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A Practical Guide Series to Business Jet Financing in APAC

Edition 4: Clean Exits

When a loan is fully repaid or a lease is terminated, is an aircraft owner truly done?

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Aircraft financing is often approached with a clear objective: acquire and operate the aircraft efficiently.

Far less attention is given to what happens at the end — when the financing is fully repaid, a lease is terminated, or the aircraft is sold during the financing period.

In practice, full repayment or termination does not always mark the end of an aircraft owner's obligations.

Certain obligations may continue, documentation may take time to complete and formal release processes are often required before an owner is fully discharged.

This edition focuses on exit outcomes — in particular, the guarantees and continuing obligations that may survive after a loan is fully repaid or a lease is terminated.

I. Repayment Does Not Automatically Mean Release Of All Obligations

A common assumption is that once a loan is repaid or a lease is terminated, the transaction is effectively finished.

In reality, **full repayment of all outstanding amounts is only one step in the process**.

Owners should expect:

- Formal discharge of security interests
- Release of guarantees
- Confirmation that all obligations have been satisfied

Without **proper discharge**:

- Security interests may **remain registered**
- **Guarantees may continue**, even where no amounts are outstanding

Where release mechanics are not clearly defined, a separate process may be required and timing can vary depending on the structure and jurisdictions involved.

Owner takeaway: Full repayment is necessary but this does not by itself mark the end of the financing — formal release and discharge of all obligations and security are required.

II. Guarantee Survival: Ask The Question At The Start

Guarantees are negotiated at the outset, but their duration and release mechanics are not always the focus of early discussions.

If guarantees are not expressly structured to terminate upon full repayment and satisfaction of obligations, owners should ask **before entering into the financing**:

- **How and when** guarantees will be released
- **Whether** any obligations may **survive repayment**

In practice, **once the financing is in effect, the ability to revisit or renegotiate these points is often limited**. As a result, the duration and survival of guarantees may only become apparent when an owner seeks to fully repay the financing or when the transaction reaches maturity.

In some cases, guarantees:

- Remain in place until formally discharged
- Continue for a defined period or until certain conditions are met

This is not unusual — it reflects how financiers ensure that all obligations, including contingent exposures, are fully resolved.

Owner takeaway: The timing and mechanism for guarantee release should be clarified upfront, as it may not be easily revisited once the financing is in place.

III. Discharge Documentation: Timing And Completeness

Completing the release and discharge of a financing requires formal documentation, including:

- Discharge of mortgages or security interests
- Termination of financing or lease arrangement
- Release of guarantees

Where aircraft are involved, this often requires coordination across:

- Registries
- Security agents or trustees
- Multiple jurisdictions

These processes:

- Are procedural but not always immediate
- Depend on how efficiently documentation is completed and filed

Until discharge or release are complete:

- Obligations may continue to remain in effect
- Ownership or title positions may not be fully cleared

Owner takeaway: Discharge is a process — completion depends on documentation, not just full repayment.

IV. Continuing Obligations: Not All Risks End With Full Repayment

Even after a loan is repaid or a lease is terminated, certain obligations may continue.

A common example is **insurance-related requirements**, where financiers may require:

- Tail insurance coverage for a **defined period**
- Continuation of coverage until a **specific event**, such as a major maintenance check, is completed

These requirements reflect how residual risks are managed at or immediately after the end of the financing.

As a result:

- Some obligations are **time-based**
- Others are **event-based**

rather than ending strictly at repayment or termination.

Owner takeaway: Some obligations may survive full repayment and only fall away when specific conditions are met.

V. Corporate Guarantees: Visibility And Disclosure Considerations

Corporate guarantees introduce additional considerations that may extend beyond full repayment.

In many jurisdictions:

- Corporate guarantees must be **registered**, and
- May be **publicly searchable** through company registries

This differs from personal guarantees, which are generally not publicly recorded.

As a result:

- Guarantees may **remain visible** until formally released
- Incomplete filings may create the **appearance of continuing obligations**

Financiers, including subsequent or third-party financiers, typically require guarantors, both corporate and individual, to disclose existing guarantee obligations, in order to assess:

- Contingent liabilities, and
- Overall supportability

Where guarantees are **publicly registered but not disclosed**, this may:

- Give rise to non-disclosure of guarantee obligations, which **may be perceived as intentional from by another financier**
- Create **difficulty** for another financier **in assessing and quantifying contingent** liabilities arising from the prior financing

In practice, this can arise where:

- A period of time has passed **after** the aircraft financing has been fully repaid or terminated
- Personnel or finance teams have **changed**
- Historic guarantees have **not been fully tracked**

Owner takeaway: Guarantees should be tracked, disclosed and formally discharged — not left to surface at exit.

VI. Key Takeaways For Aircraft Owners

Full repayment or lease termination does not always mark the end of an owner's obligations under the aircraft financing. At the point where a loan is fully repaid or a lease is terminated, owners should be clear on:

- **Which** guarantees and obligations may **survive repayment or termination**
- **How and when** guarantees are formally released and **whether this is automatic** or requires specific action
- What documentation is required to fully discharge the financing and **how long this process is expected to take**
- **How** guarantee obligations and contingent liabilities are **tracked and disclosed** over time, particularly where corporate guarantees are publicly registered

Not all releases are effected automatically or fully reflected in the financing documents. Owners **should not assume that all obligations fall away** upon repayment or termination and should understand whether any obligations continue — and if so, for how long.

In practice, these issues are not always discussed or clearly surfaced unless specifically raised. Where they are not addressed upfront, they may only become apparent at the point of repayment, refinancing or sale.

Owners who address these points at the outset are more likely to achieve:

- Clean release of obligations
- Fewer delays at exit
- Greater clarity over their exposure at the end of the aircraft financing

Series Introduction

A Practical Guide to Business Jet Financing in APAC

Business jet ownership in Asia-Pacific presents unique financing, regulatory and operational challenges.

This white paper series is designed to provide aircraft owners, family offices and corporate decision-makers with a practical and grounded overview of how aircraft financing works in the region and where risks most commonly arise.

Each edition addresses a distinct aspect of the aircraft lifecycle, from financing structures and regulatory requirements to buying, selling, operating and exiting an aircraft investment.

Edition 4 concludes the core series.

We will continue building on this series with standalone articles — starting with buying and selling aircraft, which brings its own set of risks and considerations.

Other Editions in This Series

Edition 1 — How Business Jets Are Financed in APAC

An overview of core financing structures, risk allocation and regulatory realities shaping aircraft financing in the region.

Edition 2 — Choosing the Right Financier: Bank or Non-Bank

An aircraft owner’s decision framework: How financing exposure and outcomes vary by financier type.

Edition 3 — Are You Actually Financing-Ready?

Why Does Aircraft Financing Take Longer Than Expected — Even For Wealthy Owners?

View other Editions in this series on our website lendicate-group.com.

For enquiries about the series or financing-related matters, please contact info@lendicate-group.com.