

PART 993—DRIED PRUNES PRODUCED IN CALIFORNIA

■ 1. The authority citation for 7 CFR part 993 continues to read as follows:

Authority: 7 U.S.C. 601–674.

■ 2. Section 993.347 is revised to read as follows:

§ 993.347 Assessment rate.

On and after August 1, 2003, an assessment rate of \$2.00 per ton is established for California dried prunes.

Dated: July 31, 2003.

A.J. Yates,

Administrator, Agricultural Marketing Service.

[FR Doc. 03–19969 Filed 8–5–03; 8:45 am]

BILLING CODE 3410–02–P

NUCLEAR REGULATORY COMMISSION

10 CFR Parts 170 and 171

RIN 3150–AH14

Revision of Fee Schedules; Fee Recovery for FY 2003; Correction

AGENCY: Nuclear Regulatory Commission.

ACTION: Final rule; correction.

SUMMARY: This document corrects a final rule appearing in the **Federal Register** on June 18, 2003 (68 FR 36714) amending the licensing, inspection, and annual fees charged by the NRC to its applicants and licensees. This action is necessary to correct typographical errors and mislabeled fee types in the Schedule of Materials Fees.

EFFECTIVE DATE: August 18, 2003.

FOR FURTHER INFORMATION CONTACT: Ann Norris, telephone 301–415–7807, Office of the Chief Financial Officer, U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001.

SUPPLEMENTARY INFORMATION:

■ In rule FR Doc. 03–14960 published June 18, 2003 (68 FR 36714) make the following corrections:

■ 1. On page 36716, third column, C. Specific Part 171 Issues, the last sentence of the first paragraph reads “* * * is recovered through annual fees” and is corrected to read “is recovered through annual fees.”

§170.31 [Corrected]

■ 2. On page 36731, § 170.31, Category 3, Byproduct material, paragraph P is corrected to read “P. All other specific byproduct material licenses, except those in Categories 4A through 9D: Application * * * \$1,200.”

■ 3. On page 36731, § 170.31, Category 3, Byproduct material, paragraph Q is corrected to read “Q. Registration of a device(s) generally licensed under part 31 of this chapter: Registration * * * \$620.”

§171.16 [Corrected]

■ 4. On pages 36734 and 36735, § 171.16 (c), the header for the second column of the small entity fee table is corrected to read “Maximum annual fee per licensed category.”

Dated at Rockville, Maryland, this 30th day of July, 2003.

For the Nuclear Regulatory Commission.

Alzonia W. Shepard,

Federal Register Liaison Officer.

[FR Doc. 03–19888 Filed 8–5–03; 8:45 am]

BILLING CODE 7590–01–P

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 701

Loan Interest Rates

AGENCY: National Credit Union Administration.

ACTION: Final rule.

SUMMARY: The current 18 percent per year federal credit union maximum loan rate is scheduled to revert to 15 percent on September 9, 2003, 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 September 9, 2003 through March 8, 2005. The Board is prepared to reconsider the 18 percent ceiling at any time should changes in economic conditions warrant.

DATES: Effective September 5, 2003.

FOR FURTHER INFORMATION CONTACT: Daniel Gordon, Senior Investment Officer, Office of Strategic Program Support and Planning, at the National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314–3428, or telephone 703–518–6620.

SUPPLEMENTARY INFORMATION:

Background

Public Law 96–221, enacted in 1980, raised the loan interest rate ceiling for federal credit unions from one percent

per month (12 percent per year) to 15 percent per year. 12 U.S.C. 1757(5)(A)(vi). The law 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 six 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 to 21 percent. In the unstable environment of the first half of the 1980s, 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 retaining the 18 percent ceiling will permit credit unions to continue to meet their current lending programs and permit the necessary flexibility for credit unions to react to any adverse economic developments.

The Board would prefer not to set loan interest rate ceilings for federal credit unions. Credit unions are cooperatives and establish loan and share rates consistent with the needs of their members and prevailing market interest 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, however, has imposed loan rate ceilings since 1934, and, as stated previously, in 1980, 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

Although money market interest rates have generally declined, the Board of Governors of the Federal Reserve System's (the FRB's) aggressive monetary policy and larger anticipated federal budget deficits suggest money market rates will rise in the months

ahead. Recent statements by the FRB Chairman Alan Greenspan and other FRB officials suggest they anticipate stronger growth in the remaining months of 2003. This growth also would lead to higher money market interest rates.

