For the reasons set forth in the preamble, 7 CFR part 929 is amended as follows:

PART 929—CRANBERRIES GROWN IN THE STATES OF MASSACHUSETTS, RHODE ISLAND, CONNECTICUT, NEW JERSEY, WISCONSIN, MICHIGAN, MINNESOTA, OREGON, WASHINGTON, AND LONG ISLAND IN THE STATE OF NEW YORK

1. The authority citation for 7 CFR part 929 continues to read as follows:

Authority: 7 U.S.C. 601–674.

§ 929.125 [Amended]

2. Section 929.125 is amended by suspending the word ''Committee's'' everywhere it appears in paragraph (d) and suspending paragraph (c) in its entirety effective September 15, 2000, through November 15, 2000.

Dated: September 12, 2000.

Robert C. Keeney,

Deputy Administrator, Fruit and Vegetable Programs.

[FR Doc. 00–23821 Filed 9–12–00; 3:42 pm]

BILLING CODE 3410–02–U

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 702

Prompt Corrective Action; Correction

AGENCY: National Credit Union Administration (NCUA).

ACTION: Final Rule; corrections.

SUMMARY: Four technical errors appear in the part 702 final rule implementing a system of prompt corrective action for federally-insured credit unions. The first and second errors appear in the **Federal Register** of February 18, 2000, in a footnote to the supplementary information section and in the provision of subpart A entitled ''Net worth measures,'' respectively. The third and fourth errors appear in the **Federal Register** of July 20, 2000, in the supplementary information section entitled ''Impact of Final Rule'' and in the instruction to amend the provision of subpart C entitled ''Net worth categories,'' respectively. This final rule corrects these errors and makes no substantive change to part 702.

DATES: Effective January 1, 2001.

FOR FURTHER INFORMATION CONTACT: Steven W. Widerman, Trial Attorney, Office of General Counsel, telephone 703/518–6557, National Credit Union Administration, 1775 Duke Street, Alexandria, VA 22314–3428.

SUPPLEMENTARY INFORMATION:

In the final rule document 00–3276, published on February 18, 2000 (65 FR 8560), the following corrections are made:

1. On page 8575, third column, footnote 19, remove from the second sentence the words ''or liquidation'' and the citation ''1787(a)(1)(b)''.

§ 702.101 [Amended]

2. On page 8585, first column, § 702.101(a)(2), add the words ''If determined to be applicable under § 702.103, a'' in paragraph (a)(2) in place of the words ''If defined as 'complex' under § 702.104, the applicable.''

In the final rule document 00–18278, published on July 20, 2000 (65 FR 44950), the following corrections are made:

1. On page 44964, second column, second full sentence following the heading ''E. Impact of Final Rule,'' add ''.008 percent'' in place of ''2.3 percent'', and add ''.0011 percent'' in place of ''.08 percent''.

2. Correct amendatory instruction 8 on page 44974 to read as follows: 8. Section 702.302 is amended by removing the phrase ''and any risk-based net worth requirement applicable to a new credit union defined as 'complex' under §§ 702.103 through 702.106'' from paragraph (a); by removing the phrase ''and also meets any applicable risk-based net worth requirement under §§ 702.105 and 702.106'' from paragraphs (c)(1) and (c)(2); and by removing the phrase ''or fails to meet any applicable risk-based net worth requirement under §§ 702.105 and 702.106'' from paragraph (c)(3).

By the National Credit Union Administration Board on September 5, 2000.

Becky Baker,

Secretary of the Board.

[FR Doc. 00–23465 Filed 9–13–00; 8:45 am]

BILLING CODE 7535–01–U

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 709

Involuntary Liquidation of Federal Credit Unions and Adjudication of Creditor Claims Involving Federally-Insured Credit Unions in Liquidation

AGENCY: National Credit Union Administration.

ACTION: Final rule.

