

FOR FURTHER INFORMATION CONTACT: John Cox, AA/Financial Assistance, (202) 205-6490.

SUPPLEMENTARY INFORMATION:

Background

Section 7(a) of the Act authorizes SBA to guarantee loans made by banks or other lending institutions. Since Section 7(a) limits the amount of the SBA guarantee, each loan has an unguaranteed portion. The specific statutory provision under which the loan is made determines the size of the unguaranteed portion.

By limiting the SBA guarantee, Congress intended lenders to retain a tangible economic interest sufficient to make sure they are diligent in making, servicing and liquidating loans. This tangible economic interest must be reasonably commensurate with the unguaranteed portion of such loans.

In most instances, SBA requires lenders to retain at least a part of the unguaranteed portion of each guaranteed loan. Under prescribed procedures, it will allow the transfer by some lenders of the unguaranteed portions of loans and the pledge by other lenders of the notes evidencing SBA guaranteed loans. In these instances, it allows the transfer or pledge with prior written consent to facilitate financing transactions beneficial to those lenders. (See 13 CFR S 120.420 and paragraph 12 (a) of Blanket Guaranty Agreements, SBA Form 750)

SBA's regulations currently permit only nondepository lenders to transfer the entire unguaranteed portions of SBA guaranteed loans for financing purposes. Section 103(e) of the recently enacted Small Business Program Improvement Act of 1996, P.L. 104-208, requires that SBA now either promulgate a regulation that applies uniformly to both depository and nondepository lenders or prohibit the practice with respect to nondepository lenders after March 31, 1997. Since we prefer to issue a uniform rule, we propose to revise our regulations to give all SBA lenders clear guidance on when and how they can transfer or pledge the unguaranteed portion of SBA loans.

SBA's Present Regulations

Currently our regulations on the sale of the unguaranteed portions of SBA guaranteed loans apply only to nondepository lenders. Nondepository lenders include:

(1) Small Business Lending Companies, which are licensed and regulated by SBA (See 13 CFR S 120.470),

(2) Business and Industrial Development Companies, which are chartered under state statutes,

(3) Insurance companies, and

(4) Other nondepository lenders with which SBA has entered into blanket guaranty agreements.

SBA can deny a lender's request to sell unguaranteed portions if it does not comply with SBA lending regulations and/or any other applicable State or Federal statutory or regulatory requirement.

Although the necessary documents for such financing arrangements will differ from case to case, we try to accommodate any reasonable proposal. However, lenders must satisfy certain conditions before we will consent, in writing, to any proposal.

Under the regulations, only a party agreeable to us is permitted to hold the notes evidencing SBA guaranteed loans. Normally, we require the lender or our agent to retain custody of such notes.

As a pre-condition to our written consent to any financing transaction, SBA requires that all parties execute a written agreement protecting SBA's interest as the guarantor of the major portion of the notes. Any such agreement must:

(1) Indicate how the notes will be held and safeguarded,

(2) Acknowledge our interest in the notes, and

(3) Reflect the agreement of all relevant parties to uphold the Small Business Act, the regulations promulgated thereunder, and our guarantee contract.

We have developed a format for the agreement for parties who want to proceed under the regulations.

Finally, under these regulations, we will only grant our prior written consent if participating lenders retain a tangible economic interest in the loans reasonably commensurate with the unguaranteed portions. In the case of a pledge, the lender must retain all of the economic interest in the actual unguaranteed portions. In the case of a transfer, a participating lender must show that it remains sufficiently at risk economically for the unguaranteed portion. The retained risk need not be met by retaining a reserve which equals the unguaranteed portions as long as the participating lender bears the ultimate risk of loss on the unguaranteed portions. The regulations cite a number of non-exclusive means which a lender may use, singly or in combination, to demonstrate risk retention.

