

**DEPARTMENT OF AGRICULTURE****Animal and Plant Health Inspection Service****9 CFR Part 94**

[Docket No. 02-072-2]

**Change in Disease Status of Israel Because of BSE****AGENCY:** Animal and Plant Health Inspection Service, USDA.**ACTION:** Affirmation of interim rule as final rule.

**SUMMARY:** We are adopting as a final rule, without change, an interim rule that amended the regulations by adding Israel to the list of regions where bovine spongiform encephalopathy exists because the disease had been detected in a native-born animal in that region. The effect of the interim rule was a restriction on the importation of ruminants, meat, meat products, and certain other products of ruminants that had been in Israel. The interim rule was necessary to help prevent the introduction of bovine spongiform encephalopathy into the United States.

**EFFECTIVE DATE:** The interim rule became effective on June 4, 2002.

**FOR FURTHER INFORMATION CONTACT:** Dr. Gary Colgrove, Chief Staff Veterinarian, Sanitary Trade Issues Team, National Center for Import and Export, VS, APHIS, 4700 River Road Unit 38, Riverdale, MD 20737-1231; (301) 734-4356.

**SUPPLEMENTARY INFORMATION:****Background**

The regulations in 9 CFR parts 93, 94, 95, and 96 (referred to below as the regulations) govern the importation of certain animals, birds, poultry, meat, other animal products and byproducts, hay, and straw into the United States in order to prevent the introduction of various animal diseases, including bovine spongiform encephalopathy (BSE).

In an interim rule effective June 4, 2002, and published in the **Federal Register** on July 18, 2002 (67 FR 47243-47244, Docket No. 02-072-1), we amended the regulations in § 94.18 (a)(1) by adding Israel to the list of regions where BSE exists due to the detection of BSE in a native-born animal in that region.

Comments on the interim rule were required to be received on or before September 16, 2002. We did not receive any comments. Therefore, for the reasons given in the interim rule, we are adopting the interim rule as a final rule.

This action also affirms the information contained in the interim rule concerning Executive Orders 12866 and 12988 and the Paperwork Reduction Act.

Further, for this action, the Office of Management and Budget has waived its review under Executive Order 12866.

**Regulatory Flexibility Act**

This action affirms an interim rule that amended the regulations by adding Israel to the list of regions where BSE exists. The effect of the interim rule was a restriction on the importation of ruminants, meat, meat products, and certain other products of ruminants that had been in Israel. The interim rule was necessary to help prevent the introduction of BSE into the United States.

The following analysis addresses the economic effects of the interim rule on small entities, as required by the Regulatory Flexibility Act.

The interim rule's restrictions on the importation of ruminants and ruminant products and byproducts from Israel are not expected to have a significant impact on a substantial number of small entities due to the fact that the restricted items are either not imported from Israel or are imported in very small amounts. There are three categories of imports that may be affected, but Israel's share of U.S. imports is small in each case.

The first category of affected imported commodities is "Meat and edible meat offal, salted in brine, dried or smoked; edible flours and meals of meat or meat offal." Average total yearly imports of these products by the United States over the 3-year period 1999-2001 were valued at \$24.6 million. Imports from Israel in 1999 were valued at \$26,000. No imports of these products from Israel were reported for 2000 or 2001.

The second category of affected commodities is "Preparations of a kind used in animal feeding." Average total yearly imports of these products, 1999-2001, were valued at \$93.5 million. Imports from Israel had an average yearly value over this period of about \$76,000.

The final category of affected commodities is "Other prepared or preserved meat, meat offal or blood." Average yearly imports of these products, 1999-2001, were valued at \$101.2 million. Imports from Israel had an average yearly value over this period of about \$2.7 million.

It is apparent that Israel is a minor supplier to the United States of the ruminant products and byproducts affected by the BSE-related restrictions resulting from the interim rule. Therefore, we do not expect that the

interim rule's restrictions on ruminants and ruminant products and byproducts from Israel will substantially affect any U.S. importers, large or small, of those commodities.

Under these circumstances, the Administrator of the Animal and Plant Health Inspection Service has determined that this action will not have a significant economic impact on a substantial number of small entities.

**List of Subjects in 9 CFR Part 94**

Animal diseases, Imports, Livestock, Meat and meat products, Milk, Poultry and poultry products, Reporting and recordkeeping requirements.

**PART 94—RINDERPEST, FOOT-AND-MOUTH DISEASE, FOWL PEST (FOWL PLAGUE), EXOTIC NEWCASTLE DISEASE, AFRICAN SWINE FEVER, HOG CHOLERA, AND BOVINE SPONGIFORM ENCEPHALOPATHY: PROHIBITED AND RESTRICTED IMPORTATIONS**

Accordingly, we are adopting as a final rule, without change, the interim rule that amended 9 CFR part 94 and that was published at 67 FR 47243-47244 on July 18, 2002.

