

TX; Highgate Springs, VT; Blaine, WA; Seattle, WA; and Sumas, WA; and

(3) If offered for entry at a Canadian land border port listed in § 92.203(b), without an import permit; and

(4) If consigned directly to slaughter from the port of entry, without being treated for ectoparasites within 3 to 14 days before shipment to the United States, as otherwise required by § 92.104(c)(8); and

(5) If in compliance with all of the applicable regulations of the U.S. Fish and Wildlife Service contained in Title 50, subchapter B, of the Code of Federal Regulations.

(c) *Ratite eggs from Canada.* Hatching eggs of ratites that were laid in Canada may be imported into the United States:

(1) Without being quarantined upon arrival in the United States; and

(2) At any of the ports of entry listed in paragraph (b)(2) of this section or authorized by § 92.105(a); and

(3) If offered for entry at a Canadian land border port listed in § 92.203(b), without an import permit; and

(4) If in compliance with all of the applicable regulations of the U.S. Fish and Wildlife Service contained in Title 50, subchapter B, of the Code of Federal Regulations.

Done in Washington, DC, this 19th day of December 1996.

A. Strating,

Administrator, Animal and Plant Health Inspection Service.

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BILLING CODE 3410-34-P

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Parts 701 and 707

Organization and Operations of Federal Credit Unions; Truth in Savings

AGENCY: National Credit Union Administration.

ACTION: Final rule.

SUMMARY: The NCUA Board is implementing two provisions of the Economic Growth and Regulatory Paperwork Reduction Act of 1996. First, the Board is raising the threshold of credit union board of directors' approval of loans to officials from \$10,000 to \$20,000. Second, the Board is permanently exempting small, nonautomated credit unions from Truth in Savings compliance.

DATES: This final rule is effective December 27, 1996.

ADDRESSES: National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314-3428.

FOR FURTHER INFORMATION CONTACT: Sparky Conrey, Staff Attorney, Office of General Counsel, telephone (703) 518-6540, and Jodee Wuerker, Compliance Officer, Office of Examination and Insurance, telephone (703) 518-6360.

SUPPLEMENTARY INFORMATION:

(1) Loans to Officials

On September 30, 1996, the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (the "Act") was enacted. Section 2306 of the Act amended sections 107(5)(A) (iv) and (v) of the Federal Credit Union Act, by raising the threshold of loans to officials that require credit union board of director approval from \$10,000 to \$20,000. 12 U.S.C. 1757(5)(A) (iv) and (v). These statutory provisions are currently implemented in section 701.21(d) (1) and (4) of NCUA's Rules and Regulations. 12 CFR 701.21(d) (1) and (4). The \$10,000 amount is changed to \$20,000 in these two sections. All other portions of the rules regarding loans to officials remain the same.

(2) Truth in Savings

Background

NCUA has previously extended the compliance date three times of part 707, which implements the Truth in Savings Act (TISA), for certain small, nonautomated credit unions. Each time, the NCUA Board took into consideration the limited resources of the exempted credit unions. The last extension was due to expire on January 1, 1997. 60 FR 57173 (November 14, 1995).

Section 2604(c) of the Act exempts from TISA requirements "any nonautomated credit union that was not required to comply with the [TISA] as of the date of enactment of the [Act], pursuant to the determination of the [NCUA] Board." The NCUA Board has previously exempted nonautomated and insufficiently automated credit unions with an asset size of \$2 million or less as reported to, or determined by, NCUA. An exemption had been supported by NCUA, the Department of the Treasury, and credit union trade associations in Congressional hearings and other legislative action, citing the hardships that would befall the small, nonautomated credit unions if TISA compliance became mandatory. These hardships potentially include: increased mergers of the affected credit unions into larger credit unions; increased voluntary liquidations; loss of volunteer support; allocation of credit union resources from member services to

compliance; the expense, complications, and logistics of automating in order to comply; and loss of credit union services to members. Subsequently, Congress provided a TISA exemption for small, nonautomated credit unions.

