

8. In Appendix A, the LOAN/ APPLICATION REGISTER CODE SHEET is revised to read as follows:

Loan/Application Register Code Sheet

Use the following codes to complete the Loan/Application Register. The instructions to the HMDA-LAR explain the proper use of each code.

Application or Loan Information

Type:

- 1—Conventional (any loan other than FHA, VA, FSA, or RHS loans)
- 2—FHA-insured (Federal Housing Administration)
- 3—VA-guaranteed (Veterans Administration)
- 4—FSA/RHS-guaranteed (Farm Service Agency or Rural Housing Service)

Purpose:

- 1—Home purchase (one-to-four family)
- 2—Home improvement (one-to-four family)
- 3—Refinancing (home purchase or home improvement, one-to-four family)
- 4—Multifamily dwelling (home purchase, home improvement, and refinancings)

Owner-Occupancy:

- 1—Owner-occupied as a principal dwelling
- 2—Not owner-occupied
- 3—Not applicable

Action Taken:

- 1—Loan originated
- 2—Application approved but not accepted
- 3—Application denied by financial institution
- 4—Application withdrawn by applicant
- 5—File closed for incompleteness
- 6—Loan purchased by your institution

Applicant Information

Race or National Origin:

- 1—American Indian or Alaskan Native
- 2—Asian or Pacific Islander
- 3—Black
- 4—Hispanic
- 5—White
- 6—Other
- 7—Information not provided by applicant in mail or telephone application
- 8—Not applicable

Sex:

- 1—Male
- 2—Female
- 3—Information not provided by applicant in mail or telephone application
- 4—Not applicable

Type of Purchaser

- 0—Loan was not originated or was not sold in calendar year covered by register
- 1—FNMA (Federal National Mortgage Association)
- 2—GNMA (Government National Mortgage Association)
- 3—FHLMC (Federal Home Loan Mortgage Corporation)
- 4—FAMC (Federal Agricultural Mortgage Corporation)
- 5—Commercial bank
- 6—Savings bank or savings association
- 7—Life insurance company
- 8—Affiliate institution
- 9—Other type of purchaser

Reasons for Denial (optional)

- 1—Debt-to-income ratio
- 2—Employment history
- 3—Credit history
- 4—Collateral
- 5—Insufficient cash (downpayment, closing costs)
- 6—Unverifiable information
- 7—Credit application incomplete
- 8—Mortgage insurance denied
- 9—Other

By order of the Board of Governors of the Federal Reserve System, September 24, 1998.

Jennifer J. Johnson,

Secretary of the Board.

[FR Doc. 98-26155 Filed 9-29-98; 8:45 am]

BILLING CODE 6210-01-P

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Parts 701 and 724

Organization and Operation of Federal Credit Unions; Trustees and Custodians of Pension Plans

AGENCY: National Credit Union Administration (NCUA).

ACTION: Final Rule.

SUMMARY: NCUA is adopting as final the interim final amendments to part 724 regarding federal credit unions acting as trustees and custodians of pension and retirement plans and part 701 regarding retirement benefits for federal credit union employees that were issued in March, 1998. The final amendments revise part 724 to authorize federal credit unions to act as trustees and custodians for Roth IRAs and Education IRAs. The final amendments also conform part 701 to be consistent with the changes made to part 724.

DATES: Effective January 1, 1998.

ADDRESSES: National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia, 22314-3428.

FOR FURTHER INFORMATION CONTACT: Frank S. Kressman, Staff Attorney, at the above address, or telephone at (703) 518-6540.

SUPPLEMENTARY INFORMATION:

Interim Final Rule

On March 13, 1998, NCUA issued an interim final rule that made the above summarized substantive and conforming revisions to part 724 and part 701. It became effective upon its publication in the **Federal Register** on March 24, 1998. 63 FR 14025, March 24, 1998. In response to a request for comment made in the interim final rule, NCUA received four comment letters, three from trade associations and one from a federal credit union. Each of the

four commenters supported the final amendments and also provided additional comments, as discussed below.

The interim final rule provides that federal credit unions are authorized to act as trustees and custodians of Roth IRAs and Education IRAs. Such authority is in addition to those trustee and custodian services that federal credit unions have been authorized to provide for other kinds of pension and retirement plans for approximately the past twenty-three years. Two commenters noted that many federal credit unions began acting as trustees and custodians of Roth IRAs and Education IRAs as early as January 1, 1998, the date on which such accounts were available to consumers, and that many other federal credit unions did the same between January 1, 1998 and March 23, 1998. Each of these two commenters voiced a concern that such action, having been taken by federal credit unions in advance of the effective date of the interim final rule, could leave many federal credit unions and Roth IRA and Education IRA account holders subject to possible tax liability or other regulatory difficulties. Specifically, each of these commenters noted that, because NCUA did not technically provide federal credit unions with regulatory authority to act as trustees and custodians for such accounts prior to March 24, 1998, accounts opened prior to that date might be viewed as failing to qualify for the intended tax treatment under the Internal Revenue Code. Under such circumstances, holders of Roth IRA and Education IRA accounts opened prior to March 24, 1998, with regular contributions or especially via a roll-over from another qualifying plan, could face severe tax consequences and other significant financial hardships. Accordingly, the commenters urged NCUA to make this final rule effective retroactively to January 1, 1998. The tax benefits available to individuals through Roth IRA and Education IRA accounts arise through amendments to the Internal Revenue Code. Those amendments became effective for tax payers as of January 1, 1998. Through the same IRA amendments, FCUs' existing statutory authority was expanded. In the Board's view, any limitation resulting from the wording of NCUA's regulations would raise a technical regulatory violation for an FCU, not a tax problem for individual account holders. Nevertheless, to avoid any undesirable consequences, cure unintended results and relieve federal credit unions acting as trustees and