SUMMARY: The National Credit Union Administration (NCUA) is issuing a final rule regarding the treatment by the NCUA Board (Board), as conservator or liquidating agent, of financial assets transferred by a federally-insured credit union to another party in connection with a securitization or in the form of a participation. The final rule generally provides that the Board will not, by exercise of its statutory power to repudiate contracts, recover, reclaim, or recharacterize as property of the credit union or the liquidation estate financial assets that were transferred by the credit union to another party in connection with a securitization or in the form of a participation. The final rule also addresses the treatment by the Board, as conservator or liquidating agent, of agreements entered into by a federally-insured credit union (FICU) to collateralize public funds. The rule establishes that the Board will not seek to avoid an otherwise legally enforceable security interest in collateral for public funds solely because the collateral was not acquired contemporaneously with the approval and execution of the security agreement. The Board will also not seek to avoid a security interest solely because the collateral was changed, increased or subject to substitution from time to time.

DATES: This rule is effective October 16, 2000.

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

SUPPLEMENTARY INFORMATION: The Board issued a proposed rule on February 24, 2000 addressing two issues concerning its authority as a conservator or liquidating agent to repudiate or avoid certain agreements. 65 FR 11250 (March 2, 2000). First, the Board examined whether its statutory authority to repudiate contracts under sections 207 and 208 of the Federal Credit Union Act (the Act) would prevent a transfer of financial assets by a FICU during a securitization or a participation from satisfying the ''legal isolation'' condition. To address this issue, the Board proposed a new § 709.10. The Board incorporates its analysis of § 709.10 provided in the preamble of the proposed rule. The Board notes that its final rule is substantially identical to a final rule recently issued by the FDIC in which the FDIC addressed this same issue as to federally-insured banks. 65 FR 49189 (Aug. 11, 2000). Second, the proposed rule also considered the Board's authority to avoid a legally enforceable security interest in collateral for public funds during a

conservatorship or liquidation. To address this issue, the Board proposed a new § 709.11. The following discussion separately addresses the two new sections, providing background, a review of comments, and a description of minor changes from the proposed rule.

Section 709.10

Background

Under generally accepted accounting principles, a transfer of financial assets is accounted for as a sale if the transferor surrenders control over the assets. One of the conditions for determining whether the transferor has surrendered control is that the assets have been isolated from the transferor, in other words, put presumptively beyond the reach of the transferor, its creditors, a trustee in bankruptcy, or a receiver. This is known as the ''legal isolation'' condition. *See* Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 125 (SFAS 125).

When acting as a conservator or liquidating agent, the Board has the statutory authority to repudiate credit union contracts under section 207(c) of the Act. 12 U.S.C. 1787(c). In addition, no agreement that tends to diminish or defeat NCUA's interest, as a liquidating agent, in an asset acquired from a federally-insured credit union is enforceable against NCUA unless the requirements of section 208(a)(3) of the Act are met. 12 U.S.C. 1787(b)(9), 1788(a)(3). One particular requirement is that the agreement must have been executed contemporaneously with the FICU's acquisition of the asset. 12 U.S.C. 1788(a)(3)(B).

When a FICU is the transferor of financial assets in a securitization or in the form of a participation, two issues arise that may prevent these transferred assets from meeting the ''legal isolation'' condition. The first is whether NCUA, when acting as a conservator or a liquidating agent, might avoid the transfer of financial assets by the credit union and recover such assets; and the second is whether NCUA might challenge the enforceability of an agreement that transfers financial assets but fails to meet the contemporaneous requirement of section 208(a)(3) of the Act.

The final rule provides that the Board will not use its authority to repudiate contracts under 12 U.S.C. 1787(c) to reclaim, recover, or recharacterize financial assets transferred by a FICU in connection with a securitization or in the form of a participation. Such assets may be accounted for as a sale, provided the transaction meets all of the requirements in SFAS 125. The Board's repudiation of a securitization or participation will not affect transferred financial assets but will excuse the Board from performing any continuing obligations imposed by the securitization or participation.

