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This section of the FEDERAL REGISTER contains regulatory documents having general applicability and legal effect, most of which are keyed to and codified in the Code of Federal Regulations, which is published under 50 titles pursuant to 44 U.S.C. 1510.

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NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 701

RIN 3133-AD30

General Lending Maturity Limit and Other Financial Services

AGENCY: National Credit Union Administration (NCUA).

ACTION: Interim final rule with request for comments.

SUMMARY: NCUA is amending its rules to implement amendments to the Federal Credit Union Act (FCU Act) made by the Financial Services Regulatory Relief Act of 2006 (Reg Relief Act). The interim final rule revises the maturity limit in the general lending rule and permits Federal credit unions to provide certain, limited financial services to nonmembers within their fields of membership.

DATES: This interim final rule is effective October 27, 2006. Comments must be received by NCUA on or before December 26, 2006.

ADDRESSES: You may submit comments by any of the following methods (Please send comments by one method only):

- *Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the instructions for submitting comments.

- *NCUA Web Site:* http://www.ncua.gov/RegulationsOpinionsLaws/proposed_regs/proposed_regs.html. Follow the instructions for submitting comments.

- *E-mail:* Address to regcomments@ncua.gov. Include “[Your name] Comments on Interim Final Rule—Part 701” in the e-mail subject line.

- *Fax:* (703) 518-6319. Use the subject line described above for e-mail.

- *Mail:* Address to Mary Rupp, Secretary of the Board, National Credit Union Administration, 1775 Duke

Street, Alexandria, Virginia 22314-3428.

- *Hand Delivery/Courier:* Same as mail address.

FOR FURTHER INFORMATION CONTACT: Moissette Green, Staff Attorney, Office of General Counsel, at the above address or telephone: (703) 518-6540.

SUPPLEMENTARY INFORMATION:

A. General Lending Maturity Limit

The Financial Services Regulatory Relief Act of 2006, Public Law 109-351, amended the general lending maturity limit in section 107(5) of the FCU Act from 12 years to 15 years. 12 U.S.C. 1757(5). This interim final rule amends the provision in NCUA’s general lending regulation, 12 CFR 701.21(c)(4), which addresses the loan maturity limit. The Board is revising the lending rule to reflect the statutory change in the maturity limit. Residential real estate loans and mobile home loans are subject to separate maturity limits. 12 U.S.C. 1757(5)(A)(i), (ii); 12 CFR 701.21(f), (g).

NCUA recognizes the prompt corrective action rule has references to the 12-year loan term in the alternative risk-based net worth calculation. 12 CFR 702.107. NCUA staff will evaluate if this calculation will change as a result of the statutory amendments to the general maturity limit and address necessary changes in a future rulemaking.

B. Financial Services to Persons Within the Field of Membership

The Reg Relief Act also relieved a longstanding limitation on FCUs regarding financial services to nonmembers. In 1959, Congress established section 107(12) of the FCU Act, which authorized FCUs to cash checks and money orders for FCU members. Sec. 8, Public Law 86-354, 73 Stat. 631 (1959). The Garn-St. Germain Depository Institutions Act of 1982 further amended section 107(12) of the FCU Act to authorize FCUs to sell negotiable checks, money orders, and other similar money transfer instruments to FCU members. Sec. 518, Public Law 97-320, 96 Stat. 1530 (1982). At that time, Congress recognized the law did not permit an FCU to offer wire transfer services or other substitutions for money orders to its members, and the changes in FCU authority were limited to members. S. Rpt. 97-536, p. 68. Therefore, the NCUA Office of General Counsel (OGC) strictly

interpreted that FCUs could not cash checks, sell money orders or other negotiable instruments, or provide wire transfers to nonmembers, even if they were within an FCU’s field of membership, except in narrow circumstances where providing these services was incidental to providing an authorized service. *See*, OGC Legal Opinion 02-0250 (February 22, 2002).

Section 503 of the Reg Relief Act amended the FCU Act to permit FCUs to provide certain financial services to persons within their fields of membership. Congress intended to allow FCUs “to sell negotiable checks, money orders, and other similar transfer instruments, including international and domestic electronic fund transfers, to anyone eligible for membership, regardless of their membership status.” S. Rpt. 109-256, p. 5; H. Rpt. 109-356 Part 1, p. 63. To implement this authority, this interim final rule creates a new regulatory section to clarify NCUA’s position regarding financial services to persons within an FCU’s field of membership. Accordingly, the Board is issuing a new § 701.30 to implement section 503 of the Reg Relief Act.

When providing financial services to nonmembers, FCUs should be mindful that they will have to meet some of the same compliance obligations with these transactions as they currently have for similar member transactions. FCUs should ensure compliance with the Bank Secrecy Act, Public Law 91-508, the Customer Identification Program regulation, 31 CFR 103.121, NCUA security rules, 12 CFR part 748, and other anti-money laundering requirements when servicing persons who may not provide information that would be provided if they applied for membership. Additionally, pursuant to the Financial Right to Privacy Act, 15 U.S.C. 6801 *et seq.* and NCUA privacy rules, 12 CFR part 716, FCUs must safeguard the private financial information of and provide the required privacy notices to nonmembers who purchase or receive financial services.

C. Interim Final Rule

The NCUA Board is issuing this rulemaking as an interim final rule because there is a strong public interest in having advantageous and consumer-oriented rules that enhance credit union services for members and consumers.

Specifically, permitting FCUs to grant loans with the longer maturity will reduce the amount of periodic loan payments for members. The rule also allows FCUs to provide limited but necessary financial services to persons within their fields of membership who may not otherwise be able to obtain these services. Additionally, this interim final rule is consistent with statutory amendments in the Reg Relief Act. NCUA also finds these reasons are good cause to dispense with the 30-day delayed effective date requirement under section 553(d)(3) of the Administrative Procedure Act (APA). Accordingly, the Board finds that, pursuant to 5 U.S.C. 553(b)(3), notice and public procedures are unnecessary and contrary to the public interest; and, pursuant to 5 U.S.C. 553(d)(3), the rule will be effective upon publication in the **Federal Register**. Although the rule is being issued as an interim final rule and is effective upon publication, the Board encourages interested parties to submit comments.

Regulatory Procedures

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 credit unions, defined as those under ten million dollars in assets. This rule only clarifies and improves the available services FCUs may provide to their members and persons within their fields of membership, without imposing any regulatory burden. The interim final amendments would 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 the interim final rule would not increase paperwork requirements under the Paperwork Reduction Act of 1995 and regulations of the Office of Management and Budget. 44 U.S.C. 3501 *et seq.*; 5 CFR part 1320.

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. The interim final rule would not have substantial direct effects on the

states, on the connection 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 interim final rule would not affect family well-being within the meaning of section 654 of the Treasury and General Government Appropriations Act, 1999, Public Law 105–277, 112 Stat. 2681 (1998).

Small Business Regulatory Enforcement Fairness Act

The Small Business Regulatory Enforcement Fairness Act of 1996, Public Law 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. NCUA has requested a SBREFA determination from the Office of Management and Budget, which is pending. As required by SBREFA, NCUA will file the appropriate reports with Congress and the General Accounting Office so that the interim rule may be reviewed.

List of Subjects in 12 CFR Part 701

Check, Check cashing, Credit, Credit unions, Electronic fund transfer, Money order, Money transfer.

By the National Credit Union Administration Board on October 19, 2006.

Mary F. Rupp,

Secretary of the Board.

■ Accordingly, NCUA amends 12 CFR part 701 as follows:

PART 701—ORGANIZATION AND OPERATION OF FEDERAL CREDIT UNIONS

■ 1. The authority citation for part 701 is revised to read as follows:

Authority: 12 U.S.C. 1752(5), 1757, 1765, 1766, 1781, 1782, 1787, 1789; Title V, Pub. L. 109–351; 120 Stat. 1966.

§ 701.21 [Amended]

■ 2. Section 701.21 is amended by:

■ a. Removing “may not exceed 12 years” in the first sentence and adding in its place “may not exceed 15 years” in paragraph (c)(4).

■ b. Removing the phrase “12-year” and adding, in its place, the phrase “15-year” in paragraph (f).

■ 3. Section 701.30 is added to read as follows:

§ 701.30 Services for nonmembers within the field of membership.

Federal credit unions may provide the following services to persons within their fields of membership, regardless of membership status:

(a) Selling negotiable checks including travelers checks, money orders, and other similar money transfer instruments (including international and domestic electronic fund transfers); and

(b) Cashing checks and money orders and receiving international and domestic electronic fund transfers for a fee.

[FR Doc. E6–17835 Filed 10–26–06; 8:45 am]

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NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 748

RIN 3133–AD23

Filing Requirements for Suspicious Activity Reports

AGENCY: National Credit Union Administration (NCUA).

ACTION: Final rule.

SUMMARY: NCUA is issuing a final rule to describe in greater detail the requirements for reporting and filing a Suspicious Activity Report (SAR) and to address prompt notification of the board of directors of SAR filings, the confidentiality of reports, and liability protection. NCUA also is changing the heading for this part so it more accurately describes its scope. NCUA seeks to enhance credit union compliance with SAR reporting requirements by providing greater detail in its rule on the thresholds and procedures for filing a SAR.

DATES: This rule is effective November 27, 2006.

FOR FURTHER INFORMATION CONTACT: Linda K. Dent, Staff Attorney, Office of General Counsel, at (703) 518–6540.

SUPPLEMENTARY INFORMATION:

Background

On June 28, 2006, the NCUA Board requested comments on a proposed rule to amend part 748 to more clearly describe the reportable activity covered by the Suspicious Activity Report (SAR) filing requirements, identify important