

mortgage insurance payments until the date on which the creditor must automatically terminate coverage under applicable law, even though the consumer may have a right to request that the insurance be cancelled earlier. The payment schedule must reflect the legal obligation, as determined by applicable state or other law. For example, assume that under applicable law, mortgage insurance must terminate after the 130th scheduled monthly payment, and the creditor collects at closing and places in escrow two months of premiums. If, under the legal obligation, the creditor will include mortgage insurance premiums in 130 payments and refund the escrowed payments when the insurance is terminated, the payment schedule should reflect 130 premium payments. If, under the legal obligation, the creditor will apply the amount escrowed to the two final insurance payments, the payment schedule should reflect 128 monthly premium payments. (For assumptions in calculating a payment schedule that includes mortgage insurance that must be automatically terminated, see comments 17(c)(1)-8 and 17(c)(1)-10.)

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**Subpart E—Special Rules for Certain Home Mortgage Transactions**

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

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*32(a) Coverage.*  
*Paragraph 32(a)(1)(i).*

\* \* \* \* \*

4. *Treasury securities.* To determine the yield on comparable Treasury securities for the annual percentage rate test, creditors may use the yield on actively traded issues adjusted to constant maturities published in the Board's "Selected Interest Rates" (statistical release H-15). Creditors must use the yield corresponding to the constant maturity that is closest to the loan's maturity. If the loan's maturity is exactly halfway between security maturities, the annual percentage rate on the loan should be compared with the yield for Treasury securities having the lower yield. In determining the loan's maturity, creditors may rely on the rules in § 226.17(c)(4) regarding irregular first payment periods. For example:

i. If the H-15 contains a yield for Treasury securities with constant maturities of 7 years and 10 years and no maturity in between, the annual percentage rate for an 8-year mortgage

loan is compared with the yield of securities having a 7-year maturity, and the annual percentage rate for a 9-year mortgage loan is compared with the yield of securities having a 10-year maturity.

ii. If a mortgage loan has a term of 15 years, and the H-15 contains a yield of 5.21 percent for constant maturities of 10 years, and also contains a yield of 6.33 percent for constant maturities of 20 years, then the creditor compares the annual percentage rate for a 15-year mortgage loan with the yield for constant maturities of 10 years.

iii. If a mortgage loan has a term of 30 years, and the H-15 does not contain a yield for 30-year constant maturities, but contains a yield for 20-year constant maturities, and an average yield for securities with remaining terms to maturity of 25 years and over, then the annual percentage rate on the loan is compared with the yield for 20-year constant maturities.

\* \* \* \* \*

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, March 28, 2003.

**Robert deV. Frierson,**  
*Deputy Secretary of the Board.*

[FR Doc. 03-8022 Filed 4-2-03; 8:45 am]

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**DEPARTMENT OF TRANSPORTATION**

**Federal Aviation Administration**

**14 CFR Part 39**

[Docket No. 2002-CE-52-AD; Amendment 39-13101; AD 2003-07-05]

RIN 2120-AA64

**Airworthiness Directives; Stemme GmbH & Co. KG Models S10 and S10-V Sailplanes**

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

**ACTION:** Final rule.

**SUMMARY:** This amendment adopts a new airworthiness directive (AD) that applies to all Stemme GmbH & Co. KG (Stemme) Models S10 and S10-V sailplanes. This AD requires you to modify the engine compartment fuel and oil system and firewall. This AD is the result of FAA's determination that the actions required in AD 2002-22-04 should also be accomplished on other sailplanes of similar type design. The actions specified by this AD are intended to reduce the potential for a fire to ignite in the engine compartment

and to increase the containment of an engine fire in the engine compartment. A fire in the engine compartment could lead to loss of control of the sailplane.

**DATES:** This AD becomes effective on May 22, 2003.

The Director of the Federal Register approved the incorporation by reference of certain publications listed in the regulations as of May 22, 2003.

**ADDRESSES:** You may get the service information referenced in this AD from Stemme GmbH & Co. KG, Gustav-Meyer-Allee 25, D-13355 Berlin, Germany; telephone: 49.33.41.31.11.70; facsimile: 49.33.41.31.11.73. You may view this information at the Federal Aviation Administration (FAA), Central Region, Office of the Regional Counsel, Attention: Rules Docket No. 2002-CE-52-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:** Mike Kiesov, Aerospace Engineer, FAA, Small Airplane Directorate, 901 Locust, Room 301, Kansas City, Missouri 64106; telephone: (816) 329-4144; facsimile: (816) 329-4090.

