to the U.S. Senate, the U.S. House of Representatives, and the Comptroller General of the United States before publication of this rule in the **Federal Register**. This rule is not a major rule as defined at 5 U.S.C. 814(2).

List of Subjects in 5 CFR Part 1601

Government employees, Pensions, Retirement.

Gregory T. Long,

Executive Director, Federal Retirement Thrift Investment Board.

■ For the reasons set forth in the preamble, the Agency amends 5 CFR chapter VI as follows:

PART 1601—PARTICIPANTS' CHOICES OF TSP FUNDS

■ 1. The authority citation for part 1601 continues to read as follows:

Authority: 5 U.S.C. 8351, 8438, 8474(b)(5) and (c)(1).

■ 2. Amend § 1601.32, by revising paragraph (b) to read as follows:

§ 1601.32 Timing and Posting Dates.

* * * * *

(b) *Limit.* There is no limit on the number of contribution allocation or interfund transfer requests that may be made by a participant. In order to mitigate excessive trading expenses, the Executive Director may write to any participant who engages in excessive trading and ask the participant to stop this practice. If the participant continues to engage in excessive trading, the participant may be required to request interfund transfers by mail.

[FR Doc. E7–25007 Filed 12–26–07; 8:45 am]

BILLING CODE 6760–01–P

DEPARTMENT OF AGRICULTURE

Rural Housing Service

7 CFR Part 3550

RIN 0575–AC59

Single Family Housing Loans, Payment Assistance

AGENCY: Rural Housing Service, USDA.

ACTION: Final rule.

SUMMARY: This Final Rule implements a change in the regulations for the Rural Housing Service (RHS) 502 Direct Single Family Housing Loans by amending the formula that calculates payment assistance for which a borrower qualifies. This action is being taken to improve the distribution of program benefits, simplify the application process and improve customer service. This Final Rule follows the publication of the Proposed Rule on February 17, 2006, and takes into consideration the public comments received in response to the Proposed Rule.

EFFECTIVE DATE: April 1, 2008.

FOR FURTHER INFORMATION CONTACT: Michael S. Feinberg, Chief, Loan Origination Branch, Rural Housing Service, USDA, Ag Box 0783, Room 2214, 1400 Independence Avenue, SW., Washington, DC 20250–0783, Telephone: 202–720–1474.

SUPPLEMENTARY INFORMATION:

Classification

This rule has been determined to be significant by the Office of Management and Budget (OMB) under Executive Order 12866 and has been reviewed by OMB.

Regulatory Flexibility Act

In compliance with the Regulatory Flexibility Act (5 U.S.C. 601–602), the undersigned has determined and certified by signature of this document that this rule will not have a significant economic impact on a substantial number of small entities. This rule does not impose any new requirements on Agency applicants and borrowers, and the regulatory changes affect only Agency determination of program benefits for individual loans.

Environmental Impact Statement

This document has been reviewed in accordance with 7 CFR part 1940, subpart G, ''Environmental Program.'' It is the determination of RHS that this proposed action does not constitute a major Federal Action significantly affecting the quality of the human environment and in accordance with the National Environmental Policy Act of 1969, Public Law 91–190, an Environmental Impact Statement is not required.

Unfunded Mandates Reform Act

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA), Public Law 104–4, establishes requirements for Federal agencies to assess the effects of their regulatory actions on State, local, and tribal governments and the private sector. Under section 202 of the UMRA, the Agency generally must prepare a written statement, including a cost-benefit analysis, for proposed and final rules with ''Federal mandates'' that may result in expenditures to State, local, or tribal governments, in the aggregate, or to the private sector, of $100 million or more in any one year. When such a statement is needed for a rule, section 205 of the UMRA generally requires the Agency to identify and consider a reasonable number of regulatory alternatives and adopt the least costly, more cost-effective or least burdensome alternative that achieves the objectives of the rule.

