

(7) SBA determines that there has been a material adverse change, such as deterioration in the Borrower's financial condition, since the 504 loan was approved, or that approving the closing of the Debenture will put SBA at unacceptable financial risk.

56. Revise the undesignated center heading immediately preceding § 120.970 to read as follows:

#### **Servicing**

57. Revise § 120.970 to read as follows:

#### **§ 120.970 Servicing of 504 loans and Debentures.**

(a) In servicing 504 loans, CDCs must comply with 504 program requirements imposed by statute, regulation, SOPs, policy and procedural notices, loan authorizations, Debentures, and agreements between the CDC and SBA, and in accordance with prudent and commercially reasonable lending standards.

(b) The CDC is responsible for routine servicing including receipt and review of the Borrower's or Operating Company's financial statements on an annual or more frequent basis and monitoring the status of the Borrower and 504 loan collateral.

(c) The CDC is responsible for assuring that the Borrower makes all required insurance premium payments, pays all taxes when due, and files renewals and extension of security interests on collateral for the 504 loan, as required.

(d) The CDC must timely respond to Borrower requests for loan modifications.

(e) For any 504 loan that is more than three months past due, the CDC must promptly request that SBA purchase the Debenture unless the 504 loan has an SBA-approved deferment or is in compliance with an SBA-approved plan to allow the Borrower to catch up on delinquent loan payments.

(f) The CDC must cooperate with SBA to cure defaults and initiate workouts.

(g) SBA may negotiate agreements with CDCs to liquidate 504 loans.

58. Add a new undesignated center heading immediately preceding § 120.971 to read as follows:

#### **Fees**

59. Revise paragraphs (a) introductory text, and (a)(2) of § 120.971 to read as follows:

#### **§ 120.971 Allowable fees paid by Borrower.**

(a) *CDC fees.* The fees a CDC may charge the Borrower in connection with

a 504 loan and Debenture are limited to the following:

\* \* \* \* \*

(2) *Closing fee.* The CDC may charge a reasonable closing fee sufficient to reimburse it for the expenses of its in-house or outside legal counsel, and other miscellaneous closing costs (CDC Closing Fee). Some closing costs may be funded out of the Debenture proceeds (see § 120.883 for limitations);

\* \* \* \* \*

60. Revise § 120.972 to read as follows:

#### **§ 120.972 Third Party Lender participation fee and CDC fee.**

(a) *Participation fee.* For loans approved by SBA after September 30, 1996, SBA must collect a one-time fee equal to 50 basis points on the Third Party Lender's participation in a Project when the Third Party Lender occupies a senior credit position to SBA in the Project.

(b) *CDC fee.* For loans approved by SBA after September 30, 1996, SBA must collect an annual fee from the CDC equal to 0.125 percent of the outstanding principal balance of the Debenture. The fee must be paid from the servicing fees collected by the CDC and cannot be paid from any additional fees imposed on the Borrower.

61. Remove the undesignated center heading immediately preceding § 120.980 and §§ 120.980, 120.982 through 120.984.

Dated: June 27, 2003.

**Hector V. Barreto,**

*Administrator.*

[FR Doc. 03-16862 Filed 7-7-03; 8:45 am]

**BILLING CODE 8025-01-U**

## **DEPARTMENT OF TRANSPORTATION**

### **Federal Aviation Administration**

#### **14 CFR Part 39**

**[Docket No. 2001-NE-21-AD]**

**RIN 2120-AA64**

#### **Airworthiness Directives; General Electric Company CF34-3A1, -3B, and -3B1 Turbofan Engines**

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

**ACTION:** Notice of proposed rulemaking (NPRM).

**SUMMARY:** The Federal Aviation Administration (FAA) proposes to revise an existing airworthiness directive (AD) applicable to General Electric Company (GE) CF34-3A1, -3B,

