



U.S. Department
of Transportation
Federal Aviation
Administration

Advisory Circular

Subject: Operations and Airworthiness
Considerations for U.S.-Based Leasing
Companies/Operators Operating
U.S.-Registered Large Transport
Category Airplanes Which Part 125
Would Apply

Date: 10/27/17

AC No: 120-116

Initiated by: AFS-800

Change:

- 1 PURPOSE.** This advisory circular (AC) provides additional information and guidance for U.S.-based leasing companies/U.S.-based operators conducting operations of large transport category airplanes with a valid U.S. registration certificate that meet Title 14 of the Code of Federal Regulations (14 CFR) part [125](#) applicability. This AC is not mandatory and does not constitute a regulation. This AC describes an acceptable means, but not the only means, for U.S.-based leasing companies/U.S.-based operators to operate U.S.-registered large transport category airplanes. However, if you use the means described in the AC, you must follow it in all important respects.
- 2 AUDIENCE.** The audience for this AC is U.S.-based leasing companies/U.S.-based operators operating U.S.-registered airplanes that meet part 125 eligibility.
- 3 WHERE YOU CAN FIND THIS AC.** You can find this AC on the Federal Aviation Administration's (FAA) website at http://www.faa.gov/regulations_policies/advisory_circulars.
- 4 RELATED CFR PARTS.** Title 14 CFR Parts [21](#), [43](#), [47](#), [61](#), [91](#), and [125](#).
- 5 RELATED READING MATERIAL.** Additional information may be found in the current editions of:
 - AC [21-12](#), Application for U.S. Airworthiness Certificate, FAA Form 8130-6.
 - AC [43-9](#), Maintenance Records.
 - AC [120-27](#), Airplane Weight and Balance Control.
 - AC [120-47](#), Survival Equipment for use in Overwater Operations.
 - AC [120-71](#), Standard Operating Procedures and Pilot Monitoring Duties for Flight Deck Crewmembers.
 - AC [120-74](#), Parts 91, 121, 125, and 135 Flightcrew Procedures During Taxi Operations.
 - AC [120-91](#), Airport Obstacle Analysis.
 - AC [120-108](#), Continuous Descent Final Approach.

- AC [120-113](#), Best Practices for Engine Time In Service Interval Extensions.
- AC [125-1](#), Operations of Large Airplanes Subject to 14 CFR Part 125.

6 VALID U.S. REGISTRATION CERTIFICATE CONSIDERATIONS. If you are a U.S.-based leasing company/U.S.-based operator and want to operate a large transport category airplane with a valid U.S. registration, you should consider the following:

1. If you choose to add an airplane to the U.S. registry per the requirements of part 47, but do not intend to operate that airplane, the FAA may have limited involvement.
2. If you choose to place an airplane on the U.S. registry per the requirements of part 47, and operate that airplane, the FAA will be involved in its operation (e.g., through the issuance of a Letter of Deviation Authority (LODA), special flight permit (SFP), and/or the approval of an inspection program). As the leasing company, you should consider the airplane's current configuration and the implications of placing an airplane on the U.S. registry based on its current configuration. For example, an airplane on a foreign registry transferring to the U.S. registry may require substantial inspections and maintenance before that airplane can operate under the appropriate 14 CFR requirements.

7 PART 125 APPLICABILITY.

7.1 Part 125 Considerations. If the airplane you choose to place on the U.S. registry meets the applicability requirements of part 125, you may choose one of the following three options:

