

# Rules and Regulations

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## DEPARTMENT OF AGRICULTURE

### Rural Housing Service

### Rural Business—Cooperative Service

### Rural Utilities Service

### Farm Service Agency

### 7 CFR Parts 1962, 1965, and 1980

RIN 0560—AE92

### Subordination of Direct Loan Basic Security To Secure a Guaranteed Line of Credit

**AGENCIES:** Rural Housing Service, Rural Business—Cooperative Service, Rural Utilities Service, Farm Service Agency, USDA.

**ACTION:** Final rule.

**SUMMARY:** This rule revises Farm Service Agency (FSA) regulations regarding loan security servicing in two ways that are intended to increase the use of subordinations to move direct farm loan program borrowers to the private sector. First, the Agency will allow subordinations of direct loan basic chattel and real estate security if necessary to secure a guaranteed operating line of credit. Second, this rule revises FSA farm loan regulations to allow subordination of Agency loan security so another lender may refinance a borrower's debt. This change is needed because recent legislation places restrictions on the uses of direct loans for refinancing.

**EFFECTIVE DATE:** The effective date of this rule is May 26, 1998.

**FOR FURTHER INFORMATION CONTACT:** Phillip Elder, Senior Loan Officer, United States Department of Agriculture, Farm Service Agency, Farm Loan Programs Loan Servicing Division, 1400 Independence Avenue, SW, STOP 0523, Washington, D.C. 20250-0523. Telephone (202) 690-4012. Electronic mail: pelder@wdc.fsa.usda.gov.

### SUPPLEMENTARY INFORMATION:

#### Executive Order 12866

This rule has been reviewed under E.O. 12866 and was determined to be not significant.

#### Executive Order 12372

1. For the reasons set forth in the Notice related to 7 CFR part 3015, subpart V (48 FR 29115, June 24, 1983), Farm Ownership Loans, Farm Operating Loans, and Emergency Loans are excluded from the scope of E.O. 12372, which requires intergovernmental consultation with state and local officials.

2. The Soil and Water Loan Program is subject to and has met the provisions of E.O. 12372.

#### Federal Assistance Program

These changes affect the following FSA programs as listed in the Catalog of Federal Domestic Assistance:

- 10.404—Emergency Loans
- 10.406—Farm Operating Loans
- 10.407—Farm Ownership Loans
- 10.416—Soil and Water Loans

#### Environmental Impact Statement

It is the determination of the issuing agency that this action is not a major Federal action significantly affecting the environment. Therefore, in accordance with the National Environmental Policy Act of 1969, Pub. L. 91-190, and 7 CFR part 1940, subpart G, an Environmental Impact Statement is not required.

#### Executive Order 12988

This final rule has been reviewed in accordance with E.O. 12988, Civil Justice Reform. In accordance with this rule: (1) All State and local laws and regulations that are in conflict with this rule will be preempted; (2) no retroactive effect will be given to this rule; and (3) administrative proceedings in accordance with 7 CFR parts 11 and 780 must be exhausted before bringing suit in court challenging action taken under this rule unless those regulations specifically allow bringing suit at an earlier time.

#### Regulatory Flexibility Act

In compliance with the Regulatory Flexibility Act (5 U.S.C. 601-602), the undersigned has determined and certified by signature of this document that this rule will not have a significant economic impact on a substantial

number of small entities. This rule does not involve a new or expanded program and new provisions included in this rule will not impact a substantial number of small entities to a greater extent than large entities. Although it is the intent of this rule to move direct loans to guaranteed loans, participation is voluntary and requires no action on the part of small entities. Large entities are subject to these rules to the same extent as small entities. Therefore, a regulatory flexibility analysis was not performed.

#### Unfunded Mandates

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA), Public Law 104-4, requires Federal agencies to assess the effects of their regulatory actions on State, local, and tribal governments or the private sector. Agencies generally must prepare a written statement, including a cost benefit analysis, for proposed and final rules with "Federal mandates" that may result in expenditures of \$100 million or more in any 1 year for State, local, or tribal governments, in the aggregate, or to the private sector. UMRA generally requires agencies to consider alternatives and adopt the more cost effective or least burdensome alternative that achieves the objectives of the rule.

