

pursuant to the declared policy of the Act of advancing the interests of producers as defined in the order as hereby amended; and

(3) The issuance of the order amending the order is approved or favored by at least two-thirds of the producers who during the determined representative period were engaged in the production of milk for sale in the marketing area.

ORDER RELATIVE TO HANDLING

It is therefore ordered, That on and after the effective date hereof, the handling of milk in the Oregon-Washington marketing area shall be in conformity to and in compliance with the terms and conditions of the aforesaid order, as amended, and as hereby further amended, as follows:

Amend § 1124.52 as follows:

a. In the introductory text of paragraph (a) the words, "or in the State of California", are deleted.

b. In paragraph (a) (2) the reference to "subparagraph (1)" is changed to "subparagraphs (1) and (3)", and

c. A new subparagraph (3) is added to paragraph (a) to read as follows:

(3) For any plant located in the State of California, such price shall be reduced 15 cents, plus an additional 1½ cents for each 10 miles or fraction thereof that such plant is more than 110 miles from the county courthouse in either Klamath Falls or Medford, Oreg., whichever is nearer, by the shortest hard-surfaced highway distance as determined by the market administrator; and

(Secs. 1-19, 48 Stat. 31, as amended; 7 U.S.C. 601-674)

Effective date: May 1, 1970.

Signed at Washington, D.C., on April 21, 1970.

RICHARD E. LYNG,
Assistant Secretary.

[F.R. Doc. 70-5045; Filed, Apr. 24, 1970; 8:46 a.m.]

Title 8—ALIENS AND NATIONALITY

Chapter I—Immigration and Naturalization Service, Department of Justice

PART 238—CONTRACTS WITH TRANSPORTATION LINES

PART 248—CHANGE OF NONIMMIGRANT CLASSIFICATION

Miscellaneous Amendments

The following amendments to Chapter I of Title 8 of the Code of Federal Regulations are hereby prescribed:

§ 238.3 [Amended]

1. The listing of transportation lines of paragraph (b) *Signatory lines* of § 238.3 *Aliens in immediate and continuous transit* is amended by adding the following transportation line to the listing in alphabetical sequence: "Dominion Far East Line (Hong Kong) Ltd."

§ 238.4 [Amended]

2. The listings of transportation lines in § 238.4 *Preinspection outside the United States* are amended in the following respects:

a. Under "At Nassau", the following transportation line is added in alphabetical sequence: "International Air Bahama, Ltd."

b. Under "At Vancouver", the following transportation line is added in alphabetical sequence: "British Overseas Airways Corporation."

c. Under "At Winnipeg", the following transportation line is added in alphabetical sequence: "Air Canada."

The first and third sentences of § 248.1 are amended to read as follows:

§ 248.1 Eligibility.

An alien admitted in immediate and continuous transit through the United States without a visa pursuant to section 238(d) of the Act, or an alien classified as a nonimmigrant under section 101(a) (15) (D) or (K) of the Act is not eligible for any change of nonimmigrant classification under section 248 of the Act. * * * Any other alien lawfully admitted to the United States as a nonimmigrant, including an alien who acquired such status pursuant to section 247 of the Act, who is continuing to maintain his nonimmigrant status, may apply to have his nonimmigrant classification changed to any nonimmigrant classification other than that of fiancée or fiancé under section 101(a) (15) (K) of the Act. * * *

(Sec. 103, 66 Stat. 173; 8 U.S.C. 1103)

This order shall be effective on the date of its publication in the FEDERAL REGISTER. Compliance with the provisions of section 553 of title 5 of the United States Code (80 Stat. 383), as to notice of proposed rule making and delayed effective date, is unnecessary in this instance because the amendments to Part 238 add transportation lines to the listings and the amendment to § 248.1 is an interpretative rule which implements Public Law 91-225 of April 7, 1970.

Dated: April 22, 1970.

RAYMOND F. FARRELL,
Commissioner of
Immigration and Naturalization.

[F.R. Doc. 70-5076; Filed, Apr. 24, 1970; 8:49 a.m.]

