

Proposed Rules

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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

FEDERAL HOUSING FINANCE BOARD

12 CFR Parts 900, 932 and 933

[No. 97-61]

RIN 3069-AA41

Membership Eligibility

AGENCY: Federal Housing Finance Board.

ACTION: Proposed rule.

SUMMARY: The Federal Housing Finance Board (Finance Board) is proposing to amend the definition of the term "State" in its Membership Regulation to include the U.S. Territory of American Samoa (American Samoa) and the U.S. Commonwealth of the Northern Mariana Islands (the Northern Mariana Islands). Institutions organized under the laws of American Samoa and the Northern Mariana Islands, therefore, will be eligible to apply for Federal Home Loan Bank (Bank) membership. In accordance with these changes, the Finance Board also is proposing to clarify in its regulations that the Seattle Bank District includes American Samoa and the Northern Mariana Islands. In addition, the Finance Board is proposing to designate Hawaii as the State in which members with a principal place of business in American Samoa, the Northern Mariana Islands, or Guam, shall be deemed to be located for purposes of election of Bank directors.

DATES: Comments on this proposed rule must be received in writing on or before October 24, 1997.

ADDRESSES: Comments should be mailed to: Elaine L. Baker, Secretary to the Board, Federal Housing Finance Board, 1777 F Street NW., Washington, DC 20006. Comments will be available for public inspection at this address.

FOR FURTHER INFORMATION CONTACT:

Sharon B. Like, Senior Attorney-Adviser, (202) 408-2930, Office of General Counsel, Federal Housing Finance Board, 1777 F Street NW., Washington, DC 20006.

SUPPLEMENTARY INFORMATION:

I. Statutory and Regulatory Background

A. Membership Eligibility Requirement—Definition of State

Under the Federal Home Loan Bank Act (Act), the Finance Board is responsible for the supervision and regulation of the 12 Banks, which provide advances and other financial services to their member institutions. See 12 U.S.C. 1422a(a). Institutions may become members of a Bank if they meet certain membership eligibility and minimum stock purchase criteria set forth in the Act and the Finance Board's implementing Membership Regulation. See *id.* §§ 1424, 1426, 1430(e)(3); 12 CFR part 933.

Specifically, under the Act and the Membership Regulation, applicants for Bank membership must satisfy, among other requirements, the requirement that they are "duly organized under the laws of any State or of the United States." See 12 U.S.C. 1424(a)(1)(A); 12 CFR 933.6(a)(1), 933.7. Section 2(3) of the Act defines the term "State" as follows:

The term *State* includes the District of Columbia, Guam, Puerto Rico, and the Virgin Islands of the United States.

See 12 U.S.C. 1422(3). Guam and the U.S. Virgin Islands are U.S. Territories, while Puerto Rico is a U.S. Commonwealth.

Section 933.1(cc) of the Finance Board's Membership Regulation implements the statutory definition by defining the term *State* as follows:

State means a State, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands of the United States.

See 12 CFR 933.1(cc). The regulatory definition does not specifically include any other U.S. Territories, Commonwealths or Dependencies within the meaning of *State*. Therefore, financial institutions organized under the laws of such other jurisdictions currently are not eligible for Bank membership, unless other specific laws or agreements executed by the United States and these jurisdictions make the Act applicable to such jurisdictions.

The Finance Board believes that the term *State* under the Membership Regulation should be defined comprehensively to include all other U.S. Territories, Commonwealths and Dependencies that share a political status similar to that of the specified entities in the statute, *i.e.*, Guam, the

U.S. Virgin Islands, and Puerto Rico. In addition, if any specific laws or agreements executed by the United States and particular jurisdictions make the Act applicable to such jurisdictions, then the regulatory definition of the term *State* should be amended to include those jurisdictions, consistent with the laws or agreements.

