(b) *Acquisition strategy.*

(1) DOE and DOI shall select a royalty volume from specified leases for transfer usually over six-month periods.

(2) If logistics and crude oil quality are compatible with SPR receipt capabilities and requirements respectively, DOE may take the royalty oil directly from DOI and place it in SPR storage sites. Otherwise, DOE may competitively solicit suppliers to deliver oil of comparable value to the SPR in exchange for the receipt of royalty-in-kind oil.

(3) If, based on the market analysis described in paragraph (d) of this section, DOE determines there is a high probability that the cost to the Government can be reduced without significantly affecting national energy security goals, DOE may contract for delivery at a future date in expectation of lower prices and a higher quantity of oil in exchange. Conversely, it may schedule deliveries at an earlier date under the contract in anticipation of higher prices at later dates.

(4) Based on the market analysis in paragraph (d) of this section, DOE may, after consultation with DOI, suspend the transfer of royalty oil to DOE if it appears the added demand for oil will add significant upward pressure to prices either regionally or on a world-wide basis.

(c) *Fill requirements determination.* DOE shall develop SPR fill requirements for each solicitation based on an assessment of national energy security goals, the availability of royalty oil and storage capacity, and need for specific grades and quantities of crude oil.

(d) *Market analysis.*

(1) DOE may use prices on futures markets, spot markets, recent price movements, current and projected shipping rates, forecasts by the DOE Energy Information Administration, and any other analytic tools to determine the most desirable acquisition profile.

(2) A market analysis may also consider recent price changes, private inventory levels, oil acquisition by other stockpiling entities, the outlook for world oil production, incipient disruptions of supply or refining capability, logistical problems for moving petroleum products, macroeconomic factors, and any other considerations that may be pertinent to the balance of petroleum supply and demand.

(e) *Evaluation of royalty exchange offers.*

(1) DOE shall evaluate offers using:

(i) The criteria and requirements stated in the solicitation; and

(ii) The market analysis under paragraph (d) of this section.

(2) DOE shall require financial guarantees from contractors in the form of a letter of credit or equivalent financial assurance.

§ 626.8 Deferrals of contractually scheduled deliveries.

(a) *General.*

(1) DOE prefers to take deliveries of petroleum for the SPR at times scheduled under applicable contracts. However, in the event the market is distorted by disruption to supply or other factors, DOE may defer scheduled deliveries or request or entertain deferral requests from contractors.

(2) A contractor seeking to defer scheduled deliveries of oil to the SPR may submit a deferral request to DOE.

(b) *Deferral criteria.* DOE shall only grant a deferral request for negotiation under paragraph (c) of this section if it determines that DOE can receive a premium for the deferral paid in additional barrels of oil and, based on DOE's deferral analysis, that at least one of the following conditions exists:

(1) DOE can reduce the cost of its oil acquisition per barrel and increase the volume of oil being delivered to the SPR by means of the premium barrels required by the deferral process.

(2) DOE anticipates private inventories are approaching a point where unscheduled outages may occur.

(3) There is evidence that refineries are reducing their run rates for lack of feedstock.

(4) There is an unanticipated disruption to crude oil supply.

(c) *Negotiating terms.*

(1) If DOE decides to negotiate a deferral of deliveries, DOE shall estimate the market value of the deferral and establish a strategy for negotiating with suppliers the minimum percentage of the market value to be taken by the Government. During these negotiations, if the deferral request was initiated by DOE, DOE may consider any reasonable, customary, and applicable costs already incurred by the supplier in the performance of a valid contract for delivery. In no event shall such consideration account for any consequential damages or lost profits suffered by the supplier as a result of such deferral.

(2) DOE shall only agree to amend the contract if the negotiation results in an agreement to give the Government a fair and reasonable share of the market value.

[FR Doc. E6–18786 Filed 11–7–06; 8:45 am]

BILLING CODE 6450–01–P

FARM CREDIT ADMINISTRATION

12 CFR Parts 611, 612, 613, 614, and 615

RIN 3052–AC15

Organization; Standards of Conduct and Referral of Known or Suspected Criminal Violations; Eligibility and Scope of Financing; Loan Policies and Operations; Funding and Fiscal Affairs, Loan Policies and Operations, and Funding Operations; Regulatory Burden

AGENCY: Farm Credit Administration (FCA).

ACTION: Final rule.

