

injury loans, so the proposed amendment would not change their eligibility. Accordingly, the final rule is identical to the proposed rule.

In this final rule, SBA also corrects a typographical error in section 123.202(a) by substituting "lesser" for "greater" in the first sentence which now reads: "Disaster business loans, including both physical disaster and economic injury loans to the same borrower, together with its affiliates, cannot exceed the lesser of the uncompensated physical loss and economic injury or \$1.5 million." This ensures that an applicant receives disaster assistance for an uncompensated loss or injury without obtaining excessive SBA assistance at lower than market rates.

**Compliance with Executive Orders 12612, 12778, and 12866, the Regulatory Flexibility Act (5 U.S.C. 601, et seq.), and the Paperwork Reduction Act (44 U.S.C. Ch 35)**

SBA certifies that this final rule does not constitute a significant rule within the meaning of Executive Order 12866 and does not have significant economic impact on a substantial number of small entities within the meaning of the Regulatory Flexibility Act, 5 U.S.C. *et seq.* 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 United States economy. This final rule codifies current SBA practices and will not affect additional businesses or impose any costs.

For purposes of the Paperwork Reduction Act, 44 U.S.C. Ch 35, SBA certifies that this final rule contains no new reporting or record keeping requirements.

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

For purposes of Executive Order 12778, SBA certifies that this rule is drafted, to the extent practicable, in accordance with the standards set forth in section 2 of that Order.

(Catalog of Federal Domestic Assistance Programs, No. 59.012 and 59.008)

**List of Subjects in 13 CFR Part 123**

Disaster assistance, Loan programs-business, Small businesses.

Accordingly, pursuant to the authority contained in section 5(b)(6) of the Small Business Act (15 U.S.C. 634(b)(6)), SBA amends part 123,

chapter I, title 13, Code of Federal Regulations, as follows:

**PART 123—DISASTER LOAN ASSISTANCE**

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. Add new paragraphs (d), (e), and (f) to § 123.201 to read as follows:

**§ 123.201 When am I not eligible to apply for a physical disaster business loan?**

\* \* \* \* \*

(d) You are not eligible if your business is engaged in any illegal activity.

(e) You are not eligible if you are a government owned entity (except for a business owned or controlled by a Native American tribe).

(f) You are not eligible if your business presents live performances of a prurient sexual nature or derives directly or indirectly more than *de minimis* gross revenue through the sale of products or services, or the presentation of any depictions or displays, of a prurient sexual nature.

**§ 123.202 [Amended]**

3. Amend § 123.202(a) by removing the word "greater" and adding, in its place, the word "lesser" in the first sentence.

4. Amend § 123.301 as follows:

a. Remove "gambling" and "loan packaging" in paragraph (a);

b. Remove "or" at the end of paragraph (c);

(c) Remove the period and insert "or" at the end of paragraph (d); and

(d) Add new paragraphs (e), (f), (g), and (h) to read as follows:

**§ 123.301 When would my business not be eligible to apply for an economic injury disaster loan?**

\* \* \* \* \*

(e) Deriving more than one-third of gross annual revenue from legal gambling activities;

(f) A loan packager which earns more than one-third of its gross annual revenue from packaging SBA loans;

(g) Principally engaged in teaching, instructing, counseling, or indoctrinating religion or religious beliefs, whether in a religious or secular setting; or

(h) Primarily engaged in political or lobbying activities.

Dated: July 20, 1998.

**Aida Alvarez,**

*Administrator.*

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**SMALL BUSINESS ADMINISTRATION**

**13 CFR Part 123**

**Disaster Loan Program**

**AGENCY:** Small Business Administration.

**ACTION:** Final rule.

**SUMMARY:** The Small Business Administration (SBA) adopts as a final rule, without change, the provisions of an interim final rule amending its disaster loan rules. This final rule continues to ensure that when a legal business entity is engaged in both agricultural enterprises and non-agricultural business ventures, SBA can provide physical disaster business loans to the non-agricultural portion which has been damaged by floods and other catastrophes.

**DATES:** This rule is effective September 2, 1998.

**FOR FURTHER INFORMATION CONTACT:** Bernard Kulik, Associate Administrator for Disaster Assistance, (202) 205-6734.

**SUPPLEMENTARY INFORMATION:** Section 2(e) of the Small Business Act (15 USC S 631(e)) ("Act") states that the policy of the Congress is that the Government aid and assist "victims" of floods and other catastrophes. Section 2(g) of the Act provides that in its administration of the disaster loan program, pursuant to section 7(b) of the Act, SBA shall provide, "to the maximum extent possible," assistance and counseling to disaster "victims." In administering the disaster loan program, SBA is precluded, by section 7(b) of the Act, from assisting agricultural enterprises. As defined in section 18(b)(1) of the Act, an "agricultural enterprise" is a business engaged in the production of food and fiber, ranching, and raising of livestock, aquaculture, and all other farming and agricultural related industries.

SBA previously provided physical disaster business loan assistance only to business entities which were adversely affected by floods and other catastrophes when the primary activity of the business entity was non-agricultural. Thus, if a person or a single business entity operated both

agricultural and non-agricultural enterprises, SBA would not assist any part of the business entity that suffered damage if the primary activity of the total entity was agricultural.

