

allocated equities otherwise includible pursuant to § 615.5301(b).

(2) Each association shall compute its core surplus ratio by deducting an amount equal to the net investment in the bank from its core surplus.

(3) The risk-adjusted asset base is the total dollar amount of the institution's assets adjusted in accordance with §§ 615.5301(b)(3) and 615.5330(b)(2), and weighted on the basis of risk in accordance with § 615.5210(f).

(c) An institution shall compute its risk-adjusted asset base, total surplus, and core surplus ratios using average daily balances for the most recent 3 months.

14. Section 615.5335 is revised to read as follows:

**§ 615.5335 Bank net collateral ratio.**

(a) Each bank shall achieve and at all times maintain a net collateral ratio of at least 103 percent.

(b) At a minimum, a bank shall compute its net collateral ratio as of the end of each month. A bank shall have the capability to compute its net collateral ratio a day after the close of a business day using the daily balances outstanding for assets and liabilities for that date.

**Subpart L—Establishment of Minimum Capital Ratios for an Individual Institution**

15. Section 615.5350 is amended by adding a new paragraph (b)(7) to read as follows:

**§ 615.5350 General—Applicability.**

\* \* \* \*

(b) \* \* \*

(7) An institution with significant exposures to declines in net income or in the market value of its capital due to a change in interest rates and/or the exercising of embedded or explicit options.

**Subpart M—Issuance of a Capital Directive**

16. Section 615.5355 is amended by revising paragraph (a)(4) to read as follows:

**§ 615.5355 Purpose and scope.**

(a) \* \* \*

(4) Take other action, such as reduction of assets or the rate of growth of assets, restrictions on the payment of dividends or patronage, or restrictions on the retirement of stock, to achieve the applicable capital ratios, or reduce levels of interest rate and other risk exposures, or strengthen management expertise, or improve management

information and measurement systems; or

\* \* \* \*

**PART 620—DISCLOSURE TO SHAREHOLDERS**

17. The authority citation for part 620 continues to read as follows:

**Authority:** Secs. 5.17, 5.19, 8.11 of the Farm Credit Act (12 U.S.C. 2252, 2254, 2279aa–11); sec. 424 of Pub. L. 100–233, 101 Stat. 1568, 1656.

**Subpart A—General**

**§ 620.1 [Amended]**

18. Section 620.1 is amended by removing the reference “§ 615.5201(j)” and adding in its place, the reference “§ 615.5201(l)” in paragraph (j).

**Subpart B—Annual Report to Shareholders**

**§ 620.5 [Amended]**

19. Section 620.5 is amended by removing the word “permanent” from paragraphs (d)(2), (g)(4)(v), and (g)(4)(vi); by revising paragraph (f)(3); and by adding paragraph (f)(4) to read as follows:

**§ 620.5 Contents of the annual report to shareholders.**

\* \* \* \*

(f) \* \* \*

(3) *For all banks* (on a bank-only basis):

- (i) Permanent capital ratio.
- (ii) Total surplus ratio.
- (iii) Core surplus ratio.
- (iv) Net collateral ratio.

(4) *For all associations:*

- (i) Permanent capital ratio.
- (ii) Total surplus ratio.
- (iii) Core surplus ratio.

\* \* \* \*

**PART 627—TITLE V CONSERVATORS AND RECEIVERS**

20. The authority citation for part 627 continues to read as follows:

**Authority:** Secs. 4.2, 5.9, 5.10, 5.17, 5.51, 5.58 of the Farm Credit Act (12 U.S.C. 2183, 2243, 2244, 2252, 2277a, 2277a–7).

**Subpart A—General**

21. Section 627.2710 is amended by revising paragraphs (b)(1) and (b)(3) to read as follows:

**§ 627.2710 Grounds for appointment of conservators and receivers.**

\* \* \* \*

(b) \* \* \*

(1) The institution is insolvent, in that the assets of the institution are less than its obligations to creditors and others,

including its members. For purposes of determining insolvency, “obligations to members” shall not include stock or allocated equities held by current or former borrowers.

\* \* \* \*

(3) The institution is in an unsafe and unsound condition to transact business, including having insufficient capital or otherwise. For purposes of this regulation, “unsafe or unsound condition” shall include, but shall not be limited to, the following conditions:

(i) For banks, a net collateral ratio of 102 percent.

(ii) For associations, collateral insufficient to meet the requirements of the association's general financing agreement with its affiliated bank.

(iii) For all institutions, permanent capital of less than one-half the minimum required level for the institution.

