blade will result in hazardous degradation of control of the helicopter. Since this condition is likely to exist or develop in other helicopters of the same type design, an airworthiness directive is being issued to require inspection, repair and replacement of these tail rotor blades on Hughes Model 369 series helicopters. The manufacturer has developed FAA-approved procedures in a service bulletin.

Since a situation exists that requires immediate adoption of this regulation, it is found that notice and public procedure hereon are impracticable and good cause exists for making this amendment effective in less than 30 days.

In consideration of the foregoing, and pursuant to the authority delegated to me by the Administrator (31 FR 13697), § 39.13 of Part 39 of the Federal Aviation Regulations is amended by adding the following new airworthiness directive:

HUGHES HELICOPTERS. Applies to Hughes Model 369, 369A, 369H, 369HM, 369HS, and 369HE helicopters certificated in all categories, including military YOH-6A and OH-6A equipped with fiberglass tail rotor blades P/N 369A1710, 369A1710-9, 369A 1710-11, 369-6120, 369A1607, and 369 CSK22.

Compliance required as indicated.

To detect possible corrosion, cracks, or other defects, inspect by visual, X-ray, or other specified means, the affected tail rotor blades and replace or rework in accordance with the instructions specified in Hughes Service Information Notice (SIN) No. HN-88, dated August 28, 1975, or later FAA-approved revisions, as follows:

(a) For blades with 500 or more hours time in service on the effective date of this AD, perform the visual and X-ray inspection, corrosion removal, casting procedure, metal treatment procedure, corrosion protection procedure, and fiberglass inspection—repair/spar exterior inspection procedure, set forth at Parts I through VIII of the Hughes SIN, referenced above, within the next 100 hours additional time in service or within 6 calendar months from the effective date of the AD, whichever occurs first, unless already accomplished.

(b) For blades with less than 500 hours time in service on the effective date of this AD, perform the visual and X-ray inspections, corrosion removal, casting procedures, metal treatment procedure, corrosion protection procedure, and fiberglass inspection—repair/spar exterior inspection procedure, set forth at Parts I through VIII of the Hughes SIN, referenced above, prior to accumulating 600 hours total time in service or within 6 calendar months from the effective date of this AD, whichever occurs first, unless already accomplished.

(c) After the effective date of this AD, perform the inspections and procedures described at Parts I through VIII of the Hughes SIN, referenced above, prior to the installation of spare blades or rotors on the aircraft.

(d) After the effective date of this AD, for all blades, perform the visual and X-ray inspections described as Part X of the Hughes SIN, referenced above, at intervals not to exceed 12 calendar months from the last inspection.

(e) After the effective date of this AD, repair or rework eligible blades as specified in the Hughes SIN, referenced above, as necessary, prior to further flight. Reinstall blades in accordance with Part IX of the Hughes SIN. Blades that exceed limits specified in the Hughes SIN and are therefore not repairable, must be marked in a conspicuous manner or destroyed so as to prevent inadvertent return to service.

(f) Paragraphs (a), (b), and (c), above, do not have to be accomplished on blades marked with a green dot or white dot per the preface, Hughes SIN. After the effective date of this AD, perform the visual and X-ray inspections for corrosion described at Part X of the Hughes SIN, referenced above, within 12 months after putting the blades into service, and at intervals not to exceed twelve months thereafter.

(g) Equivalent inspections and rework may be approved by the Chief, Aircraft Engineering Division, FAA Western Region.

(h) Special flight permits may be issued for operating aircraft to a base for performance of the inspections and repairs or rework required by paragraphs (a) and (b), above, of this AD, per FAR's 21.197 and 21.199.

This amendment becomes effective October 23, 1975.

This amendment is made under the authority of Section 313(a), 601, and 603 of the Federal Aviation Act of 1958 (49 U.S.C. 1354(a), 1421, and 1423) and of Section 6(c) of the Department of Transportation Act (49 U.S.C. 1655(c)).

Issued in Los Angeles, California on October 8, 1975.

ROBERT H. STANTON,
Director,
FAA Western Region.

[FR Doc.75-28078 Filed 10-17-75;8:45 am]

[Docket No. 75-EA-31; Amdt. 39-2394]

PART 39—AIRWORTHINESS DIRECTIVES

Piper Aircraft

The Federal Aviation Administration is amended § 39.13 of Part 39 of the Federal Aviation Regulations so as to issue an airworthiness directive applicable to Piper PA-31P airplanes.

There have been reports of an inability to feather the propeller on the subject aircraft when an overspeed condition developed in the engine. It has been determined that this has resulted from a loss of air charge in the propeller dome. Since the foregoing deficiency can exist or develop in airplanes of similar type design, an airworthiness directive is being issued which will require a change to the airplane flight manual and eventual replacement of the propeller.

In view of the foregoing and because the deficiency is one which affects air safety, notice and public procedure hereon are impractical and good cause exists for making the amendment effective in less than 30 days.

In consideration of the foregoing and pursuant to the authority delegated to me by the Administrator, 14 CFR 11.89 [31 FR 13697] § 39.13 of Part 39 of the Federal Aviation Regulations is amended by adding the following new Airworthiness Directive:

PIPER. Applies to Model PA-31P aircraft equipped with Hartzell Model HC-C3YN-2L or HC-C3YN-2LF propellers, certificated in all categories.

Compliance required as indicated unless already accomplished.

In order to prevent propeller overspeeding and loss of feathering capability due to low propeller air dome pressure, accomplish the following:

1. Within 10 hours time in service after the effective date of this AD, incorporate the following temporary instructions into the PA-31P FAA approved Airplane Flight Manual as indicated.

Section III A8 Normal Operating Procedures, Engine Run-Up.

f. Check feathering at 1000 ± 20 RPM. Observe positive feathering action as evidenced by a 300 RPM drop within approximately 5 seconds. If propeller air charge is low or zero, feathering check will be sluggish or slow and no further flight shall be attempted. Refer to applicable airplane and propeller service manuals for corrective action.

Section III C18 Emergency Procedures—Propeller Overspeed In-Flight.

a. *Symptoms.*—(1) RPM control may be sluggish, particularly in the direction of reducing RPM.

(2) Slight overspeed or poor synchronization at the upper end of the cruising speed range.

b. *Corrective Action.*—(1) Control prop overspeed by immediately reducing airspeed to approximately 135 MPH by nosing-up slightly with a simultaneous slow throttle reduction to 20-25" manifold pressure. Do not allow airspeed to fall below best single engine rate of climb speed.

Reduction of prop speed can be assisted with prop control in the "feather detent" position. Therefore, if overspeed is above the red line (2133 RPM), select feather until prop speed drops below red line, then move control out of feather position.

(2) Set propeller control to desired speed, preferably 2000 RPM or less to provide a margin below red line RPM for further surges with power/airspeed changes.

(3) Slowly add throttle to regain power without overspeeding the propeller. Once proper RPM is recovered, hold airspeed well below that at which the overspeed occurred, preferably below 150 MPH. Use landing gear and/or flaps to increase drag for descent and maintain a manifold pressure of at least "20". Once control of propeller speed is regained, flight can be continued at reduced airspeed. With slow throttle changes at reduced airspeed, the engine will provide climb power without overspeeding.

CAUTION

Do not shut down the engine in flight since the propeller will not feather without air charge; and high drag will result from the windmilling propeller. If inadvertently shut down, the engine should be restarted carefully with low RPM setting and closed throttle; airspeed should be slightly above best single engine rate of climb speed to minimize RPM surge upon starting.

2. Within 30 days after the effective date of this AD, replace the subject propellers with Hartzell Model HC-C3YN-2LU or HC-C3YN-2LUF as applicable.

NOTE.—Hartzell propeller Models HC-C3YN-2L and HC-3YN-2LF may be converted to Models HC-C3YN-2LU and HC-C3YN-2LUF, which incorporate feathering springs in accordance with Hartzell Service Instruction No. 102.

3. Upon installation of feathering spring propellers per paragraph 2 above, the temporary AFM instructions specified in paragraph 1 above are no longer required.

