Sections 608c(5)(I) and 608c(16)(B) of the Act (7 U.S.C. 601–674);

(b) This termination does not require of persons affected substantial or extensive preparation prior to the effective date; and

(c) The annual operation of the Order 65 advertising and promotion program is based on milk marketed December 1 through November 30.

Therefore, good cause exists for making this order effective without prior notice and comment, and less than 30 days from the date of publication in the **Federal Register**.

List of Subjects in 7 CFR Part 1065

Milk marketing orders.

For the reasons set forth in the preamble, the following provisions of 7 CFR Part 1065 are amended as follows:

PART 1065—MILK IN THE NEBRASKA-WESTERN IOWA MARKETING AREA

1. The authority citation for 7 CFR Part 1065 continues to read as follows:

Authority: 7 U.S.C. 601–674.

§ 1065.73 [Amended]

2. In § 1065.73, paragraph (a)(2)(viii) is amended by removing the language ''and for advertising and promotion pursuant to § 1065.107'' effective December 1, 1998.

§ 1065.107 [Removed]

3. Section 1065.107 is removed effective December 1, 1998.

§ 1065.121 [Amended]

4. In Section 1065.121, paragraph (e) is removed and reserved effective December 1, 1998.

§§ 1065.105 through 1065.122 [Removed]

5. Sections 1065.105 through 1065.122 and the undesignated center heading preceding them are removed effective March 31, 1999.

Dated: December 16, 1998.

Richard M. McKee,

Deputy Administrator, Dairy Programs.

[FR Doc. 98–33932 Filed 12–22–98; 8:45 am]

BILLING CODE 3410–02–U

FEDERAL RESERVE SYSTEM

12 CFR Part 203

[Regulation C; Docket No. [R–1033]]

Home Mortgage Disclosure (Regulation C)

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final rule; staff commentary.

SUMMARY: The Board is publishing a final rule amending the staff commentary that interprets the requirements of Regulation C (Home Mortgage Disclosure). The Board is required to adjust annually the asset-size exemption threshold for depository institutions based on the annual percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers. The adjustment reflects changes for the twelve-month period ending in November. During this period, the index increased by 1.3%; as a result, the threshold remains at $29 million. Thus, depository institutions with assets of $29 million or less as of December 31, 1998 are exempt from data collection in 1999.

EFFECTIVE DATE: January 1, 1999. This rule applies to all data collection in 1999.

FOR FURTHER INFORMATION CONTACT: Pamela Morris Blumenthal, Staff Attorney, Division of Consumer and Community Affairs, at (202) 452–3667; for users of Telecommunications Device for the Deaf (TDD) *only*, contact Diane Jenkins at (202) 452–3544.

SUPPLEMENTARY INFORMATION:

I. Background

The Home Mortgage Disclosure Act (HMDA; 12 U.S.C. 2801 *et seq.*) requires most mortgage lenders located in metropolitan statistical areas to collect data about their housing-related lending activity. Annually, lenders must file reports with their federal supervisory agencies and make disclosures available to the public. The Board's Regulation C (12 CFR part 203) implements HMDA. Provisions of the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (Pub. L. 104–208, 110 Stat. 3009) amended HMDA to expand the exemption for small depository institutions. Prior to 1997, HMDA exempted depository institutions with assets totaling $10 million or less, as of the preceding year end. The statutory amendment increased the asset-size exemption threshold by requiring annual adjustments based on the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPIW).

The statutory amendment is implemented in § 203.3(a)(1)(ii), which provides that the Board will adjust the threshold based on the year-to-year change in the average of the CPIW, not seasonally adjusted, for each twelve-month period ending in November, rounded to the nearest million. For 1998 data collection, the exemption threshold was $29 million. During the period ending in November 1998, the CPIW increased by 1.3%. As a result, the new threshold remains at $29 million. Thus, depository institutions with assets of $29 million or less as of December 31, 1998 are exempt from data collection in 1999. An institution's exemption from collecting data in 1999 does not affect its responsibility to report the 1998 data it was required to collect.

The Board is adopting this amendment to the staff commentary to implement the fact that the exemption threshold remains at $29 million for data collected in 1999. The Administrative Procedure Act provides that notice and opportunity for public comment are not required if the Board finds that notice and public comment are unnecessary or would be contrary to the public interest. 5 U.S.C. 553(b)(B). The Board believes such a finding is appropriate in this case. Regulation C establishes a formula for determining adjustments to the exemption threshold, if any, and the amendment to the staff commentary merely applies the formula. This amendment is technical and not subject to interpretation. For these reasons, the Board has determined that publishing a notice of proposed rulemaking and providing opportunity for public comment for the following amendment is unnecessary and would be contrary to the public interest. Therefore, the amendment is adopted in final form.

II. Section by Section Analysis

Section 203.3—Exempt Institutions

Comment 3(a)–2 has been revised to provide that depository institutions with assets that are at or below the threshold as of December 31, 1998 need not collect data for 1999.

List of Subjects in 12 CFR Part 203

Banks, banking, Consumer protection, Federal Reserve System, Mortgages, Reporting and recordkeeping requirements.

Text of Revisions

For the reasons set forth in the preamble, the Board amends 12 CFR Part 203 as follows:

PART 203—HOME MORTGAGE DISCLOSURE (REGULATION C)

1. The authority citation for Part 203 continues to read as follows:

Authority: 12 U.S.C. 2801–2810.

2. In Supplement I to Part 203, under Section 203.3—Exempt Institutions, under 3(a) *Exemption based on location, asset size, or number of home-purchase loans*, paragraph 2 is revised to read as follows:

Supplement I to Part 203—Staff Commentary

* * * * *

Section 203.3—Exempt Institutions

3(a) *Exemption based on location, asset size, or number of home-purchase loans.*

* * * * *

2. *Adjustment of exemption threshold for depository institutions.* For data collection in 1999, the asset-size exemption threshold is $29 million. Depository institutions with assets at or below $29 million are exempt from collecting data for 1999.

* * * * *

By order of the Board of Governors of the Federal Reserve System, acting through the Secretary of the Board under delegated authority, December 17, 1998.

Jennifer J. Johnson,

Secretary of the Board.

[FR Doc. 98–34021 Filed 12–22–98; 8:45 am]

BILLING CODE 6210–01–P

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 701

Organization and Operations of Federal Credit Unions

AGENCY: National Credit Union Administration (NCUA).

ACTION: Final rule.

SUMMARY: The final rule clarifies certain provisions in NCUA's regulation that sets forth the requirements for the purchase, sale and pledge of eligible obligations. Currently, the regulation provides that a federal credit union (FCU) may purchase real estate loans from any source if it is granting real estate loans on an ongoing basis and the purchase will facilitate the packaging of a pool of loans for sale on the secondary market. The final rule clarifies that a pool must include a substantial portion of the FCU's members' loans and must be sold promptly. Further, the final rule explains when the purchase of a member's loan is not the purchase of an eligible obligation, but rather the making of a direct loan.

DATES: The rule is effective January 1, 1999.

FOR FURTHER INFORMATION CONTACT: Mary F. Rupp, Staff Attorney, Office of General Counsel, National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314–3428 or telephone: (703) 518–6553.

SUPPLEMENTARY INFORMATION:

Background

On July 30, 1998, the NCUA Board requested comments on proposed changes to § 701.23 of its regulations. 63 FR 41976 (August 6, 1998). Section 701.23 sets forth the requirements for FCUs' purchase, sale and pledge of eligible obligations.

Section 701.23(b)(1)(iv) allows an FCU to purchase real estate loans from any source if it is granting them on an ongoing basis and the purchase will facilitate the packaging of a pool of loans to be sold on the secondary market. The proposal clarified that a pool of loans, as used in that subsection, must include a substantial portion of the FCU's own loans and must be sold promptly. This clarification is taken from the Accounting Manual. Accounting Manual for Federal Credit Unions, § 6030.4.

Section 701.23(b)(3) sets forth the exceptions to the 5% limit on the purchase of eligible obligations. The proposal adds to the list of exceptions, an indirect lending or leasing arrangement if it is classified as a loan. The conditions for classifying it as a loan are that the FCU must make the final underwriting decision and that the sale or lease contract must be assigned to the FCU very soon after it is signed by the member and the dealer or leasing company.

Summary of Comments

The NCUA Board received ten comments on the proposal: two from credit union trade groups; one from a state league; five from credit unions; one from a bank trade group; and one from a private insurer. Of the six commenters that addressed the proposed changes, five generally supported them.

Section 701.23(b)(1)(iv)

The five commenters that supported the proposed changes to this provision noted that the amendments give sufficient guidance while allowing flexibility. One commenter noted that the amendment has the beneficial effect of preserving credit unions' focus on making loans to members while avoiding the imposition of a barrier if certain timeframes and amounts were required.

The negative commenter was concerned that the language in the proposal requiring ''a substantial portion of its own loans'' would preclude it from having a pool composed substantially of member loans it had purchased from its CUSO. An FCU has the express authority to purchase its member loans from any source without any pooling requirements. 12 U.S.C. 1757(13); 12 CFR 701.23(b)(i). Since the intent of the limitation in § 701.23(b)(iv) is to limit the purchase of nonmember loans, the final rule has been clarified to indicate that a substantial portion of the pool must be composed of ''member loans.''

The Board asked for comment on whether specific numbers should be used instead of the terms ''substantial'' and ''promptly.'' Six of the seven commenters that responded opposed using specific numbers. The reasons cited in opposition were that: setting a fixed ceiling and specific time may make it difficult for an FCU in certain circumstances; placing specific limitations, which remove all flexibility for dealing with unforeseen circumstances, is unnecessary; setting a specific ceiling and using specific dates may make it difficult for large credit unions to assist small credit unions with access to the secondary market; and using specific numbers and dates does not recognize the realities of the secondary marketplace. The Board agrees that it is important for FCUs to have flexibility in this area and so, it will not define ''substantial'' and ''promptly'' with specific numbers.

One commenter, a bank trade group, does not address the proposal, but rather takes exception to § 701.23(b)(1)(iv) since its promulgation in 1979. The bank trade group ''believes that the purchasing of nonmember loans even for the purpose of pooling these loans to be sold on the secondary market is an attempt by federal credit unions to circumvent the restrictions on loans to nonmembers.'' The proposed rule explained in detail the statutory authority for this provision. 63 FR at 41976.

Section 701.23(b)(3).

The two commenters that addressed the issue of clarifying in the rule that indirect lending is considered a loan rather than the purchase of an eligible obligation supported the proposed changes. Three commenters suggested that the preamble to the final rule clarify that credit or electronic scoring by a third party vendor using the credit union's criteria is consistent with the FCU making the final underwriting decision. The NCUA Board agrees with this interpretation which follows General Counsel opinion letters.

Two commenters asked for clarification that assignment of the loan means acceptance of the loan and not necessarily, physical receipt of the loan documentation. The NCUA Board concurs. In today's marketplace, acceptance and payment are often done electronically. However, physical