The final rule further provides that NCUA will not attempt to avoid an otherwise legally enforceable securitization agreement or participation agreement solely because the agreement does not meet the contemporaneous requirement of sections 207(b)(9) and 208(a)(3) of the Act. The final rule applies only to securitizations or participations in which the transfer of financial assets meets all of the conditions for sale accounting treatment under generally accepted accounting principles, other than the ''legal isolation'' condition.

The final rule defines ''participation'' as a transfer of an interest in a loan or a lease without recourse by the buyer against the lead. The Board wishes to clarify the term ''without recourse.'' The issue is whether aspects of recourse within a transaction, such as guaranties of quality or collectibility on the underlying obligation, jeopardize the transaction's characterization as a true sale or true participation agreement. Courts generally view a transaction as a participation only if the participant does not have recourse against the lead when a default occurs on the underlying obligation. *See, e.g., In re Sackman Mortgage Corp.,* 158 B.R. 926, 931–34 (Bankr. S.D.N.Y. 1993). However, the presence of recourse does not necessarily require that a transaction be characterized as a security interest instead of as a sale. *See Major's Furniture Mart, Inc.* v. *Castle Credit Corporation, Inc.,* 602 F.2d 538 (3rd Cir. 1979). Courts look to the nature of the recourse, the allocation of risk, and the general nature of the transaction. *Id.*

The rule is intended to cover participations that impose limited recourse conditions on the lead without shifting all of the risks of loss or obligations of ownership. Specifically, the rule will apply to participations in which: (a) The lead retained a limited subordinated interest in the obligation, against which losses are initially allocated; (b) the lead participated in a loan in order to avoid a statutory lending limit violation, with the option of reacquiring the transferred interest when reacquisition would not result in a lending limit violation; or (c) the participation agreement provided for repurchase or compensation in connection with customary representations and warranties regarding the underlying asset.

Comments

The comment period ended April 3, 2000. Nine comments were received on proposed § 709.10. Comments were submitted by five corporate credit unions, two national credit union trade associations, and two state credit union leagues. All nine commenters strongly supported the adoption of the proposed section.

One commenter requested that the definition of ''without recourse'' permit corporate credit unions to establish reserve accounts for loan participations, if 12 CFR part 704 is amended to allow corporate credit unions to enter into these transactions with their members. On July 22, 1999, the Board issued an advance notice of proposed rulemaking regarding amendments to part 704. 64 FR 40787 (July 28, 1999). Any issues related to the scope of § 709.10(a)(4) for corporate credit union loan participations with natural person credit unions should be addressed during that rulemaking.

The final rule is identical to the proposed rule except for the following changes. The proposed rule's definition of the term ''participation'' included language that referred to ''the borrower's default'' in describing the meaning of the term ''without recourse.'' Since a participation may involve a lease as well as a loan, the final rule refers to ''a default on the underlying obligation'' instead of ''the borrower's default.'' In addition, the definition of ''special purpose entity'' now conforms to the amended version of SFAS 125 by using the phrase ''demonstrably distinct'' instead of ''distinct standing at law'' within the definition.

Section 709.11

Background

The Act authorizes federal credit unions and FICUs to be depositories of public money. 12 U.S.C. 1767, 1789a. Federal credit unions may receive payments, representing equity, on shares, share certificates and share draft accounts from nonmember units of federal, state, local or tribal governments and political subdivisions as enumerated in section 207(k)(2)(A) of the Act. 12 U.S.C. 1757(6). As a public depository, a federal credit union may pledge any of its assets to secure the payment of the public funds. 12 U.S.C. 1767(b).

On April 30, 1993, the FDIC issued its ''Statement of Policy Regarding Treatment of Security Interests After Appointment of the Federal Deposit

Insurance Corporation as Conservator or Receiver'' (Statement of Policy) addressing the enforceability of security interests that secure public deposits in banks. It stated that the FDIC, when acting as conservator or receiver, would not seek to avoid an otherwise legally enforceable and perfected security interest solely because the security agreement granting or creating the security interest did not meet the ''contemporaneous'' requirements of sections 11(d)(9), 11(n)(4)(I), and 13(e) of the Federal Deposit Insurance Act. Congress enacted the tenor of FDIC's policy statement in section 317 of the Riegle Community Development and Regulatory Improvement Act of 1994. 12 U.S.C. 1823(e)(2).