The NCUA Board is concerned with the continued viability of small credit unions and the provision of continued financial services to their members. Ten years ago, credit unions under \$2 million in size made up about two-thirds (10,564) of all federally insured credit unions. Today, such credit unions number only 3,401, about thirty percent of federally insured credit unions. In addition, the assets of today's 3,401 smallest credit unions are .9 percent of total assets in all credit unions, while credit unions of \$2 million or less accounted for 7.7 percent of total assets ten years ago. The average credit union today has \$28 million in assets, compared to \$5 million ten years ago.

Because the Act recognizes the difficulty that small credit unions face in complying with the many requirements of the TISA, especially the calculation requirements, statutory relief is provided. It is important to note that this relief is available to a very small segment of credit unions. Almost four-fifths of credit unions with \$2 million or less in assets are automated or have in-house data processing. NCUA has determined that there are about 704 credit unions under \$2 million in assets that report having manual recordkeeping systems. Analogously, NCUA has also determined that there are about 607 credit unions under \$2 million in assets that have no compensated employees. (These numbers do not include the approximately 645 non-federally insured credit unions that do not submit 5300 reports.) The actual number of credit unions exempt from TISA and part 707 is estimated by NCUA staff to be fewer than 1,000. Although the statutory exemption is permanent in nature, NCUA encourages exempted credit unions to continue to comply with the spirit and intent of TISA by providing full and fair account disclosures to members. Even with the extension, many small, nonautomated credit union activities comply with the purposes of TISA: to enable credit union members and potential members to make informed decisions about credit union accounts and to make meaningful comparisons with accounts at other financial institutions.

Definition of Nonautomated

The NCUA Board has decided to implement the Act's exemption for nonautomated credit unions by

amending the coverage provisions of paragraph 707.1(c) and by adding a new Comment 707.1(c)-3 to Appendix C, Official Staff Interpretations. No application is necessary in order to obtain the exemption. However, as required by the Act, NCUA does determine a credit union's legibility for the exemption. Credit unions may contact the appropriate Regional Office to verify their use of the exemption.

By the term "nonautomated status" NCUA means those credit unions without adequate and sufficient in-house or vendor-provided computer or data processing capacity and capability to establish, operate and maintain a share and loan software program able to timely and accurately process all member transactions on all member accounts at the credit union. Thus, some exempted credit unions do have some computer capacity, such as a word processor or a computer with insufficient memory and power capabilities to operate a complete, up-to-date share and loan software program. Since these credit unions are not sufficiently automated for Truth in Savings purposes, it is the determination of the NCUA Board that such credit unions are entitled to the Act's exemption. NCUA generally has used the year-end NCUA Form 5300 report to determine the requisite nonautomation status and asset size for those credit unions filing Form 5300 reports that have been eligible for the previous TISA compliance date extensions. Credit unions which do not file Form 5300 reports are currently permitted to prove nonautomation status and asset size by other means, such as verified self-certifications, certifications by appropriate state supervisory authorities, and other equivalent forms of proof. In the future, NCUA will use a combination of these methods to determine eligibility for the TISA exemption.

Operation of Exemption

The Act authorizes the NCUA Board to determine the extent and operation of the TISA exemption. All credit unions that were exempt from TISA regulation as a result of the prior NCUA compliance date extensions as of September 30, 1996, are exempt. These are credit unions with \$2 million or less in assets, after subtracting any nonmember deposits, that are nonautomated as determined by the NCUA Board. If any of these credit unions grow to have more than \$2 million in assets as of December 31 of any year, the NCUA Board will require such credit unions to comply with TISA and part 707 on January 1 one year after

the December 31st (in other words, the credit union will have at least one year to prepare for compliance). Similarly, if a credit union becomes sufficiently automated to operate a complete share and loan system, such credit union will be entitled to the same compliance phase-in period. For example, if a credit union grows to over \$2 million in assets on December 31, 1997 (or if it becomes sufficiently automated on December 31, 1997), it must begin compliance with TISA and part 707 on January 1, 1999. The NCUA Board believes that a previously exempt small credit union will need time to draft account disclosures, install TISA compliance software into its share and loan system, test its share and loan system, and make other decisions regarding its automation. By granting at least one full year before the previously exempt credit union must comply with TISA, the Board believes that it is allowing sufficient time for such a credit union to ease into TISA compliance. Also, if a new credit union is chartered with less than \$2 million in assets, it will be eligible for the exemption until it no longer meets exemption eligibility criteria.