Solicitation of Comments

We are asking for the public to comment on how to implement the

Congressional mandate in Section 103(e) of Public Law 104-208. We are not wedded to our present regulations or procedures, but recognize the need for uniformity and predictability to accommodate both the expected demand from our lenders and the need to protect the safety and soundness of our guaranteed loan program. Commenters are requested to address some or all of the following questions:

1. How should lenders demonstrate a retained tangible economic interest in a guaranteed loan? Should lenders be required to retain an unguaranteed portion and/or reserve within the financing transactions? What level of retention and/or reserve is adequate to protect the safety and soundness of SBA's business loan program?

2. Should we permit financing transactions on a periodic scheduled basis or should lenders be permitted to submit transactions whenever they want?

3. Should we permit multiple lenders to "pool" transactions in one multi-party transaction? If so, how should this be regulated?

4. Should we use third party resources to help process the contemplated transactions? If so, what types of third parties? Who should bear the costs associated with using third parties?

Although commenters should not restrict their comments to the above issues, responses geared to these issues will be helpful.

Dated: November 22, 1996.

Ginger Ehn Lew,

Deputy Administrator.

[FR Doc. 96-30507 Filed 11-27-96; 8:45 am]

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 96-NM-204-AD]

RIN 2120-AA64

Airworthiness Directives; Airbus Industrie Model A320, A321, A330, and A340 Series Airplanes Equipped With Westland-Sitec Fire Shutoff Valves Having Part Number EO3000

AGENCY: Federal Aviation Administration, DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: This document proposes the adoption of a new airworthiness directive (AD) that is applicable to

certain Airbus Industrie Model A320, A321, A330, and A340 series airplanes. This proposal would require repetitive testing of certain fire shutoff valves (FSOV's) on the left and right engines, repetitive checks of certain parts on the FSOV motors, and replacement of discrepant valves with modified valves. It would also require modification of FSOV seals and motors as terminating action for the repetitive testing and check requirements. This proposal is prompted by reports indicating that FSOV's are not closing completely during maintenance testing. The actions specified by the proposed AD are intended to prevent the flow of hydraulic fluid to the engine in the event of fire which, if not corrected, would fuel the fire, and lead to the loss of fluid in associated hydraulic systems, causing those systems to fail.

DATES: Comments must be received by January 8, 1997.

ADDRESSES: Submit comments in triplicate to the Federal Aviation Administration (FAA), Transport Airplane Directorate, ANM-103, Attention: Rules Docket No. 96-NM-204-AD, 1601 Lind Avenue, SW., Renton, Washington 98055-4056. Comments may be inspected at this location between 9:00 a.m. and 3:00 p.m., Monday through Friday, except Federal holidays.

The service information referenced in the proposed rule may be obtained from Airbus Industrie, 1 Rond Point Maurice Bellonte, 31707 Blagnac Cedex, France. This information may be examined at the FAA, Transport Airplane Directorate, 1601 Lind Avenue, SW., Renton, Washington.

FOR FURTHER INFORMATION CONTACT: Charles Huber, Aerospace Engineer, Standardization Branch, ANM-113, FAA, Transport Airplane Directorate, 1601 Lind Avenue, SW., Renton, Washington 98055-4056; telephone (206) 227-2589; fax (206) 227-1149.

SUPPLEMENTARY INFORMATION:

Comments Invited

Interested persons are invited to participate in the making of the proposed rule by submitting such written data, views, or arguments as they may desire. Communications shall identify the Rules Docket number and be submitted in triplicate to the address specified above. All communications received on or before the closing date for comments, specified above, will be considered before taking action on the proposed rule. The proposals contained in this notice may be changed in light of the comments received.

Comments are specifically invited on the overall regulatory, economic, environmental, and energy aspects of the proposed rule. All comments submitted will be available, both before and after the closing date for comments, in the Rules Docket for examination by interested persons. A report summarizing each FAA-public contact concerned with the substance of this proposal will be filed in the Rules Docket.