and -3B1 turbofan engines with scavenge screens part numbers (P/Ns) 4047T95P01 and 5054T86G02 installed in the B-sump oil scavenge system. That AD currently requires initial and repetitive visual inspections and cleaning of the B-sump scavenge screens until a screenless fitting is installed. This proposal requires the same initial and repetitive visual inspections and cleaning of the B-sump scavenge screens until a screenless fitting is installed. This proposal also corrects a typographical error, and introduces a less restrictive terminating action schedule. This proposal is prompted by the need to correct a typographical error and by the need to introduce a less restrictive terminating action schedule. The actions specified by the proposed AD are intended to prevent B-sump scavenge screen blockage due to coking which could result in ignition of B-sump oil in the secondary air system, fan drive shaft separation, and uncontained engine failure.

**DATES:** Comments must be received by September 8, 2003.

**ADDRESSES:** Submit comments in triplicate to the Federal Aviation Administration (FAA), New England Region, Office of the Regional Counsel, Attention: Rules Docket No. 2001-NE-21-AD, 12 New England Executive Park, Burlington, MA 01803-5299. Comments may be inspected at this location, by appointment, between 8 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays. Comments may also be sent via the Internet using the following address: "9-ane-adcomment@faa.gov." Comments sent via the Internet must contain the docket number in the subject line.

The service information referenced in the proposed rule may be obtained from GE Aircraft Engines, 1000 Western Avenue, Lynn, MA 01910; Attention: CF34 Product Support Engineering, Mail Zone: 34017; telephone (781) 594-6323; fax (781) 594-0600. This information may be examined, by appointment, at the FAA, New England Region, Office of the Regional Counsel, 12 New England Executive Park, Burlington, MA.

**FOR FURTHER INFORMATION CONTACT:** Barbara Caufield, Aerospace Engineer, Engine Certification Office, FAA, Engine and Propeller Directorate, 12 New England Executive Park, Burlington, MA 01803-5299; telephone (781) 238-7146; fax (781) 238-7199.

#### **SUPPLEMENTARY INFORMATION:**

#### **Comments Invited**

Interested persons are invited to participate in the making of the

proposed rule by submitting such written data, views, or arguments as they may desire. Communications should identify the Rules Docket number and be submitted in triplicate to the address specified above. All communications received on or before the closing date for comments, specified above, will be considered before taking action on the proposed rule. The proposals contained in this action may be changed in light of the comments received.

Comments are specifically invited on the overall regulatory, economic, environmental, and energy aspects of the proposed rule. All comments submitted will be available, both before and after the closing date for comments, in the Rules Docket for examination by interested persons. A report summarizing each FAA-public contact concerned with the substance of this proposal will be filed in the Rules Docket.

Commenters wishing the FAA to acknowledge receipt of their comments submitted in response to this action must submit a self-addressed, stamped postcard on which the following statement is made: "Comments to Docket Number 2001-NE-21-AD." The postcard will be date stamped and returned to the commenter.

#### Availability of NPRM's

Any person may obtain a copy of this NPRM by submitting a request to the FAA, New England Region, Office of the Regional Counsel, Attention: Rules Docket No. 2001-NE-21-AD, 12 New England Executive Park, Burlington, MA 01803-5299.

#### Discussion

On March 6, 2003, the FAA issued AD 2003-05-10, Amendment 39-13086 (68 FR 12806, March 18, 2003), to require initial and repetitive visual inspections and cleaning of the B-sump scavenge screens until a screenless fitting is installed. That action was prompted by six reports of B-sump oil scavenge system failure causing engine in-flight shutdowns. That condition, if not corrected, could result in ignition of B-sump oil in the secondary air system, fan drive shaft separation, and uncontained engine failure.

Since AD 2003-05-10 was issued, the FAA has recognized that a typographical error needs to be corrected in the Differences Between This AD and the Manufacturer's Service Information paragraph, and that a less restrictive terminating action schedule needs to be established.

