

the Commission to publish this final rule without providing a notice and comment period.

The Commission is making this final rule effective immediately upon publication in the **Federal Register** because it falls within the "good cause" exception to the thirty-day delayed effective date requirement set forth at section 553(d)(3) of the Administrative Procedure Act. See 5 U.S.C. 553(d)(3). The same reasons that justify the promulgation of this final rule without a notice and comment period, as set forth above, also justify making this final rule effective without the thirty-day delay. Otherwise, a thirty-day delay of the effective date would create a gap in the AFP between December 31, 2005, when the current regulation sunsets, and the delayed effective date.

The Commission is submitting this final rule to the Speaker of the House of Representatives and the President of the Senate pursuant to the Congressional Review of Agency Regulations Act, 5 U.S.C. 801(a)(1)(A), on December 15, 2005. Since this is a non-major rule, it is not subject to the delayed effective date provisions of 5 U.S.C. 801(a)(3).

Certification of No Effect Pursuant to 5 U.S.C. 605(b) (Regulatory Flexibility Act)

The provisions of the Regulatory Flexibility Act are not applicable to this final rule because the Commission was not required to publish a notice of proposed rulemaking or to seek public comment under 5 U.S.C. 553 or any other laws. 5 U.S.C. 603(a) and 604(a). Therefore, no regulatory flexibility analysis is required.

List of Subjects in 11 CFR Part 111

Administrative practice and procedures, Elections, Law enforcement.

■ For the reasons set out in the preamble, subchapter A, Chapter I of Title 11 of the Code of Federal Regulations is amended as follows:

PART 111—COMPLIANCE PROCEDURES (2 U.S.C. 437g, 437d(a))

■ 1. The authority for part 111 continues to read as follows:

Authority: 2 U.S.C. 437g, 437d(a), 438(a)(8); 28 U.S.C. 2461 nt.

■ 2. Section 111.30 is revised to read as follows:

§ 111.30 When will subpart B apply?

Subpart B applies to violations of the reporting requirements of 2 U.S.C. 434(a) committed by political committees and their treasurers that relate to the reporting periods that begin

on or after July 14, 2000 and end on or before December 31, 2008. This subpart, however, does not apply to reports that were due between January 1, 2004 and February 10, 2004 and that relate to reporting periods that begin and end between January 1, 2004 and February 10, 2004.

Dated: December 15, 2005.

Scott E. Thomas,

Chairman, Federal Election Commission.

[FR Doc. 05-24296 Filed 12-20-05; 8:45 am]

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FEDERAL RESERVE SYSTEM

12 CFR Part 203

[Regulation C; Docket No. R-1245]

Home Mortgage Disclosure

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final rule; staff commentary.

SUMMARY: The Board is publishing a final rule amending the staff commentary that interprets the requirements of Regulation C (Home Mortgage Disclosure). The staff commentary is amended to increase the asset-size exemption threshold for depository institutions based on the annual percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers. The adjustment from \$34 million to \$35 million reflects the increase of that index by 3.51 percent during the twelve-month period ending in November 2005. Thus, depository institutions with assets of \$35 million or less as of December 31, 2005, are exempt from data collection in 2006.

DATES: Effective January 1, 2006.

FOR FURTHER INFORMATION CONTACT: John C. Wood, Kathleen C. Ryan, or Dan S. Sokolov, Counsels, Division of Consumer and Community Affairs, at (202) 452-3667; for users of Telecommunications Device for the Deaf (TDD) only, contact (202) 263-4869.

SUPPLEMENTARY INFORMATION: The Home Mortgage Disclosure Act (HMDA; 12 U.S.C. 2801 *et seq.*) requires most mortgage lenders located in metropolitan areas to collect data about their housing-related lending activity. Annually, lenders must report that data to their federal supervisory agencies and make the data available to the public. The Board's Regulation C (12 CFR part 203) implements HMDA.

Provisions of the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (codified at 12 U.S.C.

2808(b)) amended HMDA to expand the exemption for small depository institutions. Prior to 1997, HMDA exempted depository institutions with assets totaling \$10 million or less, as of the preceding year-end. The statutory amendment increased the asset-size exemption threshold by requiring a one-time adjustment of the \$10 million figure based on the percentage by which the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPIW) for 1996 exceeded the CPIW for 1975, and provided for annual adjustments thereafter based on the annual percentage increase in the CPIW. The one-time adjustment increased the exemption threshold to \$28 million for 1997 data collection.

Section 203.2(e)(1)(i) of Regulation C provides that the Board will adjust the threshold based on the year-to-year change in the average of the CPIW, not seasonally adjusted, for each twelve-month period ending in November, rounded to the nearest million. Pursuant to this section, the Board has adjusted the threshold annually, as appropriate. In 2005, the Board raised the threshold to \$34 million.

During the period ending November 2005, the CPIW increased by 3.51 percent. As a result, the exemption threshold is raised to \$35 million. Thus, depository institutions with assets of \$35 million or less as of December 31, 2005, are exempt from data collection in 2006. An institution's exemption from collecting data in 2006 does not affect its responsibility to report the data it was required to collect in 2005.

Final Rule

Under the Administrative Procedure Act, notice and opportunity for public comment are not required if the Board finds that notice and public comment are unnecessary. 5 U.S.C. 553(b)(3)(B). The amendment in this notice is technical. Comment 2(e)-2 to section 203.2 of the regulation is amended to implement the increase in the exemption threshold. This amendment merely applies the formula established by Regulation C for determining adjustments to the exemption threshold. For these reasons, the Board has determined that publishing a notice of proposed rulemaking and providing opportunity for public comment are unnecessary. Therefore, the amendment is adopted in final form.

List of Subjects in 12 CFR Part 203

Banks, Banking, Federal Reserve System, Mortgages, Reporting and recordkeeping requirements.

