

Canadian News and Legal Update

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FAA Issues Final Rule — Comprehensive Changes to Aircraft Registration Requirements

Many Canadian businesses are affected by U.S. aviation regulations – either directly through U.S.-subsidiaries that operate aircraft in the U.S., or as lenders to U.S. aircraft-financing customers. The U.S. Federal Aviation Administration (“FAA”) very recently enacted a “game changer” regulation that significantly and substantially changes the registration procedures for U.S.-registered civil aircraft.

On July 20, the FAA issued the [*Re-Registration and Renewal of Aircraft Registration*](#) (“Final Rule”), that will require the re-registration of all aircraft registered prior to October 1, 2010. In addition, the Final Rule states that all aircraft registrations issued after October 1, 2010, will expire and, therefore, need to be re-registered every three years. These changes will have a significant impact on many and will likely result in numerous unanticipated adverse consequences.

Summary of New Rule

Prior to the issuance of the Final Rule, aircraft registrations did not expire and were effective until the aircraft was either sold, deregistered or otherwise disposed of. The Final Rule changes this longstanding law. The FAA, in its Executive Summary portion of the Final Rule, states that the Final Rule is necessary for numerous reasons. The FAA estimates that approximately one-third of the 357,000 registered aircraft records it maintains are inaccurate and that many aircraft associated with those records are likely ineligible for registration.

The FAA has stated that accurate aircraft records are necessary for safety and law enforcement purposes. The FAA Registry Aircraft Database is used by a number of federal agencies and manufacturers for airworthiness directives, traditional safety-related uses, flight plan verification, homeland security programs and access to national air space. The FAA goes on to state that new registration rules are intended to remedy the inaccuracies of the current voluntary compliance-based system by recreating the Civil Aircraft Registry with current data derived from recent contact with aircraft owners. Finally, the FAA states that the new rules will provide a mechanism to refresh aircraft registration information at least once every three years when registration is renewed.

The FAA estimates that the Final Rule will lower the error rate in their records from 36.5 percent to approximately 5.7 percent, cancel registrations of most ineligible aircraft and will require owners to provide the FAA with updated information.

Specific Requirements

There are the two primary components to the Final Rule: 1) re-registration for aircraft registered prior to October 1, 2010; and 2) ongoing aircraft registration renewals (required every three years).

Aircraft Re-Registration

The most immediate concern under the Final Rule is for aircraft re-registration for all aircraft registered prior to October 1, 2010. Specifically, the Final Rule provides a chart (below) that details over the next three years when aircraft registrations expire, and when re-registration must occur for all U.S. aircraft.

If the certificate was issued in:	The certificate expires on:	The owner must apply for re-registration between these dates to allow delivery of the new certificate before expiration.
March of any year	March 31, 2011	Nov. 1, 2010 - Jan. 31, 2011
April of any year	June 30, 2011	Feb. 1, 2011 - April 30, 2011
May of any year	Sept. 30, 2011	May 1, 2011 - July 31, 2011
June of any year	Dec. 31, 2011	Aug. 1, 2011 - Oct. 31, 2011
July of any year	March 31, 2012	Nov. 1, 2011 - Jan. 31, 2012
Aug. of any year	June 30, 2012	Feb 1, 2012 - April 30, 2012
Sept. of any year	Sept. 30, 2012	May 1, 2012 - July 31, 2012
Oct. of any year	Dec. 31, 2012	Aug 1, 2012 - Oct. 31, 2012
Nov. of any year	March 31, 2013	Nov. 1, 2012 - Jan. 31, 2013
Dec. of any year	June 30, 2013	Feb. 1, 2013 - April 30, 2013
Jan. of any year	Sept. 30, 2013	May 1, 2013 - July 31, 2013
Feb. of any year	Dec. 31, 2013	Aug. 1, 2013 - Oct. 31, 2013

Prior to the beginning of the re-registration window, the FAA will send a reminder notice to the registered owner at the address listed with the aircraft registry. The FAA has stated that the reminder notice will be sent 180 days prior to the scheduled registration expiration. This reminder will include the date of the aircraft’s registration expiration and instructions on how to re-register the aircraft.

A second notice will be sent at the end of the filing window to owners who have not yet submitted registration applications. The filing window will close two months prior to the scheduled expiration date to permit sufficient time to process the applications and mail the new certificates. Registration applications that are sent after the filing window closes will still be processed, but the FAA states that there are no guarantees that the registration process will be

completed before the registration expires. In such instances, the aircraft will be unairworthy and will not be legal to operate until the registration process is complete.

In order to ensure aircraft are timely re-registered, the owner must submit the new *Application for Aircraft Registration Renewal*, AC Form 8050-1B, during the filing window along with a filing fee.

Once the FAA has processed the application, it will issue a new registration certificate for the aircraft containing an expiration date.

Aircraft Registration Renewal

As discussed above, the Final Rule also provides for an ongoing requirement to renew aircraft registrations every three years.

This process, like the re-registration process, will begin with the FAA sending a reminder notice to the registered owner, at the address listed with the aircraft registry, at least 180 days prior to the scheduled registration expiration. This reminder will include the aircraft registration expiration date along with instructions on how to renew the aircraft registration. A second notice will be sent at least 60 days prior to the scheduled registration expiration. The FAA has stated that renewal applications submitted after the second notice may result in a renewed registration being issued by the FAA after the expiration of the current registration.

Again, once the FAA has processed the application it will issue a new registration certificate for the aircraft containing an expiration date.

Significant New Aircraft Registration Issues

- Online re-registration and renewal will be offered, but only if no changes are being made to the existing registration and only if filed during the filing window.
- The FAA will send all registration-related notices to the addresses on file of the registered owner of the aircraft. It is essential that aircraft owner addresses are updated with the FAA when necessary.
- Despite an application that has been properly and timely submitted, the Final Rule is silent regarding instances in which FAA fails to issue a new certificate prior to expiration. In such an instance, the aircraft would not be able to be operated until the FAA issues a certificate.
- For re-registration and renewal applications, temporary “pink slip” registrations will not be allowed.
- Registration numbers will be cancelled 90 days after the expiration of registration.
- Once the cancellation of the registration number is complete, it will be unavailable for five years.
- Operating an aircraft without a valid registration could:
 - Subject both the owner and the operator to FAA sanctions including civil penalties and certificate actions;
 - Invalidate insurance;

- Adversely affect security interests; and/or
- Cause a lessee and/or a borrower to be in default of aircraft leases and/or loans.

What This Means for the Aviation Industry

These new aircraft registration rules create a very complex process that can leave those who aren't completely familiar with the requirements on dangerous ground. Failure to comply with many of the procedures set forth in the Final Rule could expose many to: at best, an expensive asset that cannot be used; at worst, significant liability.

For more information, please contact the Canada Practice Group at Lane Powell:

206.223.7000 Seattle
503.778.2100 Portland
canadianlaw@lanepowell.com
www.lanepowell.com

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