SUMMARY: This final rule is intended to reduce regulatory burden on the Farm Credit System (FCS or System) by repealing or revising five regulations. The final rule also corrects eight outdated and erroneous cross-references in five regulation sections. These revisions provide System banks and associations with greater flexibility concerning stock ownership of service corporations, employee reporting under standards of conduct rules, domestic lending to cooperatives, and real property evaluations for certain business loans.

DATES: *Effective Date:* These regulations will be effective 30 days after publication in the **Federal Register** during which either or both houses of Congress are in session. We will publish a notice of the effective date in the **Federal Register**.

FOR FURTHER INFORMATION CONTACT: Jacqueline R. Melvin, Associate Policy Analyst, Office of Regulatory Policy, Farm Credit Administration, McLean, VA 22102–5090, (703) 883–4414, TTY (703) 883–4434; or Howard I. Rubin, Senior Counsel, Office of General Counsel, Farm Credit Administration, McLean, VA 22102–5090, (703) 883–4020, TTY (703) 883–4020.

SUPPLEMENTARY INFORMATION:

I. Objective

The objective of this rule is to reduce regulatory burden by repealing and/or revising regulations and correcting outdated and erroneous regulations.

II. Background

On March 28, 2006, we invited the public to comment on five proposed changes to our regulations. *See* 71 FR 15343. The comment period was scheduled to close on May 30, 2006. However, on May 26, 2006, the Independent Community Bankers of America requested that the FCA extend

the comment period. On June 15, 2006, we reopened the comment period until July 17, 2006. *See* 71 FR 34549.

We also published a separate notice in the **Federal Register** on March 28, 2006, explaining how we addressed or will address comments we received as part of the 2003 solicitation, including the reasons why we are not changing certain regulations at this time. *See* 71 FR 15413. Our proposed rule addressed the following issues:

A. *Service corporations.* Clarifying that service corporations are not required to offer stock to every System bank and association.

B. *Standards of conduct.* Allowing new System employees to report to the Standards of Conduct official within 5 days after starting employment.

C. *Cooperative eligibility.* Eliminating the 10-percent limitation on dividends in determining a cooperative's eligibility to borrow from a title III System lender.

D. *Appraisal requirements.* Eliminating a requirement for a Uniform Standards of Professional Appraisal Practices (USPAP) compliant real property appraisal for business loans between $250,000 and $1 million.

E. *Bankers' acceptance financing.* Repealing an outdated regulation pertaining to the purchase of bankers' acceptances by the Federal Farm Credit Banks Funding Corporation from an agricultural credit bank.

We also proposed to correct outdated and erroneous cross-references affecting two regulations governing title III lending.

III. Comments Received

We received 275 comment letters. Overall, supporters aligned with the System commented favoring our five proposed amendments, while those aligned with non-System lenders commented opposing two of our proposed amendments. Additionally, our proposed amendment pertaining to cooperative eligibility rules were supported by three independent groups, the National Council of Farm Credit Cooperatives, the Minnesota Association of Cooperatives, and the Iowa Institute for Cooperatives.

Comments from five System banks, 59 System associations and the Farm Credit Council, on behalf of its members, urged FCA to move forward on its five proposed amendments. Also, in response to our 2003 regulatory burden solicitation, some System supporters asked that we implement changes on all regulations for which we received comments. As stated in section II above, we addressed the 2003 solicitation comments in a separate notice in the **Federal Register** on March 28, 2006.

Comments from 129 commercial banks, eight individuals and, on behalf of their members, the Independent Community Bankers of America, the Independent Bankers of Colorado, the Independent Bankers of Minnesota, and the Community Bankers of Wisconsin opposed our proposed amendments to eliminate: (1) The 10-percent dividend limitation on cooperatives borrowing from a title III System lender; and (2) the requirement for a USPAP-compliant appraisal on certain business loans.

After careful consideration of all the comments, we are adopting all five proposed amendments as final without change. In this final rule, we also make eight technical and conforming changes to five regulation sections governing title III System lenders; six changes are made to correct outdated and erroneous cross-references and two changes are made to remove references to deleted § 614.4710. Three of the cross-reference changes were part of our proposed rule and are adopted without change. We also made five additional technical and conforming changes in the final rule. We find that publishing a notice and asking for public comment on these changes is unnecessary and impractical because they are not substantive and merely correct and update cross-references in other related parts of our rules.

