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## SMALL BUSINESS ADMINISTRATION

### 13 CFR Part 120

#### Business Loans

**AGENCY:** Small Business Administration (SBA).

**ACTION:** Interim final rule with request for comments.

**SUMMARY:** Section 103(c) of the Small Business Programs Improvement Act of 1996 (1996 legislation), enacted on September 30, 1996, authorizes SBA to continue its Low Documentation (LowDoc) loan program through lenders with significant experience in making small business loans. The Act requires SBA to promulgate regulations by December 31, 1996. This interim final rule implements this requirement. SBA is soliciting and will consider any comments it receives with respect to this interim final rule in making future adjustments.

**DATES:** This rule is effective January 3, 1997. Comments may be made by February 3, 1997.

**ADDRESSES:** Comments should be sent to Jane Palsgrove Butler, Acting Associate Administrator for Financial Assistance, Small Business Administration, 409 Third Street, N.W., Washington, D.C. 20416.

**FOR FURTHER INFORMATION CONTACT:** Michael J. Dowd, Director, Office of Loan Programs, (202) 205-6570.

**SUPPLEMENTARY INFORMATION:** Section 103(c) of the 1996 legislation (Pub. L. 104-208) amends section 7(a) of the Small Business Act (15 U.S.C. 636(a)) and authorizes SBA to continue its LowDoc loan program through lenders with significant experience in making small business loans. Under the LowDoc program, SBA may guaranty repayment of up to 80% of a loan of \$100,000 or less made to a small business by a participating SBA lender. In the LowDoc program the SBA requires a

lender to submit less documentation to support its guaranty request than SBA requires for other loans guaranteed under section 7(a) of the Small Business Act. The 1996 legislation requires SBA to promulgate regulations defining the experience necessary for a lender to be designated as experienced.

SBA believes that an experienced lender should be an SBA qualified lender with significant current activity in making small loans to small businesses. SBA presently qualifies all of its participating lenders pursuant to section 410 of its regulations (13 CFR § 120.410). Once qualified, lenders enter into a guaranty agreement (SBA Form 750) with SBA. A lender's qualification can be revoked for failure to maintain regulatory compliance. SBA is satisfied that this qualification process is satisfactory to assure that only experienced and capable lenders participate in its programs.

SBA presently monitors the activity of lenders which participate in its programs and retains information regarding their SBA activity. In addition, while banking regulators do not require banks and thrift institutions to track or report lending activity with small businesses, they do require banks to report the number of small loans outstanding as of each "call report" date. SBA uses this data on commercial/industrial loans and for commercial real estate loans made by banks and thrifts to supplement the information it retains regarding qualified lenders.

SBA has reviewed the activity of its own portfolio of active lenders and that of the lending community at large to determine what constitutes a sufficient number of small loans for purposes of qualification as a LowDoc lender. It also reviewed its own requirements for the origination, servicing and liquidation capabilities of SBA guaranteed lenders. On the basis of that review, SBA is satisfied that a lender should qualify as having significant experience lending to small business concerns if it is: (1) a bank or thrift institution which has executed an SBA Form 750, Loan Guaranty Agreement, and which has at least 20 qualified loans outstanding as of the call report date closest to the date of its fiscal year end, or (2) an institution other than a bank or thrift institution which has executed a SBA Form 750, Loan Guaranty Agreement, and which has at least 20 qualified

loans outstanding as of its latest fiscal year end. A qualified loan is one which was initially approved in the amount of \$100,000 or less and is classified as a commercial, industrial, or commercial real estate loan for purposes of call reporting.

SBA will consider good cause exceptions to this definition on a case by case basis. Lenders seeking an exception should make their requests directly to the Associate Administrator for Financial Assistance.

Compliance With Regulatory Flexibility Act, Executive Orders 12866, 12612, and 12778, the Unfunded Mandates Act and the Paperwork Reduction Act

SBA certifies that this interim final rule will not have a significant impact on a substantial number of small entities for purposes of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) This rule only affects those banks that make fewer than 20 qualified loans to small business and want to participate in the SBA's LowDoc Loan Program. A qualified loan is one which was initially approved in the amount of \$100,000 or less and is classified as a commercial, industrial or commercial real estate loan for purposes of call reporting. Approximately 500 banks out of 10,000 will be affected by this rule.

SBA certifies that this interim final rule is not a "significant regulatory action" under Executive Order 12866. It does not have an annual effect on the economy of \$100 million or more and does not adversely affect in a material way the economy or any sector of the economy.

SBA certifies that this interim final rule will not have federalism implications warranting a Federalism Assessment under Executive Order 12612. SBA further certifies that this interim final rule will not add any new reporting or recordkeeping requirements under the Paperwork Reduction Act of 1980, 44 U.S.C., chapter 35. For purposes of Executive Order 12778, SBA certifies that this interim final rule is drafted, to the extent practicable, in accordance with the standards set forth in section 2 of that order.

Because this final rule is required to be promulgated by December 31, 1996, SBA is publishing it without opportunity for prior public comment pursuant to 5 U.S.C. 553(b)(A). However, SBA will consider any comments it receives with respect to

this final rule in making future adjustments.

(Catalog of Federal Domestic Assistance Program No. 59.012)

#### List of Subjects in 13 CFR Part 120

Loan programs—business, Small businesses.

Accordingly, pursuant to the authority contained in section 5(b)(6) of the Small Business Act (15 U.S.C. 634(b)(6)), SBA amends part 120, chapter I, title 13, Code of Federal Regulations, as follows:

### PART 120—BUSINESS LOANS

1. The authority citation for Part 120 continues to read as follows:

Authority: 15 U.S.C. 634(b)(6) and 636(a) and (h).