Title 9—ANIMALS AND ANIMAL PRODUCTS

Chapter I—Agricultural Research Service, Department of Agriculture

SUBCHAPTER C—INTERSTATE TRANSPORTATION OF ANIMALS AND POULTRY

PART 74—SCABIES IN SHEEP

Interstate Movement

Pursuant to provisions of sections 4 through 7 of the Act of May 29, 1884, as amended, sections 1 and 2 of the Act of

February 2, 1903, as amended, and sections 1 through 4 of the Act of March 3, 1903, as amended, and the Act of July 2, 1962 (21 U.S.C. 111-113, 115, 117, 120, 121, 123-126, 134b, 134f), Part 74, Subchapter C, Chapter I, Title 9, Code of Federal Regulations, as amended, is hereby further amended in the following respects:

1. Section 74.2 is amended to read as follows:

§ 74.2 Designation of free and infected areas.

(a) Notice is hereby given that sheep in the following States, territories, and district, or parts thereof as specified, are not known to be infected with scabies, and such States, territories, district, and parts thereof, are hereby designated as free areas:

(1) Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Virgin Islands of the United States, Washington, West Virginia, Wisconsin, and Wyoming;

(2) All counties in New Jersey except Gloucester and Hunterdon.

(b) Notice is hereby given also that sheep scabies exists in the parts of States not designated as free areas in paragraph (a) of this section, and they are hereby designated as infected areas.

2. Section 74.3 is amended to read as follows:

§ 74.3 Designation of eradication areas.

(a) Notice is hereby given that sheep in the counties of Gloucester and Hunterdon, in the State of New Jersey, are being handled systematically to eradicate scabies in sheep, and such counties are hereby designated as eradication areas.

(Secs. 4-7, 23 Stat. 32, as amended, secs. 1, 2, 32 Stat. 791-792, as amended, secs. 1-4, 33 Stat. 1264, as amended, 1265, as amended, 76 Stat. 129-132; 21 U.S.C. 111-113, 115, 117, 120, 121, 123-126, 134b, 134f; 29 F.R. 16210, as amended)

Effective date. The foregoing amendments shall become effective upon publication in the FEDERAL REGISTER.

The amendments add Allen and Barren Counties in Kentucky; Camden, Monmouth, and Salem Counties in New Jersey; Chester, Dauphin, Franklin, Juniata, Lancaster, Lehigh, and Mifflin Counties in Pennsylvania; and Clarke County in Virginia to the list of free areas and delete such counties from the list of infected and eradication areas, as sheep scabies is not known to exist therein. After the effective date of the amendments, the restrictions pertaining to the interstate movement of sheep from or into infected and eradication

areas as contained in 9 CFR Part 74, as amended, will not apply to such areas. However, the provisions in said Part 74 pertaining to the interstate movement of sheep from or into free areas will apply thereto.

The amendments relieve certain restrictions presently imposed on the interstate movement of sheep from Allen and Barren Counties in Kentucky; Camden, Monmouth, and Salem Counties in New Jersey; Chester, Dauphin, Franklin, Juniata, Lancaster, Lehigh, and Mifflin Counties in Pennsylvania; and Clarke County in Virginia, and must be made effective immediately to be of maximum benefit to persons subject to the restrictions which are relieved. Accordingly, under the administrative procedure provisions in 5 U.S.C. 553, it is found upon good cause that notice and other public procedure with respect to the amendments are impracticable and unnecessary, and good cause is found for making them effective less than 30 days after publication in the *FEDERAL REGISTER*.

Done at Washington, D.C., this 22d day of April 1970.

GEORGE W. IRVING, Jr.,
Administrator.

[F.R. Doc. 70-5041; Filed, Apr. 24, 1970;
8:46 a.m.]

Title 12—BANKS AND BANKING

Chapter II—Federal Reserve System

SUBCHAPTER A—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

[Reg. L]

PART 212—INTERLOCKING BANK RELATIONSHIPS UNDER THE CLAYTON ACT

Interlocking Relationship Between Member Bank and Credit Card Sub- sidiary of Another Bank

1. Effective immediately the title of this Part is amended to read as shown above.

2. The following section is added:

§ 212.101 Applicability of section 8 of the Clayton Act to an interlock between a member bank and a credit card subsidiary of another bank.

(a) The Board of Governors recently considered the question whether simultaneous service by an individual as a director of a wholly-owned credit card subsidiary of a national bank and as a director of another member bank in a contiguous municipality was prohibited by section 8 of the Clayton Act (15 U.S.C. 19).

(b) Section 8 of the Act and § 212.1(a) of the Board's Regulation L issued pursuant thereto prohibit any "director, officer, or employee of any member bank . . . or any branch thereof" from serving "at the same time" as a "director, officer, or employee of any other bank", national or State, subject to certain exceptions.