- 7.1.1 A Part 125 Operating Certificate.** You may apply for a part 125 Operating Certificate and operate your airplane in accordance with part 125. As a certificated part 125 operator, you will be required to operate your airplane(s) in accordance with part 125 and other parts of 14 CFR, as applicable.
- 7.1.2 A Part 125 LODA From the Requirements to Hold an Operating Certificate and Operations Specifications (OpSpecs) (A125 LODA Holder).** You may apply for a LODA from the requirements of holding an Operating Certificate and OpSpecs. This LODA does not relieve the operator from the other requirements of part 125. All other requirements of part 125 will apply except part 125, § [125.5](#), and the requirements in 14 CFR part [119](#), § [119.23](#) regarding certification. Operations under this LODA are limited to noncommercial operations.
- 7.1.3 A LODA From Part 125.** You may apply for a LODA to operate your part 125 applicable airplane(s) under part 91 (see Appendix [A](#), Letter of Deviation Authority Application Contents, and Appendix [B](#), Sample Letter of Deviation Authority). The authority to operate under a LODA is allowed under § [125.3](#). A leasing-company-specific LODA is considered operationally unique, and the FAA has determined that such operations, conducted by airplanes with a seating configuration of 20 or more passengers or a maximum payload capacity of 6,000 pounds or more, may be authorized a deviation

from § [125.1](#) applicability, and allowed to conduct all operations in accordance with part 91.

Note: For more information on obtaining a part 125 Operating Certificate, an A125 LODA, or a LODA from part 125 requirements, refer to AC 125-1 and the Flight Standards Information Management System (FSIMS) at <http://fsims.faa.gov>.

7.2 LODA Application Criteria. If a leasing company/operator elects to apply for a LODA from part 125 requirements, the leasing company/operator must apply in writing to the responsible Flight Standards office. The leasing company/operator must meet the following criteria in order to reference this AC for their operation(s):

7.2.1 Airplane Requirements. You must be a U.S.-based leasing company/U.S.-based operator, with airplane(s) (make, model, and series (M/M/S)) that meet part 125 applicability.

7.2.2 LODA Holder Responsibility. When applying for a LODA, the applicant will be responsible for providing the FAA with a lease agreement, contract, or operating agreement that provides enough information for the FAA to determine who is responsible for operational control and part 91, § [91.417](#) requirements. If the applicant will use this AC to implement operations under a LODA, it must submit a copy of the lease agreement, contract, or operating agreement to the FAA during the LODA application process.

7.2.3 Records. The leasing company/operator, as the LODA holder, will provide their U.S.-based location/primary business address during application. This information will be the same location/primary business address for maintenance records and any other pertinent documents related to the use of this AC. These records will be available on request by the Administrator.

7.3 Authorization. The authorization to operate under deviation authority is found in § 125.3. The application procedures are as follows:

1. A request for deviation authority must be submitted to the responsible Flight Standards office, preferably in letter format, on company letterhead, and signed by a person with legal authority to sign for the company, not less than 60 days prior to the date of intended operations.
2. A request for deviation authority must contain a complete statement of the circumstances and justification for the deviation requested.
3. The circumstances and justification should include an explanation of the proposed operation(s) in sufficient detail so as to ensure the FAA can sufficiently evaluate the proposed operation(s) to be conducted.
4. The request should include a description of how the leasing company/operator will maintain an equivalent level of safety.

7.4 Operations Under a LODA. If you choose to operate under a LODA from the requirements of part 125, you will operate under part 91. If operating outside U.S. airspace, you must comply with the applicable rules, including International Civil Aviation Organization (ICAO) Annex [2](#), Rules of the Air, and the applicable sections of part 91 subpart [H](#).

7.4.1 Foreign State Operational Requirements. When operating in a foreign State, comply with the regulations relating to the flight rules of that foreign State. Except for §§ [91.117\(a\)](#), [91.307\(b\)](#), [91.309](#), and [91.323](#), comply with the remaining requirements of part 91, so far as they are not inconsistent with the applicable regulations of the foreign State where the airplane is operated or ICAO Annex 2 (refer to § [91.703](#)).