This rule contains no Federal mandates (under the regulatory provisions of Title II of the UMRA) for State, local, and tribal governments or the private sector. Therefore, this rule is not subject to the requirements of sections 202 and 205 of the UMRA.

Executive Order 13132

The policies contained in this rule do not have any substantial direct effect on States, on the relationship between the national government and States, or on the distribution of power and responsibilities among the various levels of government. Nor does this rule impose substantial direct compliance costs on State and local governments. Therefore, consultation with the States is not required.

Programs Affected

This program is listed in the Catalog of Federal Domestic Assistance under No. 10.410, Low Income Housing Loans.

Intergovernmental Consultation

For the reasons set forth in the final rule to 7 CFR part 3015, subpart V, and related notice (48 FR 29115) this program is excluded from the scope of Executive Order (E.O.) 12372, which requires intergovernmental consultation with State and local officials.

Civil Justice Reform

This proposed rule has been reviewed under Executive Order 12988, Civil Justice Reform. In accordance with this Executive Order: (1) All State and local laws and regulations that are in conflict with this rule will be preempted, (2) no retroactive effect will be given to this rule, and (3) administrative proceedings in accordance with the regulations of the Agency at 7 CFR part 11 must be exhausted before bringing litigation challenging action taken under this rule.

Paperwork Reduction Act

The information collection requirements contained in these regulations have been approved by OMB under the provisions of 44 U.S.C. chapter 35 and have been assigned OMB control number 0575–0172 in accordance with the Paperwork Reduction Act. This rule does not revise or impose any new information collection requirements.

E-Gov Statement

RHS is committed to compliance with the E-Government Act of 2002 (E-Gov), which requires Government agencies, in general, to provide the public the option of submitting information or transacting business electronically to the maximum extent possible.

Economic Impact Analysis

In 2004, USDA Rural Development engaged Bearing Point to study the methodology used to determine the amount of Payment Assistance provided on direct single family housing loans made pursuant to the Housing Act of 1949, as amended. Payment assistance is the subsidy on the interest rate charged to the borrower and reduces the amount of their principal and interest payment to as low as a 1 percent interest rate. The study was done in response to concerns expressed by the program's stakeholders that the use of Area Median Income (AMI) to establish individual borrower subsidy resulted in disparate treatment and was unnecessarily complicated. In addressing the concerns, the Agency wanted to assure that the program would continue to serve the same target market without additional cost to the program.

Payment assistance is the largest component of the subsidy cost for this program, estimated to be 9.37 percent for FY 2008.

Comments on the proposed rule expressed concern about the effect of the changes. As a result, further analysis was performed, again with the assistance of Bearing Point. The concerns focused on the treatment of leveraged loans and the potential adverse impact on the lower income customers within the target market.

The Bearing Point studies are available for public inspection during working hours at Room 2214, 1400 Independence Avenue, SW., Washington, DC 20250–0783. Telephone: 202–720–1474.

The proposed formula eliminated the consideration of AMI addressing the disparity between higher and lower income areas. As a result, borrowers with the same income will receive the same amount of payment assistance based on the same housing costs (Principal, Interest, Taxes, and Insurance) regardless of where they live. The proposed change also required that borrowers pay a minimum of 25% of their income towards repayment of the loan. The current formula bases minimum payment on a range from 22 to 26 percent depending on the borrower's income relative to AMI.

In the final rule, the Agency reduced the minimum payment to 24% of income and also allowed for consideration of a leveraged loan when the loan is based on an affordable housing product. An eligible leveraged loan is a loan with payments amortized over a period of not less than 30 years and an interest rate that does not exceed three percent.

Implementing this revised payment assistance formula directly addresses the concerns expressed in the comments that the proposed new formula will increase the cost burden on very-low income borrowers. While the PITI contribution of some very-low income borrowers will still rise (from 22% to 24%), the impact will not be as great as it would have been with a rise in borrower's PITI contribution from (22% to 25% of AAI) as was originally suggested in the Proposed Rule. Implementation of this payment assistance formula will also address the concerns raised in the comments that the proposed new formula adversely affects the leveraged loan program. This adjustment provides incentives for borrowers who receive affordable leverage loans.