**Authority:** 7 U.S.C. 450, 7711-7714, 7751, 7754, 8303, 8306, 8308, 8310, 8311, and 8315; 21 U.S.C. 136 and 136a; 31 U.S.C. 9701; 42 U.S.C. 4331 and 4332; 7 CFR 2.22, 2.80, and 371.4.

Done in Washington, DC, this 28th day of October, 2002.

**Bobby R. Acord,***Administrator, Animal and Plant Health Inspection Service.*

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**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT****Office of Federal Housing Enterprise Oversight****12 CFR Part 1750**

RIN 2550-AA26

**Risk-Based Capital; Technical Amendment****AGENCY:** Office of Federal Housing Enterprise Oversight, HUD.**ACTION:** Final rule.

**SUMMARY:** The Office of Federal Housing Enterprise Oversight (OFHEO) is adopting technical amendments to Appendix A to Subpart B of 12 CFR part 1750 Risk-Based Capital. The amendments are intended to enhance the accuracy of the calculation of the

risk-based capital requirement for the Enterprises.

**EFFECTIVE DATE:** November 1, 2002.

**FOR FURTHER INFORMATION CONTACT:**

Jeannine Schroeder, Manager of Operations, Office of Risk Analysis and Model Development, telephone (202) 414-8881 or Jamie Schwing, Associate General Counsel, telephone (202) 414-3787 (not toll free numbers), Office of Federal Housing Enterprise Oversight, Fourth Floor, 1700 G Street, NW., Washington, DC 20552. The telephone number for the Telecommunications Device for the Deaf is (800) 877-8339.

**SUPPLEMENTARY INFORMATION:**

**Background**

OFHEO published a final regulation setting forth a risk-based capital stress test on September 13, 2001, 12 CFR part 1750 (the Rule), which formed the basis for determining the risk-based capital requirement for the federally sponsored housing enterprises—Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac) (collectively, the Enterprises).<sup>1</sup>

On September 12, 2002, OFHEO published a notice of proposed rulemaking (NPRM), 67 FR 57760, which proposed twelve technical and corrective amendments to the Rule. One commenter, Freddie Mac, expressed concern regarding the appropriate effective date for a proposed technical amendment that corrected a table that utilized original loan-to-value ratios rather than amortized original loan-to-value ratios (amendment number eight in the list of 12 amendments in the preamble of the NPRM). Freddie Mac also requested a delay in the effective date for two amendments relating to the implementation of Financial Accounting Standard 133 (FAS 133) in the Rule (amendments numbered 11 and 12 in the list of 12 amendments in the preamble of the NPRM).<sup>2</sup> OFHEO also received comments requesting additional time to comment upon these two amendments. Subsequently, OFHEO reopened and extended the comment period regarding the two FAS 133-related proposed amendments, noting that it might move to final action on any of the other ten.<sup>3</sup> OFHEO is also reviewing, and will delay action on, a

proposed technical amendment regarding the definition of “unamortized balance” (amendment number seven in the list of 12 amendments in the preamble of the NPRM). OFHEO has determined to adopt as final immediately, the following eight proposed amendments as to which there were no issues remaining and to defer final action on the other four proposed amendments until after the extended comment period closes on October 29, 2002.

(1) Provisions relating to new activities are updated to cross-reference the Prompt Supervisory Response and Corrective Action regulation, 12 CFR part 1777, in paragraph 3.11.3[c] and to correct a typographical error in paragraph 3.11.2[a];

(2) Out-of-date third party sources of information related to interest rate indexes (e.g. 30-year CMT, Bloomberg Tickers) are updated to reflect currently available indexes and to update the Rule to incorporate a reference to the applicable U.S. Treasury Department methodology. Specifically, the 30-year constant maturity yield is no longer reported by the Federal Reserve in the H.15 Release. In its place, the U.S. Treasury Department has developed a methodology using its “Long-Term Average Rate” and “Extrapolation Factors” designed to generate a substitute for the 30-year CMT yield series discontinued in February 2002. Similarly, the Bloomberg tickers for the Federal Agency Cost of Funds are being updated. Table 3-18 and paragraphs 3.3.1[b] and 3.3.2 are amended to reflect these changes;

(3) Credit Ratings in Table 3-30 are updated to include certain credit ratings used in the marketplace that were not listed in the original table. Specifically, Moody’s assigns an additional rating from VMIG1 through VMIG3 to quantify the risks of the demand feature of variable-rate demand obligations and Standard & Poor’s rates short term issuances as SP-1+, SP-1, SP-2, and SP-3;

(4) Paragraph 3.6.3.4.3.1 [a] 3. a. on single family default and prepayment explanatory variables is replaced in full, including equations, to correct the parenthetical (q= -7, -6,...,0, 1,...,40);

