

Federal Reserve Bank	Rate	Effective
New York .....	1.5	November 6, 2001
Philadelphia .....	1.5	November 7, 2001
Cleveland .....	1.5	November 8, 2001
Richmond .....	1.5	November 6, 2001
Atlanta .....	1.5	November 8, 2001
Chicago .....	1.5	November 7, 2001
St. Louis .....	1.5	November 7, 2001
Minneapolis .....	1.5	November 7, 2001
Kansas City .....	1.5	November 8, 2001
Dallas .....	1.5	November 8, 2001
San Francisco .....	1.5	November 6, 2001

By order of the Board of Governors of the Federal Reserve System, November 13, 2001.  
**Robert deV. Frierson,**  
*Deputy Secretary of the Board.*  
 [FR Doc. 01-28815 Filed 11-16-01; 8:45 am]  
**BILLING CODE 3510-22-S**

**FEDERAL RESERVE SYSTEM**

**12 CFR Part 226**

[Regulation Z; Docket No. R-1116]

**Truth in Lending**

**AGENCY:** Board of Governors of the Federal Reserve System.  
**ACTION:** Final rule; staff commentary.

**SUMMARY:** The Board is publishing a final rule amending the staff commentary that interprets the requirements of Regulation Z (Truth in Lending). The Board is required to adjust annually the dollar amount that triggers requirements for certain mortgages bearing fees above a certain amount. The Home Ownership and Equity Protection Act of 1994 (HOEPA) sets forth rules for home-secured loans in which the total points and fees payable by the consumer at or before loan consummation exceed the greater of \$400 or 8 percent of the total loan amount. In keeping with the statute, the Board has annually adjusted the \$400 amount based on the annual percentage change reflected in the Consumer Price Index that is in effect on June 1. The adjusted dollar amount for 2002 is \$480.  
**EFFECTIVE DATE:** January 1, 2002.

**FOR FURTHER INFORMATION CONTACT:** Minh-Duc T. Le, Staff Attorney, Division of Consumer and Community Affairs, Board of Governors of the

Federal Reserve System, at (202) 452-3667. For the users of Telecommunications Device for the Deaf ("TDD") only, contact (202) 263-4869.

**SUPPLEMENTARY INFORMATION:**

**I. Background**

The Truth in Lending Act (TILA; 15 U.S.C. 1601 - 1666j) requires creditors to disclose credit terms and the cost of consumer credit as an annual percentage rate. The act requires additional disclosures for loans secured by a consumer's home, and permits consumers to cancel certain transactions that involve their principal dwelling. TILA is implemented by the Board's Regulation Z (12 CFR part 226). The Board's official staff commentary (12 CFR part 226 (Supp. I)) interprets the regulation, and provides guidance to creditors in applying the regulation to specific transactions.

In 1995, the Board published amendments to Regulation Z implementing HOEPA, contained in the Riegle Community Development and Regulatory Improvement Act of 1994, Pub. L. 103-325, 108 Stat. 2160 (60 FR 15463). These amendments are contained in § 226.32 of the regulation and impose substantive limitations and additional disclosure requirements on certain closed-end mortgage loans bearing rates or fees above a certain percentage or amount. As enacted, the statute requires creditors to comply with the HOEPA rules if the total points and fees payable by the consumer at or before loan consummation exceed the greater of \$400 or 8 percent of the total loan amount. TILA and Regulation Z provide that the \$400 figure shall be adjusted annually on January 1 by the annual percentage change in the Consumer Price Index (CPI) that was reported on the preceding June 1. (15 U.S.C. 1602(aa)(3) and 12 CFR 226.32(a)(1)(ii)). The Board adjusted the \$400 amount to \$465 for the year 2001.

The Bureau of Labor Statistics publishes consumer-based indices monthly, but does not "report" a CPI change on June 1; adjustments are reported in the middle of each month. The Board uses the CPI-U index, which is based on all urban consumers and represents approximately 80 percent of the U.S. population, as the index for adjusting the \$400 dollarfigure. The adjustment to the CPI-U index reported by the Bureau of Labor Statistics on May 15, 2001, was the CPI-U index "in effect" on June 1, and reflects the percentage increase from April 2000 to April 2001. The adjustment to the \$400 figure below reflects a 3.27 percent increase in the CPI-U index for this

period and is rounded to whole dollars for ease of compliance.

