

in § 442.2 of this subchapter shall be handled as follows;

(a) A lot tested in an official establishment and found not to comply with net weight requirements may be reprocessed and must be reweighed and remarked to satisfy the net weight requirements of this section in accordance with the requirements of this part.

(b) A lot tested outside an official establishment and found not to comply with net weight requirements must be reweighed and remarked with a proper net weight statement, provided that such reweighing and remarking will not deface, cover, or destroy any other marking or labeling required under this subchapter and the net quantity of contents is shown with the same prominence as the most conspicuous feature of a label.

Done in Washington, DC, on March 22, 2006.

Barbara J. Masters,
Administrator.

[FR Doc. E6-4420 Filed 3-27-06; 8:45 am]

BILLING CODE 3410-DM-P

FARM CREDIT ADMINISTRATION

12 CFR Parts 611, 612, 613, and 614

RIN 3052-AC15

Organization; Standards of Conduct and Referral of Known or Suspected Criminal Violations; Eligibility and Scope of Financing; Loan Policies and Operations; Regulatory Burden

AGENCY: Farm Credit Administration (FCA).

ACTION: Proposed rule.

SUMMARY: This proposed rule is intended to reduce regulatory burden on the Farm Credit System (FCS or System) by repealing or revising five regulations. The proposed rule would also correct outdated and erroneous cross-references in two regulations. These revisions provide System banks and associations with greater flexibility concerning stock ownership of service corporations, employee reporting under standards of conduct rules, domestic lending to cooperatives, and real property evaluations for certain loans.

DATES: Please send your comments to us by May 30, 2006.

ADDRESSES: Comments may be sent by electronic mail to regcomm@fca.gov, through the Pending Regulations section of our Web site at <http://www.fca.gov> or through the Government-wide <http://www.regulations.gov> portal. You may also send written comments to Gary K.

Van Meter, Deputy Director, Office of Regulatory Policy, Farm Credit Administration, 1501 Farm Credit Drive, McLean, Virginia 22102-5090 or by fax to (703) 734-5784.

You may review copies of all comments we receive at our office in McLean, Virginia or from our Web site at <http://www.fca.gov>. Once you are in the Web site, select "Legal Info," and then select "Public Comments." We will show your comments as submitted, but for technical reasons we may omit items such as logos and special characters. Identifying information you provide, such as phone numbers and addresses, will be publicly available. However, we will attempt to remove electronic-mail addresses to help reduce Internet spam.

FOR FURTHER INFORMATION CONTACT:

Jacqueline R. Melvin, Associate Policy Analyst, Office of Regulatory Policy, Farm Credit Administration, McLean, VA 22102-5090, (703) 883-4414, TTY (703) 883-4434; or

Howard Rubin, Senior Attorney, Office of General Counsel, Farm Credit Administration, McLean, VA 22102-5090, (703) 883-4020, TTY (703) 883-4020.

SUPPLEMENTARY INFORMATION:

I. Background

On May 16, 2003, we published a notice in the **Federal Register** at 68 FR 26551 that invited the public to identify existing regulations and policies that impose unnecessary burdens on the FCS. We specifically asked for comments on those regulations and policies that are ineffective, duplicate other governmental requirements, or impose burdens that are greater than the benefits received. We took this action in our continuing effort to improve the regulatory environment so the System can better serve farmers, ranchers, aquatic producers and harvesters, cooperatives, and other rural residents.

We received 19 comment letters: 11 from System associations, five from Farm Credit banks, one from the Farm Credit Council on behalf of its membership, one from CoBank, ACB's Northeast Farm Credit Regional Council, and one from a private citizen. In response, we are proposing to: (1) Revise and clarify who may own stock in an FCS service corporation; (2) expand the time for a newly hired employee to report matters to an institution's standards of conduct official; (3) eliminate the 10-percent limit on dividends in determining the eligibility of a cooperative to borrow from a System lender under title III of the Farm Credit Act of 1971, as amended (Act); (4) eliminate the

requirement for a Uniform Standards of Professional Appraisal Practices (USPAP) compliant real property appraisal for business loans between \$250,000 and \$1 million that are not otherwise exempt under our rules; and (5) repeal an outdated and obsolete regulation on bankers' acceptance financing. We are also proposing to correct three cross-reference errors affecting two regulations governing title III lending.

Contemporaneously with this proposed rule, we are publishing a notice in the **Federal Register** explaining how we addressed, or will address, all remaining comments we received.