(iv) For all institutions, a relevant total surplus ratio of less than 2 percent.

(v) For associations, stock impairment.

\* \* \* \*

Dated: September 17, 1997.

**Floyd Fithian,**

*Secretary, Farm Credit Administration Board.*

[FR Doc. 97–25107 Filed 9–22–97; 8:45 am]

BILLING CODE 6705–01–P

**DEPARTMENT OF TRANSPORTATION**

**Federal Aviation Administration**

**14 CFR Part 39**

[Docket No. 97–NM–126–AD]

RIN 2120–AA64

**Airworthiness Directives; Saab Model SAAB 2000 Series Airplanes**

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

**ACTION:** Notice of proposed rulemaking (NPRM).

**SUMMARY:** This document proposes the adoption of a new airworthiness directive (AD) that is applicable to certain Saab Model SAAB 2000 series airplanes. This proposal would require inspection of the two-way check valve on the engine fire extinguishing system for discrepancies, and corrective action, if necessary. This proposal is prompted by issuance of mandatory continued airworthiness information by a foreign civil airworthiness authority. The actions specified by the proposed AD are intended to prevent discrepancies of the check valve, which could result in improper functioning of the engine fire extinguishing system.

**DATES:** Comments must be received by October 21, 1997.

**ADDRESSES:** Submit comments in triplicate to the Federal Aviation Administration (FAA), Transport Airplane Directorate, ANM-103, Attention: Rules Docket No. 97-NM-126-AD, 1601 Lind Avenue, SW., Renton, Washington 98055-4056. Comments may be inspected at this location between 9:00 a.m. and 3:00 p.m., Monday through Friday, except Federal holidays.

The service information referenced in the proposed rule may be obtained from Saab Aircraft AB, S-581.88, Linköping, Sweden. This information may be examined at the FAA, Transport Airplane Directorate, 1601 Lind Avenue, SW., Renton, Washington.

**FOR FURTHER INFORMATION CONTACT:** Ruth Harder, Aerospace Engineer, Standardization Branch, ANM-113, FAA, Transport Airplane Directorate, 1601 Lind Avenue, SW., Renton, Washington 98055-4056; telephone (425) 227-1721; fax (425) 227-1149.

#### **SUPPLEMENTARY INFORMATION:**

##### **Comments Invited**

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

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

Commenters wishing the FAA to acknowledge receipt of their comments submitted in response to this notice must submit a self-addressed, stamped postcard on which the following statement is made: "Comments to Docket Number 97-NM-126-AD." The postcard will be date stamped and returned to the commenter.

##### **Availability of NPRMs**

Any person may obtain a copy of this NPRM by submitting a request to the FAA, Transport Airplane Directorate, ANM-103, Attention: Rules Docket No. 97-NM-126-AD, 1601 Lind Avenue, SW., Renton, Washington 98055-4056.

##### **Discussion**

The Luftfartsverket (LFV), which is the airworthiness authority for Sweden, advises that, during production testing, the ball in the two-way check valve on the engine fire extinguishing system of certain Saab Model SAAB 2000 series airplanes was stuck due to excessive pressure from the test equipment. Discrepancies of the check valve of the fire extinguishing system, if not corrected, could result in improper functioning of the engine fire extinguishing system.

##### **Explanation of Relevant Service Information**

Saab has issued Service Bulletin 2000-26-010, dated July 5, 1996, which describes procedures for inspection of the two-way check valve on the engine fire extinguishing system for discrepancies, and corrective action, if necessary. The LFV classified this service bulletin as mandatory and issued Swedish Airworthiness Directive SAD No. 1-099, dated July 8, 1996, in order to assure the continued airworthiness of these airplanes in Sweden.

##### **FAA's Conclusions**

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

##### **Explanation of Requirements of Proposed Rule**

Since an unsafe condition has been identified that is likely to exist or develop on other airplanes of the same type design registered in the United States, the proposed AD would require accomplishment of the actions specified in the service bulletin described previously.

##### **Cost Impact**

The FAA estimates that 3 airplanes of U.S. registry would be affected by this proposed AD, that it would take approximately 4 work hours per airplane to accomplish the proposed actions, and that the average labor rate is \$60 per work hour. Based on these figures, the cost impact of the proposed AD on U.S. operators is estimated to be \$720, or \$240 per airplane.

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

##### **Regulatory Impact**

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

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

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

Air transportation, Aircraft, Aviation safety, Safety.

