

State and county	Cancellation date	Termination date
Umatilla County, Oregon; and Walla Walla County, Washington	August 31	September 30.
All other states and counties	February 1	February 1.

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e. Section 11(b) is revised to read as follows:

11. Replanting Payment.

* * * * *

(b) The maximum amount of the replanting payment per acre will be your actual cost for replanting, but will not exceed the lesser of:

(1) 7 percent of the final stage production guarantee multiplied by your price election for the type originally planted and by your insured share; or

(2) 18 hundredweight multiplied by your price election for the type originally planted and by your insured share.

* * * * *

f. Section 13(d) is revised to read as follows:

13. Settlement of Claim.

* * * * *

(d) If the damage to harvested or unharvested onion production exceeds the percentage shown in the Special Provisions for the type, no production will be counted for that unit or portion of a unit unless such damaged onion production from that acreage is sold. If sold, the damaged production will be counted on a pound-for-pound basis regardless of the quality.

* * * * *

g. Section 14 is revised to read as follows:

14. Prevented planting.

Your prevented planting coverage will be 45 percent of your production guarantee for timely planted acreage. Additional prevented planting coverage levels are not available for onions.

Signed in Washington, D.C., on February 10, 1999.

Robert Prchal,

Acting Manager, Federal Crop Insurance Corporation.

[FR Doc. 99-3890 Filed 2-17-99; 8:45 am]

BILLING CODE 3410-08-P

FARM CREDIT ADMINISTRATION

12 CFR Part 615

RIN 3052-AB80

Funding and Fiscal Affairs, Loan Policies and Operations, and Funding Operations; FCB Assistance to Associations

AGENCY: Farm Credit Administration.

ACTION: Proposed rule.

SUMMARY: The Farm Credit Administration (FCA or Agency), is

proposing to repeal a regulatory requirement that a Farm Credit Bank or an agricultural credit bank (collectively referred to as a bank) obtain FCA prior approval before giving financial assistance to an affiliated association. Instead, the proposed rule would require a bank to consider various standards before providing financial assistance and notify both the FCA and bank shareholders. We expect this rule change to reduce regulatory burden on banks.

DATES: Please send your comments to us on or before March 22, 1999.

ADDRESSES: You may mail or deliver written comments to Patricia W. DiMuzio, Director, Regulation and Policy Division, Office of Policy and Analysis, Farm Credit Administration, 1501 Farm Credit Drive, McLean, Virginia 22102-5090 or send them by facsimile transmission to (703) 734-5784. You may also submit comments via electronic mail to "reg-comm@fca.gov" or through the Pending Regulations section of our website at "www.fca.gov." You may review copies of all comments we receive in the Office of Policy and Analysis, Farm Credit Administration.

FOR FURTHER INFORMATION CONTACT: Dale L. Aultman, Policy Analyst, Office of Policy and Analysis, Farm Credit Administration, McLean, VA 22102-5090, (703) 883-4498, TDD (703) 883-4444, or Jennifer A. Cohn, Attorney, Office of General Counsel, Farm Credit Administration, McLean, VA 22102-5090, (703) 883-4020, TDD (703) 883-4444.

SUPPLEMENTARY INFORMATION: This action furthers our strategic plan commitment to consider eliminating regulatory prior approvals that are not required by the Farm Credit Act of 1971, as amended (Act), or are not based on safety and soundness concerns. The proposed regulation would eliminate the existing requirement in § 615.5171 that the FCA approve, in advance, any financial assistance from a bank to its affiliated associations. This change is appropriate for two reasons:

- The existing regulation's prior approval requirement runs counter to our current approach to supervising risk in Farm Credit System (System) institutions. Consistent with our role as arm's-length regulator, we have found that we can replace many prior approval

requirements with simple notification requirements.

- Our new, much stronger, capital regulations will help to ensure that a bank will not imperil its own capital position in providing assistance to an association. See 62 FR 4449, January 30, 1997, for a more detailed discussion of our capital regulations.

