PART 703—INVESTMENT AND DEPOSIT ACTIVITIES

1. The authority citation for part 703 will continue to read as follows:

Authority: 12 U.S.C. 1757(7), 1757(8) and 1757(15).

§ 703.20 [Amended]

2. Section 703.20 is amended in paragraph (c) by revising ''§ 701.27'' to read ''part 712.''

PART 712—CREDIT UNION SERVICE ORGANIZATIONS

3. The authority citation for part 712 will continue to read as follows:

Authority: 12 U.S.C. 1756, 1757(5)(D), and (7)(I), 1766, 1782, 1784, 1785 and 1786.

4. Amend § 712.2 by revising the section heading, removing the second and third sentences of paragraph (a), revising paragraph (c) and adding paragraphs (d) and (e) to read as follows:

§ 712.2 How much can an FCU invest in or loan to CUSOs, and what parties may participate?

* * * * *

(c) *Parties.* An FCU may invest in or loan to a CUSO by itself, with other credit unions, or with non-credit union parties.

(d) *Measurement for calculating regulatory limitation.* For purposes of paragraphs (a) and (b) of this section: paid-in and unimpaired capital and surplus means shares and undivided earnings; and total investments in and total loans to CUSOs will be measured consistent with GAAP.

(e) *Divestiture.* If the limitations in paragraph (a) of this section are reached or exceeded because of the profitability of the CUSO and the related GAAP valuation of the investment under the equity method, without an additional cash outlay by the FCU, divestiture is not required. An FCU may continue to invest up to 1% without regard to the increase in the GAAP valuation resulting from a CUSO's profitability.

5. Amend § 712.3 by adding a new sentence following the first sentence of paragraph (a), by removing the second sentence of paragraph (b) and by revising the title of paragraph (c) to read as follows:

§ 712.3 What are the characteristics of and what requirements apply to CUSOs?

(a) *Structure.* * * * An FCU can invest in or loan to a CUSO only if the CUSO is structured as a corporation, limited liability company, or limited partnership. An FCU may only participate in a limited partnership as a limited partner. * * *

* * * * *

(c) *Federal credit union accounting for financial reporting purposes.* * * *

* * * * *

6. In § 712.5 add paragraph (p) to read as follows:

§ 712.5 What activities and service are preapproved for CUSO

* * * * *

(p) *CUSO investments in non-CUSO service providers:* In connection with providing a permissible service, a CUSO may invest in a non-CUSO service provider. The amount of the CUSO's investment is limited to the amount necessary to participate in the service provider, or a greater amount if necessary to receive a reduced price for goods or services.

[FR Doc. 99–15650 Filed 6–21–99; 8:45 am]

BILLING CODE 7535–01–U

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 712

Credit Union Service Organizations

AGENCY: National Credit Union Administration (NCUA).

ACTION: Interim final rule with request for comments.

SUMMARY: The interim final rule provides a grandfather exemption for real estate brokerage services if a credit union service organization (CUSO) was providing that service prior to April 1, 1998, and requests comment on that exemption and whether real estate brokerage services should be reinstated as a permissible CUSO service.

DATES: This rule is effective July 22, 1999. Comments must be received on or before August 20, 1999.

ADDRESSES: Comments should be directed to Becky Baker, Secretary of the Board. Mail or hand-deliver comments to: National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314–3428. Fax comments to (703) 518–6319. *Please send comments by one method only.*

FOR FURTHER INFORMATION CONTACT: Mary Rupp, Staff Attorney, Office of General Counsel, at the above address or telephone (703) 518–6540; or Linda Groth, Program Officer, Office of Examination and Insurance, at the above address or telephone (703) 518–6360.

SUPPLEMENTARY INFORMATION:

Background

On November 19, 1998, the NCUA Board requested comment on proposed changes to part 712 of its regulations. 63 FR 65714 (November 30, 1998). Part 712 sets forth the requirements for FCUs investing in or lending to CUSOs. The NCUA Board is issuing a separate final rule adopting the proposed amendments.

Although the Board did not request comment on the issue of real estate brokerage services, eight commenters objected to the Board's removal in March 1998 of real estate brokerage services from the list of permissible services. 12 CFR 712.6(b). The March rule allows a CUSO currently providing this service to continue until April 1, 2001. 12 CFR 712.9. In the alternative, the commenters requested that CUSOs currently providing real estate brokerage services be permitted to continue these services under a grandfather provision.

The Board continues to have concerns with conflicts and the appearance of conflicts between real estate brokerage CUSOs and the credit unions such CUSOs serve. However, because the existing real estate brokerage CUSOs do not appear to present a safety and soundness risk, the Board is willing to provide a grandfather exemption for existing real estate brokerage CUSOs. This interim final rule amends § 712.6(b) so that CUSOs engaged in real estate brokerage services prior to April 1, 1998 may continue to provide that service.

Section 712.5 allows the Board to limit or discontinue a CUSO service if it has supervisory, legal, or safety and soundness concerns. The Board cautions that if a conflict between the real estate brokerage CUSO and the FCU's loan program arises, the Board may order the FCU to divest its investment in the real estate brokerage CUSO.

The Board believes good cause exists to issue this provision as an interim final rule. The rule is relieving a regulatory burden and CUSOs engaging in this activity must either know that they are going to be allowed to continue or begin the process of closing down the business.