#### Manufacturer's Service Information

The FAA has reviewed and approved the technical contents of GE Aircraft Engines (GE) Alert Service Bulletin (ASB) CF34-AL S/B 79-A0014, Revision 3, dated January 31, 2003; and ASB CF34-BJ S/B 79-A0015, Revision 3, dated January 31, 2003; that describe procedures for initial and repetitive visual inspections and cleaning of the B-sump scavenge screens. The FAA has also reviewed and approved GE ASB CF34-AL S/B 79-A0016 and ASB CF34-BJ S/B 79-A0017, both dated June 17, 2002. These ASBs describe the procedures for introducing the screenless B-sump scavenge fittings and for reworking to eliminate the screens from the existing scavenge screen fittings located at the forward and aft end of the lube and scavenge pump assembly, thereby terminating the repetitive inspections.

#### Differences Between This Proposed AD and the Manufacturer's Service Information

GE ASB CF34-AL S/B 79-A0014, Revision 3, dated January 31, 2003, recommends for engines with more than 4,000 hours time-since-new (TSN) or more than 1,000 hours time-since-last-shop-visit (TSLSV), initial visual inspections and cleaning of the B-sump scavenge screens "by the next A-check". GE ASB CF34-BJ S/B 79-A0015, Revision 3, dated January 31, 2003, recommends for engines with more than 4,000 hours TSN or more than 1,000 hours TSLSV, initial visual inspections and cleaning of the B-sump scavenge screens within 300 hours for the CF34-3A1 engine model or within 400 hours for the CF34-3B engine model. However, this proposed AD would require initial visual inspections and cleaning of the B-sump scavenge screens within 500 hours after the effective date of this proposed AD. The time intervals have been changed from those cited in the ASBs to provide consistency for all engine models and to eliminate the use of aircraft maintenance terminology. The times are approximately equivalent to the A-check intervals.

GE ASBs CF34-AL S/B 79-A0016, dated June 17, 2002; and CF34-BJ S/B 79-A0017, dated June 17, 2002; recommend for engines with more than 4,000 hours TSN or more than 1,000 hours TSLSV, replacement of existing scavenge screens P/Ns 4047T95P01 and 5054T86G02, installed in the B-sump oil scavenge system, with screenless fittings "by the next A-check". However, this proposed AD would require installation of screenless fittings, or fittings that have been reworked to remove the

screens, in the B-sump oil scavenge system within 500 hours after the effective date of this proposed AD. The installation requirement has been changed from that cited in the ASBs to eliminate the use of aircraft maintenance terminology. The time is approximately equivalent to the A-check interval.

#### FAA's Determination of an Unsafe Condition and Proposed Actions

Since an unsafe condition has been identified that is likely to exist or develop on other GE CF34-3A1, -3B, and -3B1 turbofan engines of the same type design, this proposed AD is being issued to prevent B-sump scavenge screen blockage due to coking, which could result in ignition of B-sump oil in the secondary air system, fan drive shaft separation, and uncontained engine failure. This proposed AD would require:

- Initial visual inspection and cleaning of the scavenge screens, P/Ns 4047T95P01 and 5054T86G02, installed in the B-sump oil scavenge system.
- Repetitive visual inspection and cleaning of the scavenge screens, P/Ns 4047T95P01 and 5054T86G02, installed in the B-sump oil scavenge system, within 200 hours time-since-last inspection (TSLI) if no coking is found.
- Repetitive visual inspection and cleaning of the scavenge screens, P/Ns 4047T95P01 and 5054T86G02, installed in the B-sump scavenge system, within 100 hours TSLI if any coking is found.
- Replacement of existing scavenge screens, P/Ns 4047T95P01 and 5054T86G02, installed in the B-sump oil scavenge system, with screenless fittings.

The actions must be done in accordance with the service bulletins described previously.

