

be disinfected by one of the methods specified in paragraph (a), (b), or (c) of this section, unless a particular treatment is designated by an inspector. The treatment used must be that specified by an inspector:

(a) Wetting all surfaces to the point of runoff with one of the following 1.5 percent sodium hypochlorite solutions and letting stand for 15 minutes, then thoroughly washing down all surfaces after 15 minutes to minimize corrosion:

(1) One part Ultra Clorox brand regular bleach (6 percent sodium hypochlorite; EPA Reg. No. 5813-50) in 3 parts water; or

(2) One part CPPC Ultra Bleach 2 (6.15 percent sodium hypochlorite; EPA Reg. No. 67619-8) in 3.1 parts water.

(b) Applying steam to all surfaces until the point of runoff, and so that a critical temperature of 170 °F is reached at the point of contact.

(c) Cleaning with a solution of hot water and detergent, applied under pressure of at least 30 pounds per square inch, at a minimum temperature of 170 °F.

§ 301.89-14 [Removed and Reserved]

■ 11. Section 301.89-14 is removed and reserved.

Done in Washington, DC, this 17th day of February, 2004.

Kevin Shea,

Acting Administrator, Animal and Plant Health Inspection Service.

[FR Doc. 04-3807 Filed 2-20-04; 8:45 am]

BILLING CODE 3410-34-P

SMALL BUSINESS ADMINISTRATION

13 CFR Part 107

RIN 3245-AE70

Small Business Investment Companies—Long Term Financing

AGENCY: U.S. Small Business Administration (SBA).

ACTION: Direct final rule.

SUMMARY: This direct final rule brings the U.S. Small Business Administration's (SBA) regulations concerning the Small Business Investment Company (SBIC) program into conformity with the Small Business Investment Act, as amended (Act). Specifically, the rule would allow an SBIC to extend financings on terms that require a small business concern to repay debt or to redeem equity securities, options, or warrants after a minimum of one year (rather than five years, as currently stated in SBA's regulations).

DATES: This rule is effective on May 24, 2004, without further action unless adverse comment is received by March 24, 2004. If adverse comment is received, SBA will publish a timely withdrawal of the rule in the **Federal Register**.

ADDRESSES: Written comments should be sent to Harry Haskins, Deputy Associate Administrator for Investment, U.S. Small Business Administration, 409 3rd Street, SW., Washington, DC 20416 or www.regulations.gov.

FOR FURTHER INFORMATION CONTACT: Carol Fendler, Director, Office of Licensing and Program Standards, Investment Division, Office of Capital Access, (202) 205-7559 or carol.fendler@sba.gov.

SUPPLEMENTARY INFORMATION: SBA always has interpreted section 102 of the Act, 15 U.S.C. 681, to require SBICs to provide long term financing, either in the form of loans or equity capital. Because the Act did not define "long term," SBA had administratively defined the term to mean generally a financing with a minimum term of five years. Accordingly, SBA promulgated §§ 107.830, 107.835, 107.845 and 107.850, which generally require that loans and debt securities have a stated term of at least five years prior to maturity, subject to reasonable amortization requirements, and that equity securities be outstanding for at least five years before the issuing small business concern can be required to redeem them.

The Small Business Investment Corrections Act of 2000, Public Law 106-554 (Corrections Act), title IV, section 402(b)(3), added a new section 103(17) to the Act, that effectively overruled SBA's administrative definition by defining "long term" to mean any period of time not less than one year. Each of the regulations affected by this direct final rule contains references to a five-year minimum financing term. It should be emphasized that the Corrections Act established one year as the minimum financing term, but did not affect an SBIC's ability to offer longer term financing. Under this rule, SBICs will continue to be able to structure investments with longer maturities to accommodate the varying financial needs of small businesses.

SBA is aware that the new statutory definition of "long term" from the Corrections Act may require further amendment of some of the affected sections beyond the changes made by this rule. SBA intends to make any such amendments through a proposed rule to be published at a later time. This rule makes no changes to the current

regulations other than technical changes to conform the regulations to the Act, as amended. SBA is publishing this regulation as a direct final rule because it believes the rule is non-controversial since it merely conforms the existing rule to the provisions of the Act that became effective on December 21, 2000. SBA believes that this rule will not elicit any significant adverse comments.

This rule is not intended to affect the rights of any parties to any outstanding financing or commitment whose terms were drafted in accordance with regulations that established a minimum five year term for a financing.

Compliance With Executive Orders 12866, 12988, and 13132, the Paperwork Reduction Act (44 U.S.C. Ch. 35), and the Regulatory Flexibility Act (5 U.S.C. 601-612)

Compliance With Executive Order 12866

The Office of Management and Budget (OMB) did not determine this rule to be a "significant" regulatory action under Executive Order 12866. This rule only implements technical corrections to the statute authorizing the SBIC program and will not have an annual effect on the economy of \$100 million or more, adversely affect the economy in a material way, create a serious inconsistency or otherwise interfere with an action taken or planned by another agency, materially alter the budgetary impact of loan programs or other governmental programs, or raise novel legal or policy issues arising out of legal mandates or the President's priorities.

Compliance With Executive Order 12988

For purposes of Executive Order 12988, SBA has determined that this rule was drafted, to the extent practicable, in accordance with the standards set forth in section 3 of that order.

Compliance With Executive Order 13132

For purposes of Executive Order 13132, SBA has determined that the rule will not have substantial direct effects 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, under Executive Order 13132, SBA has determined that the rule does not have sufficient federalism implications to warrant the preparation of a Federalism Assessment.

