

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 or 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 below 102 percent.

(ii) For associations, a default by the association of one or more terms of its general financing agreement with its affiliated bank that the Farm Credit Administration determines to be a material default.

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

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

(v) For associations, stock impairment.

\* \* \* \* \*

Dated: July 15, 1998.

**Floyd Fithian,**

*Secretary, Farm Credit Administration Board.*

[FR Doc. 98-19394 Filed 7-21-98; 8:45 am]

BILLING CODE 6705-01-P

**DEPARTMENT OF TRANSPORTATION**

**Federal Aviation Administration**

**14 CFR Part 39**

[Docket No. 98-CE-31-AD; Amendment 39-10671; AD 98-15-20]

RIN 2120-AA64

**Airworthiness Directives; Glaser-Dirks Flugzeugbau GmbH Model DG-500M Gliders**

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

**ACTION:** Final rule.

**SUMMARY:** This amendment adopts a new airworthiness directive (AD) that applies to all Glaser-Dirks Flugzeugbau GmbH (Glaser-Dirks) Model DG-500M gliders. This AD requires inspecting the center of gravity (C.G.) tow release cable pulley for correct positioning, and replacing the C.G. tow release cable pulley with one made of aluminum either immediately or eventually depending on the results of the inspection. This AD is the result of mandatory continuing airworthiness information (MCAI) issued by the airworthiness authority for Germany. The actions specified by this AD are intended to prevent the C.G. tow release cable from coming off the pulley because of incorrect positioning, which could result in the pilot being unable to release from tow operations.

**DATES:** Effective September 9, 1998.

The incorporation by reference of certain publications listed in the regulations is approved by the Director of the **Federal Register** as of September 9, 1998.

**ADDRESSES:** Service information that applies to this AD may be obtained from DG Flugzeugbau GmbH, Postfach 4120, D-76625 Bruchsal 4, Germany; telephone: +49 7257-89-0; facsimile: +49 7257-8922. This information may also be examined at the Federal Aviation Administration (FAA), Central Region, Office of the Regional Counsel, Attention: Rules Docket No. 98-CE-31-AD, Room 1558, 601 E. 12th Street, Kansas City, Missouri 64106; or at the Office of the Federal Register, 800 North Capitol Street, NW, suite 700, Washington, DC.

**FOR FURTHER INFORMATION CONTACT:** Mr. Mike Kiesov, Aerospace Engineer, Small Airplane Directorate, Aircraft Certification Service, FAA, 1201 Walnut, suite 900, Kansas City, Missouri 64106; telephone: (816) 426-6934; facsimile: (816) 426-2169.

#### **SUPPLEMENTARY INFORMATION:**

#### **Events Leading to the Issuance of This AD**

A proposal to amend part 39 of the Federal Aviation Regulations (14 CFR part 39) to include an AD that would apply to Glaser-Dirks Model DG-500M gliders was published in the **Federal Register** as a notice of proposed rulemaking (NPRM) on April 27, 1998 (63 FR 20545). The NPRM proposed to require inspecting the C.G. tow release cable pulley for correct positioning, and replacing the C.G. tow release cable pulley with one made of aluminum, part no. S 30, either immediately or eventually depending on the results of the inspection. Accomplishment of the proposed action as specified in the NPRM would be in accordance with Glaser-Dirks Technical Note No. 843-9, dated November 21, 1997.

The NPRM was the result of mandatory continuing airworthiness information (MCAI) issued by the airworthiness authority for Germany.

Interested persons have been afforded an opportunity to participate in the making of this amendment. No comments were received on the proposed rule or the FAA's determination of the cost to the public.

#### **The FAA's Determination**

After careful review of all available information related to the subject presented above, the FAA has determined that air safety and the public interest require the adoption of the rule as proposed except for minor

editorial corrections. The FAA has determined that these minor corrections will not change the meaning of the AD and will not add any additional burden upon the public than was already proposed.

