

# Proposed Rules

Federal Register

Vol. 69, No. 23

Wednesday, February 4, 2004

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.

## NATIONAL CREDIT UNION ADMINISTRATION

### 12 CFR Chap. VII

#### Request for Burden Reduction Recommendation; Consumer Protection: Lending-Related Rules; Economic Growth and Regulatory Paperwork Reduction Act of 1996 Review

**AGENCY:** National Credit Union Administration.

**ACTION:** Proposed rule; notice of regulatory review; request for comments.

**SUMMARY:** The NCUA Board is continuing its review of its regulations to identify outdated, unnecessary, or unduly burdensome regulatory requirements imposed on federally-insured credit unions pursuant to the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (EGRPRA). Today, NCUA requests comments and suggestions on ways to reduce burden in rules we have categorized as Consumer Protection: Lending-Related Rules, consistent with our statutory obligations. All comments are welcome.

We specifically invite comment on the following issues: Whether statutory changes are needed; whether the regulations contain requirements that are not needed to serve the purposes of the statutes they implement; the extent to which the regulations may adversely affect competition; the cost of compliance associated with reporting, recordkeeping, and disclosure requirements, particularly on small credit unions; whether any regulatory requirements are inconsistent or redundant; and whether any regulations are unclear.

We will analyze the comments received and propose burden reducing changes to our regulations where appropriate. Some suggestions for burden reduction might require legislative changes. Where legislative changes would be required, we will

consider the suggestions in recommending appropriate changes to the Congress.

**DATES:** Comment must be received on or before May 4, 2004.

**ADDRESSES:** Direct comments 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. E-mail comments to [regcomments@ncua.gov](mailto:regcomments@ncua.gov). Please send comments by one method only. Because of the number of regulatory matters for which NCUA may be receiving comments during the time this comment period is open, we suggest commenters identify comments in response to this notice by including "EGRPRA" in a subject or reference line in their comments.

**FOR FURTHER INFORMATION CONTACT:** Ross P. Kendall, Staff Attorney, Office of General Counsel, at the above address or telephone (703) 518-6562.

#### SUPPLEMENTARY INFORMATION:

##### I. Introduction

NCUA seeks public comment and suggestions on ways it can reduce regulatory burdens consistent with our statutory obligations. Today, we request input to help us identify which Consumer Protection—Lending Related rules are outdated, unnecessary, or unduly burdensome. The rules in this category are listed in a chart at the end of this notice. The EGRPRA review supplements and complements the reviews of regulations that NCUA conducts under other laws and its internal policies.

In drafting this notice, the NCUA participated as part of the EGRPRA planning process with the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, and Office of Thrift Supervision (Agencies). Because of the unique circumstances of federally-insured credit unions and their members, NCUA is issuing a separate notice from the other Agencies, which are issuing a joint notice. NCUA's notice is consistent and comparable with the joint notice published by the other Agencies, except on issues that are unique to credit unions.

This notice includes several regulations that affect credit union

lending activity that are issued by the Board of Governors of the Federal Reserve System (Federal Reserve): Equal Credit Opportunity, 12 CFR part 202 (Regulation B), Home Mortgage Disclosure, 12 CFR part 203 (Regulation C), Consumer Leasing, 12 CFR part 213 (Regulation M) and Truth in Lending, 12 CFR part 226 (Regulation Z). These regulations are also included in the Agencies' joint notice in which the Federal Reserve is participating. The NCUA has enforcement authority for federal credit unions for Regulations B, M, and Z and for both federal credit unions and federally-insured state chartered credit unions for Regulation C. Credit unions and other interested parties seeking to comment on these rules may either submit comments to the NCUA or the EGRPRA Web site, at [www.EGRPRA.gov](http://www.EGRPRA.gov), as specified in the joint notice. Commenters may address any aspect of the regulations, including specifically how the regulations uniquely affect credit unions.