4. Aircraft may be flown to a base where the maintenance required by this Airworthiness Directive is to be performed per FAR's

21.197 and 21.199. Piper Service Bulletin No. 458 and Hartzell Service Bulletin No. 111 also pertain to this subject.

The manufacturer's specifications and procedures identified and described in this directive are incorporated herein and made a part hereof pursuant to 5 U.S.C. 552(a)(1). All persons affected by this directive who have not already received these documents from the manufacturer, may obtain copies upon request to Piper Aircraft Corporation, Service Department, Lock Haven, Penn. 17745. These documents may also be examined at the Engineering and Manufacturing Branch, Federal Aviation Administration, Eastern Region, Federal Building, John F. Kennedy International Airport, Jamaica, New York 11430. A historical file on this AD which includes the incorporated material in full is maintained by the FAA at its Eastern Region Headquarters.

This amendment is effective October 24, 1975.

This amendment is made under the authority of sections 313(a), 601 and 603 of the Federal Aviation Act of 1958 [49 U.S.C. 1354(a), 1421 and 1423], and section 6(c) of the Department of Transportation Act [49 U.S.C. 1655(c)].

Issued in Jamaica, N.Y., on October 10, 1975.

DUANE W. FREER,
Director, Eastern Region.

[FR Doc. 75-28082 Filed 10-17-75;8:45 am]

[Docket No. 15053; Amdt. 39-2402]

PART 39—AIRWORTHINESS DIRECTIVES

Societe Nationale Industrielle Aerospatiale Models SA330F and SA330G Helicopters

Electrical connections of the external hoist pyrotechnic shears on certain Aerospatiale (formerly Sud Aviation) SA330 helicopters have been wired improperly so that external loads cannot be released by the electrical release system.

Since this condition is likely to exist or develop in other helicopters of the same type design, an airworthiness directive is being issued to require an inspection of the electrical connections to ensure that the connections are properly wired on certain Aerospatiale SA330 helicopters.

Since a situation exists that requires immediate adoption of this regulation, it is found that notice and public procedure hereon are impracticable and good cause exists for making this amendment effective in less than 30 days.

This amendment is made under the authority of Sections 313(a), 601, and 603 of the Federal Aviation Act of 1958 (49 U.S.C. 1354(a), 1421, and 1423) of Section 6(c) of the Department of Transportation Act (49 U.S.C. 1655(c)).

In consideration of the foregoing, and pursuant to the authority delegated to me by the Administrator (14 CFR 11.89), § 39.13 of Part 39 of the Federal Aviation Regulations is amended by adding the following new airworthiness directive:

SOCIETE NATIONALE INDUSTRIELLE AEROSPATIALE. Applies to SA330F and SA330G helicopters certificated in all categories, equipped with external hoists AE-76 360-100 or AE-76 360-110-01.

Compliance is required within the next 10 hours time in service after the effective date of this AD, unless already accomplished. To ensure proper functioning of the pyrotechnic shears, accomplish the following:

(a) Inspect electrical connections ME 24F and ME 25F on mobile connector 52 Ma of the pyrotechnic shears control for proper connections.

(b) Electrical connections which are improperly connected must be disassembled, reconnected and checked in accordance with paragraph 2.B of Aerospatiale Service Bulletin No. 45.06, dated April 2, 1975, or an FAA-approved equivalent.

This amendment becomes effective November 3, 1975.

Issued in Washington, D.C. on October 10, 1975.

J. A. FERRARESE,
Acting Director,
Flight Standards Service.

[FR Doc.75-28075 Filed 10-17-75;8:45 am]

[Docket No. 15051; Amdt. 39-2401]

PART 39—AIRWORTHINESS DIRECTIVES

Societe Nationale Industrielle Aerospatiale Model SA341G "Gazelle" Helicopter

There have been defects found on new and recently overhauled main gear boxes of Aerospatiale (formerly Sud Aviation) SA341G helicopters that could result in failure of the main gear box. Since this condition is likely to exist or develop in other helicopters of the same type design, an airworthiness directive is being issued to require checks of the main gear box (MGB) for free rotation, and checks of the MGB magnetic plug oil filter, on Aerospatiale SA341G helicopters with less than 25 hours time in service since the installation of new or overhauled main gear boxes.

Since a situation exists that requires immediate adoption of this regulation, it is found that notice and public procedure hereon are impracticable and good cause exists for making this amendment effective in less than 30 days.

This amendment is made under the authority of Sections 313(a), 601, and 603, of the Federal Aviation Act of 1958 (49 U.S.C. 1354(a), 1421, 1423) and of Section 6(c) of the Department of Transportation Act (49 U.S.C. 16(c)).

In consideration of the foregoing, and pursuant to the authority delegated to me by the Administrator (14 CFR 11.89), § 39.13 of Part 39 of the Federal Aviation Regulations is amended by adding the following new airworthiness directive:

SOCIETE NATIONALE INDUSTRIELLE AEROSPATIALE. Applies to SA341G helicopters, certificated in all categories, equipped with main gear boxes P/N 341A.32.1000.01, .02, .03, or .05 with less than 25 hours time in service since new or overhauled, and that have not been altered in accordance with AMS 07.7077.

Compliance is required until the accumulation of 25 hours time in service on new and newly overhauled main gear box.

To detect main gear box (MGB) defects, accomplish the following:

(a) Before each flight after the effective date of this AD check the MGB magnetic plug for particles and check the main gear box for abnormal friction points or noise by slowly rotating the main rotor by hand.

(b) Before the first flight of each day after the effective date of this AD or within intervals of 5 hours MGB time in service after the last inspection, whichever occurs first, check the MGB oil filter for foreign metallic particles.

(c) If highly heated and laminated (black) particles appear on the magnetic plug, or if fine particles deposited on the magnetic plug are preceded or accompanied by bronze particles left in the main gear box oil filter, or if abnormal friction points or noise is detected on the main gear box, prior to further flight replace main gear box with a serviceable part of the same part number incorporating Modification AMS 07.7077, or an FAA-approved equivalent. The checks required by this AD may be performed by the pilot.

(Aerospatiale's Service Bulletin No. 05.10 dated February 7, 1975, refers to this subject.)

This amendment becomes effective November 3, 1975.

Issued in Washington, D.C. on October 10, 1975.

J. A. FERRARESE,
Acting Director,
Flight Standards Service.

[FR Doc.75-28076 Filed 10-17-75;8:45 am]

[Airspace Docket No. 75-SO-101]

PART 71—DESIGNATION OF FEDERAL AIRWAYS, AREA LOW ROUTES, CONTROLLED AIRSPACE, AND REPORTING POINTS

Alteration of Transition Area

Correction

In FR Doc 75-27092 appearing at page 47481 in the issue for Thursday, October 9, 1975, in the third column, third paragraph, the following should be added immediately after the third line: "December 4, 1975, as hereinafter set forth."

Title 20—Employees' Benefits

CHAPTER III—SOCIAL SECURITY ADMINISTRATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

[Reg. No. 16]

PART 416—SUPPLEMENTAL SECURITY INCOME FOR THE AGED, BLIND, AND DISABLED (1974........)

Income and Resources

On October 3, 1973, and January 22, 1974, there were published in the FEDERAL REGISTER (38 FR 27406; 39 FR 2487) notices of proposed rule making with amendments adding new Subparts K and L to new Part 416 (20 CFR). The proposed amendments define income and exclusion from income and resources and exclusions from resources. Further, they establish the policies and limitations pertaining to income and resources to be excluded and income and resources to be counted and the disposition of excess resources for persons eligible or applying for benefits under title XVI of the Act.

Interested persons were given the opportunity to submit within 30 days, data, views, or arguments with regard to the proposed changes.

Several organizations expressed concern about the difficulty in the application and administration of gifts as income and the market value limitations on "house" and household furnishings. However, these difficulties had been recognized and were considered in formulating the proposed rules.