#### **Compliance Time of This AD**

Although the C.G. tow release cable coming off the pulley would only be an unsafe condition during flight and would only occur after repeated glider operation, the FAA has no basis to determine the approximate number of hours time-in-service (TIS) when the unsafe condition is likely to occur. For example, the unsafe condition referenced in this AD could occur on a glider with 10 hours TIS, but not occur until 500 hours TIS on another glider. For this reason, the FAA has determined that a compliance based on calendar time should be utilized in this AD in order to assure that the unsafe condition is addressed on all gliders in a reasonable time period.

#### **Cost Impact**

The FAA estimates that 5 gliders in the U.S. registry will be affected by this AD, that it will take approximately 2 workhours per glider to accomplish this action, and that the average labor rate is approximately \$60 an hour. Parts cost approximately \$20 per glider. Based on these figures, the total cost impact of this AD on U.S. operators is estimated to be \$700, or \$140 per glider.

#### **Regulatory Impact**

The regulations adopted herein will 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 final rule does not have sufficient federalism implications to warrant the preparation of a Federalism Assessment.

For the reasons discussed above, I certify that this action (1) is not a "significant regulatory action" under Executive Order 12866; (2) is not a "significant rule" under DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979); and (3) 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 final 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, Incorporation by reference, Safety.

#### **Adoption of the Amendment**

Accordingly, pursuant to the authority delegated to me by the Administrator, the Federal Aviation Administration amends 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 a new airworthiness directive (AD) to read as follows:

**98-15-20 Glaser-Dirks Flugzeugbau GmbH:**  
Amendment 39-10671; Docket No. 98-CE-31-AD.

**Applicability:** Model DG-500M gliders, all serial numbers, certificated in any category.

**Note 1:** This AD applies to each glider 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 gliders 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 (e) 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 in the body of this AD, unless already accomplished.

To prevent the center of gravity (C.G.) tow release cable from coming off the pulley because of incorrect positioning, which could result in the pilot being unable to release from tow operations, accomplish the following:

(a) Within the next 30 calendar days after the effective date of this AD, inspect the C.G. tow release cable pulley for correct positioning in accordance with the Instructions section of Glaser-Dirks Technical Note No. 843-9, dated November 21, 1997. If any tow release pulley is found out-of-center during this inspection, prior to further flight, replace the C.G. tow release cable pulley with one made of aluminum, part no. S 30. Accomplish this replacement in accordance with the technical note.

(b) Within the next 6 calendar months after the effective date of this AD, unless already accomplished as required by paragraph (a) of this AD, replace the C.G. tow release cable pulley with one made of aluminum, part no.

S 30. Accomplish this replacement in accordance with the Instructions section of Glaser-Dirks Technical Note No. 843-9, dated November 21, 1997.

(c) The replacement required by paragraph (b) of this AD may be accomplished at any time prior to the required time, including in lieu of the inspection required by paragraph (a) of this AD.

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

(e) An alternative method of compliance or adjustment of the compliance times that provides an equivalent level of safety may be approved by the Manager, Small Airplane Directorate, FAA, 1201 Walnut, suite 900, Kansas City, Missouri 64106. The request shall be forwarded through an appropriate FAA Maintenance Inspector, who may add comments and then send it to the Manager, Small Airplane Directorate.

**Note 2:** Information concerning the existence of approved alternative methods of compliance with this AD, if any, may be obtained from Small Airplane Directorate.

(f) Questions or technical information related to Glaser-Dirks Technical Note No. 843-9, dated November 21, 1997, should be directed to DG Flugzeugbau GmbH, Postfach 4120, D-76625 Bruchsal 4, Germany; telephone: +49 7257-89-0; facsimile: +49 7257-8922. This service information may be examined at the FAA, Central Region, Office of the Regional Counsel, Room 1558, 601 E. 12th Street, Kansas City, Missouri 64106.

(g) The inspection and replacement required by this AD shall be done in accordance with Glaser-Dirks Technical Note No. 843-9, dated November 21, 1997. This incorporation by reference was approved by the Director of the Federal Register in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. Copies may be obtained from DG Flugzeugbau GmbH, Postfach 4120, D-76625 Bruchsal 4, Germany. Copies may be inspected at the FAA, Central Region, Office of the Regional Counsel, Room 1558, 601 E. 12th Street, Kansas City, Missouri, or at the Office of the Federal Register, 800 North Capitol Street, NW, suite 700, Washington, DC.

