

# Rules and Regulations

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## DEPARTMENT OF TRANSPORTATION

### Federal Aviation Administration

#### 14 CFR Part 39

[Docket No. FAA-2015-3659; Directorate Identifier 2014-SW-050-AD; Amendment 39-18409; AD 2016-04-15]

RIN 2120-AA64

#### Airworthiness Directives; MD Helicopters Inc., Helicopters

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

**SUMMARY:** We are adopting a new airworthiness directive (AD) for MD Helicopters, Inc. (MDHI), Model 369A, 369D, 369E, 369FF, 369HE, 369HM, 369HS, 500N, and 600N helicopters with a certain part-numbered main rotor blade attach pin (pin) installed. This AD requires ensuring the life limit of the pin as listed in the Airworthiness Limitations section of aircraft maintenance records and Instructions for Continued Airworthiness (ICA). If the hours time-in-service (TIS) of a pin is unknown, or if a pin has exceeded its life limit, this AD requires removing the affected pin from service. This AD was prompted by a report from an operator who purchased pins that did not have life limit documentation. These actions are intended to document the life limit to prevent a pin remaining in service beyond its fatigue life, which could result in failure of a pin, failure of a main rotor blade, and subsequent loss of control of the helicopter.

**DATES:** This AD is effective March 31, 2016.

**ADDRESSES:** For service information identified in this final rule, contact Aerometals, 3920 Sandstone Dr., El Dorado Hills, CA 95762, telephone (916) 939-6888, fax (916) 939-6555, [www.aerometals.aero](http://www.aerometals.aero). You may review

a copy of the referenced service information at the FAA, Office of the Regional Counsel, Southwest Region, 10101 Hillwood Pkwy, Room 6N-321, Fort Worth, TX 76177.

#### Examining the AD Docket

You may examine the AD docket on the Internet at <http://www.regulations.gov> by searching for and locating Docket No. FAA-2015-3659; 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 contains this AD, the economic evaluation, any comments received, and other information. The street address for the Docket Operations Office (phone: 800-647-5527) is U.S. Department of Transportation, Docket Operations Office, M-30, West Building Ground Floor, Room W12-140, 1200 New Jersey Avenue SE., Washington, DC 20590.

#### FOR FURTHER INFORMATION CONTACT:

Galib Abumeri, Aviation Safety Engineer, Los Angeles Aircraft Certification Office, Transport Airplane Directorate, FAA, 3960 Paramount Blvd., Lakewood, California 90712; telephone (562) 627-5324; email [Galib.Abumeri@faa.gov](mailto:Galib.Abumeri@faa.gov).

#### SUPPLEMENTARY INFORMATION:

#### Discussion

On September 2, 2015, at 80 FR 53028, the **Federal Register** published our notice of proposed rulemaking (NPRM), which proposed to amend 14 CFR part 39 by adding an AD that would apply to MDHI Model 369A, 369D, 369E, 369FF, 369HE, 369HM, 369HS, 500N, and 600N helicopters with a pin part-number (P/N) 369X1004-5 installed. The NPRM proposed to require determining the number of hours TIS of each pin and whether the aircraft maintenance records contain a pin life limit. If the hours TIS are unknown, NPRM proposed to require removing the pin from service. If the aircraft maintenance records do not contain a pin life limit, the NPRM proposed to require revising the records and establishing a life limit of 5,760 hours if the pin is installed on a Model 369A, 369HE, 369HM, or 369HS helicopter, or 7,600 hours if the pin is installed on a Model 369D, 369E, 369FF, 500N, or 600N helicopter. The NPRM also proposed to require revising the records to add a statement that if a

pin is interchanged between different model helicopters, then its life limit must be restricted to the lower life limit even if it was originally installed on a helicopter model with a higher life limit. Lastly, the NPRM proposed to prohibit installing a pin on any helicopter before these proposed requirements have been accomplished.

Aerometals produces pin P/N 369X1004-5 under a parts manufacturer approval as a replacement pin for MDHI P/N 369A1004-5. The NPRM was prompted by a report from an operator who purchased Aerometals' pins P/N 369X1004-5 without life limit documentation. The FAA inadvertently approved the pins without a life limit in the Airworthiness Limitations section and without a restriction for parts that are interchanged between models with different life limits. A total of 5,133 affected pins were sold by Aerometals without any indication that the parts were life-limited. The proposed requirements were intended to correct the failure of these parts to have a documented life limit to prevent a pin remaining in service beyond its fatigue life, which could result in failure of a pin, failure of a main rotor blade, and subsequent loss of control of the helicopter.

