

# California Jet Ownership Handbook

Bring the base, the budget and the operating plan together.



# Inside this guide

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### A practical guide to the decision

Ownership works as a connected system. Revisit the assumptions when the aircraft, base, operator, utilization, ownership entity or financing structure changes.

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## Use this guide with your transaction team

Mark each assumption as confirmed, provisional or unresolved. Assign a responsible person and a date to every material open item. Revisit the record when the aircraft, ownership entity, operating plan or financing structure changes.

Use this resource with qualified advisers for your transaction. Educational guidance does not replace tax, legal, technical or operational advice specific to the aircraft and facts.

## Define the service boundary

List which party handles staffing, scheduling, maintenance administration, accounting, insurance coordination and vendor procurement. Separate services performed by the manager from obligations retained by the owner or operator. Ask aviation counsel to review the proposed legal structure and operational-control allocation. A comprehensive marketing description should be translated into contract responsibilities that match the actual aircraft use and financing arrangement.

## Trace every money flow

Request the management fee, markups, commissions, affiliate charges, reserve requirements and treatment of vendor discounts. Ask whether quoted costs are fixed, estimated or passed through at actual amounts. Compare invoices and reporting examples. A proposal with a low stated fee can still differ materially through purchasing arrangements or excluded staff costs. Do not assume negotiated discounts flow to the owner without a contractual explanation.

## Require usable records and authority controls

Agree spending approval thresholds, emergency expenditure procedures, monthly reporting, logbook access and rights to supporting invoices. The owner needs sufficient information for tax, financing and eventual sale review. FAA guidance emphasizes owner/operator responsibilities and proper maintenance communication; outsourcing administration should not mean losing visibility. Keep originals and secure copies accessible if the relationship ends or personnel change.

## Plan the end before signing

Review notice periods, deposits, unpaid vendor liabilities, transfer of records and assistance during a sale or change of manager. If charter is proposed, review its additional terms separately and use conservative net-revenue assumptions. Confirm lender and insurance consent for the intended arrangement. Compare total expected annual costs and meaningful downside scenarios rather than selecting from headline fee differences alone.

## Choose the base around real trips

List frequent origin and destination pairs, passengers, baggage, schedule flexibility, cabin needs and annual trip frequency. Separate common missions from rare aspirations. A buyer can then evaluate how often a larger aircraft would provide useful capability and what it costs to own throughout the year. Do not choose solely from a maximum-range number or finance payment before clarifying what the aircraft is meant to accomplish.

Published dimensions, range and runway information are not a dispatch decision. Qualified crew and technical advisers need aircraft configuration, weight, weather, airport conditions and relevant restrictions. Use current official airport information and approved aircraft data with the operating team; airport access and nonstop capability require assessment of the particular mission.

## Budget beyond the loan payment

Start with fixed annual operating obligations such as quoted hangar, insurance, staff and administration. Then list utilization-dependent costs using explicit units, including fuel and appropriate hourly reserves. Add financing payments separately. This layout helps an owner see the cost of flying another hour without confusing it with the cash required to keep the aircraft available. Obtain jet-specific quotes rather than transferring figures from a small-aircraft ownership example.

Some expenses have both fixed and usage components. A maintenance plan can have enrollment terms, calendar events or minimums as well as hourly billing. Training and staffing may change in steps as the mission expands. Do not force these items into an elegant but inaccurate single hourly number. Record the actual contract rule and describe when another utilization scenario would trigger a different annual cost.

## Keep the ownership tax systems separate

A California dealer sale and an out-of-state or private-party acquisition can follow different collection paths. CDTFA describes use tax as the counterpart when aircraft are acquired for California use without California sales tax being paid to a dealer. An aircraft broker arranging a transaction is not automatically the retailer. The purchase agreement and closing statement should identify who is collecting which tax, rather than leaving that question to the aircraft delivery team.

Sales or use tax is an acquisition issue. County aircraft property tax is an annual assessment issue. Federal and California income-tax deductions are separate again. A buyer can have obligations in more than one system, and obtaining a deduction does not establish a use-tax exclusion. Put separate rows for each category in the purchase budget, identifying the adviser responsible for the number and whether the amount is confirmed or provisional.

## Prepare for disruption and downtime

Identify which trips are time-sensitive, which can move and which can use other transport or remote attendance. The owner should make this distinction before an interruption occurs. Aircraft ownership should not be modeled as a guarantee that every planned flight will happen. A clear fallback policy lets the business preserve critical work while the qualified crew and maintenance team retain independent authority over safe operation.