**SUPPLEMENTARY INFORMATION:**

**Discussion**

*What Events Have Caused This AD?*

The Luftfahrt-Bundesamt (LBA), which is the airworthiness authority for Germany, reported an incident of an in-flight fire on a Model S10-VT sailplane. The accident investigation revealed that the fire was not contained in the engine compartment. The manufacturer conducted a design review and determined that modifications to the fuel and oil system and the firewall design will significantly reduce the potential for a fire to ignite in the engine compartment and increase the containment of an engine fire in the engine compartment.

This condition caused us to issue AD 2002-22-04, Amendment 39-12928 (67 FR 66547, November 1, 2002). AD 2002-22-04 requires the following on certain Model S10-VT sailplanes:

- Modify the engine compartment fuel and oil system; and
- Modify the firewall by sealing all gaps.

Although Stemme Models S10 and S10-V sailplanes have a different engine installation (non-turbocharged), they are of similar type design as Stemme Model S10-VT sailplanes. We have determined that similar modifications should also be incorporated on these sailplanes. The LBA has determined that these modifications are not mandatory for

sailplanes registered outside of the United States.

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

If this condition is not prevented, there is potential for a fire to ignite in the engine compartment and spread into the cockpit. Such a condition could lead to loss of control of the sailplane.

*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 Stemme Models S10 and S10-V sailplanes. This proposal was published in the **Federal Register** as a notice of proposed rulemaking (NPRM) on January 14, 2003 (68 FR 1805). The NPRM proposed to require you to modify the engine compartment fuel and oil system and firewall.

*Was the Public Invited To Comment?*

The FAA encouraged interested persons to participate in the making of this amendment. We received one comment in support of the NPRM.

**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 corrections. 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.

*How Does the Revision to 14 CFR Part 39 Affect This AD?*

On July 10, 2002, FAA published a new version of 14 CFR part 39 (67 FR 47997, July 22, 2002), which governs FAA's AD system. This regulation now includes material that relates to special flight permits, alternative methods of compliance, and altered products. This material previously was included in each individual AD. Since this material is included in 14 CFR part 39, we will not include it in future AD actions.

**Cost Impact**

*How Many Sailplanes Does This AD Impact?*

We estimate that this AD affects 15 sailplanes in the U.S. registry.

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

We estimate the following costs to accomplish the modifications:

Labor cost	Parts cost	Total cost per airplane	Total cost on U.S. operators
10 workhours × \$60 per hour = \$600 .....	\$620	\$1,220	\$1,220 × 15 = \$18,300.

*What is the Compliance Time of This AD?*

The compliance time of this AD is "within the next 50 hours time-in-service (TIS) or 6 months after the effective date of this AD, whichever occurs first."

*Why Is the Compliance Time of This AD Presented in Both Hours TIS and Calendar Time?*

The unsafe condition on these sailplanes is not a result of the number of times the sailplane is operated. Sailplane operation varies among operators. For example, one operator may operate the sailplane 50 hours TIS in 6 months while it may take another operator 12 months or more to accumulate 50 hours TIS. For this reason, the FAA has determined that the compliance time of this AD will be specified in both hours TIS and calendar time in order to ensure this condition is not allowed to go uncorrected over time.

**Regulatory Impact**

*Does This AD Impact Various Entities?*

The regulations adopted herein 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. Therefore, it is determined that this final rule does not have federalism implications under Executive Order 13132.

*Does This AD Involve a Significant Rule or Regulatory Action?*

For the reasons discussed above, I certify that this action (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); and (3) 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. A copy of the final evaluation prepared for this action is contained in the Rules Docket. A copy of it may be obtained by contacting the Rules Docket at the location provided under the caption **ADDRESSES**.

**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

Federal Aviation Administration amends part 39 of the Federal Aviation Regulations (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. FAA amends § 39.13 by adding a new AD to read as follows:

**2003-07-05 Stemme GmbH & Co. KG:**  
Amendment 39-13101; Docket No. 2002-CE-52-AD.

(a) *What sailplanes are affected by this AD?* This AD affects Models S10 and S10-V sailplanes, all serial numbers, that are certificated in any category.

(b) *Who must comply with this AD?* Anyone who wishes to operate any of the sailplanes identified in paragraph (a) of this AD must comply with this AD.

(c) *What problem does this AD address?* The actions specified by this AD are intended to reduce the potential for a fire to ignite in the engine compartment and to increase the containment of an engine fire in the engine compartment. A fire in the engine compartment could lead to loss of control of the sailplane.

(d) *What actions must I accomplish to address this problem?* To address this problem, you must accomplish the following:

Actions	Compliance	Procedures
Modify the firewall by sealing all gaps and modify the fuel and oil lines in the engine compartment.	Within the next 50 hours time-in-service (TIS) or 6 months after May 22, 2003 (the effective date of this AD), whichever occurs first.	Modify the firewall in accordance with Stemme Service Bulletin A31-10-057, dated June 7, 2001, as specified in Stemme Service Bulletin A31-10-063, dated September 11, 2002. Modify the fuel and oil lines in accordance with Stemme Service Bulletin A31-10-063, dated September 11, 2002, and Stemme Installation Instruction A34-10-063E, dated August 26, 2002.

