

avoid the simultaneous loss of both sets of records in the event of disaster.

**§ 749.4 What format may the credit union use for preserving records?**

Preserved records may be in any format that can be used to reconstruct the credit union's records. Formats include paper originals, machine copies, micro-film or fiche, magnetic tape, or any electronic format that accurately reflects the information in the record, remains accessible to all persons who are entitled to access by statute, regulation or rule of law, and is capable of being reproduced by transmission, printing or otherwise.

**§ 749.5 What format may credit unions use for maintaining writings, records or information required by other NCUA regulations?**

Various NCUA regulations require credit unions to maintain certain writings, records or information. Credit unions may use any format, electronic or other, for maintaining the writings, records or information that accurately reflects the information, remains accessible to all persons who are entitled to access by statute, regulation or rule of law, and is capable of being reproduced by transmission, printing or otherwise. The credit union must maintain the necessary equipment or software to permit an examiner access to the records during the examination process.

**Appendix A to Part 749—Record Retention Guidelines**

Credit unions often look to NCUA for guidance on the appropriate length of time to retain various types of operational records. NCUA does not regulate in this area, but as an aid to credit unions it is publishing this appendix of suggested guidelines for record retention. NCUA recognizes that credit unions must strike a balance between the competing demands of space, resource allocation and the desire to retain all the records that they may need to conduct their business successfully. Efficiency requires that all records that are no longer useful be discarded, just as both efficiency and safety require that useful records be preserved and kept readily available.

**A. What Format Should the Credit Union Use for Retaining Records?**

NCUA does not recommend a particular format for record retention. If the credit union stores records on microfilm, microfiche, or in an electronic format, the stored records must be accurate, reproducible and accessible to an NCUA examiner. If records are stored on the credit union premises, they should be immediately accessible upon the examiner's request; if records are stored by a third party or off-site, then they should be made available to the examiner within a reasonable time after the examiner's request. The credit union must

maintain the necessary equipment or software to permit an examiner to review and reproduce stored records upon request. The credit union should also ensure that the reproduction is acceptable for submission as evidence in a legal proceeding.

**B. Who Is Responsible for Establishing a System for Record Disposal?**

The credit union's board of directors may approve a schedule authorizing the disposal of certain records on a continuing basis upon expiration of specified retention periods. A schedule provides a system for disposal of records and eliminates the need for board approval each time the credit union wants to dispose of the same types of records created at different times.

**C. What Procedures Should a Credit Union Follow When Destroying Records?**

The credit union should prepare an index of any records destroyed and retain the index permanently. Destruction of records should ordinarily be carried out by at least two persons whose signatures, attesting to the fact that records were actually destroyed, should be affixed to the listing.

**D. What Are the Recommended Minimum Retention Times?**

Record destruction may impact the credit union's legal standing to collect on loans or defend itself in court. Since each state can impose its own rules, it is prudent for a credit union to consider consulting with local counsel when setting minimum retention periods. A record pertaining to a member's account that is not considered a vital record may be destroyed once it is verified by the supervisory committee. Individual Share and Loan Ledgers should be retained permanently. Records, for a particular period, should not be destroyed until both a comprehensive annual audit by the supervisory committee and a supervisory examination by the NCUA have been made for that period.

**E. What Records Should Be Retained Permanently?**

1. Official records of the credit union that should be retained permanently are:
  - (a) Charter, bylaws, and amendments.
  - (b) Certificates or licenses to operate under programs of various government agencies, such as a certificate to act as issuing agent for the sale of U.S. savings bonds.
  - (c) Current manuals, circular letters and other official instructions of a permanent character received from the NCUA and other governmental agencies.
2. Key operational records that should be retained permanently are:
  - (a) Minutes of meetings of the membership, board of directors, credit committee, and supervisory committee.
  - (b) One copy of each NCUA 5300 financial report or its equivalent.
  - (c) One copy of each supervisory committee comprehensive annual audit report and attachments.
  - (d) Supervisory committee records of account verification.
  - (e) Applications for membership and joint share account agreements.
  - (f) Journal and cash record.

(g) General ledger.

(h) Copies of the periodic statements of members, or the individual share and loan ledger. (A complete record of the account should be kept permanently.)

(i) Bank reconciliations.

(j) Listing of records destroyed.

**F. What Records Should a Credit Union Designate for Periodic Destruction?**

Any record not described above is appropriate for periodic destruction unless it must be retained to comply with the requirements of consumer protection regulations. Periodic destruction should be scheduled so that the most recent of the following records are available for the annual supervisory committee audit and the NCUA examination. Records that may be periodically destroyed include:

- (a) Applications of paid off loans.
- (b) Paid notes.
- (c) Various consumer disclosure forms, unless retention is required by law.
- (d) Cash received vouchers.
- (e) Journal vouchers.
- (f) Canceled checks.
- (g) Bank statements.
- (h) Outdated manuals, canceled instructions, and nonpayment correspondence from the NCUA and other governmental agencies.

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**DEPARTMENT OF TRANSPORTATION**

**Federal Aviation Administration**

**14 CFR Part 23**

[Docket No. CE165; Special Conditions No. 23-109-SC]

**Special Conditions: Ayres Corporation; Model LM 200, "Loadmaster"; Flight**

**AGENCY:** Federal Aviation Administration (FAA), DOT.

**ACTION:** Final special conditions.

**SUMMARY:** These special conditions are issued for the Ayres Corporation, Model LM 200 airplane. This airplane will have novel or unusual design feature(s) associated with centerline thrust. The applicable airworthiness regulations do not contain adequate or appropriate safety standards for this design feature. These special conditions contain the additional safety standards that the Administrator considers necessary to establish a level of safety equivalent to that established by the existing airworthiness standards.

**EFFECTIVE DATE:** September 4, 2001.

**FOR FURTHER INFORMATION CONTACT:** Lowell Foster, Federal Aviation Administration, Aircraft Certification Service, Small Airplane Directorate,

ACE-111, 901 Locust, Room 301, Kansas City, Missouri, 816-329-4125, fax 816-329-4090.

#### SUPPLEMENTARY INFORMATION:

##### Background

On February 9, 2001, Ayres Corporation applied for a type certificate for their new Model LM 200 "Loadmaster." The Model LM 200 operates with a multiengine/single propeller propulsion system and fixed landing gear. The system consists of two turbine engines driving a single propeller through a combining gearbox. The aircraft is conventional, semi-monocoque, aluminum construction with a high cantilever wing, fixed gear, mechanical and electro-mechanical controls, and it will be unpressurized. Certification will include single pilot and IFR operations.

It is not possible for this airplane to have literal compliance with some commuter category flight test regulations. The Model LM 200 must comply with all commuter category multiengine requirements; however, since this propulsion system will result in centerline thrust, this airplane will not have a  $V_{MC}$  or  $V_{MCG}$ . The propeller is independent of both or either engine such that, with the failure of an engine, the propeller will continue to operate normally but with less torque input. The propeller control system does have failure modes independent of both engines that need to be considered when determining airplane performance. 14 CFR part 23 does not contain adequate or appropriate requirements to address a multiengine/single propeller design that results in centerline thrust.

##### Type Certification Basis

Under the provisions of 14 CFR 21.17, Ayres Corporation must show that the Model LM 200 "Loadmaster" meets the applicable provisions of part 23, as amended by Amendments 23-1 through 23-53, thereto.

If the Administrator finds that the applicable airworthiness regulations (i.e., part 23) do not contain adequate or appropriate safety standards for the Ayres Corporation Model LM 200 "Loadmaster" because of a novel or unusual design feature, special conditions are prescribed under the provisions of § 21.16.

In addition to the applicable airworthiness regulations and special conditions, the Model LM 200 must comply with the part 23 fuel vent and exhaust emission requirements of 14 CFR part 34 and the part 23 noise certification requirements of 14 CFR part 36, and the FAA must issue a

finding of regulatory adequacy pursuant to section 611 of Public Law 92-574, the "Noise Control Act of 1972."

Special conditions, as appropriate, as defined in 11.19, are issued in accordance with § 11.38, and become part of the type certification basis in accordance with § 21.17(a)(2).

Special conditions are initially applicable to the model for which they are issued. Should the type certificate for that model be amended later to include any other model that incorporates the same novel or unusual design feature, the special conditions would also apply to the other model under the provisions of § 21.101(a)(1).

##### Novel or Unusual Design Features

The Model LM 200 will incorporate the following novel or unusual design features: The Model LM 200 will operate with a multiengine/single propeller propulsion system.

##### Applicability

As discussed above, these special conditions are applicable to the Model LM 200. Should Ayres Corporation apply at a later date for a change to the type certificate to include another model incorporating the same novel or unusual design feature, the special conditions would apply to that model as well under the provisions of § 21.101(a)(1).

##### Discussion of Comments

Notice of proposed special conditions No. 23-01-02-SC for the Ayres Corporation Model LM 200 "Loadmaster" airplane was published on May 8, 2001 (66 FR 23199). No comments were received, and the special conditions are adopted as proposed.

##### Conclusion

This action affects only certain novel or unusual design features on one model of airplane. It is not a rule of general applicability, and it affects only the applicant who applied to the FAA for approval of these features on the airplane.

##### List of Subjects in 14 CFR Part 23

Aircraft, Aviation safety, Signs and symbols.

##### Citation

The authority citation for these special conditions is as follows:

**Authority:** 49 U.S.C. 106(g), 40113 and 44701; 14 CFR 21.16 and 21.17; and 14 CFR 11.38 and 11.19.

##### The Special Conditions

Accordingly, as delegated to me by the Administrator, the following special

conditions are issued as part of the type certification basis for the Ayres Corporation Model LM 200 airplanes.

##### Flight Test Special Conditions

1. In addition to the requirements in § 23.51(c)(1)(i), VEF is also a propeller control system failure speed where the propeller primary control system fails to the configuration most critical to producing thrust, considering all single point failures. The applicant must establish  $V_{EF}$  to be related to the stall speed, and it must not be less than  $1.05 V_{S1}$  or greater than  $1.2 V_{S1}$ .

2. In addition to the requirements in § 23.51(c)(3), to determine a single value for  $V_R$ , the applicant must determine and use the most critical of either the one engine inoperative (OEI) configuration or the most critical failed propeller primary control system configuration, whichever is worse. The failed propeller control system configuration must consider all single point failures with both engines operating normally.

3. In addition to the requirement in § 23.51(c)(5), the applicant must determine and use the most critical of either the OEI configuration or the most critical failed propeller primary control system configuration, whichever is worse. The failed propeller control system must consider all single point failures, with both engines operating normally.

4. In § 23.63, where the OEI configuration is required, the applicant must also assume the condition where both engines are operating normally and the propeller primary control system has failed. In the failed propeller primary control system configuration, the applicant must consider all single point failures that result in a propeller configuration most critical to producing thrust.

5. In addition to the requirements in § 23.75(g), the applicant must also determine the increase in landing distance due to failure of the propeller primary control system. This configuration includes both engines operating normally and the propeller primary control system failed to the most critical thrust producing condition considering all single point failures.

Issued in Kansas City, Missouri on July 16, 2001.

**Michael Gallagher,**

*Manager, Small Airplane Directorate, Aircraft Certification Service.*

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