custodians of Roth IRAs and Education IRAs of unnecessary restrictions, NCUA makes this final rule retroactively effective as of January 1, 1998. 5 U.S.C. 553(d)(1).

The remaining two commenters requested NCUA to amend or otherwise provide clarification regarding the authority of federal credit unions to act as trustees and custodians of state and federal Medical Savings Accounts (MSAs). One of these commenters also indicated its preference for NCUA to move forward in this regard with a request for comment, rather than an advanced notice of proposed rulemaking. As indicated in the interim final rule, NCUA requested comment pertaining only to Roth IRAs and Education IRAs. NCUA made a request for comment in this manner because to amend part 724 and part 701 to address MSAs would entail extensive modifications or possibly a new rule and would unduly delay satisfying the more immediate need to implement the final amendments pertaining to Roth IRAs and Education IRAs. The NCUA agrees with the commenters that the role of federal credit unions with respect to the administration of MSAs is an issue that warrants regulatory review and intends to conduct such a review in a timely fashion.

In summary, NCUA is adopting the interim final amendments in final, without any changes, except to make such amendments effective as of January 1, 1998.

Regulatory Procedures

Regulatory Flexibility Act

This final rule conforms the current regulation to recent changes in the federal tax law and does not expand upon the nature of the activity authorized for federal credit unions. The Board has determined and certifies that this rule will not have a significant economic impact on a substantial number of small credit unions. Accordingly, NCUA has determined that a Regulatory Flexibility Analysis is not required.

Paperwork Reduction Act

This final rule does not impose any paperwork requirements.

Executive Order 12612

This final rule only applies to federal credit unions. It has no effect on the regulation of state-chartered credit unions.

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 has 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 701

Credit unions.

12 CFR Part 724

Credit unions, Pensions, Reporting and recordkeeping requirements, Trusts and trustees.

By the National Credit Union Administration Board, this 23rd day of September, 1998.

Becky Baker,
Secretary, NCUA Board.

For the reasons stated above and in the interim final rule, NCUA amends 12 CFR chapter VII as follows:

PART 701—ORGANIZATION AND OPERATION OF FEDERAL CREDIT UNIONS

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, 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. Revise the second sentence of § 701.19(a) to read as follows:

§ 701.19 Retirement benefits for employees of Federal credit unions.

(a) * * * In those cases where a Federal credit union is to be a plan trustee or custodian, the plan must be authorized and maintained in accordance with the provisions of Part 724 of this chapter. * * *

* * * * *

PART 724—TRUSTEES AND CUSTODIANS OF PENSION PLANS

3. The authority citation for part 724 is revised to read as follows:

Authority: 12 U.S.C. 1757, 1765, 1766 and 1787.

4. In § 724.1, revise the section heading and first sentence to read as follows:

§ 724.1 Federal credit unions acting as trustees and custodians of pension and retirement plans.

A Federal credit union is authorized to act as trustee or custodian, and may receive reasonable compensation for so acting, under any written trust instrument or custodial agreement created or organized in the United States and forming part of a pension or retirement plan which qualifies or qualified for specific tax treatment under sections 401(d), 408, 408A and 530 of the Internal Revenue Code (26 U.S.C. 401(d), 408, 408A and 530), for its members or groups of its members, provided the funds of such plans are invested in share accounts or share certificate accounts of the Federal credit union. * * *

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 97-NM-272-AD; Amendment 39-10808; AD 98-20-40]

RIN 2120-AA64

Airworthiness Directives; Boeing Model 747-100, -200, -300, SP, and SR Series Airplanes

AGENCY: Federal Aviation Administration, DOT.

ACTION: Final rule.

SUMMARY: This amendment adopts a new airworthiness directive (AD), applicable to all Boeing Model 747-100, -200, -300, SP, and SR series airplanes, that requires the installation of shielding and separation of the electrical wiring of the fuel quantity indication system (FQIS). This amendment is prompted by a failure analysis of the FQIS, and by testing results, which revealed that excessive energy levels in the electrical wiring and probes of the fuel system could be induced by electrical transients. The actions specified by this AD are intended to prevent electrical transients, induced by electromagnetic interference (EMI), or electrical short circuit conditions from causing arcing of the FQIS electrical wiring or probes in the fuel tank(s). Such arcing could result in ignition of the fuel tank(s).

EFFECTIVE DATE: November 4, 1998.

ADDRESSES: Information pertaining to this amendment may be examined at the Federal Aviation Administration (FAA), Transport Airplane Directorate, Rules