



U.S. Department
of Transportation

**Federal Aviation
Administration**

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To: All Title Search Companies

Discharge of Junior Liens After Repossession

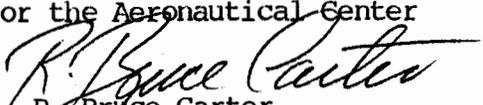
One of the most frustrating aspects of dealing with repossessions is the subject of unreleased junior liens. Nothing shows up in the aircraft records to show that by operation of law in accord with the Uniform Commercial Code, Section 9-504(4) (effective in 49 states, and reportedly, in Louisiana on January 1, 1990) repossession discharges the underlying security agreement and all junior liens. Junior liens are continuing to be reported in title searches, with new owners and banks calling both this office and the Registry for solutions.

Although we cannot categorically state that under all circumstances courts will uniformly agree with us as to the effect of that statute discharging junior liens, we are of the opinion that it would be helpful if you would note on your title search reports, by footnote or rubber stamp, or some other notation to the effect that the reported junior liens may be discharged by operation of law, citing UCC 9-504(4). This would at least allow banks and others to have some point of reference before they call this office or the Registry.

We will be happy to discuss this at any time. Your help will be very much appreciated.

Sincerely,

Joseph R. Standell
Assistant Chief Counsel
for the Aeronautical Center

By: 
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