(5) Table 3-35, in which the explanatory variable categories for Relative Spread (RS<sub>q</sub>) in the explanatory variable column were identified incorrectly, is replaced and a typographical error in paragraph 3.6.3.6.3.3[a]1. is corrected;

(6) The equation related to mortgage credit enhancement procedures at paragraph 3.6.3.6.4.3 is corrected to reflect the fact that in extreme

circumstances (*i.e.*, when defaults are zero), an equation in section 3.6.3.6.4.3 Mortgage Credit Enhancement Procedures produces “divide by zero” errors in the computer code;

(7) A typographical error in the equation in 3.7.3.1[g]2. for calculating haircuts for mortgage backed securities is corrected by changing a specified addition sign (+) to a multiplication sign (×); and

(8) Table 3-68 is revised to reflect that the Table relates to long caps and floors.

In order to make these eight adjustments applicable to the first fully enforceable risk-based capital calculation for each Enterprise, OFHEO has determined that the amendments shall be effective immediately and shall apply to any data submissions from the Enterprises received after the effective date. Waiver of the normal 30-day delay in effective date is in the public interest because these changes rectify errors in the code and in the language of the rule that could mislead the public if left unamended. In some cases they simply reflect changes that have already been implemented in the computer software used to implement the stress test and are necessary for the stress test to be operational. Moreover, both Enterprises have participated in data and software validation processes with OFHEO for the past year and have been aware of the pendency of these technical changes, which have no material impact on capital requirements, for many months.

**Regulatory Impact**

*Executive Order 12866, Regulatory Planning and Review*

This document contains amendments to the Rule, which was designated a major rule by the Office of Management and Budget (OMB). The amendments address provisions of the Rule that are out-of-date, incorrect or contain typographical errors. OFHEO has determined that the amendments to the Rule are not economically significant for purposes of Executive Order 12866. Further, they implement technical changes and do not involve novel policy issues. Therefore, these amendments are not a “significant rule” under Executive Order 12866.

*Paperwork Reduction Act*

These amendments do not contain any information collection requirements that require the approval of the Office of Management and Budget under the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*).

*Regulatory Flexibility Act*

The Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) requires that a

<sup>1</sup> Risk-based Capital, 66 FR 47730 (September 13, 2001), 12 CFR part 1750, *as amended*, 67 FR 11850 (March 15, 2002), 67 FR 19321 (April 19, 2002).

<sup>2</sup> Financial Accounting Standards Board Statement of Financial Accounting Standard 133, “Accounting for Derivative Instruments and Hedging Activities,” June 1998.

<sup>3</sup> Risk-Based Capital, 67 FR 61300 (September 20, 2002).

regulation that has a significant economic impact on a substantial number of small entities, small businesses, or small organizations must include an initial regulatory flexibility analysis describing the regulation's impact on small entities. Such an analysis need not be undertaken if the agency has certified that the regulation does not have a significant economic impact on a substantial number of small entities. 5 U.S.C. 605(b). OFHEO has considered the impact of the regulation under the Regulatory Flexibility Act. The General Counsel of OFHEO certifies that this regulation is not likely to have a significant economic impact on a substantial number of small business entities because the regulation is applicable only to the Enterprises, which are not small entities for purposes of the Regulatory Flexibility Act.

**List of Subjects in 12 CFR Part 1750**

Capital classification, Mortgages, Risk-based capital.

Accordingly, for the reasons stated in the preamble, OFHEO amends 12 CFR part 1750 as follows:

**PART 1750—CAPITAL**

1. The authority citation for part 1750 continues to read as follows:

**Authority:** 12 U.S.C. 4513, 4514, 4611, 4612, 4614, 4615, 4618.

2. Amend Appendix A to subpart B of part 1750 as follows:

a. Revise Table 3–18 in paragraph 3.1.3.1[c];

b. Revise paragraph 3.3.1[b];

c. In paragraph 3.3.2, add the following sentence after the word “Appendix.”: “Inputs for the 30-year CMT yield after February 15, 2002 are estimated according to the Department of Treasury methodology using long-term average rates and extrapolation factors.”

d. Revise Table 3–30 in paragraph 3.5.3[a]2.a.;

e. Revise paragraph 3.6.3.4.3.1[a]3.a.;

f. Revise Table 3–35 in paragraph 3.6.3.4.3.2[a]1.;

g. In paragraph 3.6.3.6.3.3[a]1., remove the term “GL<sub>m</sub>” both places it appears and replace it with the term “GLS<sub>m</sub>”;

h. In paragraph 3.6.3.6.4.3[a]5., after the words “Defaulted UPB:” and before the equation, add the following equation:

$$\text{If } DEF_m = 0, \text{ then } ALPD_m^{DCC} = 0$$

i. Revise paragraph 3.7.3.1[g]2.;

j. Revise Table 3–68 in paragraph 3.8.3.6.1[e]2.;

k. In paragraph 3.11.2[a], remove the cross-reference “1750.2(c)” and replace it with the cross-reference “1750.12(c)”;

and

l. Revise paragraph 3.11.3[c].  
The revisions and additions read as follows:

**Appendix A to Subpart B of Part 1750—Risk-Based Capital Test Methodology and Specifications**

\* \* \* \* \*  
3.1.3.1 \* \* \*  
[c] \* \* \*

**TABLE 3–18—INTEREST RATE AND INDEX INPUTS**

Interest Rate Index	Description	Source
1 MO Treasury Bill	One-month Treasury bill yield, monthly simple average of daily rate, quoted as actual/360	Bloomberg Generic 1 Month U.S. Treasury bill Ticker: GB1M (index).
3 MO CMT	Three-month constant maturity Treasury yield, monthly simple average of daily rate, quoted as bond equivalent yield	Federal Reserve H.15 Release.
6 MO CMT	Six-month constant maturity Treasury yield, monthly simple average of daily rate, quoted as bond equivalent yield	Federal Reserve H.15 Release.
1 YR CMT	One-year constant maturity Treasury yield, monthly simple average of daily rate, quoted as bond equivalent yield	Federal Reserve H.15 Release.
2 YR CMT	Two-year constant maturity Treasury yield, monthly simple average of daily rate, quoted as bond equivalent yield	Federal Reserve H.15 Release.
3 YR CMT	Three-year constant maturity Treasury yield, monthly simple average of daily rate, quoted as bond equivalent yield	Federal Reserve H.15 Release.
5 YR CMT	Five-year constant maturity Treasury yield, monthly simple average of daily rate, quoted as bond equivalent yield	Federal Reserve H.15 Release.
10 YR CMT	Ten-year constant maturity Treasury yield, monthly simple average of daily rate, quoted as bond equivalent yield	Federal Reserve H.15 Release.
20 YR CMT	Twenty-year constant maturity Treasury yield, monthly simple average of daily rate, quoted as bond equivalent yield	Federal Reserve H.15 Release.

TABLE 3-18—INTEREST RATE AND INDEX INPUTS—Continued

Interest Rate Index	Description	Source
30 YR CMT	Thirty-year constant maturity Treasury yield, monthly simple average of daily rate, quoted as bond equivalent yield; after February 15, 2002, estimated according to the Department of Treasury methodology using long-term average rates and extrapolation factors as referenced in OFHEO guideline 402	Federal Reserve H.15 Release, Extrapolation Factors used for estimation, U.S. Dept. of Treasury.
Overnight Fed Funds (Effective)	Overnight effective Federal Funds rate, monthly simple average of daily rate	Federal Reserve H.15 Release.
1 Week Federal Funds	1 week Federal Funds rate, monthly simple average of daily rates	Bloomberg Term Fed Funds U.S. Domestic Ticker: GFED01W(index).
6 Month Fed Funds	6 month Federal Funds rate, monthly simple average of daily rates	Bloomberg Term Fed Funds U.S. Domestic Ticker: GFED06M(index).
Conventional Mortgage Rate	FHLMC (Freddie Mac) contract interest rates for 30 YR fixed-rate mortgage commitments, monthly average of weekly rates	Federal Reserve H.15 Release.
FHLB 11th District COF	11th District (San Francisco) weighted average cost of funds for savings and loans, monthly	Bloomberg Cost of Funds for the 11th District Ticker: COF11 (index).
1 MO LIBOR	One-month London Interbank Offered Rate, average of bid and asked, monthly simple average of daily rates, quoted as actual/360	British Bankers Association. Bloomberg Ticker: US0001M (index).
3 MO LIBOR	Three-month London Interbank Offered Rate, average of bid and asked, monthly simple average of daily rates, quoted as actual/360	British Bankers Association. Bloomberg Ticker: US0003M (index).
6 MO LIBOR	Six-month London Interbank Offered Rate, average of bid and asked, monthly simple average of daily rates, quoted as actual/360	British Bankers Association. Bloomberg Ticker: US0006M (index).
12 MO LIBOR	One-year London Interbank Offered Rate, average of bid and asked, monthly simple average of daily rates, quoted as actual/360	British Bankers Association. Bloomberg Ticker: US0012M (index).
Prime Rate	Prevailing rate as quoted, monthly average of daily rates	Federal Reserve H.15 Release.
1 MO Federal Agency COF	One-month Federal Agency Cost of Funds, monthly simple average of daily rates, quoted as actual/360	Bloomberg Generic 1 Month Agency Discount Note Yield. Ticker: AGDN030Y (index).
3 MO Federal Agency COF	Three-month Federal Agency Cost of Funds, monthly simple average of daily rates, quoted as actual/360	Bloomberg Generic 3 Month Agency Discount Note Yield. Ticker: AGDN090Y (index).
6 MO Federal Agency COF	Six-month Federal Agency Cost of Funds, monthly simple average of daily rates, quoted as actual/360	Bloomberg Generic 6 Month Agency Discount Note Yield. Ticker: AGDN180Y (index).
1 YR Federal Agency COF	One-year Federal Agency Cost of Funds, monthly simple average of daily rates, quoted as actual/360	Bloomberg Generic 12 Month Agency Discount Note Yield. Ticker: AGDN360Y (index).
2 YR Federal Agency COF	Two-year Federal Agency Fair Market Yield, monthly simple average of daily rates	Bloomberg Generic 2 Year Agency Fair Market Yield. Ticker: CO842Y (index).
3 YR Federal Agency COF	Three-year Federal Agency Fair Market Yield, monthly simple average of daily rates	Bloomberg Generic 3 Year Agency Fair Market Yield. Ticker: CO843Y (index).
5 YR Federal Agency COF	Five-year Federal Agency Fair Market Yield, monthly simple average of daily rates	Bloomberg Generic 5 Year Agency Fair Market Yield. Ticker: CO845Y (index).

