

# Rules and Regulations

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## SMALL BUSINESS ADMINISTRATION

### 13 CFR Part 121

RIN 3245-AG20

#### Acquisition Process: Task and Delivery Order Contracts, Bundling, Consolidation

**AGENCY:** U.S. Small Business Administration.

**ACTION:** Final rule; correction.

**SUMMARY:** The U.S. Small Business Administration (SBA) is correcting a final rule that appeared in the **Federal Register** on October 2, 2013. The rule, which described how supply procurements should be classified, mistakenly attempted to amend a regulation by removing words that did not exist in the particular paragraph. This notice corrects that rule document by removing the instruction.

**DATES:** Effective October 3, 2016.

**FOR FURTHER INFORMATION CONTACT:** Michael McLaughlin, Office of Policy, Planning & Liaison, U.S. Small Business Administration, 409 Third Street SW., Washington, DC 20416; 202-205-5353; [michael.mclaughlin@sba.gov](mailto:michael.mclaughlin@sba.gov).

**SUPPLEMENTARY INFORMATION:** On June 28, 2013, SBA published a rule in the **Federal Register** at 78 FR 38811 that amended § 121.404(b) by removing “and the date of certification by SBA” and adding in its place “and, where applicable, the date the SBA program office requests a formal size determination in connection with a concern that otherwise appears eligible for program certification.” The final rule published on October 2, 2013, (78 FR 61113) intended to amend 13 CFR 121.404(b) by removing “date of certification by SBA” and adding in its place “date the Director of the Division of Program Certification and Eligibility or the Associate Administrator for Business Development requests a formal

size determination in connection with a concern that is otherwise eligible for program certification.” However, the amendment could not be implemented because at that point the words to be removed did not exist in § 121.404(b). Therefore, SBA is removing that instruction from the final rule published on October 2, 2013.

In the FR Rule Doc. No. 2016-22064 in the issue of October 2, 2013, beginning on page 61113, make the following correction:

On page 61131, first column, remove amendatory instruction number 4c.

Dated: September 21, 2016.

**A. John Shoraka,**

*Associate Administrator for Government Contracting and Business Development.*

[FR Doc. 2016-23478 Filed 9-30-16; 8:45 am]

**BILLING CODE 8025-01-P**

## SMALL BUSINESS ADMINISTRATION

### 13 CFR Part 123

RIN 3245-AG78

#### Disaster Assistance Loan Program; Disaster Loan Mitigation, Contractor Malfeasance and Secured Threshold

**AGENCY:** U.S. Small Business Administration.

**ACTION:** Final rule.

**SUMMARY:** On April 6, 2016, the U.S. Small Business Administration (SBA) published in the **Federal Register** a proposed rule to amend its disaster loan program regulations in response to changes made to the Small Business Act (the Act) by the Recovery Improvements for Small Entities After Disaster Act of 2015 (the RISE Act). SBA received no comments on its proposed rule; therefore SBA adopts the proposed rule without change. The first change expands the definition of a mitigating measure to include the construction of a safe room or similar storm shelter designed to protect property and occupants. The second change allows for an increase of the unsecured threshold for physical damage loans for non-major disasters. The third change allows SBA to increase loan amounts to address contractor malfeasance. In addition, SBA is making several technical corrections to conform certain regulatory provisions to existing

statutory authority and remove an obsolete reference in part 123.

**DATES:** This rule is effective on October 3, 2016.

**FOR FURTHER INFORMATION CONTACT:** Eric Wall, Office of Disaster Assistance, 409 3rd St. SW., Washington, DC 20416, (202) 205-6739.

**SUPPLEMENTARY INFORMATION:**

#### I. Background

Section 7(b) of the Small Business Act, 15 U.S.C. 636(b), authorizes SBA to make direct loans to homeowners, renters, businesses, and non-profit organizations that have been adversely affected by a disaster. After a declared disaster, SBA makes loans of up to \$200,000 to homeowners and renters (plus up to \$40,000 for personal property) and loans of up to \$2 million to businesses of all sizes and non-profit organizations to assist with any uninsured and otherwise uncompensated physical losses sustained during the disaster. In addition to loans for the repair or replacement of damaged physical property, SBA also offers working capital loans, known as Economic Injury Disaster Loans (EIDLs), to small businesses, small agricultural cooperatives, and most private non-profit organizations that have suffered economic injury caused by a disaster. The maximum loan amount is \$2 million for physical and economic injuries combined. SBA may waive this \$2 million limit if a business is a major source of employment.

