in a printed, computerized, or electronic manner. A credit union may obtain the standard flood hazard determination form from FEMA, P.O. Box 2012, Jessup, MD 20794–2012.

* * * * *

By the National Credit Union Administration Board on November 30, 1999.

Becky Baker,

Secretary of the Board.

[FR Doc. 99–32687 Filed 12–20–99; 8:45 am]

BILLING CODE 4810–33–M; 6210–01–M; 6714–01–M; 6705–01–M; 7535–01–M

FEDERAL HOUSING FINANCE BOARD

12 CFR Parts 932, 934, 935

[No. 99–62]

RIN 3069–AA89

Devolution of Corporate Governance Responsibilities

AGENCY: Federal Housing Finance Board.

ACTION: Interim final rule.

SUMMARY: The Federal Housing Finance Board (Finance Board) is amending its regulations to devolve certain corporate governance responsibilities from the Finance Board to the Federal Home Loan Banks (Banks), pursuant to the requirements of the Federal Home Loan Bank System Modernization Act of 1999.

DATES: This interim final rule shall be effective on December 21, 1999. The Finance Board will accept written comments on the interim final rule on or before January 20, 2000.

ADDRESSES: Mail comments to: Elaine L. Baker, Secretary to the Board, Federal Housing Finance Board, 1777 F Street, NW, Washington, DC 20006. Comments will be available for inspection at this address.

FOR FURTHER INFORMATION CONTACT: James L. Bothwell, Director, (202) 408–2821, or Scott L Smith, Deputy Director, (202) 408–2991, Office of Policy, Research and Analysis; or Sharon B. Like, Senior Attorney-Advisor, (202) 408–2930, or Eric M. Raudenbush, Senior Attorney-Advisor, (202) 408–2932, Office of General Counsel, Federal Housing Finance Board, 1777 F Street, NW, Washington, DC 20006.

SUPPLEMENTARY INFORMATION:

I. Bank System and Finance Board Roles and Responsibilities

Under the Federal Home Loan Bank Act (Bank Act), the Finance Board is responsible for the supervision and regulation of the 12 Banks. *See* 12 U.S.C. 1422a(a)(3), 1422b(a)(1) (1994). Specifically, the Finance Board's primary duty is to ensure that the Banks operate in a financially safe and sound manner. Consistent with that primary duty, the Finance Board also is responsible for ensuring that the Banks carry out their housing finance and community lending mission, and that they remain adequately capitalized and able to raise funds in the capital markets. *See id.* 1422a(a)(3).

Historically, the Bank Act has required the Finance Board to be involved in varying degrees in the corporate governance of the Banks, typically by requiring Finance Board approval for a host of Bank practices. However, the recently enacted Federal Home Loan Bank System Modernization Act of 1999 (Modernization Act) [1] repealed most of those requirements, thereby removing most of the last vestiges of governance responsibilities from the Finance Board. *See* Pub. L. No. 106–102, 604(a)(6); 606(d), (f), (g) (1999). Accordingly, the Finance Board is amending its regulations to remove the corresponding Finance Board approval requirements for such corporate governance functions, consistent with the Modernization Act.

II. Analysis of Interim Final Rule

A. Part 932–Directors, Officers and Employees of the Banks

1. Amendment of Bank Directors' Meeting and Compensation and Expenses Regulations—§§ 932.16, 932.17

Section 7(i) of the Bank Act formerly permitted each Bank, with the approval of the Finance Board, to pay its directors reasonable compensation for the time required of them, and their necessary expenses, in the performance of their duties, in accordance with the resolutions adopted by such directors. *See* 12 U.S.C. 1427(i) (1994). Section 932.17 of the Finance Board's regulations permits each Bank, within certain standards of reasonableness set forth in the regulation, to implement its own policy on director compensation and allows each Bank to pay its directors for such expenses as are payable by the Bank to its senior officers. *See* 12 CFR 932.17 (1999). Payments made in compliance with the regulation are deemed to be approved by the Finance Board, as required by section 7(i).