This rule contains no Federal mandates, as defined under Title II of the UMRA, for State, local, and tribal governments or the private sector. Thus, this rule is not subject to the requirements of sections 202 and 205 of UMRA.

#### Paperwork Reduction Act

The amendments to 7 CFR parts 1962, 1965 and 1980 set forth in this final rule require no revisions to the information collection requirements that were previously approved by OMB under the provisions of 44 U.S.C. chapter 35. A proposed rule containing an estimate of the burden impact of this rule was published on September 9, 1997 [62 FR 47384, 47385]. No comments on the burden estimate were received.

#### Discussion of Comments Received

The Agency received comments on the proposed rule (62 FR 47384-47388) from five parties, including FSA employees, employee organizations, a commercial bank, and the American Banker's Association. All comments received were in support of the

proposed changes and recommended their adoption with a few clarifications.

Two commenters suggested clarification of the excess security requirement proposed for § 1980.108(a)(1)(vi)(A) or removal of the requirement entirely. This comment was seriously considered but not adopted. The Agency proposed to change its regulations to allow a combination guaranteed loan and subordination of direct loan security because lenders in selected areas of the country were reluctant to provide farmers with a line of credit secured only by planned crop production, even when the loan was 90 percent guaranteed against loss by the government. We understand from industry advocates that this reluctance is due to the large annual fluctuations in crop income experienced in those areas. Because the risk of loss on these lines of credit is inordinately large, as evidenced by the policies of the local lenders, the Agency felt it was necessary to restrict these combination subordination and guarantees to those direct loan borrowers whose loans are well secured in order to protect the Government's interest. However, the Agency has clarified this paragraph to require that the total unpaid balance of the direct loan be less than or equal to 75 percent of the value of the security for the direct loan, excluding the value of growing crops and planned production at the time of the subordination. The Agency also clarified that a lender making the subject guaranteed loan is responsible for obtaining any appraisals necessary to document compliance with this provision.

Two commenters also indicated confusion about proposed § 1962.30(a)(3) and questioned the need for a separate provision for a subordination to purchase crop insurance. The Agency agrees. Since § 1962.30(a)(2) allows a subordination for any authorized direct loan purpose and the payment of crop insurance premiums is an allowable use of direct operating loan funds, the Agency agrees that paragraph (a)(3) was redundant and has removed it accordingly.

Another commenter pointed out that proposed § 1965.12 needed to be clarified as to the allowable uses of Single Family Housing (SFH) loan funds. Since the proposed rule was drafted, the Rural Housing Service (RHS) promulgated new program regulations and is no longer covered by part 1965, subpart A. Since FSA employees are not responsible for servicing RHS loans, § 1965.12(a)(9) has been removed. This regulation still allows a subordination to be made for

the purpose of improving a farm residence in some instances under § 1965.12(a)(1) as an authorized direct loan purpose. FSA will consider RHS debt with regard to subordinations as it would any other lien.

The fourth comment received suggested that subordinations of direct loan basic real estate security to secure a guaranteed line of credit should be prohibited or very rare. This rule is being issued specifically to allow subordinations of real estate to secure a guaranteed loan. Regardless, the limitations included in § 1980.108(a) will allow subordinations of direct loan basic security in only those cases where the likelihood of a Government loss on the direct loan is small.

One commenter requested that the rule be revised to not require that the Agency loan be secured after the subordination, but rather to allow a subordination as long as the Agency's position is not damaged. This comment was not adopted. The condition mentioned by the commenter was not added as part of the proposed rule. Section 1965.12(a)(9) provides that the Agency loan must still be adequately secured after the subordination, or the value of the security will be increased by at least the amount of advances made under the subordination. Also, this requirement will not overly restrict the Agency's ability to make subordinations under the authorities provided in this rule.