Similarly, the Board believes it should limit its extraordinary authority as a conservator or liquidating agent with special provisions for security interests related to public funds. This will allow FICUs to offer governmental depositors the same protections the Federal Deposit Insurance Act provides for deposits in banks. The final rule establishes that the Board, acting as conservator or liquidating agent, will not seek to avoid an otherwise legally enforceable security interest in collateral for public funds solely because the collateral was not acquired contemporaneously with the approval and execution of the security agreement or was changed, increased or subject to substitution from time to time.

Comments

The Board received two comments on proposed § 709.11, one from a state credit union regulator and the other from an association representing state credit union regulators nationwide. Both commenters supported the adoption of this section, but suggested a variety of amendments to the proposal.

The commenters requested that the phrase ''lawful collateralization'' be defined to mean that state and federal laws, rules, regulations and interpretive statements determine whether a security interest has been lawfully collateralized. The commenters also noted that the creation of an enforceable and perfected security interest in the collateral should not be required for a ''lawful collateralization.'' The commenters suggested that not all state laws require security interests provided in connection with public deposits to be perfected. The Board believes that the phrase ''lawful collateralization'' is self-explanatory and does not need to be defined in the rule. Furthermore, this phrase is consistent with 12 U.S.C. 1823(e)(2). The Board recognizes that state laws vary regarding security interests and, therefore, will look to applicable local and federal laws and regulations to determine whether a security interest has been lawfully collateralized for purposes of this rule.

The commenters requested that both sections within the Act addressing the Board's authority to repudiate contracts during conservatorships or liquidations be cited in the regulation, likewise with the references used in § 709.10(f). The Board agrees and has included the statutory reference in the final rule. The commenters also suggested that the rule establish that any repeal or amendment of the rule will not apply to any collateral already provided in a collateralization agreement. Section 709.11 does not contain a provision for repeal upon 30-day notice by the Board like the provision in § 709.10(g). The Board believes that a provision of this sort is unnecessary because any amendment of the rule would not apply retroactively.

The commenters also requested clarification on two points. They stated that the rule should clearly provide that NCUA either: (1) Will not seek to avoid or repudiate a security agreement and the collateralization or security interest created thereunder; or (2) will not recover, reclaim or recharacterize any assets, securities or other collateral subject to a security agreement tied to the deposit of public funds. Like 12 U.S.C. 1823(e)(2), the final rule provides that the Board will not invalidate a governmental depositor's security interest in collateral used to secure public funds merely because the security agreement fails to meet the contemporaneous requirements of section 208(a)(3) of the Act. The Board maintains that this language is satisfactory and consistent with the treatment of public deposits within federally-insured banks.

The commenters also requested that the rule expressly establish that it applies to increases or substitutions of collateral occurring after the agreement has been entered into by the governmental depositor and the credit union. The Board agrees and has made the clarification in the final rule.

Finally, in the Statement of Policy discussed above, the FDIC assumed that a bank's agreement met certain criteria before the FDIC would determine not to avoid a security interest during a conservatorship or receivership. The FDIC identified the following conditions: (1) The agreement was undertaken in the ordinary course of business, not in contemplation of insolvency, and with no intent to hinder, delay or defraud the depository institution or its creditors; (2) the secured obligation represented a bona fide and arm's length transaction; (3) the secured party or parties were not insiders or affiliates of the depository institution; (4) the grant or creation of the security interest was for adequate consideration; and (5) the security agreement evidencing the security interest was in writing, approved by the bank's board of directors or loan committee (which approval is reflected in the minutes of a meeting of the board of directors or committee) and has been, continuously from the time of its execution, an official record of the depository institution. 58 FR 16833 (March 31, 1993). For clarity, the Board has decided to incorporate these five assumptions directly into the final rule.