7.5 Requirements When Operating in North Atlantic High Level Airspace (NAT HLA) and/or Reduced Vertical Separation Minimum (RVSM) Airspace. When operating in airspace designated as NAT HLA, you must comply with § [91.705](#). If operating in airspace designated as RVSM airspace, you must comply with § [91.706](#). Guidance for operating under part 91 in NAT HLA can be found on FSIMS at <http://fsims.faa.gov/>, including requirements for airplane equipment, operating procedures, and crew training. In addition, you may apply for applicable operations utilizing the Letter of Authorization (LOA) D098, Flight in Special Areas of Operation for Short-Term Operations, for flight in Special Areas of Operation (SAO) for short-term operations.

8 CHOOSING AN INSPECTION PROGRAM/OPERATING UNDER AN SFP.

8.1 Choosing an Inspection Program. If your large transport category airplane is placed on the U.S. registry and you decide to operate under a LODA from the requirements of part 125, you will be required to choose an inspection program under § [91.409\(f\)](#).

8.2 Operating Under an SFP. An SFP authorizes you to operate an airplane that may not currently meet applicable airworthiness requirements but is capable of safe flight. If your airplane does not meet applicable airworthiness requirements after being placed on the U.S. registry, you may apply for an SFP in accordance with part 21, §§ [21.197](#) and [21.199](#). Under an SFP, all applicable inspections will be conducted to ensure the airplane is in a safe condition for the intended flight. Inspections deemed necessary for safe flight will satisfy the requirement of § 91.409(f) for the purpose of the SFP only. An SFP may be issued for flying the airplane to a base where repairs, alterations, or maintenance are to be performed, to a point of storage, or for delivering or exporting the airplane. An airplane issued an SFP does not meet the applicability requirements under § 125.1(b)(2). Therefore, no LODA is required for an airplane issued an SFP. However, other authorizations may be required as requested by the operator (i.e., the issuance of OpSpec D098 for flight in SAOs for short-term operations).

Note: Prior to making application for an SFP, an inspection program must be selected and identified in the airplane's maintenance records per the regulations and used for the inspection of the airplane (additional information can be found on FSIMS at <http://fsims.faa.gov/>).

8.3 Inspection Requirements. As a leasing company/operator, your decision to operate under a LODA will require adherence to part 91. The inspection requirements of § 91.409(f) include, but are not limited to, the following inspection programs which may be approved for use:

1. Inspection programs currently recommended by the manufacturers of the airplane, airplane engines, propellers, appliances, and survival and emergency equipment. The inspection program will also include compliance with applicable Airworthiness Directives (AD), and instructions for continued airworthiness (ICA) as applicable to repairs and alterations performed on the airplane.
2. An inspection program developed by the operator and approved by the Administrator.

8.3.1 Program Information. Each operator shall include in the selected program the name and address of the person responsible for scheduling the inspections required by the program and make a copy of that program available to the person performing inspections on the airplane. Upon request of the Administrator, the operator shall ensure:

1. Compliance with the replacement times for life-limited parts specified in the airplane's Type Certificate Data Sheets (TCDS) or other documents approved by the Administrator.
2. Defects disclosed between inspections, or as a result of an inspection, which must be corrected in accordance with part 43.
3. The airplane (including airframe, airplane engines, propellers, appliances, and survival and emergency equipment, and their component parts) is inspected in accordance with an inspection program approved by the Administrator under § 91.409(f)(4) or a manufacturer's program under § 91.409(f)(3).

8.3.2 Inspection Instructions. Instructions, procedures, and standards (methods, techniques, and practices) for the conduct of inspections for a particular make and model (M/M) of airplane, including necessary tests and checks. The instructions and procedures must set forth in detail the parts and areas of the airframe, airplane engines, propellers, appliances, and survival and emergency equipment required to be inspected.

8.3.3 Inspection Schedule. A schedule for the performance of inspections that must be performed under the program, expressed in terms of the time in service, calendar time, number of system operations, or any combination of these terms.

8.3.4 Changes From One Inspection Program to Another. When an operator changes from one inspection program under § 91.409(f) to another, the time in service, calendar time, or cycles of operation accumulated under the previous program must be applied in determining inspection due times under the new program.

