



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

Mike Monroney
Aeronautical Center

NO N#
JS NOV 15 2002

P.O. Box 25082
Oklahoma City, Oklahoma 73125

August 30, 2002

Frank L. Polk, Esquire
McAfee & Taft
Tenth Floor, Two Leadership Square
211 North Robinson
Oklahoma City, OK 73102-7101

Dear Mr. Polk:

Head Lease – Sublease Transaction

Recently, you posed the question whether a transaction wherein the Head Lease is structured as a conditional sales contract (as defined in 49 U.S.C. § 40102(a)(18)), and a subsequent Sublease is structured as a true lease, will support registration in the name of the Head Lessee.

As you know, this office applies the tests set out in Treatment of Leases With an Option to Purchase; Legal Opinion, 55 Fed. Reg. 40502, Oct. 3, 1990, (the Leiter Letter) to determine whether the lessor or lessee may be considered the owner of the aircraft for purposes of aircraft registration. In your proposed transaction, you indicated your belief that the Head Lease scenario falls within the second and the third tests of the Leiter Letter, and thus may be considered a conditional sales contract. You asked us to assume the subsequent Sublease to be a true lease. In such a transaction, registration in the name of the Head Lessee does appear to be appropriate.

This office has reviewed similar transactions in the past and, in appropriate transactions, has determined the Head Lessee to be the proper party to make application for aircraft registration.

Sincerely,
Joseph R. Standell
Aeronautical Center Counsel

By:

Michael R. Burton
Senior Attorney