Obtain suitable charter indications or commercial-travel estimates for representative missions, including applicable fees and ground transport. Do not assume replacement aircraft will be available immediately at a published hourly price. A management contract may provide assistance without guaranteeing supply. Record what is contractual, what is merely an estimate and whether substitution uses a different base or schedule. Update important assumptions as actual quotes become available.

## Plan the eventual exit

Ask why the owner expects to sell and what could change that timing. Business changes, mission changes, finance maturity and maintenance events can all influence the decision. Use several possible exit dates rather than one convenient assumption. The purchase should remain supportable if selling takes longer than expected. A projected residual value is not a commitment from a future buyer or a substitute for liquidity.

Preserve complete maintenance and ownership records, major-work documentation and program status. A buyer will need evidence of what aircraft is being purchased and what obligations remain.

Manufacturer program transfer conditions and lender releases should be reviewed before a sale becomes urgent. Do not promise a resale premium from a maintenance program, cabin refresh or upgrade without suitable transaction evidence for the actual aircraft.

## Your decision worksheet

Ownership works as a connected system. Revisit the assumptions when the aircraft, base, operator, utilization, ownership entity or financing structure changes.

For each line, record the known facts, the evidence or quote supporting them, who is responsible for confirmation and the next action. Date each entry so that a later reader can distinguish a current quote from an old assumption.

| Planning item                                | Evidence to gather                                   | Decision to record                        |
|----------------------------------------------|------------------------------------------------------|-------------------------------------------|
| Home base and alternatives                   | A dated source, quote, agreement or adviser response | Confirmed / provisional / action required |
| Qualified operating arrangement              | A dated source, quote, agreement or adviser response | Confirmed / provisional / action required |
| Aircraft and mission fit assessment          | A dated source, quote, agreement or adviser response | Confirmed / provisional / action required |
| Insurance, training and provider agreements  | A dated source, quote, agreement or adviser response | Confirmed / provisional / action required |
| Annual costs and maintenance exposure        | A dated source, quote, agreement or adviser response | Confirmed / provisional / action required |
| California and federal tax-adviser questions | A dated source, quote, agreement or adviser response | Confirmed / provisional / action required |
| Records and review calendar                  | A dated source, quote, agreement or adviser response | Confirmed / provisional / action required |
| Exit and downside liquidity plan             | A dated source, quote, agreement or adviser response | Confirmed / provisional / action required |

## Before you commit

Resolve material unknowns with the professional responsible for that subject before taking the next irreversible step. Keep aircraft technical acceptance, lender requirements, insurance and tax advice distinct in the transaction file.

Use the related calculators to compare a base case with a less favorable case. Bring the complete inputs and assumptions into the next conversation, rather than relying only on the headline result.

## Your next-step checklist

- ☐ Home base and alternatives
- ☐ Qualified operating arrangement
- ☐ Aircraft and mission fit assessment
- ☐ Insurance, training and provider agreements
- ☐ Annual costs and maintenance exposure
- ☐ California and federal tax-adviser questions
- ☐ Records and review calendar
- ☐ Exit and downside liquidity plan

# Working notes & adviser questions

Ownership works as a connected system. Revisit the assumptions when the aircraft, base, operator, utilization, ownership entity or financing structure changes.

Record a decision, the supporting evidence, the responsible adviser and the next action. Keep a copy with the dated transaction file.

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## Before the next commitment

What would change the decision? Which condition could delay closing? What additional cash would be needed in a less favorable case?

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# Sources & next steps

Aircraft Management Arrangements and the Flight Department Company Trap

Insurance and Risk Management

Understanding Owner/Mechanic Roles and Responsibilities

Digital Chart Supplement

AIM Safety of Flight: Potential Flight Hazards

Operating Costs and Financing

Budgeting to Own an Aircraft

14CFR61.58 Pilot-in-command proficiency check

ESP Maintenance Program

ProAdvantage Programs

Clear Title

Aircraft purchase tax guide

Regulation 1620: Interstate and Foreign Commerce

Aircraft Owner Information

Boats and Aircraft

Watercraft and General Aircraft

California Conformity to Federal Law

2025 Form 3885A instructions

Publication 946: How To Depreciate Property

Property Tax Annotation 740.0002

Aviation Weather Handbook FAA-H-8083-28B

The complete HTML edition uses the same structured content and is available at </ownership/california-jet-ownership/>. Primary sources support the relevant facts; original planning frameworks and examples remain illustrative.

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# Submit a deal or arrange a financing call

Email an initial deal summary to [jason@jakenaviation.com](mailto:jason@jakenaviation.com) or call 833-264-7776. Include the aircraft, purchase price or value, financing request, available equity, intended use, California connection and timing.

Use the appropriate secure channel for sensitive supporting documents. Any lender decision requires separate review, documentation and current terms.

Request a financing call

Explore documented program information