The Recovery Improvements for Small Entities After Disaster Act of 2015, Public Law 114-88, 129 Stat. 686 (November 25, 2015), amended certain terms and conditions of SBA's Disaster Assistance program. SBA published a proposed rule in the **Federal Register** on April 6, 2016 (81 FR 19934), to address three of those statutory amendments, as set out in sections 1102 (safe rooms), 2102 (three year temporary increase in unsecured loan limits), and 2107 (contractor malfeasance) of the RISE Act, as well as to make several minor technical amendments to the program regulations to ensure consistency between the program's regulatory and statutory authorities. The comment period for the proposed rule ended on June 6, 2016, and SBA received no comments. As discussed below, this final rule implements those statutory

and technical amendments without change.

## II. Changes Made as a Result of the RISE Act

Section 1102 of the RISE Act, Use of Physical Damage Disaster Loans to Construct Safe Rooms, expanded the definition of mitigation to include “construction of a safe room or similar storm shelter designed to protect property and occupants from tornadoes or other natural disasters, if such safe room or similar storm shelter is constructed in accordance with applicable standards issued by the Federal Emergency Management Agency.” This change allows SBA to include a safe room or storm shelter as a mitigating measure; therefore, SBA is amending 13 CFR 123.21 to reflect this change in the definition of a mitigation measure. Increases for mitigation purposes are only available when the mitigation protects or mitigates against damage from the same type of occurrence as the declared disaster. Revised § 123.21 also clarifies that a mitigation measure is something done for the purpose of protecting property (real and personal) and occupants. In addition, safe rooms and storm shelters are now included in the examples of mitigation measures. The final rule adopts the proposed revisions to 13 CFR 123.21 without change.

Section 2102 of the RISE Act, Collateral Requirements for Disaster Loans, increased SBA’s unsecured loan limits for all disaster loans for a period of three years. Therefore, SBA proposed to amend 13 CFR 123.11 to reflect a \$25,000 unsecured threshold for all disaster declarations. In accordance with the RISE Act, after November 25, 2018, the unsecured limit for physical damage loans for non-major disasters will revert back to \$14,000, unless Congress makes the increase permanent. The final rule adopts the proposed revision to 13 CFR 123.11 without change.

Section 2107 of the RISE Act, Contractor Malfeasance, expanded SBA’s ability to provide disaster assistance by expressly allowing for supplemental assistance for malfeasance by a contractor or other person and defining what constitutes malfeasance. Prior to implementation of the RISE Act, SBA provided assistance only for malfeasance by contractors, not malfeasance by any “other person” in connection with the loan, and did not allow for increases in the loan amount beyond the regulatory limit of \$200,000 for repair or replacement of damaged property. The RISE Act gave SBA authority to increase a disaster loan

when a contractor or other person engages in malfeasance in connection with repairs to, rehabilitation of, or replacement of property for which SBA made a disaster loan and the malfeasance results in substantial economic damage or substantial risks to health or safety. SBA proposed to revise 13 CFR 123.18, 123.20, and 123.105 to include details on what constitutes malfeasance, provide guidance on when borrowers are eligible to apply for loan increases due to malfeasance, and allow home loan borrowers to increase their loans up to an additional \$200,000 for malfeasance. For business loans, the total maximum loan amount, including any increase for malfeasance, remains \$2,000,000. The final rule adopts the proposed revisions to 13 CFR 123.18, 123.20, and 123.105 without change.

The changes made as a result of the RISE Act apply to all eligible recipients of SBA disaster loans for disasters declared on or after the effective date of the RISE Act, November 25, 2015.

## III. Technical Corrections

In addition to the changes made as a result of the RISE Act, SBA is also making several technical corrections. In the proposed rule, SBA proposed to change the phrase “sudden physical event” to “sudden event” in 13 CFR 123.2 to conform the regulation to SBA’s statutory definition of “disaster” in 15 U.S.C. 632(k). SBA also proposed to revise 13 CFR 123.3 to remove the reference to “emergency” declarations in 123.3(a)(1) in order to conform the regulations to SBA’s statutory authority. SBA proposed this change to clarify that SBA disaster assistance is not automatically authorized when the President declares an emergency; such assistance may be available, however, if SBA declares a disaster under its own authority. Finally, SBA proposed to revise 13 CFR 123.13(a) to remove the reference to an expired OMB control number. These proposed technical corrections are all adopted without change in the final rule.