The program will continue to assist very-low and low-income, rural residents to improve their living conditions and economic situation by building equity through homeownership. Based on the new study the payment assistance formula will not have an adverse economic impact on potential borrowers and will provide fair and equitable treatment to all borrowers. In addition, the study also concluded that the new formula will not increase the cost of the program and will continue to serve the same target population.

The methodology for determining payment assistance upon implementation of the Final Rule will have no significant economic impact and will result in a small decrease in the subsidy cost of the program to a level of 9.31% in FY 2008.

I. Background

The U.S. Department of Agriculture's (USDA's) Rural Development is revising the regulations for its Direct Single Family Housing Loans. This Program provides loans to low and very-low income households to purchase homes in rural areas. Rural Development provides rural homeownership credit to those who otherwise could not obtain it. These loans provide financing at reasonable rates and terms with no downpayments required. Since 1995, resultant mortgage payments and payment assistance amounts have been based on a percentage of the participating household's adjusted annual income (AAI). However, in recent years, Rural Development began to gather anecdotal information that suggested the formula implemented in 1995 may be resulting in disparate treatment for some borrowers, especially those located in more rural counties. Additionally, the Agency received complaints that the payment assistance calculation was too complex, relying upon multiple variables that change from year to year, making the formula difficult to explain to both borrowers and other parties involved in the loan origination and servicing processes. As a response, Rural Development contracted for a study of the payment assistance formula, and requested the development of alternative formulas. After extensive analysis, one alternative formula was chosen and proposed in the **Federal Register** on February 17, 2006. This formula differed from the current formula in that it removed the average median income (AMI) component from the payment assistance calculation, reduced the emphasis on the use of leveraged loan funding by applying a single payment assistance formula to all households (versus the current formula, which has different criteria for borrowers who do not use leveraged loans versus borrowers who do) and increased the minimum household's principal, interest, taxes, and insurance (PITI) contribution floor payment from 22% to 25%.

II. New Payment Assistance Formula Proposed in Federal Register on February 17, 2006

Below is the proposed new payment assistance formula for all borrowers:

Payment Assistance = Note Rate PITI − Borrower's PITI Contribution

Regardless of the use of leveraged loans, the borrower's PITI contribution is the higher of:

- 25 percent of borrower's adjusted annual income (''AAI'').
- Principal and Interest (''P&I'') calculated at 1 percent plus Taxes and Insurance (''T&I'').

III. Discussion of Public Comments Received on the February 17, 2006 Proposed Rule

The Agency received 51 comments in response to the Proposed Rule. These comments came predominantly from non-profit organizations, advocacy groups, and community development organizations. Several comments supported the new formula. 14 comments supported the removal of AMI from the current formula, 7

comments supported the increased simplification, and 2 comments supported the consideration of taxes and income. Rural Development also received comments that expressed concern regarding some unintended consequences of the new formula. The three largest concerns included: The impact on the leveraged loan program (36 comments); the impact on very-low income borrowers (21 comments); and the impact on the target market (7 comments). The Agency has examined these three concerns in detail and amended the proposed formula to minimize the unintended consequences arising from the implementation of a new payment assistance formula.

A. Concern #1—The Impact of the Proposed New Formula on the Leveraged Loan Program

Under the current program, state set-asides are established to fund Rural Development loans with leveraged funding based on certain partnership arrangements. This means that applications using leveraged loans do not have to compete with applications that do not use leveraged loans. Additionally, under the current regulations, borrowers who use leveraged loans are not subject to the floor rate portion of the payment assistance formula. Payment assistance for a borrower who uses a leveraged loan is determined using only the effective interest rate (EIR). This provision has, on average, increased the payment assistance for those borrowers who have leveraged loans, providing an incentive for borrowers to seek out leveraged funding. The payment assistance formula, as proposed, will no longer distinguish between the two types of borrowers. All borrowers, regardless of their use of leveraged loans, will be treated equally under the new formula. Many comments opposed this reduced emphasis on the use of leveraged loans.