Commenters wishing the FAA to acknowledge receipt of their comments submitted in response to this notice must submit a self-addressed, stamped postcard on which the following statement is made: "Comments to Docket Number 96-NM-204-AD." The postcard will be date stamped and returned to the commenter.

Availability of NPRMs

Any person may obtain a copy of this NPRM by submitting a request to the FAA, Transport Airplane Directorate, ANM-103, Attention: Rules Docket No. 96-NM-204-AD, 1601 Lind Avenue, SW., Renton, Washington 98055-4056.

Discussion

The Direction Générale de l'Aviation Civile (DGAC), which is the airworthiness authority for France, recently notified the FAA that an unsafe condition may exist on certain Airbus Industrie Model A320, A321, A330, and A340 series airplanes. The DGAC advises that it has received reports indicating that fire shutoff valves (FSOV's) on the left and right engines of these model airplanes have failed to close completely during scheduled maintenance testing. The FSOV's on these airplanes are manufactured by Westland-Sitec, and have part number (P/N) E03000.

Investigation has revealed that a slight extrusion of the Teflon seal on the valve interferes with the valve flapper, and consequently keeps the valve from fully closing. When this occurs, the micro switch that shuts off power to the electric motor on the FSOV may not work, and the motor could continue to operate. Over time, this continuous operation can cause the FSOV motor to fail. Should a FSOV not completely close when a fire occurs, hydraulic fluid would continue to flow to the engine and fuel the fire, and lead to the loss of fluid in associated hydraulic systems, causing those systems to fail.

Explanation of Relevant Service Information

Airbus has issued All Operators Telex (AOT) 29-15, dated May 30, 1995, which recommends that operators of

Model A320, A321, A330, and A340 series airplanes equipped with Westland-Sitec FSOV's having P/N E03000 perform a one-time functional test (for Model A320 and A321 series airplanes) or one-time operational test (for Model A330 and A340 series airplanes) on each FSOV; and replace discrepant valves with serviceable valves. This testing is to be followed immediately by a check to determine if the FSOV motor properly stops.

Airbus also has issued Service Bulletin A320-29-1071, dated September 21, 1995 (for Model A320 and A321 series airplanes); Service Bulletin A330-29-3018, dated January 17, 1996 (for Model A330 series airplanes); and Service Bulletin A340-29-4018, dated January 17, 1996 (for Model A340 series airplanes). These service bulletins describe procedures for installing FSOV's that have been modified. These Airbus service bulletins also reference service bulletins issued by Westland-Sitec, the manufacturer of these valves, as sources of additional procedural information.

Westland-Sitec has issued Service Bulletin E030WS-29-1, dated January 12, 1996, which describes procedures for modification of the FSOV by replacing the existing Teflon seal with a new seal that is manufactured from a different material and shaped differently. This modification will enable the valve flapper to completely close when the valve is closed.

Westland-Sitec also has issued Service Bulletin A06AWS-24-1, dated January 12, 1996, which describes procedures for modification of the electric actuator on the FSOV motor. This modification, which entails the installation of a different gear assembly, will increase the operational torque on the output shaft of the FSOV motor to improve closure of the valve. The procedures in this service bulletin are to be performed at the same time as the FSOV seal is replaced.

The DGAC has classified these Airbus service bulletins as mandatory and issued French airworthiness directives (C/N) 95-145-070(B)R1, dated January 3, 1996 (for Model A320 and A321 series airplanes); C/N 95-146-014(B)R1, dated May 9, 1996 (for Model A330 series airplanes); and C/N 95-148-027(B)R1, dated May 9, 1996 (for Model A340 series airplanes); in order to assure the continued airworthiness of these airplanes in France.

FAA's Conclusions

These airplane models are manufactured in France and are type certificated for operation in the United States under the provisions of section

21.29 of the Federal Aviation Regulations (14 CFR 21.29) and the applicable bilateral airworthiness agreement. Pursuant to this bilateral airworthiness agreement, the DGAC has kept the FAA informed of the situation described above. The FAA has examined the findings of the DGAC, reviewed all available information, and determined that AD action is necessary for products of this type design that are certificated for operation in the United States.