## IV. Justification for Immediate Effective Date

The APA requires that “publication or service of a substantive rule shall be made not less than 30 days before its effective date, except as . . . otherwise provided by the agency for good cause found and published with the rule.” 5 U.S.C. 553(d)(3). The purpose of this provision is to provide interested and affected members of the public sufficient time to adjust their behavior before the rule takes effect.

SBA’s Disaster Assistance Program offers low interest, fixed rate loans to

disaster victims, enabling them to replace property damaged or destroyed in declared disasters. It also offers such loans to affected small businesses and non-profits to help them recover from economic injury caused by such disasters. The changes in this final rule will not require members of the public to adjust their behavior. Rather, the changes will benefit the public by increasing the unsecured threshold for all disaster loans, allowing SBA to provide supplemental assistance for malfeasance by a contractor or other person, and expanding available uses of mitigation funds to include safe rooms and storm shelters.

In light of the urgent need to assist disaster victims, SBA finds that there is good cause for making this rule effective immediately instead of observing the 30-day period between publication and effective date.

*Compliance with Executive Orders 12866, 12988, 13132, and 13563 and the Paperwork Reduction Act (44 U.S.C. Ch. 35) and the Regulatory Flexibility Act (5 U.S.C. 601–612):*

### *Executive Order 12866*

The Office of Management and Budget (OMB) has determined that this rule does not constitute a significant regulatory action under Executive Order 12866. This is not a major rule under the Congressional Review Act, 5 U.S.C. 800.

### *Executive Order 12988*

This action meets applicable standards set forth in sections 3(a) and 3(b)(2) of Executive Order 12988, Civil Justice Reform, to minimize litigation, eliminate ambiguity, and reduce burden. This action does not have preemptive effect. The final rule will have retroactive effect to the enactment date of the statutory amendments. Sections 1102 (Safe Rooms), 2102 (3 year temporary increase in unsecured loan limits) and 2107 (Contractor Malfeasance) of the RISE Act amended the Small Business Act effective November 25, 2015. The regulatory changes made as a result of the RISE Act will apply to disasters declared on or after November 25, 2015.

### *Executive Order 13132*

For the purposes of Executive Order 13132, this rule will not have substantial direct effects on the States, on the relationship between the national government and the States, or the distribution of power and responsibilities among the various levels of government. Therefore, SBA determined that this rule has no

federalism implications warranting preparation of a federalism assessment.

*Executive Order 13563*

Executive Order 13563 reaffirms the principles of Executive Order 12866 while calling for improvements in the nation's regulatory system to promote predictability, to reduce uncertainty, and to use the best, most innovative, and least burdensome tools for achieving regulatory ends. The executive order directs agencies to consider regulatory approaches that reduce burdens and maintain flexibility and freedom of choice for the public where these approaches are relevant, feasible, and consistent with regulatory objectives. Executive Order 13563 emphasizes further that regulations must be based on the best available science and that the rulemaking process must allow for public participation and an open exchange of ideas. We developed this rule in a manner consistent with these requirements and afforded the public 60 days to participate and provide comments. No comments were received.

*Paperwork Reduction Act (44 U.S.C. Ch. 35)*

For purpose of the Paperwork Reduction Act, 44 U.S.C. Ch. 35, SBA has determined that this rule will not impose any new reporting or recordkeeping requirements.

*Regulatory Flexibility Act (5 U.S.C. 601–612)*

The Regulatory Flexibility Act (RFA), 5 U.S.C. 601, requires administrative agencies to consider the effect of their actions on small entities, including small businesses. According to the RFA, when an agency issues a rule, the agency must prepare an analysis to determine whether the impact of the rule will have a significant economic impact on a substantial number of small entities. However, the RFA allows an agency to certify a rule in lieu of preparing an analysis if the rulemaking is not expected to have a significant economic impact on a substantial number of small entities.

While this rule will affect all future applicants for disaster assistance, some of which would be small entities, it does not impose any requirements on small entities. It streamlines SBA's processes in order to enable the Agency to provide disaster assistance more quickly and efficiently to small entities. SBA is not a small entity. As such, SBA certifies that this rule does not have a significant economic impact on a substantial number of small entities.

**List of Subjects in 13 CFR Part 123**

Disaster assistance, Loan programs—business, Reporting and recordkeeping requirements, Small businesses.