II. Analysis of Changes and Comments by Section

Section 611.1135—Incorporation of Service Corporations

Section 4.25 of the Act, provides that any System bank or association, or two or more such institutions, may organize a federally chartered corporation for the purpose of performing functions and services for or on behalf of the organizing institutions. Current § 611.1135(a) provides that "[a]ll Farm Credit banks and associations are eligible to become stockholders in your service corporation." A bank commented that:

The existing requirement that each bank or association be eligible to become a stockholder of each 4.25 service corporation is not required by the Act and may limit the usefulness of these corporations to FCS institutions that might wish to organize them.

We agree that the Act does not require that "each" service corporation must make its stock available to "each" System bank and association. To clarify, we are proposing to amend the relevant sentence of § 611.1135(b) to read:

Your service corporation may issue voting and non-voting stock to one or more Farm Credit banks and associations.

This should clarify that while each bank and association has the statutory authority to organize (and own stock in) section 4.25 service corporation, each service corporation is not required to offer stock to every System bank and association.

Section 612.2155—Employee Reporting

Existing § 612.2155(d) provides:

A newly hired employee shall report matters required to be reported in paragraphs (a), (b), and (c) of this section to the Standards of Conduct Official within 30 days after accepting an offer for employment and thereafter shall comply with the requirements of this section.

CoBank, ACB stated that:

This provision requires newly hired employees to complete a standards of conduct report within 30 days after accepting an offer for employment. This is often impractical. It is not uncommon for offers of employment to be accepted 2 to 4 months before employment is to begin. Also, it may not be wise to share the list of bank's borrowers who are publicly traded long before the start date, as the prospective employee can always renege on the offer/acceptance. Finally, the standards of conduct material have more meaning to the new employee nearer to the employee's start date.

We believe that this comment has merit and we propose to amend § 612.2155(d) to adopt CoBank's proposal to revise the regulation to require reporting no later than 5 business days after the new employee's start date.

Section 613.3100—Domestic Lending—Banks Operating Under Title III of the Farm Credit Act

Section 3.8(a) of the Act provides that an agricultural cooperative is eligible for financing from a title III lender if it conforms to either of the two following requirements:

(1) No member of the association is allowed more than one vote because of the amount of stock or membership capital he may own therein; or

(2) Does not pay dividends on stock or membership capital in excess of such per centum per annum as may be approved under regulations of the Farm Credit Administration * * *.

Current § 613.3100(b)(1)(iii) implementing section 3.8 of the Act provides that an eligible cooperative must comply with one of the following two conditions:

(A) No member of the cooperative shall have more than one vote because of the amount of stock or membership capital owned therein; or

(B) The cooperative restricts dividends on stock or membership capital to 10 percent per year or the maximum percentage per year permitted by applicable state law, whichever is less.

CoBank, ACB stated that:

This 10-percent limitation is overly restrictive with respect to new forms of cooperatives, such as those organized under the Wyoming Processing Cooperative statute (Wyo. Stat. § 17–10–201~.) or the similar cooperative statute recently enacted in Minnesota. These statutes specifically permit the formation of cooperatives with both patron members (producers with delivery obligations) and non-patron investor members. While patron members continue to follow the more traditional cooperative model with respect to voting and dividends, the investor members vote on the basis of equity ownership and have no specific limit on dividends. This creates eligibility

problems that might be avoided if the 10-percent dividend limitation were deleted. Since these organizations are still fundamentally cooperatives, CoBank, ACB should be able to finance them. The statute clearly gives FCA broad discretion in setting the dividend limitation.

Unlike prior law, the Act does not incorporate any definition of cooperative or otherwise attempt to define “cooperative.”¹ A review of past FCA rulemaking in this area indicates that the 10-percent limitation was based solely on FCA policy.²

As pointed out by CoBank, ACB, cooperatives have continued to evolve and we believe that so long as an entity is considered a “cooperative” under state law and continues to meet the eligibility requirements of the Act, FCA regulations should not impose additional restrictions on lending eligibility. Therefore, we are proposing to delete the 10-percent dividend limitation from our rules and instead require that to be eligible, a cooperative restrict dividends on stock or membership capital to the maximum percentage per year permitted by applicable State law.

Section 614.4265—Real Property Evaluations

Current § 614.4265(c) provides:

Where real estate appraisals or real estate collateral valuations for business loans in excess of \$250,000 that would not otherwise be exempted under § 614.4260(c) are required, such evaluations shall be completed in accordance with the USPAP and shall include a legal description of the subject property.

Several commenters stated that this requirement is unduly burdensome and places System lenders at a competitive disadvantage because non-System lenders are not required to perform USPAP appraisals for these loans. Commenters added that the requirement does not necessarily ensure greater safety and soundness because a similar level of analysis is required for collateral evaluations.

We agree with the commenters that removing this provision and putting our rules in accord with those of other financial institution regulators will not adversely impact the System's safety and soundness. Therefore, we are proposing to delete § 614.4265(c).