Amendment

Section 712.6 is revised to allow FCUs to invest in or loan to CUSOs engaged in real estate brokerage services provided the CUSO was engaging in that activity prior to April 1, 1998.

Request for Comment

The Board is requesting comment on the change made by this interim final rule providing a grandfather exemption for real estate brokerage CUSOs in existence prior to April 1, 1998. The Board is also requesting comment on whether real estate brokerage services

should be reinstated as a permissible CUSO activity.

Regulatory Procedures

Regulatory Flexibility Act

The Regulatory Flexibility Act requires NCUA to prepare an analysis to describe any significant economic impact any proposed regulation may have on a substantial number of small entities (primarily those under $1 million in assets). 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. The reason for this determination is that the amendment to the rule reduces regulatory burden. Accordingly, the NCUA Board has determined that a Regulatory Flexibility Analysis is not required.

Paperwork Reduction Act

This interim rule has no effect on reporting requirements in part 712.

Executive Order 12612

Executive Order 12612 requires NCUA to consider the effect of its actions on state interests. The CUSO regulation applies only to FCUs. Thus, the NCUA Board has determined that this interim rule does not constitute a ''significant regulatory action'' for purposes of the Executive Order. NCUA will continue to work with the state credit union supervisors to achieve shared goals concerning CUSOs with both FCU and state-chartered credit union participation.

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 Procedures Act. 5 U.S.C. 551. The Office of Management and Budget has reviewed this rule and determined that, for purposes of the Small Business Regulatory Enforcement Fairness Act of 1996, this is not a major rule.

List of Subjects

12 CFR Part 712

Administrative practices and procedure, Credit, Credit unions, Investments, Reporting and record keeping requirements.

By the National Credit Union Administration Board on June 14, 1999.

Becky Baker,

Secretary of the Board.

For the reasons stated in the preamble, the NCUA amends part 712 as follows:

PART 712—CREDIT UNION SERVICE ORGANIZATIONS

1. The authority citation for part 712 will continue to read as follows:

Authority: 12 U.S.C. 1756, 1757(5)(D), and (7)(I), 1766, 1782, 1784, 1785 and 1786.

2. In § 712.6 revise paragraph (b) to read as follows:

§ 712.6 What activities and services are prohibited for CUSOs?

* * * * *

(b) *Real estate brokerage CUSO.* An FCU may not invest in or loan to a CUSO engaged in real estate brokerage services, except those in existence prior to April 1, 1998.

[FR Doc. 99–15648 Filed 6–21–99; 8:45 am]

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 71

[Airspace Docket No. 99–AGL–23]

Modification of Class E Airspace; Neillsville, WI

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: This notice modifies Class E airspace at Neillsville, WI. A Global Positioning System (GPS) Standard Instrument Approach Procedure (SIAP) to Runway (Rwy) 27, and a Nondirectional Beacon (NDB) SIAP to Rwy 27, Amendment (Amdt) 6, have been developed for Neillsville Municipal Airport. Controlled airspace extending upward from 700 to 1200 feet above ground level (AGL) is needed to contain aircraft executing the approach. This action increases the radius of the existing controlled airspace for this airport.

EFFECTIVE DATE: 0901 UTC, September 9, 1999.

FOR FURTHER INFORMATION CONTACT: Michelle M. Behm, Air Traffic Division, Airspace Branch, AGL–520, Federal Aviation Administration, 2300 East Devon Avenue, Des Plaines, Illinois 60018, telephone (847) 294–7568.

SUPPLEMENTARY INFORMATION:

History

On Thursday, April 15, 1999, the FAA proposed to amend 14 CFR part 71 to modify Class E airspace at Neillsville, WI (64 FR 18584). The proposal was to add controlled airspace extending upward from 700 to 1200 feet AGL to contain Instrument Flight Rules (IFR) operations in controlled airspace during portions of the terminal operation and while transiting between the enroute and terminal environments. Interested parties were invited to participate in this rulemaking proceeding by submitting written comments on the proposal to the FAA. One comment strongly supporting the proposal was received from the Wisconsin Department of Transportation, and three additional comments were received from the Manager of the Neillsville Airport, WI, the Assistant Manager of the Marshfield Airport, WI, and the President of Duffy's Aircraft Sales and Leasing, Inc., Neillsville, WI. These three commenters all supported the proposal while at the same time expressing a safety-related concern that the adjacent Falls Military Operations Area (MOA) does not exclude enough of the controlled airspace around Neillsville Municipal Airport. Any consideration of modification to a MOA would be a separate non-rulemaking airspace action and is beyond the scope of this proposal. However, these comments relating to the MOA have been forwarded to the appropriate Military Representatives for their consideration. Class E. airspace designations for airspace areas extending upward from 700 feet or more above the surface of the earth are published in paragraph 6005 of FAA Order 7400.9F dated September 10, 1998, and effective September 16, 1998, which is incorporated by reference in 14 CFR 71.1. The Class E airspace designation listed in this document will be published subsequently in the Order.

The Rule

This amendment to 14 CFR part 71 modifies Class E airspace at Neillsville, WI, to accommodate aircraft executing the proposed GPS Rwy 27 SIAP, and NDB Rwy 27 SIAP, Amdt 6, at Neillsville Municipal Airport by modifying the existing controlled airspace. The area will be depicted on appropriate aeronautical charts.

The FAA has determined that this regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. Therefore, this regulation—(1) is not a ''significant regulatory action''