Compliance With Paperwork Reduction Act, 44 U.S.C. Ch. 35

The rule does not impose any new information collection requirements from SBA which require approval by OMB under the Paperwork Reduction Act, 44 U.S.C. Ch. 35.

Compliance With the Regulatory Flexibility Act, 5 U.S.C. 601–612

The rule directly affects all SBICs, of which there are currently 447. SBA estimates that 75 percent of these SBICs are small entities. Therefore, SBA has determined that the rule will have an impact on a substantial number of small entities.

However, SBA has determined that the impact on entities affected by the rule will not be significant. The effect of the rule will be to allow SBICs the flexibility to negotiate the optimal structure for their investments. The rule establishes one year as the minimum financing term, but does not affect an SBIC's ability to offer longer term financing. Under this rule, SBICs will continue to be able to structure investments with longer maturities to accommodate the varying financial needs of small businesses. The rule imposes no additional paperwork burden and no new notification or approval requirements. Accordingly, SBA hereby determines that this rule will not have a significant economic impact on a substantial number of small entities.

List of Subjects in 13 CFR Part 107

Investment companies, Loan programs-business, Small businesses.

■ For the reasons set forth in the preamble, amend part 107 of title 13 of the Code of Federal Regulations as follows:

PART 107—SMALL BUSINESS INVESTMENT COMPANIES

■ 1. Revise the authority citation for Part 107 to read as follows:

Authority: 15 U.S.C. 681 *et seq.*, 683, 687(c), 687b, 687d, 687g, 687m, and Pub. L. 106–554, 114 Stat. 2763.

■ 2. Revise the definition of “Short-term Financing” in § 107.50 to read as follows:

§ 107.50 Definition of Terms.

* * * * *

Short-term Financing means Financing with a term of less than one year in accordance with the regulations.

* * * * *

■ 3. Amend § 107.830 by:

- a. Revising paragraph (a);
- b. Removing paragraph (b);
- c. Redesignating paragraphs (c) and (d) as (b) and (c), respectively; and

■ d. Revising newly redesignated paragraphs (b), (c)(2), and (c)(3), to read as follows:

§ 107.830 Minimum duration/term of financing.

(a) *General rule.* The duration/term of all your Financings must be for a minimum period of one year.

(b) *Restrictions on mandatory redemption of Equity Securities.* If you have acquired Equity Securities, options or warrants on terms that include redemption by the Small Business, you must not require redemption by the Small Business within the first year of your acquisition except as permitted in § 107.850.

(c) * * *

(2) *Prepayment.* You must permit voluntary prepayment of Loans and Debt Securities by the Small Business. You must obtain SBA's prior written approval of any restrictions on the ability of the Small Business to prepay other than the imposition of a reasonable prepayment penalty under paragraph (c)(3) of this section.

(3) *Prepayment penalties.* You may charge a reasonable prepayment penalty which must be agreed upon at the time of the Financing. If SBA determines that a prepayment penalty is unreasonable, you must refund the entire penalty to the Small Business. A prepayment penalty equal to 5 percent of the outstanding balance during the first year of any Financing, declining by one percentage point per year through the fifth year, is considered reasonable.

■ 4. Amend § 107.835 by:

- a. Removing paragraph (d);
- b. Redesignating paragraph (e) as paragraph (d); and
- c. Revising the introductory text and the first sentence of paragraph (a) to read as follows:

§ 107.835 Exceptions to minimum duration/term of Financing.

You may make a Short-term Financing for a term less than one year if the Financing is:

(a) An interim Financing in contemplation of long-term Financing.

* * * * *

■ 5. Revise § 107.845 to read as follows:

§ 107.845 Maximum rate of amortization on Loans and Debt Securities.

The principal of any Loan (or the loan portion of any Debt Security) with a term of one year or less cannot be amortized faster than straight line. If the term is greater than one year, the principal cannot be amortized faster than straight line for the first year.

■ 6. Revise § 107.850(a) and (a)(2) to read as follows:

§ 107.850 Restrictions on redemption of Equity Securities.

(a) A Portfolio Concern cannot be required to redeem Equity Securities earlier than one year from the date of the first closing unless:

(1) * * *

(2) You make a follow-on investment, in which case the new securities may be redeemed in less than one year, but no earlier than the redemption date associated with your earliest Financing of the concern.

* * * * *

Dated: January 27, 2004.

Hector V. Barreto,
Administrator.

[FR Doc. 04–3842 Filed 2–20–04; 8:45 am]

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 2004–NE–06–AD; Amendment 39–13485; AD 2004–04–04]

RIN 2120–AA64

Airworthiness Directives; General Electric Company CF34–8E Series Turbofan Engines

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule; request for comments.

SUMMARY: The FAA is adopting a new airworthiness directive (AD) for General Electric Company (GE) CF34–8E series turbofan engines, with certain serial number (SN) master variable geometry (VG) actuators installed. This AD requires initial and repetitive reviews of the airplane computer systems for master VG actuator fault messages. This AD also requires replacement of actuators reported faulty by the Full Authority Digital Engine Control (FADEC). This AD results from nine reports of CF34–8C master VG actuator electrical signal faults, one report of which was a dual-channel fault, resulting in the FADEC commanding the engine power to idle. We are issuing this AD to prevent VG master actuator dual-channel electrical signal faults which will cause an uncommanded reduction of thrust to idle with a subsequent loss of the ability to advance thrust above idle; and which could result in a multi-engine loss of thrust if