

1 is unnecessary because the guidance provided is restated in Section 6090.5 of the NCUA Accounting Manual.

IRPS No. 81-2, Federal Funds, 46 FR 14887, Mar. 3, 1981, authorizes certain federal funds transactions for federal credit unions and establishes guidelines and accounting procedures for the same. IRPS 81-2 is unnecessary because the guidance provided is restated in § 703.100(g) of NCUA Rules and Regulations.

IRPS No. 81-4, Developing Government Regulations, 46 FR 29248, June 1, 1981, sets forth NCUA's procedures for developing and reviewing its regulations. IRPS 81-4 was drafted in response to the passage of the Financial Simplification Act of 1980, the Regulatory Flexibility Act of 1980, 5 U.S.C. *et seq.*, and the Paperwork Reduction Act of 1980, 44 U.S.C. 3501 *et seq.* IRPS 81-4 is now outdated due to changes in the law, including the repeal of the Financial Simplification Act of 1980, and is superseded by IRPS 87-2 which sets forth NCUA's current procedures for developing and reviewing its regulations.

IRPS No. 81-5, Proposed Policy Statement Release of Consumer Examination Reports, 46 FR 29575, June 2, 1981, sets forth conditions under which individual federal credit unions may release consumer compliance examination reports to third parties. IRPS 81-5 is outdated because consumer compliance examinations are no longer performed as separate examinations, but are performed in conjunction with safety and soundness examinations producing one examination report. This examination report is an exempt document. The release of an exempt document is addressed in Part 792 of NCUA Rules and Regulations.

IRPS No. 81-8, Full and Fair Disclosure Requirements, 47 FR 23685, June 1, 1982, provides that compliance with Section 2000 of the Accounting Manual will place a federal credit union in compliance with the full and fair disclosure requirements of Part 702 of the NCUA Regulations. IRPS 81-8 is unnecessary because the guidance provided is restated in § 702.3 of NCUA Rules and Regulations and Section 1000 of the NCUA Accounting Manual.

IRPS No. 81-9, Share, Share Draft and Share Certificate Accounts, 46 FR 57668, Nov. 25, 1981, sets forth NCUA's position regarding the calculation and assessment of premature withdrawal penalties for variable-rate and multiple-addition share certificate accounts. IRPS 81-9 is outdated because NCUA deregulated § 701.35 of the NCUA Rules and Regulations, 47 FR 17979, Apr. 27,

1982, giving a federal credit union's board of directors the responsibility for determining the terms and conditions governing share, share draft, and share certificate accounts, including premature withdrawal penalties.

IRPS No. 82-1, Membership in Federal Credit Unions, 47 FR 16775, Apr. 20, 1982, provides that federal credit unions may offer membership to borrowers whose loans have been purchased from a liquidated credit union and that they may serve multiple occupational group. IRPS 82-1 is outdated because it is superseded by IRPS 82-3, Membership in Federal Credit Unions, 47 FR 26808, June 22, 1982.

IRPS No. 82-3, Membership in Federal Credit Unions, 47 FR 26808, June 22, 1982, provides further guidance on field of membership issues and authorizes multiple associational group charters. IRPS 82-3 is outdated because it is superseded by IRPS 89-1, Chartering and Field of Membership Policy, 54 FR 31165, July 27, 1989.

IRPS No. 83-2, Membership in Federal Credit Unions, 48 FR 22899, May 23, 1983, clarified that the definition of a "well-defined area" stated in IRPS 82-3 includes home offices and branch offices for purposes of adding additional associational and occupational groups. IRPS 83-2 is outdated because it is superseded by IRPS 89-1, Chartering and Field of Membership Policy, 54 FR 31165, July 27, 1989.

IRPS No. 84-1, Membership in Federal Credit Unions, 49 FR 46536, Nov. 27, 1984, combines IRPS 82-3 and IRPS 83-2, sets out modifications made since the two IRPS were published, incorporates several unwritten policies, and sets forth a new policy on service to senior citizens and retirees. IRPS 84-1 is outdated because it is superseded by IRPS 89-1, Chartering and Field of Membership Policy, 54 FR 31165, July 27, 1989.

