

April 16, 2007

RE: FAA Regulations
Docket #: FAA-2006-25714

**Questions?
Please call
866-977-4725, ext 106**

Dear RCAPA Members and Clients:

As you are aware, the FAA published comments in February regarding the acceptable use of radio controlled aircraft for commercial purposes. In this notice (Docket #FAA-2006-25714), the FAA “clarifies” its standards as regards the legal operation of unmanned aircraft for hire. If you have not personally reviewed this notice, we encourage you to do so immediately, if for no other reason than to ensure you operate all equipment lawfully and in accordance with FAA guidelines.

While it is evident to our firm that the FAA, through this notice, seeks to establish a clear demarcation between hobbyist and commercial applications of UAS, we also recognize that a number of differing—and even opposing—interpretations of this notice continue to complicate the discussion. Perhaps, the ongoing discussion is by design, as the notice explicitly provides you with an “opportunity for feedback.” If you have not already, we suggest you inquire at your local FAA office, what rules apply regarding your commercial use of radio controlled aircraft. It would also be a good idea to consult with your local law enforcement authority. Finally, the many discussions on various online boards, including www.rcapa.net may offer some useful information to you about this topic.

In any event, Hill & Usher, in conjunction the RCAPA, maintains a watchful eye on the proceedings in an effort to resolve the situation in a logical manner. The RCAPA has written to the FAA in an open letter, suggesting some plausible rules and procedures for the future. We have advised our insurance carrier regarding the notice; the carrier has agreed to make no changes on the active policies, until the procedures, regulations and requirements are further defined. Simply stated, we will wait and see. We consider this no small victory for an emerging industry and for our Aerial Pak program. If any changes in the carrier’s intentions occur, you will receive notice, in writing, from either the company or from our office.

Please be aware that the Aerial Pak program was not designed to pay or indemnify you for fines or sanctions levied against you by government authorities or the FAA. Any such expenses or fines are excluded from the policy. Furthermore, our decision to continue coverage is in no way an endorsement to you or your company to operate illegally.

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At this time, policy renewals will be issued with no added changes or limitations, but could, for obvious reasons, be subjected to your required compliance with the future procedures and regulations. Given the specialized nature of this insurance coverage, it is incumbent upon you to carefully review your current and renewing insurance policies, knowing of course, that our office is available to clarify coverage any time at either andrem@hillusher.com or 866-977-4725.

New policies may be issued in accordance with our current underwriting standards which require an engine no larger than 8 HP, a payload not greater than 25 lbs, and operated within line of site. New policies are considered on a case by case basis.

Finally, the continuation of this program relies on regular information from our policyholders. Should you perceive a need to contact us for any reason, please do so at anytime.

Sincerely,

HILL & USHER



Andre M. Monette
Account Executive