IV. Section-by-Section Discussion of Comments to the Five Amendments

A. Section 611.1135—Incorporation of Service Corporations

We proposed to amend the relevant sentence of § 611.1135(b) to clarify that service corporations are not required to offer stock to every System bank and association. We did not receive any specific comments on this proposal. We are adopting this proposal as final.

B. Section 612.2155—Employee Reporting

We proposed to amend § 612.2155(d) to require a newly hired employee to complete a standards of conduct report not later than 5 business days after the new employee's start date. We did not receive any specific comments on this proposal. We are adopting this proposal as final.

C. Section 613.3100—Domestic Lending—Banks Operating Under Title III of the Farm Credit Act

Section 3.8(a) of the Farm Credit Act of 1971, as amended (Act),[1] provides that an agricultural or aquatic cooperative (that meets statutory minimum levels of farmer ownership and business with members) is eligible for financing from a title III System lender if it conforms to either of the two following requirements:

(1) No member of the association is allowed more than one vote because of the amount of stock or membership capital he may own therein; or

(2) Does not pay dividends on stock or membership capital in excess of such per centum per annum as may be approved under regulations of the Farm Credit Administration * * *.[2]

Current § 613.3100(b)(1)(iii) provides that an eligible cooperative must comply with one of the following two conditions:

(A) No member of the cooperative shall have more than one vote because of the amount of stock or membership capital owned therein; or

(B) The cooperative restricts dividends on stock or membership capital to 10 percent per year or the maximum percentage per year permitted by applicable state law, whichever is less.

We proposed to delete the 10-percent limitation, allowing state law to govern compliance with the dividend requirement.

Commenters who supported the amendment stated that the amendment would be of significant benefit as cooperatives continue to develop new ownership structures and capital plans. Other commenters stated changes to the eligibility provisions in title III of the Act will be necessary for System lenders to serve new farmer-owned businesses being created under state laws. These commenters further noted the limited effect of the regulatory change, stating that the 80-percent farmer voting control requirement contained in the Act remains a more serious obstacle for cooperatives.

Commenters who opposed the amendment asserted that the Act requires the FCA to set the dividend limit and that FCA cannot defer this authority and responsibility to the states. These commenters stated that FCA's proposal was therefore arbitrary and capricious. After careful consideration of these comments, we conclude that it is appropriate to adopt the proposed section as final for the following four reasons.

First, we note that Congress gave FCA substantial discretion in this area. Unlike section 3.8(a)(1), (a)(3), and (a)(4) of the Act, which prescribe very specific eligibility requirements for cooperatives,

[1] 12 U.S.C. 2129(a).

[2] As discussed below, even if one of these eligibility requirements is met, the Act has other requirements that must also be satisfied in order for a cooperative to borrow from a title III System lender.

section 3.8(a)(2) of the Act leaves the determination of the maximum dividend percentage solely to the discretion of FCA. It is an appropriate use of discretion for FCA to look to another authoritative source of applicable law—state law—in setting this limit. Moreover, our existing rule—10 percent per year or the maximum percentage per year permitted by applicable state law, whichever is less—already generally defers to state law because most states have an 8-percent limit.

Second, FCA's reference to state law is not ''arbitrary'' in this context because cooperatives that borrow from a title III System lender are usually a form of a state-chartered corporation whose organization and operations are governed by state law. Compliance with state law—for corporate formation requirements—always impacts the eligibility of a ''legal entity'' to borrow from the System. Therefore, we believe that it is reasonable for FCA to defer to state law—an external authoritative source—in adopting this cooperative eligibility rule.

Third, we disagree with commenters who stated that FCA should look to the Capper-Volstead Act's limitations on cooperative dividends. As we noted in the proposed rule's preamble, in the Farm Credit Act of 1971, Congress specifically eliminated the former Farm Credit law's reference to the Capper-Volstead Act (and its 8-percent dividend limitation) in providing for cooperative eligibility. Therefore, Capper-Volstead Act limitations are irrelevant and their application to FCS eligibility arguably violates congressional intent.

Fourth, after careful consideration of comments to the contrary, we conclude that FCA's proposed amendment would not have sweeping adverse effects and would not allow lending to all types of cooperatives. The Act specifically limits eligibility to agricultural cooperatives that meet very specific farmer ownership and business with members' requirements. Nothing in this rule alters those requirements. Moreover, three non-System organizations representing cooperatives commented that the proposed rule would benefit agricultural cooperatives and their farmer members.