(c) The credit card subsidiary involved was an "operating subsidiary" of the national bank under a ruling of the Comptroller of the Currency, Comptroller's Manual for National Banks ¶ 7376. The similar position of the Board as to State member banks is published at § 250.141 of this subchapter. The Comptroller's ruling states that, "Except as otherwise permitted by statute or regulation, all provisions of Federal banking laws applicable to the operations of the parent bank shall be equally applicable to the operations of its operating subsidiaries." The position of both the Comptroller and Board sustaining the legality of such subsidiaries is based on the assumption that the only functions performed by the subsidiary are functions that could be lawfully performed by the bank. So viewed, the method of organization is irrelevant.

(d) The Board was of the view that the credit card subsidiary was essentially a department or division of the bank, that a contrary view would be inconsistent with the purpose of section 8 of the Act, and that none of the exceptions specified in the Act or Regulation L was applicable. Accordingly, the Board concluded that the interlocking service in question was prohibited by section 8 of the Act and Regulation L.

(Interprets and applies 15 U.S.C. 19)

By order of the Board of Governors,
March 12, 1970.

[SEAL] KENNETH A. KENYON,
Deputy Secretary.

[F.R. Doc. 70-5023; Filed, Apr. 24, 1970;
8:45 a.m.]

Title 10—ATOMIC ENERGY

Chapter I—Atomic Energy Commission

PART 2—RULES OF PRACTICE

PART 50—LICENSING OF PRODUCTION AND UTILIZATION FACILITIES

PART 170—FEES FOR FACILITIES AND MATERIALS LICENSES UNDER THE ATOMIC ENERGY ACT OF 1954, AS AMENDED

Miscellaneous Amendments

On March 31, 1970, the Atomic Energy Commission published in the *FEDERAL REGISTER* (35 F.R. 5317) amendments to its regulations in 10 CFR Parts 2, 50 and 170 which, among other things, eliminate the "provisional" construction permit and the "provisional" operating license for production and utilization facilities. The amendments become effective April 30, 1970.

The Commission has adopted further amendments to Appendix A of Part 2, §§ 50.35 and 50.57 of Part 50 and Part 170 in the form of footnotes which clarify the intent of the Commission that the amendments published on March 31, 1970, do not apply in proceedings for the issuance of provisional construction per-

mits or provisional operating licenses as to which notices of hearing or notices of proposed issuance have been published before March 31, 1970.

Because these amendments relate solely to correction and clarification, the Commission has found that good cause exists for omitting notice of proposed rule making and public procedure thereon as unnecessary. The Commission has also found that since the amendments correct and clarify previous amendments which will become effective on April 30, 1970, good cause exists for making the amendments effective without the customary 30-day notice.

Pursuant to the Atomic Energy Act of 1954, as amended, and sections 552 and 553 of Title 5 of the United States Code, the following amendments to Title 10, Chapter 1, Code of Federal Regulations, Parts 2, 50 and 170, are published as a document subject to codification to be effective on April 30, 1970.

1. Sections IV (c) and (d) of Appendix A of 10 CFR Part 2 are amended by adding at the end thereof a footnote to read as follows:

NOTE: With respect to facilities for which a notice of hearing on an application for a provisional construction permit has been published on or before March 30, 1970, the board will consider, and the Director of Regulation may issue, a provisional construction permit pursuant to Commission regulations in effect on that date.

2. Section 50.35 is amended by adding a footnote to the section heading to read as follows:

1 The Commission may issue a provisional construction permit pursuant to the regulations in this part in effect on March 30, 1970, for any facility for which a notice of hearing on an application for a provisional construction permit has been published on or before that date.

3. Section 50.57 is amended by adding a footnote to the section heading to read as follows:

1 The Commission may issue a provisional operating license pursuant to the regulations in this part in effect on March 30, 1970, for any facility for which a notice of hearing on an application for a provisional operating license or a notice of proposed issuance of a provisional operating license has been published on or before that date.

4. Section 170.12 is amended by adding a footnote to the headings of paragraphs (b) and (c) to read as follows:

1 For facilities as to which a notice of hearing on an application for a provisional construction permit or provisional operating license, or a notice of proposed issuance of a provisional operating license, has been published on or before March 30, 1970, fees shall be paid pursuant to the regulations in this part in effect on that date.

