leased buildings, non-market lease terms, and tract developments with unsold units;

- (d) Be based upon the definition of market value as set forth in § 722.2(f); and
- (e) Be performed by State licensed or certified appraisers in accordance with requirements set forth in this subpart.
- 4. Section 722.5 is amended by revising paragraph (b) to read as follows:

## §722.5 Appraiser independence.

- (b) Fee Appraisers. (1) If an appraisal is prepared by a fee appraiser, the appraiser shall be engaged directly by the credit union or its agent and have no direct or indirect interest, financial or otherwise, in the property or the transaction.
- (2) A credit union also may accept an appraisal that was prepared by an appraiser engaged directly by another financial services institution; if:
- (i) the appraiser has no direct or indirect interest, financial or otherwise, in the property or transaction; and
- (ii) the credit union determines that the appraisal conforms to the requirement of this regulation and is otherwise acceptable.

## Appendix A—[Removed]

5. Appendix A to Part 722 is removed. [FR Doc. 95-24690 Filed 10-3-95; 8:45 am] BILLING CODE 7535-01-U

## FEDERAL TRADE COMMISSION

## 16 CFR Part 436

Trade Regulation Rule: Disclosure **Requirements and Prohibitions** Concerning Franchising and Business **Opportunity Ventures** 

**AGENCY:** Federal Trade Commission. **ACTION:** Revocation of authorization to use disclosures prepared in compliance with the 1986 Uniform Franchise Offering Circular Guidelines in lieu of disclosures required by the Commission's Franchise Rule.

**SUMMARY:** On January 1, 1996, the Commission will revoke acceptance of disclosures prepared in accordance with the 1986 Uniform Franchise Offering Circular Guidelines ("UFOC"), adopted by the North American Securities Administrators Association ("NASAA") on November 21, 1986, for compliance with the pre-sale disclosure requirements of the Commission's Franchise Rule (16 CFR 436.1(a)-(e)). **DATES:** Authorization to prepare disclosures that comply with the 1986

UFOC Guidelines is revoked on January 1, 1996. UFOC disclosures required to be prepared, amended, revised, or filed on and after the revocation date by the Rule or state law must satisfy the requirements of the UFOC Guidelines as amended by NASAA on April 25, 1993, and approved by the FTC on December 30, 1993, (58 FR 69,224) for use in compliance with the Franchise Rule. **ADDRESSES:** Questions about Franchise Rule compliance obligations arising from this notice should be addressed to Franchise Rule Staff, Division of Marketing Practices, Federal Trade Commission, Washington, DC 20580.

FOR FURTHER INFORMATION CONTACT: Steven Toporoff, Division of Marketing Practices, Room 238, Federal Trade Commission, Washington, D.C. 20580 (202) 326-3135.

SUPPLEMENTARY INFORMATION: The Commission's trade regulation rule entitled "Disclosure Requirements and **Prohibitions Concerning Franchising** and Business Opportunity Ventures" ("Franchise Rule" or "Rule") (16 CFR Part 436) requires franchisors to provide pre-sale disclosures of material information to prospective franchisees. The form and content of the required disclosures is prescribed by §§ 436.1(a)-(e) of the Rule.

When the Rule was issued, the Commission authorized the use of an alternative disclosure format, known as the Uniform Franchise Offering Circular ("UFOC"), in lieu of the disclosures required by §§ 436.1(a)-(e) of the Rule (43 FR 59,614, 59,722). The UFOC had been prepared by state franchise law administrators to enable franchisors to use a single document to comply with the differing pre-sale disclosure requirements of the franchise registration and disclosure laws in their jurisdictions.

The Commission's initial approval of the UFOC extended only to disclosures that complied with the UFOC Guidelines as adopted by the Midwest Securities Commissioners Association ("MSCA") on September 2, 1975 (43 FR 69,614, 59,722). The Commission subsequently granted a petition from the MSCA's successor, the North American Securities Administrators Association ("NASAA"), for approval of amendments to the UFOC Guidelines that NASAA had adopted on November 21, 1986 (52 FR 22,686).

In a request filed July 2, 1993, NASAA asked the Commission to approve new amendments to the UFOC Guidelines, adopted on April 25, 1993 (Extra Edition, Bus. Fran. Guide (CCH), Rpt. No. 161 (May 25, 1993)). The Commission approved the amendments to the UFOC on December 30, 1993 (58 FR 69,224). The new amendments include significant changes and additions to the present Guidelines, most notably the requirement that UFOC disclosure documents use "plain English." After analyzing the differences between the amended UFOC and the Commission's Rule, the Commission found that, viewed as a whole, the amendments to the UFOC provide prospective franchisees with protection equal to or greater than that provided by the Franchise Rule.

In approving the amendments to the UFOC, the Commission authorized the use, as of January 1, 1994, of disclosures prepared in accordance with the amended UFOC Guidelines. At the same time, the Commission stated that it would revoke its prior authorization for preparation of disclosures in accordance with the 1986 UFOC Guidelines "effective six months to the day after the date on which the last state requiring pre-sale registration of a franchise adopts the amended UFOC Guidelines." The Commission added that "UFOC disclosures required to be prepared, amended, revised, or filed on and after the revocation date by the Rule or state law must satisfy the requirements of the UFOC Guidelines as amended by NASAA on April 25, 1993, for use in compliance with the Franchise Rule.' 58 FR at 69,225.

On July 28, 1995, the State of New York became the final franchise registration state to adopt the amendments to the UFOC. Accordingly, the revocation date for the Commission's acceptance of disclosure documents prepared according to the 1986 UFOC Guidelines should be January 28, 1996. The Commission, however, adopts January 1, 1996, as the revocation date of the 1986 UFOC Guidelines. A January 1, 1996, revocation date creates a brightline that would comport with the practice of many franchisors who use a calendar fiscal year. Moreover, a January 1, 1996, revocation date would be easier for franchise regulators to administer. The Commission notes that if it adopted a January 28, 1996, revocation date, then some franchisors would be able to delay converting to the amended UFOC until January 1997. This would delay the phase-in period of the amended UFOC unnecessarily and would deny many prospective franchisees the benefit of the significant improvements set forth in the new UFOC format. Finally, the Commission notes that a January 1, 1996, revocation date likely would cause minimal harm to franchisors. Franchisors have been on notice since December 30, 1993, that the