I. Scope and Application of § 615.5171

Section 1.5(11) of the Act provides that each Farm Credit Bank shall have the power, subject to our regulation, to "purchase nonvoting stock in, or pay in surplus to * * * associations in its district." Section 615.5171 implements this provision of the Act as follows: "Farm Credit Banks may purchase nonvoting stock and participation certificates of and pay in surplus to associations in their respective districts when authorized by the bank board of directors on a case basis and approved by the Farm Credit Administration."

The regulation applies to any bank purchase of association nonvoting stock and participation certificates. The regulation does not discuss voting stock because banks are not eligible association borrowers/members and thus are not permitted to hold association voting stock. The regulation also refers to the bank's statutory authority to "pay in surplus" to associations. FCA's interpretations of the "pay in surplus" language have resulted in a broad application of the prior approval requirement for financial assistance transactions.

In general, it has been our practice to consider a bank to have triggered the prior approval requirement of this regulation when it purchases nonvoting stock or participation certificates or takes other action to pay in surplus to improve the capital position of an association. Thus, the FCA has required prior approval for the following types of transactions:

- (1) Cash gifts;
- (2) Debt forgiveness or compromise of indebtedness;
- (3) Interest rate concessions;
- (4) Interest free loans;
- (5) Transfer of loans at less than fair market value;
- (6) Reduction or elimination of standard loan service fees;
- (7) Assumption of operating or other expenses (e.g., legal fees, insurance premiums, etc.); and

(8) Special compensation.

As currently interpreted, § 615.5171 also applies to transactions pursuant to loss-sharing agreements between banks and their affiliated associations. Under § 614.4340 of this chapter, any System institution may enter into an agreement to share loan and other losses with any other System institution. The agreements can involve the sharing of losses to protect against stock and participation certificate impairment, or for any other purpose. The agreements may address losses that arise in the future or that were recognized before the date of the agreement.

System institutions may execute loss-sharing agreements without FCA prior approval. In contrast, the FCA must approve in advance transactions pursuant to a loss-sharing agreement that result in a bank transferring capital or surplus to an association. Our proposed rule would eliminate Agency prior approval of such loss-sharing transactions, but would still require a bank to notify us before carrying out the transaction.

We have not interpreted the current regulation to cover routine business transactions and agreements between the banks and associations, such as a General Financing Agreement. Thus, § 615.5171 does not cover payment of dividends or patronage, normal adjustments to interest rates, bank equalization of purchased equity investments, and similar matters ordinarily addressed in an institution's bylaws. Our proposed rule would not change this approach.

II. Approval of Financial Assistance Under § 615.5171

Generally, we have approved bank financial assistance to an association under the following circumstances:

(1) The bank would continue to be financially sound after providing assistance. The financial assistance would not place the bank's capital at risk prior to association capital.

(2) The financial assistance has a reasonable chance of returning the association to financial stability and self-sufficiency. Similarly, financial assistance provided to facilitate a merger of a troubled association would result in a reasonable chance for financial stability and continued service to borrowers.

(3) The proposed financial assistance is the "least cost" option available.

We have also ensured that other bank shareholders were informed of the financial assistance and that their interests were adequately considered by the bank board. In addition, in reviewing the purpose of proposed

financial assistance requests, we have focused on ensuring that one association was not unduly advantaged compared to other affiliated associations. We have incorporated these general criteria for approval of financial assistance into the standards and notice sections of the proposed regulation.

III. The Proposed Regulation

We propose that the prior approval requirement contained in § 615.5171 be removed and replaced with the following provisions:

(1) To clarify when the regulation is applicable, we have added a definition of financial assistance. This definition lists bank transactions with affiliated associations that we consider to be financial assistance. In general, financial assistance transactions are those in which a bank conveys a direct or indirect financial benefit to, or enters into contractual arrangements with, an affiliated association on a preferential basis not available on similar terms to all affiliated associations. On the other hand, we clarify that financial assistance does not include routine business transactions or transactions available on similar and nonpreferential terms to all affiliated associations.