Explanation of Requirements of Proposed Rule

Since an unsafe condition has been identified that is likely to exist or develop on other airplanes of the same type design registered in the United States, the proposed AD would require repetitive testing of each FSOV, and replacement of any discrepant FSOV with a modified FSOV; and repetitive checks of the FSOV motor immediately after testing to determine if the motor is stopping properly. Should any valve fail a check, the proposed AD also would require that the discrepant valve be replaced with a modified FSOV. The proposed AD would require modification of the FSOV valve by replacement of the Teflon seal with a new seal of different material and different shape; and by the installation of a new gear train on the electrical actuator on the FSOV motor. These modifications would constitute terminating action for the requirements for the repetitive tests and checks. The actions would be required to be accomplished in accordance with the AOT, and the applicable Airbus service bulletins described previously.

Differences Between the Proposed Rule, AOT, and Service Bulletins

Should an FSOV fail a test or check, the proposed AD would require that any discrepant valve be replaced with a modified valve; the installation of a modified valve also would constitute terminating action for the repetitive tests and checks of the FSOV and FSOV motor, respectively. Furthermore, within four years after the effective date of the final rule, the proposed AD would require that modified valves be installed on all affected airplanes.

The AOT, which only calls for a one-time test and check of the FSOV, recommends that a discrepant valve be replaced with a serviceable valve. The applicable service bulletins do not recommend a specific time for replacing serviceable valves with modified valves.

The FAA has determined that long-term continued operational safety will be better assured by modifications or

design changes to remove the source of the problem, rather than by repetitive inspections. Long-term inspections may not be providing the degree of safety assurance necessary for the transport airplane fleet. This, coupled with a better understanding of the human factors associated with numerous repetitive inspections, has led the FAA to consider placing less emphasis on special procedures and more emphasis on design improvements. The proposed requirement to replace any discrepant valve with a modified valve is in consonance with these considerations.

Cost Impact: Model A320 and A321 Series Airplanes

The FAA estimates that 102 Airbus Model A320 and A321 series airplanes of U.S. registry would be affected by this proposed AD.

It would take approximately 2 hours to accomplish the proposed testing and check of all FSOV's and motors, at an average labor rate of \$60 per work hour. Based on these figures, the cost impact of these proposed actions on U.S. operators of these airplanes is estimated to be \$12,240, or \$120 per airplane, per testing and check.

It would take approximately 2 hours to accomplish the proposed modification of the FSOV seal, at an average labor rate of \$60 per work hour. Required parts would be provided by the manufacturer at no charge. Based on these figures, the cost impact of these proposed modifications on U.S. operators of these airplanes would be \$12,240, or \$120 per airplane.

It would take approximately 4 hours to accomplish the proposed modification of the FSOV motors, at an average labor rate of \$60 per work hour. Required parts would be provided by the manufacturer at no charge. Based on these figures, the cost impact of these proposed modifications on U.S. operators of these airplanes would be \$24,480, or \$240 per airplane.

It would take approximately 9 hours to accomplish the proposed installation of modified FSOV's and motor, at an average labor rate of \$60 per work hour. Based on these figures, the cost impact of this proposed action on U.S. operators of Model A320 and A321 series airplanes is estimated to be \$55,080, or \$540 per airplane.

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

Cost Impact: Model A330 and A340 Series Airplanes

There are currently no Model A330 or Model A340 series airplanes on the U.S. Register. All of these airplanes included in the applicability of this proposed rule currently are operated by non-U.S. operators under foreign registry; therefore, they are not directly affected by this AD action. However, the FAA considers it necessary to include these airplanes in the applicability of this proposed rule in order to ensure that the unsafe condition is addressed in the event that any of the subject airplanes are imported and placed on the U.S. Register in the future.