Comments were received from other organizations concerning the treatment as income of supplementary medical insurance benefit premiums which are deducted from title II benefits. However, there seems to be no basis for any conclusion other than that the full title II benefit is income. The amount deducted from the title II benefit is income over which the beneficiary has control and chooses to spend for the purchase of supplementary medical insurance. There is no apparent distinction between this case and that of the title II beneficiary who uses part of his benefit to purchase private health insurance.

Several organizations also believed the definition of income which excluded social services was not explicit enough. It was suggested that payments made for services which are intended only to "pass through" the recipient to the provider of services not be counted as income. We concur in that position; however, we do not believe that a reading of the regulation as originally proposed leads to the conclusion that such payments are counted as income. Therefore, a change is not required. However, § 416.1109(b) has been clarified by adding the phrase "of the type furnished in accordance with title IV, V, or VI of the Social Security Act as amended" in defining the kinds of services excluded. Therefore, cash to pay for services, which services would not be income if furnished directly, will not be income if the payment is made to the provider of services through the recipient.

A number of comments were received on § 416.1125 dealing with unearned income, support and maintenance. Due to the enactment of Public Law 93-484 and other policy decisions made by the Secretary requiring changes in that section, it is being published again with a notice of proposed rulemaking and an additional period for public comment. Therefore, that section has been omitted from these final regulations.

Another comment was that the interpretation of the statute concerning the proceeds of a life insurance policy is incorrect. It was felt that the net proceeds of a life insurance policy, up to $1,500, after the payment of the expenses of last illness and burial, should be excluded from income. However, title XVI specifically states that all proceeds of life insurance policies in excess of the costs of last illness and burial costs not to exceed $1,500 are income.

Another organization raised several questions which took issue with the statute rather than the regulations; e.g., treatment of gifts and inheritances as income, no work expenses excluded from income for the aged and disabled. One comment, though, questioned the rule which would not allow depreciation or depletion to be counted as an expense to be deducted from unearned rental income. While cash expenses incurred in receiving the unearned income do reduce the amount of income considered, it is not believed to be consistent with the intent of title XVI to allow persons with rental property to set aside part of their income to improve the property or to recoup their investments. Therefore, no changes have been made in this provision. In response to several suggestions, the proposed regulations have been modified to clarify that casualty insurance received as a replacement for a nonexcluded resource is counted as a resource and not as income, portions of scholarships, grants, or fellowships used for educational purposes are excluded from income, and legal fees incurred in receiving unearned income are excluded from income.

With respect to resources, one organization expressed concern that while resources would be evaluated according to their current market value, the regulations did not furnish any guidance as to the mechanics of determining market value. It was suggested that if such guidance is not issued in the regulations, it should be issued in the form of operating instructions. The mechanics of establishing market value are operational in nature and, therefore, are believed to be inappropriate for issuance in the regulations. They are contained in operating instructions for Social Security Administration claims personnel. Operating instructions are available for inspection by the public at any social security office.

Several organizations expressed dissatisfaction with the maximum value of an excludable home and indicated that it should be increased or that there should be greater regional variations. The statute requires that a reasonable limit be established for the value of a home which will be excluded. The home value limitations were established based on national statistics which indicated that individuals with incomes low enough to be eligible for supplemental security income payments would hardly be able to maintain homes of greater value. Several groups also expressed concern over the maximum value ($1,500) of excludable household goods and personal effects. It was felt that the limitation should be raised considerably or that there should be no limitation at all. The law requires setting a reasonable value on excludable household goods and personal effects. As the regulations provide, these items are evaluated based upon their resale value. Ordinary used household goods and personal effects generally have low values. Only when an individual owns an item or items of exceptional value would his household goods and personal effects exceed the limitations prescribed in the regulations.

Several groups also felt the $1,200 limitation on an excludable automobile was too low. The regulations do provide that vehicles can also be excluded, regardless of value, if they are used for regular medical treatment or employment or are specially modified for a handicapped person. The value set in the regulations pertains only to vehicles other than those identified in the previous sentence. A number of groups felt that establishing limitations on the value of excludable property (home, household goods, personal effects, automobile) would be exceedingly difficult to administer and would be inequitable in their effect. However; the law requires establishing such limits. Some groups also felt that encumbrances on property should be taken into account in determining value. Consideration was given to this approach. However, it was felt to be inconsistent with the purposes of the supplemental security income program to permit an individual with property having a considerable market value to be eligible because there were large encumbrances on the property while another individual with property having a similar market value would be ineligible because there were small or no encumbrances on the property.

Section 416.1125 (Unearned income; support and maintenance) published in the FEDERAL REGISTER on October 3, 1973, (38 FR 27407) with a notice of proposed rulemaking; and § 416.1185 (Deeming of Income) published in the FEDERAL REGISTER on January 22, 1974, (39 FR 2487) with notice of proposed rule making are not contained in the final regulations set forth below and retain their interim effect. These sections will be published as final regulations in the FEDERAL REGISTER at a later date.

The provision that tax refunds are included as income only if the amounts were not previously counted has been deleted from the general rule of § 416.1112 that tax refunds are not income. Since tax refunds result almost exclusively from earned income, the provision had only the unintended effect of counting as income refunds relating to earnings from a time before the individual became an SSI recipient.

The parenthetical phrase, other than a home determined to be an includable resource, in § 416.124(a)(1) which resulted in unequal treatment to individuals (and spouses, if any) has been omitted from the final regulations.

Accordingly, with these changes and additions, as well as other editorial and clarifying changes, the proposed rules are adopted as set forth below.

(Secs. 1102, 1601, 1602, 1611, 1612, 1613, 1614(f), and 1631(d), 49 Stat. 647 as amended, 86 Stat. 1465, 1466, 1468, 1470, 1473; 42 U.S.C. 1302, 1381, 1381a, 1382, 1382a, 1382b, 1382c(f), and 1383(d).)

Effective date. These amendments shall become effective on October 20, 1975.

(Catalog of Federal Domestic Assistance Program No. 13.807, Supplemental Security Income Program.)

Dated: June 30, 1975.

J. B. CARDWELL,
Commissioner of Social Security.

Approved: October 14, 1975.

DAVID MATHEWS,
Secretary of Health, Education, and Welfare.

Part 416 of Chapter III of Title 20 of the Code of Federal Regulations is amended by adding thereto Subpart K (§§ 416.1101–416.1180) and Subpart L (§§ 416.1201–416.1266) to read as follows:

Subpart K—Income and Exclusions

Subpart K—Income and Exclusions

§ 416.1101 Income—general.

(a) Under title XVI of the Act, an individual's income includes all of his own income in cash or in kind, both earned income and unearned income. It also includes all of the income of his or her eligible spouse (as defined in § 416.120 (c)(14)). In addition, an individual's income is deemed to include:

(1) (i) Certain income of his or her ineligible spouse who lives in the same household, or

(ii) If the individual is a child as defined in § 416.1050 and under age 21, certain income of his parent and the spouse of such parent who live in the same household, and

(2) The income of an essential person as provided by § 416.1190.

(b) If countable income (see § 416.-1115) equals or exceeds the standard payment amount as set forth in Subpart D of this part, no Federal benefit under title XVI may be paid for that quarter (or month where applicable).

§ 416.1102 Income defined.

(a) *Meaning of income.* The term "income" for purposes of title XVI means the receipt by an individual of any property or service which he can apply, either directly or by sale or conversion, to meeting his basic needs for food, clothing, and shelter.

(b) *Earned income.* The term "earned income" is defined in section 1612(a)(1) of the Act by reference to the definition of wages for purposes of the earnings test (see § 404.429(c) of this chapter) and net earnings from self-employment for coverage purposes (see § 404.1050 of this chapter) under title II of the Act.

(c) *Unearned income.* The term "unearned income" means all income that is not included in the definition of "earned income" (see §§ 416.1125—416.1138).

§ 416.1105 Receipts from the conversion or replacement of resource not income.

(a) *Conversion of resource.* Any cash or other property received from the sale or exchange of a resource as defined in § 416.1201 is not income, but retains the character of a resource.

(b) *Insurance payment on excluded resource.* The cash proceeds of casualty insurance to replace a resource are not income but retain the character of resources. For treatment of an excluded resource see § 416.1232.