The Modernization Act amended section 7(i) of the Bank Act by imposing specific limits on annual compensation for the Chairperson, Vice Chairperson and other members of the Bank's board of directors. *See* Modernization Act, 606(b). These statutory limits on annual directors' compensation are implemented by revised § 932.17(c)(1) of this interim final rule. Payments made in compliance with the limits and standards are deemed to be approved by the Finance Board for purposes of section 7(i).

The Finance Board understands that the new statutory limits generally would result in most directors receiving less compensation than that currently allowed pursuant to existing § 932.17. Nevertheless, that appears to be precisely what Congress intended. Moreover, based on the Finance Board's consultations with Congress, it is clear that Congress intended that no diminution in workload would result as a consequence of the reduced directors' compensation. Accordingly, for safety and soundness reasons, § 932.16 is revised to require that each Bank's board of directors continue to maintain its level of oversight of the management of the Bank. Consistent with this maintenance of effort standard, § 932.16 requires each Bank's board of directors to hold no fewer in-person meetings in any year than it has held on average over the immediately preceding three years, but a Bank may apply to the Finance Board for approval, upon a showing of good cause, to hold in any year fewer than the required number of in-person board meetings.

In addition, and consistent with Congressional intent, the Finance Board believes that directors should be compensated only for the performance of official Bank business and not simply for holding office. Accordingly, § 932.17 is revised to provide that, starting in 2000, a Bank may not pay fees to a director, such as retainer fees, that do not necessarily reflect actual performance by the director of official Bank business. Thus, a director who regularly fails to attend board or committee meetings may not be paid at all, and the Finance Board would consider such failure a dereliction of the director's fiduciary duties that would constitute cause for removal of the director, pursuant to section 2B(a)(2) of the Bank Act. *See* 12 U.S.C. 1422b(a)(2) (1994).

2. Removal of Selection and Compensation of Bank Officers and Employees Regulations—§§ 932.18 and 932.19

Section 12(a) of the Bank Act formerly made the selection and compensation of Bank officers and employees subject to Finance Board approval. *See* 12 U.S.C.

[1] The Modernization Act is Title VI of the Gramm-Leach-Bliley Act, Pub. L. No. 106–102, 113 Stat. 1338, enacted into law on November 12, 1999.

1432(a) (1994). Sections 932.18 and 932.19 of the Finance Board's regulations set forth requirements for the selection of Bank Presidents and other Bank officers and employees, and for the payment of compensation to Bank officers and employees. *See* 12 CFR 932.18, 932.19 (1999).

The Modernization Act amended section 12(a) of the Bank Act by removing the requirement for Finance Board approval in connection with the selection and compensation of Bank officers and employees. *See* Modernization Act, § 606(d)(1)(B). Accordingly, 932.18 and 932.19 of the Finance Board's regulations are removed.

B. Part 934—Operations of the Banks

1. Amendment of Bank Budgets Regulation—§ 934.7

The Bank Act does not provide explicitly for Finance Board approval of Bank budgets. However, pursuant to the Finance Board's supervisory responsibilities under the Bank Act, *see* 12 U.S.C. 1422a(a)(3), 1422b(a)(1) (1994), § 934.7 of the Finance Board's regulations establishes specific requirements for the Banks' preparation and reporting of budget and other financial information to the Finance Board. In addition, section 12(a) of the Bank Act formerly required prior Finance Board approval for a Bank to buy or erect a bank building to house the Bank, or to lease a bank building under a lease with a term of more than ten years. *See* 12 U.S.C. 1432(a) (1994). Section 934.7(a)(2) of the Finance Board's budget regulation implements this provision by providing that, pursuant to the requirement of section 12(a) of the Bank Act, a Bank must obtain prior approval of the Finance Board before purchasing or erecting, or leasing for a term of more than 10 years, a building to house the Bank. *See* 12 CFR 934.7(a)(2) (1999).

