

of Equity Securities through or from an underwriter.

3. A new § 107.505 is added reading as follows:

§ 107.505 Purchase of Equity Securities through or from underwriter.

A Licensee may purchase Equity Securities (see § 107.302(b)) issued by a Small Concern through or from an underwriter, within 90 days after a public offering is first lawfully made: *Provided, however,* That (a) such purchase may not be made at more than the original public offering price; (b) the underwriter certifies in writing whether it is an Associate of any Licensee, that the portion of the offering purchased by the Licensee represents only newly issued Equity Securities, and that an amount equal to the amount paid by the Licensee (less reasonable and customary underwriting and related charges permitted to be charged by the underwriter in connection with the Licensee's purchase) has been, or will be, paid to the small concern; (c) if the underwriter is an Associate of any Licensee, no fees or charges may be retained by such underwriter with respect to the portion of the offering purchased by any Licensee; and (d) Licensee maintains records available for SBA inspection showing relevant details of the transaction, including date, price, commissions, etc., paid, if any, and underwriter's certificate. See also § 107.301(e) regarding size status and nondiscrimination certification.

(Catalog of Domestic Assistance Program No. 59.011 Small Business Investment Companies.)

Dated: August 4, 1978.

A. VERNON WEAVER,
Administrator.

[FR Doc. 78-24928 Filed 9-5-78; 8:45 am]

[6355-01]

Title 16—Commercial Practices

CHAPTER II—CONSUMER PRODUCT SAFETY COMMISSION

PART 1209—INTERIM SAFETY STANDARD FOR CELLULOSE INSULATION

Establishment of Interim Safety Standard; Correction

AGENCY: Consumer Product Safety Commission.

ACTION: Correction of final rule.

SUMMARY: This document makes corrections to FR Doc. 78-22034 which appeared at page 35240 in the issue of Tuesday, August 8, 1978. The regulation established interim mandatory safety standards to eliminate or

reduce unreasonable risks of injury to consumers from flammable and corrosive cellulose insulation.

FOR FURTHER INFORMATION CONTACT:

Wade D. Anderson, Directorate for Compliance and Enforcement, Consumer Product Safety Commission, Washington, D.C. 20207, 301-492-6400.

In FR Doc. 78-22034, appearing at page 35240 in the issue of Tuesday, August 8, 1978, make the following changes in Part 1209.

1. On page 35247, second column, the eighteenth line of § 1209.1(a) should read, "ASTM C 739-77(e), 'Standard Specification', the sixth from last line of § 1209.1(a) should read, "'Building Materials'; ASTM C 519-65 (reapproved 1975)" and the third from last line of section 1209.1(a) should read, "'Insulations'; and ASTM D 2016-74, 'Standard'".

2. On page 35247, third column, the fifteenth line of § 1209.4(a) should read, "25 ft. $\pm$ 3 in. (7.62 m $\pm$ 76.2 mm). The".

3. On page 35249, first column, the eighth line of § 1209.4(a)(3) should read, "side walls of the chamber at distances," and the seventeenth line of § 1209.4(a)(4) should read "kg/m³."

4. On page 35249, second column, the thirty first line of § 1209.4(a)(5) should read, "during period of use shall consist of a", and the thirteenth line of § 1209.4(a)(6) should read, "a total draft capacity of at least 0.15 in."

5. On page 35249, third column, the second line of § 1209.4(a)(10) should read, "Awg. (1.02 mm) thermocouple, with", and the second line of § 1209.4(a)(11) should read, "18 Awg. (1.02 mm) thermocouple embedded".

6. On page 35250, second column, the fifth from last line of § 1209.4(c)(3) should read, "device accurate to 0.001 V, has been", and the eleventh line of § 1209.4(c)(5) should read, "otherwise corrected for, when bottled".

7. On page 35250, third column, the third line of § 1209.4(c)(8) should read "[conditioned as described in § 1209.4(c)(2)]."

8. On page 35251, third column, the first line of § 1209.4(e)(1)(ii) should read, "(ii) If this total Area (A_T) is less than", the second line of § 1209.4(e)(1)(ii) should read, "or equal to 97.5 min-ft, the flame", and the second line of § 1209.4(e)(1)(iii) should read, "than 97.5 min-ft, the flame spread".

9. On page 35256, first column, the thirteenth line of § 1209.5(a)(2) should read, "Scientific Instruments (CSI) 2-ft flame".

10. On page 35256, second column, the first line of § 1209.6(a)(2) should

read, "(2) Crystallizing dishes. Crystallizing", the third line of § 1209.6(a)(3) should read, "by 0.003 in. (0.0762 mm) thick metal", and the second line of § 1209.6(c)(1) should read, "metal specimens with trichloroethylene or 1,1,1-trichloroethane".

11. On page 35256, third column, the third line of § 1209.7(c) should read, "[relative humidity and 73 $\pm$ 2°F (23 $\pm$ 1.1°C)]."

Dated: August 31, 1978.

SADYE E. DUNN,
Acting Secretary, Consumer
Product Safety Commission.

[FR Doc. 78-25031 Filed 9-5-78; 8:45 am]

[4110-07]

Title 20—Employees' Benefits

CHAPTER III—SOCIAL SECURITY ADMINISTRATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

[Reg. No. 16]

PART 416—SUPPLEMENTAL SECURITY INCOME FOR THE AGED, BLIND, AND DISABLED

Deeming of Income

AGENCY: Social Security Administration, HEW.

ACTION: Final rules.

SUMMARY: The amendment provides rules under which the Social Security Administration will deem income and a conforming rule to insure that State supplement computations are consistent with the revised deeming of income provisions.

This amendment to the regulations provides the methodology to be used in determining the amount of income to be deemed from an ineligible spouse to an eligible individual. It also provides rules for determining the amount of income to be deemed from an ineligible spouse to an eligible individual and to his or her eligible child residing in the same household. Similarly, it provides rules for determining the amount of income to be deemed from an ineligible parent (and ineligible spouse of such a parent) to an eligible child.

These rules are designed to simplify Supplemental Security Income (SSI) eligibility determinations. The rules take cognizance of the inflationary process on the income of persons from whom income is deemed, and will more closely equalize the treatment of income used in the deeming process as compared with income of other SSI beneficiaries not involved in the deeming process.

EFFECTIVE DATE: The amendment shall be effective January 1, 1977, for all new and pending claims and for all redetermined cases. Cases requiring the application of deeming for periods prior to January 1, 1977, shall be subject to the deeming regulations which were published in the *FEDERAL REGISTER* on January 22, 1974 (39 FR 2487) as a notice of proposed rulemaking with interim effectiveness.

FOR FURTHER INFORMATION CONTACT:

Mr. S. J. Weissman, Legal Assistant, Social Security Administration, 6401 Security Boulevard, Baltimore, Md. 21235, telephone 301-594-7341.