SBA reconsidered the statutory language above and re-evaluated its position with respect to the "primary activity rule" which it administratively applied. The Act requires SBA to assist "victims" of floods and other catastrophes, without regard to the primary activity of a total business entity. If the victim of a flood or other catastrophe is a non-agricultural business venture, SBA should assist that victim regardless of whether such business is a part of a larger business entity whose primary activity is agricultural. Thus, if the total business operation is comprised of a retail store and a ranch, and the retail store is destroyed by a flood, SBA should offer physical disaster assistance to the retail store even if the ranching operation generated more revenue.

Accordingly, SBA promulgates this final rule to continue to permit SBA to provide physical disaster business loan assistance to a non-agricultural business venture within the total business entity if the non-agricultural business has been damaged by a flood or other catastrophe, regardless of the primary activity of the total business entity. The rule also makes clear that the business entity can be a sole proprietorship, corporation, limited liability company, or partnership.

**Compliance With Executive Orders 12612, 12778, and 12866, the Regulatory Flexibility Act (15 U.S.C. S601, et seq.), and the Paperwork Reduction Act (44 U.S.C. Ch. 35)**

SBA certifies that this rule is not a significant rule within the meaning of Executive Order 12866; it is not likely to have 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 United States economy. SBA also certifies that this 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. S601 *et seq.* This rule makes eligible for physical disaster loans only nonagricultural businesses that are part of a business entity that is primarily agricultural and, therefore, does not meet the substantial number of small businesses criterion anticipated by the Regulatory Flexibility Act.

For purposes of the Paperwork Reduction Act (44 U.S.C. Ch 35), SBA certifies that this final rule contains no

new reporting or recordkeeping requirements.

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

For purposes of Executive Order 12778, SBA certifies that this rule is drafted, to the extent practicable, in accordance with standards set forth in Section 2 of that Order.

An interim final rule was published in the **Federal Register** on July 1, 1997 (62 FR 35337). An open comment period was provided for interested persons to respond to the interim final rule. Since the date of publication of the interim final rule, no comments were received. Accordingly, the interim final rule is adopted without change as final.

**List of Subjects in 13 CFR Part 123**

Disaster assistance, Loan programs—business, Small businesses.

Accordingly, the interim final rule amending 13 CFR part 123 which was published at 62 FR 35337 on July 1, 1997, is adopted as a final rule without change.

Dated: July 8, 1998.

**Aida Alvarez,**  
Administrator.

[FR Doc. 98-23658 Filed 9-1-98; 8:45 am]

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**DEPARTMENT OF TRANSPORTATION**

**Federal Aviation Administration**

**14 CFR Part 39**

[Docket No. 96-SW-10-AD; Amendment 39-10727; AD 98-18-11]

RIN 2120-AA64

**Airworthiness Directives; Schweizer Aircraft Corporation and Hughes Helicopters, Inc. Model 269A, 269A-1, 269B, 269C, 269D, and TH-55A Helicopters**

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

**ACTION:** Final rule.

**SUMMARY:** This amendment adopts a new airworthiness directive (AD), applicable to Schweizer Aircraft Corporation and Hughes Helicopters, Inc. Model 269A, 269A-1, 269B, 269C, 269D, and TH-55A helicopters, that requires a visual inspection of the bond line between the main rotor blade abrasion strip (abrasion strip) and the blade for voids, separation, or lifting of the abrasion strip; a visual inspection of the adhesive bead around the perimeter

of the abrasion strip for erosion, cracks, or blisters; a tap (ring) test of the abrasion strip for evidence of debonding or hidden corrosion voids; and removal of any blade with an unairworthy abrasion strip and replacement with an airworthy blade. This amendment is prompted by four reports that indicate that debonding and corrosion have occurred on certain blades where the abrasion strip attaches to the blade skin. The actions specified by this AD are intended to prevent loss of the abrasion strip from the blade and subsequent loss of control of the helicopter.

**EFFECTIVE DATE:** October 7, 1998.

**FOR FURTHER INFORMATION CONTACT:** Mr. Raymond Reinhardt, Aerospace Engineer, FAA, New York Aircraft Certification Office, Airframe and Propulsion Branch, Engine and Propeller Directorate, 10 Fifth Street, 3rd Floor, Valley Stream, New York 11581-1200, telephone (516) 256-7532, fax (516) 568-2716.

**SUPPLEMENTARY INFORMATION:** A proposal to amend part 39 of the Federal Aviation Regulations (14 CFR part 39) to include an AD that is applicable to Schweizer Aircraft Corporation and Hughes Helicopters, Inc. Model 269A, 269A-1, 269B, 269C, 269D, and TH-55A series helicopters was published in the **Federal Register** on October 30, 1996 (61 FR 55937). That action proposed to require, for each blade, a visual inspection of the bond line between the abrasion strip and the blade for voids, separation, or lifting of the abrasion strip; a visual inspection of the adhesive bead around the perimeter of the abrasion strip for erosion, cracks, or blisters; a tap (ring) test of the abrasion strip for evidence of debonding or hidden corrosion voids; and removal of any blade with a defective abrasion strip and replacement with an airworthy blade. If any deterioration of the abrasion strip adhesive bead was discovered, restoration of the bead in accordance with the applicable maintenance manual was proposed. If an abrasion strip void was found or suspected, removing and replacing the blade with an airworthy blade was also proposed.

Interested persons have been afforded an opportunity to participate in the making of this amendment. Due consideration has been given to the comments received.

One commenter states that Model 269C-1 helicopters should be included in the Applicability section of the AD, because this model, which was recently type certificated, could be retro-fitted with any of the affected blades listed in the proposed AD. The FAA concurs,