§ 416.1107 Supplementary medical insurance premiums.

The term "income" does not include the amount of a premium payment for supplementary medical insurance under title XVIII of the Act which is paid by a third-party insurer on behalf of a beneficiary.

§ 416.1109 Medical and social services.

(a) *Medical services.* The term "income" does not include the value of any third-party payment for medical care or medical services furnished to a beneficiary. This exclusion from income also applies to room and board furnished during medical confinement and paid for by such third party.

(b) *Social services.* The term "income" does not include the value of advice, consultation (e.g., on educational plans, money management), training (e.g., on chores which the individual might be able to perform for himself), or other services of a strictly social nature furnished an individual by any governmental or private agency of the type furnished in accordance with title IV, V, VI, or XX of the Social Security Act, as amended.

§ 416.1112 Income tax refund.

Since income taxes are included as income when determining the amount of wages (see § 416.1102(b)) or unearned income (see § 416.1120) of an individual, a refund of such taxes will not be included as income.

§ 416.1115 Countable income defined.

(a) The amount of a beneficiary's countable income for a calendar quarter (or shorter period, when applicable) is used to determine whether he is or is not eligible for benefits under title XVI of the Act and, if he is eligible, the amount payable. Countable income is the amount of an individual's income which affects payments under title XVI. It is the sum of:

(1) His total earned income (as set forth in § 416.1102(b)) less his earned income exclusions (as set forth in §§ 416.-1145–416.1175); and

(2) His total unearned income (as set forth in § 416.1102(c)) less his unearned income exclusions (as set forth in §§ 416.-1145–416.1175).

(b) The countable income so determined may not have a negative value; it never can be less than zero. After countable income has been determined for a calendar quarter (or month, where applicable), the benefit payable is computed in accordance with Subpart D of this part.

§ 416.1120 Availability of unearned income.

In determining the amount of unearned income the amount actually available to the individual is considered. The gross amount is reduced by any ordinary and necessary expenses incurred in getting or receiving the unearned income. However, reduction is not permitted below a zero value. For example, where an individual receives compensation for damages incurred in an automobile accident, the amount of unearned income under title XVI is the final settlement amount less ordinary and necessary legal, medical, and other expenses. An amount earmarked to replace the damaged automobile could be excluded from income under § 416.1105(b). Personal income tax withheld from unearned income before it is paid to the individual is not a deductible expense and, therefore, does not reduce the amount of the unearned income to the individual (e.g., income tax withheld from lottery winnings).

§ 416.1130 Unearned income; annuities, pensions, and similar payments.

The following types of periodic payments are among those included in unearned income; however, this list is not all-inclusive:

(a) *Annuities.* Annuities are periodic payments calculated on an annual basis which are in the nature of returns on prior payments or services. They may be received from any source.

(b) *Pensions or retirement payments.* Normally, pension or retirement payments are paid to a worker following his retirement from employment. Such payments may be paid directly by a former employer; however, they also may be paid from a fund, insurance, or any similar-purpose source.

(c) *Disability benefits.* Disability benefits normally are paid to one who has suffered injury or impairment. Such payments are not limited to those arising from an employment relationship. Such payments may be made by an employer or from any insurance or other public or private fund.

(d) *Veterans compensation and pension.* Veterans payments are based on service in the armed forces; but this service is not limited to the U.S. armed forces. Such payments may be made by the U.S. Veterans Administration, another country, a State or local governmental entity, or any other organization or entity.

(e) *Workmen's compensation payments*. Workmen's compensation payments are awarded to an injured employee or to his dependents. This includes payments under Federal and State workmen's compensation statutes, Longshoremen and Harbor Worker's Act, and so forth. Amounts included in such awards for medical, legal, or related expenses paid or actually incurred by an individual in connection with such claim are deducted in determining the amount that is counted as unearned income.

(f) *Social security benefits*. Old-age, survivors, and disability insurance payments made by the Social Security Administration under provisions of the Social Security Act are unearned income. Also included are special payments at age 72 (see § 404.374 of this chapter) and payments under title IV of the Federal Coal Mine Health and Safety Act of 1969 (i.e., Black Lung Benefits).

(g) *Railroad retirement payments*. Payments, such as sick pay, annuities, pensions, and unemployment insurance benefits, which are paid by the Railroad Retirement Board to an individual who is or was a railroad worker, or to his dependents or survivors, are unearned income.

(h) *Unemployment compensation*. Payments in the nature of insurance for which one qualifies by reason of having been employed and which are financed by contributions made to a fund during periods of employment are unearned income.

§ 416.1132 Unearned income; prizes and awards.

In general, the term "prize" means something won in a contest, lottery, or game of chance. In general, the term "award" means something of value received as the result of a decision or judgment of a court, a board of arbitration, or the like; ordinarily it does not come from a competition. In either event, the income is unearned income in determining eligibility for and the amount of benefits payable. Where a prize or award is not in cash, the current fair market value of the item is counted as unearned income.

§ 416.1134 Unearned income; proceeds of life insurance policy.

Unearned income under title XVI of the Act includes the proceeds of any life insurance policy to the extent that the proceeds exceed $1,500, or the amount expended by the beneficiary of the policy on the insured's last illness and burial expenses, whichever is less. Last illness and burial expenses include related hospital, medical expenses, funeral, burial plot and interment expenses, and related costs.

§ 416.1136 Unearned income; gifts, support and alimony, inheritances.

(a) *General*. Unearned income under title XVI of the Act includes gifts, support and alimony payments, and inheritances. The fair market value of the item received is used where the item is not received in cash.

(b) *Gifts*. A gift may or may not be in cash. It is anything given to an individual which is:

(1) Not compensation for services or other consideration, and

(2) Without legal obligation on the donor's part.

(c) *Support and alimony*. For purposes of this section, support means contributions in cash or in kind to provide some or all of an individual's usual needs (e.g., food, shelter, clothing); it may be provided voluntarily or pursuant to court order. Alimony is the allowance made by a court to one spouse from funds of the other spouse either pending decision on a suit for separation or divorce or after decision in such suit. In some jurisdictions a court uses the term "maintenance" instead of alimony.

(d) *Inheritance*. For purposes of this section, inheritance means cash, other liquid resources, noncash items, or any right in real or personal property to which one succeeds as the result of the death of another. An inheritance counts as unearned income when it meets the definition of income in § 416.1102(a).

§ 416.1138 Unearned income; rents, dividends, interest, royalties.

(a) *General*. Unearned income under title XVI of the Act includes rents, dividends, interest, and royalties which are not income from self-employment (as defined in section 211(a) of the Act).

(b) *Rents*—(1) *Defined*. Rents represent compensation in cash or in kind for the use of real or personal property (e.g., land, an apartment, a room, machinery).

(2) *Amount included*. In determining the amount of rent that is unearned income (i.e., not net earnings from self-employment), only ordinary and necessary "out of pocket" expenses incurred in operating and maintaining the property are deducted from the gross rent. Such expenses shall include only those expenses necessary for the production or collection of income, as defined in sections 163, 164, and 212 of the Internal Revenue Code of 1954 and the regulations thereunder; under no circumstances will depreciation or depletion of the property be considered such an expense.

(c) *Dividends and interest*. Dividends and interest normally represent return on a capital investment, usually on stocks, bonds, and savings accounts.

(d) *Royalties*. Royalties are payments to the holder of a patent or copyright, the owner of a mine, oil well, etc., for duplication of a writing, use of an invention, extraction of a product, or the like.

§ 416.1145 Exclusions from income; order of application.

(a) For the purpose of determining countable income in accordance with § 416.1115 of this subpart, the following income shall be excluded:

(1) Return or refund by any public agency of taxes on real property or food (§ 416.1149).

(2) Assistance based on need, which is paid by any State or political subdivision in supplementation of benefits (§ 416.1151).

(3) Tuition and fee portions of grants, scholarships and fellowships (§ 416.1153).

(4) Home produce used for personal consumption (§ 416.1155).

(5) Infrequently or irregularly received income, unearned and earned, if such income does not exceed $60 per quarter of unearned income and $30 per quarter of earned income (§ 416.1157).