SUPPLEMENTARY INFORMATION: On January 18, 1977, there was published in the *FEDERAL REGISTER* (42 FR 3316) a notice of proposed rulemaking with interim effectiveness, relating to the deeming of income.

Section 1614(f) of the Social Security Act (42 U.S.C. 1382c(f)) requires that the income of an eligible individual be deemed to include the income of his or her ineligible spouse if they are residing together in the same household. That section also requires that the income of a child under age 21 be deemed to include the income of the parent and spouse of parent residing in the same household. The statute does not provide specific limitations of the amount of income to be deemed. This statute requires all such income to be deemed except to the extent that the Secretary of Health, Education, and Welfare determines it would be inequitable to do so. In these regulations, the Secretary has accordingly specified methods of deeming and the amount of income to be deemed.

The incorporation of the deeming concept into title XVI of the Act (SSI program) originates from the long social and legislative history of determining spousal responsibility to support a spouse and the parents' responsibility to support their children. This deeming provision reflects the concept relating to spouse and parent responsibility as it is incorporated into the SSI program.

A. DISCUSSION OF REGULATIONS

1. Deeming income to an eligible individual from an ineligible spouse. Section 416.1185(a) provides that the income to be deemed to an eligible individual from an ineligible spouse will be reduced by an allocation for each ineligible child in the household under age 21, in an amount equal to the difference between the quarterly benefit rate for an individual (see § 416.410) and the quarterly benefit rate for a couple (see § 416.412). The allocation will be deducted from the ineligible spouse's unearned income first and any unmet remainder of the allocation

will be deducted from the ineligible spouse's earned income. Any income of the ineligible child not otherwise excluded by § 416.1185(d) will be used to reduce the allocation made on his or her behalf.

Next, the amendment provides that if the remaining income (after all appropriate allocations for the ineligible children) of the ineligible spouse does not exceed one-half the quarterly benefit rate for an eligible individual no income will be deemed. In this situation, the eligible individual's quarterly countable income will be subtracted from the quarterly standard payment amount for an individual to determine the eligible individual's quarterly benefit rate.

However, where the remaining income (after all appropriate allocations for the ineligible children) exceeds one-half the quarterly benefit rate for an eligible individual, all of the remaining income is deemed to the eligible individual. The deemed unearned income is combined with the eligible individual's unearned income, and the deemed earned income is combined with the eligible individual's earned income. The appropriate exclusions are applied (§ 416.1145) to the applicable sums of earned and unearned income, and the combined quarterly countable income will be subtracted from the quarterly standard payment amount for a couple to determine the eligible individual's quarterly benefit rate. However, in no case will a payment to an eligible individual exceed the amount that he or she would have received if he or she was not subject to the deeming provisions.

2. Deeming income to an eligible child. The amendment (§ 416.1185(b)) provides that prior to deeming the income of the ineligible parent (and ineligible spouse of such a parent) will be reduced by an allocation for each ineligible child under age 21 of the parent or spouse of the parent residing in the same household. The allocation for each ineligible child is an amount equal to the difference between the quarterly benefit rate for an individual (see § 416.410) and the quarterly benefit rate for a couple (see § 416.412). The ineligible child's allocation is deducted from the parents' unearned income first. Any unmet remainder of the allocation is subtracted from the parents' earned income. Any income of the ineligible child not otherwise excluded by § 416.1185(d) will be used to reduce the allocation made on his or her behalf.

Next, the income is reduced by an allocation for the parents. The amount of the allocation varies by the type of income involved. Section 416.1185(b)(3)(i), (ii) and (iii) describes the amount of the parents' allocations by type of income.

After all allocations have been made, the remaining income will be deemed to the eligible child. The deemed income will be treated as unearned income. The child's income is then subject to the applicable exclusions (see § 416.1145) to determine the child's countable income. The countable income is subtracted from the standard payment amount for an individual and the remainder is the child's quarterly benefit.

Whenever there is more than one blind or disabled child in the deeming situation, the income to be deemed will be divided equally among them. However, no income will be deemed to a blind or disabled child in excess of that amount which when combined with his or her income, if any, reduces the payment level to zero. Any remaining deemable income will be deemed to the remaining blind or disabled children.

3. Deeming income to an eligible spouse and eligible child from an ineligible individual. Section 416.1185(c) provides that the amount of income to be deemed from an ineligible parent to an eligible spouse and eligible child will first be reduced by an allocation for each ineligible child in the household under age 21. Here again, the allocation for each ineligible child will be an amount equal to the difference between the quarterly benefit rate for an individual and the quarterly benefit rate for a couple. Next, spouse to spouse deeming is applied (as described in § 416.1185(a)), and all income in excess of the amount which reduces the eligible spouse's payment to zero is deemed to the blind or disabled child and treated as unearned income.

4. Income not subject to deeming. The regulations (§ 416.1185(d)) provide that certain items of income will not be included in the deeming process. Several of these items are income exclusions adopted from title XVI of the Social Security Act or other Federal statutes (e.g., Food Stamp Act of 1965). Assistance based on need and income based on need will not be included as income to be deemed nor will the income used to determine the eligibility and amount of the need-based payments be included because to do so would be indirectly requiring the other assistance program to support an SSI beneficiary. Any in-kind support and maintenance (food, clothing, and shelter) furnished to the ineligible spouse, parent or spouse of a parent, if any, and any ineligible children in the household will not be counted as income under this section.

5. Limitation on deeming. The regulations also provide (§ 416.1185(e)) that the Social Security Administration will continue to deem income as long as the individual is residing in the

household with the person from whom income is deemed even during periods of temporary absence. A temporary absence is defined as one in which either the eligible individual or the person from whom income is deemed leaves the household but intends to return and actually returns to the household in the same or the next month.

If the absence is not temporary, deeming will cease to be effective with the first full month of absence. The amendment specifically provides that deeming will continue to apply to a child who is absent for extended periods in order to attend school so long as the child returns home on vacations, and, thus, can fairly be said to continue to maintain his residence with his or her parents. Where a child attains age 18 (or age 21, where the child is a student) during a month, or becomes a student during a month, deeming will cease with the month following the month of the change or start with the first full calendar month the eligible individual is subject to deeming.

6. Conforming amendment regarding State supplementation. Under § 416.2015(c), eligibility for and the amount of the State supplementary payment will be determined pursuant to the provisions applicable to Federal SSI benefits including the deeming provisions. Also under § 416.2025, "countable income" for the purposes of State supplementary payments is determined in the same manner as for Federal SSI benefits and thus includes application of the "deeming" provisions. However, a technical conforming change in the language of § 416.2025 is necessary for consistency with the amended deeming regulations. Accordingly, § 416.2025(b)(1) has been amended and states that in the case of an eligible individual living with an ineligible spouse with income (the deeming provisions of § 416.1185 apply) the Federal benefit rate from which countable income will be deducted is the Federal benefit rate applicable to an eligible couple. However, an eligible individual's payment amount may not exceed the amount he or she would have received if he or she was not subject to the deeming provisions (§ 416.1185(a)(4)). This clarification conforms the State supplement computations provision with the new deeming provisions.