■ For the reasons set forth in the preamble, the Board amends 12 CFR part 203 as follows:

PART 203—HOME MORTGAGE DISCLOSURE (REGULATION C)

■ 1. The authority citation for part 203 continues to read as follows:

Authority: 12 U.S.C. 2801–2810.

■ 2. In Supplement I to part 203, under section 203.2 Definitions, 2(e) *Financial Institution*, paragraph 2. is revised.

SUPPLEMENT I to PART 203—STAFF COMMENTARY

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§ 203.2 Definitions.

2(e) Financial Institution

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2. *Adjustment of exemption threshold for depository institutions.* For data collection in 2006, the asset-size exemption threshold is \$35 million. Depository institutions with assets at or below \$35 million are exempt from collecting data for 2006.

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By order of the Board of Governors of the Federal Reserve System, acting through the Director of the Division of Consumer and Community Affairs under delegated authority, December 15, 2005.

Jennifer J. Johnson,
Secretary of the Board.

[FR Doc. E5–7579 Filed 12–20–05; 8:45 am]

BILLING CODE 3510–22–P

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 723

Member Business Loans

AGENCY: National Credit Union Administration (NCUA).

ACTION: Final rule.

SUMMARY: NCUA is revising its member business loans (MBL) rule to clarify the minimum capital requirements a federally insured corporate credit union (corporate) must meet to make unsecured MBLs to members that are not credit unions or corporate credit union service organizations (corporate CUSOs). NCUA is also revising the definition of a construction or development loan (C&D loan) to include certain loans to borrowers who already own or have rights to property and the definition of net worth to be more consistent with its definition in the Federal Credit Union Act (Act) and NCUA's prompt corrective action regulation (PCA). Finally, the rule

clarifies that a state may rescind a state MBL rule without NCUA's approval.

DATES: This rule is effective January 20, 2006.

FOR FURTHER INFORMATION CONTACT:

Frank Kressman, Staff Attorney, at the above address, or telephone: (703) 518–6540.

SUPPLEMENTARY INFORMATION:

A. Background

In addition to making regulatory changes as the need arises, NCUA also reviews all of its existing regulations every three years. This review is conducted on a rolling basis so that a third of the regulations are reviewed each year. This helps NCUA update its regulations to address current regulatory concerns. NCUA provides notice to the public of those regulations under review so the public has an opportunity to comment. As a result of this process and comments received on a previous MBL rulemaking, NCUA issued proposed revisions to the MBL rule with a request for comments in April 2005. 70 FR 20487 (April 20, 2005).

B. Corporate Credit Union Capital Requirements

MBLs made by corporates to member credit unions and corporate CUSOs are exempt from the MBL rule. 12 CFR 704.7(e)(1), (2); 12 CFR part 723. MBLs made by corporates to other members, however, are subject to the MBL rule. Accordingly, when the MBL rule applies, a corporate must comply with the rule's collateral and security requirements. 12 CFR 723.7.

For example, one of the conditions a credit union must meet to make unsecured MBLs is to be "well capitalized as defined by § 702.102(a)(1)" of the PCA rule. 12 CFR 723.7(c)(1); 12 CFR part 702. The PCA rule, however, does not apply to corporates. 12 U.S.C. 1790d(m); 12 CFR 702.1(c). Rather, Corporate CUs generally must maintain a minimum capital ratio of four percent or a different minimum capital ratio under special circumstances. 12 CFR 704.3(d), (e). Accordingly, NCUA proposed to amend the MBL rule's capital requirements for unsecured MBLs to accommodate the differences between the general capital requirements for natural person credit unions and those for corporates. The proposed amendment is adopted in the final rule without change.

C. Definition of Net Worth

The definition of net worth in the MBL rule is slightly different than in the Act and PCA. 12 U.S.C. 1790d(o)(2); 12

CFR 702.2(f). To avoid confusion, NCUA proposed to revise the definition of net worth in the MBL rule to be the same as in PCA. The PCA rule's definition of net worth expands slightly the definition in the Act. The PCA and Act definitions both state that secondary capital accounts are counted in the net worth of low income credit unions. The proposed amendment is adopted in the final rule without change.

D. Definition of Construction or Development Loan

C&D loans are subject to more stringent regulatory limitations than other MBLs because C&D loans pose a significantly greater risk than other less speculative MBLs. Typically, NCUA has cited examples of C&D loans as including loans to finance development of: (1) Residential real estate projects, such as condominiums and single and multi-family housing; and (2) commercial real estate, such as hotels, strip malls, and office buildings. 56 FR 15053 (April 15, 1991). This type of lending is generally characterized by reliance on the anticipated future sale of the project or future cash flow of an uncompleted project to repay the loan. Id. Additionally, this type of lending is premised on the project being completed on time, within budget and a successful business enterprise. 56 FR 2723 (January 24, 1991). None of these conditions are assured and changing markets further complicate the underwriting analysis.¹ As a result, C&D loans are more speculative in nature than other MBLs.

The MBL rule's current definition of C&D loans is limited to financing arrangements for acquiring property or rights to property with the intent to convert it to an income producing property. This definition, by its terms, would exclude a loan if a borrower already owns or has rights to the property.

In the proposal, NCUA stated it believed an appropriate test for determining if a loan is a C&D loan is whether the loan will be used to renovate or otherwise develop a property for an income producing purpose. NCUA also stated it did not believe loans for these purposes, the essential nature of which is related to construction or development, should be excluded from the definition of C&D

¹ While the MBL rule contains collateral and security requirements and limits of various sorts, it does not require a credit union to employ specific underwriting methods. Rather, a credit union should establish an underwriting process that is tailored to the types of loans it makes, within the bounds of safety and soundness, and in conformity with industry best practices.