TABLE 3-18—INTEREST RATE AND INDEX INPUTS—Continued

Interest Rate Index	Description	Source
10 YR Federal Agency COF	Ten-year Federal Agency Fair Market Yield, monthly simple average of daily rates	Bloomberg Generic 10 Year Agency Fair Market Yield. Ticker: CO8410Y (index).
30 YR Federal Agency COF	Thirty-year Federal Agency Fair Market Yield, monthly simple average of daily rates	Bloomberg Generic 30 Year Agency Fair Market Yield. Ticker: CO8430Y (index).
15 YR fixed-rate mortgage	FHLMC (Freddie Mac) contract interest rates for 15 YR fixed-rate mortgage commitments, monthly average of FHLMC (Freddie Mac) contract interest rates for 15 YR	Bloomberg FHLMC 15 YR, 10 day commitment rate. Ticker: FHCR1510 (index).
7-year balloon mortgage rate	Seven-year balloon mortgage, equal to the Conventional Mortgage Rate less 50 basis points	Computed.

\* \* \* \* \*

3.3.1 \* \* \*  
[b] The process for determining Interest Rates is as follows: first, identify the values for the necessary Interest Rates at time zero; second, project the ten-year CMT for each month of the Stress Period as specified in the 1992 Act; third, project the 1-month Treasury yield, the 3-month, 6-month, 1-, 2-, 3-, 5-, 20-

year, and 30-year CMTs; fourth, project non-treasury Interest Rates, including the Federal Agency Cost of Funds Index; and fifth, project the Enterprises Cost of Funds Index, which provides borrowing rates for the Enterprises during the Stress Period, by increasing the Agency Cost of Funds Index by 10 basis points for the last 108 months of the Stress Test. Guidance in determining interest rates is available under OFHEO

Guideline No. 402, "Risk Based Capital Process for Capturing and Utilizing Interest Rates Files," which is available on OFHEO's Web site, <http://www.OFHEO.Gov>.

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3.5.3 \* \* \*  
[a] \* \* \*  
2. \* \* \*  
a. \* \* \*

TABLE 3-30—RATING AGENCIES MAPPINGS TO OFHEO RATINGS CATEGORIES

OFHEO Ratings Category	AAA	AA	A	BBB	Below BBB and Unrated
Standard & Poor's Long-Term .....	AAA	AA	A	BBB	Below BBB and Unrated
Fitch Long-Term .....	AAA	AA	A	BBB	Below BBB and Unrated
Moody's Long-Term .....	Aaa	Aa	A	Baa	Below Baa and Unrated
Standard & Poor's Short-Term .....	A-1+ SP-1+	A-1 SP-1	A-2 SP-2	A-3	SP-3, B or Below and Unrated
Fitch Short-Term .....	F-1+	F-1	F-2	F-3	B and Below and Unrated
Moody's <sup>1</sup> .....	Prime-1 MIG1 VMIG1	Prime-1 MIG1 VMIG1	Prime-2 MIG2 VMIG2	Prime-3 MIG3 VMIG3	Not Prime, SG and Unrated
Fitch Bank Individual Ratings .....	A	B A/B	C B/C	D C/D	E D/E
Moody's Bank Financial Strength Rating .....	A	B	C	D	E

<sup>1</sup> Any rating that appears in more than one OFHEO category column is assigned the lower OFHEO rating category.