B. DISCUSSION OF COMMENTS

Interested persons were given the opportunity to submit, within 45 days, data, views, or arguments with regard to the proposed changes. A number of comments were received from private, State and local organizations. Responses to the comments are discussed below.

Comment: One commenter proposed that: (1) Only income which is actually available to the eligible individual should be deemed; (2) income of parents should not be deemed to an individual eighteen years or older as this is inconsistent with present majority statutes; and (3) the exemptions for unearned income of the parent should be the same as those for earned income.

Response: The first proposal is not consistent with the legislative language of title XVI (section 1614(f)) which states that all income of an ineligible spouse, parent, or spouse of a parent shall be deemed to the eligible individual whether or not available to the eligible individual.

The second proposal cannot be implemented because title XVI (section 1614(f)(2)) requires the deeming of a parent's income to a child under age 21. The statute defines a child as an individual who is neither married nor the head of household and is under age 18 or under age 22, if the individual is a student regularly attending a school, college, university, or a course of vocational or technical training designed to prepare him or her for gainful employment. Therefore, the statute requires the deeming of income to a child 18, 19, or 20 years old if the child is attending school or vocational training and lives at home.

The third recommendation cannot be adopted because it is not consistent with the differing treatment of unearned and earned income for eligible individuals under the SSI program. The equal treatment of unearned and earned income would eliminate the work incentive contained in the program. The intent of the deeming regulations is to treat the income of the parents comparably to the way the income of an eligible individual would be treated.

Comment: One commenter proposed that the ineligible spouse be permitted to retain at least \$600 a month net income for his or her own needs before any income is deemed.

Response: In arriving at the amounts of the allocations for the ineligible spouse and ineligible parents consideration was given to various alternatives. Among the alternatives considered were the amount of income based on the Bureau of Labor Statistics poverty levels, a flat percentage of the parent's income, and allocations equal to the amount of income that an individual or couple could have if they were applying for SSI benefits on their own behalf. It was decided that the allocations should continue to be based on consideration of the income exclusions and benefit rates under the SSI program. However, the new allocations are higher than those formerly in effect and generally permit the in-

eligible spouse or parents to set aside as much income as they could have before becoming ineligible for SSI payments, if they were applying on their own behalf. To increase the allocations above this point would greatly advantage people in the deeming situation over eligible beneficiaries not subject to deeming. Therefore, we are not adopting this recommendation.

Comment: A comment was received suggesting that an allocation for an ineligible child should be extended in situations involving an eligible couple just as is done when a couple is in the deeming situation; i.e., an eligible individual resides with an ineligible spouse.

Response: The statutory language of title XVI does not provide an income exclusion or any provision to deduct an amount of income for an ineligible child when both parents are applying for title XVI payments. The authority to provide rules setting allocations is permissible under the deeming provisions of section 1614(f) of the Social Security Act which does not extend to situations involving an eligible couple. In determining the eligibility of a couple, the authority to deduct or exclude income is limited to those items or amounts of income set forth in section 1612(b) of the act or other Federal statutes which do not provide for allocations for an ineligible child or children of an eligible couple.

Comment: Three commenters stated that the earned income exclusions should be applied to the earned income of the ineligible spouse and parents before allocating income for the needs of ineligible children.

Response: The deeming regulations are designed to treat individuals subject to deeming similarly to the way they would be treated if both were eligible. To apply the children's allocation after the income exclusions would further advantage the parents in a deeming situation more than an eligible couple since the latter have no allocation. This is so because the child's allocation coming after the earned income exclusion results in the child's allocation offsetting more earned income than the amount of the allocation. After applying the earned income exclusion approximately one-half of the gross earned income remains. If the child's allocation were subtracted at this point the allocation would in effect be double the stated amount. This recommendation is not being adopted because it would allow individuals in the deeming situation to retain more income than those not subject to deeming.

Comment: Two commenters pointed out that the allowances for the needs of ineligible family members are unrelated to supplementation levels in the various States.

Response: The allocations were developed to be applied to the deeming provisions as applicable to the basic national SSI program. The individual States can adjust the supplementation levels if they wish to reflect the cost of living as applicable in their State. To make the various deeming allowances reflect the supplementation levels would create a different allowance for each State, and living arrangement within each State and would be totally inconsistent with a national uniform program.

Comment: One commenter suggested that the earned and unearned disregards which are applied to the income of the eligible child should also be applied to the income of the ineligible child.

Response: A portion of the income of the ineligible spouse, parent or spouse of a parent is set aside as an allocation for the ineligible child and the child's income could be used to reduce his or her allocation. In addition, the exclusions from income for deeming purposes contained in § 416.1185(d) are applicable in determining the amount of income of the ineligible child. One of the exclusions contained in § 416.1185(d)(2) permits an eligible child to exclude up to \$1,620 of earned income per year as long as the child is a student while employed. Assuming such child who is a student has such income it would not cause a reduction of the allocation to that child.

If the ineligible child has countable income it is used to lower the allocation on the premise that such income can be used for the child's needs. If the ineligible child's income equals or exceeds the allocation no allocation is made. However, in no case is any of the ineligible child's income deemed to the eligible individual and therefore, there is no need to extend all of the income exclusions applicable to an eligible individual to the income of the ineligible child.

Comment: One commenter felt the regulations are too liberal in that they will provide a large number of persons, especially children, with an SSI payment thereby increasing the number of eligibles for medical assistance under title XIX.

Response: The deeming regulations are designed to provide equity in the deeming of income and in so doing update the treatment of income of ineligible spouses and parents in view of the increases in living costs which has occurred since 1973. These rules represent a modest effort to provide more SSI payments to aged, blind, or disabled individuals with low income.

Comment: One commenter proposed that when the income of an ineligible person must be deemed to an eligible individual and an eligible child, the

income to be deemed should be divided equally between the eligible individual and eligible child to protect the medic-aid eligibility of both.

Response: Under the former regulations the income of the ineligible person was deemed equally to the eligible individual and eligible child after subtracting the allocation for any ineligible children and the ineligible spouse in the household. Under the revised regulations the income of the ineligible spouse is combined with that of the eligible spouse after deducting the appropriate allocation for the ineligible children. The eligibility of the eligible spouse is determined just as if they were an eligible couple including the appropriate supplementation level. If the eligible spouse is eligible for an SSI or State supplementary payment, no income is deemed to the child. If the eligible spouse cannot receive either payment the amount of income which reduces the payment to zero is deemed to the child.

