this Agreement.

## **8. LESSOR COVENANTS**

The Lessor hereby covenants and agrees that the Lessee is entitled to the quiet enjoyment of the Aircraft without any interference or interruption by Lessor or its representatives for the term of this Lease.

## **9. DAMAGE TO THE AIRCRAFT**

**9.1** The Lessee agrees that in case of any loss or damage to the Aircraft, the Lessee shall report such loss or damage to the Lessor, the insurance company, any and all applicable governmental agencies as required, and shall furnish such information and execute such documents as may required for Lessor to make claim under applicable insurance policies.

**9.2** This rights and liabilities of the parties in this regard shall be as follows:

**9.2.1** If the Aircraft is damaged beyond repair then the Lessee shall pay Lessor the amount of the insurance deductible and this Agreement shall cease to be in effect.

**9.2.2** If the Aircraft is only partially damaged, this Agreement shall remain in full force and effect, and Lessee shall at its own cost and expense, repair the Aircraft, so as to restore Aircraft, as nearly as possible, to same and exact condition as the Aircraft was before said damage occurred.

**9.2.3** If the insurance carrier does not make the payment for the damages sustained in favor of the Lessor, then the Lessee shall be placed under an obligation to repair the Aircraft at its own expense.

**9.2.4** During the period that the Aircraft is being repaired, Lessee shall continue to make the monthly rental payments as and when they become due.

## **10. DEFAULT BY LESSEE**

If the "Lessee:

- 10.1** Shall fail to make monthly payments or any other amounts payable there under, or
- 10.2** If Lessee should default in the performance of any other terms, conditions and covenants to be performed by Lessee, or
- 10.3** If the insurance as herein provided to be maintained shall expire or be cancelled, and Lessee shall be unable to replace such insurance, or
- 10.4** If the Aircraft shall be misused or abandoned then the Lessor at its option, may take possession of and remove the Aircraft forthwith with or without notice to Lessee.

## **11. TERMINATION**

- 11.1** The Lessor may terminate this agreement if the Lessee materially breaches any of the terms specified herein, with a notice of \_\_\_\_\_ days;
- 11.2** Either of the parties may terminate this Agreement by providing a written notice of \_\_\_\_\_ days to the other.
- 11.3** At the time of termination of this agreement the Aircraft is to be returned to the Lessor, the same is to be done within \_\_\_\_\_ days of receipt of notice of termination.

## **12. INDEMNIFICATION**

The Lessee agrees to indemnify and to hold the Lessor , its employees , officers , agents , successors or assigns harmless from and against all claims, costs, expenses, demand, and liabilities of any nature whatsoever which may arise due to Lessee's use or operation of the Aircraft during the term of this lease, whether caused by Lessee's negligence, or not.

## **13. ASSIGNMENT**

The Parties shall not assign or otherwise transfer any of its rights or obligations so granted and so owed by virtue of this Agreement. Any purported or attempted assignment or other transfer or delegation in violation of this Section shall be null and void.

**14. RELATIONSHIP BETWEEN PARTIES**

Each party is an independent contractor of the other party. Nothing herein will constitute a Partnership between or joint venture by the Parties, or constitute either Party the agent of the other.

**15. NOTICE**

Any notice to be given by one Party to the other under, or in connection with this Agreement shall be in writing, signed by or on behalf of the Party giving it, and addressed to the recipient at the address or facsimile number set out below or to such other address or facsimile number as that Party may notify to the other Party:

To the Lessor:

Address: (Mention full name and address) \_\_\_\_\_

Attention: \_\_\_\_\_

Facsimile no: \_\_\_\_\_

To the Lessee:

Address: (Mention full name and address) \_\_\_\_\_

Attention: \_\_\_\_\_

Facsimile no: \_\_\_\_\_

**16. AMENDMENTS OR MODIFICATION**

No modification of or amendment to this Agreement will be effective unless in writing signed by authorized representatives of both Parties.

**17. NO WAIVERS**

The rights and remedies of the Parties to this Agreement are cumulative and not alternative. No waiver of any rights is to be charged against any Party unless such waiver is in writing signed by an authorized representative of the Party so charged. Neither the failure nor any delay by any Party in exercising any right, power, or privilege under this Agreement will operate as a waiver of such right, power, or privilege, and no single or partial exercise of any such right, power, or privilege will preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege.

**18. SEVERABILITY**

If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect, and, if legally permitted, such offending provision will be replaced with an enforceable provision that as nearly as possible effects the Party's intent.

**19. EXECUTION IN COUNTERPARTS**

This Agreement may be executed in counterparts (which may be exchanged by facsimile), each of which will be deemed an original, but all of which together will constitute the same Agreement.

**20. GOVERNING LAW AND FORUM**

The validity, construction, interpretation of this Agreement shall be governed by and construed in accordance with the laws of the State of \_\_\_\_\_, without regard to principles of conflicts of law.

The parties hereby consent and agree to the exclusive jurisdiction of the state and federal courts located in \_\_\_\_\_ for all suits, actions or proceedings directly or indirectly arising out of or relating to this agreement, and waive any and all objections to such courts, including but not limited to objections based on improper venue or inconvenient forum, and each party hereby irrevocably submits to the jurisdiction of such courts in any suits, actions or proceedings arising out of or relating to this agreement.

**21. ENTIRE AGREEMENT**

This Agreement and Schedules A & B provided herein constitute the entire Agreement between the parties with respect to the subject matter contained herein, superseding all previous Agreement pertaining to such subject matter, and may be modified only by an amendment executed in writing by the authorized officers of both parties hereto. All prior agreements, representations, warranties, statements, negotiations, understandings and undertakings are superseded hereby. Both parties hereto represent that they have read this Agreement, understand it, agree to be bound by all terms and conditions stated herein, and acknowledge receipt of a signed, true and exact copy of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement under seal as of the day and year first written above.

LESSOR

LESSEE

\_\_\_\_\_

\_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
(Witness)

Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
(Witness)

**SCHEDULE A**  
**AIRCRAFT SPECIFICATION**

**SCHEDULE B**  
**OPERATIONAL SPECIFICATIONS**