

Aviation - USA

FAA introduces final rule for aircraft re-registration and three-year renewal

Contributed by [Katten Muchin Rosenman LLP](#)

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Introduction

Following the Federal Aviation Administration's (FAA) notice of proposed rulemaking on the re-registration of existing aircraft registrations and renewals of existing and new registrations on a three-year continuing basis (for further details please see "[Proposed FAA regulations to require re-registration and renewal of aircraft](#)"), the FAA issued a final rule on July 9 2010. Although the final rule changes some items from the notice, for the most part, it conforms with the re-registration changes which were initially proposed in the notice.

This update:

- provides an overview of the final rule, which will come into effect on October 1 2010;
- discusses notable changes from the notice; and
- explores important action items that aircraft owners should immediately consider and implement to comply with the final rule and maintain their aircraft's registration.

Overview of final rule

The final rule has an effective date of October 1 2010. Pursuant to the final rule, over a three-year period all aircraft registered before October 1 2010 will be terminated and must re-register to maintain US civil aircraft status. Furthermore, the final rule establishes a system for three-year recurrent expiration and renewal of registration for all aircraft issued registration certificates on or after October 1 2010. The FAA believes that the three-year re-registration period will clear the registration database of aircraft with questionable registrations, and that recurrent renewal at regular intervals will maintain the improved accuracy gained from the initial re-registration requirement. With the inception of the final rule, the existing Triennial Aircraft Registration Report Programme will be eliminated.

Notable changes from notice

The FAA will send registered owners two reminder notices, rather than one as proposed in the notice. The first reminder will be sent 180 days before the registration is scheduled to expire, which is 60 days earlier than originally proposed. This notice identifies the owner's three-month filing window for re-registration. According to the FAA, filing within the assigned window will ensure that the new registration certificate arrives with the owner before expiration of the old certificate.

A second reminder will be sent at the end of the three-month filing window to owners which have not yet re-registered. Under the final rule, the three-month filing window will close two months before expiration of the old certificate, to provide sufficient time for the FAA to process and issue the new registration certificate once the application is made. In the event that a registered owner receives the second notice because it has missed its registration window, the registered owner can still submit its re-registration application for processing by the FAA, but the FAA cannot guarantee that it will be able to issue and dispatch the new certificate before the old certificate expires. In that situation, the registered owner's aircraft may be grounded while awaiting the new registration certificate. Failure to register may likewise constitute an event of default under any

Authors

[Timothy J Lynes](#)



[Sean C Gordon](#)



applicable financing documents.

Another key difference from the notice is that under the final rule, Aircraft Registration Application 8050-1 will not be used for re-registration. The FAA intends to create a new form for re-registration to avoid any confusion. The style, title and content of this new form had not been published by the FAA at the time of writing. Cancelled certificates are to be destroyed by the owner, rather than returned to the FAA as initially planned.

An important new change that should be useful in the majority of re-registration cases is that the FAA will provide for online re-registration of current registrations, provided that there are no changes to the current registration information. The first notice from the FAA discussed above will include a unique password for the owner to use for online filing that will be valid until the close of the assigned filing window. However, in the event of a change to the existing registration information, the owner must submit the re-registration certificate in paper form. The FAA is exploring options to accept all future re-registrations electronically.

Responses to industry criticism

In response to those who wished to strengthen the now-terminated Triennial Programme, the FAA stated that re-registration and renewal of all aircraft registrations is the most efficient way to maintain an accurate registry database. Moreover, the programme was ineffective in dealing with missing or undeliverable reports, making it an unnecessary expenditure of resources for both the FAA and the public. The FAA determined that recurrent registration expiration and renewal is the only way to ensure regular validation of aircraft registration status and owner contact information.

The FAA explored the cost-benefit analysis of three, five and seven-year renewal requirement options. Although the longer registration periods did result in a lower net cost for both the FAA and the owners concerning implementation and maintenance, the five and seven-year renewal periods did not satisfy the FAA's desire for certainty in the register due to undesirably high error rates compared to the three-year renewal term.

Several commentators noted the high cost to repaint an N-number on an aircraft in the event that the aircraft's initial registration is cancelled (which would require the owner to apply for and receive a new N-number). The FAA responded that cancellation is not automatic and, even if cancelled, the original N-number is not necessarily lost. When the aircraft registration ends, the registry will wait 30 days to ensure that any recently received requests from the owner have been processed. The registry will then send a letter regarding the pending cancellation to the owner if a current address is on file. The letter informs the owner that it may reserve the N-number within 60 days of the date of the letter. If a reply is not received within 60 days, the cancellation will be placed in a cancellation queue. During this time, the aircraft will appear on the registry's webpage list of aircraft pending cancellation. But even after the FAA notifies the registered owner that it will cancel the registration and initiates the process to do so, the N-number will remain unavailable for assignment to a new party for five years. Presumably, a registered owner could petition the FAA for re-issuance of its original N-number during this five-year waiting period.

Next steps for owners

Aircraft owners and financing parties must monitor aircraft registration continually and log a valid and current address with the FAA. The cancellation of existing registrations should begin in October 2010. Before then, registered owners should verify that their address information is correct in order to ensure delivery of their re-registration notices.

Going forward, all owners – regardless of the number of aircraft owned and the complexity of operations – should implement a system to track upcoming three-year re-registration requirements. Although the FAA will provide notice to the registered owner, it is ultimately the owner's responsibility to ensure that its registrations are valid. Flying on an expired registration certificate is illegal and could result in penalties. All owners of US-registered aircraft will be required to adapt to the new regulations, and it is hoped that the FAA will implement the changes in a smooth and efficient manner.

For further information on this topic please contact [Timothy Lynes](mailto:timothy.lynes@kattenlaw.com) or [Sean Gordon](mailto:sean.gordon@kattenlaw.com) at [Katten Muchin Rosenman LLP](mailto:katten@kattenlaw.com) by telephone (+1 202 625 3500), fax (+1 202 298 7570) or email (timothy.lynes@kattenlaw.com or sean.gordon@kattenlaw.com).

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