\* \* \* \* \*

3.6.3.4.3.1 \* \* \*  
[a] \* \* \*  
3. \* \* \*  
a. Compare mortgage rates for each quarter of the Stress Test and for the eight

quarters prior to the start of the stress test ( $q = -7, -6, \dots, 0, 1, \dots, 40$ ):

$$b_q = 1 \text{ if } MCON_m + 0.02 \leq MIR_m$$

for all three months in quarter  $q$   
(i.e.,  $m = 3q - 2, 3q - 1, 3q$ ),

$$b_q = 0 \text{ otherwise}$$

Note: For this purpose,  $MCON_m$  is required for the 24 months (eight quarters) prior to the start of the Stress Test. Also,  $MIR_m = MIR_0$  for  $m < 0$ .

\* \* \* \* \*

3.6.3.4.3.2. \* \* \*  
[a] \* \* \*  
1. \* \* \*

TABLE 3-35—COEFFICIENTS FOR SINGLE FAMILY DEFAULT AND PREPAYMENT EXPLANATORY VARIABLE

Explanatory Variable (V)	30-Year Fixed-Rate Loans		Adjustable-Rate Loans (ARMs)		Other Fixed-Rate Loans	
	Default Weight ( $\beta_v$ )	Prepayment Weight ( $\gamma_v$ )	Default Weight ( $\beta_v$ )	Prepayment Weight ( $\gamma_v$ )	Default Weight ( $\beta_v$ )	Prepayment Weight ( $\gamma_v$ )
$A_q$						
$0 \leq A_q \leq 4$	-0.6276	-0.6122	-0.7046	-0.5033	-0.7721	-0.6400
$5 \leq A_q \leq 8$	-0.1676	0.1972	-0.2259	0.1798	-0.2738	0.1721
$9 \leq A_q \leq 12$	-0.05872	0.2668	0.01504	0.2744	-0.09809	0.2317
$13 \leq A_q \leq 16$	0.07447	0.2151	0.2253	0.2473	0.1311	0.1884
$17 \leq A_q \leq 20$	0.2395	0.1723	0.3522	0.1421	0.3229	0.1900
$21 \leq A_q \leq 24$	0.2773	0.2340	0.4369	0.1276	0.3203	0.2356
$25 \leq A_q \leq 36$	0.2740	0.1646	0.2954	0.1098	0.3005	0.1493
$37 \leq A_q \leq 48$	0.1908	-0.2318	0.06902	-0.1462	0.2306	-0.2357
$49 \leq A_q$	-0.2022	-0.4059	-0.4634	-0.4314	-0.1614	-0.2914
$LTV_{ORIG}$						
$LTV_{ORIG} \leq 60$	-1.150	0.04787	-1.303	0.08871	-1.280	0.02309
$60 < LTV_{ORIG} \leq 70$	-0.1035	-0.03131	-0.1275	-0.005619	-0.06929	-0.02668
$70 < LTV_{ORIG} \leq 75$	0.5969	-0.09885	0.4853	-0.09852	0.6013	-0.05446
$75 < LTV_{ORIG} \leq 80$	0.2237	-0.04071	0.1343	-0.03099	0.2375	-0.03835
$80 < LTV_{ORIG} \leq 90$	0.2000	-0.004698	0.2576	0.004226	0.2421	-0.01433
$90 < LTV_{ORIG}$	0.2329	0.1277	0.5528	0.04220	0.2680	0.1107
$PNEQ_q$						
$0 < PNEQ_q \leq 0.05$	-1.603	0.5910	-1.1961	0.4607	-1.620	0.5483
$0.05 < PNEQ_q \leq 0.1$	-0.5241	0.3696	-0.3816	0.2325	-0.5055	0.3515
$0.1 < PNEQ_q \leq 0.15$	-0.1805	0.2286	-0.1431	0.1276	-0.1249	0.2178
$0.15 < PNEQ_q \leq 0.2$	0.07961	-0.02000	-0.04819	0.03003	0.07964	-0.02137
$0.2 < PNEQ_q \leq 0.25$	0.2553	-0.1658	0.2320	-0.1037	0.2851	-0.1540
$0.25 < PNEQ_q \leq 0.3$	0.5154	-0.2459	0.2630	-0.1829	0.4953	-0.2723
$0.3 < PNEQ_q \leq 0.35$	0.6518	-0.2938	0.5372	-0.2075	0.5979	-0.2714
$0.35 < PNEQ_q$	0.8058	-0.4636	0.7368	-0.3567	0.7923	-0.3986
$B_q$	1.303	-0.3331	0.8835	-0.2083	1.253	-0.3244
$RLS$						
$0 < RLS_{ORIG} \leq 0.4$	.....	-0.5130	.....	-0.4765	.....	-0.4344
$0.4 < RLS_{ORIG} \leq 0.6$	.....	-0.3264	.....	-0.2970	.....	-0.2852
$0.6 < RLS_{ORIG} \leq 0.75$	.....	-0.1378	.....	-0.1216	.....	-0.1348
$0.75 < RLS_{ORIG} \leq 1.0$	.....	0.03495	.....	0.04045	.....	0.01686
$1.0 < RLS_{ORIG} \leq 1.25$	.....	0.1888	.....	0.1742	.....	0.1597
$1.25 < RLS_{ORIG} \leq 1.5$	.....	0.3136	.....	0.2755	.....	0.2733
$1.5 < RLS_{ORIG}$	.....	0.4399	.....	0.4049	.....	0.4045