Another commenter suggested that the Agency require a formal application for a subordination. The Agency currently requires borrowers to submit a "Request for Subordination, Release or Consent," to be considered for a subordination. Therefore, this comment was not adopted. However, the Agency agrees with the concerns of the commenter that subordinations are not sufficiently recorded or monitored. The Agency is exploring methods to improve its data on subordinations and expects its internal records system to be revised soon.

Finally, a commenter suggested that the county committee not be required to make recommendations regarding subordinations. Proposed § 1965.12(a)(10) required, "When the subordination will be used to acquire land, the FSA county committee has made a favorable recommendation." We agree with the commenter that county committee concurrence with this loan servicing action is not necessary; therefore, this provision has been removed.

In addition to these changes, the Agency has made several administrative changes to the proposed rule. First, the

Agency has determined that in some instances an Agency subordination to allow the borrower to obtain a loan from the Rural Housing Service or the Commodity Credit Corporation may be prudent. Accordingly, the Agency has removed proposed § 1962.30(b)(6) which prohibited subordinations to other USDA Agencies. The Agency will treat USDA agencies like other Federal Agencies for subordination purposes.

Second, the Agency has removed proposed § 1965.12(a)(3). This section conditioned a subordination on it furthering the purpose of the loan. A subordination is limited to eligible loan purposes; thus, this provision was redundant. Taken together with the other conditions under § 1962.30 or 1965.12, any eligible loan purpose would further the objectives of the loan.

Third, proposed § 1965.12(a)(4) has been removed. The provision required FSA to obtain as security an assignment of the beneficial interest of any stock required in connection with a loan. This requirement was included in previous versions of this regulation because Farm Credit System (FCS) institutions required that a borrower purchase stock in the local association. Agency experience indicates that the assignment is unnecessary. The Farm Credit Administration (FCA) requires a minimum purchase of \$1,000 or 1 percent of the loan amount. Local associations may require up to 5 percent of the loan amount, but most associations are requiring only the minimum stock purchase of \$1,000. Consequently, the value of cooperative stock is negligible and does not impact the Agency's decision to grant a subordination. Besides, the treatment of the stock has no effect since it is invariably applied to the FCS loan when it is paid in full. Proceeds from the liquidation of a beneficial interest in a cooperative generally have not been applied to an Agency loan as a result of this requirement.

Fourth, proposed § 1965.12(e) has been added to clarify the appraisal requirements for a real estate security subordination.

Fifth, paragraphs (b)(6) and (7) and (e) and (f) were added to section 1962.30 to make the chattel provisions consistent with the real estate provisions in section 1965.12. Section 1962.20(f) requires a chattel appraisal if the existing appraisal is more than 2 years old or inadequate for the FSA official to make a subordination determination under that section. The 2 year standard is consistent with current chattel appraisal requirements under § 1941.25. Paragraphs (a)(10) and (11) were added

to section 1965.12 to make it consistent with section 1962.30.

Sixth, section 1962.30(b)(2) was clarified and 1965.12(a)(10) was added to clarify that a subordination is provided to secure a specific loan to be made and that the loan is to be made as soon as practical after the subordination is granted. This change will clarify that a subordination is approved only for a limited period. This limitation is on the subordination form but is not currently contained in the regulation.

Seventh, section 1980.108(a)(1)(iii) was revised to delete subordination provisions now covered by paragraph (a)(1)(v) of that section. The revision was inadvertently omitted from the proposed rule.

Finally, the Agency has revised proposed § 1980.108(a)(1)(v) to clarify that the conditions contained in §§ 1962.30 and 1965.12 as appropriate apply when the Agency subordinates its security interest in direct loan security when a guaranteed loan is being made. This change was made to allow removal of duplicative conditions under the guaranteed loan provision. Proposed § 1980.108 (a)(1)(vi)(K) has been removed as unnecessary because the notification requirements of §§ 1980.145 and 1980.146 of the same subpart require specific lender actions when a guaranteed loan becomes delinquent.