Should an affected Model A330 or A340 series airplane be imported and placed on the U.S. Register in the future, it would take approximately 4 hours to accomplish the proposed testing and check of all FSOV's and motors, at an average labor rate of \$60 per work hour. Based on these figures, the cost impact of the proposed AD is estimated to be \$240 per airplane, per testing and check.

It would take approximately 4 hours to accomplish the proposed modification of FSOV seals, at an average labor rate of \$60 per work hour. Required parts would be provided by the manufacturer at no charge. Based on these figures, the cost impact of these proposed modifications would be \$240 per airplane.

It would take approximately 8 hours to accomplish the proposed modification of the FSOV motors, at an average labor rate of \$60 per work hour. Required parts would be provided by the manufacturer at no charge. Based on these figures, the cost impact of these proposed modifications would be \$480 per airplane.

It would take approximately 19 hours to accomplish the proposed installation of modified FSOV's and motors, at an average labor rate of \$60 per work hour. Based on these figures, the cost impact of this proposed action is estimated to be \$1,140 per airplane.

Regulatory Impact

The regulations proposed herein would 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 proposal would not have sufficient federalism implications to warrant the preparation of a Federalism Assessment.

For the reasons discussed above, I certify that this proposed regulation (1)

is not a "significant regulatory action" under Executive Order 12866; (2) is not a "significant rule" under the DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979); and (3) if promulgated, 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 copy of the draft regulatory evaluation prepared for this action is contained in the Rules Docket. A copy of it may be obtained by contacting the Rules Docket at the location provided under the caption **ADDRESSES**.

List of Subjects in 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, Safety.

The Proposed Amendment

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

PART 39—AIRWORTHINESS DIRECTIVES

1. The authority citation for part 39 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40113, 44701.

§ 39.13 [Amended]

2. Section 39.13 is amended by adding the following new airworthiness directive:

Airbus Industrie: Docket 96-NM-204-AD.

Applicability: Model A320, A321, A330 and A340 series airplanes; equipped with Westland-Sitec fire shutoff valves having part number E03000; certificated in any category.

Note 1: This AD applies to each airplane identified in the preceding applicability provision, regardless of whether it has been otherwise modified, altered, or repaired in the area subject to the requirements of this AD. For airplanes that have been modified, altered, or repaired so that the performance of the requirements of this AD is affected, the owner/operator must request approval for an alternative method of compliance in accordance with paragraph (c) of this AD. The request should include an assessment of the effect of the modification, alteration, or repair on the unsafe condition addressed by this AD; and, if the unsafe condition has not been eliminated, the request should include specific proposed actions to address it.

Compliance: Required as indicated, unless accomplished previously.

To prevent the flow of hydraulic fluid to the engine in the event of a fire, which would fuel the fire and lead to the loss of fluid in associated hydraulic systems, causing those systems to fail, accomplish the following:

(a) Within six months after the effective date of this AD, perform a functional test (for

A320 and A321 series airplanes) or an operational test (for A330 and A340 series airplanes) on each fire shutoff valve (FSOV) for the left and right engines and immediately follow this test with a check to determine whether the FSOV motor is properly operating, in accordance with Airbus All Operators Telex (AOT) 29-15, dated May 30, 1995.

(1) If an FSOV passes the applicable test and check, repeat the procedures required by paragraph (a) of this AD thereafter at intervals not to exceed 18 months.

(2) If an FSOV fails the applicable test or check, prior to further flight, replace the discrepant FSOV with an FSOV modified in accordance with the service bulletins specified in paragraphs (a)(2)(i), (a)(2)(ii), and (a)(2)(iii), as applicable. Modification of the seal and the electrical actuator for the motor are to be performed at the same time. The accomplishment of these modifications constitutes terminating action for the repetitive testing and checks of this FSOV required by paragraph (a) of AD.

