

**NATIONAL CREDIT UNION
ADMINISTRATION****12 CFR Parts 701, 703, 707, 710, 722,
723, and 742****RIN #3133-AD36****Technical Amendments****AGENCY:** National Credit Union
Administration (NCUA).**ACTION:** Final rule.

SUMMARY: NCUA is amending a number of its regulations by making minor technical corrections, clarifications and grammatical changes. Among those amendments is the addition of a cross-reference between two regulations addressing credit union borrowing authority; addition of a statement in the provision on insurance coverage for volunteer officials to note, when a federal credit union (FCU) cancels coverage, it must comply with any other applicable laws allowing an official to continue coverage at his or her own expense; and clarification that indemnification for dual employees is limited to activities on behalf of the FCU. NCUA is also removing certain regulatory references to NCUA's FCU Bylaws that are no longer accurate due to revisions to the Bylaws. The amendments generally are improvements alerting users to other relevant provisions, responsibilities, or limitations.

DATES: This rule is effective May 31, 2007.

FOR FURTHER INFORMATION CONTACT: Annette Tapia or Frank Kressman, Staff Attorneys, Office of General Counsel, National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314-3428 or telephone: (703) 518-6540.

SUPPLEMENTARY INFORMATION:**A. Background**

NCUA continually reviews its regulations to "update, clarify and simplify existing regulations and eliminate redundant and unnecessary provisions." NCUA Interpretive Rulings and Policy Statement (IRPS) 87-2, Developing and Reviewing Government Regulations. Under IRPS 87-2, NCUA conducts a rolling review of one-third of its regulations every year, involving both internal review and public comment. NCUA's 2006 review revealed that minor revisions to certain regulations would be helpful.

B. Regulatory Changes*Section 701.33*

NCUA's regulations implement the statutory provisions permitting FCUs to provide certain insurance for volunteer directors and committee members. 12 U.S.C 1761a; 12 CFR 701.33(b)(2)(ii). With respect to insurance coverage, the regulation provides that coverage must cease immediately when an official is no longer serving in that capacity. The amendment to § 701.33(b)(2)(ii) serves as a reminder that, when an FCU cancels insurance coverage for an official, other federal or state laws may provide departing officials the right to maintain health insurance coverage at their own expense.

The regulation also permits an FCU to indemnify its officials and employees under certain conditions. 12 CFR 701.33(c). The amendment adds a new subparagraph to § 701.33(c) clarifying that an FCU may not indemnify an FCU employee acting in a "dual employee" role for those duties performed for an entity other than the credit union. For example, an FCU employee who also performs duties for a credit union service organization (CUSO) is a dual employee and the FCU may only indemnify the employee for the functions performed for the FCU, not the CUSO.

Section 701.38

NCUA's regulations permit an FCU to borrow funds from natural persons, provided it uses a certificate of indebtedness, which sets forth the terms and conditions of the repayment of the borrowing. 12 CFR 701.38. This borrowing authority is subject to a statutory limitation implemented in NCUA's regulations limiting an FCU's maximum borrowing authority from any source to 50% of its paid-in and unimpaired capital and surplus. 12 U.S.C. 1757(9); 12 CFR 741.2(a). NCUA is inserting a cross-reference in § 701.38 to the borrowing limitations in § 741.2 to alert users to the regulatory provision on maximum borrowing authority.

FCU Bylaws

NCUA revised the FCU Bylaws in 1999 and 2006. The revised Bylaws provide greater clarity and flexibility. Several Bylaw provisions include fill-in-the-blank choices that enable an FCU's board of directors to select from a range of options best suited to their credit union's needs. As a result of those revisions, certain regulatory provisions referencing the Bylaws are outdated. The technical amendments remove those inaccurate references.