Regulatory Procedures

Paperwork Reduction Act

NCUA has determined that the rule does not increase paperwork requirements under the Paperwork Reduction Act of 1995 and regulations of the Office of Management and Budget.

The Regulatory Flexibility Act

The Regulatory Flexibility Act requires NCUA to prepare an analysis to describe any significant economic impact any final regulation may have on a substantial number of small entities (those under $1 million in assets). The final rule addresses the manner in which the Board will enforce its rights as a conservator or liquidating agent when evaluating financial assets transferred during a securitization or participation, or reviewing the collateralization of public funds. The final rule does not impose any reporting or recordkeeping burdens that are not already a function of entering into such transactions. Therefore, the Board certifies that this final rule will not have a significant economic impact on a substantial number of small credit unions.

Small Business Regulatory Enforcement Fairness Act

The Small Business Regulatory Enforcement Fairness Act 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 determined that this is not a major rule.

Executive Order 13132

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. This final rule applies to all federally-insured credit unions, but it will not have substantial direct effects on the states, on the relationship between the national government and the states, or on the distribution of power and responsibilities among the various levels of government. NCUA has determined that the final rule does not constitute a policy that has federalism implications for purposes of the executive order.

The Treasury and General Government Appropriations Act, 1999—Assessment of Federal Regulations and Policies on Families

The NCUA has determined that this rule will not affect family well-being within the meaning of section 654 of the Treasury and General Government Appropriations Act, 1999, Pub. L. 105–277, 112 Stat. 2681 (1998).

Agency Regulatory Goal

NCUA's goal is to promulgate clear and understandable regulations that impose a minimal regulatory burden. We requested comments on whether the proposed rules were understandable and minimally intrusive if implemented as proposed. We received no specific comment on this issue.

List of Subjects in 12 CFR Part 709

Credit unions, Liquidations.

By the National Credit Union Administration Board on September 7, 2000.

Becky Baker,

Secretary of the Board.

For the reasons set out in the preamble, the NCUA amends 12 CFR part 709 as follows:

PART 709—INVOLUNTARY LIQUIDATION OF FEDERAL CREDIT UNIONS AND ADJUDICATION OF CREDITOR CLAIMS INVOLVING FEDERALLY-INSURED CREDIT UNIONS IN LIQUIDATION

1. The authority citation for part 709 is revised to read as follows:

Authority: 12 U.S.C. 1757, 1766, 1767, 1786(h), 1787, 1788, 1789, 1789a.

2. Amend § 709.0 by revising the first sentence to read as follows:

§ 709.0 Scope.

The rules and procedures set forth in this part apply to charter revocations of federal credit unions under 12 U.S.C. 1787(a)(1)(A), (B), the involuntary liquidation and adjudication of creditor claims in all cases involving federally-insured credit unions, the treatment by the Board as conservator or liquidating agent of financial assets transferred in connection with a securitization or participation, and the treatment by the Board as conservator or liquidating agent of public funds held by a federally-insured credit union. * * *

3. Add § 709.10 to part 709 to read as follows:

§ 709.10 Treatment by conservator or liquidating agent of financial assets transferred in connection with a securitization or participation.

(a) *Definitions.* (1) *Beneficial interest* means debt or equity (or mixed) interests or obligations of any type issued by a special purpose entity that entitle their holders to receive payments that depend primarily on the cash flow from financial assets owned by the special purpose entity.

(2) *Financial asset* means cash or a contract or instrument that conveys to one entity a contractual right to receive cash or another financial instrument from another entity.

(3) *Legal isolation* means that transferred financial assets have been put presumptively beyond the reach of the transferor, its creditors, a trustee in bankruptcy, or a receiver, either by a single transaction or a series of transactions taken as a whole.

(4) *Participation* means the transfer or assignment of an undivided interest in all or part of a loan or a lease from a seller, known as the ''lead,'' to a buyer, known as the ''participant,'' without recourse to the lead, under an agreement between the lead and the participant. *Without recourse* means that the participation is not subject to any agreement that requires the lead to repurchase the participant's interest or to otherwise compensate the participant due to a default on the underlying obligation.

