

Article 103. The legal relations between the lessee and the lessor must be established a private document recorded in the National Aircraft Register.

Article 104. A charter shall not be in effect in regard to third parties when it has not been recorded in the National Aircraft Register.

Non-registration make the lessee and lessor jointly liable for damages and injuries caused by the aircraft.

Chapter III. Aircraft Mortgages

Article 105. Aircraft may be mortgaged. A public instrument to that effect must be recorded in the National Aircraft Register, and be accompanied by the registration certificate, for the purpose of establishing the respective recordation.

Article 106. Mortgages established abroad on national aircraft may be authorized and recorded by the consular authorities of the Republic; the procedure shall be that established in Article 98.

Article 107. National aircraft which are encumbered by a mortgage, may not be transferred abroad without the express consent of the mortgage creditor, shown in the same document.

Article 108. In the case of loss, decrease in value or seizure of the aircraft, a mortgage creditor may attach the insurance, the compensation due for damages caused by third parties, and the value of the expropriation, up to the amount of his mortgage.

Article 109. Preference of the same kind over the mortgage creditor shall be granted to:

1. Court costs.
2. Debts owed to the State for fines arising from violations and for taxes.
3. Airport fees and fees for use of public services of air navigation covering the last voyage.
4. Compensation due for assistance and salvage.
5. Expenses for repair or supply incurred by the commander during the last voyage for actual needs of the aircraft.
6. Wages of the flight personnel and crew members during the last voyage.

TITLE II. AVIATION INSURANCE

Chapter I. Compulsory Insurance

Article 110. Aviation insurance against risks to themselves and to third parties is compulsory in commercial aviation covering the crew, passengers, the aircraft, and generally all flight equipment.

Aviation insurance for damages to persons or property outside the aircraft is also compulsory, but may not be required for a total sum greater than one hundred thousand pesos.

Airline companies must take this out with the *Banco de Seguros del Estado* (State Insurance Bank). For the purposes of this article, aviation companies which have been declared to be of public interest by the Executive shall be assimilated to commercial aircraft.

Article 111. Insurance for the crew shall be in proportion to the respective wages or salaries and that for the passengers for the minimum amount established by the State Insurance Bank with the approval of the Executive.