(i) For Airbus A320 and A321 series airplanes: Airbus Service Bulletin A320-29-1071, dated September 21, 1995.

(ii) For Airbus A330 series airplanes: Airbus Service Bulletin A330-29-3018, dated January 17, 1996.

(iii) For Airbus A340 series airplanes: Airbus Service Bulletin A340-29-4018, dated January 17, 1996.

Note 2: The Airbus service bulletins cited in paragraphs (a)(2)(i)-(iii) of this AD refer to Westland-Sitec Service Bulletin No. E030WS-29-1, dated January 12, 1996 (valve modification), and Westland-Sitec Service Bulletin No. A06AWS-24-1, dated January 12, 1996 (electrical actuator modification), as additional sources of procedural information.

(b) Within 4 years after the effective date of this AD, modify the electrical actuator for the motor and the seal of each FSOV, in accordance with the service bulletins specified in paragraphs (b)(2)(i), (b)(2)(ii), and (b)(2)(iii) of this AD, as applicable. The accomplishment of these modifications constitutes terminating action for the repetitive tests and checks required by paragraph (a) of this AD and, thereafter, no further action is required.

(i) For Airbus A320 and A321 series airplanes: Airbus Service Bulletin A320-29-1071, dated September 21, 1995.

(ii) For Airbus A330 series airplanes: Airbus Service Bulletin A330-29-3018, dated January 17, 1996.

(iii) For Airbus A340 series airplanes: Airbus Service Bulletin A340-29-4018, dated January 17, 1996.

(c) An alternative method of compliance or adjustment of the compliance time that provides an acceptable level of safety may be used if approved by the Manager, Standardization Branch, ANM-113, FAA, Transport Airplane Directorate. Operators shall submit their requests through an appropriate FAA Principal Maintenance Inspector, who may add comments and then send it to the Manager, Standardization Branch, ANM-113.

Note 3: Information concerning the existence of approved alternative methods of compliance with this AD, if any, may be

obtained from the Standardization Branch, ANM-113.

(d) Special flight permits may be issued in accordance with sections 21.197 and 21.199 of the Federal Aviation Regulations (14 CFR 21.197 and 21.199) to operate the airplane to a location where the requirements of this AD can be accomplished.

Issued in Renton, Washington, on November 21, 1996.

James V. Devany,

Acting Manager, Transport Airplane Directorate, Aircraft Certification Service.

[FR Doc. 96-30411 Filed 11-27-96; 8:45 am]

BILLING CODE 4910-13-U

14 CFR Part 39

[Docket No. 96-NM-239-AD]

RIN 2120-AA64

Airworthiness Directives; Boeing Model 747-100, -200, and -300 Series Airplanes

AGENCY: Federal Aviation Administration, DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: This document proposes the adoption of a new airworthiness directive (AD) that is applicable to certain Boeing Model 747-100, -200, and -300 series airplanes. This proposal would require the replacement of certain switches located behind the cabin attendant's panel at one of the airplane's doors with new, improved switches. This proposal is prompted by reports indicating that fires have occurred on some airplanes due to the internal failure of some of these switches. The actions specified by the proposed AD are intended to prevent the installation and use of switches that could short circuit when they fail, and consequently cause fire and smoke aboard the airplane.

DATES: Comments must be received by January 29, 1997.

ADDRESSES: Submit comments in triplicate to the Federal Aviation Administration (FAA), Transport Airplane Directorate, ANM-103, Attention: Rules Docket No. 96-NM-239-AD, 1601 Lind Avenue, SW., Renton, Washington 98055-4056. Comments may be inspected at this location between 9:00 a.m. and 3:00 p.m., Monday through Friday, except Federal holidays.

The service information referenced in the proposed rule may be obtained from Boeing Commercial Airplane Group, P.O. Box 3707, Seattle, Washington 98124-2207. This information may be examined at the FAA, Transport