B. Section-by-Section Analysis

Proposed Section 701.22(a)(1)

Deletes the requirement that the participation agreement precede disbursement of the loan but retains the requirement of a participation agreement and that the participation be made with ''eligible organizations.''

Proposed Section 701.22(b)(2)

The phrase ''prior to final disbursement'' has been eliminated.

Proposed Section 701.22(c)(4)

A phrase has been added to the ''originating lender'' approval provision requiring the FCU to use the same underwriting standard for participation loans as those used for loans not being sold as participation loans unless there is a participation agreement in place prior to the disbursement of the loan. An additional sentence has also been added, requiring that, where a participation agreement is in place prior to disbursement, either the originating credit union's loan policies or the participation agreement addresses participation loan underwriting standards.

Proposed Section 701.22(d)(1)

A phrase has been added to the ''non originating lender'' approval provision requiring the FCU to have a participation policy in place prior to entering into a participation agreement.

C. Regulatory Procedures

Regulatory Flexibility Act

The Regulatory Flexibility Act requires the NCUA to prepare an analysis to describe any significant economic impact any regulation may have on a potential number of small credit unions (primarily those under $1 million in assets). The NCUA Board has determined and certifies under the authority granted in 5 U.S.C. 605(b) that the proposed rule, if adopted, will not have a significant economic impact on a substantial number of small credit unions. Accordingly, the NCUA Board has determined that a Regulatory Flexibility Analysis is not required.

Paperwork Reduction Act

These amendments do not change the paperwork requirements.

Executive Order 12612

This amendment does not affect state regulation of credit unions. It implements provisions of the Federal Credit Union Act applying only to federal credit unions.

List of Subjects in 12 CFR Part 701

Credit, Credit unions, Reporting and recordkeeping requirements.

By the National Credit Union Administration Board on July 27, 1995.

Becky Baker,

Secretary of the Board.

Accordingly, NCUA proposes to amend 12 CFR chapter VII as follows:

PART 701—ORGANIZATION AND OPERATION 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, 1789 and Pub. L. 101–73. 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. 1981 and 42 U.S.C. 3601–3610.
Section 701.35 is also authorized by 12 U.S.C. 4311–4312.

2. Section 701.22 is amended by revising paragraphs (a)(1), (b)(2), (c)(4) and (d)(1) to read as follows:

§ 701.22   Loan participation.

(a) * * *

(1) *Participation loan* is a loan where one or more eligible organizations participates pursuant to a written agreement with the originating lender.

*   *   *   *   *

(b) * * *

(2) A written master participation agreement shall be properly executed, acted upon by the Federal credit union's board of directors or the investment committee and retained in the Federal credit union's office. The agreement shall include provisions which identify the participation loan or loans; and

*   *   *   *   *

(c) * * *

(4) Require the credit committee or loan officer to use the same underwriting standards for participation loans used for loans that are not being sold in a participation agreement unless there is a participation agreement in place prior to the disbursement of the loan. Where a participation agreement is in place prior to disbursement, either the credit union's loan policies or the participation agreement shall address any variance from non-participation loan underwriting standards.

(d) * * *

(1) Participate only in loans it is empowered to grant, having a participation policy in place which sets forth the loan underwriting standards

prior to entering into a participation agreement;

*   *   *   *   *

[FR Doc. 95–18892 Filed 8–1–95; 8:45 am]
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12 CFR Part 741

Requirements for Insurance

AGENCY: National Credit Union Administration (NCUA).

ACTION: Notice of proposed rulemaking.

SUMMARY: The proposed rule will consolidate all current regulations and requirements that apply to federally insured state-chartered credit unions (FISCUs) in one place, part 741, Requirements for Insurance. The proposal will not impose any new requirements on FISCUs.

DATES: Comments must be postmarked or posted on the NCUA electronic bulletin board by October 2, 1995.

ADDRESSES: Send comments to Becky Baker, Secretary of the Board, National Credit Union Administration Board, 1775 Duke Street, Alexandria, Virginia 22314–3428.

FOR FURTHER INFORMATION CONTACT: Linda Groth, State Program Officer, Office of Examination and Insurance, at the above address or telephone (703) 518–6360 or Mary Rupp, Staff Attorney, Office of General Counsel, at the above address or telephone (703) 518–6540.

SUPPLEMENTARY INFORMATION:

Request for Comments

The NCUA Board seeks comments on the proposed changes to part 741 of the NCUA Rules and Regulations.

Background

Part 741 applies to all credit unions whose accounts are insured by the National Credit Union Share Insurance Fund (NCUSIF). It applies to federal credit unions (FCUs), FISCUs and credit unions making application for insurance of accounts. It prescribes requirements for obtaining and maintaining federal insurance and for the payment of insurance premiums and an insurance capitalization deposit.

Part 741 also serves as a reference for FISCUs in determining which NCUA rules apply to them. It is NCUA's general practice, when a regulation for FCUs also applies to FISCUs, to refer to the regulation in part 741.

Some regulations that apply to FISCUs, however, are not currently included in part 741. Additionally, the Agreement for Insurance of Accounts, which outlines conditions for state-