For reasons stated in the preamble, the U.S. Small Business Administration amends 13 CFR part 123 as follows:

**PART 123—DISASTER LOAN PROGRAM**

- 1. The authority citation for part 123 is revised to read as follows:

**Authority:** 15 U.S.C. 632, 634(b)(6), 636(b), 636(d), 657n; and Pub. L. 102–395, 106 Stat. 1828, 1864.

- 2. Amend § 123.2 by revising the seventh sentence to read as follows:

**§ 123.2 What are disaster loans and disaster declarations?**

\* \* \* Sudden events that cause substantial economic injury may be disasters even if they do not cause physical damage to a victim's property. \* \* \*

- 3. Amend § 123.3 by revising paragraph (a)(1) to read as follows:

**§ 123.3 How are disaster declarations made?**

(a) \* \* \*

(1) The President declares a Major Disaster and authorizes Federal Assistance, including individual assistance (Assistance to Individuals and Households Program).

\* \* \* \* \*

- 4. Amend § 123.11 by revising paragraph (a)(2) to read as follows:

**§ 123.11 Does SBA require collateral for any of its disaster loans?**

(a) \* \* \*

(2) *Physical disaster home and physical disaster business loans.* Generally, SBA will not require that you pledge collateral to secure a physical disaster home or physical disaster business loan of \$25,000 or less. This authority expires on November 25, 2018, unless extended by statute.

\* \* \* \* \*

**§ 123.13 [Amended]**

- 5. Amend § 123.13 by removing the parenthetical phrase “(OMB Approval No. 3245–0122.)” from paragraph (a).

- 6. Amend § 123.18 by:

- a. Redesignating the undesignated text as paragraph (a);

- b. Revising the first sentence of the redesignated paragraph (a); and

- c. Adding paragraph (b).

The revisions and additions read as follows:

**§ 123.18 Can I request an increase in the amount of a physical disaster loan?**

(a) Generally, SBA will consider your request for an increase in your loan if you can show that the eligible cost of repair or replacement of damages increased because of events occurring after the loan approval that were beyond your control. \* \* \*

(b) For all disasters occurring on or after November 25, 2015, you may also request an increase in your loan if you suffered substantial economic damage or substantial risks to health or safety as a result of malfeasance in connection with the repair or replacement of real property or business machinery and equipment for which SBA made a disaster loan. See § 123.105 for limits on home loan amounts and § 123.202 for limits on business loan amounts. Malfeasance may include, but is not limited to, nonperformance of all or any portion of the work for which a contractor was paid, work that does not meet acceptable standards, or use of substandard materials.

- 7. Amend § 123.20 by redesignating the undesignated text as paragraph (a) and adding paragraph (b) to read as follows:

**§ 123.20 How long do I have to request an increase in the amount of a physical disaster loan or an economic injury loan?**

(a) \* \* \*

(b) For physical disaster loan increases requested under § 123.18(b) as a result of malfeasance, the request must be received not later than two years after the date of final disbursement.

- 8. Amend § 123.21 by revising the first and third sentences to read as follows:

**§ 123.21 What is a mitigation measure?**

A mitigation measure is something done for the purpose of protecting property and occupants against disaster related damage. \* \* \* Examples of mitigation measures include building retaining walls, sea walls, grading and contouring land, elevating flood prone structures, relocating utilities, constructing a safe room or similar storm shelter (if such safe room or similar storm shelter is constructed in accordance with applicable standards issued by the Federal Emergency Management Agency), or retrofitting structures to protect against high winds, earthquakes, flood, wildfires, or other physical disasters. \* \* \*

- 9. Amend § 123.105 by:

- a. Revising paragraph (a) introductory text;

- b. Removing the word “and” from paragraph (a)(3);

- c. Revising paragraph (a)(4); and

- d. Adding paragraph (a)(5).

The revisions and additions read as follows:

**§ 123.105 How much can I borrow with a home disaster loan and what limits apply on use of funds and repayment terms?**

(a) There are limits on how much money you can borrow for particular purposes:

\* \* \* \* \*

(4) 20 percent of the verified loss (not including refinancing or malfeasance), before deduction of compensation from other sources, up to a maximum of \$200,000 for post-disaster mitigation (see § 123.107); and

(5) \$200,000 for eligible malfeasance, pursuant to § 123.18.

\* \* \* \* \*

Dated: September 22, 2016.

**Maria Contreras-Sweet,**  
Administrator.

[FR Doc. 2016-23733 Filed 9-30-16; 8:45 am]

BILLING CODE 8025-01-P

**DEPARTMENT OF TRANSPORTATION**

**Federal Aviation Administration**

**14 CFR Part 39**

[Docket No. FAA-2016-9168; Directorate Identifier 2016-SW-028-AD; Amendment 39-18670; AD 2016-20-04]

RIN 2120-AA64

**Airworthiness Directives; Airbus Helicopters**

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

**ACTION:** Final rule; request for comments.

**SUMMARY:** We are adopting a new airworthiness directive (AD) for Airbus Helicopters Model SA341G and SA342J. This AD prohibits autorotation training flights until the hardness of the landing gear rear crosstube (crosstube) is inspected. This AD is prompted by two reports of crosstubes failing during ground handling. These actions are intended to prevent failure of a crosstube, which could result in dropping or tipping of the helicopter.

