



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

Mike Monroney
Aeronautical Center

P.O. Box 25082
Oklahoma City, Oklahoma 73125

December 29, 1995

Preston G. Gaddis II
Crowe & Dunlevy
1800 Mid-America Tower
20 North Broadway
Oklahoma City, OK 73102-8273

Dear Mr. Gaddis:

Truth-in-leasing air carrier exemption
Your letter of April 4, 1995

This responds to your letter request of April 4, in which, after pointing out apparent differing opinions within the Office of Chief Counsel, you request clarification concerning truth-in-leasing requirements.

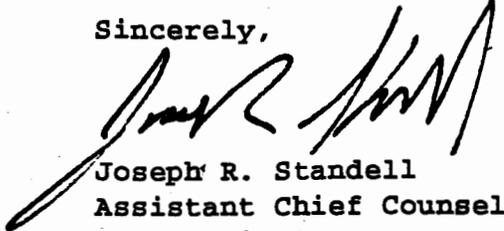
You ask whether the general requirements of 14 C.F.R. § 91.23 pertain to situations in which a U.S. registered aircraft is leased by a non-air carrier to a non-air carrier (head lease) and then immediately subleased to an air carrier (sublease).

You point out that 14 C.F.R. § 91.23(b)(1)(i) exempts air carriers from the requirement to comply with truth-in-leasing. You note that a former FAA Assistant Chief Counsel had informally opined that the regulation was not intended to cover transactions in which aircraft are to be operated by air carriers. However, you also note that others within the Office of Chief Counsel may not agree with such a permissive interpretation.

Section 91.23(b)(1)(i) and (ii) exempt leases and contracts of conditional sale from compliance requirements if either party to the transaction is an air carrier. However, in your fact situation neither party to the head lease is an air carrier. Therefore, the parties to the head lease must comply with the truth-in-leasing requirements. The parties to the sublease do not have to comply since the sublessee is an air carrier.

This opinion has been reviewed in the Office of Chief Counsel and concurred in by the organization having primary interest, the International Affairs and Legal Policy Staff (AGC-7).

Sincerely,



Joseph R. Standell
Assistant Chief Counsel
Aeronautical Center

bcc: AFS-700
AFS-750
AGC-7