

March 4, 1985

Preston G. Gaddis II, Esq.  
Crowe and Dunlevy  
1800 Mid-America Tower  
20 North Broadway  
Oklahoma City, OK 73102

Re: Aircraft 2707T and N600CP

Dear Mr. Gaddis:

Your letter of February 13, 1985, transmits proposed Certificates of Repossession of Encumbered Aircraft which, among other things, disclaim any ownership interest in the aircraft repossessed. Your letter suggests that counsel for the repossessor takes the position that repossession does not divest the debtor of title, and that the aircraft may remain registered in the name of the debtor until sale of the aircraft by the repossessor. For the following reasons, we do not agree that repossession allows title and registration to remain in the debtor.

We agree that under UCC 9-505 the repossessor does not acquire title or ownership rights to the aircraft upon repossession, but that he does exercise the power under the security agreement and the Code to transfer all the debtor's rights in the collateral to its purchaser upon sale.

FAR 14 CFR 47.41(a)(4) states that a registration certificate is effective until ownership is transferred. We are not persuaded that UCC 9-504 supports the position that the debtor still remains the owner upon repossession. After repossession, the debtor is divested of possession, the rights of disposition, use, and all other rights in the aircraft except the right of redemption under UCC 9-506. We are of the opinion that repossession divests the debtor of all indicia of ownership (except possibly bare title and rights of redemption) such that registration is terminated by operation of law.

We recognize that this results in a most curious situation; that is, that no one owns the aircraft after repossession until it is sold, even though the repossessor has the rights of disposition of ownership. We also understand the burden this places on operation of the aircraft. We are discussing the matter with the Chief Counsel's office, and will advise you of our collective determination when reached.

Sincerely,  
Original signed by:  
Joseph R. Standall

cc:  
ACC-7  
ACC-200  
AAC-250

Joseph R. Standall  
Aeronautical Center Counsel