(6) Certain payments received for foster care (§ 416.1159).

(7) One-third of child support payments by an absent parent (§ 416.1161).

(8) Student child's earned income up to specified limits (§ 416.1163).

(9) The first $60 per quarter of income, earned or unearned, other than income based on need (§ 416.1165).

(10) Earned income in the amount of $195, plus one-half of the remainder of the earned income per quarter (§ 416.1167).

(11) Work expenses of the blind (§ 416.1169).

(12) Income of the blind and disabled needed to fulfill a plan for self-support (§ 416.1171).

(b) In determining the countable income in accordance with § 416.1115, the exclusions listed in paragraph (a) of this section shall apply first to unearned income, and then to earned income, where appropriate. In so applying they shall be considered in the numerical sequence in which they are listed in paragraph (a) of this section.

§ 416.1149 Refund of taxes.

Any amount refunded from any public agency, if paid on the purchase of food or the satisfaction of real property levies, shall not be considered in determining countable income under § 416.1115.

§ 416.1151 State assistance based on need.

Assistance by a State or a political subdivision (including Indian tribes) which is based on need and which meets the definition of State supplementation in Subpart T of this part shall not be considered in determining countable income under § 416.1115.

§ 416.1153 Grants, scholarships, and fellowships.

Any portion of any grant, scholarship or fellowship, for use in paying tuition, fees or other expenses necessary to the securing of an education at an educational institution received by an individual or spouse shall not be considered in determining countable income under § 416.1115. Portions used to defray the expenses of food, clothing or shelter shall be considered in determining countable income under § 416.1115.

§ 416.1155 Home produce.

The value of agricultural products raised by an individual or spouse and not raised in connection with a trade or business and consumed by such individual or his immediate family shall not be considered in determining countable income under § 416.1115.

§ 416.1157 **Infrequent or irregular income.**

(a) *Earned income*. Earned income as defined in § 416.1102(b) if it does not exceed $30 per quarter in total which is received less frequently than twice per quarter or which cannot be reasonably anticipated shall not be considered in determining countable income under § 416.1115.

(b) *Unearned income*. Unearned income as defined in § 416.1102(c) if it does not exceed $60 per quarter in total which is received less frequently than twice per quarter or which cannot be reasonably anticipated shall not be considered in determining countable income under § 416.1115.

§ 416.1159 **Foster care payments.**

Income to an individual or spouse which represents payment for the foster care of a child who is not an eligible individual but is living in the same home as such individual and was placed there by a public or nonprofit private child-placement or child-care agency, shall not be considered in determining countable income under § 416.1115.

§ 416.1161 **Child support.**

Income received as support by an individual who meets the definition of child in § 416.1050 from an absent parent of such child shall be reduced by one-third before it is considered in determining countable income under § 416.1115.

§ 416.1163 **Earned income of a student child.**

The first $1,200 of quarterly earnings, not to exceed $1,620 a calendar year, shall be excluded from the earned income of a blind or disabled child who is a student regularly attending school in accordance with the provisions of § 416.1057.

§ 416.1165 **First $60 of unearned or earned income.**

The first $60 of unearned income or earned income received in a quarter, not otherwise excluded by §§ 416.1149 through 416.1163 shall not be considered in determining countable income under § 416.1115; except income which is paid on the basis of need shall not be excluded under this section.

§ 416.1167 **Amount of earned income exclusion.**

Earned income not excluded from consideration by § 416.1149 through § 416.1165 in the amount of $195 received per quarter plus one-half of any remaining earned income not previously excluded and received in the same quarter shall not be considered in determining countable income under § 416.1115.

§ 416.1169 **Work expenses of the blind.**

Earned income not excluded from consideration by § 416.1149 through § 416.1167 of an individual who is blind as defined in Subpart I shall not be considered in determining countable income under § 416.1115 of this subpart to the extent that such income is used to meet any expenses reasonably attributable to the earning of any income.

§ 416.1171 **Income needed to fulfill a plan for self-support.**

Earned or unearned income which has not been excluded from consideration by § 416.1149 through § 416.1169 shall not be considered in determining countable income under § 416.1115 to the extent that such earned or unearned income is needed to fulfill an approved plan for self-support pursuant to § 416.1731 for an individual who is disabled or blind as provided by Subpart I of this part.

§ 416.1175 **Income exclusions for certain blind individuals.**

For an individual who is blind as defined under a State plan, which was approved under title X or XVI of the Act, as in effect in October 1972 and who for the month of December 1973 was a recipient of aid or assistance under such State plan, the maximum amount of earned or unearned income which could have been disregarded under such State plan will be disregarded in determining countable income under § 416.1115 in lieu of applying the exclusions from income provided in § 416.1145, provided that the application of the provisions of § 416.1145 would result in a larger amount of countable income.

§ 416.1180 **Consideration of income.**

Except as otherwise noted, income is counted in determining eligibility for and the amount of benefits payable under title XVI when it is actually received or is counted when constructively received (see § 404.1026(b)(2) of this chapter), whichever first occurs. In general, this is the first point at which it is available to the individual to use. For example, interest on a regular savings account is counted when credited to the account. Generally, wages will be counted when received. Net earnings from self-employment will be allocated and counted as received equally in each quarter of the individual's taxable year.

Subpart L—Resources and Exclusions

Subpart L—Resources and Exclusions

§ 416.1201 **Resources; general.**

(a) *Resources; defined*. For purposes of this subpart L, resources mean cash or other liquid assets or any real or personal property that an individual (or spouse, if any) owns and could convert to cash to be used for his support and maintenance. If the individual has the right, authority or power to liquidate the property, or his share of the property, it is considered a resource. If a property right cannot be liquidated, the property will not be considered a resource of the individual (or spouse).

(b) *Liquid resources; defined*. Liquid resources are those properties that are in cash or are financial instruments which are convertible to cash. Liquid resources include cash on hand, cash in savings accounts or checking accounts, stocks, bonds, mutual fund shares, promissory notes, mortgages and similar properties.

(c) *Nonliquid resources; defined*. Nonliquid resources include all other properties. The term includes both real and personal property. Nonliquid resources are evaluated according to their current market value except as otherwise provided. For purposes of this Subpart L, the "current market value" of an item is defined as the price that item can reasonably be expected to sell for on the open market in the particular geographic area involved.

§ 416.1202 **Deeming of resources.**

(a) *Married individual*. In the case of an individual who is living with a person not eligible under this part and who is considered to be the husband or wife of such individual under the criteria in § 416.1005, such individual's resources shall be deemed to include any resources, not otherwise excluded under this subpart, of such spouse whether or not such resources are available to such individual.

(b) *Child*. In the case of a child (as defined in § 416.1050) who is under age 21, such child's resources shall be deemed to include any resources, not otherwise excluded under this subpart, of a parent of such child (or the spouse of such a parent) who is living in the same household (as defined in § 416.1070) as such child, whether or not available to such child, to the extent that the resources of such parent (or such spouse of a parent) exceed $1,500 in the case of one parent or $2,250 in the case of two parents (or one parent and the spouse of such parent). As used in this section, the term "parent" means the natural or adoptive parent of a child and "spouse of a parent" means the spouse (as defined in Subpart J of this part) of such natural or adoptive parent.

(c) *Applicability.* When used in this Subpart L, the term "individual" refers to an eligible aged, blind, or disabled person, and also includes a person whose resources are deemed to be the resources of such individual (as provided in paragraphs (a) and (b) of this section).

§ 416.1205 Limitation on resources.

(a) *Individual with no eligible spouse.* An aged, blind, or disabled individual with no spouse shall be eligible for benefits under title XVI of the Act if his nonexcludable resources do not exceed $1,500 and all other eligibility requirements are met. An individual who is living with an ineligible spouse shall be eligible for benefits under title XVI of the Act if his nonexcludable resources, including the resources of such spouse, do not exceed $2,250 and all other eligibility requirements are met.

(b) *Individual with an eligible spouse.* An aged, blind, or disabled individual who has an eligible spouse shall be eligible for benefits under title XVI of the Act if their nonexcludable resources do not exceed $2,250 and all other eligibility requirements are met.