(5) *Securitization* means the issuance by a special purpose entity of beneficial interests:

(i) The most senior class of which at time of issuance is rated in one of the four highest categories assigned to long-term debt or in an equivalent short-term category (within either of which there may be sub-categories or gradations indicating relative standing) by one or more nationally recognized statistical rating organizations; or

(ii) Which are sold in transactions by an issuer not involving any public offering for purposes of section 4 of the Securities Act of 1933, as amended, or in transactions exempt from registration under such Act under 17 CFR 230.91 through 230.905 (Regulation S) thereunder (or any successor regulation).

(6) *Special purpose entity* means a trust, corporation, or other entity demonstrably distinct from the federally-insured credit union that is primarily engaged in acquiring and holding (or transferring to another special purpose entity) financial assets, and in activities related or incidental thereto, in connection with the issuance by such special purpose entity (or by another special purpose entity that acquires financial assets directly or indirectly from such special purpose entity) of beneficial interests.

(b) The Board, by exercise of its authority to disaffirm or repudiate contracts under 12 U.S.C. 1787(c), will not reclaim, recover, or recharacterize as property of the credit union or the liquidation estate any financial assets transferred to another party by a federally-insured credit union in connection with a securitization or participation, provided that a transfer meets all conditions for sale accounting treatment under generally accepted accounting principles, other than the ''legal isolation'' condition addressed by this section.

(c) Paragraph (b) of this section will not apply unless the federally-insured credit union received adequate consideration for the transfer of financial assets at the time of the transfer, and the documentation effecting the transfer of financial assets reflects the intent of the parties to treat the transaction as a sale, and not as a secured borrowing, for accounting purposes.

(d) Paragraph (b) of this section will not be construed as waiving, limiting, or otherwise affecting the power of the Board, as conservator or liquidating agent, to disaffirm or repudiate any agreement imposing continuing obligations or duties upon the federally-insured credit union in conservatorship or the liquidation estate.

(e) Paragraph (b) of this section will not be construed as waiving, limiting or otherwise affecting the rights or powers of the Board to take any action or to exercise any power not specifically limited by this section, including, but not limited to, any rights, powers or remedies of the Board regarding transfers taken in contemplation of the credit union's insolvency or with the intent to hinder, delay, or defraud the

credit union or the creditors of such credit union, or that is a fraudulent transfer under applicable law.

(f) The Board will not seek to avoid an otherwise legally enforceable securitization agreement or participation agreement executed by a federally-insured credit union solely because such agreement does not meet the ''contemporaneous'' requirement of sections 207(b)(9) and 208(a)(3) of the Federal Credit Union Act.

(g) This section may be repealed by the NCUA upon 30 days notice and opportunity for comment provided in the **Federal Register**, but any such repeal or amendment will not apply to any transfers of financial assets made in connection with a securitization or participation that was in effect before such repeal or modification. For purposes of this paragraph, a securitization would be in effect on the earliest date that the most senior level of beneficial interests is issued, and a participation would be in effect on the date that the parties executed the participation agreement.

4. Add § 709.11 to part 709 to read as follows:

§ 709.11 Treatment by conservator or liquidating agent of collateralized public funds.

An agreement to provide for the lawful collateralization of funds of a federal, state, or local governmental entity or of any depositor or member referred to in section 207(k)(2)(A) of the Act will not be deemed to be invalid under sections 207(b)(9) and 208(a)(3) of the Act solely because such agreement was not executed contemporaneously with the acquisition of collateral or with any changes, increases, or substitutions in the collateral made in accordance with such agreement, provided the following conditions are met:

(a) The agreement was undertaken in the ordinary course of business, not in contemplation of insolvency, and with no intent to hinder, delay or defraud the credit union or its creditors;

(b) The secured obligation represents a bona fide and arm's length transaction;

(c) The secured party or parties are not insiders or affiliates of the credit union;

(d) The grant or creation of the security interest was for adequate consideration; and,

(e) The security agreement evidencing the security interest is in writing, was approved by the credit union's board of directors, and has been continuously an official record of the credit union from the time of its execution.