(3) Regulatory Procedures

Regulatory Flexibility Act

The Regulatory Flexibility Act requires NCUA to prepare an analysis to describe any significant economic impact a regulation may have on a substantial number of small credit unions (primarily those under \$1 million in assets). This rule will not have a significant economic impact on a substantial number of small credit unions and therefore a regulatory flexibility analysis is not required.

Paperwork Reduction Act

NCUA has determined that the amendments do not increase paperwork requirements under the Paperwork Reduction Act of 1995 and regulations of the Office of Management and Budget (OMB). 60 FR 44978 (August 29, 1995).

Executive Order 12612

Executive Order 12612 requires NCUA to consider the effect of its actions on state interests. This regulation makes no significant changes with respect to state credit unions since a temporary exemption is being made permanent. Therefore the rule will not materially affect state interests.

Administrative Procedure Act

The amendments and interpretation made to this part are not subject to the notice and comment provisions of the Administrative Procedure Act (APA), 5

U.S.C. 551 et seq. The amendments and interpretation implement new effective statutory requirements. In addition, no major changes are contemplated, or made, by this action since a temporary exemption is merely being made permanent. Therefore, the NCUA Board has determined that, in this case, the APA notice and comment procedures for these amendments and interpretation are impracticable, unnecessary, and contrary to the public interest. 5 U.S.C. 553(b)(3)(B).

List of Subjects

12 CFR Part 701

Credit, Credit unions, Reporting and recordkeeping requirements.

12 CFR Part 707

Advertising, Credit unions, Consumer protection, Interest, Interest rates, Truth in savings.

By the National Credit Union Administration Board on December 19, 1996.
Becky Baker,
Secretary of the Board.

Accordingly, NCUA amends 12 CFR parts 701 and 707 as follows:

PART 701—ORGANIZATION AND OPERATION OF FEDERAL CREDIT UNIONS

1. The authority citation for part 701 continues to read:

Authority: 12 U.S.C. 1752(5), 1755, 1756, 1757, 1759, 1761a, 1761b, 1766, 1767, 1782, 1784, 1787, 1789 and Public Law 101-73. Section 701.6 is also authorized by 31 U.S.C. 3717. Section 701.31 is also authorized by 15 U.S.C. 1601, et seq., 42 U.S.C. 1981 and 42 U.S.C. 3601-3610. Section 701.35 is also authorized by 12 U.S.C. 4311-4312.

2. Section 701.21 is amended by revising the first sentence in paragraph (d)(1) and paragraph (d)(4) is amended by revising the introductory text to read as follows:

§ 701.21 Loans to members and lines of credit to members.

* * * * *

(d) Loans and lines of credit to officials

(1) *Purpose.* Sections 107(5)(A) (iv) and (v) of the Act require the approval of the board of directors of the Federal credit union in any case where the aggregate of loans to an official and loans on which the official serves as endorser or guarantor exceeds \$20,000 plus pledged shares. * * *

* * * * *

(4) *Board of Directors' review.* The board of directors shall, in any case, review and approve or deny an application on which an official is a

direct obligor, or endorser, cosigner or guarantor if the following computation produces a total in excess of \$20,000:

* * * * *

PART 707—TRUTH IN SAVINGS

3. The authority citation for part 707 continues to read as follows:

Authority: 12 U.S.C. 4311.

4. Section 707.1 is amended by revising the first sentence of paragraph (c) to read as follows:

§ 707.1 Authority, purpose, coverage, and effect on state laws.

* * * * *

(c) Coverage. This part applies to all credit unions whose accounts are either insured by, or eligible to be insured by, the National Credit Union Share Insurance Fund, except for any credit union that has been designated as a corporate credit union by the National Credit Union Administration and any credit union that has \$2 million or less in assets, after subtracting any nonmember deposits, and is determined to be nonautomated by the National Credit Union Administration. * * *

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5. Appendix C to part 707 is amended under paragraph 707.1(c), by adding a new paragraph 3 to read as follows:

Appendix C to Part 707—Official Staff Interpretations

* * * * *

§ 707.1 Authority, Purpose, Coverage and Effect on State Laws.

