



U.S. Department  
of Transportation  
**Federal Aviation  
Administration**

Mike Monroney  
Aeronautical Center

P.O. Box 25082  
Oklahoma City, Oklahoma 73125

October 17, 1989

Mr. Stuart I. Levin  
Tower III, Suite 1945  
825 S. Bayshore Drive  
Miami, FL 33131

Dear Sir:

**Aircraft N644B**

The Registry has referred your letter of July 31, 1989, to this office for response. I am the Assistant Chief Counsel for the Aeronautical Center and, as such, I advise the Registry on issues which arise concerning the recordation of conveyances in aircraft records.

Your letter states that a security agreement of the Royal Bank of Canada was dated and signed by the registered owner of the aircraft on May 17, 1982. Five days later, on May 21, 1982, the Certificate of Registration for aircraft N644B was administratively revoked. On July 31, 1982, the lien of the bank was recorded after the revocation of the registration. Registration for the aircraft was reinstated on December 1, 1986, to a new owner.

Your letter asks what the effect the Order of Revocation had on the bank's lien and what the effect the reinstatement would have on the lien. We have carefully reviewed the matter, but do not have any experience or court decisions to guide us. We have no experience in this type situation. Since the lien was erroneously recorded in 1982, a court could determine that the recording was of no force or effect, then or now. On the other hand, a court could determine that even though erroneously recorded in 1982, when it was not eligible for recording, that the bank's lien ripened into an effective recording without further action by any party in December 1986, since it was then eligible for recording, and was, in fact, in the hands of the Registry.

We have no guidance or court decisions to help us advise you on the matter. We are, however, of the opinion that should the lien of the Royal Bank of Canada be submitted now, it would be eligible for recording for whatever effect that may have on subsequent events.

If you have further questions, please call John Choate at 405-680-3296.

Sincerely,

181018

Joseph R. Standell  
Assistant Chief Counsel  
for the Aeronautical Center

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SEP 27 1966

Release of Lien, N5924Q

Chief Counsel, Aeronautical Center

Chief, Aircraft Registration Branch, AC-350

This is in response to your recent inquiry, supplying file with regard to N5924Q.

The file shows that the aircraft was purchased from the manufacturer by Mich-Air Mooney, Inc., on September 28 (1965) and sold on October 30 (1965) to James R. Belt. Mr. Belt's bill of sale was received at your office effective 1:19 p.m. on November 12, 1965. On the same date, Belt's vendor (Mich-Air Mooney) issued a chattel mortgage on the same aircraft to Northern Illinois Corporation. This chattel mortgage, together with the bill of sale from the manufacturer and the application dated September 28 (1965) from Mich-Air Mooney, were not received in your office until November 22. Our resultant action was to issue a Certificate of Registration to Mr. Belt, but to record the chattel mortgage to the Northern Illinois Corporation.

The bill of sale to Mr. Belt (standing alone) would not have been recorded until it had been backed-up by the bill of sale from the manufacturer as a complete chain of title]. This did not occur until the Registry received the original bill of sale on November 22. However, under Section 1701(a) of the Federal Aviation Act, the recording of the bill of sale from Mich-Air Mooney, Inc. to Belt then had a retroactive validity back to the date when originally filed for recordation: November 12, 1965, at 1:19 p.m.

We do not know the exact hour of the execution of the chattel mortgage, also on November 12, 1965, but there is a standard presumption that execution occurred at the last minute of the date of signature. As a result of these conclusions, it can be stated that our records would identify Belt as owner from approximately mid-day on November 12. Thus, the mortgagee (Mich-Air Mooney, Inc.) of the chattel mortgage was not the owner of the aircraft within the application of the Federal Aviation Act, since the chattel mortgage was not signed by the registered owner of the aircraft at that time, it should not have been recorded by us. [See Part 49.]

You are at liberty to advise Mr. Belt that you have received a legal opinion from me to the effect that the recordation of the chattel mortgage was effected in Agency error, and that the aircraft file will be accordingly so-noted.

Original Signed by ALLEN H. BARR

Allen H. Barr, AC-7

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DEPARTMENT OF TRANSPORTATION  
FEDERAL AVIATION ADMINISTRATION

AERONAUTICAL CENTER  
P. O. BOX 25082  
OKLAHOMA CITY, OKLAHOMA 73125



DATE: 5 November 1970

REPLY  
REFER TO: AC-7

SUBJECT: N7664; AC-250 ltr (AC-252) dated 21 Oct 1970

TO: AC-250

We refer to your memorandum of 21 October 1970, which requested our opinion as to whether a properly executed release of a security agreement may be recorded against an aircraft which is no longer registered as a United States civil aircraft. The security agreement itself was recorded prior to cancellation of the United States registration.

It is, of course, well established that security instruments on non-registered aircraft are not recordable under Title V of the Federal Aviation Act of 1958, as amended. The reason behind this is the fact that Section 503(a)(1) of the Act requires the Administrator to establish and maintain a system for recording "any conveyance which affects title to, or any interest in, any civil aircraft of the United States." Section 101(15) defines "civil aircraft of the United States" as an aircraft registered as provided in the Act. In addition, since an aircraft is eligible for registration only if it is owned by a U. S. citizen and not registered in a foreign country, it has been held that a chattel mortgage on an aircraft owned by a non-citizen may not be recorded.

Based on the above, it is clear that a new chattel mortgage or security instrument may not be recorded against the subject aircraft. However, we do not consider this prohibition to extend to the recording of the release of the previously recorded security agreement. We base this opinion on the language of Section 503(b) of the Act which provides as follows:

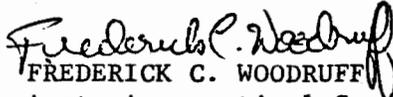
"(b) The Administrator shall also record under the system provided for in subsection (a) of this section any release, cancellation, discharge, or satisfaction relating to any conveyance or other instrument recorded under said system."

In view of this language, we consider that you may record any release cancellation, discharge or satisfaction as long as they relate to a conveyance which you had previously recorded at a time when the aircraft was validly registered. While we are not aware of any prior General Counsel opinion directly so holding, we do note that GC-10's opinion of 13 November 1959 held that the subsequent cancellation of U.S. registration did not preclude the recordation of a revised document whose purpose was to correct a bill of sale previously recorded before the cancellation

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of registration. We consider our opinion to be consistent with this prior holding and in accordance with the provisions of Section 503(b) of the Act.

This opinion would also apply to release of security agreements affecting specific engines, as well as the aircraft, provided that the security agreement was recorded while the engines were attached to a registered aircraft.

  
FREDERICK C. WOODRUFF

Asst. Aeronautical Center Counsel, AC-7