

n/b #
MH JUL 02 2001

June 7, 2001

Scott D. McCreary, Esq.
McAfee and Taft
Tenth Floor, Two Leadership Sq.
211 North Robinson
Oklahoma City, OK 73102-0439

Dear Mr. McCreary:

Proposed Recordation of
Conveyance Affecting Spare Parts

As requested in your letter of December 20, 2000, this office has reviewed the draft Master Lease Agreement between General Electric Capital Corporation (GECC), as Lessor, and TNG Jet Rotables, Inc. (TNG), as Lessee, with Equipment Schedule No 001 attached thereto (referred to Rotables Lease/Security Agreement); and the draft Sublease and Agency Agreement (Sublease) between TNG, as Sublessor, and The Nordham Group, Inc. (Nordham), as Sublessee; which are submitted for proposed recordation, pursuant to 49 U.S.C. § 44107.

You have represented that the subject of the Lease and Sublease are aircraft rotables, which are considered to be spare parts in accordance with 49 U.S.C. § 44102(a)(38).

You have requested our opinion as to whether the Rotables Lease/Security Agreement meets the requirements for recordation as an instrument affecting an interest in aircraft spare parts, in accordance with 49 U.S.C. § 44107(a)(2)(D).

It is our opinion, based on the information and representations provided in your submission, that the Rotables Lease/Security Agreement does not meet the requirements for recordation with the FAA Aircraft Registry, pursuant to 49 U.S.C. § 44107(a)(2)(D).

As represented in your letter, the parties to the Rotables Lease/Security Agreement consider this instrument to be a synthetic lease. (Reference Section 16 of the Rotables Lease/Security Agreement) The Lessee is considered to be the owner of the rotables for taxation purposes, while the Lessor is granted a security interest in the rotables by the Lessee. Further, the Lessee will sublease the rotables to Nordham, pursuant to the Sublease.

The Lessee, along with Nordham, is in the business of providing rotatable equipment to third parties, including air carriers, by means of either sale or rental. (Reference Section 5 of the Rotables Lease/Security Agreement) However, rotables which are not sold or rented to third parties are maintained at the Lessee's privately-owned facilities. The equipment is maintained by the Lessee on behalf of the Lessor, Lessee and Nordham. As neither, the Lessor, Lessee, nor Nordham own an air carrier certificate, the rotables are not maintained on behalf of an air carrier certificated under 49 U.S.C. § 44705.

Accordingly, since the aircraft spare parts are not maintained on behalf of an air carrier or any other holder of an air carrier certificate, the Rotables Lease/Security Agreement does not meet the requirements for recordation with the FAA Aircraft Registry pursuant to 49 U.S.C. § 44107(a)(2)(D). Therefore, it is our opinion that the Rotables Lease/Security Agreement is not eligible for recordation.

Sincerely,

Joseph R. Standell
Aeronautical Center Counsel

By:

Alonso J. Rodriguez
Senior Attorney