(Sec. 161, 68 Stat. 948; 42 U.S.C. 2201)

Dated at Washington, D.C., this 17th day of April 1970.

For the Atomic Energy Commission.

W. B. McCool,
Secretary.

[F.R. Doc. 70-5020; Filed, Apr. 24, 1970;
8:45 a.m.]

Title 17—COMMODITY AND SECURITIES EXCHANGES

Chapter II—Securities and Exchange Commission

[Release No. 33-5058]

PART 230—GENERAL RULES AND REGULATIONS, SECURITIES ACT OF 1933

Filing and Amending of Registration Statements

The Securities and Exchange Commission has adopted certain amendments to Rules 402 (17 CFR 230.402), 424 (17 CFR 230.424), 470 (17 CFR 230.470), and 472 (17 CFR 230.472) under the Securities Act of 1933. These rules relate to the mechanics of filing registration statements and amendments to such statements. The purpose of the amendments is to facilitate compliance with the rules and expedite the filing and examination of registration statements and amendments. Notice of proposed amendments to these rules was published February 6, 1970, in Securities Act Release 5038 (35 F.R. 2672).

Rule 402(a) previously required the filing of three complete copies of the registration statement and five additional copies without exhibits other than indentures relating to securities to be registered and underwriting agreements. Rule 424(a) required the filing of five copies of the proposed prospectus in addition to those included in copies of the registration statement filed pursuant to Rule 402(a). In Release 5038 it was proposed to add a note to Rule 402(a) calling attention to the requirement of Rule 424(a) for the filing of five additional copies of the prospectus.

It has been found, however, that additional copies of the registration statement, rather than copies of the prospectus, are needed for the use of attorneys, accountants, and analysts and for public inspection, copying and computer input. Upon further consideration, the Commission has determined to require the filing of five additional copies of the registration proper and to rescind the requirement in Rule 424(a) for the filing of five additional copies of the proposed prospectus. Accordingly, Rule 402(a) has been amended to require the filing of three complete copies of the registration statement and 10 additional copies which need not include exhibits other than indentures relating to securities to be registered and the underwriting agreements. Rule 424(a) has been amended to delete the requirement for the filing of five additional copies of the proposed form of prospectus.

Rule 470 sets forth the formal requirements with respect to amendments. This rule has been amended to require the file number of the registration statement to be indicated on all amendments. This will assist the staff in filing and processing amendments. The rule has been further amended to re-

quire that post-effective amendments filed to update a prospectus to meet the requirements of section 10(a)(3) of the Act shall be prepared in accordance with the requirements of the appropriate registration form as then in effect.

In Release 5038 it was proposed to amend Rule 472 to require the filing of four unmarked copies of all amendments and four copies marked to show the changes effected in the registration statement by the amendment. For the reasons indicated above with respect to registration statements, the Commission has determined that additional copies of amendments are also needed. Accordingly, Rule 472 has been amended to require the filing of three unmarked copies of every amendment and eight additional copies, at least five of which shall be marked to indicate the changes effected by the amendment. The revised rule provides also that where a certified financial statement is amended, the certifying accountant's consent to the use of his certificate in connection with the amended statement and to being named as having certified such financial statement shall be filed with the amendment.

Paragraph (d) of Rule 472 provides that where exhibits filed in preliminary form have been changed only in certain respects copies of the document as amended need not be filed. However, such document cannot thereafter be incorporated by reference in other filings with the Commission. The paragraph has been amended to provide further that such a document cannot be designated as a basic document for the purpose of Rule 24(b) of the rules of practice.

Pursuant to sections 6, 7, 10, and 19(a) of the Securities Act of 1933 as amended, the Commission hereby amends §§ 230.402, 230.424, 230.470, and 230.472 of Chapter II of Title 17 of the Code of Federal Regulations as set forth below.

I. Paragraph (a) of § 230.402 of this chapter would be amended as follows:

§ 230.402 Number of copies; binding; signatures.

(a) (1) Three copies of the complete registration statement, including exhibits and all other papers and documents filed as a part of the statement shall be filed with the Commission. Each copy of the registration statement so filed shall be bound, in one or more parts, without stiff covers. The binding shall be made on the side or stitching margin in such manner as to leave the reading matter legible.

(2) Ten additional copies of the registration statement, similarly bound, shall be furnished for use in the examination of the registration statement, public inspection, copying and other purposes. Such copies need not be accompanied by any exhibits other than indentures pertaining to the securities being registered and copies of the underwriting contracts and other documents relating to the distribution of the securities.