#### Comments

After our NPRM (80 FR 53028, September 2, 2015) was published, we received a comment from one commenter supporting the NPRM.

#### FAA's Determination

We have reviewed the relevant information and determined that an unsafe condition exists and is likely to exist or develop on other products of these same type designs and that air safety and the public interest require adopting the AD requirements as proposed.

#### Related Service Information

Aerometals has issued Aero-ICA-1001 Supplemental Instructions for Continued Airworthiness, Revision NC, dated May 22, 2014, and Service Bulletin Aero-SB-1103, dated July 2, 2014. The service bulletin specifies determining whether the helicopter has pins P/N 369X1004-5 installed and then reviewing the aircraft maintenance records to determine if the pins have a life limit identified. If the life limit is not the same as that listed in the ICA,

the service bulletin specifies revising the life limit in the maintenance records. The service bulletin states that the pins were approved by the FAA as parts manufacturer approval direct replacement parts with the same life limits as the parts they replace. However, they were sold without an FAA-approved supplemental ICA containing an Airworthiness Limitations Section specifically assigning these life limits to the pins.

### Costs of Compliance

We estimate that this AD will affect 118 helicopters of U.S. Registry. We estimate that operators may incur the following costs in order to comply with this AD. Labor costs are estimated at \$85 per work-hour. We estimate 1/2 work-hour to inspect and record any update for a total of \$42.50 per helicopter and \$5,015 for the U.S. fleet. If required, we estimate 1 work-hour per helicopter to replace 10 pins because each blade has 2 pins and each helicopter has 5 blades. Required parts are \$445 for each pin. Based on these estimates, it will cost \$4,535 per helicopter to replace 10 pins if the pins have exceeded their life limit.

### Authority for This Rulemaking

Title 49 of the United States Code specifies the FAA's authority to issue rules on aviation safety. Subtitle I, section 106, describes the authority of the FAA Administrator. Subtitle VII: Aviation Programs, describes in more detail the scope of the Agency's authority.

We are issuing this rulemaking under the authority described in Subtitle VII, Part A, Subpart III, Section 44701: "General requirements." Under that section, Congress charges the FAA with promoting safe flight of civil aircraft in air commerce by prescribing regulations for practices, methods, and procedures the Administrator finds necessary for safety in air commerce. This regulation is within the scope of that authority because it addresses an unsafe condition that is likely to exist or develop on products identified in this rulemaking action.

### Regulatory Findings

This AD will not have federalism implications under Executive Order 13132. This AD will not have a substantial direct effect on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government.

For the reasons discussed above, I certify that this AD:

(1) Is not a "significant regulatory action" under Executive Order 12866;

(2) Is not a "significant rule" under DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979);

(3) Will not affect intrastate aviation in Alaska to the extent that it justifies making a regulatory distinction; and

(4) Will not have a significant economic impact, positive or negative, on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

We prepared an economic evaluation of the estimated costs to comply with this AD and placed it in the AD docket.

### List of Subjects in 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, Incorporation by reference, Safety.

### Adoption of the Amendment

Accordingly, under the authority delegated to me by the Administrator, the FAA amends 14 CFR part 39 as follows:

### PART 39—AIRWORTHINESS DIRECTIVES

■ 1. The authority citation for part 39 continues to read as follows:

**Authority:** 49 U.S.C. 106(g), 40113, 44701.

#### § 39.13 [Amended]

■ 2. The FAA amends § 39.13 by adding the following new airworthiness directive (AD):

#### 2016-04-15 MD Helicopters Inc.:

Amendment 39-18409; Docket No. FAA-2015-3659; Directorate Identifier 2014-SW-050-AD.

#### (a) Applicability

This AD applies to Model 369A, 369D, 369E, 369FF, 369HE, 369HM, 369HS, 500N, and 600N helicopters with an Aerometals main rotor blade attach pin (pin) part number (P/N) 369X1004-5 installed, certificated in any category.

#### (b) Unsafe Condition

This AD defines the unsafe condition as a pin remaining in service beyond its fatigue life. This condition could result in failure of a pin, loss of a main rotor blade, and subsequent loss of control of the helicopter.

#### (c) Effective Date

This AD becomes effective March 31, 2016.

#### (d) Compliance

You are responsible for performing each action required by this AD within the specified compliance time unless it has already been accomplished prior to that time.