#### List of Subjects

##### 7 CFR Part 1962

Crops, Government property, Livestock, Loan programs—Agriculture, Rural areas.

##### 7 CFR Part 1965

Real property—Foreclosure, Loan programs—Agriculture, Rural areas.

##### 7 CFR Part 1980

General—Agriculture, Loan programs—Agriculture, EM.

Accordingly, 7 CFR chapter XVIII is amended as follows:

#### PART 1962—PERSONAL PROPERTY

1. The authority citation for part 1962 continues to read as follows:

**Authority:** 5 U.S.C. 301; 7 U.S.C. 1989; 42 U.S.C. 1480.

##### Subpart A—Servicing and Liquidation of Chattel Security

2. Section 1962.30 is revised to read as follows:

##### § 1962.30 Subordination and waiver of liens on chattel security.

(a) *Purposes.* Subject to the limitations set out in paragraph (b) of this section, the Agency chattel liens

may be subordinated to a lien of another creditor in either of the following situations:

(1) The prior lien will soon mature or has matured and the prior lienholder desires to extend or renew the obligation, or the obligation can be refinanced. The relative lien position of the Agency must be maintained; and

(2) The subordination will permit another creditor to refinance other debt or lend for an authorized direct loan purpose.

(b) *Conditions.* Agency chattel liens may be subordinated to a lien of another creditor if all of the following conditions are met:

(1) If the lien is on basic chattel security, the amount of subordination is necessary to provide the lender with the security it requires to make the loan;

(2) Approval of a subordination is limited to a specific amount and the loan to be secured by the subordination is closed within a reasonable time;

(3) Only one subordination to one creditor may be outstanding at any one time in connection with the same security;

(4) The borrower has not been convicted of planting, cultivating, growing, producing, harvesting or storing a controlled substance under Federal or state law. "Borrower" for purposes of this provision, specifically includes an individual or entity borrower and any member stockholder, partner, or joint operator, of an entity borrower and any member, stockholder, partner, or joint operator of an entity borrower. "Controlled substance" is defined at 21 CFR part 1308. The borrower will be ineligible for a subordination for the crop year in which the conviction occurred and the four succeeding crop years. Applicants must attest on the Agency application form that it and its members, if an entity, have not been convicted of such a crime;

(5) The loan funds will not be used in such a way that will contribute to erosion of highly erodible land or conversion of wetlands for the production of an agricultural commodity according to subpart G of part 1940 of this chapter;

(6) The borrower can document the ability to repay the total amount due under the subordination and pay all other debt payments scheduled for the subject operating cycle; and

(7) The Agency loan is still adequately secured after the subordination, or the value of the loan security will be increased by at least the amount of the advances to be made under the terms of the subordination.

(c) *Subordination to make a guaranteed loan.* In addition to the requirements of this section, subordinations on chattel security to make a guaranteed loan will be approved in accordance with § 1980.108 of subpart B of part 1980 of this chapter.

(d) *Forms.* Subordinations will be requested and executed on Agency forms available in any Agency office or on any other form approved by the Agency.

(e) *Rescheduling of existing Agency debts.* The Agency may consent to rescheduling of an existing Agency debt when a subordination is granted to the debt of another lender. The rescheduling will be allowed only when the borrower cannot reasonably be expected to meet all currently scheduled installments when due and the conditions of subpart S of part 1951 of this chapter are met.

(f) *Appraisal.* The Agency will prepare a chattel appraisal report when the existing appraisal report is more than 2 years old or is inadequate to make the determination in this section. The Agency may use an appraisal submitted by the borrower if it is substantially similar to Form RD 440-21, "Appraisal of Chattel Property," and prepared by a licensed appraiser.

