



U.S. Department
of Transportation

**Federal Aviation
Administration**

Mike Monroney
Aeronautical Center

P.O. Box 25082
Oklahoma City, Oklahoma 73125

February 21, 1991

Mr. Gerard Cerand
8911 Falls Road
Potomac, MD 20854

Dear Mr. Cerand:

Re: Civil Aircraft N12221; Reported Lien

You have advised this office that this aircraft, sold to you in May 1985 by the Federal Aviation Administration by Warranty Bill of Sale, is reported to have an outstanding lien against it that predates the sale. The purpose of this letter is to reaffirm the agency's commitment to honor the warranty contained in the Bill of Sale, and to advise you of our view of the legal standing of the alleged lien you question. You have advised us that "title searches" report a Chattel Mortgage executed on August 5, 1970, by the then owner, Regency Income Corporation in favor of Regency Management Corporation. The Mortgage was recorded by the FAA Aircraft Registry on August 10, 1970, as FAA Conveyance No. E68570. However, on December 10, 1972, Regency Income transferred the aircraft to Regency Management by Warranty Bill of Sale, thus merging the interests, and having the legal effect of extinguishing the security interest evidenced by the mortgage.

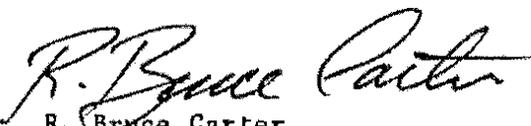
In addition, Regency Income mortgaged the aircraft to K. R. Cravens Corporation on December 12, 1969 (prior to the Regency Management mortgage); this mortgage was recorded on March 9, 1970, as FAA Conveyance No. M064345. It was assigned on March 28, 1975, to Mercantile Trust Company, N. A., who repossessed the aircraft. Pursuant to the repossession, the aircraft was sold, subsequently to you. The repossession by Mercantile Trust and sale fulfilled the requirements of the Uniform Commercial Code, Section 9-504(4), which states that repossession and sale "discharges" the underlying security agreement, and all liens junior to it. This would, of course, include the Regency transaction.

Accordingly, we are of the opinion that because of the merger of interests in the first instance and the discharge of indebtedness by the repossession and sale in the second, that the reported lien is discharged, and is not an encumbrance on the title. For these reasons, the FAA Aircraft Registry would, as to these liens, upon request cancel registration for export pursuant to FAR 47.47, and advise the country of import that there are no unreleased liens of record.

If you require any further information, please contact the undersigned at (405) 680-3296.

Sincerely,

Joseph R. Standell
Assistant Chief Counsel


By: R. Bruce Carter
General Attorney