

Article 26. A person interested in chartering a Paraguayan aircraft must have his domicile in the Republic, whether it is a physical or corporate person.

Article 27. The rights and duties arising out of a charter contract may not be transferred wholly or partially, unless authority to do so has been expressly agreed upon.

Article 28. 1) The charter contract must be in writing, and must be registered in the National Aircraft Register.

2) In case the contract is not registered, it shall not be effective against third parties, and the lessor and lessee shall be jointly liable for any violation or damages caused by the aircraft.

Article 29. The general provisions of the Code of Commerce concerning shipping charters shall be applicable insofar as they do not conflict with the present Code.

CHAPTER VII. AIRCRAFT MORTGAGES

Article 30. Aircraft may be mortgaged. The mortgage must be incorporated in a written [notarized] instrument and must be registered in the National Aircraft Register. The registration shall entitle the mortgagee to preference over other creditors according to the order of sequence in which these have been created.

Article 31. In case of loss, decrease in value, or confiscation of the aircraft, the right of the mortgagee may be exercised on the amount of insurance, the compensation due for damages caused by third persons, and the value of the expropriation, up to the total of the credit.

Article 32. The following shall have preference over the right of the mortgagee, in the order of sequence listed:

- a) Court costs.
- b) Credits of the State for fines imposed for violations and taxes.
- c) Fees for use of airports or services auxiliary to air navigation.
- d) Credits arising from assistance, search and salvage of the aircraft.
- e) Credits for provisioning or repairs made at a place other than that of its destination in order to be able to continue the voyage.
- f) The wages of the crew for the last voyage.

Article 33. A mortgage shall expire three years from the date of its registration.

Article 34. The statute of limitations on ship mortgage contracts shall apply also to aircraft mortgages, insofar as it does not conflict with the present Code.

CHAPTER VIII. ATTACHMENT OF AIRCRAFT

Article 35. With the exception of State-owned aircraft, all others shall be subject to attachment.

Article 36. Recording of the attachment in the National Aircraft Register shall confer on the holder the preferred right to be paid before any other creditor, with the exception of those with superior rights.