2. Section 120.410 is amended by removing “; and” at the end of paragraph (c), removing the period at the end of paragraph (d) and adding “; and” in its place, and adding a new paragraph (e) to read as follows:

#### **§ 120.410 Requirements for all participating Lenders.**

\* \* \* \* \*

(e) In order to make Low Documentation loans, be:

(1) A bank or thrift institution which has executed an SBA Form 750, Loan Guaranty Agreement, and which has at least 20 qualified loans outstanding as of the call report date closest to the date of its fiscal year end, or

(2) An institution other than a bank or thrift institution which has executed an SBA Form 750, Loan Guaranty Agreement, and which has at least 20 qualified loans outstanding as of its latest fiscal year end. For purposes of this paragraph (e), a qualified loan is one which was initially approved in the amount of \$100,000 or less and is classified as a commercial, industrial or commercial real estate loan for purposes of call reporting. A lender may request an exception to the requirements of this paragraph (e) from the SBA Associate Administrator for Financial Assistance.

Dated: December 30, 1996.

Philip Lader,  
Administrator.

[FR Doc. 97-103 Filed 1-2-97; 8:45 am]

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## DEPARTMENT OF TRANSPORTATION

### Federal Aviation Administration

#### 14 CFR Part 39

[Docket No. 96-NM-280-AD; Amendment 39-9868; AD 96-26-52]

RIN 2120-AA64

#### **Airworthiness Directives; Boeing Model 747 Series Airplanes**

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

**ACTION:** Final rule; request for comments.

**SUMMARY:** This document publishes in the Federal Register an amendment adopting Airworthiness Directive (AD) T96-26-52 that was sent previously to all known U.S. owners and operators of Boeing Model 747 series airplanes by individual telegrams. This AD requires repetitive inspections of the access doors to the midspar/spring beam fuse pins on all engine pylons to detect cracks on the external surface; repetitive inspections of each midspar/spring beam fuse pin to detect if it protrudes beyond its mating nut by a specified distance; and repair of any discrepancy found. This action is prompted by a report indicating that a fuse pin had migrated on an inboard spring beam fitting on the Number 1 engine pylon of a Boeing Model 747-400 airplane. The actions specified by this AD are intended to prevent migration of this fuse pin, which, if not detected and corrected in a timely manner, could result in failure of the engine pylon and consequent separation of the engine from the wing.

**DATES:** Effective January 8, 1997, to all persons except those persons to whom it was made immediately effective by telegraphic AD T96-26-52, issued December 20, 1996, which contained the requirements of this amendment.

Comments for inclusion in the Rules Docket must be received on or before March 4, 1997.

**ADDRESSES:** Submit comments in triplicate to the Federal Aviation Administration (FAA), Transport Airplane Directorate, ANM-103, Attention: Rules Docket No. 96-NM-280-AD, 1601 Lind Avenue, SW., Renton, Washington 98055-4056.

Service information pertaining to this rulemaking action 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 Airplane Directorate, 1601 Lind Avenue, SW., Renton, Washington.

#### FOR FURTHER INFORMATION CONTACT:

Tamara L. Dow, Aerospace Engineer, Airframe Branch, ANM-120S, FAA, 1601 Lind Avenue, SW., Renton, Washington 98055-4056, telephone (206) 227-2771; fax (206) 227-1181.

**SUPPLEMENTARY INFORMATION:** On December 20, 1996, the FAA issued telegraphic AD T96-26-52, which is applicable to certain Boeing Model 747 series airplanes.

That action was prompted by a report indicating that a fuse pin had migrated  $\frac{5}{8}$  inch out of an inboard spring beam fitting on the Number 1 engine pylon of a Boeing Model 747-400 series airplane. In addition, the mating nut to this pin had backed off approximately  $\frac{3}{10}$  inch from full engagement with the pin. The discrepant fuse pin was detected after maintenance personnel observed that the access door (part number 65B94112-43) to this fuse pin protruded outward from its adjacent pylon structure.

At the time this discrepancy was found, the airplane had accumulated 12,446 total hours time-in-service, and accomplished 1,439 total landings. Prior to delivery of this airplane in June 1994, the manufacturer had installed fuse pins in the spring beam fitting that are made of 15-5 corrosion resistant steel (“third generation pins”). These pins replaced existing pins made of 4330 or 4340 steel.

Migration of the fuse pin, if not detected and corrected in a timely manner, could result in failure of the engine pylon and consequent separation of the engine from the wing.

#### Other Relevant Rulemaking

The FAA previously had issued AD 95-13-05 [amendment 39-9285 (60 FR 33333, dated June 28, 1995; as corrected at 60 FR 35452, July 7, 1995)], which applies to certain Boeing Model 747 series airplanes equipped with Rolls Royce Model RB211 series engines. The FAA also had issued AD 95-13-06 [amendment 39-9286 (60 FR 33338, June 28, 1995; as corrected at 60 FR 37500, July 20, 1995)], which applies to certain Model 747 series airplanes equipped with General Electric Model CF6-80C2 series engines or Pratt & Whitney Model PW4000 series engines. These AD's, which are almost identical, require modification of the nacelle strut and wing structure of the applicable airplanes. Among the actions required by both AD's is the installation of a mechanical secondary retention to prevent the fuse pins for the midspar/spring beam fittings from migrating.

At the time the discrepancy described above was discovered, the nacelle strut and wing modification had not yet been accomplished on the incident airplane;