IRPS No. 85-1, Trustees and Custodians of Pension Plans, 50 FR 48176, Nov. 22, 1985, provides guidelines for federal credit unions involved with self-directed IRA and Keogh accounts. IRPS 85-1 is unnecessary because the guidance provided is restated in Part 724 of NCUA Rules and Regulations.

IRPS No. 86-2, Joint Policy Statement on Basic Financial Services, 51 FR 42083, Nov. 21, 1986, provides that NCUA has adopted FFIEC's recommendation encouraging credit unions to offer basic financial services accessible to low and moderate-income members. IRPS 86-2 is unnecessary because it restates the basic mission of

credit unions. As stated in the Federal Credit Unions Act, 12 U.S.C. 1751, the Act was established "to make more available to people of small means credit for provident purposes through a national system of cooperative credit, thereby helping stabilize the credit structure of the United States."

IRPS No. 88-1, Policy on Selection of Securities Dealers and Unsuitable Investment Practices, 53 FR 18268, May 23, 1988, provides that NCUA will adopt a modified version of the FFIEC's Supervisory Policy containing guidance to federal credit unions concerning selection of securities brokers and the avoidance of unsound investment practices. IRPS 88-1 is outdated because it is superseded by IRPS 92-1, Supervisory Policy Statement on Securities Activities, 57 FR 22157, May 27, 1992, which provides additional information on the development of a portfolio policy and strategies for securities and on securities practices that are inappropriate for an investment account.

IRPS No. 89-1, Chartering and Field of Membership Policy, 54 FR 31165, July 27, 1989, provides membership and chartering policies. IRPS 89-1 is outdated because it is superseded by IRPS 94-1, Chartering and Field of Membership Policy, 59 FR 29066, June 3, 1994, as amended by IRPS 96-1, 61 FR 11721, Mar. 22, 1996.

By the National Credit Union Administration Board on September 17, 1997.

Becky Baker,

Secretary to the Board.

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FEDERAL HOUSING FINANCE BOARD

12 CFR Part 950

[No. 97-57]

RIN 3069-AA57

Revision of Financing Corporation Operations Regulation

AGENCY: Federal Housing Finance Board.

ACTION: Final rule.

SUMMARY: The Federal Housing Finance Board (Finance Board) is amending its regulation on Financing Corporation (FICO) operations to comply with new statutory requirements, eliminate provisions that have been rendered obsolete by statutory changes, and clarify the practices and procedures of the Finance Board and FICO. The final rule is consistent with the goals of the

Regulatory Reinvention Initiative of the National Performance Review.

EFFECTIVE DATE: The final rule will become effective October 27, 1997.

FOR FURTHER INFORMATION CONTACT: Joseph A. McKenzie, Associate Director, Financial Analysis and Reporting Division, Office of Policy, 202/408-2845, or Janice A. Kaye, Attorney-Advisor, Office of General Counsel, 202/408-2505, Federal Housing Finance Board, 1777 F Street, N.W., Washington, D.C. 20006.

SUPPLEMENTARY INFORMATION:

I. Regulatory Background and Analysis of the Final Rule

In November 1996, the Finance Board approved an interim final rule amending its FICO operations regulation, 12 CFR part 950, to comply with new statutory requirements, eliminate provisions that were rendered obsolete by statutory changes, and clarify the practices and procedures of the Finance Board and FICO. See 61 FR 59311 (Nov. 22, 1996). The 30-day public comment period for the interim final rule, which became effective upon publication in the **Federal Register**, closed on December 23, 1996. See *id.* The Finance Board received no public comments. Therefore, with the exception noted below, and for the reasons set forth in detail in the interim final rulemaking, the Finance Board is adopting the interim final rule as published.