§ 416.1210 Exclusions from resources; general.

In determining the resources of an individual (and spouse, if any) the following items shall be excluded:

(a) The home (including the land appertaining thereto) to the extent its value does not exceed the amount set forth in § 416.1212;

(b) Household goods and personal effects to the extent that their total value does not exceed the amount provided in § 416.1216;

(c) An automobile to the extent that its value does not exceed the amount provided in § 416.1218;

(d) Property of a trade or business which is essential to the means of self-support as provided in § 416.1222;

(e) Nonbusiness property which is essential to the means of self-support as provided in § 416.1224;

(f) Resources of a blind or disabled individual which are necessary to fulfill an approved plan for achieving self-support as provided in § 416.1226;

(g) Stock in regional or village corporations held by natives of Alaska during the twenty-year period in which the stock is inalienable pursuant to the Alaska Native Claims Settlement Act (see § 416.1228);

(h) Life insurance owned by an individual (and spouse, if any) to the extent provided in § 416.1230; and

(i) Restricted allotted land owned by an enrolled member of an Indian tribe as provided in § 416.1234.

§ 416.1212 Exclusion of the home.

(a) A home is excluded in determining the resources of an individual (and spouse, if any) to the extent its current market value does not exceed $25,000 ($35,000 in Alaska and Hawaii).

(b) A home, for purposes of this part, is any shelter in which the individual (and spouse, if any) has ownership interest and which is used by the individual (and spouse, if any) as his principal place of residence. The home includes any land that appertains thereto and any related outbuildings necessary to the operation of the home.

(c) Where a State or locality imposes a value-based property tax or levy, the current market value of a home shall be based on the most recent assessed value placed on it by such State or locality, taking into consideration the ratio between such assessed value and the market value.

(d) The proceeds from the sale of a home which is excluded from the individual's resources will also be excluded from resources to the extent they are intended to be used and are, in fact, used to purchase another home, which is similarly excluded, within 3 months of the date of receipt of the proceeds.

§ 416.1216 Exclusion of household goods and personal effects.

(a) *Household goods and personal effects; defined.* Household goods are defined as including household furniture, furnishings and equipment which are commonly found in or about a house and are used in connection with the operation, maintenance and occupancy of the home. Household goods would also include the furniture, furnishings and equipment which are used in the functions and activities of home and family life as well as those items which are for comfort and accommodation. Personal effects are defined as including clothing, jewelry, items of personal care, individual education and recreational items such as books, musical instruments, and hobbies.

(b) *Limitation on household goods and personal effects.* In determining the resources of an individual (and spouse, if any), household goods and personal effects are excluded if their total market value is $1,500 or less. If the market value of household goods and personal effects is in excess of $1,500, the excess will be counted against the resource limitation.

(c) *Additional exclusions of household goods and personal effects.* In determining the resources of an individual (and spouse, if any) and in determining the value of the household goods and personal effects of such individual (and spouse), there shall be excluded a wedding ring and an engagement ring and household goods and personal effects such as prosthetic devices, dialysis machines, hospital beds, wheel chairs and similar equipment required because of a person's physical condition. The exclusion of items required because of a person's physical condition is not applicable to items which are used extensively and primarily by members of the household in addition to the person whose physical condition requires the item.

§ 416.1218 Exclusion of the automobile.

(a) *Automobile; defined.* As used in this section, the term "automobile" includes, in addition to passenger cars, other vehicles used to provide necessary transportation.

(b) *Limitation on automobile.* In determining the resources of an individual (and spouse, if any) an automobile is excluded from counting as a resource if its current retail market value is $1,200 or less. If the retail market value of the automobile exceeds $1,200, the amount to be counted against the resource limit is that portion of the retail market value which exceeds $1,200. However, an automobile will be totally excluded if it is used for employment or for the medical treatment of a specific or regular medical problem of the individual or a member of his household, or if it has been modified for operation by or transportation of a handicapped person.

(c) *Number of automobiles.* Only one automobile may be excluded in determining the resources of an individual (and spouse, if any) under this section.

(d) *Retail market value.* The "retail market value" of an automobile is the average price a vehicle of that particular year, make, model, and condition will sell for on the open market (to a private individual) in the particular geographic area involved.

§ 416.1220 Exclusion of property essential to self-support.

In determining the resources of an individual (and spouse, if any) there shall be excluded, subject to the criteria and limitations in §§ 416.1222 and 416.1224, property so essential to the self-support of the individual (and spouse, if any) as to warrant its exclusion. Such property shall include both the property used in a trade or business (as defined in § 404.1070 of Part 404) and property not used in a trade or business but which nevertheless produces income or is otherwise necessary to the self-support of the individual (and spouse, if any). In the case of property not used in a trade or business, however, it shall not include cash, stocks, bonds, or any other liquid resources (as defined in § 416.1201) even though such liquid resources may be producing income.

§ 416.1222 Exclusion of property of a trade or business essential to self-support.

(a) In determining the resources of an individual (and spouse, if any) there shall be excluded property used by the individual (and spouse, if any) in his trade or business (as defined in § 404.1070 of this chapter) to the extent that such property is essential to the self-support of such individual (and spouse, if any).

(b) Property of a trade or business is considered essential for self-support if its current market value does not exceed limits which take into account the nature of the business and the gross and net income such business may be expected to produce in the light of such property.

(c) For purposes of this section, "property of a trade or business" means items commonly referred to as tangible business assets such as land and buildings, equipment and supplies, inventory, cash on hand, accounts receivable, etc.

§ 416.1224 Exclusion of nonbusiness property essential to self-support.

(a) In determining the resources of an individual (and spouse, if any) there shall be excluded nonliquid property (as defined in § 416.1201) which although not used in a trade or business is essential to the self-support of the individual (and spouse, if any). Nonbusiness property is considered essential for self-support if it is relied upon by the individual as a significant factor in producing income on which he can live, it is used to produce goods essential to the support of the individual, or it is used to provide services essential to the individual's support.

(b) Property used exclusively to produce items for home consumption is considered essential for self-support if the items produced are a significant factor in the support and maintenance of the individual.

(c) Tools, equipment, uniforms, and similar items required by the individual's employer are considered essential for self-support.

(d) A motor vehicle (in addition to that otherwise excludable under this Subpart L) is considered essential for self-support if, because of climate, terrain, distance, or similar factors, additional or specially modified vehicles are required to provide necessary transportation. The limitations on value of otherwise excluded vehicles in this Subpart L are applicable to vehicles in this category.

§ 416.1226 Exclusion of resources necessary to fulfill an approved plan for self-support.

In determining the resources of a blind or disabled individual, there shall be excluded such resources as an approved plan for achieving self-support pursuant to § 416.1731, specifies as being necessary for the fulfillment of such plan for so long as such plan remains in effect.

§ 416.1228 Exclusion of Alaskan natives' stock in regional or village corporations.

(a) In determining the resources of a native of Alaska (and spouse, if any) there will be excluded from resources, shares of stock held in a regional or village corporation during the period of 20 years in which such stock is inalienable, as provided by sections 7(h) and 8(c) of the Alaska Native Claims Settlement Act (43 U.S.C. 1606, 1607). The 20-year period of inalienability terminates on January 1, 1992.

(b) As used in this section, "native of Alaska" has the same meaning as that contained in section 3(b) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(b)).

§ 416.1230 Exclusion of life insurance.

(a) *General.* In determining the resources of an individual (and spouse, if any), life insurance owned by the individual (and spouse, if any) will be considered to the extent of its cash surrender value. If, however, the total face value of all life insurance policies on any person does not exceed $1,500, no part of the cash surrender value of such life insurance will be taken into account in determining the resources of the individual (and spouse, if any). In determining the face value of life insurance on the individual (and spouse, if any), term insurance and burial insurance will not be taken into account.

(b) *Definitions*—(1) *Life insurance.* Life insurance is a contract under which the insurer agrees to pay a specified amount upon the death of the insured.

(2) *Insurer.* The insurer is the company or association which contracts with the owner of the insurance.