(2) We have added a list of standards that a bank board must consider before authorizing financial assistance to an affiliated association. These standards are designed to ensure that financial assistance is in the best interests of the shareholders of the banks as well as the receiving association. Bank boards that give financial assistance must document their consideration of these standards.

(3) We have replaced the current prior approval requirement with a requirement for prior notification to FCA. This should provide greater flexibility to the banks and associations, while allowing us to identify and address safety and soundness concerns before a bank takes assistance action. During the 30-day notification period, we may need to request additional information. We also may exercise our enforcement authorities under title IV, part A, and title V, part C, of the Act.

(4) We have added a requirement for post notification to shareholders. This will ensure that all shareholders of the bank (associations and other financing institutions) are appropriately informed of the bank's assistance action. Banks may inform shareholders before assistance is given, and, in general, should inform shareholders as soon as practicable of any assistance actions.

The FCA will continue to coordinate with the Farm Credit System Insurance Corporation in financial assistance matters to ensure that all pertinent

Insurance Fund issues are appropriately identified and addressed.

List of Subjects in 12 CFR Part 615

Accounting, Agriculture, Banks, Banking, Government securities, Investments, Rural areas.

For the reasons stated in the preamble, part 615 of chapter VI, title 12 of the Code of Federal Regulations is proposed to be amended to read as follows:

PART 615—FUNDING AND FISCAL AFFAIRS, LOAN POLICIES AND OPERATIONS, AND FUNDING OPERATIONS

1. The authority citation for part 615 continues to read as follows:

Authority: Secs. 1.5, 1.7, 1.10, 1.11, 1.12, 2.2, 2.3, 2.4, 2.5, 2.12, 3.1, 3.7, 3.11, 3.25, 4.3, 4.3A, 4.9, 4.14B, 4.25, 5.9, 5.17, 6.20, 6.26, 8.0, 8.3, 8.4, 8.6, 8.7, 8.8, 8.10, 8.12 of the Farm Credit Act (12 U.S.C. 2013, 2015, 2018, 2019, 2020, 2073, 2074, 2075, 2076, 2093, 2122, 2128, 2132, 2146, 2154, 2154a, 2160, 2202b, 2211, 2243, 2252, 2278b, 2278b-6, 2279aa, 2279aa-3, 2279aa-4, 2279aa-6, 2279aa-7, 2279aa-8, 2279aa-10, 2279aa-12); sec. 301(a) of Pub. L. 100-233, 101 Stat. 1568, 1608.

2. The heading of subpart F is revised to read as follows:

Subpart F—Property, Assistance, and Other Investments

3. Section 615.5171 is revised to read as follows:

§ 615.5171 Financial assistance by Farm Credit Banks and agricultural credit banks to affiliated associations.

(a) *Financial assistance.* (1) Farm Credit Bank and agricultural credit bank (collectively, bank) financial assistance to affiliated associations includes, but is not limited to:

(i) Purchasing an affiliated association's nonvoting stock or participation certificates; and

(ii) Paying in surplus to an affiliated association in the form of:

(A) Cash;

(B) Debt forgiveness or compromise of indebtedness;

(C) Interest rate concessions;

(D) Interest free loans;

(E) Transfer of loans between the bank and the association at a value advantageous to the association relative to fair market value;

(F) Reduction or elimination of standard loan service fees;

(G) Assumption of operating or other expenses (e.g., legal fees, insurance premiums, etc.); and

(H) Any other preferential payment or compensation not available on similar terms to all affiliated associations.

(2) Financial assistance does not include routine business transactions providing financial benefits that are available on similar and nonpreferential terms to all affiliated associations.

(b) *Standards for financial assistance.* Before authorizing financial assistance to an affiliated association, a bank board of directors must consider and document whether:

(1) The financial assistance is necessary, feasible, and the "least cost" alternative available;

(2) The financial assistance is in the best interests of all of the shareholders;

(3) The bank will continue to be financially sound and maintain adequate capital after providing the financial assistance; and

(4) The financial assistance will enable the association to maintain service to borrowers.