These expectations are revealed in the implied forward yield curve for the United States Treasury securities. As of July 11, 2003, the forward yield curve anticipates that: the one-year Treasury yield will rise 51 basis points; the two-year Treasury will rise 63 basis points;

and the five-year Treasury will rise 57 basis points by July 11, 2004. In addition, recently there has been an increase in current interest rates, as follows in Table 1:

TABLE 1.—CHANGE IN U.S. GOVERNMENT YIELDS

June 13, 2003–July 11, 2003

Maturity	Rate 6/13/03 (percent)	Rate 7/11/03 (percent)	Change (percent)
3-month	.85	.88	.03
6-month	.94	.94	.10
2-year	1.08	1.33	.25
3-year	1.31	1.66	.35
5-year	1.03	2.52	.49
10-year	3.11	3.67	.57

Lowering the ceiling now, only to revise it upward in several months, would be disruptive to credit unions, as discussed below.

Financial Implications for Credit Unions

For at least 499 federal credit unions, representing 8.5 percent of reporting federal credit unions, the most common rate on unsecured loans was above 15 percent at year-end 2002. While the bulk of credit union lending is below 15 percent, small credit unions and credit unions that have implemented 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 credit histories 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 499 federal credit unions charging over 15 percent for unsecured loans to such members. Many credit unions have "credit builder" or "credit rebuilder" loans but report only the most common unsecured loan rates on NCUA Call Reports. Lowering the interest rate ceiling for federal credit unions would discourage these credit unions from making certain loans and many of the affected members would have no alternative but to turn to other lenders who charge higher rates.

Small credit unions would be particularly affected by lower loan rate ceilings since they tend to have higher levels of unsecured loans, typically with lower loan balances. Table 2 shows the number of federal credit unions in each asset group where the most common rate is more than 15 percent for unsecured loans.

TABLE 2.—ACTIVE FEDERAL CREDIT UNIONS WITH MOST COMMON UNSECURED LOAN RATES GREATER THAN 15 PERCENT

December 2002

Peer group by asset size (in millions)	Total all FCUs	Number of FCUs with greater than 15 percent
\$0–2	1,271	106
2–10	1,897	204
10–50	1,742	124
50+	990	65
Total	5,900	499

Should the interest rate charged on loans be subject to a 15 percent ceiling, a number of federal credit unions, where the majority of members are low-income, will incur significant financial strain. Approximately 15 percent of federal credit unions with low-income designation report loan interest rates greater than 15 percent. In contrast, only 8.5 percent of all credit unions report rates above 15 percent. Approximately 17 percent of low-income credit unions with assets less than \$10 million would be affected.

These credit unions offset the cost of generating low-balance loans by charging increased interest rates. These credit unions generally are not able to provide credit card loans and, instead, grant closed-ended and open-ended loans with the prerequisite underwriting documentation. Further, these smaller credit unions generally maintain a higher expense ratio, since many are involved with high-transaction accounts requiring higher personnel costs and related operational expenses, and lack economies of scale.

Further, among the 499 federal credit unions where the most common rate is

more than 15 percent for unsecured loans, 83 have 20 percent or more of their assets in this category and all but three credit unions have assets of less than \$10 million. For these credit unions, lowering the rates would threaten their liquidity, capital, earnings, and growth.

The Board has concluded that conditions exist to retain the federal credit union interest rate ceiling of 18 percent per year for the period September 8, 2003 through March 8, 2005. Loans and line of credit balances existing on or before March 8, 2005 may continue to bear interest at their contractual rate, not to exceed 18 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 notification and public comment on this rule are impractical and not in the public interest. 5 U.S.C. 553(b)(3)(B). Due to the need for a planning period before the September 9, 2003 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 on the loan rate ceiling is necessary.

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 (those under ten million dollars in assets). This final rule provides added flexibility to all federal credit

unions regarding the permissible interest rate that may be used in connection with lending. The NCUA Board has determined and certifies that this rule will not have a significant economic impact on a substantial number of small credit unions.

Paperwork Reduction Act

NCUA has determined that this rule does not increase paperwork requirements under the Paperwork Reduction Act of 1995 and regulations of the Office of Management and Budget.

Executive Order 13132

Executive Order 13132 encourages independent regulatory agencies to consider the impact of their regulatory actions on state and local interest. In adherence to fundamental federalism principles, NCUA, an independent regulatory agency as defined in 44 U.S.C. 3502(5), voluntarily complies with the executive order. This rule applies only to federal credit unions and, thus, will not have substantial direct effects on the states, on the relationship between the national government and the states, nor materially affect state interests. The NCUA has determined that the rule does not constitute a policy that has any federalism implication for purposes of the executive order.