TABLE 3-35—COEFFICIENTS FOR SINGLE FAMILY DEFAULT AND PREPAYMENT EXPLANATORY VARIABLE—Continued

Explanatory Variable (V)	30-Year Fixed-Rate Loans		Adjustable-Rate Loans (ARMs)		Other Fixed-Rate Loans	
	Default Weight ( $\beta_v$ )	Prepayment Weight ( $\gamma_v$ )	Default Weight ( $\beta_v$ )	Prepayment Weight ( $\gamma_v$ )	Default Weight ( $\beta_v$ )	Prepayment Weight ( $\gamma_v$ )
IF	0.4133	-0.3084	0.6419	-0.3261	0.4259	-0.3035
$RS_q$						
$RS_q \leq -0.20$	.....	-1.368	.....	-0.5463	.....	-1.195
$-0.20 < RS_q \leq -0.10$	.....	-1.023	.....	-0.4560	.....	-0.9741
$-0.10 < RS_q \leq 0$	.....	-0.8078	.....	-0.4566	.....	-0.7679
$0 < RS_q \leq 0.10$	.....	-0.3296	.....	-0.3024	.....	-0.2783
$0.10 < RS_q \leq 0.20$	.....	0.8045	.....	0.3631	.....	0.7270
$0.20 < RS_q \leq 0.30$	.....	1.346	.....	0.7158	.....	1.229
$0.30 < RS_q$	.....	1.377	.....	0.6824	.....	1.259
$PS_q$						
$PS_q \leq -0.20$	.....	.....	0.08490	0.6613	.....	.....
$-0.20 < PS_q \leq -0.10$	.....	.....	0.3736	0.4370	.....	.....
$-0.10 < PS_q \leq 0$	.....	.....	0.2816	0.2476	.....	.....
$0 < PS_q \leq 0.10$	.....	.....	0.1381	0.1073	.....	.....
$0.10 < PS_q \leq 0.20$	.....	.....	-0.1433	-0.3516	.....	.....
$0.20 < PS_q \leq 0.30$	.....	.....	-0.2869	-0.5649	.....	.....
$0.30 < PS_q$	.....	.....	-0.4481	-0.5366	.....	.....
$YCS_q$						
$YCS_q < 1.0$	.....	-0.2582	.....	-0.2947	.....	-0.2917
$1.0 \leq YCS_q < 1.2$	.....	-0.02735	.....	-0.1996	.....	-0.01395
$1.2 \leq YCS_q < 1.5$	.....	-0.04099	.....	0.03356	.....	-0.03796
$1.5 \leq YCS_q$	.....	0.3265	.....	0.4608	.....	0.3436
$IREF_q$	.....	.....	0.1084	-0.01382	.....	.....
ARMs	.....	.....	0.8151	0.2453	.....	.....
Balloon Loans	.....	.....	.....	.....	1.253	0.9483
15-Year FRMs	.....	.....	.....	.....	-1.104	0.07990
20-Year FRMs	.....	.....	.....	.....	-0.5834	0.06780
Government Loans	.....	.....	.....	.....	0.9125	-0.5660
$B_{Cal_{LTV}}$						
$LTV_{ORIG} \leq 60$	2.045	.....	2.045	.....	2.045	.....
$60 < LTV_{ORIG} \leq 70$	0.3051	.....	0.3051	.....	0.3051	.....
$70 < LTV_{ORIG} \leq 75$	-0.07900	.....	-0.07900	.....	-0.07900	.....
$75 < LTV_{ORIG} \leq 80$	-0.05519	.....	-0.05519	.....	-0.05519	.....
$80 < LTV_{ORIG} \leq 90$	-0.1838	.....	-0.1838	.....	-0.1838	.....
$90 < LTV_{ORIG}$	0.2913	.....	0.2913	.....	0.2913	.....
Intercept ( $\beta_0, \gamma_0$ )	-6.516	-4.033	-6.602	-3.965	-6.513	-3.949