**II. Adjustment and Commentary Revision**

For the reasons set forth in the preamble, for purposes of determining whether a mortgage transaction is covered by 12 CFR 226.32 (based on the total points and fees payable by the consumer at or before loan consummation), a loan is covered if the points and fees exceed the greater of \$480 or 8 percent of the total loan amount, effective January 1, 2002. Comment 32(a)(1)(ii)-2, which lists the adjustments for each year, is amended to reflect the dollar adjustment for 2002. Because the timing and method of the adjustment is set by statute, the Board finds that notice and public comment on the change are unnecessary.

**III. Regulatory Flexibility Analysis**

The Board certifies that this amendment will not have a substantial effect on regulated entities because the only change is to raise the threshold for transactions requiring HOEPA disclosures.

**List of Subjects in 12 CFR Part 226**

Advertising, Federal Reserve System, Mortgages, Reporting and recordkeeping requirements, Truth in lending.

For the reasons set forth in the preamble, the Board amends Regulation Z, 12 CFR part 226, as set forth below:

**PART 226—TRUTH IN LENDING (REGULATION Z)**

1. The authority citation for part 226 continues to read as follows:

**Authority:** 12 U.S.C. 3806; 15 U.S.C. 1604 and 1637(c)(5).

2. In Supplement I to Part 226, under *Section 226.32—Requirements for Certain Closed-End Home Mortgages*, under Paragraph 32(a)(1)(ii), paragraph 2.vii. is added.

**SUPPLEMENT I TO PART 226—OFFICIAL STAFF INTERPRETATIONS**

\* \* \* \* \*

**SUBPART E—SPECIAL RULES FOR CERTAIN HOME MORTGAGE TRANSACTIONS**

\* \* \* \* \*

*Section 226.32—Requirements for Certain Closed-End Home Mortgages*

*32(a) Coverage*

\* \* \* \* \*

*Paragraph 32(a)(1)(ii)*

\* \* \* \* \*

2. *Annual adjustment of \$400 amount.*

\* \* \* \* \*

vii. For 2002, \$480, reflecting a 3.27 percent increase in the CPI-U from June 2000 to June 2001, rounded to the nearest whole dollar.

\* \* \* \* \*

By order of the Board of Governors of the Federal Reserve System, acting through the Director of the Division of Consumer and Community Affairs under delegated authority, November 14, 2001.

**Robert deV. Frierson,**

*Deputy Secretary of the Board.*

[FR Doc. 01-28849 Filed 11-16-01; 8:45 am]

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## DEPARTMENT OF TRANSPORTATION

### Federal Aviation Administration

#### 14 CFR Part 39

[Docket No. 2001-CE-09-AD; Amendment 39-12502; AD 2001-23-05]

RIN 2120-AA64

#### **Airworthiness Directives; SOCATA—Groupe Aerospatiale Models TB 9, TB 10, TB 20, TB 21, and TB 200 Airplanes**

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

**ACTION:** Final rule.

**SUMMARY:** This amendment adopts a new airworthiness directive (AD) that applies to all SOCATA—Groupe Aerospatiale (SOCATA) Models TB 9, TB 10, TB 20, TB 21, and TB 200 airplanes that do not have factory Modification 165, any edition, incorporated on the front seats. This AD requires you to modify the front seats that have solid metal seat pans. This AD is the result of mandatory continuing airworthiness information (MCAI) issued by the airworthiness authority for France. The actions specified by this AD are intended to eliminate the potential for the front seats to inadvertently unlock from their fixed positions. Such uncontrolled movement could prevent the pilot from making the necessary flight maneuvers to control the airplane.

**DATES:** This AD becomes effective on January 4, 2002.

The Director of the Federal Register approved the incorporation by reference of certain publications listed in the regulations as of January 4, 2002.

