

Federal Reserve Bank	Rate	Effective
Richmond	4.75	August 24, 1999.
Atlanta	4.75	August 24, 1999.
Chicago	4.75	August 24, 1999.
St. Louis	4.75	August 24, 1999.
Minneapolis	4.75	August 25, 1999.
Kansas City	4.75	August 24, 1999.
Dallas	4.75	August 26, 1999.
San Francisco ...	4.75	August 24, 1999.

By order of the Board of Governors of the Federal Reserve System, August 30, 1999.

Jennifer J. Johnson,

Secretary of the Board.

[FR Doc. 99-22958 Filed 9-2-99; 8:45 am]

BILLING CODE 6210-01-P

SMALL BUSINESS ADMINISTRATION

13 CFR Parts 121 and 123

Pre-Disaster Mitigation Loans

AGENCY: Small Business Administration (SBA).

ACTION: Final rule.

SUMMARY: With this rule, SBA amends its disaster loan program regulations to implement a pilot program authorized by Congress in 1999. The authorization covers five fiscal years (from 2000 to 2004) and will allow SBA to make low interest, fixed rate loans to small businesses to use mitigation measures in support of Project Impact, a formal mitigation program established by the Federal Emergency Management Agency (FEMA).

DATES: This rule is effective October 1, 1999.

FOR FURTHER INFORMATION CONTACT: Bernard Kulik, Associate Administrator, Office of Disaster Assistance, 202-205-6734.

SUPPLEMENTARY INFORMATION: SBA amends part 123 of its regulations regarding disaster loans, based upon a proposed rule which was published on July 7, 1999 (64 FR 36617). Comments were due by August 6, 1999.

The final rule allows small businesses to obtain low interest, fixed rate loans for mitigation measures in support of Project Impact. In response to the problems of increasing costs and personal devastation caused by disasters, Congress authorized a pilot program for 5 fiscal years from 2000 through 2004. The Administration launched an effort to substitute preparedness for the current reliance on response and recovery in emergency management.

SBA supports this effort and wants to offer pre-disaster mitigation loans to

assist with disaster preparedness. This final rule will allow SBA to provide such loans to small businesses within Project Impact communities identified by FEMA. Currently, SBA disaster loans may be used only to repair or replace what was destroyed or damaged by disaster and to provide an additional 20 percent for mitigation measures after a disaster. To promote preparedness, this final rule will amend SBA's regulations to provide pre-disaster mitigation loans for small businesses. Such pre-disaster mitigation loans will allow small businesses to install mitigation devices that may prevent future damage.

SBA received several comments on the proposed rule. One comment requested that SBA modify its definition of mitigation in § 123.107 to include "any action taken to reduce or eliminate the long-term risk to human life and property from natural hazards" as defined by the Federal Emergency Management Agency in 44 CFR 206.401. SBA did not adopt this suggestion due to the difference in statutory language which authorizes the assistance provided by SBA and FEMA. However, SBA has included some of the mitigation examples suggested by the commenter in § 123.107. SBA also clarifies in § 123.107 that § 123.400 through § 123.407 address pre-disaster mitigation, while the last two sentences of § 123.107 address the amount of money that can be borrowed for mitigation after a disaster.

Another comment suggested that SBA establish a date for when size status is determined. SBA has adopted the suggestion in § 123.402, requiring that the applicant be a small business as of the date SBA accepts the application for processing. To clarify the conditions for eligibility, SBA moved portions of § 123.403 and § 123.406 in the proposed rule to § 123.402 in the final rule so that eligibility conditions are all in one section.

One of the conditions for eligibility is that a business, together with its affiliates, must be small as defined in part 121 of this Chapter. Section 121.302 sets forth criteria for when size status is determined for each of SBA's loan programs. Since the Pre-disaster Mitigation Loan Program will be a new pilot, § 121.302 does not include it. Although SBA did not propose to amend this section, it is necessary to amend § 121.302(c) to designate a date for determining size status for this pilot program.

One comment proposed that SBA include homeowners. SBA did not adopt this suggestion because the authorizing legislation for this pilot

program limits the assistance to small businesses.

Another comment suggested that SBA require that a small business must have been in the Project Impact community for at least one year, under the same ownership, at the location where mitigation was proposed prior to submitting a loan application. SBA has not adopted this suggestion because it would unnecessarily limit assistance under the pilot.