Accordingly, the Finance Board undertook a broad analysis of existing and former U.S. Territories, Commonwealths and Dependencies to determine whether any of the jurisdictions satisfy the above requirements. The research revealed that only American Samoa and the Northern Mariana Islands meet the requirements, as further discussed below. Therefore, the Finance Board is proposing to amend § 933.1(cc) of the Membership Regulation to include American Samoa and the Northern Mariana Islands in the definition of *State*. In order to ensure that all eligible jurisdictions are included in the revised definition of *State* for membership purposes, the Finance Board requests commenters to identify any other jurisdictions not included in proposed § 933.1(cc) that have U.S. Territory, Commonwealth, or Dependency status, or that have laws or agreements with the United States that make the Act applicable to such jurisdictions.

B. Designation of Member's State Location for Purposes of Election of Bank Directors

The Act sets forth specific procedures for the election of directors by the members to the boards of the Banks. See 12 U.S.C. 1427; 12 CFR 932. Each elective directorship is designated by the Finance Board as representing the members located in a particular State. See 12 U.S.C. 1427(b). If the principal place of business of a member is located in a *State* as defined in section 7(e) of the Act, the Finance Board must designate such State as the State in which the member is located for director election purposes. See *id.* § 1427(c). Section 7(e) defines *State*, for purposes of section 7, as "the States of the Union, the District of Columbia, and the Commonwealth of Puerto Rico." See *id.* § 1427(e). For members whose principal place of business is not located in a *State* as defined in section 7(e), the Finance Board is required to designate a State in which such

members shall be deemed to be located for director election purposes. *See id.* § 1427(c).

American Samoa and the Northern Mariana Islands are not included in the section 7(e) definition of *State*. Accordingly, the Finance Board is required to designate a *State* where members with a principal place of business located in American Samoa or the Northern Mariana Islands shall be deemed to be located. The Finance Board is proposing to amend § 932.11(b) of its regulations to designate Hawaii as that *State*.

II. Analysis of Proposed Rule

A. American Samoa—§ 933.1(cc)

American Samoa is a Territory of the United States that is administered by the U.S. Department of Interior, and which has enacted its own banking laws. *See* 48 U.S.C. 1661; Executive Order No. 10264, 16 FR 6419 (June 29, 1951); Title 28, American Samoa Code Ann. (Book 1988). As a U.S. Territory, American Samoa has a political status similar to that of the U.S. Territories of Guam and the U.S. Virgin Islands, which are included as *States* under the Act and the current Membership Regulation. *See* 12 U.S.C. 1422(3); 12 CFR 933.1(cc).¹ Moreover, the Finance Board recently has been urged by a number of parties to expand the definition of *State* in the Membership Regulation to include American Samoa, so that financial institutions organized under the laws of American Samoa would be eligible for Bank membership. In particular, an American Samoan bank, whose deposits are insured by the Federal Deposit Insurance Corporation, has expressed interest in becoming a member of the Seattle Bank. In addition, bills currently are being considered in Congress that would achieve this same result legislatively. Accordingly, the Finance Board is proposing to amend § 933.1(cc) of the Membership Regulation to include American Samoa in the definition of *State*.

B. The Northern Mariana Islands—§ 933.1(cc)

The Northern Mariana Islands is a former U.S.-administered Trust Territory that is now a Commonwealth of the United States. As a U.S. Commonwealth, the Northern Mariana Islands has a political status similar to that of the Commonwealth of Puerto Rico, which is included as a *State* under the Act and the current Membership

Regulation. *See id.* Moreover, specific provisions of the Covenant Agreement executed by the United States and the Northern Mariana Islands already make the Act applicable to the Northern Mariana Islands. *See* "Covenant To Establish A Commonwealth Of The Northern Mariana Islands In Political Union With The United States Of America," §§ 502(a)(1), 502(a)(2) (1986); "The Second Interim Report of the Northern Mariana Islands Commission on Federal Laws to the Congress of the United States," at 278–79 (Aug. 1985); Presidential Proclamation No. 5207, 49 FR 24365 (June 7, 1984) (set forth at 48 U.S.C. 1681 note). Accordingly, the Finance Board is proposing to amend § 933.1(cc) of the Membership Regulation to include the Northern Mariana Islands in the definition of *State*.