In order to accommodate the terms of a memorandum of understanding (MOU) signed by FICO and the Federal Deposit Insurance Corporation (FDIC) after publication of the interim final rule in the **Federal Register**, the Finance Board has amended § 950.8(b)(2)(i) of the interim final rule to require FICO to determine an assessment rate formula rather than the actual assessment rate. Under the MOU, the FDIC will handle administrative tasks, such as computing each insured depository institution's assessment, issuing invoices notifying insured depository institutions of the amount to be paid and the date of payment, and arranging for the collection of the assessment through the payments system. See FICO-FDIC MOU (Jan. 23, 1997). Among other things, the MOU provides that the FDIC will compute the assessment rate in accordance with an assessment rate formula adopted by FICO. See *id.* ¶ 3. Section 950.8(b)(2)(i) of the interim final rule required FICO to determine the assessment rate by considering historical data regarding assessment collections and current information concerning the Savings Association

Insurance Fund and Bank Insurance Fund deposit bases and the location of insured depository institutions that is available only to the FDIC. For consistency with the terms of the MOU, § 950.8(b)(2)(i) of the final rule requires FICO to establish a formula the FDIC will use to determine at least semiannually the rate of the assessment FICO will assess against insured depository institutions in order to pay its non-administrative expenses.

II. Paperwork Reduction Act

This rule does not contain any collections of information pursuant to the Paperwork Reduction Act of 1995. See 44 U.S.C. 3501 *et seq.* Consequently, the Finance Board has not submitted any information to the Office of Management and Budget for review.

III. Regulatory Flexibility Act

The Finance Board adopted the changes to part 950 in the form of an interim final rule and not as a proposed rule. Therefore, the provisions of the Regulatory Flexibility Act did not apply. See 5 U.S.C. 601(2), 603(a).

List of Subjects in Part 950

Federal home loan banks, Securities. Accordingly, the Federal Housing Finance Board hereby adopts the interim final rule adding 12 CFR part 950 that was published at 61 FR 59311 on November 22, 1996, as a final rule and revises part 950 to read as follows:

PART 950—OPERATIONS

- Sec.
- 950.1 Definitions.
 - 950.2 General authority.
 - 950.3 Authority to establish investment policies and procedures.
 - 950.4 Book-entry procedure for Financing Corporation obligations.
 - 950.5 Bank and Office of Finance employees.
 - 950.6 Budget and expenses.
 - 950.7 Administrative expenses.
 - 950.8 Non-administrative expenses; assessments.
 - 950.9 Reports to the Finance Board.
 - 950.10 Review of books and records.

Authority: 12 U.S.C. 1441(b)(8), (c), and (j).

§ 950.1 Definitions.

For purposes of this part:

- (a) *Act* means the Federal Home Loan Bank Act, as amended (12 U.S.C. 1421 *et seq.*).
- (b) *Administrative expenses:*
 - (1) Include general office and operating expenses such as telephone and photocopy charges, printing, legal, and professional fees, postage, courier services, and office supplies; and
 - (2) Do not include any form of employee compensation, custodian fees,

issuance costs, or any interest on (and any redemption premium with respect to) any Financing Corporation obligations.

(c) *Bank or Banks* means a Federal Home Loan Bank or the Federal Home Loan Banks.

(d) *BIF-assessable deposit* means a deposit that is subject to assessment for purposes of the Bank Insurance Fund under the Federal Deposit Insurance Act (12 U.S.C. 1811 *et seq.*), including a deposit that is treated as a deposit insured by the Bank Insurance Fund under section 5(d)(3) of the Federal Deposit Insurance Act.

(e) *Custodian fees* means any fee incurred by the Financing Corporation in connection with the transfer of any security to, or maintenance of any security in, the segregated account established under section 21(g)(2) of the Act, and any other expense incurred by the Financing Corporation in connection with the establishment or maintenance of such account.

(f) *Directorate* means the board established under section 21(b) of the Act to manage the Financing Corporation.

(g) *Exit fees* means the amounts paid under sections 5(d)(2)(E) and (F) of the Federal Deposit Insurance Act, and regulations promulgated thereunder (12 CFR part 312).

