

Response: Generally, we expect that a borrower's billing statement would disclose the interest rate being charged in connection with the payment due. Proposed § 617.7135(a)(2) required disclosure as part of the borrower's first regularly scheduled billing statement "after the effective date of the change." To clarify our intent and the qualified lender's responsibility, the language of final § 617.7135 is revised to require disclosure as part of the borrower's first regularly scheduled billing statement "affected by the rate change." Therefore, if the qualified lender elects to provide the subsequent disclosure notifications to the borrower as part of the regularly scheduled billing statement, the qualified lender will include all intermittent rate changes as part of the borrower's billing statement. For example, if the borrower's loan was tied to an external index that adjusts monthly and the borrower's regularly scheduled billing statements are provided annually, then the qualified lender must include in the billing statement all of the changes to the external index that occurred throughout the year that affected the borrower's interest rate and the resulting annual payment due from the borrower.

Additionally, as previously discussed, the final rule gives the qualified lender an option of continuing with the current process of the subsequent disclosure notifications to borrowers within 45 days after the effective date of the change.

VI. Regulatory Flexibility Act

Pursuant to section 605(b) of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*), the 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 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, System institutions are not "small entities" as defined in the Regulatory Flexibility Act.

List of Subjects in 12 CFR Part 617

Agriculture, Banks, Banking, Rural areas.

■ For the reasons stated in the preamble, part 617 of chapter VI, title 12 of the Code of Federal Regulations is amended as follows:

PART 617—BORROWER RIGHTS

■ 1. The authority citation for part 617 continues to read as follows:

Authority: Secs. 4.13, 4.13A, 4.13B, 4.14, 4.14A, 4.14C, 4.14D, 4.14E, 4.36, 5.9, 5.17 of the Farm Credit Act (12 U.S.C. 2199, 2200, 2201, 2202, 2202a, 2202c, 2202d, 2202e, 2219a, 2243, 2252).

Subpart B—Disclosure of Effective Interest Rates

■ 2. Amend § 617.7130 by revising introductory text of paragraph (b), paragraphs (b)(4) and (b)(5), and adding a new paragraph (b)(6) to read as follows:

§ 617.7130 What initial disclosures must a qualified lender make to a borrower?

* * * * *

(b) *Adjustable rate loans.* A qualified lender must provide the following information for adjustable rate loans in addition to the requirements of paragraph (a) of this section:

* * * * *

(4) Any limitations on the amount or frequency of adjustments;

(5) The specific factors that the qualified lender may take into account in making adjustments to the interest rate on the loan; and

(6) If the borrower's interest rate is directly tied to a widely publicized external index:

(i) How and where the borrower may obtain information on changes to the index; and

(ii) When the qualified lender will provide written notice of changes to the borrower's interest rate.

■ 3. Amend § 617.7135 by revising paragraph (a)(2), redesignating existing paragraph (b) as new paragraph (c), and adding a new paragraph (b) to read as follows:

§ 617.7135 What subsequent disclosures must a qualified lender make to a borrower?

(a) * * *

(2) If the borrower's interest rate is directly tied to a widely publicized external index, a qualified lender must provide written notice to the borrower of the rate change either:

(i) Within forty-five (45) days after the effective date of the change; or

(ii) As part of the borrower's first regularly scheduled billing statement affected by the rate change.

* * * * *

(b) *Notice to adjustable rate loan borrowers with interest rates directly tied to a widely publicized external index.* A qualified lender must provide the written disclosure required by § 617.7130(b)(6) to applicable borrowers who were not previously given the disclosure no later than the qualified

lender's next regularly scheduled correspondence to those borrowers occurring after April 1, 2010.

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Dated: December 16, 2009.

Roland E. Smith,

Secretary, Farm Credit Administration Board.
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SMALL BUSINESS ADMINISTRATION

13 CFR Part 121

Small Business Size Regulations

CFR Correction

In Title 13 of the Code of Federal Regulations, revised as of January 1, 2009, on page 357, in § 121.201, in the table "Small Business Size Standards by NAICS Industry", under Sector 54, Subsector 541, remove the three subentries under NAICS code 541712, beginning with the word "EXCEPT,".

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 60

Flight Simulation Training Device Initial and Continuing Qualification and Use

CFR Correction

In Title 14 of the Code of Federal Regulations, Parts 60 to 109, revised as of January 1, 2009, make the following corrections:

On page 6, in § 60.5(a), remove the date "October 30, 2009" and add in its place the date "May 30, 2010";

On page 7, in § 60.7 (b)(5) and (b)(6) (two places), remove the date "October 30, 2007" and add in its place the date "May 30, 2008"; and

On page 11, in § 60.17 (a), (b), and (d), remove the date "October 30, 2007" and add in its place the date "May 30, 2008" and in (b) also remove the date "October 30, 2013" and add in its place the date "May 30, 2014".

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