

Conservationists to use within their States. NRCS also retains a portion of EQIP funding to reward NRCS State operations that demonstrate a higher level of performance and address national priorities. Within States, the NRCS State Conservationists consider national priorities and measures as they allocate funds and determine priority resource concerns within their State. The NRCS State Conservationist, and the NRCS Designated Conservationists in consultation with the local work group, develops an application ranking that reflects both priority resource concerns within States and the national priorities and measures.

NRCS will continue to rely on locally-led conservation as an important cornerstone of EQIP. Using a locally-led process ensures consideration of the wide variability between and within States regarding resource issues, solutions, and limitations. Resource issues and concerns change because of shifts in population, climatic, or consumer habits; and Federal, State and local laws. Likewise, technical solutions evolve with the advent of new technology and the availability of new data on the effectiveness of practices.

As a result, EQIP implementation may vary across jurisdictional boundaries. For example, some States may use State-level based program delivery while others will use county or parish based or regional (multi-county) based delivery.

NRCS is, by this document, requesting the public to provide comment to which natural resource concerns should be given national priority in the implementation of EQIP. NRCS will utilize this input from the public, including affected stakeholders, and Federal agencies to make any revision as required to address emerging resource issues. Information and updates about the national priorities and measures will be provided to the NRCS State Conservationists through revisions to the Conservation Programs Manual, Part 515, Environmental Quality Incentives Program.

Signed in Washington, DC, on March 9, 2005.

**Bruce I. Knight,**

*Chief, Natural Resources Conservation Service, Vice President, Commodity Credit Corporation.*

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## **NATIONAL CREDIT UNION ADMINISTRATION**

### **12 CFR Part 712**

#### **Audit Requirement for Credit Union Service Organizations (CUSOs)**

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

**ACTION:** Proposed rule.

**SUMMARY:** NCUA proposes to change its rule concerning credit union service organizations (CUSOs) to provide that a wholly owned CUSO need not obtain its own annual financial statement audit from a certified public accountant if it is included in the annual consolidated audit of the Federal credit union (FCU) that is its parent. The amendment will reduce regulatory burden and conform the regulation with agency practice, which since 1997 has been to view credit unions with wholly owned CUSOs in compliance with the rule if the parent FCU has obtained an annual financial statement audit on a consolidated basis.

**DATES:** Comments must be received on or before May 23, 2005.

**ADDRESSES:** You may submit comments by any of the following methods (Please send comments by one method only):

- *Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the instructions for submitting comments.
- *NCUA Web Site:* [http://www.ncua.gov/RegulationsOpinionsLaws/proposed\\_regs/proposed\\_regs.html](http://www.ncua.gov/RegulationsOpinionsLaws/proposed_regs/proposed_regs.html).

Follow the instructions for submitting comments.

- *E-mail:* Address to [regcomments@ncua.gov](mailto:regcomments@ncua.gov). Include “[Your name] Comments on Proposed Rule 712, CUSO Audit Requirements,” in the e-mail subject line.

- *Fax:* (703) 518-6319. Use the subject line described above for e-mail.

- *Mail:* Address to Mary Rupp, Secretary of the Board, National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314-3428.

- *Hand Delivery/Courier:* Same as mail address.

**FOR FURTHER INFORMATION CONTACT:** Ross P. Kendall, Staff Attorney, Office of General Counsel, at the above address or telephone (703) 518-6540.

#### **SUPPLEMENTARY INFORMATION:**

##### **Proposed Changes**

The NCUA Board proposes revising § 712.3(d) so that a CUSO that is wholly owned need not secure its own public accounting firm financial statement audit if it is included on a consolidated

basis in the audit of the FCU itself. Currently, this section requires an FCU to obtain a written commitment from any CUSO in which it has made an investment or to which it has made a loan that the CUSO will secure an annual opinion audit of its financial statements, performed in accordance with generally accepted auditing standards by a licensed, certified public accountant. 12 CFR 712.3(d)(2).

The current rule is designed to assure that any CUSO with respect to which an FCU intends to make a loan or an investment maintains its books and records in a manner that will enable the FCU to obtain accurate financial information about its operations and financial condition. The rule also requires that a CUSO provide NCUA with access to any of its books and records. 12 CFR 712.3(d)(3). The proposed amendment recognizes that, where a CUSO is controlled by an FCU by virtue of its ownership of one hundred percent of its voting shares, generally accepted accounting principles (GAAP) call for the preparation of financial statements of both the FCU and the CUSO on a consolidated basis. Accordingly, where the FCU has a financial statement audit prepared on a consolidated basis, the proposed rule would excuse the CUSO from having to obtain a separate audit opinion. Implicit in the proposal is the recognition that NCUA has full access to the information by virtue of its oversight of the parent FCU.

Consolidated financial statements present the results of operations, financial position, and cash flows of a parent and its subsidiaries as if the group were a single enterprise. Under GAAP, consolidated financial statements generally include enterprises in which the parent has a controlling financial interest, usually, a majority voting interest. There is a presumption that consolidated statements are more meaningful than separate statements and are usually necessary for a fair presentation when one of the enterprises in a group directly or indirectly has a controlling financial interest in another.