II. Paragraph (a) of § 230.424 of this chapter has been rescinded and para-

graph (e) thereof has been redesignated paragraph (a) and as so amended reads as follows:

§ 230.424 Filing of prospectuses, number of copies.

(a) Five copies of every form of prospectus sent or given to any person prior to the effective date of the registration statement which varies from the form or forms of prospectus included in the registration statement as filed pursuant to § 230.402(a) of this chapter shall be filed as a part of the registration statement not later than the date such form of prospectus is first sent or given to any person.

III. Section 230.470 has been amended to read as follows:

§ 230.470 Formal requirements for amendments.

Except as provided in § 230.473 of this chapter, amendments to a registration statement shall be filed under cover of an appropriate facing sheet, shall be numbered consecutively in the order in which filed, shall indicate on the facing sheet the file number of the registration statement, and shall conform to all pertinent rules applicable to the original registration statement, except that an amendment relating to the prospectus which is filed for the purpose of meeting the requirements of section 10(a)(3) of the Act or an amendment filed pursuant to section 24(e)(1) of the Investment Company Act of 1940 shall conform to the appropriate form for registration as in effect at the time of filing of the amendment.

IV. Section 230.472 has been amended to read as follows:

§ 230.472 Filing of amendments; number of copies.

(a) Except for telegraphic amendments filed pursuant to § 230.473 of this chapter, there shall be filed with the Commission three unmarked copies of every amendment and eight additional copies of such amendment at least five of which shall be marked to indicate clearly and precisely, by underlining or in some other appropriate manner, the changes effected in the registration statement by the amendment.

(b) Every amendment which relates to a prospectus shall include copies of the prospectus as amended. Each such copy of the amended prospectus shall be accompanied by a copy of the cross reference sheet required by § 230.404(c) of this chapter if the amendment of the prospectus resulted in any change in the accuracy of the cross reference sheet previously filed. Notwithstanding the foregoing provisions of this paragraph, only copies of the changed pages of the prospectus, and the cross reference sheet if amended, need be included in an amendment filed pursuant to an undertaking referred to § 230.415(a).

(c) Every amendment of a financial statement which is not included in the prospectus shall include copies of the financial statement as amended. Every

amendment relating to a certified financial statement shall include the consent of the certifying accountant to the use of his certificate in connection with the amended financial statement in the registration statement or prospectus and to being named as having certified such financial statement.

(d) If an exhibit to a registration statement (other than an opinion or consent), filed in preliminary form, has been changed only (1) to insert information as to interest, dividend or conversion rates, redemption or conversion prices, purchase or offering prices, underwriters' or dealers' commission, names, addresses or participations of underwriters or similar matters, which information appears elsewhere in an amendment to the registration statement, or (2) to correct typographical errors, insert signatures or make other similar immaterial changes, then, notwithstanding any contrary requirement of any rule or form, the registrant need not refile such exhibit as so amended; provided the registrant states in the amendment the basis provided by this section for not refiling such exhibit. Any such incomplete exhibit may not, however, be incorporated by reference in any subsequent filing under any act administered by the Commission, or be designated as a basic document for the purpose of § 201.24(b) of this chapter.

The foregoing action, which was taken pursuant to the Securities Act of 1933, particularly sections 6, 7, 10, and 19(a) thereof (48 Stat. 78, 81, 85; secs. 205, 209, 48 Stat. 906, 908, sec. 8, 68 Stat. 685, 15 U.S.C. 77f, 77g, 77j, 77s(a)), shall become effective May 7, 1970.

By the Commission, April 7, 1970.

[SEAL] ORVAL L. DuBOIS,
Secretary.

[F.R. Doc. 70-5051; Filed, Apr. 24, 1970;
8:47 a.m.]

Title 24—HOUSING AND HOUSING CREDIT

Chapter II—Federal Housing Administration, Department of Housing and Urban Development

MISCELLANEOUS AMENDMENTS TO CHAPTER

The following miscellaneous amendments have been made to this chapter:

SUBCHAPTER D—RENTAL HOUSING INSURANCE

PART 207—MULTIFAMILY HOUSING MORTGAGE INSURANCE

Subpart A—Eligibility Requirements

Section 207.1(f)(3) is amended to read as follows:

§ 207.1 Application, commitment, and required fees.

