

**NATIONAL CREDIT UNION  
ADMINISTRATION****12 CFR Part 722****Federal Credit Unions; Miscellaneous  
Technical Amendment**

**AGENCY:** National Credit Union Administration (NCUA).

**ACTION:** Final rule.

**SUMMARY:** The National Credit Union Administration (NCUA) is amending its appraisal regulation regarding the transaction value for nonresidential loans that require an appraisal from a state-certified appraiser. This amendment is technical rather than substantive.

**DATES:** This rule is effective November 4, 2002.

**FOR FURTHER INFORMATION CONTACT:** Chrisanthy J. Loizos, Staff Attorney, Division of Operations, Office of General Counsel, (703) 518-6540, National Credit Union Administration, 1775 Duke Street, Alexandria, VA 22314-3428.

**SUPPLEMENTARY INFORMATION:** When adopting the Regulatory Flexibility Program in 2001, NCUA amended its appraisal rule to raise the threshold for requiring an appraisal for real estate-related financial transactions from those over \$100,000 to those over \$250,000. 66 FR 58656, 58662, Nov. 23, 2001. NCUA also removed the provision creating a different threshold for appraisals related to member business loans. *Id.* The amendment, therefore, raised the appraisal threshold for all real estate-related financial transactions, including member business loans, to \$250,000. The NCUA Board found that the raised appraisal threshold for a member business loan was consistent with the regulatory provisions adopted by the Federal banking agencies.

In the 2001 rulemaking, NCUA amended the transaction value threshold in paragraph (a)(1), the paragraph that requires certain types of transactions to have appraisals. 12 CFR 722.3(a). NCUA did not adjust the corresponding amount in paragraph (b)(2), the paragraph that determines the type of appraiser for certain nonresidential transactions, namely, member business loans. 12 CFR 722.3(b)(2). This has caused some confusion. Under paragraph (b)(2), only nonresidential transactions with a transaction value over \$250,000 require an appraisal by a state-certified appraiser. 12 CFR 722.2(e), 722.3(a)(1), 722.3(b)(2). Some credit unions, however, have read the requirement in paragraph (b)(2) as requiring an

appraisal for transactions with a value over \$50,000.

This amendment conforms the transaction value that triggers the requirement for a state-certified appraiser's appraisal in paragraph (b)(2) to the transaction value threshold in paragraph (a)(1), which initially determines if the rule requires any appraisal. The amendment clarifies that a federally insured credit union must have an appraisal prepared by a state-certified appraiser for a nonresidential transaction if the value of the transaction exceeds \$250,000.

**Regulatory Procedures***Final Rule Under the Administrative Procedure Act*

The amendment to the final rule is technical rather than substantive. NCUA finds good cause that notice and public comment are unnecessary under sec. 553(b)(B) of the Administrative Procedure Act (APA), 5 U.S.C. 553(b)(B).

**Effective Date**

NCUA also finds good cause to dispense with the 30-day delayed effective date requirement under sec. 553(d)(3) of the APA. The rule is technical rather than substantive. The rule will, therefore, be effective immediately upon publication of this notice.

*Regulatory Flexibility Act*

An initial regulatory flexibility analysis under the Regulatory Flexibility Act is required only when an agency is required to publish a general notice of proposed rulemaking for any proposed rule. 5 U.S.C. 603. As noted previously, NCUA has determined that it is unnecessary to publish a notice of proposed rulemaking for this rule. Accordingly, an initial regulatory analysis is not required. Moreover, since this final rule imposes no new requirements and makes only a technical amendment, NCUA has determined and certifies that this rule will not have any significant economic impact on a substantial number of small credit unions (primarily those under \$1 million in assets).

*Small Business Regulatory Enforcement Fairness Act*

Title II of the Small Business Regulatory Enforcement Fairness Act (SBREFA) of 1996 (Pub. L. 104-121) provides, generally, for congressional review of agency rules. A reporting requirement is triggered in instances where NCUA issues a final rule as defined by Section 551 of the Administrative Procedures Act. 5 U.S.C.

551. The Office of Management and Budget has reviewed this rule and has determined that for purposes of the Small Business Regulatory Enforcement Fairness Act of 1996 it is not a major rule.

*Paperwork Reduction Act*

NCUA has determined that the final rule does not increase paperwork requirements under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) and regulations of the Office of Management and Budget.

*Executive Order 13132 Statement*

Executive Order 13132 encourages independent regulatory agencies to consider the impact of their regulatory actions on state and local interests. In adherence to fundamental federalism principles, NCUA, an independent regulatory agency as defined in 44 U.S.C. 3502(5), voluntarily complies with the executive order. NCUA has determined that this final rule does not constitute a policy that has federalism implications for purposes of the executive order.

**List of Subjects in 12 CFR Part 722**

Credit unions, Mortgages, Reporting and recordkeeping requirements.

By the National Credit Union Administration Board on October 15, 2002.