One comment suggested that SBA begin funding all approved loans on December 31, in the order that the applications were initially received. SBA did not adopt this suggestion because SBA is uncertain of the demand and does not want to limit the time period for approving and funding loans. SBA revised the text of § 123.404 to clarify that a business may borrow up to \$50,000 per year, and that approved loans will be funded in the order that SBA accepted the applications for processing. SBA also clarifies that it will consider projects that cost more than \$50,000 per year if the business can identify sources that will fund the amount above \$50,000.

Another commenter asked that SBA clarify in § 123.401 whether residential rental properties were eligible. The section has been changed to make it clear that SBA will accept applications from owners of commercial real estate (property primarily leased to business for commercial use). Owners of property held and leased primarily for residential use will not be eligible.

One commenter was concerned that SBA's verification of a project might subject SBA to potential liability if a mitigation project failed to perform as expected. In response to this suggestion, SBA revised § 123.401 to make it clear that SBA only verifies that the cost estimate is reasonable to accomplish the stated desired mitigation result, and that SBA does not guarantee that the mitigation measure will prevent damages from future disasters.

Also, SBA amended § 123.406 to clarify how and when it will provide notice of the availability of pre-disaster mitigation loans. Finally, SBA simplified language in subparagraph (c) of that section and § 123.407 regarding application processing, loan funding, and the process for reconsideration or appeal.

Compliance With Executive Orders 12612, 12988, and 12866, the Regulatory Flexibility Act (5 U.S.C. 601-612), and the Paperwork Reduction Act (44 U.S.C. Ch. 35)

SBA certifies that this final rule is not a significant rule within the meaning of

Executive Order 12866, since it is not likely to have an annual economic effect of \$100 million or more, result in a major increase in costs or prices, or have a significant adverse effect on competition or the U.S. economy.

SBA certifies that this final rule will not have a significant economic impact on a substantial number of small entities within the meaning of the Regulatory Flexibility Act, 5 U.S.C. 601–612.

SBA certifies that this final rule does not impose any additional reporting or recordkeeping requirements under the Paperwork Reduction Act, 44 U.S.C., chapter 35.

For purposes of Executive Order 12612, SBA certifies that this final rule has no federalism implications warranting preparation of a Federalism Assessment.

For purposes of Executive Order 12988, SBA certifies that this final rule is drafted, to the extent practicable, to accord with the standards set forth in section 3 of that Order.

List of Subjects

13 CFR Part 121

Government procurement, Government property, Grant programs—business, Loan programs—business, Small business.

13 CFR Part 123

Disaster assistance, Loan programs—business, Reporting and recordkeeping requirements, Small businesses.

For the reasons stated in the preamble, SBA amends 13 CFR parts 121 and 123 as follows:

PART 121—SMALL BUSINESS SIZE REGULATIONS

1. The authority citation for part 121 continues to read as follows:

Authority: Pub. L. 105–135 Sec. 601 *et seq.*, 111 Stat. 2592; 15 U.S.C. 632(a), 634(b)(6), 637(a), and 644(c); and Pub. L. 102–486, 106 Stat. 2776, 3133.

2. Revise § 121.302 to add a sentence at the end of paragraph (c) to read as follows:

§ 121.302 When does SBA determine the size status of an applicant?

* * * * *

(c) * * * For pre-disaster mitigation loans, size status is determined as of the date SBA accepts the application for processing.

* * * * *

PART 123—DISASTER LOAN PROGRAM

1. The authority citation for part 123 continues to read as follows:

Authority: 15 U.S.C. 634(b)(6), 636(b), 636(c) and 636(f); Pub. L. 102–395, 106 Stat. 1828, 1864; and Pub. L. 103–75, 107 Stat. 739.

2. In § 123.107, revise the second sentence and add a sentence at the end to read as follows:

§ 123.107 What is mitigation?

* * * Examples include elevation of flood prone structures, retaining walls, sea walls, grading and contouring land, relocating utilities, and retrofitting and strengthening structures to protect against high winds, earthquake, flood, wildfire, or other natural hazards. * * *

Sections 123.400 through 123.407 address pre-disaster mitigation.

3. Add an undesignated centerheading and §§ 123.400 through 123.407 to read as follows:

Pre-disaster Mitigation Loans

Sec.

