(v) Civil penalty for a stockyard owner, livestock market agency and dealer compliance order violations, codified at 7 U.S.C. 215(a), has a maximum of $550.

(vi) Civil penalty for a failure to file required reports, codified at 15 U.S.C. 50, has a maximum of $110.

(vii) Civil penalty for live poultry dealer violations, codified at 7 U.S.C. 228b-2(b), has a maximum of $22,000.

(viii) Civil penalty for a violation, codified at 7 U.S.C. 86(c), has a maximum civil penalty of $82,500.

(7) *Federal Crop Insurance Corporation*—Civil penalty for any person who willfully and intentionally provides materially false or inaccurate information to the Federal Crop Insurance Corporation or an approved insurance provider reinsured by the Federal Crop Insurance Corporation, codified at 7 U.S.C. 1506(n)(1)(A), has a maximum civil penalty of $10,000.

(8) *All USDA Agencies*—Civil penalty for work hours and safety violations, codified at 40 U.S.C. 328, has a maximum of $11 per day of violation.

PART 278—PARTICIPATION OF RETAIL FOOD STORES, WHOLESALE FOOD CONCERNS, AND INSURED FINANCIAL INSTITUTIONS

1. The authority citation for part 278 continues to read as follows:

Authority: 7 U.S.C. 2011–2032.

§ 278.6 [Amended]

2. 7 CFR 278.6(a) is amended by—(a) striking ''$10,000'' and inserting ''an amount specified in § 3.91(b)(3)(A) of this title''; and (b) striking ''$20,000'' and inserting ''amount specified in Sec. 3.91(b)(3)(B) of this title''.

PART 400—FEDERAL CROP INSURANCE CORPORATION, GENERAL ADMINISTRATIVE REGULATIONS

1. The authority citation for part 400 continues to read as follows:

Authority: 7 U.S.C. 1506(l).

§ 400.454 [Amended]

2. 7 CFR 400.454(a) introductory text is amended by striking ''$10,000'' and inserting ''an amount specified in § 3.91(b)(7) of this title''.

Dan Glickman,

Secretary of Agriculture.

[FR Doc. 97–19967 Filed 7–30–97; 8:45 am]

BILLING CODE 3410–01–P

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 701

Loan Interest Rates

AGENCY: National Credit Union Administration (NCUA).

ACTION: Final rule.

SUMMARY: The current 18 percent per year federal credit union loan rate ceiling is scheduled to revert to 15 percent on September 9, 1997, unless otherwise provided by the NCUA Board (Board). A 15 percent ceiling would restrict certain categories of credit and adversely affect the financial condition of a number of federal credit unions. At the same time, prevailing market rates and economic conditions do not justify a rate higher than the current 18 percent ceiling. Accordingly, the Board hereby continues an 18 percent federal credit union loan rate ceiling for the period from September 9, 1997 through March 8, 1999. Loans and lines of credit balances existing prior to May 18, 1987, may continue to bear their contractual rate of interest, not to exceed 21 percent. The Board is prepared to reconsider the 18 percent ceiling at any time should changes in economic conditions warrant.

EFFECTIVE DATE: September 9, 1997.

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

FOR FURTHER INFORMATION CONTACT: Evan Gillette, Investment Officer, Office of Investment Services, at the above address, telephone number: (703) 518–6620.

SUPPLEMENTARY INFORMATION:

Background

Public Law 96–221, enacted in 1979, raised the loan interest rate ceiling for federal credit unions from 1 percent per month (12 percent per year) to 15 percent per year. It also authorized the Board to set a higher limit, after consulting with Congress, the Department of Treasury and other federal financial agencies, for a period not to exceed 18 months, if the Board determined that: (1) Money market interest rates have risen over the preceding 6 months; and (2) prevailing interest rate levels threaten the safety and soundness of individual credit unions as evidenced by adverse trends in growth, liquidity, capital and earnings.

On December 3, 1980, the Board determined that the foregoing conditions had been met. Accordingly, the Board raised the loan ceiling for 9 months to 21 percent. In the unstable environment of the first-half of the 1980s, the Board extended the 21 percent ceiling four times. On March 11, 1987, the Board lowered the loan rate ceiling from 21 percent to 18 percent effective May 18, 1987. This action was taken in an environment of falling market interest rates from 1980 to early 1987. The ceiling has remained at 18 percent to the present.

The Board believes that the 18 percent ceiling will permit credit unions to continue to meet their current lending programs, permit flexibility so that credit unions can react to any adverse economic developments, and ensure that any increase in the cost of funds would not affect the safety and soundness of federal credit unions.

The Board would prefer not to set loan interest rate ceilings for federal credit unions. Credit unions are cooperatives and balance loan and share rates consistent with the needs of their members and prevailing market rates. The Board supports free lending markets and the ability of federal credit union boards of directors to establish loan rates that reflect current market conditions and the interests of their members. Congress has, however, imposed loan rate ceilings since 1934. In 1979, Congress set the ceiling at 15 percent but authorized the Board to set a ceiling in excess of 15 percent, if conditions warrant. The following analysis justifies a ceiling above 15 percent, but at the same time does not support a ceiling above the current 18 percent. The Board is prepared to reconsider this action at any time should changes in economic conditions warrant.

Money Market Interest Rates

During the 16-month period following the Board's March 1996 decision to continue the 18 percent ceiling, short-term Treasury rates (3, 6 and 12 months) increased from 11 to 19 basis points (Table 1).

TABLE 1.—TREASURY RATES

Maturity	Yields as of Mar. 11, 1996 (percent)	Yields as of July 17, 1997 (percent)	Change in basis points
3-month	5.09	5.20	11
6-month	5.17	5.31	14
1-year	5.37	5.56	19

Treasury rates rose slightly during the recent six-month period from January 1 to July 17, 1997. Treasury rates on the 3, 6 and 12 month maturities increased between 1 and 7 basis points (Table 2). During this period, the Federal Reserve (Fed) increased the overnight Fed Funds rate by 25 basis points to a target rate of 5.50 percent.

TABLE 2.—TREASURY RATES

Maturity	Yields as of Jan. 1, 1997 (percent)	Yields as of July 17, 1997 (percent)	Change in basis points
3-month	5.19	5.20	1
6-month	5.30	5.31	1
1-year	5.49	5.56	7

There are also expectations that rates may rise in the months ahead. The US economy has continued to expand. Since early 1996, employment growth and labor force participation has been quite strong, with unemployment rates declining from 5.6 percent (Dec. 1995) to 5.0 percent (June 1997).

Further declines in the unemployment rate, rising consumer confidence, continued income growth and a strong equity market have lead many to be concerned that consumer demand may rise at a faster pace in the months ahead. This could result in inflationary pressures and higher interest rates. Therefore, it is important to maintain the 18 percent ceiling. Lowering the interest rate ceiling at this time could cause an unnecessary burden on credit unions.

Financial Implications for Credit Unions

For at least 871, 28% [1] of the reporting credit unions, the most common rate on unsecured loans was above 15 percent. While the bulk of credit union lending is below 15 percent, small credit unions and credit unions that have instituted risk based lending programs require interest rates above 15 percent to maintain liquidity, capital, earnings and growth.

Loans to members who have not yet established a credit history or have weak credit histories have more credit risk. Credit unions must charge rates to cover the potential of higher than usual losses for such loans. There are undoubtedly more than 871 credit unions charging over 15 percent for unsecured loans to such members. Many credit unions have ''Credit Builder'' or ''Credit Rebuilder'' loans but only report the ''most common'' rate on the Call Report for unsecured loans. Lowering the interest rate ceiling for credit unions will discourage credit unions from making these loans. Credit seekers' options will be reduced and most of the affected members will have no alternative but to turn to other lenders who will charge much higher rates.

Small credit unions will be particularly affected by a lower loan ceiling since they tend to have a higher level of unsecured loans, typically with lower loan balances. Thus, small credit unions making small loans to members with poor or no credit histories are struggling with far higher costs than the typical credit union. Both young people and lower income households have limited access to credit and, absent a credit union, often pay rates of 24 to 30 percent to other lenders. Rates between 15 and 18 percent are attractive to such members.

Table 3 shows the number of credit unions in each asset group where the most common rate is more than 15 percent for unsecured loans.

TABLE 3.—FEDERAL CREDIT UNIONS WITH MOST COMMON UNSECURED LOAN RATES GREATER THAN 15 PERCENT (DECEMBER 1996)

Peer group by asset size	Total all FCUs	Number of FCUs w/ loan rates>15%
$0–2 mil	2,132	231
$2–10 mil	2,490	317
$10–50 mil	1,733	208
$50 mil +	797	115
Total [1]	7,152	871

[1] Of this total, 4,083 had either a zero balance or did not report rate balances 15 percent and above.

Among the 871 credit unions where the most common rate is more than 15 percent for unsecured loans, 242 have 20 percent or more of their assets (Table 4) in this category. For these credit unions, lowering the rates would damage their liquidity, capital, earnings and growth.

TABLE 4.—FEDERAL CREDIT UNIONS WITH MOST COMMON UNSECURED LOAN RATES GREATER THAN 15 PERCENT AND MORE THAN 20 PERCENT OF ASSETS IN UNSECURED LOANS (DECEMBER 1996)

Peer group by asset size	Avg. percentage of loan rates >15% to assets	Number of FCUs meeting both criteria
$0–2 mil	43.8	108
$2–10 mil	29.6	75
$10–50 mil	26.8	45
$50 mil +	24.9	14
Total	35.1	242

In conclusion, the Board has continued the federal credit union loan interest rate ceiling of 18 percent per year for the period from September 9, 1997, through March 8, 1999. Loans and line of credit balances existing on May 16, 1987, may continue to bear interest at their contractual rate, not to exceed 21 percent. Finally, the Board is prepared to reconsider the 18 percent ceiling at any time during the extension period, should changes in economic conditions warrant.

Regulatory Procedures

Administrative Procedure Act

The Board has determined that notice and public comment on this rule are impractical and not in the public interest, 5 U.S.C. 553(b)(B). Due to the need for a planning period prior to the September 9, 1997, expiration date of the current rule, and the threat to the safety and soundness of individual credit unions with insufficient flexibility to determine loan rates, final action of the loan rate ceiling is necessary.

Regulatory Flexibility Act

For the same reasons, a regulatory flexibility analysis is not required, 5 U.S.C. 604(a). However, the Board has considered the need for this rule, and the alternatives, as set forth above.

Paperwork Reduction Act

There are no paperwork requirements.

Executive Order 12612

This final rule does not affect state regulation of credit unions. It implements provisions of the Federal Credit Union Act applying only to federal credit unions.

List of Subjects in 12 CFR Part 701

Credit, Credit unions, Loan interest rates.

[1] Of the 7,152 FCUs, 4,083 had zero balances in the 15 percent and above category or did not report a balance for the year-end 1996 reporting period.

By the National Credit Union Administration Board on July 23, 1997.

Becky Baker,

Secretary of the Board.

Accordingly, NCUA amends 12 CFR chapter VII as follows:

PART 701—[AMENDED]

1. The authority citation for Part 701 is revised to read as follows:

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

2. Section 701.21(c)(7)(ii)(C) is revised to read as follows:

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

* * * * *

(c) * * *

(7) * * *

(ii) * * *

(C) *Expiration.* After March 8, 1999, or as otherwise ordered by the NCUA Board, the maximum rate on federal credit union extensions of credit to members shall revert to 15 percent per year. Higher rates may; however, be charged, in accordance with paragraphs (c)(7)(ii) (A) and (B) of this section, on loans and line of credit balances existing on or before March 8, 1999.

* * * * *

[FR Doc. 97–19935 Filed 7–30–97; 8:45 am]

BILLING CODE 7535–01–U

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

21 CFR Part 510

New Animal Drugs; Change of Sponsor

AGENCY: Food and Drug Administration, HHS.

ACTION: Final rule.

SUMMARY: The Food and Drug Administration (FDA) is amending the animal drug regulations to reflect a change of sponsor for 46 new animal drug applications (NADA's) from Solvay Animal Health, Inc., to Fort Dodge Animal Health, A Division of American Cyanamid Co.

EFFECTIVE DATE: July 31, 1997.

FOR FURTHER INFORMATION CONTACT: Thomas J. McKay, Center for Veterinary Medicine (HFV–102), Food and Drug Administration, 7500 Standish Pl., Rockville, MD 20855, 301–827–0213.

SUPPLEMENTARY INFORMATION: Solvay Animal Health, Inc., 1201 Northland Dr., Mendota Heights, MN 55120, has informed FDA that it has transferred the ownership of, and all rights and interests in, the following approved NADA's to Fort Dodge Animal Health, A Division of American Cyanamid Co., P.O. Box 1339, Fort Dodge, IA 50501:

NADA No.	Drug Name
006–417	Recovr
006–103	Follutein
006–707	Sulquin 6–50
008–274	Pig Scour Tablets
009–035	Ophtaine
011–141	Unistat-2
011–482	Vetame Tabs and Injection
011–879	Rubfrafer Injection
012–198	Vetalog Parenteral
012–258	Panalog Ointment (Solvaderm)
013–624	Vetalog Tabs
014–250	Novastat
031–448	Rheaform Bolus
031–553	Esb3 Powder & Solution
032–319	Furox Aerosol Spray
032–738	Pacitran Soluble
033–127	Vetisulid Bolus
033–318	Vetisulid Injectable
033–319	Vetisulid Tabs
033–373	Vetisulid Powder
034–536	Aklomix
034–537	Novastat-3
034–705	Equipoise
035–388	Novastat-W
039–666	Unistat-3
040–181	Vetisulid Oral Suspension
046–146	Vetalog Cream
046–147	Dirocide Syrup
049–892	Spanbolet II
055–060	Potassium G penicillin
055–064	Redicillin (Princillin)
055–066	Redicillin (Princillin)
055–071	Redicillin (Princillin)
065–130	Crystaline Pro Penicillin
065–174	Crysticillin 300 A.S. Vet
065–410	Tetra–Sal Soluble
091–192	Renografin 76
091–240	Renovist
091–327	Gastrogratin
093–512	Dirocide Tabs
096–676	Panalog Cream
099–388	Vetalog Oral Powder
126–232	Calfspan
131–808	Dirocide Syrup