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(c) Coverage

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3. *Nonautomated credit unions.* Nonautomated credit unions with an asset size of \$2 million or less, after subtracting any nonmember deposits, are exempt from TISA and part 707. NCUA defines a "nonautomated credit union" as a credit union without sufficient data processing capability and capacity to establish, operate and maintain a share and loan software system to timely and accurately process all account transactions of all members. The nonautomated credit union exemption is available to all credit unions meeting the asset size and automation standards of this comment, including newly chartered credit unions. If any of the credit unions eligible for this exemption grow to have more than \$2 million in assets as of December 31 of any year, the NCUA Board will require such credit unions to comply with TISA and part 707 on January 1 of one year after such credit union loses its exemption eligibility.

Similarly, if a credit union becomes sufficiently automated to operate a complete share and loan system, such credit union will be entitled to the same compliance phase-in period.

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FEDERAL HOUSING FINANCE BOARD

12 CFR Part 900

[No. 96-92]

Description of Organization and Functions

AGENCY: Federal Housing Finance Board.

ACTION: Final rule.

SUMMARY: The Federal Housing Finance Board (Finance Board) is amending the description of the agency's organization and functions contained in its regulations, as required by the Freedom of Information Act (FOIA). The changes have been made to further the efficiency and productivity of the agency.

DATES: This final rule shall be effective on December 27, 1996.

FOR FURTHER INFORMATION CONTACT:

David A. Guy, Associate General Counsel, Office of General Counsel, (202) 408-2536, Federal Housing Finance Board, 1777 F Street, NW, Washington DC 20006.

SUPPLEMENTARY INFORMATION: Pursuant to section 552(a) of the FOIA, the Finance Board is required to publish in the Federal Register a description of the agency's organization and functions. See 5 U.S.C. 552(a)(1)(A)–(B). A description of the Finance Board's organizations and functions appears in part 900 of the Code of Federal Regulations. See 12 CFR Part 900. This final rule is intended to give public notice of changes to the Finance Board's organization and allocation of functions. The changes have been made to further the efficiency and productivity of the agency.

The public notice-and-comment requirements of the Administrative Procedure Act (APA) do not apply to the regulatory amendments contained in this final rule because the amendments relate exclusively to the organization of the agency. See 5 U.S.C. 553(b)(1)(A). Therefore, these amendments are being adopted as a final rule, effective on the date of publication.

Because this rule will be not be issued in the form of a notice of proposed rulemaking, the provisions of the Regulatory Flexibility Act do not apply. See 5 U.S.C. 601.

List of Subjects in 12 CFR Part 900

Organization and functions (Government agencies).

Accordingly, title 12, chapter IX, part 900, Code of Federal Regulations, is hereby amended as follows:

PART 900—DESCRIPTION OF ORGANIZATION AND FUNCTIONS

1. The authority citation for part 900 continues to read as follows:

Authority: 5 U.S.C. 552; 12 U.S.C. 1422b(a).

2. Sections 900.12 through 900.19 are revised to read as follows:

§ 900.12 Office of the Managing Director.

(a) The Managing Director is the Finance Board's chief operating officer. By order of the Chairperson, the Managing Director has been delegated the authority and power necessary and convenient to effect the day-to-day management, functioning, and organization of the Finance Board, including the authority to appoint, remove, promote, direct, set compensation for, and pay Finance Board personnel. The Managing Director is authorized to execute documents on behalf of the Board of Directors, including regulations, resolutions, or orders duly passed by the Board of Directors. The Managing Director is also the Finance Board's Chief Information Officer.

(b) The Executive Secretariat is a division within the Office of the Managing Director. The Executive Secretary is the recording officer for the Board of Directors and is responsible for maintaining the Finance Board's records, including copies of all resolutions and rules adopted by the Board of Directors and orders issued by the Chairperson. The Executive Secretary also is responsible for the preparation and maintenance of the minutes or other records of all official actions and proceedings of the Board of Directors, and is responsible for the official seals of the Finance Board. This division also is responsible for the agency's Freedom of Information Act, Privacy Act, and Records Management Programs. The Executive Secretary is the primary liaison with the Office of the Federal Register.

(c) The District Banks Secretariat is a division within the Office of the Managing Director responsible for administering the election of directors of the Banks and for maintaining records on each of the Banks' policies and marketing activities.