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## Aviation Group Client Update

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### TRUTH IN LEASING

The FAA recently updated its guidance for lessees and conditional buyers of U.S.-registered aircraft. This is the first update to this guidance since 1978. While “truth-in-leasing” requirements are mandatory for aircraft greater than 12,500 pounds, [FAA Advisory Circular 91-37B](#) is a good explanation of the concepts of leasing and operational control for aircraft of any size.

The FAA defines a lease as any agreement to furnish an aircraft for compensation or hire, with or without a flightcrew. Whether or not flightcrew is included, leases must contain a “truth in leasing” clause immediately before the signatures, specifying how the aircraft will be maintained and which party will have operational control of the aircraft. The FAA provides sample language in the AC. Additionally, the parties to any lease must submit a copy of the lease to the FAA within 24 hours of its execution, and a copy of the lease must be carried in the aircraft.

For more information on “truth in leasing” clauses, types of aircraft leases, and operational control issues, please contact us.

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McBreen & Kopko’s Aviation attorneys represents charter air carriers, lessors, lessees, and business aircraft owners and operators on a wide range of aviation issues including regulatory matters, commercial transactions, aircraft finance matters, and bankruptcy and creditors’ rights. For any questions involving this or another subject, please contact us.

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