#### PART 1965—REAL PROPERTY

3. The authority citation for part 1965 continues to read as follows:

**Authority:** 5 U.S.C. 301; 7 U.S.C. 1989 and 42 U.S.C. 1480.

##### Subpart A—Servicing of Real Estate Security for Farmer Program Loans and Certain Note-Only Cases

4. Section 1965.12 is revised to read as follows:

##### § 1965.12 Subordination of an Agency mortgage.

(a) *Conditions.* A subordination may be granted if all of the following conditions are met:

(1) The subordination is to refinance debt or for an authorized direct loan purpose;

(2) The Agency debt cannot be refinanced without a subordination;

(3) The borrower can document the ability to repay the total amount due under subordination and pay all other debt payments scheduled for the subject operating cycle;

(4) The loan funds will not be used in such a way that will contribute to erosion of highly erodible land or conversion of wetlands for the production of an agricultural commodity according to subpart G of part 1940 of this chapter;

(5) Any planned development is performed in a manner directed by the creditor and agreed to by the Agency and reasonably attains the objectives of subpart A of part 1924 of this chapter;

(6) Funds to be used to develop or to acquire land will be deposited in a supervised bank account that is subject to signature by the Agency and the borrower, or in a similar arrangement, to ensure that funds will be spent for the planned purposes;

(7) In cases of land purchase or exchange of property, the Agency will obtain a valid mortgage on the acquired land. Title clearance and loan closing will be required as for an initial or subsequent FO loan, as appropriate;

(8) The borrower has not been convicted of planting, cultivating, growing, producing, harvesting or storing a controlled substance under Federal or state law. "Borrower" for purposes of this provision, specifically includes an individual or entity borrower and any member stockholder, partner, or joint operator, of an entity borrower and any member, stockholder, partner, or joint operator of an entity borrower. "Controlled substance" is defined at 21 CFR part 1308. The borrower will be ineligible for a subordination for the crop year in which the conviction occurred and the four succeeding crop years. An applicant must attest on the Agency application form that it and its members, if an entity, have not been convicted of such a crime;

(9) The Agency loan is still adequately secured after the subordination, or the value of the loan security will be increased by at least the amount of the advances to be made under the terms of the subordination;

(10) The subordination is limited to a specific amount and the loan to be secured by the subordination is closed within a reasonable time; and

(11) Only one subordination to one creditor may be outstanding at any one time in connection with the same security.

(b) *Subordination on real estate owned by an entity member.* Notwithstanding the provisions of paragraph (a) of this section, when the borrower is an entity and the Agency has taken real estate as additional security on property owned by an entity member, a subordination for any authorized Farm Loan Programs loan purpose may be approved when it is needed for the entity member to finance a separate operation. The subordination, however, may be approved only if it does not cause the unpaid principal and accrued interest balance of the Agency loan to exceed the value of the loan

security or otherwise adversely affect the security.

(c) *Request for subordination.* A borrower must complete an application provided by the Agency to receive consideration for a subordination.

(d) *Notice of foreclosure.* The lienholder requesting the subordination will agree to give notice of foreclosure as required by the Agency.

(e) *Appraisal.* The Agency will prepare a current appraisal report in accordance with part 1922, subpart E, of this chapter when property is to be purchased or exchanged, or when the existing appraisal report is more than 1 year old or is inadequate to make the determination required in this section. The Agency may use the appraisal report prepared for another lender if it complies with the requirements of subpart E of part 1922 of this chapter.

(f) *Reamortizing existing Agency debts.* The Agency may consent to a reamortization of an existing Agency debt when a subordination is granted to the debt of another lender. The reamortization will be allowed only when the borrower cannot reasonably be expected to meet all currently scheduled installments when due and the conditions of subpart S of part 1951 of this chapter are met.

(g) *Subordination to make a guaranteed loan.* In addition to the requirements of this section, subordinations of liens on real estate security to make a guaranteed loan will be approved in accordance with § 1980.108 of this chapter.

**PART 1980—GENERAL**

5. The authority citation for part 1980 continues to read as follows:

**Authority:** 5 U.S.C. 301; 7 U.S.C. 1989 and 42 U.S.C. 1480

**Subpart B—Farmer Programs Loans**

6. Section 1980.108 is amended to add paragraphs (a)(1)(v) and (a)(1)(vi), and to revise paragraphs (a)(1)(iii) and (d) to read as follows:

**§ 1980.108 General provisions.**

- (a) \* \* \*
- (1) \* \* \*

(iii) When the Agency and the lender are involved in separate loans to the same borrower, separate collateral must be clearly identified for both the Agency's loan and the lender's loan. Different lien positions on real estate are considered separate collateral.