C. Other Pacific Islands

The Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau were once U.S.-administered Trust Territories in the Pacific, but now have the status of independent, self-governing foreign nations. Nor do there appear to be any laws or contractual provisions in the Compacts of Free Association executed by the United States and these nations, respectively, that make the Act applicable to these nations. Accordingly, these nations are not included in proposed § 933.1(cc).

Other existing U.S. Pacific Island Territories generally are either uninhabited or contain tiny, nonpermanent military populations closed to the public. Thus, the Act would not be applicable to such Territories.

D. Inclusion of American Samoa and the Northern Mariana Islands in the Seattle Bank District—Appendix to Subpart A of Part 900

The Appendix to Subpart A of Part 900 of the Finance Board's regulations lists the States which comprise each of the 12 Bank Districts, with a reference to "Pacific Islands" included under Federal Home Loan Bank District 12 (the Seattle Bank District). *See* Appendix to Subpart A of Part 900—Federal Home Loan Banks. Consistent with the proposed amendments discussed above, the Finance Board is proposing to amend the Appendix by replacing the reference to the "Pacific Islands" under the Seattle Bank District with specific references to American Samoa and the Northern Mariana Islands.

E. Designation of State Location for Members With Principal Place of Business in American Samoa, the Northern Mariana Islands, or Guam—§ 932.11(b)

For the reasons discussed above, the Finance Board is proposing to amend § 932.11(b) of its regulations to provide that members with a principal place of business located in American Samoa or the Northern Mariana Islands shall be deemed to be located in Hawaii for purposes of election of Bank directors. The proposed rule also codifies the Finance Board's existing designation of Hawaii as the *State* where members with a principal place of business in Guam are deemed to be located for director election purposes.

III. Regulatory Flexibility Act

The proposed rule implements statutory requirements binding on all Banks and on all applicants for Bank membership, regardless of their size. The Finance Board is not at liberty to make adjustments to those requirements to accommodate small entities. The proposed rule does not impose any additional regulatory requirements that will have a disproportionate impact on small entities. Therefore, in accordance with section 605(b) of the Regulatory Flexibility Act, *see* 5 U.S.C. 605(b), the Finance Board hereby certifies that this proposed rule, if promulgated as a final rule, will not have a significant economic impact on a substantial number of small entities.

IV. Paperwork Reduction Act

The proposed 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.

List of Subjects

12 CFR Part 900

Organizations and functions (Government agencies).

12 CFR Part 932

Conflict of interests, Federal home loan banks.

12 CFR Part 933

Credit, Federal home loan banks, Reporting and recordkeeping requirements.

Accordingly, the Finance Board hereby proposes to amend title 12, chapter IX, parts 900, 932 and 933, *Code of Federal Regulations*, as follows:

¹ There do not appear to be any laws or contractual provisions in the cession agreements executed by the United States and American Samoa making the Act applicable to American Samoa.

PART 900—DESCRIPTION OF ORGANIZATION AND FUNCTIONS

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

Authority: 5 U.S.C. 552; 12 U.S.C. 1422b(a), 1423.

2. The appendix to subpart A of part 900 is designated as appendix A to subpart A of part 900, the appendix heading is revised, and the parenthetical under FEDERAL HOME LOAN BANK DISTRICT 12 is revised to read as follows:

Appendix A to Subpart A of Part 900—Federal Home Loan Banks

* * * * *

Federal Home Loan Bank District 12
(Alaska, American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, Hawaii, Idaho, Montana, Oregon, Utah, Washington, Wyoming)

* * * * *

PART 932—ORGANIZATION OF THE BANKS

3. The authority citation for part 932 is revised to read as follows:

Authority: 12 U.S.C. 1422, 1422a, 1422b, 1423, 1426, 1427, 1432; 42 U.S.C. 8101 *et seq.*

4. Section 932.11 is amended by revising paragraph (b) to read as follows:

§ 932.11 Location of member.

* * * * *

(b) For purposes of this part, members with a principal place of business located in the Virgin Islands of the United States shall be deemed to be located in Puerto Rico, and members with a principal place of business located in American Samoa, the Commonwealth of the Northern Mariana Islands, or Guam, shall be deemed to be located in Hawaii.