##### **The Proposed Amendment**

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

##### **PART 39—AIRWORTHINESS DIRECTIVES**

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

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

**§ 39.13 [Amended]**

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

**Saab Aircraft AB:** Docket 97–NM–126–AD.

**Applicability:** Model SAAB 2000 series airplanes having serial numbers –002 through –043 inclusive, certificated in any category.

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

**Compliance:** Required as indicated, unless accomplished previously.

To prevent discrepancies of the check valve, which could result in improper functioning of the engine fire extinguishing system, accomplish the following:

(a) Within 2 months after the effective date of this AD, perform an inspection of the two-way check valve on the engine fire extinguishing system for discrepancies, in accordance with Saab Service Bulletin 2000–26–010, dated July 5, 1996. If any discrepancy is found, prior to further flight, install a new two-way check valve in accordance with the service bulletin.

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

**Note 2:** Information concerning the existence of approved alternative methods of compliance with this AD, if any, may be obtained from the Standardization Branch, ANM–113.

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

Issued in Renton, Washington, on September 17, 1997.

**James V. Devany,**

*Acting Manager, Transport Airplane Directorate, Aircraft Certification Service.*

[FR Doc. 97–25168 Filed 9–22–97; 8:45 am]

BILLING CODE 4910–13–U

**SOCIAL SECURITY ADMINISTRATION****20 CFR Part 404**

RIN 0960–AE42

**Federal Old-Age, Survivors, and Disability Insurance; Determining Disability and Blindness; Revision to Medical-Vocational Guidelines**

**AGENCY:** Social Security Administration.

**ACTION:** Proposed rules.

**SUMMARY:** We propose to clarify § 201.00(h) of the medical-vocational guidelines in appendix 2 of subpart P of regulations part 404. This section provides guidance for evaluating disability in individuals under age 50 who have a severe impairment(s) that does not meet or equal in severity the criteria of any listed impairment in appendix 1 of subpart P, but who have a residual functional capacity for no more than the full range of sedentary work and cannot do any past relevant work. The proposed revisions are intended only to clarify the current rules; they are not intended to change any policies.

**DATES:** To be sure your comments are considered, we must receive them no later than November 24, 1997.

**ADDRESSES:** Comments should be submitted in writing to the Commissioner of Social Security, P.O. Box 1585, Baltimore, MD 21235, sent by telefax to (410) 966–2830, sent by e-mail to “regulations@ssa.gov,” or delivered to the Division of Regulations and Rulings, Social Security Administration, 3–B–1 Operations Building, 6401 Security Boulevard, Baltimore, MD 21235, between 8:00 a.m. and 4:30 p.m. on regular business days. Comments may be inspected during these same hours by making arrangements with the contact person shown below.

**FOR FURTHER INFORMATION CONTACT:**

Robert Augustine, Legal Assistant, Division of Regulations and Rulings, Social Security Administration, 6401 Security Boulevard, Baltimore, MD 21235, (410) 966–5121 for information about these rules. For information on eligibility or claiming benefits, call our national toll-free number, 1–800–772–1213.

**SUPPLEMENTARY INFORMATION:** The Social Security Act (the Act) provides in title II for the payment of disability benefits to workers insured under the Act. Title II also provides, under certain circumstances, child's insurance benefits for persons who become disabled before age 22 and widow's and widower's insurance benefits based on disability for widows, widowers, and surviving divorced spouses of insured individuals. In addition, the Act provides in title XVI for supplemental security income (SSI) payments to persons who are disabled and have limited income and resources.

For adults under both the title II and title XVI programs and for persons claiming child's insurance benefits based on disability under title II, “disability” is defined in the Act as the “inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.” Sections 223(d) and 1614(a) of the Act also state that the individual “shall be determined to be under a disability only if his physical or mental impairment or impairments are of such severity that he is not only unable to do his previous work but cannot, considering his age, education, and work experience, engage in any other kind of substantial gainful work which exists in the national economy, regardless of whether such work exists in the immediate area in which he lives, or whether a specific job vacancy exists for him, or whether he would be hired if he applied for work.”

To implement the process for determining whether an individual is disabled based upon this statutory definition, our longstanding regulations at §§ 404.1520 and 416.920 provide for a five-step sequential evaluation process as follows:

1. Is the claimant engaging in substantial gainful activity? If the claimant is working and the work is substantial gainful activity, we find that he or she is not disabled. Otherwise, we proceed to step 2 of the sequence.

2. Does the claimant have an impairment or combination of impairments which is severe? If the claimant does not have an impairment or combination of impairments which is severe, we find that he or she is not disabled. If the claimant has an impairment or combination of impairments which is severe, we proceed to step 3 of the sequence.