(v) The Agency may subordinate its security interest on a direct loan when a guaranteed loan is being made if the requirements of § 1962.30 or § 1965.12

of this chapter, as appropriate, are met and only in any the following circumstances:

(A) To permit a guaranteed lender to advance funds and perfect a security interest in crops, feeder livestock, or livestock products, (milk, eggs, wool, etc.);

(B) When the lender requesting the guarantee needs the subordination of the Agency's lien position to maintain its lien position when servicing or restructuring;

(C) When the lender requesting the guarantee is refinancing the debt of another lender, and the Agency's position on real estate security will not be adversely affected; or

(D) To permit a Contract of Guarantee—Line of Credit to be advanced for annual operating needs in accordance with § 1980.175(c)(2).

(vi) The Agency may subordinate its security in a direct loan under paragraph (a)(1)(v)(D) of this section only when both of the following additional conditions are met:

(A) The total unpaid balance of the direct loan is less than or equal to 75 percent of the value of the security for the direct loan, excluding the value of growing crops or planned production, at the time of the subordination. This direct loan security value shall be determined by an appraisal that complies with subpart E of part 1922 of this chapter. This appraisal will be provided by the lender requesting the guarantee. The lender may charge the applicant a reasonable fee for the appraisal.

(B) The applicant cannot obtain sufficient credit through a conventional guaranteed loan.

\* \* \* \* \*

(d) *Relationship between Agency loans, direct and guaranteed.* A guaranteed FO or OL loan may be made to an insured borrower with the same type of direct loan provided:

(1) The outstanding combined direct and guaranteed FO or OL principal balance owed by the loan applicant or owed by anyone who will sign the note as cosigner may not exceed the authorized guaranteed loan limit for that type of loan; and

(2) Chattel and real estate collateral must be separate and identifiable so as to be discernible from the collateral pledged to the Agency for a direct loan. Different lien positions on real estate are considered separate and identifiable collateral.

7. Section 1980.175 is amended to add paragraph (h)(3) as follows:

**§ 1980.175 Operating loans.**

\* \* \* \* \*

(h) \* \* \*

(3) Subject to the requirements of this section, the Agency may approve a Contract of Guarantee for a line of credit to be secured by basic chattel or real estate security in which the Agency has subordinated its lien position in accordance with § 1980.108.

\* \* \* \* \*

Signed in Washington, D.C., on April 10, 1998.

**August Schumacher, Jr.,**

*Under Secretary, Farm and Foreign Agricultural Services.*

Dated: April 10, 1998.

**Jill Long Thompson,**

*Under Secretary, Rural Development.*

[FR Doc. 98-10902 Filed 4-23-98; 8:45 am]

BILLING CODE 3410-05-U

## DEPARTMENT OF TRANSPORTATION

### Federal Aviation Administration

#### 14 CFR Part 39

[Docket No. 97-NM-263-AD; Amendment 39-10483; AD 98-09-04]

RIN 2120-AA64

#### Airworthiness Directives; Aerospatiale Model ATR72 Series Airplanes

**AGENCY:** Federal Aviation Administration, DOT.

**ACTION:** Final rule.

**SUMMARY:** This amendment adopts a new airworthiness directive (AD), applicable to certain Aerospatiale Model ATR72 series airplanes, that requires a one-time high frequency eddy current inspection to detect cracking of the lower fuselage structure, and repair, if necessary. This amendment also requires modification of certain fastener holes in the lower fuselage structure. This amendment is prompted by issuance of mandatory continuing airworthiness information by a foreign civil airworthiness authority. The actions specified by this AD are intended to prevent reduced structural integrity of the airplane due to fatigue cracking in the lower fuselage structure.

