

recommence those payments by the end of the next calendar quarter, and make up all missed payments (rather than add them to the end of the loan term). In addition, interest accrues on missed loan payments. The use of the COTS software package will permit the Board to quickly adapt the administration of the TSP to the ever-changing legal and programmatic requirements affecting the TSP and defined contribution plans. Therefore, to more fully benefit from this adaptability and to minimize the need for customization of the COTS package, the Executive Director proposes to conform the loan program to the private-sector model and to amend the Board's regulations to codify these changes.

Authority Under Which the Rule Is Proposed

The rule proposed in this notice will be issued under the authority of 5 U.S.C. 8351(e), 8432(a)(3), 8432a(a)(1), 8432a(b), 8433(g)(2), 8433(h)(4), 8474(b)(5), and 8474(c)(1).

Regulatory Flexibility Act

I certify that these regulations will not have a significant economic impact on a substantial number of small entities. They will affect only employees and former employees of the Federal Government.

Paperwork Reduction Act

I certify that these regulations do not require additional reporting under the criteria of the Paperwork Reduction Act of 1980.

Unfunded Mandates Reform Act of 1995

Pursuant to the Unfunded Mandates Reform Act of 1995, Public Law 104-4, section 201, 109 Stat. 48, 64, the effects of this regulation on state, local, and tribal governments and the private sector have been assessed. This regulation will not compel the expenditure in any one year of \$100 million or more by state, local, and tribal governments, in the aggregate, or by the private sector. Therefore, a statement under section 202, 109 Stat. 48, 64-65, is not required.

James B. Petrick,

Executive Director (Acting), Federal Retirement Thrift Investment Board.

[FR Doc. 03-8245 Filed 4-3-03; 8:45 am]

BILLING CODE 6760-01-P

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Parts 702, 704, 712, and 723

Prompt Corrective Action; Corporate Credit Unions; Credit Union Service Organizations; Member Business Loans

AGENCY: National Credit Union Administration (NCUA).

ACTION: Notice of proposed rulemaking.

SUMMARY: NCUA is proposing to amend its member business loan (MBL) regulation by: changing certain requirements for construction and development loan equity requirements, personal guarantees by principals, and unsecured MBLs; revising and clarifying provisions regarding MBL aggregate loan limits, loan-to-value requirements, loans to credit unions and credit union service organizations (CUSOs), experience requirements, and MBL documentation requirements; and simplifying or removing confusing or unnecessary provisions in the MBL regulation. In addition, NCUA proposes to amend the prompt corrective action (PCA) rule regarding the risk weighting of MBLs and the CUSO rule to permit CUSOs to originate business loans.

DATES: Comments must be received on or before June 3, 2003.

ADDRESSES: Direct comments to Becky Baker, Secretary of the Board. Mail or hand-deliver comments to: National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314-3428. Fax comments to (703) 518-6319. E-mail comments to regcomments@ncua.gov. Please send comments by one method only.

FOR FURTHER INFORMATION CONTACT:

David M. Marquis, Director, Office of Examination and Insurance, at the above address or telephone (703) 518-6360; or Chrisanthy J. Loizos, Staff Attorney, Office of General Counsel, at the above address or telephone (703) 518-6540.

SUPPLEMENTARY INFORMATION:

A. Background

NCUA adopted its first MBL rule in April 1987 and has subsequently amended the rule, including the most recent, substantive amendments made to conform to the limitations imposed by the Credit Union Membership Access Act (CUMAA). 12 U.S.C. 1757a, Pub. L. 105-219, 112 Stat. 913 (1998). Under the current rule, the Board may exempt federally insured, state-chartered credit unions (FISCUs) in a state from NCUA's MBL rule if the Board determines the state has developed an MBL rule that minimizes risk and accomplishes the

overall objectives of NCUA's rule. 12 CFR 723.20. The Board has approved seven state MBL rules. 7 Tex. Admin. Code § 91.709; Mo. Code Regs. Ann. tit. 4, § 100-2.045; Wash. Admin. Code § 208-460-010 to -170; Md. Regs. Code tit. 9, § 09.03.01.14; Wis. Admin. Code § 72.01-.18; Conn. Agencies Regs. § 59; Or. Admin. R. § 441-720-0300 to -0380.

In reviewing state rules, the Board has approved some rule provisions that relaxed some of NCUA's requirements, concluding that they did not create an undue risk to the National Credit Union Share Insurance Fund (NCUSIF). The Board believes it should amend NCUA's MBL rule in three areas it liberalized in approving state rules: construction and development loan equity requirements, personal guarantees by principals, and unsecured MBLs. The Board believes that, by incorporating these provisions and adopting certain other proposed amendments, NCUA's rule will allow credit unions greater opportunities to meet the small business loan needs of their members without creating undue risk to the NCUSIF. The NCUA Board will continue to be responsive to changes in the MBL marketplace, either by approving state specific rules or considering future changes to this rule.

The Board is proposing several amendments to revise and clarify certain provisions that have caused confusion or created unnecessary regulatory burden. These amendments relate to: the dollar amount that triggers compliance with the rule, the loans to one borrower limit, the aggregate MBL limit, loan-to-value requirements, MBL documentation requirements, and the loan loss reserve requirements. The Board also proposes that credit unions that purchase participation interests in MBLs made to credit union members need not count the purchase against the credit union's own limit.

In addition, the Board is proposing an amendment to the PCA rule related to business lending. The Board proposes to expand the current standard risk-based net worth component for MBLs in Part 702.

Finally, the Board proposes to amend the CUSO rule to permit CUSOs to make business loans. During prior rulemakings, commenters asked the Board to authorize business loan origination as a permissible CUSO activity. 66 FR 40575, Aug. 3, 2001; 63 FR 10743, Mar. 3, 1998. Previously, the Board believed that permitting CUSOs to offer business loans, a core credit union function, could negatively affect affiliated credit union services. The Board has reconsidered its position and believes that, by authorizing CUSOs to engage in business loan origination,