The Board has been asked by representatives of the automobile leasing industry—including leasing companies, automobile dealerships, and vendor support services—to delay the mandatory compliance date of the new Regulation M rules beyond October 1, 1997. The request is based on the current state of implementation of the new leasing software at the 22,500 new-car dealerships that arrange for automobile leases provided through approximately 9,000 independent lessors. Based on the information that they have shared, less than half of the dealerships have the necessary software programs in place that would enable them to produce computer-generated disclosure statements by October 1, 1997. In some cases, they would have in place only one of the five or six lessor programs that they typically make available to consumers. The alternative is to complete the leasing forms manually, with resultant delays and a great potential for errors that would subsequently have to be corrected.

The Board believes that consumers will not be well served by proceeding on the October 1 schedule. Accordingly, to better ensure that consumers receive accurate and meaningful lease disclosures, the Board has delayed the mandatory compliance date to January 1, 1998.

By order of the Board of Governors of the Federal Reserve System, September 25, 1997.

William W. Wiles,

Secretary of the Board.

[FR Doc. 97–25921 Filed 9–29–97; 8:45 am]

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FARM CREDIT ADMINISTRATION

12 CFR Parts 614 and 619

RIN 3052–AB64

Loan Policies and Operations; Definitions; Loan Underwriting

AGENCY: Farm Credit Administration.

ACTION: Final rule.

SUMMARY: The Farm Credit Administration (FCA), through the FCA Board (Board), issues a final rule amending its regulations relating to loan underwriting in response to comments received from the Board's initiative to reduce regulatory burden and in an effort to streamline the regulations and set clear minimum regulatory standards where appropriate. The Board's action eliminates unnecessary regulations, requires each Farm Credit System (System or FCS) institution to adopt loan underwriting policies and standards, and makes other changes to the regulations governing prudent credit administration.

EFFECTIVE DATE: These regulations shall be effective upon the expiration of 30 days during which either or both Houses of Congress are in session. Notice of the effective date will be published in the **Federal Register**.

FOR FURTHER INFORMATION CONTACT:

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or

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SUPPLEMENTARY INFORMATION: On April 15, 1996, the Board published proposed amendments to the regulations relating to loan underwriting, loan sale and purchase transactions, and the lending authority of production credit associations (PCAs). The amendments were proposed largely in furtherance of comments received on the Board's request for public comment on the appropriateness of requirements that the FCA regulations impose on the System. *See* 58 FR 34003 (June 23, 1993). The FCA has addressed many of those comments in previous rulemakings. The proposed amendments addressed the remaining regulatory burden issues that relate to loan underwriting and the independent credit judgment rule for loan sale and purchase transactions through agents. In addition to responding to the regulatory burden comments, the FCA also proposed other amendments to refocus regulatory requirements for loan underwriting, make the regulations more understandable and useful to the reader, set minimum regulatory standards, and make conforming amendments.

The FCA received a total of 20 comments on the proposed amendments. Seventeen (17) Farm Credit institutions and the Farm Credit Council (FCC) submitted comments. The FCA also received comments from the Appraisal Subcommittee of the Federal Financial Institutions Examination Council, and the American Society of Farm Managers and Rural Appraisers, Inc. (collectively, appraisal groups). In general, all of the System commenters expressed support for the proposed regulation and its goal of reducing regulatory burden. Most of the System commenters also supported FCA's proposals to streamline the regulations governing the bank/association relationship and place more decision-making authority and accountability with direct lender associations. One association commented favorably on the entire proposal and suggested no changes. Other System commenters stated that although the proposal is a large step toward reducing regulatory burden, it did not reduce enough burden in certain areas. Also, some banks and associations requested clarification of the proposed new responsibilities of associations and the remaining areas of bank direction and supervision of associations. The appraisal groups commented that although they understood the FCA's reasons for the proposed changes to §§ 614.4245 and 614.4250, the changes were inconsistent with the Uniform Standards of Professional Appraisal Practice (USPAP). The appraisal groups suggested alternatives for the FCA to achieve its objectives and ensure that appraisals remain in compliance with USPAP.

Specific comments and changes to the proposed amendments will be addressed in the section-by-section analysis of the comments that follows. Except for changes noted in the section-by-section analysis, the FCA adopts the proposed amendments as final. Specific comments relating to proposed § 614.4200(b), which contained requirements for obtaining borrower financial statements, will be addressed in the discussion of Subparts C and D—Bank/Association Lending Relationship and General Loan Policies for Banks and Associations. In order to provide readers with a guideline for the amended regulations, the following is a list of changes this final rule will make to parts 614 and 619:

Subpart A—Lending Authorities

§§ 614.4000 through 614.4050—Revised.

Subpart C—Bank/Association Lending Relationship

§§ 614.4100, 614.4110, and 614.4130—No changes made.
§ 614.4120—Revised.
§§ 614.4135 through 614.4145—Deleted.

Subpart D—General Loan Policies for Banks and Associations

§ 614.4150—Revised.
§ 614.4160—Deleted.
§ 614.4165—Revised.

Subpart E—Loan Terms and Conditions

§ 614.4200—Revised.

§§ 614.4210 through 614.4230—Deleted.

§ 614.4231—Revised.
§§ 614.4232 and 614.4233—No changes made.

Subpart F—Collateral Evaluation Requirements

§ 614.4245—Revised.

Subpart H—Loan Purchases and Sales

§ 614.4325—Revised.

Subpart J—Lending Limits

§ § 614.4355 and 614.4358—Revised.

Subpart O—Banks for Cooperatives Financing International Trade

§ 614.4810—Revised.

Part 619—Definitions

§§ 619.9165 and 619.9290—Removed.

I. Subpart A—Lending Authorities

The FCA received 12 comments on proposed § 614.4040, which codifies guidance that the FCA has provided to institutions regarding loans made by PCAs that have amortization schedules longer than 7 years. The commenters were evenly split, with 6 commenters expressing support for the proposal and 6 commenters objecting to the proposal. The comments received in support of the proposal generally stated that the provisions are appropriate for PCA lending and should not be broadened or modified. Two PCA commenters noted that the proposal was more than adequate to offer direction to direct lenders.