Agency Response: While it is true that the proposed new formula will reduce the incentive to use leveraged loan funding, this does not necessarily translate into affecting target borrowers in a materially detrimental way. Consider:

1. The leveraged portion of the average borrower's principal is relatively insignificant. Out of 10,502 new borrowers in Fiscal Year 2003, 4,548 (43%) were under the leveraged loan program. However, leveraged loan dollars accounted for only 8.2% of the total loan level.

2. Borrowers who use leveraged loans have, on average, higher adjusted annual incomes than the average income of all borrowers in the Direct Single Family Housing Loan Program.

3. Pursuant to their first lien position and insulation from credit risk, private lenders accrue much of the subsidy benefit, rather than borrowers.

Adjustment made to reflect comment concerns: In light of the strong response against the reduced incentive for leveraged lending, the Agency has amended the proposed payment assistance formula to recognize payments made on leveraged loans that meet certain criteria as part of the borrower's minimum PITI contribution. In order to be recognized under the new formula, leveraged loans must have:

- An interest rate that is equal to or less than 3%, and
- A long-term amortization (not less than 30 years).

This adjustment sustains an incentive for leveraged loan participation, but limits that incentive to housing loans at interest rates reflective of affordable housing products (i.e., rates of 3% or less).

B. Concern #2—The Impact of the Proposed New Formula on the Very-Low Income Households

Another concern expressed in the comments was that the proposed new formula would have a potentially adverse affect on very-low income borrowers. Comments expressed concern that the amount of payment assistance received by very-low income borrowers would decrease as a result of the proposed new formula. Comments also expressed apprehension that the new formula would narrow the window of eligibility for very-low income borrowers by raising the borrower's PITI contribution against fixed underwriting standards. Currently, the maximum front-end ratio (a borrower's contribution toward total housing products as a percentage of AAI) is fixed at 29% for very-low income borrowers and 33% for low income borrowers, and the maximum back-end ratio (total debt as a percentage of AAI) for all borrowers is fixed at 41%. As very-low income borrowers have the tightest underwriting criteria, they have the potential of being the most affected by the new formula.

Agency Response: Rural Development acknowledges that, by definition, the new formula will decrease the amount of payment assistance some very-low income borrowers receive, as their expected borrower's contribution will rise from 22% of AAI to 25%. However, it is important to note that the new formula will alleviate inequitable distribution of Program benefits that has been occurring under the current formula, and therefore will be more beneficial as a whole to the market served by the Direct Single Family Housing Loan Program. Further, the elimination of the stair steps associated with the old formula will have a positive impact on the stability of the borrower's payments, improving their ability to stay current on their loans. The Agency is required by law to maintain that at least 40 percent of appropriated funds for the Program are used to assist families with an annual income of less than 50 percent of area median income to ensure this part of the market continues to receive maximum benefit.

Analysis revealed that using the proposed new formula, when compared to the current formula, only a negligible number of borrowers would be excluded from qualifying for participation in the Direct Single Family Housing Loan Program based on current underwriting criteria.

Adjustment made to reflect comment concerns: Rural Development has amended the proposed formula by lowering the borrower's minimum PITI contribution from 25% of AAI to 24% of AAI. While the PITI contribution of some very-low income borrowers will still rise (from 22% to 24% of AAI), the impact will not be as great as it would have been with a rise in borrower's PITI contribution from 22% to 25% of AAI, as was originally suggested in the Proposed Rule.

C. Concern #3—The Impact of the Proposed New Formula on the Target Market

One of the original objectives in choosing a new payment assistance formula was that the new formula serve the same target market of borrowers. Some comments received in response to the Proposed Rule expressed concern that the proposed new formula would not meet this objective. To address this issue, Rural Development examined three areas to assess whether the proposed new formula would serve the same target market:

- The level of payment assistance received.
- The number of borrowers served.
- The type of borrower served.