The Modernization Act amended section 12(a) of the Bank Act by removing the requirement for Finance Board approval of such Bank building transactions. See Modernization Act, 606(d)(1)(A). Accordingly, the requirement in paragraph (a)(2) for Finance Board approval of such transactions is removed from § 934.7. In addition, consistent with the devolution philosophy reflected in this interim final rule, the Finance Board has determined that the Banks should no longer be required to submit to the Finance Board the budget and other financial reports required by §§ 934.7(b) through (e). Accordingly, §§ 934.7(b) through (e) are removed.

2. Amendment of Bank Bylaws Regulation—§ 934.16

Section 12(a) of the Bank Act formerly provided that the Banks had the power, by their boards of directors, to prescribe, amend, and repeal bylaws governing the manner in which their affairs may be administered, subject to the approval of the Finance Board. *See* 12 U.S.C. 1432(a) (1994). Section 934.16 of the Finance Board's regulations allows the Banks to adopt, amend or repeal their bylaws without Finance Board approval, as long as the bylaws or amendments are consistent with applicable statutes, regulations and Finance Board policies. *See* 12 CFR 934.16 (1999).

The Modernization Act amended section 12(a) of the Bank Act by removing the requirement for Finance Board approval of Bank bylaws, provided that the bylaws are consistent with applicable laws and regulations, as administered by the Finance Board. *See* Modernization Act, § 606(d)(1)(C). The Finance Board believes that, as a matter of sound corporate governance practice, the Banks should have bylaws governing the manner in which the Banks' affairs are conducted. Accordingly, § 934.16 is revised to provide that a Bank's board of directors shall have in effect at all times bylaws governing the manner in which the Bank administers its affairs, and that such bylaws shall be consistent with applicable laws and regulations as administered by the Finance Board.

3. Amendment of Bank Dividends Regulation—§ 934.17

Section 16(a) of the Bank Act formerly provided generally that dividends may be paid by the Banks out of previously retained earnings or current net earnings only with the approval of the Finance Board. *See* 12 U.S.C. 1436(a) (1994). Section 6(g) of the Bank Act provides that all stock of any Bank shall share in dividend distributions without preference. *See* 12 U.S.C. 1426(g) (1994). Section 934.17 of the Finance Board's regulations implements these statutory provisions by providing generally that the board of directors of each Bank, with the approval of the Finance Board, may declare and pay a dividend from net earnings, including previously retained earnings, on the paid-in value of capital stock held during the dividend period. *See* 12 CFR 934.17 (1999). Section 934.17 also provides that dividends on such stock shall be computed without preference and only for the period such stock was outstanding during the dividend period. *See id.* In addition, dividend payments by the Banks have been subject to a Finance Board Dividend Policy, *see* Finance Board Res. No. 90–38 (Mar. 15, 1990), as well as Board of Directors Resolutions approving specific Bank dividend payments, that established specific conditions for approval of such dividend payments, including that the dividend payment would not result in a projected impairment of the par value of the capital stock of the Bank.

The Modernization Act amended section 16(a) of the Bank Act by removing the requirement for Finance Board approval of Bank dividend payments. *See* Modernization Act, section 606(g)(1)(B). In addition, under the Modernization Act, section 6(g) remains in effect during a transition period until the Finance Board has adopted capital regulations and approved the capital structure plans of the Banks, after which period section 6(g) is repealed. *See id.* section 608.

Because the payment of dividends no longer requires the approval of the Finance Board, the Finance Board believes the determination of the applicable dividend period for such payments also should be a discretionary decision of the Banks. Therefore, § 934.17 of the Finance Board's regulations is revised to eliminate references to the dividend period during which capital stock is held. However, the Finance Board believes that, for safety and soundness reasons, the capital stock impairment restriction currently imposed pursuant to the Dividend Policy should continue to apply. Accordingly, § 934.17 of the Finance Board's regulations is revised to provide that a Bank's board of directors may declare and pay a dividend only from previously retained earnings or current net earnings, and only if such payment will not result in a projected impairment of the par value of the capital stock of the Bank. Section 934.17 also provides that dividends on such capital stock shall be computed without preference.

Consistent with these regulatory amendments, the Finance Board intends to rescind by separate resolution its Dividend Policy as no longer necessary.