(3) *Insured.* The insured is the person upon whose life insurance is effected.

(4) *Owner.* The owner is the person who has the right to change the policy. This is normally the person who pays the premiums.

(5) *Term insurance.* Term insurance is a form of life insurance having no cash surrender value and generally furnishing insurance protection for only a specified or limited period of time.

(6) *Face value.* Face value is the basic death benefit of the policy exclusive of dividend additions or additional amounts payable because of accidental death or under other special provisions.

(7) *Cash surrender value.* Cash surrender value is the amount which the insurer will pay (usually to the owner) upon cancellation of the policy before death of the insured or before maturity of the policy.

(8) *Burial insurance.* Burial insurance is insurance whose terms specifically provide that the proceeds can be used only to pay the burial expenses of the insured.

§ 416.1232 Replacement of damaged or lost excluded resources.

Cash received from an insurance company for purposes of repairing or replacing an excluded resource that is lost, damaged, or stolen, etc., is excluded as a resource provided the total amount of the cash is used to repair or replace such excluded resource within 3 months if the resource is personal property and 6 months if the resource is real property. Any such cash not so used within such time periods is an includable resource to the extent retained beginning with the quarter following the quarter of receipt.

§ 416.1234 Exclusion of Indian lands.

In determining the resources of an individual (and spouse, if any) who is of Indian descent from a federally recognized Indian tribe, there shall be excluded such restricted, allotted lands as such individual (and spouse, if any) may possess if such individual (and spouse, if any) cannot sell, transfer or otherwise dispose of such land without permission of other individuals, his tribe or an agency of the Federal Government.

§ 416.1240 Disposition of resources.

(a) Where the resources of an individual (and spouse, if any) are determined to exceed the limitations prescribed in § 416.1205, such individual (and spouse, if any) shall not be eligible for payment except under the conditions provided in this section. Payment will be made to an individual (and spouse, if any) if:

(1) Total includable resources do not exceed $3,000 in the case of an individual or $4,500 in the case of an individual and spouse; and

(2) Total includable liquid resources (as defined in § 416.1201) do not exceed one-fourth of the applicable dollar amount specified in section 1611(b)(1) of the Act in the case of an individual and in section 1611(b)(2) in the case of an individual and spouse; and

(3) The individual agrees in writing to:

(i) Dispose of the nonliquid resources (as defined in § 416.1201) in excess of the limitations prescribed in § 416.1205 within the time period specified in § 416.1242; and

(ii) Repay any overpayments (as defined in § 416.1244) with the proceeds of such disposition.

(b) Payment made for the period during which the resources are being disposed of will be conditioned upon the disposition of resources prescribed in paragraph (a)(3) of this section. Any payments so made are (at the time of disposition) considered overpayments to the extent they would not have been paid had the disposition occurred at the beginning of the period for which such payments were made.

§ 416.1242 Time limits for disposing of resources.

(a) In order for payment conditioned on the disposition of nonliquid resources to be made, the individual must agree in writing to dispose of real property within 6 months and other property within 3 months. The time period will begin on the date the written agreement to dispose of the resources is signed by the individual. However, in case of an individual who is disabled, the time period will begin with the date the individual is determined to be disabled.

(b) The 6 and 3 month time periods for disposition will be extended an additional 3 months where it is found that the individual had "good cause" for failing to dispose of the resources within the original time period.

(c) An individual will be found to have "good cause" for failing to dispose of a resource if, despite reasonable and diligent effort on his part, he was prevented by circumstances beyond his control from disposing of the resource.

§ 416.1244 Treatment of proceeds from disposition of resources.

(a) Upon disposition of the resources, the net proceeds to the individual from the sale are considered available to repay that portion of the payments that would not have been made had the disposition occurred at the beginning of the period for which payment was made.

(b) The net proceeds from disposition will normally be the sales price less any encumbrance on the resource and the expenses of sale such as transfer taxes, fees, advertising costs, etc. where, however, a resource has been sold (or otherwise transferred) by an individual to a friend or relative for less than its current market value, the net proceeds will be the current market value less costs of sale and encumbrance.

(c) After deducting any amount necessary to raise the individual's (and spouse's, if any) resources to $1,500 or $2,250 (as applicable), as of the beginning of the disposition period, the balance of the net proceeds will be used to recover the payments made to the individual (and spouse, if any). Any remaining proceeds are considered liquid resources.

(d) The overpayment to be recovered is equal to the balance of the net proceeds (as described in paragraph (c) of this section) or the total payments made to the individual (and spouse, if any) for the period of disposition, whichever is less.

§ 416.1260 Special resource provision for recipients under a State plan.

(a) *General.* In the case of any individual or any individual (and spouse, if any) who for the month of December 1973 was a recipient of aid or assistance under a State plan approved under title I, X, XIV, or XVI, of the Act, the resources of such individual (and spouse, if any) shall be deemed not to exceed the amount specified in § 416.1205 during any period that the resources of such individual (and spouse, if any) do not exceed the maximum amount of resources specified in such State plan as in effect in October 1972.

(b) *State plan; defined.* As used in this section and §§ 416.1261–416.1266, "an approved State plan as in effect in October 1972" and "State plan for October 1972" means a State plan as approved under the provisions of 45 CFR Ch. II as in effect in October 1972.

§ 416.1261 Application of special resource provision.

In determining the resources of an individual (and spouse, if any) who meets the conditions specified in § 416.1260(a), either the State plan resource limit and exclusions (as specified in § 416.1260) or the resource limit (as specified in § 416.1205) and exclusions (as specified in § 416.1210), whichever is most advantageous to the individual (and spouse, if any) will be used.

§ 416.1264 Spouse ineligible under a State plan in December 1973.

In the case of an individual who meets the conditions specified in § 416.1260 but whose spouse does not meet such conditions, whichever of the following is most advantageous for the individual (and spouse, if any) will be applied:

(a) The resource limitation and exclusions for an individual as in effect under the approved State plan for October 1972, or

(b) The resource limitation (as specified in § 416.1205) and exclusions (as specified in § 416.1210) for an individual and eligible spouse or an individual living with an ineligible spouse.

§ 416.1266 Individual under special resource provision dies after December 1973.

Where only one person, either the eligible individual or the eligible spouse, meets the conditions specified in § 416.1260 and that person dies after December 1973, the State plan resource limitation and exclusions will not be applied to determine the amount of resources of the surviving individual. The resource limitation (as specified in § 416.1205) and exclusions (as specified in § 416.1210) will be applied for the now eligible individual beginning with the month such person is considered the eligible individual as defined in Subpart A of this part.

[FR Doc.75-28126 Filed 10-17-75;8:45 am]

Title 21—Food and Drugs

CHAPTER I—FOOD AND DRUG ADMINISTRATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SUBCHAPTER D—DRUGS FOR HUMAN USE

[Docket No. 75N-0267]

PART 310—NEW DRUGS

Oral Contraceptive Patient Labeling

The Commissioner of Food and Drugs is amending § 310.501 (21 CFR 310.501) to require manufacturers of oral contraceptives to include in the mandatory patient labeling and the patient brochure a statement that oral contraceptives are of no value in the prevention or treatment of venereal disease, effective January 19, 1976.

The Commissioner proposed, in the FEDERAL REGISTER of April 19, 1974 (39 FR 13972), to amend § 310.501 to require the statement in the mandatory patient labeling and the patient brochure for oral contraceptives. Interested persons were invited to submit comments regarding the proposal on or before June 18, 1974. An editorial correction of the proposal was published in the FEDERAL REGISTER of May 16, 1974 (39 FR 17448).

Twenty-one comments were received in response to the proposal: From a city health agency, a community organization for VD awareness, and other persons. Fifteen comments expressed approval of the proposal, some with suggested modification. Five comments opposed the proposal. One comment did not directly respond to the proposal, and one comment that favored the proposal was also directed to the overall content and language of the patient package information. In this regard, the Food and Drug Administration is currently reviewing the broader issue of patient package inserts for prescription drugs. The printed information supplied to a user of oral contraceptives is included in this review and will be assessed by physicians, patients, and experts in communications in an effort to test the adequacy of the information. Any deficiencies identified in the patient insert for these drugs will be remedied when the review is completed. The principal issues raised in the comments and the Commissioner's conclusions are as follows:

1. One comment opposed the proposal because no connection between an increase in venereal disease and the absence of the proposed warning statement has been established.