#### Economic Analysis

There are approximately 940 engines of the affected design in the worldwide fleet. The FAA estimates that 576 engines installed on aircraft of U.S. registry would be affected by this proposed AD. The FAA also estimates that it would take approximately 10.0 work hours per engine to perform the proposed actions, and that the average labor rate is \$65 per work hour. Required parts would cost approximately \$1,050 per engine. Based on these figures, the total cost of the proposed AD to U.S. operators is estimated to be \$979,200.

#### Regulatory Analysis

This proposed rule does not have federalism implications, as defined in Executive Order 13132, because it

would 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. Accordingly, the FAA has not consulted with state authorities prior to publication of this proposed rule.

For the reasons discussed above, I certify that this proposed regulation (1) is not a "significant regulatory action" under Executive Order 12866; (2) is not a "significant rule" under the DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979); and (3) if promulgated, 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 draft regulatory 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, Safety.

#### The Proposed Amendment

Accordingly, pursuant to the authority delegated to me by the

Administrator, the Federal Aviation Administration proposes to amend 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. Section 39.13 is amended by removing Amendment 39–13086 (68 FR 12806, March 18, 2003), and by adding a new airworthiness directive, to read as follows:

**General Electric Company:** Docket No. 2001–NE–21–AD. Revises AD 2003–05–10, Amendment 39–13086.

**Applicability:** This airworthiness directive (AD) is applicable to General Electric Company (GE) CF34–3A1, –3B, and –3B1 turbofan engines with scavenge screens part numbers (P/Ns) 4047T95P01 and 5054T86G02 installed in the B-sump oil scavenge system. These engines are installed on, but not limited to, Bombardier Inc. (Canadair) Model CL–600–2A12, CL–600–2B16, and CL–600–2B19 airplanes.

**Note 1:** This AD applies to each engine identified in the preceding applicability provision, regardless of whether it has been modified, altered, or repaired in the area subject to the requirements of this AD. For

engines that have been modified, altered, or repaired so that the performance of the requirements of this AD is affected, the owner/operator must request approval for an alternative method of compliance in accordance with paragraph (d) of this AD. The request should include an assessment of the effect of the modification, alteration, or repair on the unsafe condition addressed by this AD; and, if the unsafe condition has not been eliminated, the request should include specific proposed actions to address it.

**Compliance:** Compliance with this AD is required as indicated, unless already done.

To prevent B-sump scavenge screen blockage due to coking, which could result in ignition of B-sump oil in the secondary air system, fan drive shaft separation, and uncontained engine failure, do the following:

#### Initial Inspection and Cleaning of B-Sump Screens

(a) Perform an initial visual inspection and cleaning of scavenge screens, P/Ns 4047T95P01 and 5054T86G02, installed in the B-sump oil scavenge system, in accordance with Paragraphs 3A through 3B of the Accomplishment Instructions of GE Aircraft Engines (GE) Alert Service Bulletin (ASB) CF34–AL S/B 79–A0014, Revision 3, dated January 31, 2003; or ASB CF34–BJ S/B 79–A0015, Revision 3, dated January 31, 2003; and the following table:

#### INITIAL INSPECTION AND CLEANING SCHEDULE

Engine hours time-since-new (TSN) or time-since-last-shop-visit (TSLSV)	Inspect and clean
(1) Fewer than 4,000 hours TSN or fewer than 4,000 hours TSLSV if it can be confirmed that both the B-sump scavenge screens were cleaned and the B-sump and combustor frame (strut tubes) were removed from the engine and cleaned at that prior shop visit.	Before 4,000 hours TSN or TSLSV.
(2) Fewer than 1,000 hours TSLSV if it can NOT be confirmed that both the B-sump scavenge screens were cleaned and the B-sump and combustor frame (strut tubes) were removed from the engine and cleaned at that prior shop visit.	Before 1,000 hours TSLSV.
(3) 4,000 hours or greater TSN or 4,000 hours or greater TSLSV if it can be confirmed that both the B-sump scavenge screens were cleaned and the B-sump and combustor frame (strut tubes) were removed from the engine and cleaned at that prior shop visit, or 1,000 hours or greater TSLSV if it can NOT be confirmed that both the B-sump scavenge screens were cleaned and the B-sump and combustor frame (strut tubes) were removed from the engine and cleaned at that prior shop visit.	Within 500 hours time-in-service (TIS) after the effective date of this AD.