Agency Response: Rural Development found that the proposed new payment assistance formula would not significantly alter the average monthly payment assistance received by participating borrowers. It also concluded that the proposed new formula would not increase the number of borrowers who were excluded from participating in the Program as a result of underwriting criteria. However, the

new payment assistance formula would exclude some borrowers because under the new formula, the PITI contributions of these affected borrowers would exceed the monthly payments they would pay at the note rate. In other words, the new formula would increase their expected PITI contributions to a level where they would no longer receive payment assistance from the Agency. It is important to note, however, that these affected borrowers have, on average, relatively higher incomes than the overall average income of all borrowers, and are predominately borrowers who use leveraged loans.

Adjustments made to reflect comment concerns: The two adjustments described above seek to minimize the number of borrowers impacted by this phenomenon—first, by lowering the borrower's PITI contribution, and second, by recognizing payments made toward leveraged loans in the determination of the level of payment assistance a borrower will receive.

IV. Final Payment Assistance Formula

Below is the final payment assistance formula to be implemented in the Direct Single Family Housing Loan Program for all borrowers:

Payment Assistance = Note Rate PITI − Borrower's PITI Contribution

Regardless of the use of leveraged loans, the borrower's PITI contribution is the higher of:

- 24 percent of borrower's adjusted annual income (''AAI'') for the total PITI.
- Principal and Interest (''P&I'') calculated at 1 percent on the Rural Development loan plus Taxes and Insurance (''T&I'').

Rural Development is allowing the recognition of payments made on leveraged loans that meet certain criteria to be included in the calculation of the borrower's minimum PITI contribution of 24% of AAI. These criteria include:

- An interest rate that is equal to or less than 3%; and
- A long-term amortization (not less than 30 years).

This final payment assistance formula preserves some incentive for participating borrowers to retain leveraged loans and reduces the impact the new formula will have on very-low income households. Additionally, it also maintains the objectives of increasing the equitability of program benefits and simplifying the application process, while still serving the same target market.

A borrower who is currently on payment assistance or interest credit will remain on the current formula as long as they continue to qualify. A borrower who never received payment assistance or interest credit or one who stopped receiving said assistance and later qualifies for payment subsidy will receive Payment Assistance 2.

Due to credit reform considerations, a borrower may not voluntarily switch from one method to another.

It should be noted that recapture of payment assistance is not changed by this rule.

List of Subjects in 7 CFR Part 3550

Accounting, Housing, Loan programs—Housing and community development, low and moderate income housing, Manufactured homes, Reporting and recordkeeping requirements, Rural areas, Subsidies.

■ Therefore, Chapter XXXV, title 7, Code of Federal Regulations is amended to read as follows:

PART 3550—DIRECT SINGLE FAMILY HOUSING LOANS AND GRANTS

■ 1. The authority citation for part 3550 continues to read as follows:

Authority: 5 U.S.C. 301; 42 U.S.C. 1480.

Subpart B—Section 502 Origination

■ 2. Section 3550.10 is amended by revising the definitions for ''leveraged loan'' and ''payment assistance'' to read as follows:

§ 3550.10 Definitions.

* * * * *

Leveraged loan. An affordable housing product loan or grant to an Agency borrower property, closed simultaneously with an RHS loan. Affordable leveraged loans are characterized by long term (not less than 30 years), amortized payments with a note interest rate equal to or less than 3 percent .

* * * * *

Payment assistance. A payment subsidy available to eligible section 502 borrowers that reduces the effective interest rate of a loan (see § 3550.68(c)). Borrowers eligible for a payment subsidy receive payment assistance unless they are currently eligible for and receive interest credit. There are two methods of payment assistance. Payment assistance method 1 is found at 3550.68(c)(2). Payment assistance method 2 is found at 3550.68(c)(1).