**ADDRESSES:** You may get the service information referenced in this AD from SOCATA Groupe Aerospatiale, Customer Support, Aerodrome Tarbes-Ossun-Lourdes, BP 930—F65009 Tarbes Cedex, France; telephone: 011 33 5 62 41 73 00; facsimile: 011 33 5 62 41 75 54; or the Product Support Manager, SOCATA—Groupe Aerospatiale, North

Perry Airport, 7501 Pembroke Road, Pembroke Pines, Florida 33023; telephone: (954) 894-1160; facsimile: (954) 964-4191. You may view this information at the Federal Aviation Administration (FAA), Central Region, Office of the Regional Counsel, Attention: Rules Docket No. 2001-CE-09-AD, 901 Locust, Room 506, 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:** Karl Schletzbaum, Aerospace Engineer, FAA, Small Airplane Directorate, 901 Locust, Room 301, Kansas City, Missouri 64106; telephone: (816) 329-4146; facsimile: (816) 329-4090.

#### **SUPPLEMENTARY INFORMATION:**

##### **Discussion**

*What events have caused this AD?* The Direction Générale de l'Aviation Civile (DGAC), which is the airworthiness authority for France, recently notified FAA that an unsafe condition may exist on all SOCATA Models TB 9, TB 10, TB 20, TB 21, and TB 200 airplanes that do not have factory Modification 165 incorporated on the front seats. The DGAC reports cases where the seat pan interfered with the front seat locking mechanism. Interference with the seat locking mechanism could result in uncontrolled movement of the front seats.

This condition does not affect airplanes with factory Modification 165, any edition, incorporated. This modification consists of cutting a slot in the solid metal seat pan to eliminate the interference.

*Has FAA taken any action to this point?* We issued a proposal to amend part 39 of the Federal Aviation Regulations (14 CFR part 39) to include an AD that would apply to all SOCATA—Groupe Aerospatiale (SOCATA) Models TB 9, TB 10, TB 20, TB 21, and TB 200 airplanes that do not have factory Modification 165, any edition, incorporated on the front seats. This proposal was published in the **Federal Register** as a notice of proposed rulemaking (NPRM) on August 24, 2001 (66 FR 44556). The NPRM proposed to require you to modify the front seat configuration.

*What is the potential impact if FAA took no action?* The actions specified by this AD are intended to eliminate the potential for the front seats to inadvertently unlock from their fixed positions. Such uncontrolled movement could prevent the pilot from making the necessary flight maneuvers to control the airplane.

*Was the public invited to comment?* The FAA encouraged interested persons

to participate in the making of this amendment. The following presents the comments received on the proposal and FAA's response to each comment:

#### **Comment Issue No. 1: Manufacturer Estimates 36 Aircraft in the U.S. Fleet Are Affected by the Proposed AD**

*What is the commenter's concern?* The AD affects only certain models of seats; commenter estimates that 36 aircraft in the U.S. were affected by the AD. The commenter wants FAA to reflect this in the Cost Impact section.

*What is FAA's response to the concern?* The FAA agrees with the manufacturer that this initial estimate is correct. However, it is possible that owner/operators might have had modifications made to the aircraft later that make them subject to the AD. The FAA will note that this AD possibly affects 125 aircraft in the U.S. registry.

#### **Comment Issue No. 2: FAA Better Identify Seats Affected by the AD**

*What is the commenter's concern?* One commenter states that only seats with solid metal seat pans are affected by this AD; seats with a mesh seat pan are not affected. The commenter recommended that FAA make it clear in the AD what seats are affected.

*What is FAA's response to the concern?* The FAA agrees with the commenter and will clearly identify that only solid metal seat pans are affected by the AD.

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

*What is FAA's final determination on this issue?* We carefully reviewed all available information related to the subject presented above and determined that air safety and the public interest require the adoption of the rule as proposed except for the changes discussed above and minor editorial questions. We have determined that these changes and minor corrections:

- Provide the intent that was proposed in the NPRM for correcting the unsafe condition; and
- Do not add any additional burden upon the public than was already proposed in the NPRM.

#### **Cost Impact**

*How many airplanes does this AD impact?* We estimate that this AD possibly affects 125 airplanes in the U.S. registry. Of these 125 airplanes, 36 had the affected seats installed at the manufacturer. The other 89 airplanes could have had these seats installed since manufacture.

*What is the cost impact of this AD on owners/operators of the affected*