



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

Mike Monroney
Aeronautical Center

P.O. Box 25082
Oklahoma City, Oklahoma 73125

AVN-450

July 26, 1994

John Tinkle, Manager
of Contracts and Subcontracts
Litton Systems Inc.
Aero Products Division
21050 Burbank Boulevard
Woodland Hills, CA 91367

Dear Mr. Tinkle:

Recordation of Operating Lease Agreement

This responds to your letter of July 11, in which you inquired whether a signed copy of the Operating Lease Agreement between Litton Systems Inc. and Northwest Airlines Inc. covering certain "appliances" as defined in Section 101(12) of the Federal Aviation Act of 1958, as amended (the Act), is recordable with the FAA Aircraft Registry under Section 503(a)(3) of the Act.

In its present form, the Operating Lease Agreement is not recordable with the FAA Aircraft Registry.

Section 503(a)(3) of the Act (as implemented by Sections 49.51 and 49.53 of the Federal Aviation Regulations (14 CFR Part 49)(the Regulations)) provides for the recording of "any lease . . ., which lease affects the title to, or any interest in, . . . appliances maintained by or on behalf of an air carrier certificated under section 604(b) of this Act, . . ."

After reviewing the document submitted, we conclude that Lease does affect title or an interest in the identified "appliances." However, we do not find the required statement by Northwest Airlines Inc. to the effect that it is certificated under Section 604(b) of the Act (see 14 CFR 49.53(a)(2)). This required statement may be incorporated into the document or may separately accompany it.

Additionally, because Section 503(a)(3) filings are indexed only by location, we observe that while reading the section 2.1 definition of "Location" in conjunction with sections 10.7 and 18.21 of the Lease, it appears you intend to specifically describe the location(s) of the appliances; we refer you to Section 49.53(a)(3) of the Regulations which requires that the conveyance "specifically describes the location or locations of each . . ., appliance, . . . covered by it; . . ."

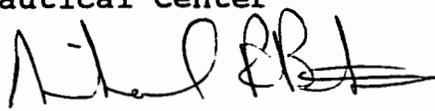
Accordingly, when the requirements of Sections 49.51 and 49.53 are met, the Operating Lease Agreement will be recordable at the FAA Aircraft Registry and will be indexed against each location specified in the document itself.

The draft document will be returned to the FAA Aircraft Registry for disposition. If you have questions or comments, you may contact the undersigned by telephone at (405) 954-3296.

Sincerely,

Joseph R. Standell
Assistant Chief Counsel
Aeronautical Center

By:


Michael R. Burton
General Attorney