C. Regulatory Procedures*Final Rule Under the Administrative
Procedure Act*

Generally, the Administrative Procedure Act (APA) requires a federal agency to provide the public with notice and the opportunity to comment on agency rulemakings. The amendments in this rule are not substantive but technical in that they make minor corrections, merely provide clarification or alert users of the regulations to other legal requirements or limitations. The APA permits an agency to forego the notice and comment period under certain circumstances, such as when a rulemaking is technical and not substantive. NCUA finds good cause that notice and public comment are unnecessary under Section 553(b)(3)(B) of the APA. 5 U.S.C. 553(b)(3)(B). NCUA also finds good cause to dispense with the 30-day delayed effective date requirement under Section 553(d)(3) of the APA. 5 U.S.C. 553(d)(3). The rule will, therefore, be effective immediately upon publication.

Regulatory Flexibility Act

The Regulatory Flexibility Act requires NCUA to prepare an analysis to describe any significant economic impact a rule may have on a substantial number of small entities (those credit unions under ten million dollars in assets). This rule provides minor, technical changes and clarifications to certain sections of NCUA's regulations. This rule will not have a significant economic impact on a substantial number of small credit unions, and, therefore, a regulatory flexibility analysis is not required.

Paperwork Reduction Act

NCUA has determined that this rule will 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 actions on state and local interests. 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 will not have substantial direct effects on the states, on the relationship between the national government and the states, or on the distribution of power and responsibilities among the various levels of government. NCUA has

determined that this rule does not constitute a policy that has federalism implications for purposes of the executive order.

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

The 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).

Small Business Regulatory Enforcement Fairness Act

The Small Business Regulatory Enforcement Fairness Act of 1996 (Pub. L. 104–121) (SBREFA) 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 APA. 5 U.S.C. 551. The Office of Management and Budget has determined that this rule is not a major rule for purposes of SBREFA. As required by SBREFA, NCUA will file the appropriate reports with Congress and the General Accounting Office so this rule may be reviewed.

List of Subjects

12 CFR Part 701

Credit unions, indemnity payments, insurance.

12 CFR Part 703

Credit unions, investments.

12 CFR Part 707

Advertising, consumer protection, credit unions, reporting and recordkeeping requirements, truth in savings.

12 CFR Part 710

Credit unions, liquidations.

12 CFR Part 722

Appraisals, credit unions, reporting and recordkeeping requirements.

12 CFR Part 723

Credit, credit unions, reporting and recordkeeping requirements.

12 CFR Part 742

Credit unions, reporting and recordkeeping requirements.

By the National Credit Union Administration Board on May 24, 2007.

Mary Rupp,

Secretary of the Board.

■ For the reasons discussed above, NCUA is amending 12 CFR parts 701,

703, 707, 710, 722, 723, and 742 as follows:

PART 701—ORGANIZATION AND OPERATIONS 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, and 1789. Section 701.6 is also authorized by 31 U.S.C. 3717. Section 701.31 is also authorized by 15 U.S.C. 1601 *et seq.*, 42 U.S.C. 1861 and 42 U.S.C. 3601–3610. Section 701.35 is also authorized by 42 U.S.C. 4311–4312.

■ 2. Section 701.21 is amended as follows:

■ a. In paragraph (a), by replacing the last word, “part” with the word “chapter”; and

■ b. in paragraph (i)(1), introductory text, by removing the word “this.”

■ 3. Section 701.33(b)(2)(ii) is amended by adding the phrase “except that a credit union must comply with federal and state laws providing departing officials the right to maintain health insurance coverage at their own expense” after “if any;” and before “and” at the end.

■ 4. Section 701.33 is amended by adding a new paragraph (c)(4) to read as follows:

§ 701.33 Reimbursement, insurance, and indemnification of officials and employees.

* * * * *

(4) Notwithstanding paragraphs (c)(1) through (3) of this section, a federal credit union may not indemnify a dual employee for duties performed for any employer other than the federal credit union. For purposes of this subsection, a dual employee is a federal credit union employee who also performs work functions for another entity as part of a sharing arrangement between the federal credit union and the other entity.

■ 5. Section 701.38 is amended by adding new paragraph (b) to read as follows:

§ 701.38 Borrowed funds from natural persons.

* * * * *

(b) Federal credit unions must comply with the maximum borrowing authority of § 741.2 of this chapter.

PART 703—INVESTMENT AND DEPOSIT ACTIVITIES

■ 6. The authority citation for part 703 continues to read as follows:

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

■ 7. Section 703.4 is amended by replacing references to “§ 701.12” wherever they appear with references to “§ 715.4.”

PART 707—TRUTH IN SAVINGS

■ 8. The authority citation for part 707 continues to read as follows:

Authority: 12 U.S.C. 4311.

■ 9. Appendix B to Part 707 is amended as follows:

■ a. Section B–3 is amended by replacing the “d” with “c” in the topic heading.

■ b. Section B–6 is amended by removing the phrase “, but must be at least 6 months”.

■ c. Section B–6, paragraph 12, in the “Note:” portion is amended by removing the sentence, “If this were a passbook account, then the requirements of Art. IV, Receipting for Money—Passbooks, in the NCUA Standard FCU Bylaws would also be included in item no. 9.”

■ d. Section B–6, paragraph 12, in the “Note:” portion is amended by removing the phrase “, and Art. XIV, § 3 of the NCUA Standard FCU Bylaws”.

■ e. Section B–7, paragraph 9 is amended by removing the phrase “, but must be at least 6 months”.

■ f. Section B–11 in the “Note:” portion is amended by removing the phrase “, except for the overdraft transfer fee of \$1.00 per overdraft and the excessive share transfer fee of \$1.00 per item, which are set in the NCUA Standard FCU Bylaws, Art. III, § 4 and § 5(f), respectively”.

■ 10. Appendix C to Part 707 is amended as follows:

■ a. Section 707.4(b)(2)(ii)(1) is amended by removing the parenthetical “(members have at least six months to replenish membership share before membership terminates and account is deemed closed)”.

■ b. Section 707.7(b)(3) is amended by removing the parenthetical “(members have at least 6 months to replenish membership share before membership can terminate and the account is deemed closed)”.

■ c. Section 707.11(b)(5) is amended by removing the open quotation marks between the words “overdrafts” and “created.”

PART 710—VOLUNTARY LIQUIDATION

■ 11. The authority citation for part 710 continues to read as follows:

Authority: 12 U.S.C. 1766(a), 1786, and 1787.

■ 12. Section 710.3(a) introductory text is amended by removing the phrase “,

in accordance with the provisions of Article V of the Federal Credit Union Bylaws”.

PART 722—APPRAISALS

- 13. The authority citation for part 722 continues to read as follows:

Authority: 12 U.S.C. 1766, 1789, and 3339.

- 14. Section 722.3(d) is amended by adding “and (a)(5)” after the words “paragraphs (a)(1).”

PART 723—MEMBER BUSINESS LOANS

- 15. The authority citation for part 723 continues to read as follows:

Authority: 12 U.S.C. 1756, 1757, 1757A, 1766, 1785, 1789.

- 16. Section 723.7(a) introductory text is amended by changing the reference to “§ 723.4” to read “§ 723.3”.

PART 742—REGULATORY FLEXIBILITY PROGRAM

- 17. The authority citation for part 742 continues to read as follows:

Authority: 12 U.S.C. 1756 and 1766.

- 18. Section 742.4(a)(3) is amended by removing “(b) and (c)” after “701.36(a)”.

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA-2007-28241; Directorate Identifier 2007-SW-07-AD; Amendment 39-15062; AD 2007-11-05]

RIN 2120-AA64

Airworthiness Directives; Sikorsky Aircraft Corporation Model S-76A, B, and C Helicopters

AGENCY: Federal Aviation Administration, DOT.

ACTION: Final rule; request for comments.

SUMMARY: This amendment adopts a new airworthiness directive (AD) for Sikorsky Aircraft Corporation (Sikorsky) Model S-76A, B, and C helicopters. This action requires a one-time ultrasonic inspection of the main rotor shaft assembly (M/R shaft) for cracking. This amendment is prompted by the discovery of cracking that occurred during the manufacturing of certain M/R shafts. The actions specified in this

AD are intended to detect cracking in the M/R shaft, which could result in separation of the main rotor and subsequent loss of control of the helicopter.

DATES: Effective June 15, 2007.

The incorporation by reference of certain publications listed in the regulations is approved by the Director of the Federal Register as of June 15, 2007.

Comments for inclusion in the Rules Docket must be received on or before July 30, 2007.

ADDRESSES: Use one of the following addresses to submit comments on this AD:

- *DOT Docket Web site:* Go to <http://dms.dot.gov> and follow the instructions for sending your comments electronically;

- *Government-wide rulemaking Web site:* Go to <http://www.regulations.gov> and follow the instructions for sending your comments electronically;

- *Mail:* Docket Management Facility; U.S. Department of Transportation, 400 Seventh Street SW., Nassif Building, Room PL-401, Washington, DC 20590;
- *Fax:* (202) 493-2251; or

- *Hand Delivery:* Room PL-401 on the plaza level of the Nassif Building, 400 Seventh Street SW., Washington, DC, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

You may get the service information identified in this AD from Sikorsky Aircraft Corporation, Attn: Manager, Commercial Technical Support, mailstop s581a, 6900 Main Street, Stratford, Connecticut, phone (203) 383-4866, e-mail address tsslibrary@sikorsky.com.

Examining the Docket: You may examine the docket that contains the AD, any comments, and other information on the Internet at <http://dms.dot.gov>, or in person at the Docket Management System (DMS) Docket Offices between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The Docket Office (telephone (800) 647-5227) is located on the plaza level of the Department of Transportation Nassif Building at the street address stated in the **ADDRESSES** section. Comments will be available in the AD docket shortly after the DMS receives them.

FOR FURTHER INFORMATION CONTACT: Kirk Gustafson, Aviation Safety Engineer, Boston Aircraft Certification Office, Engine and Propeller Directorate, FAA, 12 New England Executive Park, Burlington, MA 01803, telephone (781) 238-7190, fax (781) 238-7170.

SUPPLEMENTARY INFORMATION: This amendment adopts an AD for Sikorsky

Model S-76A, B, and C helicopters. This action requires, within 75 hours time-in-service (TIS), a one-time ultrasonic inspection of the M/R shaft for cracking. This amendment is prompted by the manufacturer's discovery of cracking that occurred during the manufacturing of certain M/R shafts. During a heat-treatment process of these M/R shafts, inadequate time was allowed for the M/R shafts to cool to a proper temperature between the heat-treatment cycles, which reduced the M/R shaft's ductility (capability of the M/R shaft being fashioned into a new form), and increased the potential for cracking to occur during subsequent cold-work forming of the M/R shaft. The actions specified in this AD are intended to detect cracking in the M/R shaft, which could result in separation of the main rotor and subsequent loss of control of the helicopter.

We have reviewed the following alert service bulletins:

- Sikorsky Alert Service Bulletin (ASB) No. 76-66-45A, Revision A, which is applicable to all S-76 model helicopters, with a M/R shaft, P/N 76351-09630-041, with certain serial numbers, installed; and

- Sikorsky ASB No. 76-66-46, which is applicable to all Model S-76A helicopters, with a M/R shaft, P/N 76351-09030-all dash numbers, with certain serial numbers, installed. Both ASBs are dated February 7, 2007, and both describe a one-time ultrasonic inspection of the M/R shaft for cracking, for main gear box (MGB) assemblies installed on helicopters, for MGB assemblies not installed on a helicopter, and for M/R shafts not installed on MGBs.

This unsafe condition is likely to exist or develop on other helicopters of the same type design. Therefore, this AD is being issued to detect cracking in the M/R shaft, which could result in separation of the main rotor and subsequent loss of control of the helicopter. This AD requires a one-time ultrasonic inspection of the M/R shaft for cracking, instructions for reassembly of the lower bearing housing assembly installation of the MGB and performance of a ground run leak test. Accomplish the inspection by following specified portions of the ASBs described previously. The ultrasonic inspection of the M/R shaft must be performed by a Level II or Level III inspector, qualified under the guidelines established by MIL-STD-410E, ATA Specification 105, AIA-NAS-410, or an FAA-accepted equivalent for qualification standards of Nondestructive Testing inspection/evaluation personnel. Recurrent training