8.3.5 Short- and Long-Term Storage Requirements. Short- and long-term storage requirements must be in the form of FAA-approved procedures, standard Original Equipment Manufacturer (OEM) instructions, or other procedures acceptable to the FAA.

8.3.6 Maintenance Authorization Under Part 43. No person may be used to perform the inspections required by part 91 unless that person is authorized to perform maintenance under part 43. The person approving or disapproving for return to service an airplane, airframe, airplane engine, propeller, appliance, or component part after any inspection performed in accordance with part 91 shall make an entry in the maintenance record of that equipment (refer to part 43, § [43.11\(a\)\(1\)–\(7\)](#) for required entries).

9 OPERATION OF U.S.-REGISTERED LARGE TRANSPORT CATEGORY CIVIL AIRPLANES: FLIGHTCREW RESPONSIBILITIES.

9.1 Pilot Certifications. Flightcrews operating U.S.-registered civil airplanes must comply with part 61, § [61.3\(a\)](#), (c)(2)(x)–(xi), (e), (f), (g), and (h); and, as applicable, § [61.77](#). If operating outside of the United States, operations in accordance with ICAO Annex [1](#), Personnel Licensing, may also apply.

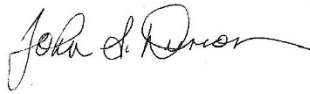
9.2 Pilot in Command (PIC) Responsibilities. If operating outside the United States, the PIC will ensure that they and other members of their crew are familiar with the laws, regulations, procedures, and equipment requirements of ICAO and the foreign State in which the airplane is operated and that they are responsible to adhere to the laws, regulations, procedures and equipment requirements of ICAO and the foreign State in which they operate.

9.3 Operational Considerations. Whether the U.S.-registered airplane has a current and applicable airworthiness certificate or the airplane is being operated under an SFP, flightcrews are responsible for conducting a thorough prebriefing with maintenance prior to accepting the airplane for flight. Maintenance will inform the flightcrew of any inoperative equipment and any maintenance conducted that may affect the operation of the airplane. If the airplane is being operated under an SFP, flightcrews should be aware that SFP flights are nonroutine activities and require special consideration of any associated risks. Flightcrews should hold a briefing on what they are going to do differently under the SFP and the operating limitations issued, and how any inoperative equipment will affect the performance of the airplane. Flightcrews should be aware of and document any operational abnormalities during the flight and provide a thorough debriefing to the accepting maintenance facility at the conclusion of the flight.

10 OPERATIONAL CONTROL RECOMMENDATIONS. Operational control, with respect to a flight, means the exercise of authority over initiating, conducting, or terminating a flight per 14 CFR part [1](#), § [1.1](#). To operate, with respect to an airplane, means to use, cause to use, or authorize to use the airplane for the purpose of air navigation, including the piloting of the airplane with or without the right of legal control (as the owner, lessee, or otherwise). A leasing company/operator operating a U.S.-registered civil airplane should ensure that it exercises operational control of

the airplane during flight operations in accordance with a lease agreement, contract, or operating agreement between the registered owner and the LODA holder.

- 10.1 Operational Control Recommended Procedures.** Operators of U.S.-registered airplanes should assure the FAA Administrator that they have procedures in place to ensure operational control of their U.S.-registered airplanes at all times during flight operations. The procedures used should be submitted to the leasing company/operator's responsible Flight Standards office when making application for a LODA. At a minimum, the leasing company/LODA holder should provide the FAA with the name(s), email address(s), and contact phone number(s) for the person or persons who are authorized by the leasing company/LODA holder to exercise operational control during flight operations.
- 11 AC FEEDBACK FORM.** For your convenience, the AC Feedback Form is the last page of this AC. Note any deficiencies found, clarifications needed, or suggested improvements regarding the contents of this AC on the Feedback Form.