**DATES:** This AD becomes effective October 18, 2016.

The Director of the Federal Register approved the incorporation by reference of a certain document listed in this AD as of October 18, 2016.

We must receive comments on this AD by December 2, 2016.

**ADDRESSES:** You may send comments by any of the following methods:

• *Federal eRulemaking Docket:* Go to <http://www.regulations.gov>. Follow the online instructions for sending your comments electronically.

• *Fax:* 202-493-2251.

• *Mail:* Send comments to the U.S. Department of Transportation, Docket Operations, M-30, West Building Ground Floor, Room W12-140, 1200 New Jersey Avenue SE., Washington, DC 20590-0001.

• *Hand Delivery:* Deliver to the "Mail" address between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

**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-2016-9168; 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 European Aviation Safety Agency (EASA) AD, any incorporated by reference service information, the economic evaluation, any comments received, and other information. The street address for the Docket Operations Office (telephone 800-647-5527) is in the **ADDRESSES** section. Comments will be available in the AD docket shortly after receipt.

For service information identified in this final rule, contact Airbus Helicopters, 2701 N. Forum Drive, Grand Prairie, TX 75052; telephone (972) 641-0000 or (800) 232-0323; fax (972) 641-3775; or at <http://www.airbushelicopters.com/techpub>. You may review the referenced service information at the FAA, Office of the Regional Counsel, Southwest Region, 10101 Hillwood Pkwy, Room 6N-321, Fort Worth, TX 76177. It is also available on the Internet at <http://www.regulations.gov> by searching for and locating Docket No. FAA-2016-9168.

**FOR FURTHER INFORMATION CONTACT:** Matt Fuller, Senior Aviation Safety Engineer, Safety Management Group, Rotorcraft Directorate, FAA, 10101 Hillwood Pkwy, Fort Worth, TX 76177; telephone (817) 222-5110; email [matthew.fuller@faa.gov](mailto:matthew.fuller@faa.gov).

**SUPPLEMENTARY INFORMATION:**

**Comments Invited**

This AD is a final rule that involves requirements affecting flight safety, and we did not provide you with notice and an opportunity to provide your comments prior to it becoming effective. However, we invite you to participate in this rulemaking by submitting written

comments, data, or views. We also invite comments relating to the economic, environmental, energy, or federalism impacts that resulted from adopting this AD. The most helpful comments reference a specific portion of the AD, explain the reason for any recommended change, and include supporting data. To ensure the docket does not contain duplicate comments, commenters should send only one copy of written comments, or if comments are filed electronically, commenters should submit them only one time. We will file in the docket all comments that we receive, as well as a report summarizing each substantive public contact with FAA personnel concerning this rulemaking during the comment period. We will consider all the comments we receive and may conduct additional rulemaking based on those comments.

**Discussion**

On April 13, 2016, EASA, which is the Technical Agent for the Member States of the European Union, issued EASA Emergency AD No. 2016-0073-E (AD 2016-0073-E) to correct an unsafe condition for Airbus Helicopters Model SA341G and SA342J helicopters with a crosstube part number (P/N) 341A415201.00 or P/N 341A415201.01. EASA advises that two reported failures of a crosstube have occurred during maintenance and towing operations, resulting in the helicopters dropping or tipping over. EASA further states that excessive hardness of the crosstube material, combined with inter-granular corrosion initiation, may have affected the structural integrity of the crosstube. EASA advises that this condition could lead to failure of the crosstube and dropping or tipping over of the helicopter. To address this unsafe condition, EASA AD 2016-0073-E requires identifying the affected crosstubes, implementing a temporary prohibition of autorotation training flights on affected helicopters by amending the RFM and installing a placard, inspecting the hardness of each affected crosstube, and replacing any crosstubes that do not meet the hardness criteria.

**FAA's Determination**

These helicopters have been approved by the aviation authority of France and are approved for operation in the United States. Pursuant to our bilateral agreement with France, EASA, its technical representative, has notified us of the unsafe condition described in the EASA AD. We are issuing this AD because we evaluated all information provided by EASA and determined the unsafe condition exists and is likely to