#### Repetitive Inspections and Cleaning

(b) Perform repetitive visual inspections and cleaning of scavenge screens, P/Ns 4047T95P01 and 5054T86G02, installed in the B-sump oil scavenge system, in accordance with Paragraphs 3A through 3B of the Accomplishment Instructions of GE ASB CF34–AL S/B 79–A0014, Revision 3, dated January 31, 2003; and ASB CF34–BJ S/B 79–A0015, Revision 3, dated January 31, 2003; and the following:

(1) At intervals not to exceed 200 hours time-since-last-inspection (TSLI), if no coke is found in screens during initial or any prior inspections, or

(2) At intervals not to exceed 100 hours TSLI, if coke is found in screens during initial or any prior inspections.

#### Terminating Actions

(c) Install new screenless fittings or fittings that have been reworked to remove the screens, in the B-sump oil scavenge system, in accordance with GE ASB CF34–AL S/B 79–A0016, dated June 17, 2002; or ASB CF34–BJ S/B 79–A0017, dated June 17, 2002, and the following schedule:

(1) For engines with more than 4,000 hours TSN, within 500 hours TIS after the effective date of the AD, or within 1,000 hours TSLSV, whichever occurs first.

(2) For engines with less than or equal to 4,000 hours TSN, prior to 4,500 hours TSN.

This constitutes terminating action to the inspections required in paragraph (b) of this AD.

#### Alternative Methods of Compliance

(d) An alternative method of compliance or adjustment of the compliance time that provides an acceptable level of safety may be used if approved by the Manager, Engine Certification Office (ECO). Operators must submit their request through an appropriate FAA Principal Maintenance Inspector, who may add comments and then send it to the Manager, ECO.

**Note 2:** Information concerning the existence of approved alternative methods of compliance with this airworthiness directive, if any, may be obtained from the ECO.

**Special Flight Permits**

(e) Special flight permits may be issued in accordance with §§ 21.197 and 21.199 of the Federal Aviation Regulations (14 CFR 21.197 and 21.199) to operate the airplane to a location where the requirements of this AD can be done.

Issued in Burlington, Massachusetts, on June 30, 2003.

**Francis A. Favara,**

*Acting Manager, Engine and Propeller Directorate, Aircraft Certification Service.*

[FR Doc. 03-17178 Filed 7-7-03; 8:45 am]

BILLING CODE 4910-13-P

**DEPARTMENT OF JUSTICE****Drug Enforcement Administration****21 CFR Part 1301**

[Docket No. DEA-196P]

RIN 1117-AA73

**Reports by Registrants of Theft or Significant Loss of Controlled Substances**

**AGENCY:** Drug Enforcement Administration (DEA), Justice.

**ACTION:** Notice of proposed rulemaking; guidance.

**SUMMARY:** DEA is proposing the amendment of its regulations to clarify its policy regarding reports by registrants of theft or significant loss of controlled substances. There has been some confusion as to what constitutes a significant loss, and when and how initial notice of a theft or loss should be provided to DEA. This Notice of Proposed Rulemaking proposes the clarification of DEA regulations and provides guidance to registrants regarding the theft, significant loss and explained loss of controlled substances.

**DATES:** Written comments must be postmarked on or before September 8, 2003.

**ADDRESSES:** Comments should be sent to the Deputy Assistant Administrator, Office of Diversion Control, Drug Enforcement Administration, Washington, DC 20537, Attention: DEA Federal Register Representative/CCR.

**FOR FURTHER INFORMATION CONTACT:** Patricia M. Good, Chief, Liaison and Policy Section, Office of Diversion Control, Drug Enforcement Administration, Washington, DC 20537, Telephone (202) 307-7297.