The Board notes this proposed change is consistent with its ongoing efforts to reduce regulatory burden while preserving necessary guidelines to assure that FCUs operate in a safe and sound manner. As a matter of practice, NCUA staff has since 1997 considered wholly-owned CUSOs to be in compliance with the rule if the parent FCU has obtained an opinion audit on consolidated financial statements. See Preamble to Proposed Amendments to 12 CFR part 712, 62 FR 11779, 11783

(March 13, 1997). Although GAAP would permit a consolidated audit where one entity owns the majority of the voting shares of another, the Board believes the current proposal will ensure that prospective minority investors have access to maximum disclosure of potential risks to their investment. The Board welcomes comment on all aspects of the proposal.

The proposed rule also makes nonsubstantive, minor edits to the wording and punctuation of the audit provision.

#### Request for Comment

The NCUA Board is interested in receiving comments on the proposed amendments to part 712.

#### Regulatory Procedures

##### *Regulatory Flexibility Act*

The Regulatory Flexibility Act (RFA) requires NCUA to prepare an analysis to describe any significant economic impact any proposed regulation may have on a substantial number of small entities. NCUA considers credit unions having less than ten million dollars in assets to be small for purposes of RFA. Interpretive Ruling and Policy Statement (IRPS) 87-2 as amended by IRPS 03-2. The proposal relieves a CUSO that is wholly owned from having to secure a separate opinion audit of its books, if it is included in the annual consolidated opinion audit of the credit union that is its parent owner. The NCUA has determined and certifies that this proposed rule, if adopted, will not have a significant economic impact on a substantial number of small credit unions. Accordingly, the NCUA has determined that an RFA analysis is not required.

##### *Paperwork Reduction Act*

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

##### *Executive Order 13132*

Executive Order 13132 encourages independent regulatory agencies to consider the impact of their 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 proposed rule, if adopted, will apply only to federally-chartered credit unions. 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 this proposal 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 proposed 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 minimal regulatory burden. We request your comments on whether the proposed rule is understandable and minimally intrusive if implemented as proposed.

#### List of Subjects in 12 CFR Part 712

Administrative practices and procedure, Credit, Credit unions, Investments, Reporting and recordkeeping requirements.

By the National Credit Union Administration Board on March 17, 2005.

**Mary F. Rupp,**

*Secretary of the Board.*

Accordingly, NCUA proposes to amend 12 CFR part 712 as follows:

#### **PART 712—CREDIT UNION SERVICE ORGANIZATIONS (CUSOs)**

1. The authority citation for part 712 continues to read as follows:

**Authority:** 12 U.S.C. 1756, 1757(5)(D), and (7)(I), 1766, 1782, 1784, 1785 and 1786.

2. Revise § 712.3(d)(2) to read as follows:

##### **§ 712.3 What are the characteristics of and what requirements apply to CUSOs?**

\* \* \* \* \*

(d) \* \* \*

(2) Prepare quarterly financial statements and obtain an annual financial statement audit of its financial statements by a licensed certified public accountant in accordance with generally accepted auditing standards. A wholly owned CUSO is not required to obtain a separate annual financial statement audit if it is included in the annual consolidated financial statement audit of the credit union that is its parent; and

\* \* \* \* \*

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## DEPARTMENT OF TRANSPORTATION

### Federal Aviation Administration

#### 14 CFR Part 39

[Docket No. FAA-2005-20441; Directorate Identifier 2003-CE-35-AD]

RIN 2120-AA64

#### **Airworthiness Directives; BURKHART GROB LUFT—UND RAUMFAHRT GmbH & CO KG Models G103 TWIN ASTIR, G103A TWIN II ACRO, and G103C TWIN III ACRO Sailplanes**

**AGENCY:** Federal Aviation Administration (FAA), DOT.

**ACTION:** Notice of proposed rulemaking (NPRM).

**SUMMARY:** The FAA proposes to revise Airworthiness Directive (AD) 2003-19-14 R1, which applies to certain BURKHART GROB LUFT—UND RAUMFAHRT GmbH & CO KG (GROB) Models G103 TWIN ASTIR, G103A TWIN II ACRO, and G103C TWIN III ACRO sailplanes. AD 2003-19-14 R1 requires you to modify the airspeed indicators, install flight speed reduction and aerobatic maneuver restrictions placards (as applicable), and revise the flight and maintenance manuals. AD 2003-19-14 R1 approves simple aerobatic maneuvers for Model G103A TWIN II ACRO sailplanes and provides an option for modifying the rear fuselage for Models G103A TWIN II ACRO and G103C TWIN III ACRO sailplanes to terminate the flight limitation restrictions for aerobatic maneuvers. This proposed AD retains all the actions from AD 2003-19-14 R1 for Models G103A TWIN II ACRO and G103C TWIN III ACRO and would reinstate certain operating limits for Model G103 TWIN ASTIR sailplanes. We are issuing this proposed AD to prevent damage to the fuselage during limit load flight, which could result in reduced structural integrity. This condition could lead to loss of control of the sailplane.

**DATES:** We must receive any comments on this proposed AD by April 20, 2005.

**ADDRESSES:** Use one of the following to submit comments on this proposed AD:

- *DOT Docket Web site:* Go to <http://dms.dot.gov> and follow the instructions for sending your comments electronically.

- *Government-wide rulemaking Web site:* Go to <http://www.regulations.gov> and follow the instructions for sending your comments electronically.

- *Mail:* Docket Management Facility; U.S. Department of Transportation, 400 Seventh Street, SW., Nassif Building,