

*Dr. Gabriel Krenitsky, a
Madison Capital customer,
with his Cessna 421B*



MADISON CAPITAL

MAKES CHOOSING YOUR ADS-B SOLUTION EASIER

STORY BY DALE SMITH

While there are many reasons why aircraft owners are putting-off their ADS-B compliance, probably the biggest is money or the lack thereof. It's not that the ADS-B installation itself is too expensive, it's the reality that most owners want to make it part of a more-extensive avionics upgrade.

"Generally, when someone begins the upgrade, they start at \$15,000 and it ends up being \$45,000, or they start at \$50,000 and go up to \$75,000 – they just end up doing a lot more to the airplane once it's taken apart," stated Allan Levine, a partner with Madison Capital, an AEA member company in Owings Mill, Maryland. "That's where our financing options make it easy. They call us and up their loan amount. Typically, we can approve it in a day."

While that's all good, the problem, at least for many aircraft owners, is that it's challenging to save the cash needed for major avionics work.

For the past five years, Levine and the other aviation financing professionals at Madison Capital have offered aircraft owners, partnerships, and flight schools attractive financing to enable them to do the avionics upgrades without breaking the proverbial bank.

"The people at the NextGen GA Fund contacted us about six years ago looking for companies willing to offer financing for pilots to help meet the ADS-B mandate," Levine said.

"They were trying to get some legislation passed with the federal government that would subsidize some of the cost of a NextGen upgrade. They lobbied for it, but obviously it never got approved.

"In the meantime, aircraft owners had heard about what we were offering and started contacting us about financing their ADS-B compliance upgrades. After talking to the NextGen people, we felt this would be a good opportunity for our equipment financing services. We attended the AEA Convention when this was introduced a couple of years ago and have been doing some marketing to avionics shops."

Levine said that, so far, Madison Capital's avionics financing offerings have been met with a good response from pilots primarily because Madison's approval process is easier than a typical bank.

"Our interest rates may be a little higher than a bank, but we require a zillion times less red tape," he said. "If you come to us and want a \$50,000 loan, we can turn that around in a day or two.

"Banks are often more restrictive, and they're not typically going to loan you money for an avionics installation unless you already have a great relationship with them. Most banks don't understand the avionics and aviation business – we do."

He explained that ease of application is another differentiator between Madison Capital and a bank. If the

amount you want to finance is less than \$100,000, then it's an application-only process. Not quite "sign and drive," but close.

"Generally, the credit rating of aircraft owners is strong, so in most cases, if they qualify to buy a new car, they're going to qualify to upgrade their avionics," Levine said. "We've had very few turndowns and no issues with delinquent payments ever. Most owners have an idea what they will qualify for."

Levine said that since Madison Capital has experience in financing all kinds of equipment purchases, it is not fenced in to only providing funds for avionics purchases.

"There are almost no limitations with regards to what we will finance," he said. "That's totally up to the aircraft owner. We have financed new engines and other upgrades like interior and paint. We don't finance consumables, but we're open to pretty much everything else on the airplane."

Dr. Gabriel Krenitsky and his amazing Cessna 421B

Like most physicians, saying that Dr. Gabriel Krenitsky's life is busy is an understatement. Specializing in dermatology and emergency medicine, Krenitsky divides his time between his headquarter practice in Dublin, Ohio, his three other offices in the Buckeye State and his growing family. With time being such a precious commodity, he relies on his immaculate Cessna 421B to help him make the most of every minute.

"I came from a flying family, and flight training was required education when I was growing up," he said. "I earned my license when I was a teenager, but like so many pilots, I dropped out. Raising a family and growing a medical practice takes a lot of time and effort."

While aviation wasn't a part of his life, it was never far away.

"I was out of flying for about 15 years, then a fellow doctor who also is a CFI took me up again and that was it," he said. "Not long after, I had a chance to fly a Cessna 421 and was sold on that being the perfect airplane for my business and personal use.

"I found this one in 2015, and it was everything I was looking for. It had the STOL conversion with fowler flaps, extended range fuel tanks and factory-new engines. I knew I had to do ADS-B compliance, but I thought that was all I was going to do.

"As it turned out, that was just the beginning. I have friends

in the avionics business. We decided that since the airplane would be down anyway, this was the right time to make the panel perfect. I was looking at spending right at \$70,000 for the upgrade, and that's when I decided to contact Madison Capital.

"I had learned about Madison Capital on the NextGen GA Fund's website and contacted them. These guys – Alan (Levine) in particular – really get aviation. If you try talking to a regular bank representative, they have no idea what you're talking about. I didn't have time to educate the bank and then wait months for an answer. Madison Capital had my answer in less than two days."

Once he got the green light on the financing package, Krenitsky and the team at AirNet II in Columbus, Ohio, set to work transforming the 421's legacy panel into his ideal flying machine. The avionics upgrade included a three-screen Aspen Evolution 2500 setup, a Garmin GTN 650 to go with the existing GTN 750, a Garmin audio controller and a JPI 790 digital engine monitor. In addition, Krenitsky had the panel redesigned to match his personal piloting preferences.

"We moved things around to simplify my process and improve situational awareness," he said. "Startup is from left to right, and shut down is from right to left. I can do all the flying tasks with my left hand and nonflying tasks with my right hand. It's much easier now."

Other than not having to "stroke a \$70,000 check," another benefit to financing that Krenitsky noted was the ability to take advantage of accelerated depreciation on the whole installation.

"In my situation, I am able to take the maximum tax deduction now and pay it off over time," he said.

While accelerated depreciation is something Krenitsky can take advantage of, Levine cautioned that each aircraft owner must work closely with their own tax professional to make sure they're playing by the rules.

"We do what are called equipment financing agreements on most of these transactions," Levine said. "The rules are constantly changing, so your accountant must know your current business situation." □

MADISON CAPITAL'S AVIONICS FINANCING OFFERINGS HAVE BEEN MET WITH A GOOD RESPONSE FROM PILOTS PRIMARILY BECAUSE MADISON'S APPROVAL PROCESS IS EASIER THAN A TYPICAL BANK.

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