**Becky Baker,**  
*Secretary of the Board.*

For the reasons stated in the preamble, NCUA amends 12 CFR chapter VII as set forth below:

**PART 722—APPRAISALS**

1. The authority citation for part 722 continues to read as follows:

**Authority:** 12 U.S.C. 1766, 1789, 3339.

**§ 722.3 [Amended]**

2. Section 722.3(b)(2) is amended by revising the number "50,000" to read "250,000."

[FR Doc. 02-28044 Filed 11-1-02; 8:45 am]

**BILLING CODE 7535-01-P**

**SMALL BUSINESS ADMINISTRATION****13 CFR Part 121**

**RIN 3245-AF00**

**Small Business Size Standards;  
Adoption of Size Standards by 2002  
North American Industry Classification  
System for Size Standards**

**AGENCY:** Small Business Administration (SBA).

**ACTION:** Direct final rule; correction.

**SUMMARY:** The Small Business Administration (SBA) is correcting the correction notice it published in the **Federal Register** on September 6, 2002. This notice inserts the heading "Subsector 454—Nonstore Retailers" into the table and corrects the misalignment of footnote 9 and footnote 10. The September 6, 2002, notice corrected the direct final rule that SBA published in the **Federal Register** on August 13, 2002, amending Small Business Size Regulations by incorporating the Office of Management and Budget's (OMB) 2002 modifications of the North American Industry Classification System (NAICS) into its table of small business size standards.

**DATES:** This correction is effective on October 1, 2002.

**FOR FURTHER INFORMATION CONTACT:** Carl Jordan, Program Analyst, Office of Size Standards, at (202) 205-6618 or [sizestandards@sba.gov](mailto:sizestandards@sba.gov).

**SUPPLEMENTARY INFORMATION:** SBA published a direct final rule in the **Federal Register** on August 13, 2002, (67 FR 52597) amending its Small Business Size Regulations by incorporating the Office of Management and Budget's (OMB) 2002 modifications of the North American Industry Classification System (NAICS) into its table of small business size standards. The August 13, 2002, **Federal Register** publication omitted dollar signs for many of the monetary-based size standards. Therefore, SBA published the September 6, 2002 (67 FR 56905) correction. It included the entire table of size standards, with monetary-based and employee-based size standards in different columns for ease of use.

The table omitted the heading "Subsector 454—Nonstore Retailers" in the table, and SBA is therefore adding it with this correction. It does not affect any NAICS code or size standard.

Also, SBA inadvertently appended footnote 9 and footnote 10 to the industry descriptions of NAICS codes 531210 and 531311. However, footnote 9 correctly applies to the description of the "Exception" in NAICS 531190, and footnote 10 correctly applies to the industry description of NAICS 531210. There is no footnote to NAICS 531311. The "Footnotes" section at the end of the table correctly matches footnote 9 to the description of the exception to NAICS 531190 and footnote 10 to the industry description of NAICS 531210.

In FR Doc. 02-22200 published on September 6, 2002 (67 FR 56905) make the following two corrections:

**§ 121.201 [Corrected]**

1. On page 56919, in § 121.201, in the table, in Sectors 44-45, Retail Trade, add the heading *Subsector 454—Nonstore Retailers* immediately below NAICS code 453998 and immediately above NAICS 454111, as set forth below:

**SMALL BUSINESS SIZE STANDARDS BY NAICS INDUSTRY**

NAICS codes	NAICS U.S. industry title	Size standards in millions of dollars	Size standards in number of employees
<b>Sectors 44-45—Retail Trade</b>			
*	*	*	*
<b>Subsector 453—Miscellaneous Store Retailers</b>			
*	*	*	*
453998	All Other Miscellaneous Store Retailers (except Tobacco Stores)	\$6.0	
<b>Subsector 454—Nonstore Retailers</b>			
454111	Electronic Shopping	21.0	
*	*	*	*

2. On page 56922, in § 121.201, in the table, in *Subsector 531—Real Estate*, the entries for NAICS 531190, NAICS 531210 and NAICS 531311 are corrected as set forth below:

**SMALL BUSINESS SIZE STANDARDS BY NAICS INDUSTRY**

NAICS codes	NAICS U.S. industry title	Size standards in millions of dollars	Size standards in number of employees
<b>Sector 53—Real Estate and Rental and Leasing</b>			
Subsector 531—Real Estate			
*	*	*	*
531190	Lessors of Other Real Estate Property	\$6.0	
<i>Except,</i>	Leasing of Building Space to Federal Government by Owners <sup>9</sup>	<sup>9</sup> 17.5	
531210	Offices of Real Estate Agents and Brokers <sup>10</sup>	<sup>10</sup> 1.5	

SMALL BUSINESS SIZE STANDARDS BY NAICS INDUSTRY—Continued

NAICS codes	NAICS U.S. industry title	Size standards in millions of dollars	Size standards in number of employees
531311	Residential Property Managers	1.5	
*	*	*	*

Dated: October 24, 2002.  
**Gary M. Jackson,**  
*Assistant Administrator.*  
 [FR Doc. 02-27503 Filed 11-1-02; 8:45 am]  
**BILLING CODE 8025-01-P**