¹ See former 11 U.S.C. 1134c (repealed 1971) (providing that Banks for Cooperatives could make loans to “cooperative associations as defined in the Agricultural Marketing Act * * *.”) The Agricultural Marketing Act (incorporating the Capper-Volstead Act provisions) includes an 8-percent limit on dividends. See 7 U.S.C. 291.

² See 47 FR 12136 (March 22, 1982).

Section 614.4710—Bankers' Acceptance Financing

CoBank, ACB asked us to clarify the limited scope of § 614.4710 that was originally adopted in 1982 and pertained primarily to the rediscount of bankers' acceptances. Section 614.4710(a) and (c) authorize the Federal Farm Credit Banks Funding Corporation to accept drafts or bills of exchange drawn upon banks for cooperatives and agricultural credit banks. Section 614.4710(b) provides the basis on which a bank for cooperatives or agricultural credit bank may purchase participations in discounted acceptances of another bank for cooperatives or agricultural credit bank.

Because the System has only one remaining agricultural credit bank that is also a bank for cooperatives, paragraph (b) clearly is no longer relevant or needed. Additionally, the type of transaction contemplated by paragraphs (a) and (c) of the rule has not taken place for many years (if ever). Therefore, we are proposing to delete § 614.4710 in its entirety.

III. Technical Corrections

In response to comments, we are proposing to correct outdated and erroneous cross-references in §§ 613.3100(d)(1) and 614.4010(d)(1) and (d)(2) of our regulations.

IV. Regulatory Flexibility Act

Pursuant to section 605(b) of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*), FCA hereby certifies that the proposed rule will not have a significant economic impact on a substantial number of small entities. Each of the banks in the Farm Credit System, considered together with its affiliated associations, has assets and annual income in excess of the amounts that would qualify them as small entities. Therefore, Farm Credit System institutions are not “small entities” as defined in the Regulatory Flexibility Act.

List of Subjects

12 CFR Part 611

Agriculture, Banks, banking, Rural areas.

12 CFR Part 612

Agriculture, Banks, banking, Conflicts of interest, Crime, Investigations, Rural areas.

12 CFR Part 613

Agriculture, Banks, banking, Credit, Rural areas.

12 CFR Part 614

Agriculture, Banks, banking, Foreign trade, Reporting and recordkeeping requirements, Rural areas.

For the reasons stated in the preamble, parts 611, 612, 613 and 614 of chapter VI, title 12 of the Code of Federal Regulations are proposed to be amended as follows:

PART 611—ORGANIZATION

1. The authority citation for part 611 continues to read as follows:

Authority: Secs. 1.3, 1.4, 1.13, 2.0, 2.1, 2.10, 2.11, 3.0, 3.2, 3.21, 4.12, 4.15, 4.20, 4.21, 5.9, 5.10, 5.17, 6.9, 6.26, 7.0–7.13, 8.5(e) of the Farm Credit Act (12 U.S.C. 2011, 2013, 2021, 2071, 2072, 2091, 2092, 2121, 2123, 2142, 2183, 2203, 2208, 2209, 2243, 2244, 2252, 2278a–9, 2278b–6, 2279a–2279f–1, 2279aa–5(e)); secs. 411 and 412 of Pub. L. 100–233, 101 Stat. 1568, 1638; secs. 409 and 414 of Pub. L. 100–399, 102 Stat. 989, 1003, and 1004.

Subpart I—Service Organizations

2. Amend § 611.1135 by revising paragraph (b) to read as follows:

§ 611.1135 Incorporation of service corporations.

* * * * *

(b) *Who may own equities in your service corporation?*

(1) Your service corporation may only issue voting and non-voting stock to:

(i) One or more Farm Credit banks and associations; and

(ii) Persons that are not Farm Credit banks or associations, provided that at least 80 percent of the voting stock is at all times held by Farm Credit banks or associations.

(2) For the purposes of this subpart, we define persons as individuals or legal entities organized under the laws of the United States or any state or territory thereof.

* * * * *

PART 612—STANDARDS OF CONDUCT AND REFERRAL OF KNOWN OR SUSPECTED CRIMINAL VIOLATIONS

3. The authority citation for part 612 continues to read as follows:

Authority: Secs. 5.9, 5.17, 5.19 of the Farm Credit Act (12 U.S.C. 2243, 2252, 2254).

Subpart A—Standards of Conduct

4. Amend 612.2155 by revising paragraph (d) to read as follows:

§ 612.2155 Employee reporting.

* * * * *

(d) A newly hired employee shall report matters required to be reported in

paragraphs (a), (b), and (c) of this section to the Standards of Conduct Official 5 business days after starting employment and thereafter shall comply with the requirements of this section.

