

# Aviation Regulatory Update

## FAA Issues New Aircraft Registration Rule

On July 20, 2010, the Federal Aviation Administration (“FAA”) published a Final Rule (the “Rule”) that significantly changes aircraft registration procedures in the United States. Pursuant to the Rule, over a 3-year period, the registration of all aircraft registered before October 1, 2010 will terminate, and the re-registration of each such aircraft will be required for such aircraft to retain U.S. civil aircraft status. The Rule also establishes a system for the recurrent expiration and renewal of registration once every 3 years for all aircraft issued registration certificates on or after October 1, 2010. Owners must re-register their aircraft based on the month in which the aircraft was initially registered, as set forth below:

Month Certificate Issued	Certificate Expires	Re-registration Window
March	March 31, 2011	Nov. 1, 2010–Jan. 31, 2011
April	June 30, 2011	Feb. 1–April 30, 2011
May	Sept. 30, 2011	May 1– July 31, 2011
June	Dec. 31, 2011	Aug. 1– Oct. 31, 2011
July	March 31, 2012	Nov. 1, 2011–Jan. 31, 2012
August	June 30, 2012	Feb. 1– April 30, 2012
September	Sept. 30, 2012	May 1– July 31, 2012
October	Dec. 31, 2012	Aug. 1– Oct. 31, 2012
November	March 31, 2013	Nov. 1, 2012–Jan. 31, 2013
December	June 30, 2013	Feb. 1– April 30, 2013
January	Sept. 30, 2013	May 1– July 31, 2013
February	Dec. 31, 2013	Aug. 1– Oct. 31, 2013

One important change is that the FAA may now cancel registration numbers (N-numbers) for unregistered aircraft. Such a cancellation may cause severe problems for an affected owner, as unregistered aircraft (i) may not be

operated in the United States, (ii) may also be ineligible for insurance coverage, and (iii) would likely trigger a default under the financing documents, if the aircraft is financed. Also, an owner who operates an unregistered aircraft would be subject to FAA enforcement action and a severe civil penalty, and any pilot operating such aircraft would likely face a certificate action.

### *Background*

The FAA has stated that the primary purpose for the changes is to update the U.S. aircraft registry. The FAA estimates that approximately one-third of the 357,000 registered aircraft records are inaccurate and that many aircraft associated with those records are likely ineligible for U.S. registration. Many aircraft owners fail to comply with the voluntary compliance system due to neglect in reporting the sale of an aircraft, death of an owner, scrapping or destruction of an aircraft, and changes in mailing address. The drive to increase accuracy of the registry stems in part from the requests from government and law enforcement agencies that the FAA create a more accurate and up-to-date aircraft registration database.

### *Additional Changes*

In addition to establishing the re-registration and renewal requirements, the Rule also: (1) eliminates the Triennial Aircraft Registration Report Program; (2) provides clear time limits and standards for the FAA’s canceling the aircraft’s N-number due to registrations that have expired and for which no new registration application has been made or completed; (3) establishes a 6-month limit on the time period an aircraft may remain in the “Sale Reported” category without an application being made for registration before its N-number assignment is canceled; (4) establishes a 12-month limit on the time period an applicant or successive applicants for

registration have to complete the registration process; and (5) creates provisions for reserving the aircraft's N-number if the aircraft is not registered at the end of such periods.

The re-registration of all U.S. civil aircraft over a 3-year period will be a massive undertaking for the FAA and will require that owners respect the time limits to avoid having an expired registration and a grounded aircraft due to failure to re-register or renew application in a timely manner. The process for renewal and re-registration is set forth below.

First, owners should verify that their current aircraft registration address is correct because the FAA will send owners two reminder notices to the address indicated on the aircraft registration. The first reminder notice will be sent 180 days before a given registration certificate is scheduled to expire. This notice will provide basic instructions for renewal and will identify the aircraft, its expiration date, and the 3-month filing window during which a registration or renewal application should be submitted. According to the FAA, filing the application within the assigned window will ensure that the new registration certificate arrives before the old certificate expires.

The second reminder notice will be sent at the end of the applicable filing window to owners who have not yet re-registered or renewed registration. The filing window will close 2 months prior to the scheduled expiration date to allow for processing the applications and mailing the new certificates. Applications submitted after the filing window closes will still be processed; but the new registration certificate may not be received prior to the expiration of the existing certificate, resulting in the aircraft being without authorization to operate until registration is completed.

Owners will soon be able to track the registration process on the FAA Registry website (<http://registry.faa.gov/renewregistration>). The Rule, however, does not provide for any temporary registration (or a "Pink Copy") pending renewal. The FAA believes that if an owner files an application for re-registration or renewal in a timely manner during the re-registration or renewal window, there should be sufficient

time for an application to be processed and a certificate to be issued and delivered. Fortunately, the Rule provides for both online re-registration and renewal *when no changes are required*, but the FAA currently cannot process changes online, so all changes will require the filing of a paper application: either an Application for Aircraft Re-Registration, AC Form 8050-1A, with a \$5 fee for each aircraft or an Application for Aircraft Renewal, AC Form 8050-1B, with a \$5 fee for each aircraft.

### *Next Steps*

On or about October 1, the FAA will send, to the address of record, the first reminder notice to the owners of the first batch of aircraft to be re-registered. The notice will remind the owner of the pending expiration and announce that the 3-month filing window begins on November 1 and runs through January 31, 2011. The notice will include a unique passcode for use with online filing that will be valid until the close of the assigned filing window. The notice will also provide information for both online and paper form filing. A printable form will be available online at the Registry website noted above. The FAA allowed for an additional 2 months for application processing and certificate delivery. The FAA stresses that timely applications, i.e., those received at the Registry during the filing window, will be processed and issued with sufficient time for the registration certificate to arrive well before expiration. However, filing after the end of the 3-month window creates the possibility that the new certificate will arrive after the old certificate has expired.

Having a correct address on file will ensure that the reminder notice(s) will be sent to the aircraft owner and avoid delays and possible lapse of registration. While the cost for re-registration and renewal is only \$5, it will likely increase in the future. No fee exists for updating an address or other information, such as a name change, and it can be done at any time during or independent of the registration process.

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