



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

Mike Monroney
Aeronautical Center

P.O. Box 25082
Oklahoma City, Oklahoma 73125

August 28, 2000

Robert S. Fisher, Esq.
P.O. Box 699
Tenafly, NJ 07670

Dear Mr. Fisher:

Encumbered Aircraft Transactions

This responds to your letter of August 17, 2000, in which you asked certain questions regarding an apparent upcoming transaction. We have paraphrased your questions as follows and provide our responses immediately thereafter.

a. Question: Whether your client can download the 8050-4 Certificate of Repossession of Encumbered Aircraft, from the FAA website and use it in that format?

Response: Yes. The FAA website provides the form for downloading, printing and usage by the general public. However, you should be aware that the Civil Aviation Registry does not accept electronic filings.

b. Question: Is the form OMB approved and is it acceptable to add the following legend or modify the last two lines of the form to indicate whether the foreclosure method was by resale or by retention of the collateral?

Foreclosure method: (check one) Resale Retention of Aircraft in lieu of resale

Response: Yes, the form is OMB approved. FAA prefers that the form not be modified in any manner which creates the appearance that the modification/addition is a part of the OMB approved form. However, FAA has no objections to notations made in the margins of the form.

c. Question: Can the holder of a security interest in an aircraft who has repossessed, sign a bill of sale to a third party as follows:

XYZ Bank,
As secured party in non-judicial foreclosure

John Jones, Vice President

Response: Your question requires dual responses. Our responses do not address the issue of authority and/or power to sell in a non-judicial resale transaction. Our responses also contemplate the filing of a Certificate of Repossession, a Bill of Sale, and an Application For Aircraft Registration to evidence the complete transaction.

Our first response pertains to the situation where the secured party has repossessed but has not foreclosed to become the owner of the collateral (see UCC Section 9-504). In such a situation, Management officials of the Civil Aviation Registry have informed me that the form of the proposed signature is acceptable.

In a situation where the secured party has elected to retain the collateral and has become the owner (see UCC Section 9-505), the title "as secured party in non-judicial foreclosure" does not appear to accurately reflect the status of the seller.

d. Question: You asked how to simplify the filing of assignments of security agreements on double transfers within a single business group. You stated that as a part of a corporate restructuring, the current holder of a security interest plans to transfer (assign) ownership of the security interests to a parent company which in turn will re-transfer the security interests to an affiliate.

Response: Management of the Civil Aviation Registry have informed me that they will accept assignments of security agreements wherein, for example, in a single document, Party A, the holder of a security interest, assigns that interest to Party B, and Party B in turn, assigns the interest on to Party C. For Registry purposes, both Party A and B would be necessary signatory parties as assignors.

e. Question: You asked whether a "bulk assignment" format among the affiliates is acceptable and if you have the aircraft "N" number of each aircraft affected, whether full recording data on each aircraft in the list is necessary.

Response: Unless you inform us otherwise, we will presume that by "bulk assignment" format you mean an appropriate assignment with schedules or exhibits attached thereto which appropriately identify the security agreements being assigned. "Bulk assignments" of security agreements are acceptable for filing provided the requirements of 14 CFR 49.17(d)(3) are met. Section 49.17(d)(3) provides:

An assignment of an interest in a security agreement must be signed by the assignor and, unless it is attached to and is a part of the original agreement, must describe the agreement in sufficient detail to identify it, including its date, the names of the parties, the date of FAA recording, and the recorded conveyance number.

You should be aware that it is the Civil Aviation Registry's practice to halt processing of such "bulk assignments" when an error (scriveners or otherwise) is discovered.

Processing for recording will not resume until the error is fixed; therefore, extreme care should be exercised in preparing the documents.

f. Question: You have asked if FAA would be able to appoint special teams to work on such bulk filings.

Response: Although this would be a decision for management at the Civil Aviation Registry, it is unlikely that special teams would be appointed. However, as you know "a conveyance is filed for recordation upon the date and at the time it is received by the FAA Aircraft Registry." 14 CFR 49.19.

If you have further questions you may contact me or Mr. Standell at (405) 954-3296.

Sincerely,
Joseph R. Standell
Aeronautical Center Counsel

By:

A handwritten signature in black ink, appearing to read "M. R. Burton", with a long horizontal flourish extending to the right.

Michael R. Burton
General Attorney