123.400 What is a pre-disaster mitigation loan?

123.401 What types of mitigating measures are eligible for a pre-disaster mitigation loan?

123.402 What businesses are eligible to apply for pre-disaster mitigation loans?

123.403 When would my business not be eligible to apply for a pre-disaster mitigation loan?

123.404 How much can my business borrow with a pre-disaster mitigation loan?

123.405 What is the interest rate on a pre-disaster mitigation loan?

123.406 How do I apply for a pre-disaster mitigation loan and which loans will be funded?

123.407 What happens if SBA denies or withdraws my pre-disaster mitigation loan application?

Pre-disaster Mitigation Loans

§ 123.400 What is a pre-disaster mitigation loan?

Congress has authorized a pilot program for 5 fiscal years from 2000 through 2004 for SBA to make low interest, fixed rate loans to small businesses to use mitigation measures in support of Project Impact, a formal mitigation program established by the Federal Emergency Management Agency (FEMA).

§ 123.401 What types of mitigating measures are eligible for a pre-disaster mitigation loan?

Mitigation means specific measures taken by you to protect your real property or leasehold improvements from future disasters in Project Impact communities. If you are a landlord, the measures must be for protection of property leased primarily for commercial rather than residential purposes, to be determined on a

comparative square footage basis. Additionally, SBA will consider providing a pre-disaster mitigation loan for relocation if your commercial real property is located in a SFHA (Special Flood Hazard Area) and you relocate outside the SFHA but remain in the same Project Impact community. If the mitigation measures protect against a flood hazard, the applicant small business must be located in an existing structure in a SFHA. The local Project Impact coordinator will confirm that your proposed project is in accordance with specific Project Impact priorities and goals of that community. SBA will verify that the cost estimate is reasonable to accomplish each project to determine if the project is likely to accomplish the stated desired mitigation results. SBA verification and subsequent loan approval are not a guarantee that the project will prevent damages in future disasters.

§ 123.402 What businesses are eligible to apply for pre-disaster mitigation loans?

Each State, the District of Columbia, Puerto Rico, and the Virgin Islands have at least one FEMA Project Impact community. Only those small businesses located in Project Impact communities are eligible to apply for a pre-disaster mitigation loan. Your small business may be a sole proprietorship, partnership, corporation, limited liability company, or other legal entity recognized under State law. Your small business must have been in existence for at least one year prior to submitting an application for this loan. Your business (together with its affiliates) must be small (as defined in part 121 of this chapter) as of the date SBA accepts the application for processing, and SBA must also determine that the business, its affiliates and its owners do not have the financial resources to fund the mitigation measures without undue hardship.

§ 123.403 When would my business not be eligible to apply for a pre-disaster mitigation loan?

Your business is not eligible for a pre-disaster mitigation loan if it, together with its affiliates, fits into any of the categories in §§ 123.101, 123.201, and 123.301.

§ 123.404 How much can my business borrow with a pre-disaster mitigation loan?

Each borrower, together with its affiliates, may borrow up to \$50,000 per year. SBA will fund approved loans in the order in which SBA accepted the application for processing. SBA will consider mitigation measures that cost more than \$50,000 per year if the

business can identify sources that will fund the cost above \$50,000.

§ 123.405 What is the interest rate on a pre-disaster mitigation loan?

Your pre-disaster mitigation loan will have an interest rate of 4 percent per annum or less.

§ 123.406 How do I apply for a pre-disaster mitigation loan and which loans will be funded?

(a) At the beginning of each fiscal year commencing October 1st 1999, SBA will publish a declaration in the **Federal Register** announcing the availability of pre-disaster mitigation loans. The declaration will designate at least a 30 day application filing period in the first six months of the fiscal year, the application filing deadline, and the locations for obtaining and filing loan applications. Additional application periods may be announced each year depending on the availability of funds. In addition to the **Federal Register**, SBA will use FEMA and the local media to inform potential loan applicants where to obtain loan applications. SBA will not accept any applications after the announced deadline unless SBA reopens the application filing period.

(b) Complete an SBA pre-disaster mitigation loan application package which includes a written statement from the local Project Impact coordinator that the project is in accordance with the specific priorities and goals of the local community. The application must be filed during the announced filing period.

(c) An SBA Disaster Area Office will notify the Office of Disaster Assistance (ODA) when it has accepted a complete application for processing. The Area Office will approve, decline, or withdraw (stop processing) the application if the applicant does not give SBA required information. The Area Office will notify ODA of its decision. ODA will then direct the Area Office to make the loan based on availability of loan funds and the date SBA accepted the complete application package.