Small Business Regulatory Enforcement Fairness Act

The Small Business Regulatory Enforcement Fairness Act of 1996 (Pub. L. 104-121) provides generally for congressional review of agency rules. A reporting requirement is triggered in instances where NCUA issues a final rule as defined by Section 551 of the Administrative Procedure Act. 5 U.S.C. 551. The Office of Management and Budget has determined that this is not a major rule.

The Treasury and General Government Appropriations Act, 1999—Assessment of Federal Regulations and Policies on Families

NCUA has determined that this rule will not affect family well-being within the meaning of Section 654 of the Treasury and General Government Appropriations Act, 1999, Pub. L. 105-277, 112 Stat. 2681 (1998).

List of Subjects in 12 CFR Part 701

Credit, Credit unions, Loan interest rates.

By the National Credit Union Administration Board on July 31, 2003.

Becky Baker,

Secretary to the Board.

■ Accordingly, NCUA amends 12 CFR chapter VII as follows:

PART 701—ORGANIZATION AND OPERATION OF FEDERAL CREDIT UNIONS (AMENDED)

■ 1. The authority citation for Part 701 continues to read as follows:

Authority: 12 U.S.C. 1752(5), 1755, 1756, 1757, 1759, 1761a, 1761b, 1766, 1767, 1782, 1784, 1787, and 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, 2005, 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 paragraph (c)(7)(ii)(A) and (B) of this section, on loans and line of credit balance existing on or before March 8, 2005.

* * * * *

[FR Doc. 03-19988 Filed 8-5-03; 8:45 am]

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 2001-NE-34-AD; Amendment 39-13257; AD 2003-16-04]

RIN 2120-AA64

Airworthiness Directives; Pratt & Whitney Canada Turboprop Engines

AGENCY: Federal Aviation Administration, DOT.

ACTION: Final rule.

SUMMARY: This amendment adopts a new airworthiness directive (AD) that applies to Pratt & Whitney Canada (PWC) engine models PW118, PW118A, PW118B, PW119B, PW119C, PW120, PW120A, PW121, PW121A, PW123, PW123B, PW123C, PW123D, PW123E,

PW123AF, PW124B, PW125B, PW126, PW126A, PW127, PW127B, PW127E, PW127F, PW127G, PW127H, and PW127J turboprop engines. This amendment requires replacing certain Stewart Warner part number (P/N) fuel heaters, installed on PWC engines, with redesigned fuel heaters. This amendment is prompted by several field incidents in which one or more of the three studs that attach the fuel filter bowl to the fuel heater have been partially or completely pulled free of the fuel heater housing. We are issuing this AD to prevent the separation of the fuel filter bowl from the fuel heater, which could result in a pressurized fuel leak and possible engine fire.

DATES: Effective September 10, 2003.

ADDRESSES: The service information referenced in this AD may be obtained from Pratt & Whitney Canada Corp., 1000, Marie-Victorin, Longueuil, Quebec, Canada J4G 1A1; Telephone 450-677-9411. This information may be examined, by appointment, at the Federal Aviation Administration (FAA), New England Region, Office of the Regional Counsel, 12 New England Executive Park, Burlington, MA.

FOR FURTHER INFORMATION CONTACT: Ian Dargin, Aerospace Engineer, Engine Certification Office, FAA, Engine and Propeller Directorate, 12 New England Executive Park, Burlington, MA 01803-5299; telephone (781) 238-7178; fax (781) 238-7199.

SUPPLEMENTARY INFORMATION: A proposal to amend part 39 of the Federal Aviation Regulations (14 CFR part 39) to include an AD that applies to PWC engine models PW118, PW118A, PW118B, PW119B, PW119C, PW120, PW120A, PW121, PW121A, PW123, PW123B, PW123C, PW123D, PW123E, PW123AF, PW124B, PW125B, PW126, PW126A, PW127, PW127B, PW127E, PW127F, PW127G, PW127H, and PW127J turboprop engines was published in the **Federal Register** on July 3, 2002 (67 FR 44578). That action proposed to require replacing certain Stewart Warner P/N fuel heaters, installed on PWC engines, with redesigned fuel heaters.

Comments

Interested persons have been afforded an opportunity to participate in the making of this amendment. Due consideration has been given to the comments received.

Request for Stewart Warner Cross-Referenced Vendor Part Number

Three commenters request that we call out the specific Stewart Warner fuel heater cross-referenced vendor P/N