##### II. A. The EGRPRA Review Requirements and NCUA's Proposed Plan

This notice is part of the regulatory review required by section 2222 of EGRPRA.<sup>1</sup> The NCUA described the review requirements in our initial **Federal Register** notice, published on July 3, 2003.<sup>2</sup> As we noted at that time, we anticipate that the EGRPRA review's overall focus on the "forest" of regulations will offer a new perspective in identifying opportunities to reduce regulatory burden. We must, of course, assure that the effort to reduce regulatory burden is consistent with applicable statutory mandates and provides for the continued safety and soundness of federally-insured credit unions and appropriate consumer protections.

The EGRPRA review required that NCUA categorize our regulations by type. Our July 3, 2003, **Federal Register** publication identified ten broad categories for our regulations. The categories are:

1. Applications and Reporting
2. Powers and Activities
3. Agency Programs
4. Capital
5. Consumer Protection

<sup>1</sup> Pub. L. 104-208, div. A, title II, sec. 2222, 110 Stat. 3009-414; codified at 12 U.S.C. 3311.

<sup>2</sup> 68 FR 39863.

6. Corporate Credit Unions
7. Directors, Officers and Employees
8. Money Laundering
9. Rules of Procedure
10. Safety and Soundness

To spread the work of commenting on and reviewing the categories of rules over a reasonable period of time, we proposed to publish one or more categories of rules approximately every six months between 2003 and 2006 and provide a 90-day comment period for each publication. We asked for comment on all aspects of our plan, including: The categories, the rules in each category, and the order in which we should review the categories. Because the NCUA was eager to begin reducing unnecessary burden where appropriate, our initial notice also published the first two categories of rules for comment (Applications and Reporting and Powers and Activities). All our covered categories of rules must be published for comment and reviewed by the end of September 2006.

The EGRPRA review then requires the Agencies to: (1) Publish a summary of the comments we received, identifying and discussing the significant issues raised in them; and (2) eliminate unnecessary regulatory requirements. Within 30 days after the Agencies publish the comment summary and discussion, the Federal Financial Institutions Examination Council, which is the formal interagency body to which all of the Agencies, including the NCUA, belong, must submit a report to the Congress. This report will summarize significant issues raised by the public comments and the relative merits of those issues. It will also analyze whether the appropriate federal banking agency can address the burdens by regulation, or whether the burdens must be addressed by legislation.

#### *B. Public Response and NCUA's Current Plan*

NCUA received eight comments in response to its first notice. The comments have been reviewed and an ongoing analysis of them is underway. The comments have been posted on the interagency EGRPRA Web site ([www.EGRPRA.gov](http://www.EGRPRA.gov)) and can be viewed by clicking on "Comments." We are actively reviewing the feedback received about specific ways to reduce regulatory burden, as well as conducting our own analyses. Because the main purpose of this notice is to request comment on the next category of regulations, we will not discuss specific recommendations about the first set of regulation categories here. However, as we develop initiatives to reduce burden on specific subjects in the future—whether through regulatory,

legislative, or other channels—we will discuss the public's recommendations that relate to our proposed actions.

In our last notice, we requested comment about our proposed categories and placement of the rules within each category. Persons commenting on the joint notice published by the other Agencies last June observed that commenting on the Consumer Protection category would be burdensome in itself, and suggested that we might receive more useful feedback if the category was divided. As a result, both NCUA and the other Agencies have divided the consumer protection regulations into two categories: (1) Lending-Related Rules, and (2) Share Account—Deposit Relationships and Miscellaneous Consumer Rules. The regulations in the Lending-Related Rules category are listed in the chart below. The Share Account—Deposit Relationships and Miscellaneous Consumer Rules category will contain the remaining rules previously identified in the Consumer Protection category. We plan to request comment on the Share Account—Deposit Relationships and Miscellaneous Consumer Rules in the next notice.

We also requested comment about the order we should review the categories. According to some industry representatives, the requirements imposed by the Consumer Protection regulations are among the most burdensome. Given this response, we will focus on those rules first.

#### **III. Request for Comment on Consumer Protection: Lending Related Rules Category**

NCUA is asking the public to identify the ways in which the Consumer Protection: Lending Related rules may be outdated, unnecessary, or unduly burdensome. If the implementation of a comment would require modifying a statute that underlies the regulation, the comment should, if possible, identify the needed statutory change. The rules in this category are listed in the chart below.

We encourage comments that not only deal with individual rules or requirements but also pertain to certain product lines. For example, in the case of a particular loan, are any disclosure requirements under one regulation inconsistent with or duplicative of requirements under another regulation? Are there unnecessary records that must be kept? A product line approach is consistent with EGRPRA's focus on how rules interact, and may be especially helpful in exposing redundant or potentially inconsistent regulatory requirements. We recognize that

commenters using a product line approach may want to make recommendations about rules that are not in our current request for comment. They should do so since the EGRPRA categories are designed to stimulate creative approaches rather than limiting them.

*Specific issues to consider.* While all comments are welcome, NCUA specifically invites comment on the following issues:

- *Need for statutory change.* Do any of the statutory requirements underlying these regulations impose redundant, conflicting or otherwise unduly burdensome requirements? Are there less burdensome alternatives?

- *Need and purpose of the regulations.* Are the regulations consistent with the purposes of the statutes that they implement? Have circumstances changed so that the regulation is no longer necessary? Do changes in the financial products and services offered to consumers suggest a need to revise certain regulations (or statutes)? Do any of the regulations impose compliance burdens not required by the statutes they implement?

- *General approach/flexibility.* Generally, is there a different approach to regulating that NCUA could use that would achieve statutory goals while imposing less burden? Do any of the regulations in this category or the statutes underlying them impose unnecessarily inflexible requirements?

- *Effect of the regulations on competition.* Do any of the regulations in this category or the statutes underlying them create competitive disadvantages for credit unions compared to another part of the financial services industry?

- *Reporting, recordkeeping and disclosure requirements.* Do any of the regulations in this category or the statutes underlying them impose particularly burdensome reporting, recordkeeping or disclosure requirements? Are any of these requirements similar enough in purpose and use so that they could be consolidated? What, if any, of these requirements could be fulfilled electronically to reduce their burden? Are any of the reporting or recordkeeping requirements unnecessary to demonstrate compliance with the law?

- *Consistency and redundancy.* Do any of the regulations in this category impose inconsistent or redundant regulatory requirements that are not warranted by the purposes of the regulation?

- *Clarity.* Are the regulations in this category drafted in clear and easily understood language?

- *Burden on small insured institutions.* NCUA has a particular interest in minimizing burden on small insured credit unions (those with less than \$10 million in assets). More than

half of federally-insured credit unions are small—having \$10 million in assets or less—as defined by NCUA in IRPS 03–2. NCUA solicits comment on how any regulations in this category could be changed to minimize any significant economic impact on a substantial number of small credit unions.

NCUA appreciates the efforts of all interested parties to help us eliminate outdated, unnecessary or unduly burdensome regulatory requirements.

**IV. Regulations About Which Burden Reduction Recommendations Are Requested Currently**

Consumer Protection: Lending Related Rules	
Nondiscrimination Requirement (Fair Housing) .....	12 CFR 701.31.
Loans in Areas Having Special Flood Hazards .....	12 CFR part 760.
Credit Practices .....	12 CFR part 706.
[Federal Reserve Rules]	
Equal Credit Opportunity [Regulation B] .....	12 CFR part 202.
Home Mortgage Disclosure [Regulation C] .....	12 CFR part 203.
Consumer Leasing [Regulation M] .....	12 CFR part 213.
Truth in Lending [Regulation Z] .....	12 CFR part 226.

By the National Credit Union Administration Board on January 28, 2004.  
**Becky Baker,**  
*Secretary of the Board.*  
 [FR Doc. 04–2279 Filed 2–3–04; 8:45 am]  
**BILLING CODE 7535–01–P**

**FOR FURTHER INFORMATION CONTACT:**  
 Edith Butler, Program Analyst, (202) 619–0422, FAX (202) 205–7280.

**SUPPLEMENTARY INFORMATION:** Pub. L. 100–656, enacted on November 15, 1988, incorporated into the Small Business Act the previously existing regulation that recipients of Federal contracts set aside for small businesses or SBA 8(a) Program procurement must provide the product of a small business manufacturer or processor, if the recipient is other than the actual manufacturer or processor. This requirement is commonly referred to as the Nonmanufacturer Rule. The SBA regulations imposing this requirement are found at 13 CFR 121.406(b). Section 303(h) of the law provides for waiver of this requirement by SBA for any “class of products” for which there are no small business manufacturers or processors in the Federal market.

To be considered available to participate in the Federal market on these classes of products, a small business manufacturer must have submitted a proposal for a contract solicitation or received a contract from the Federal government within the last 24 months. The SBA defines “class of products” based on six digit coding systems.

The first coding system is the Office of Management and Budget *North American Industry Classification System (NAICS)*. The second is the Product and Service Code established by the Federal Procurement Data System.

The Small Business Administration is currently processing a request to waive the Nonmanufacturer Rule for General Aviation Turboprop Aircraft, North American Industry Classification System (NAICS) 441229. The public is invited to comment or provide source information to SBA on the proposed

waiver of the nonmanufacturer rule for this NAICS code.

**Barry S. Meltz,**  
*Acting Associate Administrator for Government Contracting.*  
 [FR Doc. 04–2239 Filed 2–3–04; 8:45 am]  
**BILLING CODE 8025–01–P**

**SMALL BUSINESS ADMINISTRATION**

**13 CFR Part 121**

**Small Business Size Standards; Waiver of the Nonmanufacturer Rule**

**AGENCY:** U.S. Small Business Administration.

**ACTION:** Proposed rule; notice of intent to waive the Nonmanufacturer Rule for General Aviation Turboprop Aircraft.

**SUMMARY:** The U.S. Small Business Administration (SBA) is considering granting a waiver of the Nonmanufacturer Rule for General Aviation Turboprop Aircraft manufacturing. The basis for waivers is that no small business manufacturers are supplying these classes of products to the Federal government. The effect of a waiver would be to allow otherwise qualified regular dealers to supply the products of any domestic manufacturer on a Federal contract set aside for small businesses or awarded through the SBA 8(a) Program. The purpose of this notice is to solicit comments and potential source information from interested parties.

**DATES:** Comments and sources must be submitted on or before February 20, 2004.

**ADDRESSES:** Address comments to: Edith Butler, Program Analyst, U.S. Small Business Administration, 409 3rd Street, SW., Washington DC, 20416, Tel: (202) 619–0422.

**DEPARTMENT OF TRANSPORTATION**

**Federal Aviation Administration**

**14 CFR Part 39**

[Docket No. 2003–CE–63–AD]

RIN 2120–AA64

**Airworthiness Directives; HPH s.r.o. Models Glasflü gel 304CZ, 304CZ–17, and 304C Sailplanes**

**AGENCY:** Federal Aviation Administration (FAA), DOT.

**ACTION:** Notice of proposed rulemaking (NPRM).

**SUMMARY:** The FAA proposes to adopt a new airworthiness directive (AD) for all HPH s.r.o. (HPH) Models Glasflü gel 304CZ, 304CZ–17, and 304C sailplanes. This proposed AD would require you to inspect to determine the airbrake handle attachment rivet material. This proposed AD would require you to replace any non-steel rivet with a steel rivet. This proposed AD is the result of mandatory continuing airworthiness information (MCAI) issued by the airworthiness authority for the Czech Republic. We are issuing this proposed AD to prevent the airbrake handle from becoming loose, which could result in failure of the airbrake control. This failure could lead to loss of control of the sailplane.

**DATES:** We must receive any comments on this proposed AD by March 4, 2004.