

October 18, 1989

Mr. Larry A. Wilson  
Century Aircraft Sales, Inc.  
801 Allen's Chapel Road  
Smithville, TN 37166

Dear Mr. Wilson:

Aircraft N16ES and N171G

Your letter of October 13, 1989, states that you have acquired these two aircraft in foreclosure sales (based on prior security instruments), but that junior liens of Little Rock Aircenter continue to show on title searches, and appear to cloud the title. You ask this office to state the FAA position on such junior liens.

In our opinion, the junior liens were extinguished by operation of law, based on the plain language of Section 9-504(4) of the Uniform Commercial Code, which is valid in 49 states, and will become valid in Louisiana in January 1990, we understand. That section states, in effect, that after the collateral is disposed of after default (by foreclosure or repossession), the disposition transfers to the purchaser all of the debtor's rights therein, free and clear of the underlying security interest and any "security interest or lien subordinate thereto. The purchaser takes free of all such rights and interests even though the secured party fails to comply with the requirements of this Part or of any judicial proceedings."

To us this is clear that the liens of Little Rock Aircenter are discharged, and should not constitute a cloud on the title to these aircraft.

We issued an advisory opinion to the FAA Aircraft Registry to this effect in July 1985, and a copy of our opinion is enclosed. If you have any questions, please feel free to call the undersigned at (405) 680-3296.

Sincerely,

Joseph R. Standell  
Assistant Chief Counsel  
for the Aeronautical Center

By: R. Bruce Carter  
Attorney Adviser

Enclosure

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