PART 933—MEMBERS OF THE BANKS

5. The authority citation for part 933 is revised to read as follows:

Authority: 12 U.S.C. 1422, 1422a, 1422b, 1423, 1424, 1426, 1430, 1442.

6. Section 933.1 is amended by revising paragraph (cc) to read as follows:

§ 933.1 Definitions.

* * * * *

(cc) *State* includes a State of the United States, American Samoa, the Commonwealth of the Northern Mariana Islands, the District of Columbia, Guam, Puerto Rico, or the Virgin Islands of the United States.

Dated: September 15, 1997.

* * * * *

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

Bruce A. Morrison,
Chairman.

[FR Doc. 97-25304 Filed 9-23-97; 8:45 am]

BILLING CODE 6725-01-P

DEPARTMENT OF TRANSPORTATION**Federal Aviation Administration****14 CFR Part 39**

[Docket No. 97-ANE-28-AD]

RIN 2120-AA64

Airworthiness Directives; General Electric Company (GE) GE90-76B Model Turbofan Engines

AGENCY: Federal Aviation Administration, DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: This document proposes the adoption of a new airworthiness directive (AD) that is applicable to General Electric Company (GE) GE90-76B model turbofan engines. This proposed AD would require reduced life limits for certain rotating components installed in GE90-76B engines. This proposal is prompted by the results of a refined life analysis performed by the manufacturer which revealed minimum calculated low cycle fatigue lives lower than the published low cycle fatigue retirement lives for certain rotating components installed in the GE90-76B engines. If not corrected, this condition could result in a low cycle fatigue failure of a rotating component and possibly an uncontained engine failure.

DATES: Comments must be received by November 24, 1997.

ADDRESSES: Submit comments in triplicate to the Federal Aviation Administration (FAA), New England Region, Office of the Assistant Chief Counsel, Attention: Rules Docket No. 97-ANE-28-AD, 12 New England Executive Park, Burlington, MA 01803-5299. Comments also may be submitted to the Rules Docket by using the following Internet address: "9-ad-engineprop@faa.dot.gov". All comments must contain the Docket No. in the subject line of the comment. Comments may be inspected at this location between 8:00 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays.

The service information referenced in the proposed rule may be obtained from General Electric Company Technical Services, Attention: Leader for distribution/microfilm, 10525 Chester

Road, Cincinnati, OH 45215, telephone (513) 672-8400 Ext. 114, Fax (513) 672-8422. This information may be examined at the FAA, New England Region, Office of the Assistant Chief Counsel, 12 New England Executive Park, Burlington, MA.

FOR FURTHER INFORMATION CONTACT: John Golinski, Aerospace Engineer, Engine Certification Office, FAA, Engine & Propeller Directorate, 12 New England Executive Park, Burlington, MA 01803-5299; Telephone (617) 238-7135, Fax (617) 238-7199.

SUPPLEMENTARY INFORMATION:**Comments Invited**

Interested persons are invited to participate in the making of the proposed rule by submitting such written data, views, or arguments as they may desire. Communications should identify the rules docket number and be submitted in triplicate to the address specified above. All communications received on or before the closing date for comments, specified above, will be considered before taking action on the proposed rule. The proposals contained in this notice may be changed in light of the comments received.

Comments are specifically invited on the overall regulatory, economic, environmental, and energy aspects of the proposed rule. All comments submitted will be available, both before and after the closing date for comments, in the Rules Docket for examination by interested persons. A report summarizing each FAA-public contact concerned with the substance of this proposal will be filed in the rules docket.

Commenters wishing the FAA to acknowledge receipt of their comments submitted in response to this notice must submit a self-addressed, stamped postcard on which the following statement is made: "Comments to Docket Number 97-ANE-28-AD." The postcard will be date stamped and returned to the commenter.

Availability of NPRMs

Any person may obtain a copy of this NPRM by submitting a request to the FAA, New England Region, Office of the Assistant Chief Counsel, Attention: Rules Docket No. 97-ANE-28-AD, 12 New England Executive Park, Burlington, MA 01803-5299.

Discussion

As part of the substantiation for the Federal Aviation Administration's (FAA) certification of the GE90-92B engine, GE submitted an analysis to the