\* \* \* \* \*

3.7.3.1 \* \* \*

[g] \* \* \*

2. Compute:

$$\text{HctAmt}_m = (\text{TPR}_m + \text{TIR}_m) \times \text{HctFac}_m$$

\* \* \* \* \*

3.8.3.6.1 \* \* \*

[e] \* \* \*

2. \* \* \*

TABLE 3-68—CALCULATION OF MONTHLY CASH FLOWS FOR LONG CAPS AND FLOORS

Instrument	Cash Flows
Cap	$(1 - K) \times N \times D$ if $l > K$ ; 0 if $l \leq K$
Floor	$(K - l) \times N \times D$ if $l < K$ ; 0 if $l \geq K$

\* \* \* \* \*

3.11.3 \* \* \*

[c] OFHEO will provide the Enterprise with its estimate of the capital treatment as soon as possible after receiving notice of the New Activity. In any event, the Enterprise will be notified of the capital treatment in accordance with the notice of proposed capital classification provided for in § 1777.21 of this chapter.

\* \* \* \* \*

Dated: October 17, 2002.

**Armando Falcon, Jr.**  
 Director, Office of Federal Housing Enterprise Oversight.  
 [FR Doc. 02-26863 Filed 10-31-02; 8:45 am]  
 BILLING CODE 4220-01-P

**DEPARTMENT OF TRANSPORTATION**

**Federal Aviation Administration**

**14 CFR Part 39**

[Docket No. 99-CE-71-AD; Amendment 39-12925; AD 2002-22-01]

RIN 2120-AA64

**Airworthiness Directives; MORAVAN a.s. Models Z-143L and Z-242L Airplanes**

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

**ACTION:** Final rule.

**SUMMARY:** This amendment adopts a new airworthiness directive (AD) that applies to certain MORAVAN a.s.

(Moravan) Models Z-143L and Z-242L airplanes. This AD requires you to modify the engine secondary vent line. This AD is the result of mandatory continuing airworthiness information (MCAI) issued by the airworthiness authority for the Czech Republic. The actions specified by this AD are intended to prevent the engine crankcase ventilation lines from freezing during flight in cold weather (winter) conditions, which could result in oil leaking from the engine. Such a condition could lead to engine failure. **DATES:** This AD becomes effective on December 13, 2002.

The Director of the Federal Register approved the incorporation by reference of certain publications listed in the regulations as of December 13, 2002.

**ADDRESSES:** You may get the service information referenced in this AD from Moravan, Inc., 765 81 Otrokovice, Czech Republic; telephone: +420 67 767 3940; facsimile: +420 67 792 2103. You may view this information at the Federal Aviation Administration (FAA), Central Region, Office of the Regional Counsel, Attention: Rules Docket No. 99-CE-71-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:** Doug Rudolph, Aerospace Engineer, FAA, Small Airplane Directorate, 901 Locust, Room 301, Kansas City, Missouri 64106; telephone: (816) 329-4059; facsimile: (816) 329-4090.

**SUPPLEMENTARY INFORMATION:**

**Discussion**

*What Events Have Caused This AD?*

The Civil Aviation Authority (CAA), which is the airworthiness authority for the Czech Republic, notified FAA that an unsafe condition may exist on certain Moravan Models Z-143L and Z-242L airplanes. The CAA reports that during a production delivery flight of a Model Z-242L airplane, smoke accumulated in the cockpit of the airplane, and engine oil pressure dropped significantly. As a result of this situation, the pilot was forced to make an emergency landing.

Investigation analysis revealed that the engine crankcase ventilation lines became frozen while flying in low ambient air temperature (winter) conditions. When the engine crankcase ventilation lines freeze, the front crankcase seal ring slips out, which allows oil to leak from the engine.

*What Is the Potential Impact if FAA Took No Action?*

This condition, if not corrected, could result in the engine crankcase ventilation lines freezing during flight in cold weather (winter) conditions. Such a condition could lead to engine failure.

*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 certain Moravan Models Z-143L and Z-242L airplanes. This proposal was published in the **Federal Register** as a notice of proposed rulemaking (NPRM) on August 14, 2002 (67 FR 52899). The NPRM proposed to require you to modify the engine secondary vent line.

*Was the Public Invited To Comment?*

The FAA encouraged interested persons to participate in the making of this amendment. We did not receive any comments on the proposed rule or on our determination of the cost to the public.

**FAA's Determination**

*What Is FAA's Final Determination on This Issue?*

After careful review of all available information related to the subject presented above, we have determined that air safety and the public interest require the adoption of the rule as proposed except for minor editorial corrections. We have determined that these 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 affects 39 airplanes in the U.S. registry.

*What Is the Cost Impact of This AD on Owners/Operators of the Affected Airplanes?*

We estimate the following costs to accomplish the modification:

Labor cost	Parts cost	Total cost per airplane	Total cost on U.S. operators
1 workhour × \$60 per hour = \$60 .....	No parts required .....	\$60	\$60 × 39 = \$2,340.