John S. Duncan
Executive Director, Flight Standards Service

APPENDIX A. LETTER OF DEVIATION AUTHORITY APPLICATION CONTENTS

When applying for a Letter of Deviation Authority (LODA) from Title 14 of the Code of Federal Regulations (14 CFR) part [125](#) requirements the applicant should provide the following information to the responsible Flight Standards office:

1. A request, in letter format, on company letterhead, specifying a U.S. location/primary business address.
2. A statement specifically stating that the LODA applicant is engaged in, or planning to engage in, leasing-company-specific operations.
3. Information detailing the proposed operation including the circumstances and justification for the requested deviation. In addition, include an explanation of how an equivalent level of safety can be maintained under deviation authority.
4. Include, along with the application letter, a copy of the lease agreement, contract, or operating agreement between the owner and proposed LODA holder identifying the LODA holder as responsible for operational control and 14 CFR part [91](#), § [91.417](#) requirements.
5. In the application letter or in a separate document attached to the application letter, outline your operational control procedures including the name(s), email address(s), and contact phone number(s) of the person or person(s) authorized to exercise operational control during flight operations.
6. Ensure the application letter is signed by a person with legal authority to sign for the company.

APPENDIX B. SAMPLE LETTER OF DEVIATION AUTHORITY

Federal Aviation Administration

Memorandum

Date:

To:

From:

Prepared by:

Subject: Airplane Leasing-Company-Specific Letter of Deviation Authority

The General Aviation and Commercial Division (AFS-800) authorizes the [Name of Responsible Flight Standards Office] to issue a Letter of Deviation Authority (LODA) in accordance with Title 14 of the Code of Federal Regulations (14 CFR) part 125, § 125.3.

The LODA is to be issued to [Name of Leasing Company/Operator] in letter form, signed by the office manager, and is to read as follows:

[Name of Leasing Company/Operator], hereafter referred to as the operator, is granted a deviation from part 125, § 125.1 applicability, and is authorized to conduct operations in accordance with 14 CFR part 91 to allow movement of airplanes as directed by the operator.

The following conditions and limitations apply:

1. [Make/Model/Series] must be maintained in accordance with the applicable provisions of 14 CFR parts 21, 43, and 91, and must be operated in compliance with the inspection requirements of part 91, § 91.409(e) and (f). Once the operator selects an inspection program, that program must be identified in the airplane(s) records and used by the operator. The selected inspection program may require approval by the Administrator in accordance with § 91.409(g). The operator must include in the selected inspection program the name and address of the person responsible for scheduling the required inspections. The operator will make a copy of that program available to the persons performing the inspections and to the Administrator upon request.
2. The airplane must be U.S.-registered.
3. The airplane must have a standard category U.S. airworthiness certificate.
4. Transportation with passengers or cargo is prohibited.
5. Transportation for compensation or hire is prohibited.
6. Persons on board the airplane are restricted to crewmembers and other persons who are essential to the operation and are specifically authorized by the operator.

10/27/17

AC 120-116

Appendix B

Any operation, other than that specified within and authorized by this letter, may result in the termination of this deviation authority. This LODA must be surrendered upon the request of the Administrator or an authorized representative.

A copy of this LODA must be carried in the airplane as required by § 125.7 and presented for inspection upon the request of the Administrator or an authorized representative.

Signed,

Manager, AFS-800

Advisory Circular Feedback Form

If you find an error in this AC, have recommendations for improving it, or have suggestions for new items/subjects to be added, you may let us know by contacting the General Aviation and Commercial Division (AFS-800) or the Flight Standards Directives Management Officer at 9-AWA-AFS-140-Directives@faa.gov.

Subject: AC 120-116, Operations and Airworthiness Considerations for U.S.-Based Leasing Companies Operating U.S.-Registered Large Transport Category Airplanes Which Part 125 Would Apply

Date: _____

Please check all appropriate line items:

An error (procedural or typographical) has been noted in paragraph _____ on page _____.

Recommend paragraph _____ on page _____ be changed as follows:

In a future change to this AC, please cover the following subject:
(Briefly describe what you want added.)

Other comments:

I would like to discuss the above. Please contact me.

Submitted by: _____

Date: _____