

# Aircraft Financing with Allied First Bank

## An Overview

### Application

Applying for an aircraft loan with Allied First Bank is easy. You can start the application process by calling (800)272-3286 or by completing our Aircraft Loan Application which is part of this packet. The completed application can be faxed to us at (630) 778-7750 or emailed to [mtrier@alliedfirst.com](mailto:mtrier@alliedfirst.com). Additional required information can be found on the Aircraft Application Checklist which is attached. Upon receipt of your application, Allied First Bank will review the information provided and contact you with any questions. Allied First Bank will usually give a conditional approval within one business day. Detailed applications may take additional time.

### Pre-Approval

Applicants may be pre-qualified for an aircraft loan. Conditional pre-approvals are good for 90 days. When a loan is pre-approved, conditions, including a minimum appraised value of the aircraft and type of aircraft, are set and provided to the applicant. Once an aircraft is found, the applicant provides the bank with aircraft identification information and forwards a copy of the purchase contract to the bank.

### Title

Allied First Bank will order an aircraft title search to assure clear title on the aircraft. For title reports, Allied First Bank has partnered with Aero-Space Reports. Any title clouds must be resolved prior to closing. Allied First Bank will assist the applicant if there are any title issues. If there is an existing lien, the buyer should obtain payoff instructions from the seller. Existing liens will be paid from proceeds of the loan.

### Appraisal

Loans secured by new aircraft do not require an appraisal. For used aircraft loans from \$25,000 through \$100,000.00 the applicant will be required to complete a questionnaire pertaining to the aircraft so a Market Analysis Report can be completed. For loans over \$100,000.00 a Certified Appraisal will be required. Photos of the aircraft are requested for each aircraft used to secure a loan. Allied First Bank does not recommend specific appraisers, but appraisers can be found through the following source: National Aircraft Appraisers Association (NAAA). Aircraft financed by Allied First Bank must have a current, valid Airworthiness Certificate.

### Insurance

Evidence of insurance showing Allied First Bank as loss payee must be provided to the bank prior to funding. You will be required to maintain full ground and flight insurance for the amount of the aircraft loan. Allied First Bank must be listed as the "Loss Payee" on the insurance and will be protected by a "Lien Holder's Endorsement" with Breach of Warranty coverage. A list of insurance requirements is included in the application packet.

### Aircraft Ownership

All owners of the aircraft must sign the security agreement. In cases where an owner of the collateral is not a borrower, a Hypothecation Agreement, signed by the owner, will also be required. If the aircraft is titled in a business name, evidence of who has the right to sign for the business will be needed. Typically, this includes the Articles of Incorporation showing that the business exists and a Corporate Resolution showing who has the right to enter into loan agreements.

In community property states, spouses of applicants must complete the co-applicant section of the application and sign the security agreement. Spouses who are not also borrowers are not responsible for the debt. Community

property laws apply to applicants whose primary residence is in a community property state; therefore, even if the aircraft is purchased or titled in another state the rules of their home state apply.

## **Closing**

Once your loan is approved and a closing date set, Allied First Bank will overnight the loan documents to you for you to sign. Allied First Bank includes a pre-paid, pre-addressed overnight return envelope to expedite the process. Your loan can be disbursed once the documents have been returned and all conditions have been met. At closing, Allied First Bank will collect a fee to cover the credit check, title and lien search, courier, wire, loan documentation, and FAA filing expenses.

## **Funding**

After all original documents have been signed and returned and all conditions have been met, Allied First Bank will fund the loan. Allied First Bank wires the loan amount to seller/lien holder, as designated by buyer, upon receipt of documentation and authorization. Any down payment is made directly from the buyer to the seller.

## **Post Closing**

The bank will file all documents with the FAA. (Registration, Bill of Sale, etc.) Allied First Bank conducts a post closing title search to verify proper title.

We will work with you each step of the way to ensure a quick and painless transaction.

## AIRCRAFT LOAN CHECKLIST

Thank you for your interest in our aircraft loan program. In order to expedite your request, we ask that you provide the information listed below. It is important that the application is completed in detail and that all financial statements and tax returns are signed and dated. Please include all schedules with tax returns.