(h) *FDIC* means the agency established as the Federal Deposit Insurance Corporation.

(i) *Finance Board* means the agency established as the Federal Housing Finance Board.

(j) *Insured depository institution* has the same meaning as in section 3 of the Federal Deposit Insurance Act.

(k) *Issuance costs* means issuance fees and commissions incurred by the Financing Corporation in connection with the issuance or servicing of Financing Corporation obligations, including legal and accounting expenses, trustee, fiscal, and paying agent charges, securities processing charges, joint collection agent charges, advertising expenses, and costs incurred in connection with preparing and printing offering materials to the extent the Financing Corporation incurs such costs in connection with issuing any obligations.

(l) *Non-administrative expenses* means custodian fees, issuance costs, and interest on Financing Corporation obligations.

(m) *Obligations* means debentures, bonds, and similar debt securities issued by the Financing Corporation under sections 21(c)(3) and (e) of the Act.

(n) *Office of Finance* means the joint office of the Banks established under part 941 of this chapter.

(o) *Receivership proceeds* means the liquidating dividends and payments made on claims received by the Federal Savings and Loan Insurance Corporation Resolution Fund established under section 11A of the Federal Deposit Insurance Act from receiverships, that are not required by the Resolution Funding Corporation to provide funds for the Funding Corporation Principal Fund established under section 21B of the Act.

(p) *SAIF-assessable deposit* means a deposit that is subject to assessment for purposes of the Savings Association Insurance Fund under the Federal Deposit Insurance Act, including a deposit that is treated as a deposit insured by the Savings Association Insurance Fund under section 5(d)(3) of the Federal Deposit Insurance Act.

§ 950.2 General authority.

Subject to the limitations and interpretations in this part and such orders and directions as the Finance Board may prescribe, the Financing Corporation shall have authority to exercise all powers and authorities granted to it by the Act and by its charter and bylaws regardless of whether the powers and authorities are specifically implemented in regulation.

§ 950.3 Authority to establish investment policies and procedures.

The Directorate shall have authority to establish investment policies and procedures with respect to Financing Corporation funds provided that the investment policies and procedures are consistent with the requirements of section 21(g) of the Act. The Directorate shall promptly notify the Finance Board in writing of any changes to the investment policies and procedures.

§ 950.4 Book-entry procedure for Financing Corporation obligations.

(a) *Authority.* Any Federal Reserve Bank shall have authority to apply book-entry procedure to Financing Corporation obligations.

(b) *Procedure.* The book-entry procedure for Financing Corporation obligations shall be governed by the book-entry procedure established for Bank securities, codified at part 912 of this chapter. Wherever the terms "Federal Home Loan Bank(s)," "Federal Home Loan Bank security(ies)," or "Book-entry Federal Home Loan Bank security(ies)" appear in part 912, the terms shall be construed also to mean "Financing Corporation," "Financing Corporation obligation(s)," or "Book-

entry Financing Corporation obligation(s)," respectively, if appropriate to accomplish the purposes of this section.

§ 950.5 Bank and Office of Finance employees.

Without further approval of the Finance Board, the Financing Corporation shall have authority to utilize the officers, employees, or agents of any Bank or the Office of Finance in such manner as may be necessary to carry out its functions.

§ 950.6 Budget and expenses.

(a) *Directorate approval.* The Financing Corporation shall submit annually to the Directorate for approval, a budget of proposed expenditures for the next calendar year that includes administrative and non-administrative expenses.

(b) *Finance Board approval.* The Directorate shall submit annually to the Finance Board for approval, the budget of the Financing Corporation's proposed expenditures it approved pursuant to paragraph (a) of this section.

(c) *Spending limitation.* The Financing Corporation shall not exceed the amount provided for in the annual budget approved by the Finance Board pursuant to paragraph (b) of this section, or as it may be amended by the Directorate within limits set by the Finance Board.