§ 123.407 What happens if SBA denies or withdraws my pre-disaster mitigation loan application?

(a) If SBA denies your loan application, SBA will notify you in writing and give you the specific reasons for the denial. If you disagree with SBA's decision, you may respond under § 123.13. If SBA approves your application after reconsideration or appeal, SBA will use the date the Area Office received the request for reconsideration or appeal to determine the order of funding.

(b) If SBA withdraws your loan application and you later submit the missing information, and SBA approves the loan, SBA will use the date it reaccepts the application to determine the order of funding.

Dated: August 27, 1999.

Aida Alvarez,
Administrator.

[FR Doc. 99-23051 Filed 9-2-99; 8:45 am]

BILLING CODE 8025-01-P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 99-NE-41-AD; Amendment 39-11285; AD 99-18-19]

RIN 2120-AA64

Airworthiness Directives; General Electric Company CF6-80A1/A3 and CF6-80C2A Series Turbofan Engines, Installed on Airbus Industrie A300-600 and A310 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 General Electric Company CF6-80A1/A3 and CF6-80C2A series turbofan engines, installed on Airbus Industrie A300-600 and A310 series airplanes. This action requires, prior to further flight, one of the following: performing a DPV pressure check for leakage, and, if necessary, replacing the DPV assembly with a serviceable assembly and performing an operational check of the thrust reverser, or deactivating the thrust reverser; or replacing the directional pilot valve (DPV) assembly with a serviceable assembly and performing an operational check of the thrust reverser. Thereafter, this AD requires one of these actions on a repetitive basis. If a thrust reverser is deactivated, this action requires, prior to further flight, revising the FAA-approved airplane flight manual (AFM) to require performance penalties to be applied for certain takeoff conditions. The AD also requires a revision to the Emergency Procedures Section of the FAA approved AFM to include a flightcrew operational procedure in the event of any indication of an in-flight thrust reverser deployment. This amendment is prompted by review of thrust reverser safety analyses following a report of inadvertent thrust reverser deployment on another make and model

engine. The actions specified in this AD are intended to prevent inadvertent thrust reverser deployment, which, if it occurred in-flight, could result in loss of control of the airplane.

DATES: Effective September 24, 1999.

The incorporation by reference of certain publications listed in the regulations is approved by the Director of the Federal Register as of September 24, 1999.

Comments for inclusion in the Rules Docket must be received on or before November 2, 1999.

ADDRESSES: Submit comments in triplicate to the Federal Aviation Administration (FAA), New England Region, Office of the Regional Counsel, Attention: Rules Docket No. 99-NE-41-AD, 12 New England Executive Park, Burlington, MA 01803-5299. Comments may also be sent via the Internet using the following address: "9-ane-adcomment@faa.gov". Comments sent via the Internet must contain the docket number in the subject line.

The service information referenced in this AD may be obtained from Middle River Aircraft Systems, Mail Point 46, 103 Chesapeake Park Plaza, Baltimore, MD 21220-4295, attn: Product Support Engineering; telephone (410) 682-0093, fax (410) 682-0100; and Airbus Industrie, 1 Rond Point Maurice Bellonte, 31707 Blagnac Cedex, France; telephone (33) 05.61.93.31.81, fax (33) 05.61.93.45.80. This information may be examined at the FAA, New England Region, Office of the Regional Counsel, 12 New England Executive Park, Burlington, MA; or at the Office of the Federal Register, 800 North Capitol Street, NW, suite 700, Washington, DC.

FOR FURTHER INFORMATION CONTACT: William S. Ricci, Aerospace Engineer, Engine Certification Office, FAA, Engine and Propeller Directorate, 12 New England Executive Park, Burlington, MA 01803-5299; telephone (781) 238-7742, fax (781) 238-7199.

SUPPLEMENTARY INFORMATION: The Federal Aviation Administration (FAA) received a report of inadvertent thrust reverser deployment on a Pratt & Whitney powered Airbus Industrie A300-600 series aircraft. Following that event, the FAA reviewed thrust reverser safety analyses on other make and model engines, including General Electric Company (GE) CF6-80A1/A3 and CF6-80C2A series turbofan engines. A review of thrust reverser actuation system (TRAS) shop findings and component failure rate data, test data, and system safety analyses revealed that a hidden failure mode involving the directional pilot valve (DPV) exists. The DPV controls the direction of the