For the reasons stated above, we are adopting the proposed amendment as final.

D. Section 614.4265—Real Property Evaluations

We proposed to eliminate the requirement for a USPAP-compliant real property appraisal for business loans between $250,000 and $1 million that are not otherwise exempt under our rules. Supporting commenters stated that the existing requirement is unduly burdensome and places System lenders at a competitive disadvantage because non-System lenders are not required to perform USPAP-compliant appraisals for these types of business loans. Commenters further added that the existing requirement does not necessarily ensure greater safety and soundness because a similar level of analysis is required for collateral evaluations.

Opposing commenters asserted that the deletion of the proposed amendment could create numerous safety and soundness problems because FCA does not have other safeguards in place like other Federal financial regulators. They stated that the Office of the Comptroller of the Currency's (OCC) regulations [3] provide safeguards that do not exist in FCA's regulations.

FCA believes that our regulations provide safeguards that are comparable to other financial regulators. Part 614, subpart F (''Collateral Evaluation Requirements'') of our regulations requires well-defined and effective collateral evaluation policies and standards which cover areas such as:

- Criteria for when USPAP collateral appraisals are required rather than a collateral evaluation;
- Accounting for market trends, volatility, and types of credit;
- Using an unbiased and qualified evaluator;
- Collateral evaluation standards found in § 614.4250 addressing such items as market value, highest and best use, and income-producing capacity;
- Evaluation requirements found in § 614.4260 addressing such items as appraiser certifications;
- Real property evaluations found in § 614.4265 addressing such items as the approach used and debt-servicing capacity;
- Personal and intangible property evaluations found in § 614.4266 addressing such items as comparisons of value, and USPAP Competency and Ethics Provisions; and
- Professional association membership.

Some commenters asserted that FCA's appraisal regulations pertaining to independence standards are not as stringent as the OCC regulations in 12 CFR 34.45.

FCA finds that its regulations on appraisal independence are as stringent as those of other regulators. Multiple FCA regulation sections address independence, such as:

- Section 614.4255, which is devoted exclusively to ''Independence Requirements,'' outlines clear prohibitions for directors, officers, employees, real estate appraisers, and fee appraisers. In addition, this section prohibits persons performing a collateral evaluation from involvement in credit decisions.
- Section 614.4240(n) defines qualified evaluators as persons who are competent, reputable, impartial, and have demonstrated sufficient training and experience.
- Section 614.4245(a)(3) requires System institution policies and standards to ensure that collateral evaluations are completed by a qualified evaluator in an unbiased manner.

Commenters also contended that removing the USPAP requirement could result in ''inflated land values.'' We believe that removing this requirement will not inflate collateral values and thus, will not adversely impact the System's safety and soundness. For business loans under $1 million, real property evaluations will be required. Section 614.4265 contains specific requirements of those real property evaluations such as:

- Determining market value that considers approaches using income capitalization, sales comparisons, and/or costs.
- Evaluating and documenting the income and debt-servicing capacity for the property and operation for transaction values over $250,000.
- Identifying nonagricultural influences.

Several commenters stated that Federal Reserve Regulation Y generally requires ''outside'' appraisals for transactions over $250,000, and that FCA's requirement should be the same. We believe our requirements are essentially the same. Regulation Y at 12 CFR 225.63(a)(1) requires appraisals by a state-certified or licensed appraiser for non-business loan transactions with values more than $250,000. FCA's requirements at § 614.4260(b)(1) also require appraisals by a state-certified or licensed appraiser for non-business loan transactions over $250,000. Regulation Y at 12 CFR 225.63(a)(5) requires an appraisal by a state-certified or licensed appraiser for a business loan transaction over $1 million. Section 614.4260(c)(2) also requires an appraisal by a state-certified or licensed appraiser for a business loan transaction over $1 million.

Several commenters stated that FCA's proposal regarding appraisal requirements for business loans was not comparable to other Federal financial regulators. FCA finds that its

[3] *See* 12 CFR 34.62 (addressing loan portfolio management and expertise on local markets).

requirements are very similar to those of other regulators. The amendment will make our regulations more comparable to the:

- Federal Reserve's regulation at 12 CFR 225.63(a)(5).
- Federal Deposit Insurance Corporation's regulation at 12 CFR 323.3(a)(5).
- Office of Thrift Supervision's regulation at 12 CFR 464.3(a)(5).
- OCC's regulation at 12 CFR 34.43(a)(5).