(d) *Amended budgets.* Whenever the Financing Corporation projects or anticipates that it will incur expenditures, other than interest on Financing Corporation obligations, that exceed the amount provided for in the annual budget approved by the Finance Board or the Directorate pursuant to paragraph (b) or (c) of this section, the Financing Corporation shall submit an amended annual budget to the Directorate for approval, and the Directorate shall submit such amended budget to the Finance Board for approval.

§ 950.7 Administrative expenses.

(a) *Payment by Banks.* The Banks shall pay all administrative expenses of the Financing Corporation approved pursuant to § 950.6.

(b) *Amount.* The Financing Corporation shall determine the amount of administrative expenses each Bank shall pay in the manner provided by section 21(b)(7)(B) of the Act. The Financing Corporation shall bill each Bank for such amount periodically.

(c) *Adjustments.* The Financing Corporation shall adjust the amount of administrative expenses the Banks are required to pay in any calendar year

pursuant to paragraphs (a) and (b) of this section, by deducting any funds that remain from the amount paid by the Banks for administrative expenses in the prior calendar year.

§ 950.8 Non-administrative expenses; assessments.

(a) *Interest expenses.* The Financing Corporation shall determine anticipated interest expenses on its obligations at least semiannually.

(b) *Assessments on insured depository institutions—(1) Authority.* To provide sufficient funds to pay the non-administrative expenses of the Financing Corporation approved under § 950.6, the Financing Corporation shall, with the approval of the Board of Directors of the FDIC, assess against each insured depository institution an assessment in the same manner as assessments are made by the FDIC under section 7 of the Federal Deposit Insurance Act.

(2) *Assessment rate—(i) Determination.* The Financing Corporation at least semiannually shall establish an assessment rate formula, which may include rounding methodology, to determine the rate or rates of the assessment it will assess against insured depository institutions pursuant to section 21(f)(2) of the Act and paragraph (b)(1) of this section.

(ii) *Limitation.* Until the earlier of December 31, 1999, or the date as of which the last savings association ceases to exist, the rate of the assessment imposed on an insured depository institution with respect to any BIF-assessable deposit shall be a rate equal to 1/5 of the rate of the assessment imposed on an insured depository institution with respect to any SAIF-assessable deposit.

(iii) *Notice.* The Financing Corporation shall notify the FDIC and the collection agent, if any, of the formula established under paragraph (b)(2)(i) of this section.

(3) *Collecting assessments—(i) Collection agent.* The Financing Corporation shall have authority to collect assessments made under section 21(f)(2) of the Act and paragraph (b)(1) of this section through a collection agent of its choosing.

(ii) *Accounts.* Each Bank shall permit any insured depository institution whose principal place of business is in its district to establish and maintain at least one demand deposit account to facilitate collection of the assessments made under section 21(f)(2) of the Act and paragraph (b)(1) of this section.

(c) *Receivership proceeds—(1) Authority.* To the extent the amounts collected under paragraph (b) of this

section are insufficient to pay the non-administrative expenses of the Financing Corporation approved under § 950.6, the Financing Corporation shall have authority to require the FDIC to transfer receivership proceeds to the Financing Corporation in accordance with section 21(f)(3) of the Act.

(2) *Procedure.* The Directorate shall request in writing that the FDIC transfer the receivership proceeds to the Financing Corporation. Such request shall specify the estimated amount of funds required to pay the non-administrative expenses of the Financing Corporation approved under § 950.6.

(d) *Exit fees—(1) Authority.* To the extent the amounts provided under paragraphs (b) and (c) of this section are insufficient to pay the interest due on Financing Corporation obligations, the Financing Corporation shall have authority to request that the Secretary of the Treasury order the transfer of exit fees to the Financing Corporation in accordance with section 5(d)(2)(E) of the Federal Deposit Insurance Act or as otherwise may be provided for by statute.

(2) *Procedure.* The Directorate shall request in writing that the Secretary of the Treasury order that exit fees be transferred to the Financing Corporation. Such request shall specify the estimated amount of funds required to pay the interest due on Financing Corporation obligations.

§ 950.9 Reports to the Finance Board.