The Commissioner agrees that there is no factual evidence that an increase in venereal disease is related to the absence of a statement in the labeling warning patients that oral contraceptives are of no value in the prevention or treatment of this disease. The justification for this warning does not rely on an increase in venereal disease. The request for the addition of this warning, as discussed in the proposal, asserted that lay persons are uninformed on this subject and may be misled into believing that oral contraceptives prevent venereal disease. Education of the public might therefore reduce the incidence of this disease. The Commissioner concludes that it is in the public interest to require that such a warning statement be included in the mandatory patient labeling and patient brochure for oral contraceptives. As noted in the preamble to the proposal, this requirement has the support of the Center for Disease Control, Atlanta, GA, and the Food and Drug Administration's Obstetrics and Gynecology Advisory Committee.

2. Two comments favored the proposal but suggested adding a more positive statement relating to the physiological effect of these drugs, which may make the genital tract more susceptible to infection. One of these comments suggested including recommendations that, while using oral contraceptives, the patient be provided an active program for prevention of venereal disease.

The Commissioner is aware that an association between females taking oral contraceptives and an increase in venereal-disease has been reported in medical literature. Reports suggest that these drugs produce a physiological change in the genital tract, thus making the female more susceptible to venereal disease. He concludes, however, that there is insufficient evidence of this association to justify including such information in the labeling. Many other factors may contribute to an increase in venereal disease. The Food and Drug Administration will continue to monitor adverse reaction information received and the published literature regarding the effect noted by the comment. If such an effect appears reasonably associated with the use of oral contraceptives, the Commissioner will then consider adding such information to the oral contraceptive labeling.

The Commissioner believes that programs for preventing venereal disease can be more appropriately dealt with by the physician, other health care experts, and social scientists. Such programs are not within the scope of this proposal.

3. One comment suggested that the proposed warning statement appear in the Spanish language as well as the English language since Spanish is often the commonly used language in some U.S. population sectors.

The Commissioner advises that there is no prohibition against printing the entire patient package information leaflet in both the English and Spanish languages and that such printing should be encouraged for Spanish speaking communities. (See 21 CFR 201.15(c).) However, printing the warning statement regarding venereal disease in both Spanish and English on all English language versions would place undue emphasis on this statement over all other information in the leaflet and therefore will not be permitted.

4. One comment recommended adding a statement informing patients that they can contact their physician or pharmacist for additional information regarding the use of oral contraceptives and venereal disease.

The Commissioner recognizes that, although physicians and pharmacists are reliable sources for helpful information regarding venereal disease and the use of oral contraceptives, they are not the sole sources. Other health professionals such as nurses, physicians' assistants, medical societies, government agencies, and consumer educational groups are also engaged in educating the public about venereal disease. The Commissioner is of the opinion that most people are aware of these sources of information on oral contraceptives and venereal disease from publicity in the press, television, and other media. He does not believe the addition of such information to the patient labeling is necessary at this time.

5. One comment suggested that the caution statement regarding venereal disease and the use of oral contraceptives be in boldface type.

The Commissioner advises that paragraph (a) (5) (i) and (ii) of § 310.501 requires that the text of all information in paragraph (a) (4) of that section, which is the patient package information, be in boldface type. The statement "Caution: Oral contraceptives are of no value in the prevention or treatment of venereal diseases" required in the patient package information by this regulation will therefore be in boldface type, as the comment suggested. For the reasons discussed in paragraph 3 above, no other special attention should be called to this statement.

6. One comment suggested placing the caution statement on the label of the dispensed oral contraceptive pack where it would be more easily seen since many patients rarely read the accompanying literature after the first month of use.

The Commissioner advises that the printed information included in or with the oral contraceptive package dispensed to the patient contains the necessary information to alert the patient to the nature of oral contraceptives, to the potential hazards of taking these drugs, and to the fact that continued medical supervision is needed for their safe and effective use. A caution statement regarding venereal disease, as required by this regulation, is appropriate as part of this printed information. Including such a statement on the label of the dispensed oral contraceptive container rather than as part of the printed patient information leaflet may erroneously imply that this caution is of greater importance than all other information contained in the patient leaflet. The Commissioner believes that the widespread dissemination of patient information to the many users of oral contraceptives will most likely bring such a caution statement to the attention of all who need to have this information.

7. One comment suggested changing the caution statement to read "Caution: Not for the Prevention or Treatment of Venereal Disease."

The Commissioner believes that the suggested change does not properly emphasize that oral contraceptives are of no value in the treatment or prevention of venereal disease. The recommended wording change erroneously suggests that although oral contraceptives are not intended for the treatment or prevention of venereal disease, they may nevertheless be of value in such treatment or prevention.

The Commissioner concludes that the statement as proposed more accurately informs the patient.

Therefore, under the Federal Food, Drug, and Cosmetic Act (secs. 502 (a) and (f), 505, 701(a), 52 Stat. 1050–1053 as amended, 1055 (21 U.S.C. 352 (a) and (f), 355, 371(a)) and under authority delegated to the Commissioner (21 CFR 2.120), Part 310 is amended in § 310.501 by revising the "Patient Package Information" in paragraph (a) (4) and by adding a new paragraph (a) (6) (xiii), to read as follows:

§ 310.501 Preparations for contraception; labeling directed to the patient.

(a) * * *

(4) * * *

(Patient Package Information)

ORAL CONTRACEPTIVES

(Birth Control Pills)

Do Not Take This Drug Without Your Doctor's Continued Supervision

The oral contraceptives are powerful and effective drugs which can cause side effects in some users and should not be used at all by some women. The most serious known side effect is abnormal blood clotting which can be fatal.

Safe use of this drug requires a careful discussion with your doctor. To assist him in providing you with the necessary information, ___________ (Firm name) has prepared a booklet (or other form) written in a style understandable to you as the drug user. This provides information on the effectiveness and known hazards of the drug including warnings, side effects and who should not use it. Your doctor will give you this booklet (or other form) if you ask for it and he can answer any questions you may have about the use of this drug.

Notify your doctor if you notice any unusual physical disturbance or discomfort.

Caution: Oral contraceptives are of no value in the prevention or treatment of venereal disease.

* * * * *

(6) * * * (xiii) A statement warning the patient that oral contraceptives are of no value in the prevention or treatment of venereal disease.

* * * * *

Effective date. This regulation shall be effective on January 19, 1975.

(Secs. 502(a) and (f), 505, 701(a), 52 Stat. 1050–1053 as amended, 1055 (21 U.S.C. 352(a) and (f), 355, 371(a)).)

Dated: October 10, 1975.

WILLIAM F. RANDOLPH,
Acting Associate Commissioner for Compliance.

[FR Doc.75–28090 Filed 10–17–75;8:45 am]

[Docket No. 75N–0241]

PART 369—INTERPRETATIVE STATEMENTS RE WARNINGS ON DRUGS AND DEVICES FOR OVER-THE-COUNTER SALE

Insulin Syringes; Warning and Caution Statement

Correction

In FR Doc. 75–26603 appearing on page 46100 in the issue of Monday, October 6, 1975, make the following changes:

1. On page 46100, in the second column, first and second lines, the date "January 5, 1975" should read "January 5, 1976".

2. On page 46101, in the first column, third paragraph, the date, "January 5, 1975" should read "January 5, 1976".

Title 24—Housing and Urban Development

SUBTITLE A—OFFICE OF THE SECRETARY, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. R–75–352]

PART 25—MORTGAGEE REVIEW BOARD

Subpart A—Department of Housing and Urban Development Mortgagee Review Board

Correction

In FR Doc. 75–24840, appearing at page 43026 in the issue for Thursday, September 18, 1975, in § 25.5(c), the word "person" in the second line should read "purpose".