

# MAKING A CASE FOR SHARED AIRCRAFT OWNERSHIP

Owning an aircraft free-and-clear is often the ideal. But, there are situations where joint ownership or co-ownership can work economically and logistically. When appropriately structured, a shared ownership arrangement can prove to be mutually beneficial. However, before entering into a multi-party ownership arrangement, it's important to understand the potential downside, including the high potential for blurred lines regarding who has operational control.



## UNDERSTANDING JOINT VS. CO-OWNERSHIP

In a joint ownership arrangement and co-ownership, the individuals may elect and designate one owner responsible for aircraft scheduling, maintenance, and accounting functions. Whether that same owner can also assume responsibility for hiring and managing a flight crew depends on the specific arrangement agreed to by all parties.

Joint Ownership under FAR 91.501(c)(3):

Is "an arrangement whereby one of the registered joint owners of an airplane employs and furnishes the flight crew for that airplane and each of the registered joint owners pays a share of the charge specified in the agreement." FAR 91.501(c)(3).

- Allows a single joint owner to hire or arrange for crew and bill the other owners for their share.
- Owners that are "sole purpose entities" are still prohibited from operating the aircraft.
- Only applicable to "large" aircraft, unless the aircraft has an NBAA Small Aircraft Exemption.
- Operational control can be in the "managing owner" or an individual owner. The managing owner is presumed to have operational control of all flights and would have primary responsibility for safety and regulatory compliance, unless the agreement states otherwise.

### Co-Ownership without FAR 91.501(c)(3):

- A co-owner cannot hire crew for the benefit of all owners and get reimbursed.
- Can be used for small aircraft.
- Each owner hires its own crew and has operational control of their scheduled flights.
- Often uses a management services company for compliance and accounting.

Participating aircraft owners interested in either a joint or co-ownership agreement need to arrive at a consensus and decide to designate one of the partners – willing to assume the risk – of hiring oversight, flight crew management and total operational control. Or, the individual owners may prefer to hire their own crews and maintain sole responsibility for their flights.

To fully vet all multi-party ownership options, consider the benefits of contacting an attorney and/or tax advisor with provide an expert, unbiased and clear knowledge of the laws and regulations involved in a shared ownership arrangement. Learn more at [www.jetlaw.com](http://www.jetlaw.com)

*An experienced aviation attorney can help guide you through the complexities of solo and shared aircraft ownership. For information, visit us at [www.jetlaw.com](http://www.jetlaw.com) or call (913) 338-1700.*

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