(e) Can I comply with this AD in any other way? To use an alternative method of compliance or adjust the compliance time, use the procedures in 14 CFR 39.19. Send these requests to the Manager, Standards Office, Small Airplane Directorate. For information on any already approved alternative methods of compliance, contact Mike Kiesov, Aerospace Engineer, FAA, Small Airplane Directorate, 901 Locust, Room 301, Kansas City, Missouri 64106; telephone: (816) 329-4144; facsimile: (816) 329-4090.

(f) *Are any service bulletins incorporated into this AD by reference?* Actions required by this AD must be done in accordance with Stemme Service Bulletin A31-10-057, dated June 7, 2001; Stemme Service Bulletin A31-10-063, dated September 11, 2002; and Stemme Installation Instruction A34-10-063E, dated August 26, 2002. The Director of the Federal Register approved this incorporation by reference under 5 U.S.C. 552(a) and 1 CFR part 51. You may get copies from Stemme GmbH & Co. KG, Gustav-Meyer-Allee 25, D-13355 Berlin, Germany; telephone: 49.33.41.31.11.70; facsimile: 49.33.41.31.11.73. You may view copies at the FAA, Central Region, Office of the Regional Counsel, 901 Locust, Room 506, Kansas City, Missouri, or at the Office of the Federal Register, 800 North Capitol Street, NW., suite 700, Washington, DC.

(g) *When does this amendment become effective?* This amendment becomes effective on May 22, 2003.

Issued in Kansas City, MO, on March 25, 2003.

**Michael Gallagher,**

Manager, Small Airplane Directorate, Aircraft Certification Service.

[FR Doc. 03-7744 Filed 4-2-03; 8:45 am]

**BILLING CODE 4910-13-P**

**DEPARTMENT OF TRANSPORTATION**

**Federal Aviation Administration**

**14 CFR Part 39**

[Docket No. 2000-CE-56-AD; Amendment 39-13099; AD 2003-07-03]

**RIN 2120-AA64**

**Airworthiness Directives; Twin Commander Aircraft Corporation Models 690D, 695A, and 695B Airplanes**

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

**ACTION:** Final rule.

**SUMMARY:** This amendment adopts a new airworthiness directive (AD) that applies to certain Twin Commander Aircraft Corporation (TCAC) Models 690D, 695A, and 695B airplanes. This AD requires you to initially inspect and modify and repetitively inspect areas of the wing and fuselage structure for fatigue damage and modify or replace any damaged parts. This AD is the result of tests that show that the service life of certain airplane parts cannot be reached unless an inspection and modification program (with any necessary replacements or modifications if fatigue damage is found) is incorporated. The actions specified by this AD are intended to detect and correct fatigue damage in the wing and fuselage areas without reducing the service life of the airplane. Such undetected and uncorrected damage could result in structural failure with consequent loss of control of the airplane.

**DATES:** This AD becomes effective on May 16, 2003. The Director of the Federal Register approved the incorporation by reference of certain publications listed in the regulations as of May 16, 2003.

**ADDRESSES:** You may get the service information referenced in this AD from Twin Commander Aircraft Corporation, 19010 59th Drive NE., Arlington, Washington 98223-7832; telephone: (360) 435-9797; facsimile: (360) 435-1112. You may view this information at

the Federal Aviation Administration (FAA), Central Region, Office of the Regional Counsel, Attention: Rules Docket No. 2000-CE-56-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:** Della Swartz, Aerospace Engineer, FAA, Seattle Aircraft Certification Office, 1601 Lind Avenue, SW., Renton, Washington 98055-4065; telephone: (425) 687-4246; facsimile: (425) 687-4248.

**SUPPLEMENTARY INFORMATION:**

**Discussion**

*What Events Have Caused This AD?*

The FAA has received results of fatigue testing of the wing and fuselage structure on Models 690D, 695A, and 695B airplanes. These results reveal that fatigue damage could occur prior to the published service lives.

TCAC has developed an inspection and modification program to detect and correct fatigue damage in the wing and fuselage areas without reducing the service life of the airplanes.

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

Such fatigue damage, if not detected and corrected, could result in structural failure with consequent loss of control of the airplane.

*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 TCAC Models 690D, 695A, and 695B airplanes. This proposal was published in the **Federal Register** as a notice of proposed rulemaking (NPRM) on December 3, 2002 (67 FR 71904). The NPRM proposed to require you to repetitively inspect areas of the wing and fuselage structure for fatigue damage and modify or replace any damaged parts.