#### (e) Required Actions

(1) Within 100 hours time-in-service (TIS) or during the next annual inspection, whichever occurs first:

(i) Review the maintenance records and determine the hours TIS of each pin P/N 369X1004-5 and whether there is a pin life limit listed in the Airworthiness Limitations Section of the applicable maintenance manual or Instructions for Continued Airworthiness (ICA). If the hours TIS on a pin is unknown, remove the pin from service.

(ii) For Model 369A, 369HE, 369HM, and 369HS helicopters, if there is no pin life limit, establish a new life limit of 5,760 hours TIS for each pin P/N 369X1004-5 by making pen-and-ink changes or by inserting a copy of this AD into the Airworthiness Limitations Section of the maintenance manual or the ICA. Remove from service any pin that has 5,760 or more hours TIS.

(iii) For Model 369D, 369E, 369FF, 500N, and 600N helicopters, if there is no pin life limit, establish a new life limit of 7,600 hours TIS for each pin P/N 369X1004-5 by making pen-and-ink changes or by inserting a copy of this AD into the Airworthiness Limitations Section of the maintenance manual or the ICA. Remove from service any pin that has 7,600 or more hours TIS.

(iv) For all model helicopters, add the following statement to the Airworthiness Limitations Section of the maintenance manual or the ICA by making pen-and-ink changes or by inserting a copy of this AD: If interchanged between different model helicopters, the life limit of pin P/N 369X1004-5 must be restricted to the lowest life limit indicated for the helicopter models and serial numbers affected.

(2) Do not install a pin P/N 369X1004-5 on any helicopter before the requirements of this AD have been accomplished.

#### (f) Alternative Methods of Compliance (AMOCs)

(1) The Manager, Los Angeles Aircraft Certification Office, FAA, may approve AMOCs for this AD. Send your proposal to: Galib Abumeri, Aviation Safety Engineer, Transport Airplane Directorate, FAA, 3960 Paramount Blvd., Lakewood, California 90712; telephone (562) 627-5324 or email at [9-ANM-LAACO-AMOC-REQUESTS@faa.gov](mailto:9-ANM-LAACO-AMOC-REQUESTS@faa.gov).

(2) For operations conducted under a 14 CFR part 119 operating certificate or under 14 CFR part 91, subpart K, we suggest that you notify your principal inspector, or lacking a principal inspector, the manager of the local flight standards district office or certificate holding district office before operating any aircraft complying with this AD through an AMOC.

#### (g) Additional Information

Aerometals Service Bulletin Aero-SB-1103, dated July 2, 2014, and Aerometals Aero-ICA-101 Supplemental Instructions for Continued Airworthiness, Revision NC, dated May 22, 2014, which are not incorporated by reference, contain additional information about the subject of this final rule. For service information identified in this final rule, contact Aerometals, 3920 Sandstone Dr., El Dorado Hills, CA 95762, telephone (916) 939-6888, fax (916) 939-6555, [www.aerometals.aero](http://www.aerometals.aero). You may review a copy of this service information at the FAA, Office of the Regional Counsel, Southwest Region, 10101 Hillwood Pkwy, Room 6N-321, Fort Worth, TX 76177.

**(h) Subject**

Joint Aircraft Service Component (JASC)  
Code: 6210 Main Rotor Blades.

Issued in Fort Worth, Texas, on February 17, 2016.

**Lance T. Gant,**

*Manager, Rotorcraft Directorate, Aircraft Certification Service.*

[FR Doc. 2016-03881 Filed 2-24-16; 8:45 am]

**BILLING CODE 4910-13-P**

**DEPARTMENT OF THE TREASURY****Internal Revenue Service****26 CFR Part 1**

[TD 9753]

RIN 1545-BL84

**Amendments to the Low-Income Housing Credit Compliance-Monitoring Regulations**

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Final and temporary regulations.

**SUMMARY:** This document contains final and temporary regulations relating to the compliance-monitoring duties of a State or local housing credit agency for purposes of the low-income housing credit. The final and temporary regulations revise and clarify the requirement to conduct physical inspections and review low-income certifications and other documentation. The final and temporary regulations will affect State or local housing credit agencies. The text of these temporary regulations also serves as the text of the proposed regulations (REG-150349-12) set forth in the notice of proposed rulemaking on this subject in the Proposed Rules section in this issue of the **Federal Register**.

**DATES:**

*Effective date:* These regulations are effective on February 25, 2016.