### **For all Borrowers, Guarantors and Sole Proprietors:**

- Completed Allied First Bank Aircraft Loan Application, signed and dated
- Photocopy of Drivers License (Patriot Act Requirement)
- Verification of current income (recent paycheck stub)
- Last two (2) years signed and dated US Federal 1040 income tax returns, including schedules, W2s and K-1s. If prior year tax return is not complete, include extension, W2s and K-1s.
- Insurance company contact information (agent name, address, phone)
- Purchase Agreement / Sales Contract

### **For a Partnership (General, Limited or LLC), please add:**

- Last two (2) years Form 1065 (US Partnership Return of Income) with all schedules attached
- Schedule K-1 1065 (Partner's Share of Income, Credits Deductions, etc.)
- Copy of previous two (2) years financial statements
- Articles of Organization or Partnership Agreement
- Certificate of Formation
- Partnership Resolution assigning authority to borrow

### **For an S Corporation, please add:**

- Last two (2) years Form 1120S (US Corporate income tax return) with all schedules attached
- Schedule K-1 1120S (Shareholder's Share of Income, Credits Deductions, etc.)
- Copy of previous two (2) years financial statements
- Articles of Incorporation / Evidence of Ownership
- Corporate Resolution assigning authority to borrow

### **For a Corporation, please add:**

- Form 1120 (US Corporate income tax return) with all schedules attached
- Copy of previous two (2) years financial statements
- Articles of Incorporation / Evidence of Ownership
- Corporate Resolution assigning authority to borrow

### **If the request is for a refinance, please add:**

- Current creditor name, address, phone #, account #, payoff amount

### **General Information**

Allied First Bank will pre-approve your aircraft loan subject to final aircraft information. Aircraft loans are offered with a 5 year balloon, with the amortization depending on the size of the loan. For all used aircraft loans over \$25,000, the applicant will be required to secure an appraisal on the aircraft at the applicant's expense. At closing, Allied First Bank will collect a fee to cover the credit check, title and lien search, courier, wire, loan documentation and FAA filing expenses. Loans not paid by automatic payment will have a .25% premium added to the base loan rate. Once your loan is approved and a closing date set, Allied First Bank will overnight the loan documents to you to sign. Please contact us at any time during the process if you have questions or we can help expedite the process.

# ALLIED FIRST BANK

## AIRCRAFT LOAN APPLICATION

■ Allied First Bank, 387 Shuman Blvd., Ste. 290E, Naperville, IL 60563 ■ (630) 778-7700 (800) 272-3286 Fx (630) 778-7754 ■ www.AlliedFirst.com ■

### CREDIT REQUESTED

How are you applying for credit: <input type="checkbox"/> Individual Credit <input type="checkbox"/> Joint Credit <input type="checkbox"/> Business Credit		Loan Purpose: <input type="checkbox"/> Purchase <input type="checkbox"/> Refinance <input type="checkbox"/> Finance Upgrade	
If applying for Joint Credit please acknowledge by signing:			
_____		_____	
Applicant Signature		Co-Applicant Signature	
If you are applying for Joint Credit, secured credit or if you live in a community property state (AZ, CA, ID, LA, NM, NV, TX, WA, WI) please provide the following: <input type="checkbox"/> Married <input type="checkbox"/> Separated <input type="checkbox"/> Unmarried (includes Single, Divorced, and Widowed)			
Selling Price \$ _____ - Cash Down Payment \$ _____ - Trade Allowance \$ _____ = Amount Financed \$ _____			
Period to Amortize: <input type="checkbox"/> 5 <input type="checkbox"/> 10 <input type="checkbox"/> 15 <input type="checkbox"/> 20 <input type="checkbox"/> Other _____		Aircraft Use: <input type="checkbox"/> Business <input type="checkbox"/> Personal	