The revised regulations for the most part treat all couples and parents in deeming situations similar to the way they would be treated if they were applying for SSI payments on their own behalf. The regulations also provide for a similar set-aside of parental income before deeming to the child as would be done in regular parent-to-child deeming. Since this concept provides greater equity in the treatment of income, the commenter's proposal is not being adopted.

Comment: A number of commenters stated that the preamble and the amendment to the regulations were difficult to understand because both failed to cover the methodology of deeming in depth. Along these same lines, many commenters stated that the examples in the amendment lacked explicitness, and that better examples should be incorporated to provide a clearer understanding of the deeming provisions.

Response: Although the deeming policies remain unchanged, in response to these comments the preamble and the amendment to the regulations have been rewritten to provide greater specificity. The language has been simplified and expanded to facilitate an understanding of the deeming rules. Moreover, the examples have been rewritten to more clearly illustrate the application of the deeming regulations.

Accordingly, with these clarifying and editorial changes, the amendments are adopted as set forth below.

(Secs. 1102, 1614(f), 1616(a), 1631 of the Social Security Act, as amended, 49 Stat. 647, as amended, 86 Stat. 1473, 1474(a), and 1475 (42 U.S.C. 1302, 1382c(f), 1382e(a), 1383).)

(Catalog of Federal Domestic Assistance Program No. 13.807, Supplemental Security Income Program.)

NOTE.—The Social Security Administration has determined that this document does not contain a major proposal requiring preparation of an economic impact statement under Executive Order 11821, as amended by Executive Order 11949, and OMB Circular A-107.

Dated: October 31, 1977.

J. B. CARDWELL,
Commissioner of
Social Security.

Approved: August 24, 1978.

HALE CHAMPION,
Acting Secretary of Health,
Education, and Welfare.

Part 416 of Chapter III of Title 20 of the Code of Federal Regulations is amended as follows:

1. Section 416.1185 is added to read as follows:

§ 416.1185 Deeming of income.

Section 1614(f) of the Social Security Act (42 U.S.C. 1382c(f)) requires that, where an eligible individual lives in the same household with his or her ineligible spouse, his or her income shall be deemed to include the income of the ineligible spouse, except to the extent that it would be inequitable to do so. Similarly, the income of a child under age 21 who is eligible for SSI benefits and lives with his or her parent (or spouse of a parent) in the same household, is deemed to include the parents' income except to the extent that it would be inequitable to do so. Generally, the amounts of an ineligible spouse's or a parent's income which are not deemed to the beneficiary are termed "allocations." Allocations of an ineligible spouse's or a parent's income, prior to deeming, are provided for any ineligible children in the household who are not beneficiaries. In addition, before the deeming of a parent's income, an allocation is also provided for the parent (or spouse of a parent).

Any amounts used in the examples in paragraphs (a), (b), and (c) of this section are based on the rates for quarters beginning July 1, 1977.

(a) *Individual with spouse.* In the case of an individual who is living in the same household with a person not eligible for benefits under this part who is, or who is considered to be, such individual's husband or wife in accordance with the provisions set forth in §§ 416.1001-416.1041, the eligible individual's income shall be deemed to include (except as otherwise provided in this section) any income (as defined in § 416.1102(a)) of the ineligible spouse whether or not such income is available to the eligible individual.

(1) The quarterly income to be deemed to an eligible individual from an ineligible spouse will first be reduced by an allocation for each child (§416.1050) in the household who is under age 21 and is neither blind nor disabled.

(i) The allocation for the ineligible child (children) will be an amount equal to the difference between the quarterly benefit rate for an individual (as defined in §416.410) and the quarterly benefit rate for a couple (as defined in §416.412).

(ii) Any income of such child (children) not otherwise excluded by §416.1185(d) will be used to reduce the allocation of income made on his or her behalf.

(iii) The allocation for the child (children) will be deducted from the ineligible spouse's unearned income first. Any unmet remainder of the allocation will be deducted from the ineligible spouse's earned income.

(2) If the remaining income of the ineligible spouse (after all appropriate allocations for the ineligible children) does not exceed one-half the quarterly benefit rate for an eligible individual (as defined in §416.410), there is no income deemed. In such case, the eligible individual's income will be reduced by the appropriate exclusions (see §416.1145), and then remainder (quarterly countable income) will be subtracted from the quarterly standard payment amount for an individual (§416.410) to determine the quarterly benefit rate.

(3) Where the remaining income of the ineligible spouse (after all appropriate allocations for the ineligible children) exceeds one-half the quarterly benefit rate for an eligible individual (as defined in §416.410) all of the remaining income will be deemed to the eligible individual.

(i) The deemed unearned income will be combined with the eligible individual's unearned income, and the deemed earned income will be combined with the eligible individual's earned income.

(ii) The appropriate exclusions (see §416.1145) will be applied to the unearned and earned income to determine the countable income.

(iii) The quarterly countable income will be subtracted from the quarterly standard payment amount for an eligible couple (see §416.412) and the remainder is the eligible individual's quarterly benefit rate, except as provided in paragraph (a)(4) of this section.

(4) In no case will a payment to an eligible individual exceed the amount that he or she would have received if he or she was not subject to the deeming provisions of this section.

(5) Whenever the initial application is filed in the second or third month of

a quarter, the allocations described in this paragraph (a) will be prorated on a monthly basis.

(6) Examples:

Example 1. Ted, an aged individual, resides with his ineligible spouse Alice. Alice receives \$200 unearned income per quarter. She has no earned income. Since Alice's income does not exceed one-half the quarterly benefit rate for an individual no income is deemed to Ted. Only his own countable income is subtracted from the quarterly standard payment amount for an individual to determine his quarterly benefit rate.

Example 2. George, an aged individual, has no income and resides with his ineligible spouse Mary. Mary receives \$600 unearned income per quarter. She has no earned income. Since Mary's income exceeds one-half the quarterly benefit rate for an individual all \$600 is deemed to George. The \$60-per-quarter exclusion is applied, reducing the quarterly countable income to \$540. The quarterly countable income (\$540) is subtracted from the quarterly standard payment amount for a couple (\$800.10) leaving a quarterly benefit of \$260.10.

Example 3. Ted, a disabled individual, lives with his ineligible spouse Alice and ineligible child, Christine. Ted has no income. Alice has earned income of \$900 a quarter and unearned income of \$600 a quarter. Before any income is deemed, an allocation is made to Christine of \$266.70 (the difference between the quarterly benefit rate for an individual, and the quarterly benefit rate for a couple). The allocation (\$266.70) is taken from Alice's unearned income (\$600) leaving \$333.30 unearned income which is deemed to Ted. Also deemed to Ted is the \$900 earned income. The \$60-per-quarter exclusion is applied to the unearned income leaving \$273.30. The earned income (\$900) is reduced by the earned income exclusion (\$195 plus one-half the remainder) leaving \$352.50. The countable unearned income (\$273.30) and the countable earned income (\$352.50) are combined (\$625.80), and subtracted from the quarterly standard payment amount for a couple (\$800.10) leaving a quarterly benefit of \$174.30.