**DEPARTMENT OF TRANSPORTATION**

**Federal Aviation Administration**

**14 CFR Part 39**

[Docket No. 2001-NE-43-AD; Amendment 39-12933; AD 2002-22-08]

RIN 2120-AA64

**Airworthiness Directives; Hartzell Propeller Inc., Model HD-E6C-3( ) Propellers**

**AGENCY:** Federal Aviation Administration, DOT.

**ACTION:** Final rule; request for comments.

**SUMMARY:** This amendment adopts a new airworthiness directive (AD) that is applicable to Hartzell Propeller Inc. model HD-E6C-3( ) propellers. This action requires replacement of the current design propeller blade thrust bearing with a new design propeller blade thrust bearing and visual and eddy current inspection (ECI) of propeller hubs for cracks. This amendment is prompted by reports of fractured thrust bearings observed during disassembly, one or more blades becoming jammed in position during operation, pitch change fork fractures causing loss of blade pitch control, and excessive vibration. The actions specified in this AD are intended to prevent loss of aircraft control due to loss of blade pitch control, inability to fully feather the propeller, hub fracture, and blade release.

**DATES:** Effective November 19, 2002. The incorporation by reference of certain publications listed in the rule is approved by the Director of the Federal Register as of November 19, 2002.

Comments for inclusion in the Rules Docket must be received on or before January 3, 2002.

**ADDRESSES:** Submit comments in triplicate to the Federal Aviation

Administration (FAA), New England Region, Office of the Regional Counsel, Attention: Rules Docket No. 2001-NE-43-AD, 12 New England Executive Park, Burlington, MA 01803-5299. Comments may be inspected at this location, by appointment, between 8 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays. Comments may also be sent via the Internet using the following address: *9-ane-adcomment@faa.gov*. Comments sent via the Internet must contain the docket number in the subject line. The service information referenced in this AD may be obtained from Hartzell Propeller Inc., Technical Publications Department, One Propeller Place, Piqua, OH 45356; telephone (937) 778-4200; fax (937) 778-4365. This information may be examined, by appointment, at the FAA, New England Region, Office of the Regional Counsel, 12 New England Executive Park, Burlington, MA; or at the Office of the Federal Register, 800 North Capitol Street, NW., Suite 700, Washington, DC.

**FOR FURTHER INFORMATION CONTACT:** Tomaso DiPaolo, Aerospace Engineer, Chicago Aircraft Certification Office, FAA, Small Airplane Directorate, 2300 East Devon Avenue, Des Plaines, IL 60018; telephone (847) 294-7031; fax (847) 294-7834.

**SUPPLEMENTARY INFORMATION:** The FAA and Hartzell Propeller Inc. have been reviewing and investigating reports of current design propeller blade thrust bearings, P/N's C-2882-1, C-2882-2, and C-7075, found fractured during disassembly, one or more blades becoming jammed in position during operation, pitch change fork fractures causing loss of blade pitch control, and excessive vibration. The current design thrust bearings have demonstrated a tendency to have brittle fracture and reduced strength characteristics, for which the cause has yet to be determined. This action requires replacement of the current design propeller blade thrust bearings, P/N's C-2882-1, C-2882-2, and C-7075, with a new design propeller blade thrust bearing, P/N C-7438, and a 10X magnification-assisted visual inspection and ECI of propeller hubs for cracks.

This amendment is prompted by reports of fractured thrust bearings observed during disassembly, one or more blades becoming jammed in position during operation, pitch change fork fractures causing loss of blade pitch control, and excessive vibration. This condition, if not corrected, could result in loss of aircraft control due to loss of blade pitch control, inability to fully feather the propeller, hub fracture, and blade release.

**Manufacturer's Service Information**

The FAA has reviewed and approved the technical contents of the following Hartzell Propeller Inc. Alert Service Bulletins (ASB's):

- ASB HD-ASB-61-026, dated August 6, 2001, that describes the schedule and procedures for replacing P/N's C-2882-1, C-2882-2, and C-7075 propeller thrust bearings with blade thrust bearing P/N C-7438.
- ASB HD-ASB-61-023, Revision 1, dated May 23, 2001, that describes procedures for 10X magnification-assisted visual inspections of the O-ring groove and hub-half and parting surface areas and ECI inspections of propeller hubs, P/N D-5108-( ), for cracks in the bearing retention radius.

**FAA's Determination of an Unsafe Condition and Required Actions**

Since an unsafe condition has been identified that is likely to exist or develop on other Hartzell Propeller Inc. model HD-E6C-3( ) propellers of the same type design, this AD is being issued to prevent loss of aircraft control due to loss of blade pitch control, inability to fully feather the propeller, hub fracture, and blade release. This AD requires within 50 hours time-in-service (TIS) after the effective date of this AD, or nine months after the effective date of this AD, or when the propeller is next disassembled after the effective date of this AD, whichever occurs earliest:

- Replacement of the current design propeller blade thrust bearings P/N's C-2882-1, C-2882-2, and C-7075 with a new design propeller blade thrust bearing P/N C-7438.
- 10X Magnification-assisted visual inspections and ECI of propeller hubs for cracks.