C. Part 950—Bank Advances

1. Removal of Requirement for Finance Board Approval of Bank Forms for Advances Applications, Advances Agreements and Security Agreements—§ 935.4(d)(2)

Section 9 of the Bank Act formerly required that applications from members for Bank advances must be ''in such form as shall be required by the [Bank] with the approval of the [Finance] Board.'' *See* 12 U.S.C. 1429

(1994). In addition, section 10(d) of the Bank Act formerly required that members enter into an obligation to repay the advance, ''in such form as shall meet the requirements of the [B]ank and the approval of the [Finance] Board.'' *See id.* section 1430(d). Section 935.4(d)(2) of the Finance Board's regulations provides that each Bank's forms for all advances applications, advances agreements and security agreements are deemed approved by the Finance Board if such forms are consistent with the requirements of part 935. *See* 12 CFR 935.4(d)(2) (1999). Section 935.4(d)(2) also requires each Bank to provide copies of its current forms for all advances agreements and security agreements, and any substantive revisions thereto, to the Finance Board. *See id.*

The Modernization Act amended section 9 of the Bank Act by removing the requirement for Finance Board approval of Bank advances application forms. *See* Modernization Act, section 606(f)(1)(A). In addition, the Modernization Act amended section 10(d) of the Bank Act by removing the requirement for Finance Board approval of Bank forms for the repayment of advances. *See id.* section 606(f)(2)(B)(i). Accordingly, a regulatory provision governing Finance Board approval of Bank forms for advances applications, advances agreements and security agreements is no longer necessary, and § 935.4(d)(2) is removed.

2. Removal of Requirement for Finance Board Approval of Bank Approvals of Conditional Advances—§ 935.5(a)(2)

Section 9 of the Bank Act formerly required that a Bank may, subject to the approval of the Finance Board, grant an application for advances on such conditions as the Bank may prescribe. *See* 12 U.S.C. 1429 (1994). Section 935.5(a)(2) of the Finance Board's regulations implements this provision by providing that a Bank, in its discretion, may approve a member's application for an advance subject to such additional terms as the Bank may prescribe, pursuant to the provisions of the Bank Act, part 935, and any policy guidelines of the Finance Board. *See* 12 CFR 935.5(a)(2) (1999).

The Modernization Act amended section 9 of the Bank Act by removing the requirement for Finance Board approval in connection with Bank conditional advances. *See* Modernization Act, section 606(f)(1)(B). Accordingly, a regulatory provision governing Finance Board approval of Bank conditional advances is no longer necessary, and § 935.5(a)(2) is removed.

3. Removal of Requirement for Finance Board Approval of Bank Transfers of Advances and Advance Participations—§ 935.16

Section 10(d) of the Bank Act formerly required that: ''[s]ubject to the approval of the [Finance] Board, any [Bank] shall have power to sell to any other [Bank], with or without recourse, any advance made under the provisions of this chapter, or to allow to such [Bank] a participation therein, and any other [Bank] shall have power to purchase such advance or to accept a participation therein, together with an appropriate assignment of security therefor.'' *See* 12 U.S.C. 1430(d) (1994). Section 935.16 of the Finance Board's regulations allows the Banks to purchase and sell advance participations without the approval of the Finance Board, subject to the approval of the boards of directors of the relevant Banks. *See* 12 CFR 935.16 (1999). The Finance Board currently approves proposed Bank transfers of whole advances pursuant to Chairman's Orders that set forth certain conditions for the approval. The Finance Board recently proposed amending § 935.16 to allow the Banks to approve the transfer of whole advances, in addition to advance participations, without Finance Board approval, subject to the transfers meeting certain conditions derived in part from the Chairman's Orders. *See* 64 FR 44444 (Aug. 16, 1999).

The Modernization Act amended section 10(d) of the Bank Act by removing the requirement for Finance Board approval in connection with transfers of Bank advances and advance participations. *See* Modernization Act, section 606(f)(2)(B)(ii). Accordingly, a regulatory provision governing transfers of Bank advances and advance participations is no longer necessary, and § 935.16 is removed. The Finance Board by separate action has withdrawn its proposed transfer of advances regulation, *see* Docket # 99–63 (Dec. 14, 1999).

III. Regulatory Flexibility Act

Because no notice of proposed rulemaking is required for this interim final rule, the provisions of the Regulatory Flexibility Act, 5 U.S.C. section 601 *et seq.*, do not apply. Moreover, the interim final rule applies only to the Banks, which do not come within the meaning of ''small entities,'' as defined in the Regulatory Flexibility Act. *See id.* section 601(6).

IV. Paperwork Reduction Act

This interim final rule does not contain any collections of information pursuant to the Paperwork Reduction Act of 1995. *See* 44 U.S.C. 3501 *et seq.* Therefore, the Finance Board has not submitted any information to the Office of Management and Budget for review.

V. Notice and Public Participation

The Finance Board for good cause finds that the notice and public comment procedure required by the Administrative Procedure Act is impracticable, unnecessary or contrary to the public interest in this instance, because the changes made by this interim final rule implement recently enacted statutory amendments that rendered obsolete certain provisions of the Finance Board's regulations. *See* 5 U.S.C. 553(b)(3)(B).

List of Subjects in 12 CFR Parts 932, 934, and 935

Community development, Credit, Federal home loan banks, Housing, Reporting and recordkeeping requirements.

Accordingly, the Finance Board hereby amends title 12, chapter IX, parts 932, 934, and 935, Code of Federal Regulations, as follows:

PART 932–DIRECTORS, OFFICERS, AND EMPLOYEES OF THE BANKS

1. The authority citation for part 932 is revised to read as follows:

Authority: 12 U.S.C. 1422a(a)(3), 1422b(a), 1426, 1427, and 1432.

2. Revise § 932.16 to read as follows:

§ 932.16 Site and frequency of board of directors and committee meetings.

(a) *Site.* Meetings of a Bank's board of directors and committees thereof usually should be held within the district served by the Bank. No meetings of a Bank's board of directors and committees thereof may be held in any location that is not within the United States, including its possessions and territories.

(b) *Maintenance of effort.* (1) Notwithstanding the limits on annual directors' compensation established by section 7(i) of the Act, as amended, the board of directors of each Bank shall continue to maintain its level of oversight of the management of the Bank, and, except as provided in paragraph (b)(2), the board of directors shall hold no fewer in-person meetings in any year than it has held on average over the immediately preceding three years.

(2) A Bank may apply to the Finance Board for approval, upon a showing of good cause, to hold in any year fewer than the number of in-person board of

directors meetings required under paragraph (b)(1).

3. Amend § 932.17 by:

a. Revising paragraphs (a) through (c); and

b. Adding paragraph (f), to read as follows:

§ 932.17 Compensation and expenses of Bank directors.

(a) *Definition.* As used in this section, compensation means any payment of money or provision of any other thing of value (or the accrual of a right to receive money or a thing of value in a subsequent year) in consideration of a director's performance of official duties for the Bank, including, without limitation, daily meeting fees, incentive payments and fringe benefits.

(b) *Annual compensation policy.* Beginning in 2000 and annually thereafter, each Bank's board of directors shall adopt by resolution a written policy to provide for the payment to Bank directors of reasonable compensation for the performance of their duties as members of the Bank's board of directors, subject to the requirements set forth in paragraph (c) of this section. At a minimum, such policy shall address the activities or functions for which attendance is necessary and appropriate and may be compensated, and shall explain and justify the methodology for determining the amount of compensation to be paid to directors.

(c) *Policy requirements.* Payment to directors under each Bank's policy on director compensation may be based upon factors that the Bank determines to be appropriate, but each Bank's policy shall conform to the following requirements:

(1) *Statutory limits on annual compensation.* Pursuant to section 7(i) of the Act, as amended, for 2000, the following limits on compensation shall apply: for a Chairperson—$25,000; for a Vice Chairperson—$20,000; for any other member of the Bank's board of directors—$15,000. Beginning in 2001 and for subsequent years, these limits on annual compensation shall be adjusted annually by the Finance Board to reflect any percentage increase in the preceding year's Consumer Price Index (CPI) for all urban consumers, as published by the Department of Labor. Each year, as soon as practicable after the publication of the previous year's CPI, the Finance Board shall publish notice by **Federal Register**, distribution of a memorandum, or otherwise, of the CPI-adjusted limits on annual compensation.

(2) *Compensation permitted only for performance of official Bank business.* The total compensation received by each director in a year shall reflect the amount of time spent on official Bank business, such that greater or lesser attendance at board and committee meetings during a given year will be reflected in the compensation received by the director for that year. A Bank shall not pay fees to a director, such as retainer fees, that do not reflect the director's performance of official Bank business.

* * * * *

(f) *Approval.* Payments made to directors in compliance with the limits on annual directors' compensation and the standards set forth in this section are deemed to be approved by the Finance Board for purposes of section 7(i) of the Act, as amended.

4. Remove §§ 932.18 and 932.19, and reserve subpart C.

PART 934–OPERATIONS OF THE BANKS

5. The authority citation for part 934 continues to read as follows:

Authority: 12 U.S.C. 1422a, 1422b, 1431(g), 1432(a), and 1442.

6. Amend § 934.7 by:

a. Removing the words ''and reporting requirements'' from the heading;

b. Removing paragraphs (a)(2), (b), (c), (d) and (e); and

c. Redesignating paragraphs (a)(1), (3), (4) and (5) as paragraphs (a), (b), (c) and (d), respectively.

7. Revise § 934.16 to read as follows:

§ 934.16 Bank bylaws.

A Bank's board of directors shall have in effect at all times bylaws governing the manner in which the Bank administers its affairs, and such bylaws shall be consistent with applicable laws and regulations as administered by the Finance Board.

8. Revise § 934.17 to read as follows:

§ 934.17 Bank dividends.

A Bank's board of directors may declare and pay a dividend only from previously retained earnings or current net earnings, and only if such payment will not result in a projected impairment of the par value of the capital stock of the Bank. Dividends on such capital stock shall be computed without preference.

PART 935—ADVANCES

9. The authority citation for part 935 continues to read as follows:

Authority: 12 U.S.C. 1422a(a)(3), 1422b(a)(1), 1426, 1429, 1430, 1430b and 1431.

§ 935.4 [Amended]

10. Amend § 935.4 by:

a. Removing paragraph designation (d)(1); and

b. Removing paragraph (d)(2).

§ 935.5 [Amended]

11. Amend § 935.5 by:

a. Removing paragraph (a)(2); and

b. Redesignating paragraph (a)(3) as paragraph (a)(2).

§ 935.16 [Removed]

12. Remove § 935.16.

Dated: December 14, 1999.

By the Board of Directors of the Federal Housing Finance Board.

Bruce A. Morrison,

Chairman.

[FR Doc. 99–33069 Filed 12–20–99; 8:45 am]

BILLING CODE 6725–01–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 96–NM–194–AD; Amendment 39–11467; AD 99–26–08]

RIN 2120–AA64

Airworthiness Directives; Airbus Model A310 and A300–600 Series Airplanes

AGENCY: Federal Aviation Administration, DOT.

ACTION: Final rule.

SUMMARY: This amendment adopts a new airworthiness directive (AD), applicable to certain Airbus Model A310 and A300–600 series airplanes, that requires replacement of the rudder trim switch in the flight compartment with a new switch having a longer shaft; modification of wiring in panel 408VU; and replacement of the rudder trim control knob with an improved new knob. This amendment is prompted by issuance of mandatory continuing airworthiness information by a foreign civil airworthiness authority. The actions specified by this AD are intended to prevent inadvertent and uncommanded rudder trim activation, which could result in yaw and roll excursions and consequent reduced controllability of the airplane.

DATES: Effective January 25, 2000.

The incorporation by reference of certain publications listed in the regulations is approved by the Director of the Federal Register as of January 25, 2000.

ADDRESSES: The service information referenced in this AD may be obtained