**Note 3:** The subject of this AD is addressed in German AD 1998-023, dated January 15, 1998.

(h) This amendment becomes effective on September 9, 1998.

Issued in Kansas City, Missouri, on July 14, 1998.

**Marvin R. Nuss,**

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

[FR Doc. 98-19333 Filed 7-21-98; 8:45 am]

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## DEPARTMENT OF TRANSPORTATION

### Federal Aviation Administration

#### 14 CFR Part 39

[Docket No. 98-CE-27-AD; Amendment 39-10670; AD 98-15-19]

RIN 2120-AA64

#### **Airworthiness Directives; Aeromot-Industria Mecanico Metalurgica Ltda. Model AMT-200 Powered Gliders**

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

**ACTION:** Final rule.

**SUMMARY:** This amendment adopts a new airworthiness directive (AD) that applies to certain Aeromot-Industria Mecanico Metalurgica Ltda. (Aeromot) Model AMT-200 powered gliders. This AD requires replacing certain flexible hoses in the engine oil system with flexible hoses with a larger internal diameter. This AD is the result of mandatory continuing airworthiness information (MCAI) issued by the airworthiness authority for Brazil. The actions specified by this AD are intended to prevent inefficiency of the engine lubricating system because of ineffective flexible hoses, which could result in an in-flight engine shutdown with consequent loss of powered glider controllability.

**DATES:** Effective September 7, 1998.

The incorporation by reference of certain publications listed in the regulations is approved by the Director of the Federal Register as of September 7, 1998.

**ADDRESSES:** Service information that applies to this AD may be obtained from Grupo Aeromot, Aeromot-Industria Mecanico Metalurgica Ltda., Av. das Industrias-1210, Bairro Anchieta, Caixa Postal 8031, 90200-Porto Alegre-RS, Brazil. This information may also be examined at the Federal Aviation Administration (FAA), Central Region, Office of the Regional Counsel, Attention: Rules Docket No. 98-CE-27-AD, Room 1558, 601 E. 12th Street, Kansas City, Missouri 64106; or at the Office of the Federal Register, 800 North Capitol Street, NW, suite 700, Washington, DC.

**FOR FURTHER INFORMATION CONTACT:** Mr. Curtis Jackson, Aerospace Engineer, FAA, Atlanta Aircraft Certification Office, One Crown Center, 1895 Phoenix Blvd., suite 450, Atlanta, Georgia 30349; telephone: (770) 703-6083; facsimile: (770) 703-6097.

## SUPPLEMENTARY INFORMATION:

### **Events Leading to the Issuance of This AD**

A proposal to amend part 39 of the Federal Aviation Regulations (14 CFR part 39) to include an AD that would apply to certain Aeromot Model AMT-200 powered gliders was published in the **Federal Register** as a notice of proposed rulemaking (NPRM) on April 30, 1998 (63 FR 23685). The NPRM proposed to require replacing any engine oil system hose, part number 10702, 10703, or 10704, with a hose with a larger internal diameter, part number 10706, 10707, or 10708. Accomplishment of the proposed action as specified in the NPRM would be in accordance with Aeromot Service Bulletin B.S. No. 200-79-036, Issue Date: January 30, 1997.

The NPRM was the result of mandatory continuing airworthiness information (MCAI) issued by the airworthiness authority for Brazil.

Interested persons have been afforded an opportunity to participate in the making of this amendment. No comments were received on the proposed rule or the FAA's determination of the cost to the public.

### **The FAA's Determination**

After careful review of all available information related to the subject presented above, the FAA has determined that air safety and the public interest require the adoption of the rule as proposed except for minor editorial corrections. The FAA has determined that these minor corrections will not change the meaning of the AD and will not add any additional burden upon the public than was already proposed.

### **Cost Impact**

The FAA estimates that 18 powered gliders in the U.S. registry will be affected by this AD, that it will take approximately 7 workhours per powered glider to accomplish the replacements, and that the average labor rate is approximately \$60 an hour. Based on these figures, the total cost impact of this AD on U.S. operators is estimated to be \$7,560, or \$420 per powered glider.

### **Regulatory Impact**

The regulations adopted herein will 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 final rule does not have sufficient federalism