

*Article 106.* Any documents and statements in which a company rejects or limits its obligation to pay damages and losses shall be void, and without validity or effect, even when the interested party has signed them or consented thereto. Nevertheless, a stipulation is valid in which a company refuses liability for losses or damages to live animals or to perishable merchandise either because of its nature or by the mere act of transportation, unless there is proof of negligence. Contractual discharge is also permissible with relation to transportation of credit documents, money, jewels and other precious objects contained in packages, baggage, and other closed containers, when the interested party fails to declare the value of the contents and to send it by registered mail.

*Article 107.* Credits which can be held against civil air carriers, in the form of compensations permitted in accordance with this law and the regulations issued thereunder, shall enjoy preference in payment following those (credits) arising from the labor laws, and for such purpose shall constitute a legal lien on the value of aircraft and of the establishments and chattels of their owners.

*Article 108.* Failure to observe any provision of this law and the regulations issued thereunder dealing with the safety of air services, gives rise to a presumption of guilt on the part of the respective company.

#### TITLE II. AERONAUTICAL LIENS

*Article 109.* Operations of secured liens on aircraft shall be governed by the legal provisions dealing with ordinary liens after first considering the special provisions contained in this Title.

*Article 110.* A chattel mortgage may be constituted on the entire property of an aircraft registered in the country; consequently, a partial lien with respect to rights which are not to the bare title is not in order.

*Article 111.* In any case, an aeronautical lien or mortgage must be constituted, modified or cancelled by means of a public written instrument, and be registered as endorsement of credits on liens in the General Pledge Register of San José.

*Article 112.* The Director General of the Pledge Register shall immediately communicate with the General Directorate of Aviation as to all operations which he enters in the books, and which refer to the constitution, modification or cancellation of liens on aircraft.

*Article 113.* A mortgage credit enjoys priority of payment as provided by law, but shall respect preference of the other credits defined in Article 63 of the Law on Liens (Mortgage Law), including:

- a) Court costs or expenses intended for preservation of the aircraft or for payment of liability claims;
- b) Compensation for assistance or salvage;
- c) Fees, assessments or taxes owed by the aircraft;
- d) Expenses incurred by the pilot of the aircraft by virtue of his authority, and which were necessary for the continuance of the flight; and
- e) Salaries owed to employees on board the aircraft.

If the aircraft is destroyed or expropriated, the mortgage creditor may file his claim for preference on the insurance and on the compensation which is owed to the owner as tort liability or expropriation payment.