(f) Fees on increases—
(3) Loan to cover operating losses. In connection with a loan to cover operating

losses occurring during the first 2 years following completion of the project, a combined application and commitment fee of \$3 per thousand dollars of the amount of the loan applied for shall be submitted with the application for the commitment. No inspection fee shall be required.

In § 207.19 paragraph (c)(4) and the introductory text of paragraph (c)(6) are amended to read as follows:

§ 207.19 Required supervision of private mortgagors.

(c) Requirements incident to insurance of advances.

(4) The Commissioner shall require assurance of completion of offsite public utilities and streets in all cases, except where a municipality or other public body has by agreement (acceptable to the Commissioner) agreed to install such utilities and streets without cost to the mortgagor. Where such assurance is required, it shall be in the form of a cash escrow deposit with the mortgagee or with an acceptable trustee or escrow agent designated by the mortgagee. As additional assurance, the Commissioner may also require a surety company bond or bonds.

(6) The mortgagor shall furnish assurance of completion of the project, in the form of a personal indemnity agreement, a surety company bond or bonds, a cash escrow deposit, or a letter of credit, as required by the Commissioner. The personal indemnity agreement and the bonds shall be on forms approved by the Commissioner. The surety company executing a bond must be satisfactory to the Commissioner. Where a cash escrow deposit is used, it shall be established under an agreement with the mortgagee or with a depository satisfactory to the mortgagee and the Commissioner. The deposit shall involve cash, or securities of, or fully guaranteed as to principal and interest by, the United States of America, except that FHA debentures may not be used for such purpose. The types of assurance to be furnished are as follows:

(Sec. 211, 52 Stat. 23; 12 U.S.C. 1715b. Interpret or apply sec. 207, 52 Stat. 16, as amended; 12 U.S.C. 1713)

SUBCHAPTER E—COOPERATIVE HOUSING INSURANCE

PART 213—COOPERATIVE HOUSING MORTGAGE INSURANCE

Subpart A—Eligibility Requirements—Projects

Section 213.3(c)(3) is amended to read as follows:

§ 213.3 Fees required by Commissioner.

(c) Fees on increases.
(3) Loan to cover operating losses. In connection with a loan to cover operating losses occurring during the first 2 years

following completion of the project, a combined application and commitment fee of \$3 per thousand dollars of the amount of the loan applied for shall be submitted with the application for the commitment. No inspection fee shall be required.

In § 213.27 paragraph (c) and the introductory text of paragraph (e) are amended to read as follows:

§ 213.27 Assurance of completion.

(c) The Commissioner shall require assurance of completion of offsite public utilities and streets in all cases, except where a municipality has by agreement (acceptable to the Commissioner) agreed to install such utilities and streets without cost to the mortgagor. Where such assurance is required, it shall be in the form of a cash escrow deposit with the mortgagee or with an acceptable trustee or escrow agent designated by the mortgagee. As additional assurance, the Commissioner may also require a surety company bond or bonds.

(e) The mortgagor shall furnish assurance of completion of the project, in the form of a personal indemnity agreement, a surety company bond or bonds, a cash escrow deposit, or a letter of credit, as required by the Commissioner. The personal indemnity agreement and the bonds shall be on forms approved by the Commissioner. The surety company executing a bond must be satisfactory to the Commissioner. Where a cash escrow deposit is used, it shall be established under an agreement with the mortgagee or with a depository satisfactory to the mortgagee and the Commissioner. The deposit shall involve cash, or securities of, or fully guaranteed as to principal and interest by, the United States of America, except that FHA debentures may not be used for such purpose. The types of assurance to be furnished are as follows:

(Sec. 211, 52 Stat. 23; 12 U.S.C. 1715b. Interpret or apply sec. 213, 64 Stat. 54, as amended; 12 U.S.C. 1715e)

SUBCHAPTER G—HOUSING FOR MODERATE INCOME AND DISPLACED FAMILIES

PART 221—LOW COST AND MODERATE INCOME MORTGAGE INSURANCE

Subpart C—Eligibility Requirements—Moderate Income Projects

In § 221.506 paragraph (c) is amended to read as follows:

§ 221.506 Fees on increases.

(c) Loan to cover operating losses. In connection with a loan to cover operating losses occurring during the first 2 years following completion of the project, a combined application and commitment fee of \$3 per thousand dollars of the amount of the loan applied for shall be submitted with the application for the