* * * * *

■ 3. Section 3550.68 is revised to read as follows:

§ 3550.68 Payment subsidies.

RHS administers three types of payment subsidies: interest credit, payment assistance method 1, and payment assistance method 2. Payment subsidies are subject to recapture when the borrower transfers title or ceases to occupy the property.

(a) *Eligibility for payment subsidy.* (1) Applicants or borrowers who receive loans on program terms are eligible to receive payment subsidy if they personally occupy the property and have adjusted income at or below the applicable moderate-income limit.

(2) Payment subsidy may be granted for initial loans or subsequent loans made in conjunction with an assumption only if the term of the loan is 25 years or more.

(3) Payment subsidy may be granted for subsequent loans not made in conjunction with an assumption if the initial loan was for a term of 25 years or more.

(b) *Determining type of payment subsidy.* (1) A borrower currently receiving interest credit will continue to receive it for the initial loan and for any subsequent loan for as long as the borrower is eligible for and remains on interest credit.

(2) A borrower currently receiving payment assistance using payment assistance method 1 will continue to receive it for the initial loan and for any subsequent loan for as long as the borrower is eligible for and remains on payment assistance method 1.

(3) A borrower who has never received payment subsidy, or who has stopped receiving interest credit or payment assistance method 1, and at a later date again qualifies for a payment subsidy, will receive payment assistance method 2.

(4) A borrower may not opt to change payment assistance methods.

(c) *Calculation of payment assistance.* Regardless of the method used, payment assistance may not exceed the amount necessary if the loan were amortized at an interest rate of one percent.

(1) *Payment Assistance Method 2.* The amount of payment assistance granted is the lesser of the difference between:

(i) The annualized promissory note installments for the combined RHS loan and eligible leveraged loans plus the cost of taxes and insurance less twenty-four percent of the borrower's adjusted income, or

(ii) The annualized promissory note installment for the RHS loan less amount the borrower would pay if the loan were amortized at an interest rate of one percent.

(2) *Payment Assistance Method 1.* The amount of payment assistance granted is the difference between the annualized note rate installment as prescribed on the promissory note and the lesser of:

(i) The floor payment, which is defined as a minimum percentage of adjusted income that the borrower must pay for PITI: 22 percent for very low-income borrowers, 24 percent for low-income borrowers with adjusted income below 65 percent of area adjusted median, and 26 percent for low-income borrowers with adjusted incomes between 65 and 80 percent of area adjusted median; or

(ii) The annualized note rate installment and the payment at the equivalent interest rate, which is determined by a comparison of the borrower's adjusted income to the adjusted median income for the area in which the security property is located. The following chart is used to determine the equivalent interest rate.

When the applicant's adjusted income is:

PERCENTAGE OF MEDIAN INCOME AND THE EQUIVALENT INTEREST RATE

Equal to or more than:	BUT less than:	THEN the equivalent interest rate is*
00%	50.01 of adjusted median income.	1%
50.01%	55 of adjusted median income.	2%
55%	60 of adjusted median income.	3%
60%	65 of adjusted median income.	4%
65%	70 of adjusted median income.	5%
70%	75 of adjusted median income.	6%
75%	80.01 of adjusted median income.	6.5%
80.01%	90 of adjusted median income.	7.5%
90%	100 of adjusted median income.	8.5%
100%	110% of adjusted median income.	9%
110%	Or more than adjusted median income.	9.5%

*Or note rate, whichever is less; in no case will the equivalent interest rate be less than one percent.

(d) *Calculation of interest credit.* The amount of interest credit granted is the difference between the note rate installment as prescribed on the promissory note and the greater of:

(1) Twenty percent of the borrower's adjusted income less the cost of real estate taxes and insurance, or

(2) The amount the borrower would pay if the loan were amortized at an interest rate of 1 percent.