PART 613—ELIGIBILITY AND SCOPE OF FINANCING

5. The authority citation for part 613 continues to read as follows:

Authority: Secs. 1.5, 1.7, 1.9, 1.10, 1.11, 2.2, 2.4, 2.12, 3.1, 3.7, 3.8, 3.22, 4.18A, 4.25, 4.26, 4.27, 5.9, 5.17 of the Farm Credit Act (12 U.S.C. 2013, 2015, 2017, 2018, 2019, 2073, 2075, 2093, 2122, 2128, 2129, 2143, 2206a, 2211, 2212, 2213, 2243, 2252).

Subpart B—Financing for Banks Operating Under Title III of the Farm Credit Act

6. Amend § 613.3100 by revising paragraphs (b)(1)(iii)(B) and (d)(1) to read as follows:

§ 613.3100 Domestic lending.

* * * * *

(b) * * *

(1) * * *

(iii) * * *

(B) The cooperative restricts dividends on stock or membership capital to the maximum percentage per year permitted by applicable state law.

* * * * *

(d) *Water and waste disposal facilities.*

(1) *Eligibility.* A cooperative or a public agency, quasi public agency, body, or other public or private entity that, under the authority of state or local law, establishes and operates water and waste disposal facilities in a rural area, as that term is defined by paragraph (a)(4) of this section, is eligible to borrow from a bank for cooperatives or an agricultural credit bank.

* * * * *

PART 614—LOAN POLICIES AND OPERATIONS

7. The authority citation for part 614 continues to read as follows:

Authority: 42 U.S.C. 4012a, 4104a, 4104b, 4106, and 4128; secs. 1.3, 1.5, 1.6, 1.7, 1.9, 1.10, 1.11, 2.0, 2.2, 2.3, 2.4, 2.10, 2.12, 2.13, 2.15, 3.0, 3.1, 3.3, 3.7, 3.8, 3.10, 3.20, 3.28, 4.12, 4.12A, 4.13B, 4.14, 4.14A, 4.14C, 4.14D, 4.14E, 4.18, 4.18A, 4.19, 4.25, 4.26, 4.27, 4.28, 4.36, 4.37, 5.9, 5.10, 5.17, 7.0, 7.2, 7.6, 7.8, 7.12, 7.13, 8.0, 8.5 of the Farm Credit Act (12 U.S.C. 2011, 2013, 2014, 2015, 2017, 2018, 2019, 2071, 2073, 2074, 2075, 2091, 2093, 2094, 2097, 2121, 2122, 2124, 2128, 2129, 2131, 2141, 2149, 2183, 2184, 2201, 2202, 2202a, 2202c, 2202d, 2202e, 2206, 2206a, 2207, 2211, 2212, 2213, 2214, 2219a, 2219b, 2243, 2244, 2252, 2279a, 2279a–2, 2279b, 2279c–1, 2279f, 2279f–1, 2279aa,

2279aa–5); sec. 413 of Pub. L. 100–233, 101 Stat. 1568, 1639.

Subpart A—Lending Authorities

8. Amend § 614.4010 by revising paragraphs (d)(1) and (d)(2) to read as follows:

§ 614.4010 Agricultural credit banks.

* * * * *

(d) * * *

(1) Eligible cooperatives, as defined in § 613.3100(b)(1), in accordance with §§ 614.4200, 614.4231, 614.4232, 614.4233, and subpart Q of part 614;

(2) Other eligible entities, as defined in § 613.3100(b)(2), in accordance with §§ 614.4200, 614.4231, and 614.4232;

* * * * *

Subpart F—Collateral Evaluation Requirements**§ 614.4265 [Amended]**

9. Amend § 614.4265 by removing paragraph (c) and redesignating paragraphs (d), (e), (f), (g), and (h) as (c), (d), (e), (f), and (g), respectively.

Subpart Q—Banks for Cooperatives and Agricultural Credit Banks Financing International Trade**§ 614.4710 [Removed and reserved]**

10. Remove and reserve § 614.4710.

Dated: March 23, 2006.

Roland E. Smith,

Secretary, Farm Credit Administration Board.

[FR Doc. E6–4479 Filed 3–27–06; 8:45 am]

BILLING CODE 6705–01–P

DEPARTMENT OF TRANSPORTATION**Federal Aviation Administration****14 CFR Part 25**

[Docket No. NM341; Notice No. 25–06–02–SC]

Special Conditions: Airbus Model A380–800 Airplane, Loading Conditions for Multi-Leg Landing Gear

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed special conditions.

SUMMARY: This notice proposes special conditions for the Airbus A380–800 airplane. This airplane will have novel or unusual design features when compared to the state of technology envisioned in the airworthiness standards for transport category airplanes. Many of these novel or unusual design features are associated with the complex systems and the