[FR Doc. 00–23463 Filed 9–13–00; 8:45 am]

BILLING CODE 7535–01–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 25

[Docket No. NM174; Special Conditions No. 25–164–SC]

Special Conditions: Boeing Model 737–700 IGW; Interaction of Systems and Structures.

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final special conditions; request for comments.

SUMMARY: These special conditions are issued for the Boeing 737–700IGW airplane as modified by Aviation Partners Supplemental Type Certificate (STC). The modified airplane will have a novel or unusual design feature involving installation of winglets on the wing tips of the airplane which require the use of an existing system to limit yawing maneuvers at higher speeds thereby reducing the design loads for the winglets. The applicable airworthiness regulations for the Boeing 737–700IGW do not contain adequate or appropriate safety standards for systems which alleviate loads on structures. These special conditions contain the additional safety standards that the Administrator considers necessary to establish a level of safety equivalent to that established by the applicable airworthiness standards.

DATES: The effective date of these special conditions is August 30, 2000. Comments must be received on or before October 30, 2000.

ADDRESSES: Comments on these special conditions may be mailed in duplicate to: Federal Aviation Administration, Transport Airplane Directorate, Aircraft Certification Service, Attention: Rules Docket (ANM–114), Docket No. NM174, 1601 Lind Avenue SW., Renton, Washington 98055–4056; or delivered in duplicate to the Transport Airplane Directorate at the above address. Comments must be marked: Docket No. NM174. Comments may be inspected in the Rules Docket weekdays, except Federal holidays, between 7:30 a.m. and 4:00 p.m.

FOR FURTHER INFORMATION CONTACT: James Haynes, FAA, Transport Airplane Directorate, Aircraft Certification Service, Airframe/Cabin Safety Branch, ANM–115, 1601 Lind Avenue, SW., Renton, Washington 98055–4056; telephone (425) 227–2131; facsimile (425) 227–1320.

SUPPLEMENTARY INFORMATION: The FAA has determined that notice and opportunity for prior public comment hereon are impracticable because these procedures would significantly delay issuance of the approval design and thus delivery of the affected aircraft. In addition, the substance of these special conditions has been subject to the public comment process in several prior instances with no substantive comments received. The FAA therefore finds that good cause exists for making these special conditions effective upon issuance.

Comments Invited

Interested persons are invited to submit such written data, views, or arguments, as they may desire. Communications should identify the regulatory docket or notice number and be submitted in duplicate to the address specified above. All communications received on or before the closing date for comments will be considered by the Administrator. The special conditions may be changed in light of the comments received. All comments received will be available in the Rules Docket for examination by interested persons, both before and after the closing date for comments. A report summarizing each substantive public contact with FAA personnel concerning this rulemaking will be filed in the docket. Commenters wishing the FAA to acknowledge receipt of their comments submitted in response to this request must include a self-addressed, stamped postcard on which the following statement is made: ''Comments to Docket No. NM174.'' The postcard will be date stamped and returned to the commenter.

Background

On January 15, 1998, Aviation Partners applied for an STC to install winglets on the wingtips of the Boeing Model 737–700IGW airplane listed in Type Certificate No. A16WE. These winglets must be designed to aerodynamic loads associated with the yawing maneuver conditions of 14 CFR 25.351. Aviation Partners will make use of the load relief during yawing maneuvers provided by an existing system on the airplane that limits rudder authority thereby reducing the design loads for the winglets.

The Boeing Model 737–700IGW is an increased gross weight version of the Boeing Model 737–700 airplane commonly known as the Boeing Business Jet (BBJ). The Model 737–700IGW is a hybrid model which combines the Model 737–700 fuselage with the Model 737–800 wing and landing gear. The airplane is intended for private use such as the business or