Example 4. Joe, a disabled individual, resides with his wife Mary. She is employed and earns \$600 a quarter, and Joe receives a pension of \$300 a quarter. Since Mary's income exceeds one-half the quarterly benefit rate for an individual all of her income is deemed to Joe. The \$60-per-quarter exclusion is applied to Joe's unearned income (\$300) leaving \$240. The deemed earned income (\$600) is reduced by the earned income exclusion (\$195 plus one-half the remainder) leaving \$202.50. The total countable income is \$442.50. This amount (\$442.50) is subtracted from the quarterly standard payment amount for a couple (\$800.10) leaving \$357.60. However, if Joe was not subject to deeming his SSI payment would be \$293.40. This is so because Joe's unearned income (\$300) would be reduced by the \$60-per-quarter exclusion leaving \$240 countable income. This amount (\$240) would be subtracted from the quarterly standard payment amount for an individual (\$533.40) leaving a quarterly benefit of \$293.40. Since an eligible individual's payment cannot exceed the amount that he would have received if he was not subject to deeming, Joe's quarterly benefit will be \$293.40.

(b) *Child.* In the case of an individual who is a child (as defined in §416.1050) and under age 21, such child's income shall, subject to the succeeding sentences of this paragraph and to paragraph (c) of this section, be deemed to include (except as otherwise provided in this section), any income (as defined in §416.1102(a)) of a parent of such individual (or the spouse of such a parent) who is not eligible for benefits under this part and is living in the same household as the child whether or not such income is available to the child.

(1) The quarterly income to be deemed to an eligible child from the parent of the child (and the spouse of such a parent, if any) will first be reduced by an allocation for:

(i) Each ineligible child under age 21 of the parent or spouse of the parent residing in the same household; and

(ii) For the parents.

(2) The allocation for each ineligible child under age 21 of the parent or spouse of the parent residing in the same household will be an amount equal to the difference between the quarterly benefit rate for an individual (as defined in §416.410) and the quarterly benefit rate for a couple (as defined in §416.412).

(i) Any income of the ineligible child not otherwise excluded under §416.1185(d) will be used to reduce the allocation made on his or her behalf.

(ii) The ineligible child's allocation is deducted from the parents unearned income first.

(iii) Any unmet remainder of the allocation is subtracted from the parents earned income.

(3) The amount of the allocation for the parents will be applied after the appropriate allocations are made for each ineligible child. The amount of the allocation for the parents will vary depending on the type of income involved.

(i) In the case of income for any quarter, all of which is earned (as defined in §416.1102(b)), of the parent and spouse of such parent, such earned income will be reduced by an amount equal to \$255 plus:

(a) Twice the quarterly benefit rate for an individual (as defined in §416.410) in the case of one parent or spouse of a parent residing in the household; or

(b) Twice the quarterly benefit rate for a couple (as defined in §416.412) in the case of a parent and spouse of a parent residing in the household.

(ii) In the case of income for any quarter, all of which is unearned, of the parent and spouse of such parent, such unearned income will be reduced by an amount equal to \$60 plus:

(a) The quarterly benefit rate for an individual in the case of one parent or

spouse of a parent residing in the household; or

(b) The quarterly benefit rate for a couple in the case of a parent and spouse of a parent residing in the household.

(iii) In any case in which the total income for a quarter of the parent(s) includes both earned and unearned income, the unearned income is reduced by \$60; and the earned income is reduced by \$195 plus one-half of the remainder. The sum of the unearned and earned income remaining after such reduction is further reduced by:

(a) The quarterly benefit rate for an individual (as defined in § 416.410) in the case of one parent or spouse of a parent residing in the household; or

(b) The quarterly benefit rate for a couple (as defined in § 416.412) in the case of a parent and spouse of a parent residing in the household.

(c) The remaining income is deemed income.

(4) The deemed income will be treated as unearned income and will be combined with the eligible child's unearned income.

(i) The appropriate exclusions (see § 416.1145) will be applied to the child's unearned and earned income to determine the countable income.

(ii) The quarterly countable income will be subtracted from the quarterly standard payment amount for an eligible individual (§ 416.410) and the remainder is the eligible child's quarterly benefit rate.

(iii) Whenever there is more than one blind or disabled child in the deeming situation, the income to be deemed will be divided equally among them.

(iv) No income will be deemed to a blind or disabled child in excess of that amount which when combined with his or her own income, if any, reduces his or her payment level to zero. Any remaining deemed income will be deemed only to the remaining blind or disabled child.

(5) Whenever the initial application is filed in the second or third month of the quarter, the allocations described in this paragraph (b) will be prorated on a monthly basis.

(6) Examples:

Example 1. Susan, a blind 10-year-old, lives with her mother and an ineligible sister. Susan and her sister have no income but her mother has earned income of \$1,900 per quarter. In computing deemed income there is first allocated to the ineligible sister \$266.70 from the mother's earned income leaving \$1,633.30. Next, there is allocated to the mother \$1,321.80 (\$255 plus twice an eligible individual's quarterly benefit rate) leaving \$311.50, which is deemed to Susan. Since this is treated as unearned income, her \$60-per-quarter exclusion is applied, reducing the quarterly countable income to \$251.50. The quarterly countable income (\$251.50) is subtracted from the quarterly standard payment amount for an individual

(\$533.40) leaving a quarterly benefit of \$281.90.

Example 2. Henry, a disabled child, resides with his mother and father and an ineligible brother. The mother receives a pension of \$600 per quarter, and the father earns \$1,900 per quarter. Henry has no income of his own. First, there is allocated to the ineligible child \$266.70 from the unearned income (\$600) leaving \$333.30. Since the remaining parental income is both unearned and earned, the unearned income is reduced by \$60 leaving \$273.30, and the earned income is reduced by \$195 plus one-half of the remainder leaving \$852.50. The sum of the unearned and earned income (\$1,125.80) is further reduced by the quarterly benefit rate for a couple (\$800.10) leaving \$325.70 which is deemed to Henry. Thereafter, Henry's \$60-per-quarter exclusion is applied, reducing his countable income to \$265.70. The quarterly countable income (\$265.70) is subtracted from the quarterly standard payment amount for an individual (\$533.40) leaving Henry a quarterly benefit of \$267.70.

Example 3. James and Tony are disabled children who live with their mother. The children have no income but the mother receives \$800 a quarter in unearned income. Since the mother's income is totally unearned, it is reduced before deeming by \$593.40 (\$533.40) (the quarterly benefit rate for an individual) plus \$60 (the unearned income exclusion), leaving \$206.60. This amount is equally divided (\$103.30) and then deemed to James and Tony as unearned income. The \$60-per-quarter exclusion is applied to each child's income leaving \$43.30 countable income. The quarterly countable income (\$43.30) is subtracted from the quarterly standard payment amount for an individual (\$533.40) leaving each child with a quarterly benefit of \$490.10.

(c) *Individual with spouse and child.* In the case of an individual, as described in paragraph (a) of this section, and a child, as described in paragraph (b) of this section, living in the same household with a person not eligible for benefits under this part who is, or who is considered to be, the husband or wife of the individual and parent or spouse of the parent of the child, such individual's and child's income shall be deemed to include the income of such person whether or not such income is available to such individual or child.

(1) The quarterly income to be deemed will first be reduced by an allocation for each ineligible child under age 21 in the household, exclusive of the child (or children) who applies for benefits. The allocation for each ineligible child will be an amount equal to the difference between the quarterly benefit rate for an individual (as defined in § 416.410) and the quarterly benefit rate for a couple (as defined in § 416.412).

(2) After allocations are made for each ineligible child, spouse to spouse deeming will be applied (as described in paragraph (a) of § 416.1185).

(3) All income in excess of the amount which reduces the eligible in-

dividual's benefit (including any federally administered State supplement) to zero will be deemed to the blind or disabled child and treated as unearned income.

(4) Examples:

Example 1. Mary, a blind individual, resides with her husband John and their disabled son Peter. Mary and Peter have no income but John is employed and earns \$1,700 per quarter. Mary's eligibility is determined first. Since John's income exceeds one-half the quarterly benefit rate for an eligible individual the entire \$1,700 is deemed to Mary as earned income. This income is reduced by the \$60-per-quarter income exclusion and further reduced by \$195 plus one-half of the remainder (earned income exclusion) leaving Mary \$722.50 countable income. The countable income (\$722.50) is subtracted from the quarterly standard payment amount for a couple (\$800.10) leaving Mary a quarterly benefit of \$77.60. Since Mary is eligible for an SSI payment, there is no excess income to be deemed to Peter. If Mary were ineligible, the amount of income over and above the amount which causes Mary to be ineligible would be deemed to Peter.

(d) *Income not included.* (1) For purposes of this section, the term income does not include:

Example 2. Al, a disabled individual, resides with his wife Dora and their disabled son Jeff. Al and Jeff have no income but Dora is employed and earns \$2,500 a quarter. Since Dora's income exceeds one-half of the quarterly benefit rate for an eligible individual the entire \$2,500 is deemed to Al as earned income. This income is reduced by the \$60-per-quarter income exclusion and further reduced by \$195 plus one-half of the remainder (earned income exclusion) leaving Al \$1,122.50 countable income. Al is ineligible because his quarterly countable income (\$1,122.50) exceeds the quarterly standard payment amount for a couple (\$800.10). Since Al is ineligible, the amount of income over and above the amount which causes him to be ineligible (\$322.40) (the difference between Al's quarterly countable income and the quarterly standard payment amount for a couple) is deemed to Jeff. The income deemed to Jeff (\$322.40) is treated as unearned income and Jeff's \$60-per-quarter exclusion is applied, reducing his countable income to \$262.40. The quarterly countable income is subtracted from the quarterly standard payment amount for an individual (\$533.40) making Jeff eligible for a quarterly benefit of \$271.

(i) Assistance based on need and income based on need and provided by any Federal agency, State, or political subdivision of a State, or the payments made under title XVI of the Social Security Act and any income which was taken into account in determining and which affected the eligibility for, and amount of such assistance or payments;

(ii) Any portion of any grant, scholarship, or fellowship used to pay the cost of tuitions and fees;

(iii) Amounts received for foster care of an ineligible child;

(iv) Bonus value of food stamps and the value of the Department of Agriculture donated foods;

(v) Home produce grown for personal consumption;

(vi) Refund of taxes paid on income, real property, or food purchased by the family;

(vii) Income needed to fulfill an approved plan for achieving self-support;

(viii) Income used to comply with the terms of court-ordered support;

(ix) The value of any in-kind support and maintenance furnished to the ineligible spouse, ineligible parent or ineligible spouse of a parent, and ineligible children in the household;

(x) Periodic payments made by a State under a program established before July 1, 1973, based solely on duration of residence and attainment of age 65; and

(xi) Income otherwise excluded by Federal statute (see § 416.1146 of this part).

(2) In determining the income of ineligible children in the household for purposes of allocating a share of the parent's income, the items enumerated in paragraph (d)(1) of this section shall be excluded, and, in addition, the total earned income of such child who is a student (subject to the limitation in § 416.1163) shall be excluded unless the child actually makes this income available to the family.

(e) *Limitation on deeming.* The procedures for computing an individual's income described in this section will be applied as long as the individual is residing in the household with the person from whom income is deemed, even during periods of temporary absence.

(1) For purposes of this section, a temporary absence is defined as one in which either the individual, or the person from whom income is deemed, leaves the household but intends to return and actually returns to the household the same month or the next month. If an absence is not temporary, those procedures will cease to be applied effective with the first full month of absence.

(2) A child who is away at school will be considered to be temporarily absent (regardless of the duration of the absence) if he or she comes home on weekends or lengthy holidays and vacations (or for extended visits in accordance with school regulations) and, unless otherwise indicated, is still under parental control. If the child is not under parental control while away at school, the child will not be subject to deeming.

(3) If a child attains age 18 or 21 during a month or becomes a student during a month, deeming will cease the month following the month of the change or start with the first full cal-

endar month the eligible individual is subject to deeming.

2. Section 416.2025 is amended by revising paragraph (b)(1) to read as follows:

§ 416.2025 Optional supplementation; countable income.

(b) Effect of countable income on payment amounts. "Countable income" of an eligible individual or eligible couple is determined in the same manner as such income is determined under the title XVI supplemental security income program. Countable income will affect the amount of the State supplementary payments as follows:

(1) As provided in § 416.420, countable income will first be deducted from the Federal benefit rate applicable to an eligible individual or eligible couple. In the case of an eligible individual living with an ineligible spouse with income (the deeming provisions of § 416.1185 apply) the Federal benefit rate from which countable income will be deducted is the Federal benefit rate applicable to an eligible couple, except that an eligible individual's payment amount may not exceed the amount he or she would have received if he or she was not subject to the deeming provisions (§ 416.1185(a)(4)).

[FR Doc. 78-25007 Filed 9-5-78; 8:45 am]

[4210-01]

Title 24—Department of Housing and Urban Development

CHAPTER II—OFFICE OF ASSISTANT SECRETARY FOR HOUSING—FEDERAL HOUSING COMMISSIONER, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SUBCHAPTER 8—MORTGAGE AND LOAN INSURANCE PROGRAMS UNDER THE NATIONAL HOUSING ACT

[Docket No. R-78-567]

PART 221—LOW COST AND MODERATE INCOME MORTGAGE INSURANCE

Amendments To Make Public Bodies, Cooperatives, Limited Dividend Corporations, and Nonprofit Corporations or Associations Eligible Under Section 221(d)(4)

AGENCY: Department of Housing and Urban Development.

ACTION: Final rule.

SUMMARY: With this change public bodies, cooperatives, limited dividend corporations and nonprofit sponsors will be expressly eligible for mortgage insurance under section 221(d)(4) of the National Housing Act. The amendments are needed to implement current legislation.

EFFECTIVE DATE: September 6, 1978.

FOR FURTHER INFORMATION CONTACT:

Robert I. Gould, Director, Multifamily Mortgage Insurance Division, Office of Insured and Direct Loan Origination, Department of Housing and Urban Development, Washington, D.C. 20410, 202-755-8203.

SUPPLEMENTARY INFORMATION: Present regulations expressly provide that bodies, cooperatives, limited dividend corporations, and nonprofit sponsors are eligible for mortgage insurance under section 221(d)(3), but do not expressly make them eligible under section 221(d)(4). Section 221(d)(4) of the National Housing Act was ambiguous with respect to the eligibility of these sponsors, but this ambiguity was removed by the amendment provided in section 106 of the Supplemental Housing Authorization Act of 1977.

In order to carry out the objective of Congress in clarifying section 221(d)(4) and in order, also, to remove any possible ambiguity with respect to the eligibility of these sponsors under HUD regulations, we are amending part 221 as set forth below. Since this amendment simply implements the clarifying statutory change and expresses existing HUD requirements, the Secretary has determined that advance publication, notice, and public procedure are unnecessary.

A finding of inapplicability respecting the National Environmental Policy Act of 1969 has been made in accordance with HUD procedures. A copy of this finding of inapplicability will be available for public inspection during regular hours in the Office of the Rules Docket Clerk, Office of the General Counsel, Room 5218, Department of Housing and Urban Development, 451 Seventh Street SW., Washington, D.C. 20410.

Accordingly, part 221 is amended as shown below:

Subpart C—Eligibility Requirements—Moderate Income Projects

In § 221.514, paragraphs (a) (2), (3), and (4) are revised to read as follows:

§ 221.514 Maximum mortgage amounts.

(a) The mortgage shall involve a principal obligation not in excess of the lesser of the following:

(1) * * *

(2) *New construction.* (i) In the case of new construction where the mortgage is to be insured under section 221(d)(3) of the Act and the mortgagor is a nonprofit, builder-seller, public, cooperative, or investor-sponsor, the Commissioner's estimate of replacement cost of the property or project when the improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner).

(ii) * * *

(iii) In the case of new construction where the mortgage is to be insured under section 221(d)(4) and the mortgagor is a nonprofit, builder-seller, public cooperative, or investor-sponsor, 90 percent of the Commissioner's estimate of the replacement cost of the property or project when the proposed improvements are completed. The replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction and other miscellaneous charges incident to construction and approved by the Commissioner.

(3) *Repair or rehabilitation.* (i) In the case of a project which is to be repaired or rehabilitated where the mortgage is to be insured under section 221(d)(3) and the mortgagor is a nonprofit, builder-seller, rehabilitation sales, public, cooperative or investor-sponsor, the sum of the estimated cost of the repairs or rehabilitation of the project and the Commissioner's estimate of the value of the property before repairs or rehabilitation.

(ii) * * *

(iii) In the case of a project which is to be repaired or rehabilitated where the mortgage is to be insured under section 221(d)(4) and the mortgagor is a nonprofit, builder-seller, rehabilitation sales, public, cooperative, or investor-sponsor, 90 percent of the sum of the estimated cost of the repairs and rehabilitation of the project and the Commissioner's estimate of the value of the property before repair and rehabilitation.

(4) *Purchase from local public agency.* * * *

(i) Where the purchaser is a mortgagor other than a general or limited distribution mortgagor and the mortgage is to be insured under section 221(d)(3) of the Act, the appraised value of the property as of the date the mortgage is accepted for insurance, or the actual cost of acquisition, whichever amount is the lesser.

(ii) * * *

(iii) Where the purchaser is other than a general or limited distribution

mortgagor and the mortgage is to be insured under section 221(d)(4), 90 percent of the appraised value of the property, as of the date the mortgage is accepted for insurance, or 90 percent of the actual cost of acquisition as approved by the Commissioner, whichever amount is the lesser.

* * *

In § 221.515, paragraphs (b) and (c) are revised to read as follows:

§ 221.515 Adjusted mortgage amount—rehabilitation projects.

* * *

(b) *Property subject to existing mortgage.* * * *

(1) If the mortgagor is other than a general or limited distribution mortgagor and the mortgage is to be insured under section 221(d)(3), the Commissioner's estimate of the cost of repairs or rehabilitation plus such portion of the outstanding indebtedness as does not exceed the Commissioner's estimate of the value of the land and improvements prior to the repairs or rehabilitation.

(2) * * *

(3) If the mortgagor is other than a general or limited distribution mortgagor and the mortgage is to be insured under section 221(d)(4), the Commissioner's estimate of the cost of repair or rehabilitation plus such portion of the outstanding indebtedness as does not exceed 90 percent of the Commissioner's estimate of the value of such land and improvements prior to the repair or rehabilitation.

(c) *Property to be acquired.* * * *

(1) If the mortgagor is other than a general or limited distribution mortgagor and the mortgage is to be insured under section 221(d)(3) of the Act, the Commissioner's estimate of the cost of the proposed repairs or rehabilitation plus the lesser of either of the following:

(i) The actual purchase price of the land and improvements.

(ii) The Commissioner's estimate of the value of such land and improvements prior to the repair or rehabilitation.

(2) * * *

(3) If the mortgagor is other than a general or limited distribution mortgagor and the mortgage is to be insured under section 221(d)(4) of the Act:

(i) 90 percent of the Commissioner's estimate of the cost of the repair or rehabilitation, plus

(ii) 90 percent of the actual price of the land and improvements, or the Commissioner's estimate of the value of such land and improvements prior to the repair or rehabilitation, whichever is the lesser as provided in this subdivision (ii).

* * *

In § 221.547, paragraph (a)(3) is revised to read as follows:

§ 221.547 Certification of cost requirements.