### COLLATERAL

FAA Registration will be: <input type="checkbox"/> Individual <input type="checkbox"/> Co-Ownership <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation		Name Aircraft will be registered in:	
Aircraft Type: <input type="checkbox"/> Single Engine <input type="checkbox"/> Multi Engine <input type="checkbox"/> Turbo Prop <input type="checkbox"/> Other _____			
Year	Serial #	Insurance Company	
Manufacturer	FAA # N-	Agent Name	
Model	Aircraft is: <input type="checkbox"/> New <input type="checkbox"/> Used	Insurance Address	
Aircraft will be hangared? <input type="checkbox"/> Yes <input type="checkbox"/> No	Where will aircraft will be based?		
Buying from: <input type="checkbox"/> Dealer <input type="checkbox"/> Individual	Estimated Value \$	Insurance Phone	
Seller Name	Existing Liens \$	Insurance Fax	
Seller Contact Info		Insurance Policy Number	

### APPLICANT

### CO-APPLICANT

Name		Name	
Birth Date	Tax ID No.	Birth Date	Tax ID No.
U.S. Citizen: <input type="checkbox"/> Yes <input type="checkbox"/> No	Home Phone	U.S. Citizen: <input type="checkbox"/> Yes <input type="checkbox"/> No	Home Phone
Work Phone	Cell Phone	Work Phone	Cell Phone
E-Mail		E-Mail	
Home Address		Home Address	
City, State, & Zip		City, State, & Zip	
<input type="checkbox"/> Own <input type="checkbox"/> Rent <input type="checkbox"/> Other	Time at Address	<input type="checkbox"/> Own <input type="checkbox"/> Rent <input type="checkbox"/> Other	Time at Address
Employer		Employer	
Employer Address		Employer Address	
Position	Hire Date	Position	Hire Date
Nearest relative not living with you		Nearest relative not living with you	
Relative Phone	Relationship	Relative Phone	Relationship

### INCOME AND EXPENSES

Monthly Amounts:	Applicant	Co-Applicant	Applicant	Co-Applicant
Salaries	\$	\$	Housing Payment	\$
Bonuses & Commissions	\$	\$	Property Taxes	\$
Dividends & Interest	\$	\$	Other Loan Payments	\$
Rental Income	\$	\$	Credit Card Payments	\$
Business Income	\$	\$	Alimony, Child Support	\$
Other Income *	\$	\$	Other Expenses	\$
Total Income	\$	\$	Total Expenses	\$

\* Alimony, child support or separate maintenance income need not be revealed if you do not wish to have it disclosed as a basis for repaying this obligation.

### BUSINESS APPLICANTS (Please attach 2 years financial statements and signed tax returns for the applicant.)

Name		Entity Type: <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> LLC	
DBA / Assumed Name (if any):		<input type="checkbox"/> General Partnership <input type="checkbox"/> Limited Partnership	
Address		<input type="checkbox"/> S Corporation <input type="checkbox"/> C Corporation	
City, State, & Zip			
Tax ID No.	Years In Business	State Formed	Fiscal Year End

### PRINCIPAL(S)

For the borrowing entity, list all the names of individual applicants, general partners or any person or entity that directly or indirectly controls the borrowing entity, including limited partners of a partnership, shareholders of a corporation or members of a limited liability company who own 25% or more of the equity interest in the borrowing entity regardless of whether they will be guaranteeing the loan

Name	Title	Ownership Percentage:
Name	Title	Ownership Percentage:

