

New FAA Re-Registration Rule Takes Effect October 1, 2010

On July 20, 2010, the US Federal Aviation Association (FAA) issued a new set of regulations that change the way aircraft registrations are handled in the United States. The new amendments to the Federal Aviation Regulations have potentially serious consequences for aircraft owners, lessees and lenders.

The new rule has two primary components. First, all existing registrations for N-registered aircraft will expire over the next three years, requiring all aircraft owners to re-register their aircraft. The timing of the expiration for a given aircraft depends on the month in which the original Certificate of Registration was issued (see chart, below). The second component of the Final Rule is a continuing renewal process for aircraft registered (or re-registered) after October 1, 2010.

The FAA Registry currently includes over 357,000 aircraft, but the FAA estimates that the records for at least a third of those are inaccurate and many aircraft are not actually eligible for U.S. registration. The new rules are designed to weed out inaccuracies in the system. Unfortunately, the process will almost certainly result in some aircraft being inadvertently deregistered – and grounded, since it is illegal to operate unregistered aircraft in the U.S. Worse yet, it is possible that aircraft insurers will be looking to exclude coverage for operation of deregistered aircraft – a fact that might not be learned until after an accident. Aircraft lenders also need to worry about whether their perfected security interest in an aircraft may suddenly become unperfected once deregistered.

If an aircraft's registration certificate was issued in:	The registration expires on:	The owner must apply for re-registration between these dates
March of any year	March 31, 2011	November 1, 2010 and January 31, 2011.
April of any year	June 30, 2011	February 1, 2011 and April 30, 2011.
May of any year	September 30, 2011	May 1, 2011 and July 31, 2011.
June of any year	December 31, 2011	August 1, 2011 and October 31, 2011.
July of any year	March 31, 2012	November 1, 2011 and January 31, 2012.
August of any year	June 30, 2012	February 1, 2012 and April 30, 2012.
September of any year	September 30, 2012	May 1, 2012 and July 31, 2012.
October of any year	December 31, 2012	August 1, 2012 and October 31, 2012.
November of any year	March 31, 2013	November 1, 2012 and January 31, 2013.
December of any year	June 30, 2013	February 1, 2013 and April 30, 2013.
January of any year	September 30, 2013	May 1, 2013 and July 31, 2013.
February of any year	December 31, 2013	August 1, 2013 and October 31, 2013.

The Re-Registration Process:

Beginning October 15, 2010 and over the next three years, the FAA will be sending two notices to each owner at the address of record for the registered aircraft. The first notice will contain information on re-registration, including a unique code that may be used to complete the re-registration online, if no changes are required. Unfortunately, if an owner loses the code, or does not receive the notice with the code, they will need to complete a paper filing instead, since the FAA will not release the code again. Owners should receive their first notice approximately 180 days prior to the expiration date of their certificate, and a second notice approximately 60 days prior to the expiration date. If a certificate expires, a third notice will be sent informing the owner of the expiration.



Compliance should be easy, but the failure to comply can have serious consequences for aircraft owners, lessees and lenders.

Power of the Big.
Spirit of the Small.



**Aircraft owners
should check the
registered addresses
on the FAA records.
Lenders should
check the registration
status of their
borrowers.**

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In theory, the registration process should be a simple administrative task, but there are concerns. First, owner notices will only be sent to current addresses in the system. Owners that have moved and not updated their registrations will not receive the notices. The same is true for recent aircraft buyers that have not yet registered their purchase.

As to the process itself, the FAA online system is still not available to view as of the date of this article and it may take time to shake the bugs out of the system. Paper registration will be available at any time, but the paper registration process will work through the normal FAA filing procedures. It is essential that owners register sufficiently in advance of the deadline (the FAA suggests registering at least two months in advance) to assure that they receive their new registration cards prior to the expiration of their current certificate.

Also, owners need to be sure to use the new FAA Form 8150-1A, not the existing aircraft registration form 8130-1. The existing form is a carbon-copy form that most owners should be familiar with, including the "pink slip" copy that acts as a temporary registration when a new owner is purchasing and registering an aircraft. The new Form 8150-1A will have no "pink slips", and therefore no equivalent temporary registration. No extensions are available in the event re-registration or renewal does not occur within the allotted time frame.

Simple (and Less Simple) Precautions:

Aircraft Owners. Owners can take a few simple steps to assure that they are aware of the expiration of their aircraft registration:

- Aircraft owners should visit the www.faa.gov website and confirm that the address on record for their aircraft is correct. If it is not, they should download an Aircraft Owner Change of Address Notification Form and return it to the FAA as soon as possible.
- In addition, owners should check the Certificate Issue Date for their aircraft and compare it to the re-registration chart. Owners with incorrect addresses that should have been included in the first round of notices may have missed their first notice. Such owners should consider proceeding with a paper re-registration.
- Recent aircraft buyers should confirm whether they have registered their ownership on the FAA Registry and whether it is effective on the record. If not, they should file their registration application (using FAA Form 8130-1) as soon as possible.

Owner Trusts: For anyone that holds title under an owner trust arrangement, check the registered address for the aircraft against the address of your trustee. In addition, make sure your trustee has current information for you. Many trustees will need instructions from their beneficiaries before they will re-register the aircraft.

Aircraft Lessees, Managers and Lenders:

- If you operate an aircraft under lease or manage aircraft for others you may want to check to be sure your lessor/owner is keeping the aircraft properly registered. A deregistration will ground your leased or managed aircraft the same as if you were the registered owner yourself.
- Lenders face real risks to the security for their loans if secured by a deregistered aircraft. A prudent lender should check the registration status and timing for re-registration of the aircraft in their portfolio, then following up with their borrowers.

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