The Financing Corporation shall file such reports as the Finance Board shall direct.

§ 950.10 Review of books and records.

The Finance Board shall examine the Financing Corporation at least annually to determine whether the Financing Corporation is performing its functions in accordance with the requirements of section 21 of the Act and this part.

By the Board of Directors of the Federal Housing Finance Board.

Bruce A. Morrison,
Chairperson.

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 96-NM-213-AD; Amendment 39-10144; AD 97-20-06]

RIN 2120-AA64

Airworthiness Directives; Saab Model SAAB 2000 Series Airplanes

AGENCY: Federal Aviation Administration, DOT.

ACTION: Final rule.

SUMMARY: This amendment adopts a new airworthiness directive (AD), applicable to certain Saab Model SAAB 2000 series airplanes, that requires deactivation of certain floor mat heaters in the cabin area. In addition, this amendment provides for optional terminating action for that deactivation. This amendment is prompted by a report indicating that a flight attendant's floor mat heater became overheated as a result of a short circuit between a floor mat heater and a floor panel that was made of conductive material; this condition resulted in smoke in the cabin area. The actions specified by this AD are intended to prevent such short circuiting, which could cause overheating of the floor mat heater and lead to smoke or fire in the airplane cabin.

DATES: Effective October 30, 1997.

The incorporation by reference of certain publications listed in the regulations is approved by the Director of the Federal Register as of October 30, 1997.

ADDRESSES: The service information referenced in this AD may be obtained from SAAB Aircraft AB, SAAB Aircraft Product Support, S-581.88, Linköping, Sweden. This information may be examined at the Federal Aviation Administration (FAA), Transport Airplane Directorate, Rules Docket, 1601 Lind Avenue, SW., Renton, Washington; or at the Office of the Federal Register, 800 North Capitol Street, NW., suite 700, Washington, DC.

FOR FURTHER INFORMATION CONTACT: Ruth Harder, Aerospace Engineer, Standardization Branch, ANM-113, FAA, Transport Airplane Directorate, 1601 Lind Avenue, SW., Renton, Washington 98055-4056; telephone (425) 227-1721; fax (425) 227-1149.

SUPPLEMENTARY INFORMATION: A proposal to amend part 39 of the Federal Aviation Regulations (14 CFR part 39) to include an airworthiness directive (AD) that is applicable to certain Saab Model SAAB 2000 series airplanes was

published in the **Federal Register** on May 22, 1997 (62 FR 27987). That action proposed to require deactivation of certain floor mat heaters in the cabin area. In addition, that action proposed to provide for optional terminating action for that deactivation.

Interested persons have been afforded an opportunity to participate in the making of this amendment. Due consideration has been given to the single comment received.

The commenter supports the proposed rule.

Conclusion

After careful review of the available data, including the comment noted above, the FAA has determined that air safety and the public interest require the adoption of the rule as proposed.

Cost Impact

The FAA estimates that 3 Saab Model SAAB 2000 series airplanes of U.S. registry will be affected by this AD, that it will take approximately 1 work hour per airplane to accomplish the required deactivation, and that the average labor rate is \$60 per work hour. Based on these figures, the cost impact of the AD on U.S. operators is estimated to be \$180, or \$60 per airplane.

The cost impact figure discussed above is based on assumptions that no operator has yet accomplished any of the requirements of this AD action, and that no operator would accomplish those actions in the future if this AD were not adopted.

Should an operator elect to accomplish the optional terminating action that would be provided by this AD action, it would take approximately 2 work hours to accomplish it, at an average labor rate of \$60 per work hour. Required parts would be supplied by the manufacturer to the operators at no cost. Based on these figures, the cost impact of this optional terminating action is estimated to be \$120 per airplane.

Regulatory Impact

The regulations adopted herein will not have substantial direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government. Therefore, in accordance with Executive Order 12612, it is determined that this final rule does not have sufficient federalism implications to warrant the preparation of a Federalism Assessment.

For the reasons discussed above, I certify that this action (1) is not a "significant regulatory action" under