(c) *Notification requirements.* (1) Banks must notify the Chief Examiner of the Farm Credit Administration at least 30 days prior to providing financial assistance to an affiliated association.

(2) Banks must notify their shareholders within a reasonable time of providing financial assistance to an affiliated association.

Date: February 12, 1995.

Vivian L. Portis,

Secretary, Farm Credit Administration Board.

[FR Doc. 99-3980 Filed 2-17-99; 8:45 am]

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 98-CE-96-AD]

RIN 2120-AA64

Airworthiness Directives; Industrie Aeronautiche e Meccaniche Model Piaggio P-180 Airplanes

AGENCY: Federal Aviation Administration, DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: This document proposes to adopt a new airworthiness directive (AD) that would apply to all Industrie Aeronautiche e Meccaniche (I.A.M.) Model Piaggio P-180 airplanes. The proposed AD would require inspecting both (left and right wing configurations) environmental control system bleed tubes for damage, leakage, and a correct gap between the tube and wing lower panel crossing area, inspecting the wiring and surrounding structures for damage, and correcting any

discrepancies found. The proposed AD is the result of mandatory continuing airworthiness information (MCAI) issued by the airworthiness authority for Italy. The actions specified by the proposed AD are intended to prevent thermal expansion from causing leakage of an environmental control system bleed tube because of improper installation, which could result in deterioration of the electrical wiring and the surrounding structure.

DATES: Comments must be received on or before March 19, 1999.

ADDRESSES: Submit comments in triplicate to the Federal Aviation Administration (FAA), Central Region, Office of the Regional Counsel, Attention: Rules Docket No. 98-CE-96-AD, Room 1558, 601 E. 12th Street, Kansas City, Missouri 64106. Comments may be inspected at this location between 8 a.m. and 4 p.m., Monday through Friday, holidays excepted.

Service information that applies to the proposed AD may be obtained from I.A.M. Rinaldo Piaggio S.p.A., Via Cibrario, 4 16154 Genoa, Italy. This information also may be examined at the Rules Docket at the address above.

FOR FURTHER INFORMATION CONTACT: Mr. John R. Griffith, Project Officer, FAA, Small Airplane Directorate, 1201 Walnut, suite 900, Kansas City, Missouri 64106; telephone: (816) 426-6941; facsimile: (816) 426-2169.

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 should 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 that summarizes 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 No. 98-CE-96-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, Central Region, Office of the Regional Counsel, Attention: Rules Docket No. 98-CE-96-AD, Room 1558, 601 E. 12th Street, Kansas City, Missouri 64106.

Discussion

The Registro Aeronautico Italiano (R.A.I.), which is the airworthiness authority for Italy, recently notified the FAA that an unsafe condition may exist on all I.A.M. Model Piaggio P-180 airplanes. The R.A.I. reports three instances where thermal expansion caused an environmental control system bleed tube to contact the wing skin where it crosses the lower wing panel.

The damage that results from the above-referenced condition, if not detected and corrected, could result in a bleed tube leaking with deterioration of the electrical wiring and the surrounding structure.

Relevant Service Information

I.A.M. has issued Piaggio Service Bulletin (Mandatory) No.: SB-80-0072, Revision No. 1, dated September 9, 1998, which specifies procedures for:

- Inspecting both (left and right wing configurations) environmental control system bleed tubes for damage (dents), leakage, and a correct gap between the tube and wing lower panel crossing area;
- If any damaged environmental control system bleed tube is found damaged beyond certain limits or an incorrect gap between the tube and wing lower panel crossing area is found, replacing the bleed tube and rotating the bleed tube to match the necessary gap, as applicable;
- Inspecting the wiring and surrounding structures for damage if any leakage is found; and
- Repairing any damaged wiring or surrounding structures.

The R.A.I. classified this service bulletin as mandatory and issued Italian AD 98-329, dated September 18, 1998, in order to assure the continued airworthiness of these airplanes in Italy.

The FAA's Determination

This airplane model is manufactured in Italy and is type certificated for operation in the United States under the