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

DEA is publishing this Notice of Proposed Rulemaking (NPRM) to

propose the clarification of its policies and procedures regarding the reporting by registrants of the theft or significant loss of controlled substances.

Title 21, Code of Federal Regulations, § 1301.74(c) "Other security controls for non-practitioners; narcotic treatment programs and compounders for narcotic treatment programs." requires that: "The registrant shall notify the Field Division Office of the Administration in his area of any theft or significant loss of any controlled substances upon discovery of such theft or loss. The supplier shall be responsible for reporting in-transit losses of controlled substances by the common or contract carrier selected pursuant to § 1301.74(e), upon discovery of such theft or loss. The registrant shall also complete DEA Form 106 regarding such theft or loss. Thefts must be reported whether or not the controlled substances are subsequently recovered and/or the responsible parties are identified and action taken against them."

Title 21, Code of Federal Regulations, § 1301.76(b) "Other security controls for practitioners." further requires that: "The registrant shall notify the Field Division Office of the Administration in his area of the theft or significant loss of any controlled substances upon discovery of such loss or theft. The registrant shall also complete DEA (or BND) Form 106 regarding such loss or theft."

A number of questions have arisen regarding the meaning of certain terms in these paragraphs. Specifically, there seems to be confusion within the regulated industry as to the exact meaning of the phrase "upon discovery". Therefore, as further discussed below, DEA is proposing the amendment of the regulations to insert the word "immediately" before the phrase "upon discovery" to clarify this point. Further, DEA is proposing the amendment of its regulations to list certain factors which registrants should consider when determining whether a loss of controlled substances is significant. Finally, this document provides guidance to registrants on the reporting of breakage, spillage or other explained losses of controlled substances. No regulatory amendments are being proposed regarding this guidance.

**Theft or Other Unexplained Significant Loss of Controlled Substances**

*What Is a DEA Registrant Required To Do When a Theft or Significant Loss Is Discovered?*

Every DEA registrant is required to notify the DEA field office in their area

of any theft or significant loss of controlled substances upon its discovery. DEA has always viewed "upon discovery" to mean that notification should occur immediately and without delay. Every DEA registrant (practitioner, pharmacy, hospital/clinic, manufacturer, distributor, etc.) must comply with this requirement, and such compliance cannot be overridden by an internal corporate policy that is contrary to the notification requirement. For example, a DEA-registered pharmacy must provide notice to the local DEA field office when a theft or significant loss is discovered. This requirement is not satisfied by the reporting of the theft or significant loss internally to individuals in corporate management. DEA must be notified directly and immediately of the theft or significant loss of the controlled substances. A corporation that owns/operates multiple registered sites and wishes to channel all notifications through a central point such as corporate loss prevention, corporate security, or other corporate entity may do so but must still fulfill the requirement to provide notice to DEA immediately upon discovery by the actual registrant. However, this immediate notification does not always occur. Therefore, DEA is proposing the amendment of its regulations to insert the word "immediately" before the phrase "upon discovery" to clarify this point.

The purpose of immediate notification is to provide an opportunity for DEA, state, or local participation in the investigative process when warranted, and to create a record that the theft or significant loss was properly reported. It also alerts law enforcement to more broadly based circumstances and patterns of which the individual registrant may be unaware. This notification is considered part of a good-faith effort on the part of the regulated industries to maintain effective controls against the diversion of controlled substances, as required by 21 CFR 1301.71(a). Lack of prompt notification could prevent effective investigation and prosecution of individuals involved in the diversion of controlled substances. Withholding or failing to provide information is a violation of the law and regulations (21 U.S.C. 821, 21 U.S.C. 842(a)(5), 21 CFR 1301.74(c), 1301.76(b)).

**How Should Notice of a Theft or Significant Loss Be Provided?**

The regulations require that notice of a theft or significant loss must be reported to DEA upon its discovery. As noted above, DEA has always viewed "upon discovery" to mean that