For the reasons stated above, we are adopting the proposed amendment as final.

E. Section 614.4710—Bankers' Acceptance Financing

We proposed to delete § 614.4710, pertaining to bankers' acceptance financing, in its entirety. We did not receive any specific comments on this proposal. We are adopting this proposal as final.

V. Regulatory Flexibility Act

Pursuant to section 605(b) of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*), FCA hereby certifies that the final rule will not have a significant economic impact on a substantial number of small entities. Each of the banks in the Farm Credit System, considered together with its affiliated associations, has assets and annual income in excess of the amounts that would qualify them as small entities. Therefore, FCS institutions are not ''small entities'' as defined in the Regulatory Flexibility Act.

List of Subjects

12 CFR Part 611

Agriculture, Banks, banking, Rural areas.

12 CFR Part 612

Agriculture, Banks, banking, Conflicts of interest, Crime, Investigations, Rural areas.

12 CFR Part 613

Agriculture, Banks, banking, Credit, Rural areas.

12 CFR Part 614

Agriculture, Banks, banking, Foreign trade, Reporting and recordkeeping requirements, Rural areas.

12 CFR Part 615

Accounting, Agriculture, Banks, banking, Government securities, Investments, Rural areas.

■ For the reasons stated in the preamble, parts 611, 612, 613, 614, and 615 of chapter VI, title 12 of the Code of Federal Regulations are amended as follows:

PART 611—ORGANIZATION

■ 1. The authority citation for part 611 is revised to read as follows:

Authority: Secs. 1.3, 1.4, 1.13, 2.0, 2.1, 2.10, 2.11, 3.0, 3.2, 3.21, 4.12, 4.12A, 4.15, 4.20, 4.21, 5.9, 5.10, 5.17, 6.9, 6.26, 7.0–7.13, 8.5(e) of the Farm Credit Act (12 U.S.C. 2011, 2012, 2021, 2071, 2072, 2091, 2092, 2121, 2123, 2142, 2183, 2184, 2203, 2208, 2209, 2243, 2244, 2252, 2278a–9, 2278b–6, 2279a–2279f–1, 2279aa–5(e)); secs. 411 and 412 of Pub. L. 100–233, 101 Stat. 1568, 1638; secs. 409 and 414 of Pub. L. 100–399, 102 Stat. 989, 1003, and 1004.

Subpart I—Service Organizations

■ 2. Amend § 611.1135 by revising paragraph (b) to read as follows:

§ 611.1135 Incorporation of service corporations.

* * * * *

(b) *Who may own equities in your service corporation?*

(1) Your service corporation may only issue voting and non-voting stock to:

(i) One or more Farm Credit banks and associations; and

(ii) Persons that are not Farm Credit banks or associations, provided that at least 80 percent of the voting stock is at all times held by Farm Credit banks or associations.

(2) For the purposes of this subpart, we define persons as individuals or legal entities organized under the laws of the United States or any state or territory thereof.

* * * * *

PART 612—STANDARDS OF CONDUCT AND REFERRAL OF KNOWN OR SUSPECTED CRIMINAL VIOLATIONS

■ 3. The authority citation for part 612 continues to read as follows:

Authority: Secs. 5.9, 5.17, 5.19 of the Farm Credit Act (12 U.S.C. 2243, 2252, 2254).

Subpart A—Standards of Conduct

■ 4. Amend 612.2155 by revising paragraph (d) to read as follows:

§ 612.2155 Employee reporting.

* * * * *

(d) A newly hired employee shall report matters required to be reported in paragraphs (a), (b), and (c) of this section to the Standards of Conduct Official 5 business days after starting employment and thereafter shall comply with the requirements of this section.

PART 613—ELIGIBILITY AND SCOPE OF FINANCING

■ 5. The authority citation for part 613 continues to read as follows:

Authority: Secs. 1.5, 1.7, 1.9, 1.10, 1.11, 2.2, 2.4, 2.12, 3.1, 3.7, 3.8, 3.22, 4.18A, 4.25, 4.26, 4.27, 5.9, 5.17 of the Farm Credit Act (12 U.S.C. 2013, 2015, 2017, 2018, 2019, 2073, 2075, 2093, 2122, 2128, 2129, 2143, 2206a, 2211, 2212, 2213, 2243, 2252).