*Applicability date:* For dates of applicability, see § 1.42-5T(h)(2).

**FOR FURTHER INFORMATION CONTACT:** Jian H. Grant, (202) 317-4137, and Martha M. Garcia, (202) 317-6853 (not toll-free numbers).

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

This document amends 26 CFR part 1 to revise and clarify rules relating to section 42 of the Internal Revenue Code (Code). On March 5, 2012, the Treasury Department and the IRS published Notice 2012-18, 2012-10 IRB 438. Notice 2012-18 informed State and

local housing credit agencies participating in a physical inspections pilot program of an alternative method for satisfying certain inspection and review responsibilities under § 1.42-5(c)(2) for projects for which the Department of Housing and Urban Development (HUD) conducted physical inspections.<sup>1</sup> Notice 2012-18 also requested comments on various issues relating to § 1.42-5. The Treasury Department and the IRS received written and electronic comments in response. After consideration of all of the comments received, the Treasury Department and the IRS are issuing these final and temporary regulations.

This document also updates the authority citation of 26 CFR part 1. The Omnibus Budget Reconciliation Act of 1989 (Pub. L. 101-239) re-designated section 42(m) of the Code as section 42(n). The updates in this document reflect that re-designation.

*General Overview*

Section 42 provides rules for determining the amount of the low-income housing credit, which section 38 allows as a credit against income tax. Section 42(a) provides that the amount of the low-income housing credit for any taxable year in the credit period is an amount equal to the applicable percentage of the qualified basis of each qualified low-income building. Section 42(c)(2) defines a qualified low-income building as any building that is part of a qualified low-income housing project at all times during the compliance period (the period of 15 taxable years beginning with the first taxable year of the credit period).

Section 42(g)(1) defines a qualified low-income housing project as any project for residential rental property if the project meets one of the following tests, as elected by the taxpayer:

(A) At least 20 percent of the residential units in the project are rent-restricted and occupied by individuals whose income is 50 percent or less of area median gross income; or

(B) At least 40 percent of the residential units in the project are rent-restricted and occupied by individuals whose income is 60 percent or less of area median gross income.

In general, under section 42(i)(3)(A), a low-income unit is a residential unit that is rent-restricted and the occupants of which meet the applicable income limit elected by the taxpayer as described in section 42(g)(1)(A) or (B).

<sup>1</sup>Notice 2014-15, 2014-12 IRB 661, extended permission through December 31, 2014, for State and local housing credit agencies to use the alternative method in Notice 2012-18.

Under section 42(i)(3)(B)(i), a unit is not treated as a low-income unit unless it is suitable for occupancy and used other than on a transient basis. Under section 42(i)(3)(B)(ii), the suitability of a unit for occupancy must be determined under regulations prescribed by the Secretary taking into account local health, safety, and building codes. Failure of one or more units to qualify as low-income units may result in a project's ineligibility for the low-income housing credit, reduction in the amount of the credit, and/or recapture of previously allowed credits.

Under section 42(m)(1), the owners of an otherwise-qualifying building are not entitled to low-income housing credits that are allocated to the building unless, among other requirements, the allocation is pursuant to a qualified allocation plan (QAP). A QAP provides standards by which a State or local housing credit agency or its Authorized Delegate within the meaning of § 1.42-5(f)(1) ("Agency") will make these allocations. A QAP also provides a procedure that an Agency must follow in monitoring for compliance with the provisions of section 42. A plan fails to be a QAP unless, in addition to other requirements, it—

provides a procedure that the agency (or an agent or other private contractor of such agency) will follow in monitoring for noncompliance with the provisions of [section 42] and in notifying the Internal Revenue Service of such noncompliance which such agency becomes aware of and in monitoring for noncompliance with habitability standards through regular site visits.

Section 42(m)(1)(B)(iii).

Section 1.42-5 (the compliance-monitoring regulations) describes some of the provisions that must be part of any QAP. As part of its compliance-monitoring responsibilities, an Agency must perform physical inspections and low-income certification review.

The compliance-monitoring regulations specifically provide that, for each low-income housing project, an Agency must conduct on-site inspections of all buildings by the end of the second calendar year following the year the last building in the project is placed in service (the all-buildings requirement). In addition, prior to the amendments in this document, the regulations provided that, for at least 20 percent of the project's low-income units (the 20-percent rule), the Agency must both inspect the units and review the low-income certifications, the documentation supporting the certifications, and the rent records for the tenants in those same units (the same-units requirement). The