All except one of the commenters requesting modification of the proposal generally believe that it is too restrictive. They object to the proposed 15-year limitation on amortization periods for PCA loans because they assert that the statutory 15-year limit applies only to the term of the loan, not the loan amortization. Those commenters also stated that the prohibition against a PCA making loans solely to acquire real estate is without statutory basis and inconsistent with a PCA's ability to take ''owned'' real estate as collateral. They asserted their belief that the loan purpose restriction was implemented only to minimize competition between System institutions. These commenters suggested the following changes: (1) Apply the 15-year amortization restriction only to loans with 7 to 10-year terms; (2) delete any loan purpose restriction; and (3) clarify that the authorizing policy is the bank's not the association's. One PCA expressed agreement with the comments regarding the 15-year and loan purpose restrictions, but differed from the foregoing comments by urging that the authority for amortizing these loans should be through association policy rather than bank policy and control. One jointly managed PCA/Federal land bank association (FLBA) agreed with this PCA commenter and suggested that bank approval should not be required for association policies to exercise these authorities and that association board policies on this issue need only comply with general policies and standards of the funding bank.

A bank and a FLBA requested clarification of four issues regarding the loan purpose restriction under § 614.4040(a)(2): (1) Is the purpose of the loan limited only to financing of facilities; (2) if real estate is purchased along with a facility, must the real estate be integral to the operation or can the real estate be separate, unimproved land, such as two parcels that the seller will only sell together; (3) if the real estate can be separate, is there a limit on the value of the real estate versus the value of the facility; and (4) can a PCA make a loan solely for the purchase of real estate if the PCA has another production loan to the borrower?

With regard to the comment that Congress intended the 15-year limitation to apply only to loan term, rather than loan amortization, the FCA agrees, in part, with the commenters' interpretation of the Farm Credit Act of 1971, as amended (Act), and its legislative history. Under the Act, Federal land credit associations (FLCAs) have the authority to make loans with terms of greater than 15 years, while PCAs are limited to loan terms of less than 15 years. Although the 15-year limitation technically applies only to a loan's term, rather than a loan's amortization, 15 years is the outward limit of PCA loan-making authority approved by Congress. The FCA concludes that the 15-year limitation is consistent with the differing lending authorities of PCAs and FLCAs and recognizes the importance of the Act's distinction between long-term real estate lenders and short-and intermediate-term lenders. Based on the outward limits placed on loan term and the differences between PCA and FLCA lending authorities, the FCA continues to believe that the 15-year limitation is appropriate and adopts the limitation and the loan purpose restrictions as proposed. The FCA clarifies that the loan purpose restriction only applies to loans amortized for longer than the maximum loan term otherwise authorized for PCAs in § 614.4040(a)(1).

Since there is a possibility of competition between short- and long-term lenders in some areas if PCAs amortize loans over periods longer than their maximum authorized loan terms, the FCA believes that System borrowers would be best served if the institutions affected by this issue develop the policies to address it. Because both long- and short-term lenders are represented at the bank level, the bank, through its association directors and stockholders, is in the best position to develop a policy that appropriately considers the needs of the borrowers and the relationships and conditions existing in each district. Therefore, the FCA adopts as final the requirement that association authority to amortize loans under § 614.4040(a)(2) is pursuant to funding bank approval. The FCA also notes that, pursuant to section 1.10 of the Act, bank approval continues to be required for PCA authority to make loans with terms of more than 7, but not more than 10 years.

In response to the questions raised regarding the loan purpose restriction in § 614.4040(a)(2), the FCA concludes that the amortization authority in § 614.4040(a)(2) can be used for any authorized purpose for PCA lending, with the exception that it may not be used solely to finance the acquisition of unimproved real estate. Although the restriction excludes loans for the purpose of purchasing unimproved real estate (the real estate will be considered unimproved even though it may include minimal improvements, such as fencing), the authority in § 614.4040(a)(2) clearly provides for the acquisition of production facilities and the land upon which the facilities are located. There are many types of loans that fall between these two boundaries, including those addressed in the bank's questions. The FCA believes that the institutions involved should establish reasonable standards for judging compliance with the loan purpose restrictions for the same reasons that it believes that authority for the amortization period should be addressed in bank policy, i.e., it allows the amortization authority to be best tailored to the needs of the borrowers and the relationships between the institutions in each district. Therefore each PCA's policy, subject to bank approval, for implementing the authority in § 614.4040(a)(2) should clearly state under what circumstances such financing will occur. In response to the bank's fourth question, however, PCAs are not authorized to finance the acquisition of unimproved real estate under this authority solely because they also have outstanding production or equipment loans to the borrower.

Commenters also suggested two technical changes to § 614.4040(a)(2): (1) Change the point at which the underwriting criteria must be met for refinancing from ''maturity'' to the time of ''refinancing'' because a loan may be refinanced prior to its maturity date; and (2) change the term ''real estate'' to ''land'' to more clearly authorize the financing of buildings. The FCA agrees that the term ''refinance'' is more appropriate than ''maturity'' and has

amended the regulation accordingly. A borrower may wish to refinance a loan prior to the maturity date, and any refinancing cannot extend the ultimate repayment of the loan more than 15 years from the date of the original loan. The FCA believes that the clarifications provided in the previous paragraph should clear up any doubt that this authority may be used to finance buildings and other facilities. Therefore, the FCA adopts in final the term ''real estate'' as proposed.

The FCA also received 2 comments stating that the amended PCA amortization authority could result in agricultural credit associations (ACAs) having less authority to make short-and intermediate-term loans than PCAs. Although the FCA agrees with the commenters that ACAs should have at least the same authorities as PCAs, applying the provisions of § 614.4040(a)(2) to ACAs would have the unintended result of unnecessarily restricting ACAs' authority. Since there are no limitations in the Act on the length of amortizations for loans and the existing requirement in § 614.4220(c) that short-and intermediate-term loans with maturities in excess of 7 years must be amortized over the term of the loan will be deleted by this rule, there will be no restrictions on amortizations of loans made by an ACA. As stated above, the restriction on a PCA's amortization authority derives from the Act's distinction between long-and short-term lenders. Because an ACA may make short-, intermediate-, and long-term loans, there is no need to restrict amortizations for ACA loans. Therefore, the FCA believes that applying § 614.4040(a)(2) would unnecessarily restrict ACA lending and is not making the change requested.

II. Subparts C and D—Bank/Association Lending Relationship and General Loan Policies for Banks and Associations

The FCA proposed to clarify the role of Farm Credit Banks (FCBs) and agricultural credit banks (ACBs) in the supervision of associations' credit operations. The FCA believes that autonomy in association operations promotes accountability in many areas, including prudent lending operations. Also, the FCA believes that each direct lender, through its board of directors, should adopt and follow its own policies and procedures for operations. As noted previously, most of the commenters were in support of this change and philosophy. The final rule deletes existing §§ 614.4135, 614.4140, and 614.4145 as proposed. However, in taking this action, the FCA recognizes the continuing importance of general bank oversight of association credit activities that may have a material impact on the bank and on the association's ability to perform on its direct loan(s) from the bank.

The FCA proposed a new regulation, § 614.4150, to address credit supervision by each institution's board of directors and to require that loan policies and underwriting standards must be adopted by each direct lending institution. The FCA received six comment letters on proposed § 614.4150. The commenters sought clarification of the term ''measurable standards'' in § 614.4150(g) and stated that loan underwriting standards should not include specific ratios, such as debt coverage and liquidity, on which to base each loan decision. The commenters also felt that while there is support for measurable standards, documenting each loan not in compliance with each standard (§ 614.4150(i)) is unduly burdensome. They contend that standards should be applicable only to the primary portion of the loan portfolio or a majority of the industry or market that the lender finances and that the focus should be on documenting those loans in significant noncompliance with the standards as a whole. The FCC also suggested alternative language for § 614.4150(i) to encompass this philosophy.

The commenters are concerned that § 614.4150(i) requires that a single set of standards be applicable to all loans. In response, the FCA does not intend to require institutions to establish specific ratios that necessarily apply to all loans. It may be prudent to apply distinct ratios to differing loans. In developing standards, each direct lender is expected to identify the similar types of loans in their portfolios, based on such items as similar operations, sources of repayment, collateral, and economic or geographic characteristics, and to establish loan underwriting standards tailored to address the strengths and weaknesses of each type of loan and the institution's ability to absorb the risk posed by such loans. Such standards should include ratios, measures, scoring, and other specific credit evaluation tools appropriate to the portion of the portfolio being addressed and the institution's risk-bearing capacity. In addition to specific standards, general lending guidelines that have applicability to different types of loans can be useful in identifying risk and may be necessary for unusual loans that do not fit within any of the lenders' primary lending areas. A number of things will affect the level of detail in standards, such as the importance of loan type to the institution's portfolio and the level of risk in the type of loan, and the regulations do not prescribe a set formula.

Regarding documentation of noncompliance with the loan underwriting standards, the regulation requires that whenever a loan does not meet any of the standards established for that type of loan, the reason for making an exception to the standards and accepting the loan must be documented. The FCA believes that this documentation is critical on an individual loan basis and any burden that arises from this documentation is outweighed by the importance of the documentation to sound credit administration. The amount of loans that may require documentation of noncompliance and the detail of such documentation will vary according to the standards developed by each institution, and any burden of such documentation can be reduced by well-tailored, specific standards. Therefore, the FCA believes the requirements of § 614.4150 (g) and (i) are appropriate and adopts them as proposed with minor syntactical changes to paragraph (g).

The commenters also noted that proposed § 614.4150(h) does not entirely serve the purpose of existing § 614.4160(e) because a loan's structure should be determined not only by the loan's purpose, as required by § 614.4150(h), but also by the terms, conditions, and collateral, which are referenced in existing § 614.4160(e). The FCA has revised paragraph (h) to state that loan terms and conditions must be appropriate for the loan. Use of the term ''loan'' includes the requirement that the terms and conditions must be appropriate for the purpose of the loan and any other relevant criteria of the loan, such as collateral. The commenters also requested clarification that underwriting standards do not have to be included in the policies adopted by the institutions' boards of directors pursuant to § 614.4150. The FCA clarifies that loan underwriting standards must be adopted pursuant to board policies but are not required to be contained in board policies.

An FCB commenter asserted that the regulations should not be interpreted to prohibit banks from establishing ''bright line'' credit standards for associations in general financing agreements (GFAs). Further, the bank asserts that as long as the FCA approves GFAs, it can review any ''bright line'' standards for appropriateness through that avenue. If, on the other hand, the FCA removes the banks' ''regulatory authority'' to establish credit standards for direct lenders, the FCA should eliminate its

approval of GFAs and make clear that the GFAs can include bank approval of association credit standards and/or compliance with bank collateral requirements. The FCC requested clarification about the apparent conflict between the proposal and section 2.4(a) of the Act, which appears to say that PCAs are required to make loans under standards approved by the bank. Association commenters requested clarification that banks do not have to approve association lending policies.

In response to the comments regarding what should be included in GFAs, it is the FCA's general belief that banks can establish credit criteria for associations as appropriate to reflect the risks in the direct loans. This issue will be addressed in revisions to the regulations governing GFAs [1]. The provisions of this regulation reflect the FCA's views that detailed underwriting standards for direct lender loans are the responsibility of that lender.

Some commenters questioned whether § 614.4150 conflicts with the provisions of section 1.5(17) of the Act. Section 1.5(17) of the Act authorizes banks to adopt standards for lending. Nothing in the revised regulation prohibits the banks from continuing to adopt standards for making direct loans to direct lender associations and for FLBA lending. Some comments also questioned whether § 614.4150 is consistent with section 2.4(a) of the Act. In response, the banks will continue to develop standards appropriate to ensure repayment of the direct loan, which in turn helps ensure the safety and soundness of all of the institutions in the district. The FCA believes that section 2.4(a) neither requires that banks prescribe detailed association lending standards nor prohibits associations from adopting standards to govern their own lending operations. Therefore, the FCA believes that § 614.4150 is consistent with the Act.

The FCA received comments from the FCC and nine institutions regarding the proposed requirements for obtaining borrower financial statements in § 614.4200(b). Most of the commenters urged deleting all of proposed paragraph (b) except the first sentence. The commenters strongly believe that even though the financial statement provision was a significant reduction over existing requirements, the proposal did not go far enough. They asserted that the proposal was inconsistent with the FCA regulatory philosophy statement, the FCA Board Chairman's remarks in the FCA's 1995 annual report, Congressional intent in the Act, proposed § 614.4150, and the FCA's role as an arms-length regulator. They also asserted that the proposal was not necessary for safety and soundness. According to the commenters, this provision of the regulation micro-manages this one aspect of lending operations, which is in stark contrast with the overall objective of the proposed regulation to put loan underwriting in the hands of direct lenders. Commenters asserted that the thresholds for obtaining financial statements should not be set by regulation. Instead the standards should be set by each direct lender institution according to the institution's financial position, capital strength, risk-bearing ability, credit quality, portfolio, and operations of the individual institutions and borrowers (as applicable). The commenters contend that in this way safety and soundness will be better measured because standards will be developed on an institution-specific basis.

In addition, the commenters noted that a regulation requiring institutions to request financial statements at loan origination for all loans above a set threshold limits the institutions' ability to use credit scoring with creditworthy customers. They urged that a borrower's total lending relationship, if quite large, should not prevent the use of credit scoring on small transactions. Also, obtaining financial statements at each material servicing action is vague and could be costly to the System, especially where actions such as release of collateral pose no risk to the lender. The commenters also asserted that requesting financial statements can cause problems in enforcement. They stated that in their experience, very few borrowers respond to requests, requiring considerable time and money on the institution's part to obtain the statements, and that it has been especially difficult to enforce a financial statement submission requirement if a borrower meets all other loan obligations. Finally, the commenters stated that the requirement can needlessly drive away good borrowers and create a competitive disadvantage.

One commenter suggested that if the FCA maintains a requirement regarding financial statements, the requirement should only apply to adversely classified loans above $100,000. Another stated that if the requirement is maintained, ''material servicing action'' should be changed to ''any servicing action that materially increases the borrower's access to credit, reduces the institution's collateral protection, or otherwise materially increases the institution's risk position.'' Also, the threshold should be changed to $250,000. This commenter also urged changing ''less than acceptable'' to ''Substandard, Doubtful, and Loss.'' Finally, one PCA commenter supported the proposal and believes that the requirements for financial statements are appropriate.

After careful consideration of the issues surrounding borrower financial statements and the comments received on the proposed regulation, the FCA concludes that requiring each direct lender to develop standards for obtaining financial statements and other financial information is appropriate. The FCA does not adopt proposed § 614.4200(b) and, instead, incorporates the substance of the first sentence of this paragraph into the loan underwriting standards required by § 614.4150. This relocation reflects the decision to treat this issue as a loan underwriting standard rather than as loan terms and conditions. Section 614.4150(a) now requires that an institution's policies and procedures must prescribe the minimum supporting credit and financial information necessary and the frequency for collection of such information.

The final regulation requires that each institution include in its policies and procedures how and when to obtain and use financial information, including financial statements, to determine creditworthiness for repayment of loans. The policies must be specific as to when collection of items such as balance sheets, income statements, and statements of cashflows will be required and must address the times for their collection, such as at loan inception, when taking servicing actions, and periodically during the term of the loan. The requirements for setting parameters of when to obtain and use financial information must take into consideration basic criteria including, but not limited to, loan size, loan type, loan classification, frequency of payment, source of repayment, applicant's operation, and capital position and risk bearing capacity of the institution. The FCA will evaluate and determine the appropriateness of each institution's policies and procedures on lending practices, including collection of financial information, during the examination process.

As noted in the preamble to the proposed regulations, there are no industrywide standards for the size or complexity of loans warranting current and complete financial information. However, prudent credit practices dictate that risk be assessed in each

[1] The FCA published proposed amendments to the regulations governing GFAs on March 24, 1997 (62 FR 13842).

loan. The FCA continues to believe that the best method for assessing risk in certain loans is through analysis of items such as a balance sheet and income statement and considers the absence of information necessary to document loan performance expectations to be an unsafe and unsound lending practice. The FCA also notes that the approach for addressing the collection and use of financial statements in credit analysis in this final rule is consistent with the approach taken by other Federal financial institution regulatory agencies.

Finally, the FCA notes the commenters' concerns regarding potential reluctance of some borrowers to submit financial statements and requiring them to do so. However, the FCA believes that for loans where prudent lending dictates obtaining and evaluating financial statements, the safety and soundness benefits to the institution outweigh the potential negative reactions of borrowers. Thus, adequate controls for enforcing institution policies regarding obtaining financial statements are expected with implementation of this regulation.

Other than the changes previously noted to paragraphs (a), (h), and (i), the FCA adopts § 614.4150 as proposed. The FCA also notes that in instances where direct lending authority has not been transferred to the FLBAs, the banks must develop lending policies and standards that all FLBAs within their respective districts must follow in making credit decisions for the bank. Additionally, in certain circumstances where loss exposure accrues to individual FLBAs through loss-sharing agreements with the FCB, loan policies and standards may be needed by FLBAs to augment and supplement those established by their supervisory banks.

The FCA received three comments on proposed § 614.4165, which requires that bank lending policies give special consideration to the credit needs of young, beginning, and small farmers, ranchers, and producers or harvesters of aquatic products. The commenters recommended revising existing paragraph (e) to place the responsibilities for grouping specialized enterprises according to risk with the direct lender, whether bank or association. The FCA agrees with the comment and has revised existing paragraph (e) (now redesignated as paragraph (c)) to place the responsibility for grouping specialized enterprises with direct lenders, rather than with the banks, consistent with other changes in this final rule. Commenters were also concerned that the proposed changes in the regulation will result in additional regulatory burden by increasing reporting requirements. They requested clarification of narrative reporting requirements, asked whether definitions will be in call reports, and asked how the changes will reflect the requirements for special enterprises. In response to the commenters, the FCA clarifies that the reporting requirements, which are statutory, will not change as a result of the final amendments to § 614.4165. The amendments merely eliminate the duplication and inconsistencies that exist between the call reports and regulations. Also, necessary definitions will continue to be included in the call reports as they are now and may be modified as the young, beginning, and small farmer lending environment changes. Therefore, other than the changes noted to redesignated paragraph (c), the amendments to § 614.4165 are adopted as proposed.

III. Subpart E—Loan Terms and Conditions

The FCA received two comments on proposed § 614.4200(a)(1). The commenters suggested that the FCA change the language to refer solely to a ''written document or documents,'' because loan terms and conditions may be set forth in more than one document. The FCA recognizes that terms and conditions may be included in more than one document and to alleviate any confusion, amends § 614.4200(a)(1) to refer to a ''written document or documents.'' However, the FCA continues to list sample documents in the regulation and reiterates that the list is illustrative only, and does not require that terms and conditions be set forth in any particular written document.

The FCA also received three comments on § 614.4200(c)(1) regarding the security requirements for long-term real estate loans. An ACA commented that the proposed requirement that collateral taken to secure long-term real estate mortgages must consist primarily of agricultural real estate limits a System institution's ability to serve diversified agriculture and creditworthy customers. It asserted that properties in metropolitan areas, such as nurseries and properties purchased for the purpose of farming in the future, have high non-agricultural or commercial values, often over the agricultural value of the property. An FCB commenter supported the concept of the proposed amendment but stated that rather than focusing on the value of the collateral, the amount of agricultural collateral required should be based on the amount of the loan. The bank suggests that a better approach to preserve the rural focus of System lending is to require that the amount of money that may be loaned on the non-agricultural collateral cannot exceed the amount that could be loaned on the agricultural collateral. Finally, the commenter suggested that the FCA add ''buildings or improvements thereto'' after ''agricultural land'' because such improvements add value to the land.

The FCA believes that the requirement that the primary collateral must be more than 50 percent agricultural or rural land is consistent with the mandate in section 1.7(a)(1) of the Act that FCS institutions make real estate mortgage loans in rural areas. The FCA also recognizes and supports the position that lenders should take the maximum collateral possible and appropriate to ensure safe and sound lending. In order to clarify § 614.4200(b)(1), the FCA is specifying in the regulation that the collateral taken to meet the loan-to-value limitation in § 614.4200(b)(1) must be primarily agricultural or rural property. If collateral is available in addition to the collateral taken to meet the loan-to-value requirement, the lender can, and is strongly encouraged to, take any additional collateral that appropriately secures the loan. There is no requirement that this additional collateral be agricultural or rural property. In response to the commenters' questions, if the value of the non-agricultural or non-rural property taken as additional collateral is greater than the value of the collateral taken to meet the loan-to-value limitation, the excess value of such additional collateral will not result in a violation of this section.

Regarding the suggestion to add the words ''buildings and improvements'' after ''agricultural land,'' the FCA interprets the term ''agricultural land'' to include any buildings and improvements that have been made to the land and modifies proposed § 614.4200(c)(1) (now paragraph (b)(1)) to reference ''agricultural land and improvements made thereto.'' Such improvements are normally considered in establishing the value of the land for collateral purposes.

The FCA received a comment that institutions should have the authority to take a second lien on property serving as primary collateral to meet the loan-to-value ratio for agricultural loans, as long as the lender also holds the first lien on the property. Similar authority was proposed in § 614.4200(c)(4) for rural home loans, and the commenter stated that it should apply to agricultural loans as well. According to the commenter, having a second lien on property while already holding a first

lien to collateralize another loan results in the same level of security for the lender as having only a first lien position in another piece of property. Also, the commenter stated that the security requirements in the Act are the same for both rural home loans and agricultural loans. The FCA agrees with the commenters that the first lien loan security requirements in the Act are the same for all real estate mortgage loans. Therefore, the FCA amends § 614.4200(b)(1) to authorize lenders to take a second lien interest in real property if the lender already holds a first lien interest in the property, because the effective result of both liens is a first lien on the property. Except for this change, the clarification of agricultural land, and the changes previously discussed regarding relocating requirements for collection of financial information to § 614.4150 (and the redesignation of paragraphs as a result), § 614.4200 is adopted as proposed.

IV. Subpart F—Collateral Evaluation Requirements

The FCA received comments from two appraisal groups and four System institution commenters regarding proposed modifications to §§ 614.4245 and 614.4250. The appraisal groups concurred that there is a need to simplify the appraisal process in low-risk, small loan programs, but thought that the amendments proposed were not the best way to accomplish the simplification. The appraisal groups suggested that the USPAP contains sufficient flexibility to meet the collateral evaluation needs of small loan programs. They further suggested that if the use of limited appraisals under USPAP rule 1 and summary and restricted reports under rule 2 are not sufficient, the FCA could specify appropriate additional departures in regulations, which would allow appraisers to use the USPAP jurisdictional exception.

Since the publication of the collateral evaluation regulations in 1995, the FCA has received several requests to review those regulations, because institutions have asserted that certain provisions are potentially burdensome. The FCA proposed amendments to §§ 614.4245 and 614.4250 in an attempt to address those concerns. After reviewing the comments on the proposed amendments and reconsidering the requirements of the regulations and comments received on the collateral evaluation regulation subsequent to publication, the FCA has decided to withdraw the majority of the proposed amendments to §§ 614.4245 and 614.4250 and modify others.

The FCA believes that the departure provisions of USPAP are sufficient to meet the needs of System institutions in their small loan programs and encourages institutions to follow those provisions in developing small loan programs. Once those provisions are implemented, the FCA will consider whether modifications to the regulations are necessary to create a jurisdictional exception.[2] The FCA also welcomes institutions to contact the FCA for guidance in using the USPAP departure provisions in small loan programs.

The FCA received comments from System institutions to withdraw the $100,000 loan size limitation on small loan programs referenced in the proposed amendment to § 614.4245 and provide more flexibility for small real estate loans and loans for the purchase of new equipment and vehicles. The FCA agrees with the commenters that a $100,000 blanket limitation for all small loan programs is not appropriate. Regarding added flexibility, the FCA believes that the institutions can make use of the USPAP provisions mentioned above for both small real estate loans and loans for the purchase of new equipment and vehicles and that changes are not necessary. Therefore, the FCA withdraws the proposed amendments to § 614.4250. The FCA adopts as final the proposed amendments to § 614.4245(d), except that the word ''modified,'' the reference to § 614.4250(b), and the limitation that small loan programs consist of loans of $100,000 or less are removed and the term ''minimum information program'' is added in place of small loan program. With regard to these changes, the FCA notes that institutions with minimum information programs must set the parameters of those programs in their policies and loan underwriting standards. Such parameters should include, but are not necessarily limited to, portfolio limitations, maximum loan size, collateral requirements, and information required for documentation of repayment capacity.

V. Subpart H—Loan Purchases and Sales

The FCA received three comments, two from associations and one from the FCC, regarding the proposed restrictions in § 614.4325 on the funding bank serving as an agent for an association in purchasing loans. The commenters stated that restricting the funding bank from acting as an association's agent limits the System's potential for cooperating on a regional or national basis to serve rural America. They offered trade credit projects and other situations in which the FCA has said that the use of credit scoring is appropriate as examples of projects that would be impeded if the funding bank were prohibited from serving as an association's agent. The commenters also noted that the restriction is inconsistent with the FCA's recognition of direct lender associations' autonomy and responsibility for their own lending operations. Further, it is the commenters' belief that there are different relationships between banks and associations in different districts, and the FCA should not impinge on those relationships by regulation. Finally, the commenters suggested that if the FCA is unwilling to remove the restriction entirely, the FCA should adopt the position that the funding bank can be an association's agent, but the association has the authority to terminate the agency relationship with a 90-day notice to the bank.

In response to the commenters, the FCA notes that the restriction on a funding bank serving as an association's agent may appear inconsistent with the philosophy the FCA has adopted in these loan underwriting regulations that associations adopt their own lending standards and oversee their lending operations. However, the relationship between a funding bank and its associations can result in unequal bargaining positions between banks and associations and create conflicts with an association's ability to hold its agent, the funding bank, responsible for acting in the association's best interest. Thus, notwithstanding potential inconsistencies with association autonomy, the FCA believes it is necessary to take steps to minimize any damages caused by these conflicts. As suggested by the commenters, one way to minimize problems is to require institutions to include in the agency agreement a provision authorizing an association to terminate the agreement with notice to the funding bank. The FCA agrees with the commenters, but believes that termination alone would not be sufficient to remedy the damages caused by a bank's failure to act appropriately if an association has purchased loans prior to terminating the agency agreement. As a result, the FCA withdraws the proposed prohibition in § 614.4325 against a funding bank serving as an association's agent. The final regulation contains a provision for termination of the agency agreement

[2] A jurisdictional exception is intended to provide a saving or severability clause intended to preserve the balance of USPAP if one or more of the parts of USPAP are determined to be contrary to the law or public policy of a jurisdiction. FCA would have to establish a jurisdictional exception by regulation.

with no more than a 60-day notice to the bank, and in addition, requires a provision in the agreement that the bank would be required to purchase from the association any loans that the association, in its sole discretion, determines do not comply with the terms of the agency agreement or the association's loan underwriting standards. The added provision will provide a remedy to an association injured by a bank's breach of the agency agreement and minimize any possible effect of an unequal bargaining position between a bank and an association. In addition, although the commenters suggested 90 days, the FCA believes that a shorter time period for the notice provides greater flexibility for an association to act in situations in which the association believes that the bank may not be acting in its interest. Further, 60 days should give banks sufficient notice to make any arrangements necessary as result of termination of the agency agreement. In addition, the parties may, by mutual agreement, specify a notice period of less than 60 days. Other than withdrawing the funding bank restriction and adding the termination and damages provisions, the FCA adopts the amendments to subpart H as proposed.

Finally, except where previously noted in this supplementary information, the proposed amendments, including the many conforming amendments within subparts A, C, H, J, and Q of part 614 and in part 619, are adopted as final without change.

List of Subjects

12 CFR Part 614

Agriculture, Banks, banking, Flood insurance, Foreign trade, Reporting and recordkeeping requirements, Rural areas.

12 CFR Part 619

Agriculture, Banks, Banking, Rural areas.

For the reasons stated in the preamble, parts 614 and 619 of chapter VI, title 12 of the Code of Federal Regulations are amended to read as follows:

PART 614—LOAN POLICIES AND OPERATIONS

1. The authority citation for part 614 continues to read as follows:

Authority: 42 U.S.C. 4012a, 4104a, 4101b, 4106, and 4128; Secs. 1.3, 1.5, 1.6, 1.7, 1.9, 1.10, 2.0, 2.2, 2.3, 2.4, 2.10, 2.12, 2.13, 2.15, 3.0, 3.1, 3.3, 3.7, 3.8, 3.10, 3.20, 3.28, 4.12, 4.12A, 4.13, 4.13B, 4.14, 4.14A, 4.14C, 4.14D, 4.14E. 4.18, 4.18A, 4.19, 4.36, 4.37, 5.9, 5.10, 5.17, 7.0, 7.2, 7.6, 7.7, 7.8, 7.12, 7.13, 8.0, 8.5 of the Farm Credit Act (12 U.S.C. 2011, 2013, 2014, 2015, 2017, 2018, 2019, 2071, 2073, 2074, 2075, 2091, 2093, 2094, 2096, 2121, 2122, 2124, 2128, 2129, 2131, 2141, 2149, 2183, 2184, 2199, 2201, 2202, 2202a, 2202c, 2202d, 2202e, 2206, 2206a, 2207, 2219a, 2219b, 2243, 2244, 2252, 2279a, 2279a–2, 2279b, 2279b–1, 2279b–2, 2279f, 2279f–1, 2279aa, 2279aa–5); sec. 413 of Pub. L. 100–233, 101 Stat. 1568, 1639.

Subpart A—Lending Authorities

2. Section 614.4000 is amended by removing the words ''agricultural credit association of a Federal land credit association'' and adding in its place, the words ''agricultural credit association or a Federal land credit association'' in the introductory text of paragraph (f), and revising paragraph (a) to read as follows:

§ 614.4000 Farm Credit Banks.

(a) *Long-term real estate lending.* Except to the extent such authorities are transferred pursuant to section 7.6 of the Act, Farm Credit Banks are authorized, subject to the requirements in § 614.4200 of this part, to make real estate mortgage loans with maturities of not less than 5 years nor more than 40 years and continuing commitments to make such loans.

* * * * *

3. Section 614.4010 is amended by removing the reference ''§ 614.4230'' and adding in its place, the reference ''§ 614.4200'' in paragraphs (d)(1) and (d)(2); and revising paragraph (a) to read as follows:

§ 614.4010 Agricultural credit banks.

(a) *Long-term real estate lending.* Except to the extent such authorities are transferred pursuant to section 7.6 of the Act, agricultural credit banks are authorized, subject to the requirements of § 614.4200, to make real estate mortgage loans with maturities of not less than 5 years nor more than 40 years and continuing commitments to make such loans.

* * * * *

§ 614.4020 [Amended]

4. Section 614.4020 is amended by removing the reference ''614.4230'' and adding in its place, the reference ''614.4200'' in paragraphs (a)(1) and (a)(2).

5. Section 614.4030 is amended by revising paragraph (a) to read as follows:

§ 614.4030 Federal land credit associations.

(a) *Long-term real estate lending.* Federal land credit associations are authorized, subject to the requirements of § 614.4200, to make real estate mortgage loans with maturities of not less than 5 years nor more than 40 years and continuing commitments to make such loans.

* * * * *

6. Section 614.4040 is amended by removing paragraph (b); redesignating paragraphs (c) and (d) as new paragraphs (b) and (c), respectively; removing the reference ''paragraph (c)(2)'' and adding in its place, the reference ''paragraph (b)(2)'' in newly designated paragraph (b)(1); and by revising paragraph (a) to read as follows:

§ 614.4040 Production credit associations.

(a) *Loan terms.* (1) Production credit associations are authorized to make or guarantee loans and other similar financial assistance for the following terms:

(i) Not more than 7 years

(ii) More than 7 years, but not more than 10 years, subject to authorization in policies approved by the funding bank

(iii) Not more than 15 years to producers or harvesters of aquatic products for major capital expenditures, including but not limited to the purchase of vessels, construction or purchase of shore facilities, and similar purposes directly related to the producing or harvesting operation

(2) Subject to policies approved by the funding bank, production credit associations may amortize loans over a period greater than the loan terms authorized under paragraph (a)(1) of this section, provided that:

(i) The loan is amortized over a period not to exceed 15 years

(ii) The loan may be refinanced only if the lender determines, at the time of refinancing, that the loan meets its loan policy and underwriting criteria;

(iii) Any refinancing may not extend repayment beyond 15 years from the date of the original loan; and

(iv) The loan is not being made solely for the purpose of acquiring unimproved real estate; and

(3) Short-and intermediate-term loans shall be made with maturities that are appropriate for the purpose and underlying collateral of the loan and that comply with an institution's loan underwriting standards adopted pursuant to § 614.4150 and the general requirements of § 614.4200 of this part.

* * * * *

7. Section 614.4050 is amended by adding introductory text and by revising paragraphs (a) and (b) to read as follows:

§ 614.4050 Agricultural credit associations.

Agricultural credit associations are authorized to make or guarantee, subject

to the requirements of § 614.4200 of this part:

(a) *Long-term real estate mortgage loans* with maturities of not less than 5 nor more than 40 years, and continuing commitments to make such loans; and

(b) *Short-and intermediate-term loans* and provide other similar financial assistance for a term of not more than 10 years (15 years for aquatic producers and harvesters).

* * * * *

Subpart C—Bank/Association Lending Relationship

§ 614.4120 [Amended]

8. Section 614.4120 is amended by removing the words ''the factors set forth in §§ 614.4150 and 614.4160'' and adding in their place, the words ''the loan underwriting policies and standards adopted pursuant to § 614.4150'' in the last sentence of paragraph (a).

§§ 614.4135, 614.4140, and 614.4145 [Removed]

9. Sections 613.4135, 613.4140, and 614.4145 are removed.

Subpart D—General Loan Policies for Banks and Associations

§§ 614.4150, 614.4160, 614.4170 [Removed]

10. Sections 614.4150, 614.4160, and 614.4170 are removed.

11. New section 614.4150 is added to read as follows:

§ 614.4150 Lending policies and loan underwriting standards.

Under the policies of its board, each institution shall adopt written standards for prudent lending and shall issue written policies, operating procedures, and control mechanisms that reflect prudent credit practices and comply with all applicable laws and regulations. Written policies and procedures shall, at a minimum, prescribe:

(a) The minimum supporting credit and financial information, frequency for collection of information, and verification of information required in relation to loan size, complexity and risk exposure

(b) The procedures to be followed in credit analysis

(c) The minimum standards for loan disbursement, servicing and collections

(d) Requirements for collateral and methods for its administration

(e) Loan approval delegations and requirements for reporting to the board

(f) Loan pricing practices

(g) Loan underwriting standards that include measurable standards:

(1) For determining that an applicant has the operational, financial, and management resources necessary to repay the debt from cashflow

(2) That are appropriate for each loan program and the institution's risk-bearing ability; and

(3) That consider the nature and type of credit risk, amount of the loan, and enterprise being financed

(h) Requirements that loan terms and conditions are appropriate for the loan; and

(i) Such other requirements as are necessary for the professional conduct of a lending organization, including documentation for each loan transaction of compliance with the loan underwriting standards or the compensating factors or extenuating circumstances that establish repayment of the loan notwithstanding the failure to meet any one or more loan underwriting standard.

12. Section 614.4165 is amended by removing paragraphs (b) and (c); redesignating paragraphs (d) and (e) as new paragraphs (b) and (c) respectively; and revising paragraph (a) and the last sentence of newly designated paragraph (c) to read as follows:

§ 614.4165 Special credit needs.

(a) The board of each direct lender institution shall adopt policies to establish programs to provide credit and related services to young, beginning, and small farmers, ranchers, and producers or harvesters of aquatic products.

* * * * *

(c) * * * Where such programs are authorized, the direct lender institution board shall adopt appropriate policies that define criteria for the selection of specialized high-risk enterprises.

Subpart E—Loan Terms and Conditions

13. Section 614.4200 is revised to read as follows:

§ 614.4200 General requirements.

(a) *Terms and conditions.* (1) The terms and conditions of each loan made by a Farm Credit bank or association shall be set forth in a written document or documents, such as a loan agreement, promissory note, or other instrument(s) appropriate to the type and amount of the credit extension, in order to establish loan conditions and performance requirements. Copies of all documents executed by the borrower in connection with the closing of a loan made under titles I or II of the Act shall be provided to the borrower at the time of execution and at any time thereafter that the borrower requests additional copies.

(2) The terms and conditions of all loans shall be adequately disclosed in writing to the borrower not later than loan closing. For loans made under titles I and II of the Act, the institution shall provide prompt written notice of the approval of the loan.

(3) Applicants shall be provided notification of the action taken on each credit application in compliance with the requirements of 12 CFR 202.9.

(b) *Security.* (1) Long-term real estate mortgage loans must be secured by a first lien interest in real estate, except that the loans may be secured by a second lien interest if the institution also holds the first lien on the property. No funds shall be advanced, under a legally binding commitment or otherwise, if the outstanding loan balance after the advance would exceed 85 percent (or 97 percent as provided in section 1.10(a) of the Act) of the appraised value of the real estate, except that a loan on which private mortgage insurance is obtained may exceed 85 percent of the appraised value of the real estate to the extent that the loan amount in excess of 85 percent is covered by such insurance. The real estate that is used to satisfy the loan-to-value limitation must be comprised primarily of agricultural or rural property, including agricultural land and improvements thereto, a farm-related business, a marketing or processing operation, a rural residence, or real estate used as an integral part of an aquatic operation.

(2) Notwithstanding the requirements of paragraph (b)(1) of this section, the lending institution may advance funds for the payment of taxes or insurance premiums with respect to the real estate, reschedule loan payments, grant partial releases of security interests in the real estate, and take other actions necessary to protect the lender's collateral position. Any action taken that results in exceeding the loan-to-value limitation shall be in accordance with a policy of the institution's board of directors and adequately documented in the loan file.

(3) Short- and intermediate-term loans may be secured or unsecured as the documented creditworthiness of the borrower warrants.

(4) In addition to the requirements in paragraph (b)(1) of this section, a long-term, non-farm rural home loan, including a revolving line of credit, shall be secured by a first lien on the property, except that it may be secured by a second lien if the institution also holds the first lien on the property. A short- or intermediate-term loan on a rural home, including a revolving line of credit, must be secured by a lien on the

property unless the financing is provided exclusively for repairs, remodeling, or other improvements to the rural home, in which case the loan may be secured by other property or unsecured if warranted by the documented creditworthiness of the borrower.

(5) Except as provided in § 614.4231, loans made under title III of the Act may be secured or unsecured, as appropriate for the purpose of the loan and the documented creditworthiness of the borrower.

§§ 614.4210, 614.4220, 614.4222, 614.4230 [Removed]

14. Sections 614.4210, 614.4220, 614.4222, and 614.4230 are removed.

15. Section 614.4231 is revised to read as follows:

§ 614.4231 Certain seasonal commodity loans to cooperatives.

Loans on certain commodities that are part of government programs shall comply with the criteria established for those programs. Security taken on program commodities shall be consistent with prudent lending practices and ensure compliance with the government program. The bank shall provide for periodic review by bank officials of any custodial activities and shall provide notice to the custodians that their activities are subject to review and examination by the Farm Credit Administration.

Subpart F—Collateral Evaluation Requirements

16. Section 614.4245 is amended by adding a new paragraph (d) to read as follows:

§ 614.4245 Collateral evaluation policies.

* * * * *

(d) An institution's board of directors may adopt specific collateral evaluation requirements, consistent with the regulations in this subpart, for loans designated as part of a minimum information program.

Subpart H—Loan Purchases and Sales

17. Section 614.4325 is amended by removing the reference ''§ 614.4160'' and adding in its place, the words ''the loan underwriting standards adopted pursuant to § 614.4150'' in the fourth sentence of paragraph (e); revising paragraph (a)(1); and adding new paragraph (h) to read as follows:

§ 614.4325 Purchase and sale of interests in loans.

(a) * * *

(1) *Interests in loans* means ownership interests in the principal amount, interest payments, or any aspect of a loan transaction and transactions involving a pool of loans, including servicing rights.

* * * * *

(h) *Transactions through agents.* Transactions pertaining to purchases of loans, including the judgment on creditworthiness, may be performed through an agent, provided that:

(1) The institution establishes the necessary criteria in a written agency agreement that outlines, at a minimum, the scope of the agency relationship and obligates the agent to comply with the institution's underwriting standards;

(2) The institution periodically reviews the agency relationship to determine if the agent's actions are in the best interest of the institution;

(3) The agent must be independent of the seller or intermediate broker in the transaction; and

(4) If an association's funding bank serves as its agent, the agency agreement must provide that:

(i) The association can terminate the agreement upon no more than 60 days notice to the bank;

(ii) The association may, in its discretion, require the bank to purchase from the association any interest in a loan that the association determines does not comply with the terms of the agency agreement or the association's loan underwriting standards.

Subpart J—Lending Limits

§ 614.4355 [Amended]

18. Section 614.4355 is amended by removing the word ''seasonal'' and adding in its place, the word ''commodity'' the second place it appears in paragraphs (a)(6) and (b)(1) respectively, and in paragraph (a)(8).

§ 614.4358 [Amended]

19. Section 614.4358 is amended by removing the words ''on the credit factors set forth in § 614.4160'' and adding in their place, the words ''under the loan underwriting standards adopted pursuant to § 614.4150'' in paragraph (a)(1)(ii).

Subpart O—Banks for Cooperatives Financing International Trade

§ 614.4810 [Amended]

20. Section 614.4810 is amended by removing the words ''credit factors listed in § 614.4160'' and adding in their place, the words ''the loan underwriting standards adopted pursuant to § 614.4150'' in paragraph (b).

PART 619—DEFINITIONS

21. The authority citation for part 619 continues to read as follows:

Authority: Secs. 1.7, 2.4, 4.9, 5.9, 5.12, 5.17, 5.18, 7.0, 7.6, 7.7, 7.8 of the Farm Credit Act (12 U.S.C. 2015, 2075, 2160, 2243, 2246, 2252, 2253, 2279a, 2279b, 2279b–1, 2279b–2).

§§ 619.9165 and 619.9290 [Removed]

22. Sections 619.9165 and 619.9290 are removed.

Dated: September 24, 1997.

Floyd Fithian,

Secretary, Farm Credit Administration Board.

[FR Doc. 97–25934 Filed 9–29–97; 8:45 am]

BILLING CODE 6705–01–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 97–NM–218–AD; Amendment 39–10143; AD 97–20–05]

RIN 2120–AA64

Airworthiness Directives; British Aerospace Model HS 748 Series Airplanes

AGENCY: Federal Aviation Administration, DOT.

ACTION: Final rule; request for comments.

SUMMARY: This amendment adopts a new airworthiness directive (AD) that is applicable to all British Aerospace Model HS 748 series airplanes. This action requires installation of a modified aileron cable pulley guard and rubbing strips. 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 jamming or restricting of the aileron cable, which could lead to the loss of aircraft roll control.

DATES: Effective October 15, 1997.

The incorporation by reference of certain publications listed in the regulations is approved by the Director of the Federal Register as of October 15, 1997.

Comments for inclusion in the Rules Docket must be received on or before October 30, 1997.

ADDRESSES: Submit comments in triplicate to the Federal Aviation Administration (FAA), Transport Airplane Directorate, ANM–103, Attention: Rules Docket No. 97–NM–218–AD, 1601 Lind Avenue, SW., Renton, Washington 98055–4056.

The service information referenced in this AD may be obtained from AI(R) American Support, Inc., 13850 Mclearen