**DATES:** Effective May 29, 1998.

The incorporation by reference of certain publications listed in the regulations is approved by the Director of the Federal Register as of May 29, 1998.

**ADDRESSES:** The service information referenced in this AD may be obtained from Aerospatiale, 316 Route de Bayonne, 31060 Toulouse, Cedex 03, France. This information may be examined at the Federal Aviation

Administration (FAA), Transport Airplane Directorate, Rules Docket, 1601 Lind Avenue, SW., Renton, Washington; or at the Office of the Federal Register, 800 North Capitol Street, NW., suite 700, Washington, DC.

**FOR FURTHER INFORMATION CONTACT:**

Norman B. Martenson, Manager, International Branch, ANM-116, FAA, Transport Airplane Directorate, 1601 Lind Avenue, SW., Renton, Washington 98055-4056; telephone (425) 227-2110; fax (425) 227-1149.

**SUPPLEMENTARY INFORMATION:**

A proposal to amend part 39 of the Federal Aviation Regulations (14 CFR part 39) to include an airworthiness directive (AD) that is applicable to certain Aerospatiale Model ATR72 series airplanes was published in the **Federal Register** on February 5, 1998 (63 FR 5900). That action proposed to require a one-time high frequency eddy current inspection to detect cracking of the lower fuselage structure, and repair, if necessary. That action also proposed to require modification of certain fastener holes in the lower fuselage structure.

**Comments**

Interested persons have been afforded an opportunity to participate in the making of this amendment. Due consideration has been given to the single comment received.

The commenter supports the proposed rule.

**Conclusion**

After careful review of the available data, including the comment noted above, the FAA has determined that air safety and the public interest require the adoption of the rule as proposed.

**Cost Impact**

The FAA estimates that 7 airplanes of U.S. registry will be affected by this AD.

Accomplishment of the actions specified in Aerospatiale Service Bulletin ATR72-53-1022 will take approximately 80 work hours per airplane, at an average labor rate of \$60 per work hour. Required parts will be provided by the manufacturer at no cost to the operators. Based on these figures, the cost impact on U.S. operators of the actions specified in this service bulletin and required by this AD is estimated to be \$4,800 per airplane.

Accomplishment of the actions specified in Aerospatiale Service Bulletin ATR72-53-1034 will take approximately 65 work hours per airplane, at an average labor rate of \$60 per work hour. Required parts will be provided by the manufacturer at no cost to the operators. Based on these figures, the cost impact on U.S. operators of the

actions specified in this service bulletin and required by this AD is estimated to be \$3,900 per airplane.

Accomplishment of the actions specified in Aerospatiale Service Bulletin ATR72-53-1053 will take approximately 65 work hours per airplane, at an average labor rate of \$60 per work hour. Required parts will be provided by the manufacturer at no cost to the operators. Based on these figures, the cost impact on U.S. operators of the actions specified in this service bulletin and required by this AD is estimated to be \$3,900 per airplane.

The cost impact figures discussed above are based on assumptions that no operator has yet accomplished any of the requirements of this AD action, and that no operator would accomplish those actions in the future if this AD were not adopted.

#### Regulatory Impact

The regulations adopted herein will not have substantial direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government. Therefore, in accordance with Executive Order 12612, it is determined that this final rule does not have sufficient federalism implications to warrant the preparation of a Federalism Assessment.

For the reasons discussed above, I certify that this action (1) is not a "significant regulatory action" under Executive Order 12866; (2) is not a "significant rule" under DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979); and (3) will not have a significant economic impact, positive or negative, on a substantial number of small entities under the criteria of the Regulatory Flexibility Act. A final evaluation has been prepared for this action and it is contained in the Rules Docket. A copy of it may be obtained from the Rules Docket at the location provided under the caption **ADDRESSES**.

#### List of Subjects in 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, Incorporation by reference, Safety.

#### Adoption of the Amendment

Accordingly, pursuant to the authority delegated to me by the Administrator, the Federal Aviation Administration amends part 39 of the Federal Aviation Regulations (14 CFR part 39) as follows: