rules and regulations

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[6325-01]

Title 5—Administrative Personnel

CHAPTER I—CIVIL SERVICE COMMISSION

PART 213—EXCEPTED SERVICE

Department of the Interior

AGENCY: Civil Service Commission.

ACTION: Final rule.

SUMMARY: This amendment shows (1) a title change from Confidential Assistant to the Secretary to Special Assistant to the Secretary to more accurately reflect the duties of the position; and (2) an excetion under Schedule C of the position of Special Assistant to the Solicitor because it is confidential in nature.

EFFECTIVE DATE: February 24, 1978.

FOR FURTHER INFORMATION CONTACT.

William Bohling, 202-632-4533. Accordingly 5 CFR 213.3312(a) (1) and (2) are amended and (b)(4) is added as set out below:

§ 213.3312 Department of the Interior.

(a) *Office of the Secretary.*

(1) Four Confidential Assistants to the Secretary.

(2) Five Special Assistants to the Secretary.

* * * * *

(b) *Office of the Solicitor.* * * *

(4) One Special Assistant to the Solicitor.

* * * * *

(5 U.S.C. 3301, 3302; EO 10577, 3 CFR 1954-1958 Comp., p. 218)

UNITED STATES CIVIL SERVICE COMMISSION.
JAMES C. SPRY,
Executive Assistant to the Commissioners.

[FR Doc. 78-4708 Filed 2-23-78; 8:45 am]

[1505-01]

Title 7—Agriculture

CHAPTER II—FOOD AND NUTRITION SERVICE, DEPARTMENT OF AGRICULTURE

SUBCHAPTER A—CHILD NUTRITION PROGRAMS

PART 230—NONFOOD ASSISTANCE PROGRAM

Appendix—Initial Apportionment of Food Service Equipment Funds Pursuant to Child Nutrition Act of 1966, for Fiscal Year 1978

Correction

In FR Doc. 78-3183 appearing at page 5794 in the issue for Friday, February 10, 1978, on page 5795, second table heading which reads "Section 5(B)—Continued" should read "Section 5(E)—Continued".

[3410-02]

CHAPTER IX—AGRICULTURAL MARKETING SERVICE (MARKETING AGREEMENTS AND ORDERS; FRUITS, VEGETABLES, NUTS), DEPARTMENT OF AGRICULTURE

[Lemon Reg. 133, 134; Amdt. 1]

PART 910—LEMONS GROWN IN CALIFORNIA AND ARIZONA

Limitation of Handling

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Final rule.

SUMMARY: This action establishes the quantity of California-Arizona lemons that may be shipped to the fresh market during the period February 26-March 4, 1978, and increases the quantity of such lemons that may be so shipped during the period February 19-25. Such action is needed to provide for orderly marketing of fresh lemons for the periods specified due to the marketing situation confronting the lemon industry.

DATES: The regulation becomes effective February 26, 1978, and the amendment is effective for the period February 19-25, 1978.

FOR FURTHER INFORMATION CONTACT:

Charles R. Brader, 202-447-6393.

SUPPLEMENTARY INFORMATION: *Findings.* Pursuant to the marketing agreement, as amended, and Order No. 910, as amended (7 CFR Part 910), regulating the handling of lemons grown in California and Arizona, effective under the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601-674), and upon the basis of the recommendations and information submitted by the Lemon Administrative Committee, established under this marketing order, and upon other information, it is found that the limitation of handling of lemons, as hereafter provided, will tend to effectuate the declared policy of the act.

The committee met on February 21, 1978, to consider supply and market conditions and other factors affecting the need for regulation, and recommended quantities of lemons deemed advisable to be handled during the specified weeks. The committee reports the demand for lemons is similar to last week.

It is further found that it is impracticable and contrary to the public interest to give preliminary notice, engage in public rulemaking, and postpone the effective date until 30 days after publication in the FEDERAL REGISTER (5 U.S.C. 553), because of insufficient time between the date when information became available upon which this regulation and amendment are based and the effective date necessary to effectuate the declared policy of the act. Interested persons were given an opportunity to submit information and views on the regulation at an open meeting, and the amendment relieves restrictions on the handling of lemons. It is necessary to effectuate the declared purposes of the act to make these regulatory provisions effective as specified, and handlers have been apprised of such provisions and the effective time.

§ 910.434 Lemon Regulation 134.

Order. (a) The quantity of lemons grown in California and Arizona which may be handled during the period February 26, 1978, through March 4, 1978, is established at 240,000 cartons.

(b) As used in this section, "handled" and "carton(s)" mean the same as defined in the marketing order.

§ 910.433 [Amended]

Paragraph (a) of § 910.433 Lemon Regulation 133 (43 FR 6914) is amended to read as follows: "The quantity of lemons grown in California and Arizona which may be handled during the period February 19, 1978, through February 25, 1978, is established at 255,000 cartons."

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

Dated: February 22, 1978.

CHARLES R. BRADER,
Deputy Director, Fruit and Vegetable Division, Agricultural Marketing Service.

[FR Doc. 78-5165 Filed 2-23-78; 11:32 am]

[3410-34]

Title 9—Animals and Animal Products

CHAPTER I—ANIMAL AND PLANT HEALTH INSPECTION SERVICE, DEPARTMENT OF AGRICULTURE

SUBCHAPTER E—VIRUSES, SERUMS, TOXINS, AND ANALOGOUS PRODUCTS; ORGANISMS AND VECTORS

PART 113—STANDARD REQUIREMENTS

Miscellaneous Amendments

AGENCY: Animal and Plant Health Inspection Service (APHIS).

ACTION: Final rule.

SUMMARY: This amendment to the regulations under the Virus-Serum-Toxin Act expands, clarifies, and explains the criteria for interpreting results obtained when the chicken inoculation test for pathogens has been conducted on test birds. Reactions of test birds to a product being tested are used as a basis for evaluating that product, but the present regulations are too limited in that they do not give adequate guidance for the performance of such tests, and do not adequately explain how the results obtained from the tests affect a given serial or subserial of a product. This amendment corrects this deficiency.

EFFECTIVE DATE: This amendment becomes effective March 27, 1978.

FOR FURTHER INFORMATION CONTACT:

Dr. R. J. Price, Biologics Licensing and Standards Staff, USDA, APHIS, VS, Room 827, Federal Building, Hyattsville, Md. 20782, 301-436-8245.

SUPPLEMENTARY INFORMATION:

PROPOSAL PUBLISHED

On November 18, 1977, a proposed notice of amendment to Part 113 of Title 9 was published in 42 FR 59509. The proposed notice contained changes in paragraph (f) of § 113.36 of the regulations which contains the requirements for detection of pathogens by the chicken inoculation test.

The proposed changes provided for a repeat test when the results of a test are "inconclusive". It was also proposed that the term "sicken or die" be replaced by the terms "do not remain healthy" and "unfavorable reactions". In the opinion of Veterinary Services, these terms would provide for a broader test criterion and would be more appropriate in the case of some products. The proposed amendment also provided for the inclusion of subserials as well as serials of a product in the regulations since the test prescribed therein is performed on both serials and subserials.

It was further proposed that a serial or subserial of a product being tested would be declared unsatisfactory if control test birds remain healthy and unfavorable reactions which are found to be attributable to the test product occur in the vaccinates. However, if the control birds do not remain healthy, or if the vaccinates exhibit unfavorable reactions which are not found to be attributable to the test product, it was proposed that the test be declared "inconclusive".

Comments on this amendment were solicited and one favorable response was received. No objections were submitted.

After due consideration of all relevant matters, including the proposals set forth in the aforesaid notice of rulemaking, and the comments and views submitted by interested persons, and pursuant to the authority contained in the Virus-Serum-Toxin Act of March 4, 1913 (21 U.S.C. 151-158), the amendment of Part 113 of Subchapter E, Chapter I, Title 9 of the Code of Federal Regulations, as contained in the aforesaid notice are hereby adopted.

In § 113.36, paragraph (f) is revised to read as follows:

§ 113.36 Detection of pathogens by the chicken inoculation test.

* * * * *

(f) If the controls remain healthy and unfavorable reactions attributable to the product occur in the vaccinates, the serial or subserial tested is unsatisfactory. If the controls do not remain healthy or if unfavorable reactions not attributable to the product occur in the vaccinates, or both, the test shall be declared inconclusive and may be repeated: *Provided*, That, if the test is not repeated, the serial of subserial tested shall be considered unsatisfactory.

(21 U.S.C. 151 and 154; 37 FR 28477, 28646; 38 FR 19141.)

Done at Washington, D.C., this 17th day of February 1978.

NOTE.—The Animal and Plant Health Inspection Service has determined that this document does not contain a major proposal requiring preparation of an Inflation Impact Statement under Executive Order 11821 and OMB Circular A-107.

E. A. SCHILF,
Acting Deputy Administrator, Veterinary Services.

[FR Doc. 78-4832 Filed 2-23-78; 8:45 am]

[6210-01]

Title 12—Banks and Banking

CHAPTER II—FEDERAL RESERVE SYSTEM

SUBCHAPTER A—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

[Docket No. R-0144]

PART 264a—RESERVE BANK DIRECTORS—ACTIONS AND RESPONSIBILITIES

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final rule.

SUMMARY: As a result of enactment of the Federal Reserve Reform Act of 1977, provisions of the U.S. Code relating to acts affecting a personal financial interest were amended to apply to directors of Federal Reserve Banks. Under the amended statute, a director of a Federal Reserve Bank is prohibited from participating personally and substantially in any particular matter in which the director, the director's spouse or minor child, or other individuals or organizations identified in the statute, have a financial interest. However, such prohibition shall not apply, if the director has first advised the Board of Governors of the Federal Reserve System of the nature and circumstances of the particular matter, has made full disclosure of the financial interest involved, and has received in advance a written determination by the Board of Governors that the financial interest "is not so substantial as to be deemed likely to affect the integrity of the services" which the Federal Reserve System may expect from such director. The statute further provides that such prohibition shall not apply if, by general rule or regulation published in the FEDERAL REGISTER, the financial interest has been exempted by the Board of Governors as being "too remote or too inconsequential" to affect the integrity of directors' services.

This rule is promulgated by the Board of Governors for the purpose of implementing and providing guidance concerning the recently amended statute. Specifically, the rule contains prohibitions against director participation in particular matters, sets forth proposed procedures under which a director may obtain an ad hoc exemption pursuant to the statute, and identifies certain financial interests of directors that the Board has exempted from coverage by the statute as being too remote or too inconsequential to affect the integrity of directors' services.

EFFECTIVE DATE: February 17, 1978; comments due, April 14, 1978.

ADDRESS: Interested persons are invited to review the rule and to submit comments (indicating docket No. R-0144) to Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

FOR FURTHER INFORMATION CONTACT:

Thomas J. O'Connell, Counsel to the Chairman, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, 202-452-2791.

SUPPLEMENTARY INFORMATION: The Board believes that the following additional information with respect to the rule is in the public interest. Directors of Federal Reserve Banks are charged by law with the responsibility for supervising and controlling the operations of the Federal Reserve Banks, under the general supervision of the Board of Governors of the Federal Reserve System, and for assuring that the affairs of the Banks are administered fairly and impartially. The Federal Reserve Act provides that Reserve Bank directors will be selected with due consideration to the interests of various segments of the population and economy, thus assuring that the Federal Reserve System will receive the benefit of the experienced judgment of individuals from a broad spectrum of the communities that will be affected by actions of the System. For example, the Federal Reserve Act provides that each head office of a Reserve Bank will have nine directors. Three are designated class A directors and are required to be "chosen by and representative of" member banks of the Board of Governors System. Three are designated class B directors and are to be elected by the member banks; three are designated class C directors and are appointed by the Board of Governors. Both class B and C directors are to represent the public with "due but not exclusive consideration to the interests of agriculture, commerce, industry, services, labor, and consumers." All directors are to be chosen "without discrimination on the basis of race, creed, color, sex, or national origin."

The Federal Reserve Act contemplates that directors will be gainfully employed in several designated areas of endeavor, but will devote a portion of their time to Federal Reserve Bank functions. The amended 18 U.S.C. 208 makes applicable to Reserve Bank directors a standard of conduct formulated primarily for application to individuals serving the Federal government full time and generally with no other substantial occupation or calling. While it is the judgment of the Board of Governors that the ethical standards historically adhered to by the boards of directors of Federal Reserve Banks have been in accord with the spirit of 18 U.S.C. 208, the unique position of Federal Reserve Bank directors was felt to warrant formulation by the Board of Governors of principal standards, as set forth in this rule, under which any potential conflicts could be resolved in a manner consistent with the interests of the public, the Federal Reserve System, and the directors involved.

Pursuant to the authority contained in 5 U.S.C. 553(b)(B), this rule is being published as a final rule without prior general notice of proposed rulemaking, but with opportunity after receipt of comments for later amendments. The Board has for good cause found that this rule must be adopted immediately in view of the present applicability of 18 U.S.C. 208 to directors of Reserve Banks and the desirability of promulgating an immediately applicable rule for the guidance of such directors at this date. Interested persons are invited to review the rule and to submit relevant data, views, comments, or arguments in writing to the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551 to be received not later than April 14, 1978. All material submitted should include the docket number R-0144. Copies of any comments received will be made available for inspection and copying upon request, except as provided in § 261.6(a) of the Board's Rules Regarding Availability of Information (12 CFR 261.6(a)). Consideration will be given to any comments received and the Board will amend the rule as determined necessary or desirable.

Title 12, CFR is amended by adding Part 264a to read as follows:

PART 264a—RESERVE BANK DIRECTORS—ACTIONS AND RESPONSIBILITIES

AUTHORITY: 18 U.S.C. 208, as amended by the Federal Reserve Reform Act of 1977, Pub. L. No. 95-188, sec. 205, 91 Stat. 1387; 12 U.S.C. 248.301.

§ 264a.1 Purpose.

Directors of Federal Reserve Banks are charged by law with the responsibility of supervising and controlling the operations of the Reserve Banks, under the general supervision of the Board of Governors, and for assuring that the affairs of the Banks are administered fairly and impartially. The Federal Reserve Act provides that Reserve Bank directors will be selected with due consideration to the interests of various segments of the population and the economy, thus assuring that the Federal Reserve System will receive the benefit of the experienced judgment of individuals from a broad spectrum of the communities what will be affected by actions of the System. For example, the provisions of section 4 of the Federal Reserve Act, as amended by the Federal Reserve Reform Act of 1977, provide that both class B and C directors shall be chosen to represent the public and with "due but not exclusive consideration to the interests of agriculture, commerce, industry, services, labor, and consumers." Section 4 further provides that class A directors "shall be chosen by and be representative of the stockholding banks" of the Federal Reserve System. Recognizing that Reserve Bank directors may have, in their private capacities, business, consumer, or other interests to which legitimate attention is to be given; but recognizing also that these same individuals have fiduciary responsibilities as directors of Reserve Banks, this regulation is promulgated for the purpose of assuring preservation of and adherence to the intent of both the Federal Reserve Act and section 208 of Title 18, United States Code.

§ 264a.2 Definitions.

For purposes of this part, the following definitions shall apply:

(a) The term "director," unless otherwise indicated, means a head office or branch director of a Federal Reserve Bank.

(b) The term "Board of Governors" means the Board of Governors of the Federal Reserve System.

(c) The term "board" means the board of directors of a Federal Reserve Bank.

(d) The term "related person" means (1) a partner of a director, (2) any organization in which the director is serving as an officer, director, trustee, partner or employee, or (3) any person or organization with whom the director is negotiating or has any arrangement concerning prospective employment.

(e) The term "participate" means to act through decision, approval, disapproval, recommendation, the rendering of advice, investigation, or as is otherwise within the meaning of the provisions of 18 U.S.C. 208.

(f) The term "particular matter" means a judicial or other proceeding, application, request for a ruling or other determination, contract, claim, controversy, charge, accusation, arrest or other subject within the meaning of the provisions of 18 U.S.C. 208.

§ 264a.3 Prohibition against Director participation in particular matters.

(a) Pursuant to the provisions of 18 U.S.C. 208(a), no director may participate personally and substantially in a particular matter in which, to the director's knowledge, the director, the director's spouse or minor child, or related persons have a financial interest unless such action is otherwise permitted by 18 U.S.C. 208(b) and §§264a.4 or 264a.5 of this part.

(b) Except as provided by 18 U.S.C. 208(b) and §§264a.4 or 264a.5 of this part, no director shall participate in deliberations or decisions of a Reserve Bank board when the question presented is whether the board should approve or ratify an extension of credit by a Reserve Bank to a bank which is, in the opinion of the President of the Reserve Bank, in a hazardous financial condition, and

(1) Where the director has knowledge that he, his spouse, or minor child has a financial interest in the proposed transaction as a result of:

(i) Being a borrower or applicant for credit from the borrowing bank, other than consumer credit as defined in Regulation Z (12 CFR 226.2 (p));

(ii) Maintaining a depositary relationship with the borrowing bank in an amount exceeding that covered by federal deposit insurance; or

(iii) Owning stock, stock options, bonds, notes or other forms of indebtedness issued by the borrowing bank, the market value of which exceeds $100,000 or represents more than 1 percent of the value of that class of stock, stock option, bond, note, or other form of indebtedness issued by the borrowing bank.

(2) Where the director has a financial interest in the proposed transaction as a result of:

(i) Service by the director as an officer or director of the borrowing bank;

(ii) Service by the director as an officer or director of another bank that is known by the director to be located in the same geographic market for local banking services as the borrowing bank and is known by the director to be in direct and substantial competition with the borrowing bank;

(iii) Service by the director as an officer or director of another bank that is known by the director:

(A) To have outstanding or to be negotiating an extension of credit from, or to, the borrowing bank, other than federal funds or foreign exchange transactions; or

(B) To maintain a correspondent or depositary relationship with the borrowing bank in an amount exceeding that covered by federal deposit insurance; or

(iv) Service by the director as one of the principal officers of any business enterprise that constitutes the director's primary business or professional occupation where such business enterprise is known by the director:

(A) To have outstanding or to be negotiating a direct extension of credit or direct line of credit from the borrowing bank;

(B) To maintain a prinicpal depositary relationship with the borrowing bank in an amount exceeding that covered by federal deposit insurance; or

(C) To own stock, stock options, bonds, notes or other forms of indebtedness issued by the borrowing bank, the market value of which exceeds $100,000 or represents more than 1 per cent of the value of that class of stock, stock options, bonds, notes or other form of indebtedness issued.

(3) Where the director has knowledge that a partner of the director has a financial interest in the proposed transaction; or

(4) Where the director has a financial interest in the proposed transaction as a result of the director's participation in current negotiations or arrangements concerning prospective employment with the borrowing bank.

(c) It is recognized that a Reserve Bank board can, within the spirit and letter of its responsibilities, delegate to appropriate officials of the Reserve Bank authority to act with respect to extensions of credit to individual banks determined to be in hazardous financial condition, thus avoiding both ratification by the Board and applicability to the directors of the prohibitions of this section. Such delegation would not preclude continued advice to the board of appropriate information regarding bank conditions in the district so as to enable the board fully to perform its general oversight responsibilities.

§ 264a.4 Granting of ad hoc exemptions.

(a) The prohibitions of 18 U.S.C. 208 and § 264a.3 of this part shall not apply if the director first advises the Board of Governors of the nature and circumstances of the particular matter before the board and makes full disclosure of the financial interest involved and receives in advance a written determination made by the Board of Governors, or its designee, pursuant to 18 U.S.C. 208(b)(1), that the interest is not so substantial as to be deemed likely to affect the integrity of the services which the Federal Reserve System may expect from such director.

(b) Telegraphic communications from the President, First Vice President, Secretary or General Counsel of a Reserve Bank to the Board of Governors on behalf of a director and setting forth the precise nature of both the particular matter before the board and the financial interest involved shall be considered to meet the director's duty of full disclosure set forth in paragraph 264a.4(a). Telegraphic response to the same identified officials of the Reserve Bank by the Board of Governors, or its designee, shall be deemed to meet the requirement of a written determination by the Board of Governors set forth in paragraph 264a.4.

§ 264a.5 Exemption of remote or inconsequential financial interests.

(a) Pursuant to the provisions of 18 U.S.C. 208(b)(2), certain actions of directors of Federal Reserve Banks may be exempted from the prohibitions of 18 U.S.C. 208(a) and § 264a.3 of this part, if by general rule or regulation published in the FEDERAL REGISTER, the financial interest involved has been determined to be too remote or too inconsequential to affect the integrity of directors' services. Financial interests will be viewed as too remote or too inconsequential:

(1) In circumstances in which a director's action on a matter will not directly, substantially, and predictably affect the financial interest; or

(2) In circumstances in which a director's independence of judgment will not be affected by the financial interest.

(b) The Board of Governors has determined that the financial interests of a director, the director's spouse or minor child, or related persons in the following matters are too remote or too inconsequential to affect the integrity of directors' services and, accordingly, the prohibitions of 18 U.S.C. 208(a) and § 264a.3 of this part shall not apply to a director's participation in such matters:

(1) Deliberations concerning and ratification of ordinary and routine extensions of credit to a member bank that have previously been made by officials of the Reserve Bank under appropriate provisions of the Federal Reserve Act, regulations and policies of the Board of Governors and the Federal Reserve Banks, and the established operating procedures at the director's Reserve Bank;

(2) Deliberations concerning or affecting a financial institution, to the extent the financial interest in such matters results from:

(i) Maintenance at the financial institution of a checking or other deposit account covered by federal insurance;

(ii) A fiduciary relationship involving the utilization of the financial institution's trust or investment advisory services;

(iii) The receipt from the financial institution of consumer credit, as that term is defined in Regulation Z (12 CFR 226.2(p)); or

(iv) Participation in federal funds or foreign exchange transactions with the financial institution;

(3) Deliberations concerning or affecting a financial institution or other enterprise to the extent the financial interest results from ownership of stock, stock options, bonds, notes, or other forms of indebtedness, the market value of which is less than $100,000 and represents less than 1 per cent of the value of that class of stock, stock option, bond, note or other form

of indebtedness issued by the financial institution or other enterprise.

(c) Section 264a.3(b) of this part specifically identifies certain financial interests, the existence and knowledge of which will preclude a director from participating in deliberations or decisions of a Reserve Bank board (except through recourse to the procedures set forth in § 264a.4) when the question presented is whether the board should approve or ratify an extension of credit by a Reserve Bank to a bank which is, in the opinion of the President of the Reserve Bank, in hazardous financial condition. Financial interests identified in § 264a.3(b) are viewed by the Board as offering a clear potential for conflict. The Board has determined that any other financial interest that a director, the director's spouse or minor child, or related persons may have in such extensions of credit to banks in hazardous condition are too remote or too inconsequential to affect the integrity of directors' services and, accordingly, the prohibitions of 18 U.S.C. 208(a) and § 264a.3 of this part shall not apply to a director's participation in such matters. These would include, for example, financial interests that might result from:

(1) A director's ownership of stock of a bank or business that may have an interest in the condition of the borrowing bank; or

(2) A director's service as a director or trustee of a business or other organization, other than a bank, that may, itself or through a subsidiary, have an interest in the condition of the borrowing bank.

(d) The functions of directors often include their participation in discussions concerning (1) international, national, and regional economic and financial conditions, (2) monetary policy, (3) general conditions, trends or issues with respect to bank credit, (4) establishment of rates to be charged for all advances and discounts by Federal Reserve banks, subject to review and determination of the Board of Governors pursuant to the Federal Reserve Act, and (5) statutes and proposed or pending legislation in which the Federal Reserve System has a legitimate interest. The foregoing matters are not particular matters of the type described in 18 U.S.C. 208 and, therefore, that statute is not applicable to participation in such matters. However, even if the statute were held to be applicable to participation in such matters, the Board of Governors has determined that the financial interests of a director, the director's spouse or minor child, or related persons in such matters are too remote or too inconsequential to affect the integrity of directors' services and, accordingly, the prohibitions of 18 U.S.C. 208(a) and § 264a.3 of this part shall not apply to a director's participation in such matters.

(e) Nothing in this section shall preclude a director from refraining, to the extent consistent with responsibilities imposed upon the directors by the Federal Reserve Act, from participation in a particular matter. The Board hereby gives notice of its intention to undertake a continuing review of the experience of Reserve Bank boards under this regulation with a view to assuring preservation of and adherence to the intent of both the Federal Reserve Act and 18 U.S.C. 208, as amended. In the course of such review, particular attention will be given to the provisions of this section.

NOTE.—A Guide to Conduct for Directors of Federal Reserve Banks and Branches of Federal Reserve Banks appears in the Notices section of this issue of the FEDERAL REGISTER.

Board of Governors of the Federal Reserve System, February 17, 1978.

THEODORE E. ALLISON,
Secretary.

[FR Doc. 78-4999 Filed 2-23-78; 8:45 am]

[7535-01]

CHAPTER VII—NATIONAL CREDIT UNION ADMINISTRATION

PART 760—FLOOD INSURANCE

Miscellaneous Amendments

AGENCY: National Credit Union Administration.

ACTION: Final rule.

SUMMARY: The National Credit Union Administration is revising its flood insurance regulations to conform to the recent statutory amendments to the Flood Disaster Protection Act of 1973. These amendments rescind the former prohibitions in that Act against granting loans secured by property located in a designated special flood hazard area unless the community in which the property is located was participating in the National Flood Insurance Program. New requirements for notices to be given to member-borrowers are also imposed by the amendments. Recommended notices are set out in the revised regulations.

EFFECTIVE DATE: February 24, 1978.

FOR FURTHER INFORMATION CONTACT:

Frederick S. Lipton, Office of the General Counsel, National Credit Union Administration, 2025 M Street NW., Washington, D.C. 20456, 202-632-4870.

SUPPLEMENTARY INFORMATION: Sections 3(a)(4) and 202(b) of the Flood Disaster Protection Act of 1973 ("the 1973 Act") were amended by section 703 of the Housing and Community Development Act of 1977 (Pub. L. 95-128) ("the 1977 Act"). Prior to its amendment by the 1977 Act, section 202(b) required the National Credit Union Administration to prohibit by regulation any Federal credit union or federally-insured State credit union (referred to collectively as "federally-insured credit unions") from making any loan secured by improved real estate or a mobile home located or to be located in a special flood hazard area, as designated by the Secretary of the Department of Housing and Urban Development, unless the community in which such property is located was then participating in the National Flood Insurance Program ("NFIP"). Section 703(a) of the 1977 Act removes this prohibition against making such loans in cases where the community in which the property is located is not participating in the NFIP. Section 703(a) also provides that the National Credit Union Administration shall by regulation require that as a condition of making, increasing, extending or renewing such loans, federally-insured credit unions notify the purchaser or lessee that the property is located in a special flood hazard area and whether, in the event of a disaster caused by flood, Federal disaster relief assistance will be available for such property.

Certain exemptions to the prohibitions previously contained in section 202(b) of the 1973 Act were provided for by the Housing Authorization Act of 1976. Section 760.2 of the flood insurance regulations (12 CFR § 760.2) was previously revised to reflect these exemptions. Due to the amendments to section 202(b) contained in the 1977 Act, these exemptions are no longer necessary. Therefore, subsection (a) of § 760.2 has been deleted, and the succeeding subsections redesignated (a) through (d).

As explained above, section 703 of the 1977 Act removes the prohibition against a federally-insured credit union from making loans to finance improved real estate or mobile homes located in a designated special flood hazard area where the surrounding community does not participate in the NFIP. However, such loans made in a community that is participating in the NFIP remain subject to the requirements in section 102(b) of the 1973 Act that the building or mobile home and any personal property securing such loan be covered for the term of the loan by flood insurance in an amount at least equal to the outstanding principal balance of the loan or the maximum limit of coverage made available under the 1973 Act with respect to the particular type of property, whichever is less.

In addition, for property located in a special flood hazard area where the