Subpart B—Financing for Banks Operating Under Title III of the Farm Credit Act

■ 6. Amend § 613.3100 by revising paragraphs (b)(1)(iii)(B) and (d)(1) to read as follows:

§ 613.3100 Domestic lending.

* * * * *

(b) * * *

(1) * * *

* * * * *

(iii) * * *

(A) * * *

(B) The cooperative restricts dividends on stock or membership capital to the maximum percentage per year permitted by applicable state law.

* * * * *

(d) *Water and waste disposal facilities*—(1) *Eligibility.* A cooperative or a public agency, quasi-public agency, body, or other public or private entity that, under the authority of state or local law, establishes and operates water and waste disposal facilities in a rural area, as that term is defined by paragraph (a)(4) of this section, is eligible to borrow from a bank for cooperatives or an agricultural credit bank.

* * * * *

PART 614—LOAN POLICIES AND OPERATIONS

■ 7. The authority citation for part 614 continues to read as follows:

Authority: 42 U.S.C. 4012a, 4104a, 4104b, 4106, and 4128; secs. 1.3, 1.5, 1.6, 1.7, 1.9, 1.10, 1.11, 2.0, 2.2, 2.3, 2.4, 2.10, 2.12, 2.13, 2.15, 3.0, 3.1, 3.3, 3.7, 3.8, 3.10, 3.20, 3.28, 4.12, 4.12A, 4.13B, 4.14, 4.14A, 4.14C, 4.14D, 4.14E, 4.18, 4.18A, 4.19, 4.25, 4.26, 4.27, 4.28, 4.36, 4.37, 5.9, 5.10, 5.17, 7.0, 7.2, 7.6, 7.8, 7.12, 7.13, 8.0, 8.5 of the Farm Credit Act (12 U.S.C. 2011, 2013, 2014, 2015, 2017, 2018, 2019, 2071, 2073, 2074, 2075, 2091, 2093, 2094, 2097, 2121, 2122, 2124, 2128, 2129, 2131, 2141, 2149, 2183, 2184, 2201, 2202, 2202a, 2202c, 2202d, 2202e, 2206, 2206a, 2207, 2211, 2212, 2213, 2214, 2219a, 2219b, 2243, 2244, 2252, 2279a, 2279a–2, 2279b, 2279c–1, 2279f, 2279f–1, 2279aa, 2279aa–5); sec. 413 of Pub. L. 100–233, 101 Stat. 1568, 1639.

Subpart A—Lending Authorities

■ 8. Amend § 614.4010 by revising paragraphs (d)(1) and (d)(2) to read as follows:

§ 614.4010 Agricultural credit banks.

* * * * *

(d) * * *

(1) Eligible cooperatives, as defined in § 613.3100(b)(1), in accordance with §§ 614.4200, 614.4231, 614.4232, 614.4233, and subpart Q of part 614;

(2) Other eligible entities, as defined in § 613.3100(b)(2), in accordance with §§ 614.4200, 614.4231, and 614.4232;

* * * * *

§ 614.4020 [Amended]

■ 9. Amend § 614.4020 by:

■ a. Removing the reference "§ 613.3110" and adding in its place, the reference "§ 613.3100(b)(1)" in paragraph (a)(1); and

■ b. Removing the reference "§ 613.3110(c)" and adding in its place, the reference "§ 613.3100(b)(2)" in paragraph (a)(2).

Subpart F—Collateral Evaluation Requirements

§ 614.4265 [Amended]

■ 10. Amend § 614.4265 by removing paragraph (c) and redesignating paragraphs (d), (e), (f), (g), and (h) as (c), (d), (e), (f), and (g), respectively.

Subpart J—Lending and Leasing Limits

■ 11. Amend § 614.4355 by:

■ a. Revising paragraph (a)(8) to read as follows; and

■ b. Removing the reference "§ 614.4321" and adding in its place, the reference "§ 614.4720" in paragraph (a)(9).

§ 614.4355 Banks for cooperatives.

* * * * *

(a) * * *

(8) Commodity loans qualifying under § 614.4231: 50 percent.

* * * * *

Subpart Q—Banks for Cooperatives and Agricultural Credit Banks Financing International Trade

§ 614.4710 [Removed]

■ 12. Remove and reserve § 614.4710.

PART 615—FUNDING AND FISCAL AFFAIRS, LOAN POLICIES AND OPERATIONS, AND FUNDING OPERATIONS

■ 13. The authority citation for part 615 continues to read as follows:

Authority: Secs. 1.5, 1.7, 1.10, 1.11, 1.12, 2.2, 2.3, 2.4, 2.5, 2.12, 3.1, 3.7, 3.11, 3.25, 4.3, 4.3A, 4.9, 4.14B, 4.25, 5.9, 5.17, 6.20, 6.26, 8.0, 8.3, 8.4, 8.6, 8.7, 8.8, 8.10, 8.12 of the Farm Credit Act (12 U.S.C. 2013, 2015, 2018, 2019, 2020, 2073, 2074, 2075, 2076, 2093, 2122, 2128, 2132, 2146, 2154, 2154a, 2160, 2202b, 2211, 2243, 2252, 2278b, 2278b–6, 2279aa, 2279aa–3, 2279aa–4, 2279aa–6, 2279aa–7, 2279aa–8, 2279aa–10, 2279aa–12); sec. 301(a) of Pub. L. 100–233, 101 Stat. 1568, 1608.

Subpart Q—Bankers' Acceptances

■ 14. Revise § 615.5550 to read as follows:

§ 615.5550 Bankers' acceptances.

Banks for cooperatives may rediscount with other purchasers the acceptances they have created. The bank for cooperatives' board of directors, under established policies, may delegate this authority to management.

Dated: November 3, 2006.

Roland E. Smith,

Secretary, Farm Credit Administration Board.

[FR Doc. E6–18841 Filed 11–7–06; 8:45 am]

BILLING CODE 6705–01–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2006–25582; Directorate Identifier 2006–CE–42–AD; Amendment 39–14813; AD 2006–23–01]

RIN 2120–AA64

Airworthiness Directives; Pilatus Aircraft Ltd. Model PC–7 Airplanes

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: The FAA adopts a new airworthiness directive (AD) for certain Pilatus Aircraft Ltd. (Pilatus) Model PC–7 airplanes. This AD requires you to do repetitive eddy-current, non-destructive inspections of the nose skin and adjacent structure above the left and right main landing gear bay and repetitive visual inspections of the forward support structure of the floor panel for crack damage. If you find any crack damage, this AD requires you to contact Pilatus to obtain a repair solution and incorporate the repair. This AD results from mandatory continuing airworthiness information (MCAI) issued by the airworthiness authority for Switzerland. We are issuing this AD to detect and correct cracks in the nose skin and adjacent structure above the left and right main landing gear bay and in the forward support structure of the floor panel. Crack propagation in certain areas could lead to failure of the main wing torsion box, which could result in loss of control.

DATES: This AD becomes effective on December 13, 2006.

As of December 13, 2006, the Director of the Federal Register approved the incorporation by reference of certain publications listed in the regulation.

ADDRESSES: To get the service information identified in this AD, contact Pilatus Aircraft Ltd., Customer Liaison Manager, CH–6371 Stans, Switzerland; telephone: +41 41 619 63 19; fax: +41 41 619 6224.

To view the AD docket, go to the Docket Management Facility, U.S. Department of Transportation, 400 Seventh Street, SW., Nassif Building, Room PL–401, Washington, DC 20590–0001 or on the Internet at *http://dms.dot.gov.* The docket number is FAA–2006–25582; Directorate Identifier 2006–CE–42–AD.

FOR FURTHER INFORMATION CONTACT: Doug Rudolph, Aerospace Engineer, FAA, Small Airplane Directorate, 901 Locust, Room 301, Kansas City, Missouri 64106; telephone: (816) 329–4059; fax: (816) 329–4090.

SUPPLEMENTARY INFORMATION:

Discussion

On September 11, 2006, we issued a proposal to amend part 39 of the Federal Aviation Regulations (14 CFR part 39) to include an AD that would apply to certain Pilatus Model PC–7 airplanes. This proposal was published in the **Federal Register** as a notice of proposed rulemaking (NPRM) on September 15, 2006 (71 FR 54441). The NPRM proposed to require you to do repetitive eddy-current, non-destructive inspections of the nose skin and adjacent structure above the left and right main landing gear bay and repetitive visual inspections of the forward support structure of the floor panel for crack damage. If crack damage is found, the NPRM proposed to require you to contact Pilatus to obtain a repair solution and incorporate the repair.

Comments

We provided the public the opportunity to participate in developing this AD. The following presents the comments received on the proposal and FAA's response to each comment:

We received one comment from Pilatus Aircraft in favor of the proposed AD.