

May 24, 1984

William Q. Orbe, Esq.
Lord, Day and Lord
25 Broadway
New York, N. Y. 10004

Dear Mr. Orbe:

Your letter of May 18, 1984, correctly states FAA Aircraft Registry policy on the recordation of leases with option which are equivalent to conditional sales contracts under 49 U.S.C. 1301(19), and true leases, except that you suggested the Registry would not record true leases. The Registry will record true leases under 49 U.S.C. 1403(a)(1), but not a mortgage of that lease (referred to in your letter as an assignment). The distinction is that a lease with option equivalent to a conditional sales contract is recognized by the Registry as sufficient for ownership, and that ownership interest is assignable, as is the retained lessor's interest. However, in a true lease, the ownership interest is in the lessor, who may mortgage that interest in the aircraft, but the lessee's rights are in the lease, not the aircraft ownership, thus not an assignable (mortgagable) interest, in our opinion, under 49 U.S.C. 1403(a)(1).

If you have any further questions, please do not hesitate to contact the undersigned at 405-686-2296.

Sincerely,

Joseph R. Standell
Aeronautical Center Counsel

Original Signed By
R. BRUCE CARTER

By:
R. Bruce Carter
Attorney Advisor

cc:
AGC-7
AAC-250