(e) *Annual review.* The borrower's income will be reviewed annually to determine whether the borrower is eligible for continued payment subsidy. The borrower must notify RHS whenever an adult member of the household changes or obtains employment, there is a change in household composition, or if income increases by at least 10 percent so that RHS can determine whether a review of the borrower's circumstances is required.

Dated: December 13, 2007.

Thomas C. Dorr,

Under Secretary, Rural Development.

[FR Doc. E7–25107 Filed 12–26–07; 8:45 am]

BILLING CODE 3410–XV–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2005–20856; Directorate Identifier 2004–NE–25–AD; Amendment 39–15315; AD 2007–26–13]

RIN 2120–AA64

Airworthiness Directives; MT-Propeller Entwicklung GmbH Propellers

AGENCY: Federal Aviation Administration (FAA), Department of Transportation (DOT).

ACTION: Final rule.

SUMMARY: The FAA is superseding an existing airworthiness directive (AD) for certain MT-Propeller Entwicklung GmbH variable pitch and fixed pitch propellers manufactured before 1995, which had not been overhauled since April 1994. That AD currently requires overhauling the propeller blades and performing initial and repetitive visual inspections of affected propeller blades. That AD also requires removing all propeller blades from service with damaged erosion sheath bonding or loose erosion sheaths and installing any missing or damaged polyurethane protective strips. This AD requires the same actions. This AD results from the need to clarify the population of affected propellers previously listed in AD 2006–05–05. We are issuing this AD to prevent erosion sheath separation leading to damage of the airplane.

DATES: This AD becomes effective January 31, 2008.

ADDRESSES: You can get the service information identified in this AD from MT-Propeller USA, Inc., 1180 Airport Terminal Drive, Deland, FL 32724; telephone (386) 736–7762, fax (386) 736–7696, or visit *http://www.mt-propeller.com.*

The Docket Operations office is located at Docket Management Facility, U.S. Department of Transportation, 1200 New Jersey Avenue, SE., West Building Ground Floor, Room W12–140, Washington, DC 20590–0001.

FOR FURTHER INFORMATION CONTACT: Terry Fahr, Aerospace Engineer, Boston Aircraft Certification Office, FAA, Engine and Propeller Directorate, 12 New England Executive Park, Burlington, MA 01803; e-mail *terry.fahr@faa.gov;* telephone (781) 238–7155, fax (781) 238–7170.

SUPPLEMENTARY INFORMATION: The FAA proposed to amend 14 CFR part 39 with a proposed AD. The proposed AD applies to certain MT-Propeller Entwicklung GmbH variable pitch and fixed pitch propellers manufactured before 1995, which had not been overhauled since April 1994. We published the proposed AD in the **Federal Register** on December 13, 2006 (71 FR 74878). That action proposed to require:

- Overhauling the propeller blades and performing initial and repetitive visual inspections of affected propeller blades.
- Removing all propeller blades from service with damaged erosion sheath bonding or loose erosion sheaths and installing any missing or damaged polyurethane protective strips.

The proposed AD resulted from the need to clarify the population of affected propellers previously listed in AD 2006–05–05. Since AD 2006–05–05 was issued, MT-Propeller Entwicklung GmbH Propellers and EASA have clarified the population of affected propellers. AD 2006–05–05 described the affected propellers as variable pitch and fixed pitch propellers with serial numbers (SNs) below 95000.

Because propellers with SNs starting with 00, 01, 02, 03, 04, 05, and 06, were manufactured in the years 2000, 2001, 2002, 2003, 2004, 2005, and 2006 respectively, some operators are confused as to whether their propeller SN is part of the affected population. For example, propeller SN 00246, manufactured in 2000, would appear to be part of the affected population because the number is below 95000. For clarification, we are identifying the affected population as variable pitch and fixed pitch propellers manufactured before 1995 which had not been overhauled since April 1994.

Examining the AD Docket

You may examine the AD docket on the Internet at *http://www.regulations.gov;* or in person at the Docket Operations office between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket