

of equity before any rate change from Farmer Mac's interest rate risk measurement results, the linearly interpolated estimated effective duration of equity, and the percentage change in interest rates. In addition, the earnings effect of the measured dollar change in the market value of equity is estimated by multiplying the dollar change by the blended cost of funds rate found on the "Assumptions & Relationships" worksheet. Next, divide by 2 the computed earnings effect to approximate the impact as a theoretical shock in the interest rates that occurs at the mid-point of the income cycle from period t_0 to period t_1 . The measured dollar change in the market value of equity and related earnings effect are then adjusted to reflect any tax-related benefits. Tax adjustments are determined by including the measured dollar change in the market value of equity and the earnings effect in the tax calculations found in the "Income Statements" worksheet. This approach ensures that the value of equity reflects the economic loss or gain in value of Farmer Mac's capital position from a change in interest rates and reflects any immediate tax benefits that Farmer Mac could realize. Any tax benefits in the module are posted through the income statement by adjusting the net taxes due before calculating final net income. Final net income is posted to accumulated unretained earnings in the shareholders' equity portion of the balance sheet. The tax section is also described in section 4.5 entitled, "Income Statements."

c. After one cycle of income has been calculated, the balance sheet as of the end of the income period is then generated. The "Balance Sheet" worksheet shows the periodic pro forma balance sheets in a format convenient to track capital shifts through time.

d. The stress test considers Farmer Mac's balance sheet as subject to interest rate risk and, therefore, the capital position reflects mark-to-market changes in the value of equity. This approach ensures that the stress test captures interest rate risk in a meaningful way by addressing explicitly the loss or gain in value resulting from the change in interest rates required by the statute.

4.7 Capital

The "Capital" worksheet contains the results of the required capital calculations as described below, and provides a method to calculate the level of initial capital that would permit Farmer Mac to maintain positive capital throughout the 10-year stress test period.

5.0 Capital Calculation

a. The stress test computes regulatory capital as the sum of the following:

- (1) The par value of outstanding common stock;
- (2) The par value of outstanding preferred stock;
- (3) Paid-in capital;
- (4) Retained earnings; and
- (5) Reserve for loan and guarantee losses.

b. Inclusion of the reserve account in regulatory capital is an important difference compared to minimum capital as defined by the statute. Therefore, the calculation of reserves in the stress test is also important

because reserves are reduced by loan and guarantee losses. The reserve account is linked to the income statement through the provision for loan-loss expense (provision). Provision expense reflects the amount of current income necessary to rebuild the reserve account to acceptable levels after loan losses reduce the account or as a result of increases in the level of risky mortgage positions, both on- and off-balance sheet. Provision reversals represent reductions in the reserve levels due to reduced risk of loan losses or loan volume of risky mortgage positions. The liabilities section of the "Balance Sheets" worksheet also includes separate line items to disaggregate the Guarantee and commitment obligation related to the Financial Accounting Standards Board Interpretation No. 45 (FIN 45) Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others. This item is disaggregated to permit accurate calculation of regulatory capital post-adoption of FIN 45. When calculating the stress test, the reserve is maintained at zero to result in a risk-based capital requirement that includes reserves, thereby making the requirement comparable to the statutory definition of regulatory capital. By setting the reserve requirement to zero, the capital position includes all financial resources Farmer Mac has at its disposal to withstand risk.

5.1 Method of Calculation

a. Risk-based capital is calculated in the stress test as the minimum initial capital that would permit Farmer Mac to remain solvent for the ensuing 10 years. To this amount, an additional 30 percent is added to account for managerial and operational risks not reflected in the specific components of the stress test.

b. The relationship between the solvency constraint (*i.e.*, future capital position not less than zero) and the risk-based capital requirement reflects the appropriate earnings and funding cost rates that may vary through time based on initial conditions. Therefore, the minimum capital at a future point in time cannot be directly used to determine the risk-based capital requirement. To calculate the risk-based capital requirement, the stress test includes a section to solve for the minimum initial capital value that results in a minimum capital level over the 10 years of zero at the point in time that it would actually occur. In solving for initial capital, it is assumed that reductions or additions to the initial capital accounts are made in the retained earnings accounts, and balanced in the debt accounts at terms proportionate to initial balances (same relative proportion of long- and short-term debt at existing initial rates). Because the initial capital position affects the earnings, and hence capital positions and appropriate discount rates through time, the initial and future capital are simultaneously determined and must be solved iteratively. The resulting minimum initial capital from the stress test is then reported on the "Capital" worksheet of the stress test. The "Capital" worksheet includes an element that uses Excel's "solver" or "goal seek" capability to calculate the minimum

initial capital that, when added (subtracted) from initial capital and replaced with debt, results in a minimum capital balance over the following 10 years of zero.

PART 655—FEDERAL AGRICULTURAL MORTGAGE CORPORATION DISCLOSURE AND REPORTING REQUIREMENTS

■ 3. The authority citation for part 655 continues to read as follows:

Authority: Sec. 8.11 of the Farm Credit Act (12 U.S.C. 2279aa–11).

Subpart B—Reports Relating to Securities Activities of the Federal Agricultural Mortgage Corporation

§ 655.50 [Amended]

■ 4. Section 655.50 is amended by removing the word "should" and adding in its place, the word "must" in the second sentence of paragraph (c).

Dated: December 15, 2006.

James M. Morris,

Acting Secretary, Farm Credit Administration Board.

[FR Doc. E6–21831 Filed 12–22–06; 8:45 am]

BILLING CODE 6705–01–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2006–26492; Directorate Identifier 2006–CE–77–AD; Amendment 39–14861; AD 2006–26–03]

RIN 2120–AA64

Airworthiness Directives; Alpha Aviation Design Limited (Type Certificate No. A48EU formerly held by APEX Aircraft and AVIONS PIERRE ROBIN), Model R2160 Airplanes

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule; request for comments.

SUMMARY: The FAA is adopting a new airworthiness directive (AD) for certain Alpha Aviation Model R2160 airplanes. This AD requires you to inspect the fuel pressure indication system for leakage at the end of the adapter in the fuel pressure indication system. This AD results from the possibility of fuel leakage at the end of the adapter in the fuel pressure indication system. We are issuing this AD to detect, correct, and prevent fuel leaks in the fuel pressure indicating system. This failure could allow fuel to leak near the exhaust manifold and lead to a fire.

DATES: This AD becomes effective on January 30, 2007.

We must receive any comments on this AD by January 25, 2007.

ADDRESSES: Use one of the following addresses to comment on this AD.

- **DOT Docket Web site:** Go to <http://dms.dot.gov> and follow the instructions for sending your comments electronically.

- **Mail:** Docket Management Facility; U.S. Department of Transportation, 400 Seventh Street, SW., Nassif Building, Room PL-401, Washington, DC 20590-0001.

- **Fax:** (202) 493-2251.

- **Hand Delivery:** Room PL-401 on the plaza level of the Nassif Building, 400 Seventh Street, SW., Washington, DC, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

- **Federal eRulemaking Portal:** <http://www.regulations.gov>. Follow the instructions for submitting comments.

To get the service information identified in this AD, contact Alpha Aviation Ltd., Ingram Road, Hamilton Airport RD 2, Hamilton 2021, New Zealand; phone: 011 64 7 843 7070; fax: 011 64 7 843 8040.

To view the comments to this AD, go to <http://dms.dot.gov>. The docket number is FAA-2006-26492; Directorate Identifier 2006-CE-77-AD.

FOR FURTHER INFORMATION CONTACT: Karl Schletzbaum, Aerospace Engineer, 901 Locust, Room 301, Kansas City, Missouri 64106; telephone: (816) 329-4146; facsimile: (816) 329-4090.

SUPPLEMENTARY INFORMATION:

Discussion

The Civil Aviation Authority of New Zealand (CAA), which is the airworthiness authority for New Zealand, recently notified FAA that an unsafe condition may exist on certain Alpha Aviation Model R2160 airplanes. The CAA reports that there is the possibility of fuel leakage at the end of the adaptor in the fuel pressure indication system.

This condition, if not corrected, could allow fuel leaks near the exhaust manifold and result in a fire.

FAA's Determination and Requirements of This AD

These Alpha Aviation Model R2160 airplanes were manufactured in France, their state of design authority is New Zealand, and they are type-certificated for operation in the United States under the provisions of section 21.29 of the Federal Aviation Regulations (14 CFR 21.29) and the applicable bilateral airworthiness agreement.

Under this bilateral airworthiness agreement, the CAA has kept us

informed of the situation described above. We are issuing this AD because we evaluated all the information and determined the unsafe condition described previously is likely to exist or develop on other products of the same type design. This AD requires periodic inspection of the adaptor for leaks and repair if a leak is found.

Cost Impact

None of the Alpha Aviation Model R2160 airplanes affected by this action are on the U.S. Register. All airplanes included in the applicability of this rule currently are operated by non-U.S. operators under foreign registry; therefore, they are not directly affected by this AD action. However, the FAA considers this rule necessary to ensure that the unsafe condition is addressed in the event that any of these subject airplanes are imported and placed on the U.S. Register.

Should an affected airplane be imported and placed on the U.S. Register, accomplishment of the required action would take approximately 1 work-hour at an average labor rate of \$80 per work-hour. There are no parts required for this AD. Based on these figures, the total cost impact of this AD would be \$80 per airplane that would become registered in the United States.

Comments Invited

Because there are no affected airplanes on the U.S. register, it has no adverse economic impact and imposes no additional burden on any person. Therefore, prior notice and public procedures hereon are unnecessary. We invite you to send any written relevant data, views, or arguments regarding this AD. Send your comments to an address listed under the **ADDRESSES** section. Include the docket number "FAA-2006-26492; Directorate Identifier 2006-CE-77-AD" at the beginning of your comments. We specifically invite comments on the overall regulatory, economic, environmental, and energy aspects of the AD. We will consider all comments received by the closing date and may amend the AD in light of those comments.

We will post all comments we receive, without change, to <http://dms.dot.gov>, including any personal information you provide. We will also post a report summarizing each substantive verbal contact we receive concerning this AD.

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

We determined that 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); 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.

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

Examining the AD Docket

You may examine the AD docket that contains the AD, the regulatory evaluation, any comments received, and other information on the Internet at <http://dms.dot.gov>; or in person at the Docket Management Facility between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The Docket Office (telephone (800) 647-5227) is located at the street address stated in the **ADDRESSES** section. Comments will be available in the AD docket shortly after receipt.

List of Subjects in 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, 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):

2006–26–03 Alpha Aviation Design Limited (Type Certificate No. A48EU formerly held by APEX Aircraft and AVIONS PIERRE ROBIN): Amendment 39–14861; Docket No. FAA–2006–26492; Directorate Identifier 2006–CE–77–AD.

Effective Date

(a) This AD becomes effective on January 30, 2007.

Affected ADs

(b) None.

Applicability

(c) This AD applies to Model R2160 airplanes, serial numbers 142, 143, 144, 147,

148, and 151 through 155, that are certificated in any category.

Unsafe Condition

(d) This AD is the result of the possibility of fuel leakage at the end of the adapter in the fuel pressure indication system. We are issuing this AD to detect and correct fuel leaks in the fuel pressure indicating system. This failure could allow fuel to leak near the exhaust manifold and lead to a fire.

Compliance

(e) To address this problem, you must do the following, unless already done:

Actions	Compliance	Procedures
(1) Inspect the fuel pressure system indication adaptor (part number 52.46.11.000 or FAA approved equivalent part number) for indication of fuel leakage.	Before further flight after January 30, 2007 (the effective date of this AD) and thereafter at intervals not to exceed 50 hours time-in-service.	Perform a visual inspection. Figure 1 of Robin Aviation Service Letter No 37 rev. 2 dated April 4, 2000, shows a view of the fuel pressure indicator system.
(2) If any leak is found, repair the leak	Before further flight after inspection required by paragraph (e)(1) of this AD.	Perform a repair program approved specifically for this AD by the FAA.

Alternative Methods of Compliance (AMOCs)

(f) The Manager, Standards Staff, FAA, ATTN: Karl Schletzbaum, Aerospace Engineer, FAA, Small Airplane Directorate, 901 Locust, Room 301, Kansas City, Missouri 64106; telephone: (816) 329–4146; fax: (816) 329–4090, has the authority to approve AMOCs for this AD, if requested using the procedures found in 14 CFR 39.19.

Related Information

(g) This AD is related to the Civil Aviation Authority of New Zealand AD DCA/R2000/33, dated June 29, 2006, which references Direction Generale de l'Aviation Civile (DGAC) AD F–2001–391(a), dated October 3, 2001.

Material Incorporated by Reference

(h) None.

Issued in Kansas City, Missouri, on December 15, 2006.

Kim Smith,

Manager, Small Airplane Directorate, Aircraft Certification Service.

[FR Doc. E6–21923 Filed 12–22–06; 8:45 am]

BILLING CODE 4910–13–P

ACTION: Correcting amendments.

SUMMARY: This document contains corrections to final and temporary regulations that were published in the **Federal Register** on Tuesday, April 25, 2006 (71 FR 24516) concerning the application of separate foreign tax credit limitations to dividends received from noncontrolled section 902 corporations under section 904(d)(4).

DATES: These corrections are effective April 25, 2006.

FOR FURTHER INFORMATION CONTACT: Ginny Chung (202) 622–3850 (not a toll-free call).

SUPPLEMENTARY INFORMATION:

Background

The final and temporary regulations (TD 9260) that are the subject of these corrections are under sections 902, 904, and 964 of the Internal Revenue Code.

Need for Correction

As published, TD 9260 contains errors that may prove to be misleading and are in need of clarification.

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

Correction of Publication

■ Accordingly, 26 CFR part 1 is corrected by making the following correcting amendments:

PART 1—INCOME TAXES

■ **Paragraph 1.** The authority for part 1 is amended and continues to read in part:

Authority: 26 U.S.C. 7805 * * *

■ **Par. 2.** Section 1.902–1 is amended by adding a heading to paragraph (a)(4)(i) introductory text and revising the heading for paragraph (c)(8) to read as follows:

§ 1.902–1 Credit for domestic corporate shareholder of a foreign corporation for foreign income taxes paid by the foreign corporation.

(a) * * *

(4) *Third- or lower-tier corporation—*
(i) *Third-tier corporation.* * * *

* * * * *

(c) * * *

(8) *Effect of certain liquidations, reorganizations, or similar transactions on certain foreign taxes paid or accrued in taxable years beginning on or before August 5, 1997.*

* * * * *

■ **Par. 3.** Section 1.902–1T is amended by revising the first sentence of paragraph (a)(7) to read as follows:

§ 1.902–1T Credit for domestic corporate shareholder of a foreign corporation for foreign income taxes paid by the foreign corporation (temporary).

(a) * * *

(7) * * * The term *foreign income taxes* means income, war profits, and excess profits taxes as defined in § 1.902–1(a), and taxes included in the term income, war profits, and excess profits taxes by reason of section 903, that are imposed by a foreign country or a possession of the United States, including any such taxes deemed paid by a foreign corporation under this section. * * *

* * * * *

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9260]

RIN 1545–BF46

Application of Separate Limitations to Dividends From Noncontrolled Section 902 Corporations; Correction

AGENCY: Internal Revenue Service (IRS), Treasury.