**(PLEASE READ DISCLOSURES AND SIGN AND DATE ON REVERSE SIDE)**

**STATEMENT OF FINANCIAL CONDITION**

<u>Assets</u>		<u>Liabilities</u>	
Cash on deposit at Allied First Bank	\$	Real Estate mortgages payable	\$
Cash on deposit at other banks	\$	Notes payable to banks	\$
U.S. Gov't & Marketable Securities	\$	Notes payable to other institutions	\$
Non - Marketable Securities	\$	Amounts payable to Relatives / Others	\$
Securities held by broker in margin accounts	\$	Due to Brokers (margin accounts)	\$
Restricted, control or margin account stocks	\$	Accounts and bills due	\$
Vested Interest in Retirement Fund	\$	Unpaid Taxes / Judgments / Liens	\$
Real Estate Owned	\$	Other debts - List (car payments, credit cards, etc.)	\$
Accounts and Notes Receivable	\$		\$
Vehicles Owned	\$		\$
	\$		\$
Life Insurance Cash Surrender Value	\$		\$
Personal Property	\$		\$
Net Worth of Business Owned	\$		\$
Other Assets - List	\$		\$
	\$	Total Liabilities	\$
	\$	Total Net Worth	\$
Total Assets	\$	Total Liabilities and Net Worth	\$

**FINANCIAL INFORMATION (Provide explanation on a separate sheet if necessary)**

Are any tax returns being contested or audited?	<b>YES</b>	<b>NO</b>	Does the applicant have an attorney?	<b>YES</b>	<b>NO</b>
Tax Return Filed through what date:			If so, provide name, address, & phone		
Is the applicant party to a lawsuit?	<b>YES</b>	<b>NO</b>	Does the applicant have an accountant?	<b>YES</b>	<b>NO</b>
If so, describe:			If so, provide name, address, & phone		
Is the applicant a single asset entity?	<b>YES</b>	<b>NO</b>	Is the applicant a partner in any other venture?	<b>YES</b>	<b>NO</b>
If so, describe:			If so, describe:		
Does the applicant have any outstanding judgments?	<b>YES</b>	<b>NO</b>	Does the applicant have any contingent liabilities?	<b>YES</b>	<b>NO</b>
If so, describe:			(Co-Maker, Guarantor, Legal Claims, Tax Liens, Lease or Contracts)		
			If so, describe:		

NOTICE: The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (providing the applicant has the capacity to enter into a binding contract); because all or a part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act, the federal agency that administers compliance with this law concerning this credit is:

Federal Deposit Insurance Corporation 500 West Monroe Street, Suite 3500 Chicago, IL 60661

This information and the information provided on all accompanying financial statements and schedules is provided for the purpose of obtaining credit for the Applicant(s) or for the purpose of Applicant(s) guaranteeing credit for others. Applicant(s) acknowledge that representations made in this statement will be relied on by Creditor in its decision to grant such credit. This Statement is true and correct in every detail and accurately represents the financial condition of the Applicant(s) on the date given below. Creditor is authorized to make all inquiries it deems necessary, either directly or through any agency employed by Lender for that purpose, to verify the accuracy of the information contained herein and to determine the creditworthiness of the Applicant(s). Applicant(s) will promptly notify Creditor of any subsequent changes which would affect the accuracy of this Statement. Creditor is further authorized to answer any questions about Creditor's credit experience with Applicant(s). Applicant(s) are aware that any knowing or willful false statements regarding the value of the above property for purposes of influencing the actions of Creditor can be a violation of federal law, 18 U.S.C. & 1014, and may result in a fine or imprisonment or both.

Signature \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_



### **Allied First Bank Aircraft Insurance Requirements**

Confirmation of coverage must be sent to Allied First Bank and must have the following information before a loan can be funded:

- The registered owner must be listed as the primary insured. In the case of a leased aircraft, the registered owner must be listed as an additional loss payee.
- The policy must identify the aircraft by Year of Manufacture, Manufacturer, Model Number, and the FAA registration number.
- Coverage must include all risks of physical damage, in flight and on the ground.
- Coverage must be for at least the amount financed.
- Deductibles cannot exceed 10% of the insured value and generally, deductibles should not exceed \$1,000.
- Policy must include loss payable to Allied First Bank as the lender or mortgagee under standard lender's loss payable clause.
- Policy must include BREACH OF WARRANTY endorsement to Allied First Bank for the amount financed.
- Policy must contain 30 days written notice of cancellation to Allied First Bank.
- Policy shall not prohibit loss payee from making insurance payments upon owner default.

Confirmation of insurance coverage must be in writing and sent by mail or fax to (630) 778-7754 and come from the insurance company or underwriting company.