



Maintenance Reserves

The lease agreement is the primary document between the lessor and lessee and is used by the asset manager to ensure that the lessor's rights are protected. Obtaining effective lease agreement provisions is essential as this provides the basis for the lessor or owner to manage the highest return from its asset whilst on lease.

Apart from the routine lease rental payments, lease agreements include numerous provisions that require monitoring and some form of action by both parties one of the most important one being the collection and adjustment of Maintenance Reserves. Maintenance Reserves protect the lessor in case of default ensuring that sufficient funds are available for any outstanding maintenance activity. The lessee's compliance with its maintenance reserves obligations must be monitored such as:

- maintenance reserve billing and collection;
- routine maintenance reserve rate adjustments;
- major maintenance events subject to reserve collections and reconciliation of associated claims;

Relaer runs a proactive lease administration programme that is integrated with effective technical asset management services helping the owner obtain the highest possible utility and economic return from its assets.

The airline's engineering is generally not aware of all the lease covenants and will submit maintenance reserve claims based on the invoices received from the service provider. Relaer ensures that the payments made are in line with the lease covenants thus protecting the lessor's rights.

Following are illustrations of real examples showing that out of a total of 58 claims made, Relaer has saved \$16,081,114 to the lessors or 18% of the total amounts submitted.

No. of Claims	Events Claim	Approved Claim	Total Savings
7	\$ 9,990,236	\$ 7,007,399	\$ 2,982,837
4	\$ 9,031,736	\$ 7,494,642	\$ 1,537,094
14	\$ 14,217,787	\$ 9,470,265	\$ 4,747,522
17	\$ 29,383,832	\$ 26,512,638	\$ 2,871,194
6	\$ 8,756,133	\$ 5,858,513	\$ 2,897,620
10	\$ 16,942,844	\$ 15,897,997	\$ 1,044,847

Contact us anytime for more information

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