(a) * * *

(3) To apply in reduction of the outstanding balance of the principal of the mortgage any excess of mortgage proceeds over:

(i) In the case of a general or limited distribution mortgagor, 90 percent of actual cost; or

(ii) In the case of all other mortgagors, when the mortgage is to be insured under section 221(d)(4), 90 percent of actual cost; or

(iii) In the case of all other mortgagors, when the mortgage is to be insured under section 221(d)(3), 100 percent of actual cost.

* * *

In § 221.555, paragraph (a) is revised to read as follows:

§ 221.555 Reduction in mortgage amount—new construction.

(a) If the principal obligation of the mortgage exceeds (1) in the case of general or limited distribution mortgagors, 90 percent, (2) in the case of all other mortgagors, when the mortgage is to be insured under section 221(d)(4), 90 percent, or (iii) in the case of all * * * other mortgagors, when the mortgage is to be insured under section 221(d)(3), 100 percent, of the total amount as shown by the certificate of actual cost plus the value of the land, the mortgage shall be reduced by the amount of such excess prior to final endorsement for insurance.

In § 221.556, paragraphs (b) and (c) are revised to read as follows:

§ 221.556 Reduction in mortgage amount—rehabilitation.

* * *

(b) *Property subject to existing mortgage.* If the insured mortgage is to include the cost of refinancing an existing mortgage acceptable to the Commissioner, the amount of the existing mortgage or (1) in the case of a general or limited distribution mortgagor, 90 percent, (2) in the case of all other mortgagors, when the mortgage is to be insured under section 221(d)(4), 90 percent, or (3) in the case of all other mortgagors, when the mortgage is to be insured under section 221(d)(3), 100 percent of the Commissioner's estimate of the fair market value of the land and existing improvements, whichever is the lesser, shall be added to the actual cost of the repair or rehabilitation. If the principal obligation of the insured mortgage exceeds the total amount thus obtained, the mortgage shall be reduced by the amount of such excess prior to final endorsement for insurance.

(c) *Property to be acquired.* If the mortgage is to include the cost of land and improvements, and the purchase price thereof is to be financed with part of the mortgage proceeds, the purchase price or the Commissioner's estimate of the fair market value of the land and improvements prior to repair or rehabilitation, whichever is the lesser, shall be added to the actual cost of the repair or rehabilitation. If the principal obligation of the insured mortgage exceeds (1) in the case of a general or limited distribution mortgagor, 90 percent, (2) in the case of all other mortgagors, when the mortgage is to be insured under section 221(d)(4), 90 percent, or (3) in the case of all other mortgagors, when the mortgage is to be insured under section 221(d)(3), 100 percent, of the total amount thus obtained, the mortgage shall be reduced by the amount of such excess prior to final endorsement for insurance.

Issued at Washington, D.C., August 24, 1978.

LAWRENCE B. SIMONS,
Assistant Secretary, Housing,
Federal Housing Commissioner.

[FR Doc. 78-24915 Filed 9-5-78; 8:45 am]

[4210-01]

CHAPTER X—FEDERAL INSURANCE ADMINISTRATION

[Docket No. FI-4481]

PART 1916—Consultation with Local Officials

Changes in Special Flood Hazard Areas

AGENCY: Federal Insurance Administration, HUD.

ACTION: Final rule.

SUMMARY: The Federal Insurance Administrator, after consultation with Chief Executive Officer of each community listed, finds that modification of the proposed Special Flood Hazard Areas (SFHA's) for those communities is appropriate as a result of requests for changes in the interim rule.

DATES: These modified SFHA's are in effect as of the dates listed in the sixth column of the attached list and amend the Federal Insurance Rate Map(s) (FIRM) in effect for each listed community prior to this date.

ADDRESSES: The modified SFHA determinations for each community are available for inspection at the office of the Chief Executive Officer of the community, listed in the fifth column of the table.

FOR FURTHER INFORMATION CONTACT:

Mr. Richard W. Krimm, Assistant Administrator, Office of Flood Insurance, 202-755-5581 or toll free line 800-424-8872, Room 5270, 451 Seventh Street SW., Washington, D.C. 20410.

SUPPLEMENTARY INFORMATION: The Federal Insurance Administrator has published a notification of modification of the SFHA's in prominent local newspapers for the communities listed below. Ninety (90) days have elapsed since that publication, and the administrator has received appeals from the communities requesting changes in the proposed SFHA determinations.

The numerous changes made in the SFHA's on the Flood Insurance Rate Map for each community make it administratively infeasible to publish in this notice all of the SFHA changes

reflected on the maps. However, this notice includes the address of the Chief Executive Office where the modified SFHA determinations are available for inspection.

The modifications are pursuant to section 206 of the Flood Disaster Protection Act of 1973 (Pub. L. 93-234) and are in accordance with the National Flood Insurance Act of 1968, as amended (Title XIII of the Housing and Urban Development Act of 1968 (Pub. L. 90-448), 42 U.S.C. 4001-4128, and 24 CFR part 1916).

For rating purposes, the revised community number is listed and must be used for all new policies and renewals.

These SFHA's are the basis for the flood plain management measures that the community is required to either adopt or show evidence of being already in effect in order to qualify or remain qualified for participation in the National Flood Insurance Program (NFIP).

These SFHA's together with the flood plain management measures required by 1910.3 of the program regulations are the minimum that are required. They should not be construed to mean the community must change any existing ordinances that are more stringent in its flood plain management requirements. The community may at any time enact stricter requirements on its own, or pursuant to policies established by other Federal, State, or regional entities.

These modified SFHA's shall be used to calculate the appropriate flood insurance premium rates for new buildings and their contents and for the second layer of insurance on existing buildings and contents.

The changes in the SFHA's listed below are in accordance with 24 CFR 1916.8:

State	County	Location	Name and date of newspaper where notice was published	Chief executive officer of community	Effective date of modified flood insurance rate map	New community No.
Colorado	Arapahoe	City of Englewood	The Englewood Herald Sentinel, July 19 and 26, 1978.	Hon. James Taylor, mayor, city of Englewood, city hall, 3400 South Elati St., Englewood, Colo. 80110.	July 28, 1978...	085074D
Delaware	Kent, Sussex	City of Milford	The Milford Chronicle, July 6 and 13, 1978.	Hon. Harman McNatt, mayor, city of Milford, city offices, P.O. Box 159, Milford, Del. 19963.	July 14, 1978...	1000420001C
Louisiana	Jefferson Parish	Jefferson Parish	The Jefferson Parish Times, May 12 and 19, 1978.	Mr. Hugh Ford, director of planning, Jefferson Parish, 3300 Metairie Rd., Metairie, La. 70001.	Apr. 20, 1978...	225199B
Do	Orleans Parish	Orleans Parish	The Times Picayune, July 27 and 28, 1978.	Hon. Moon Landrieu, mayor, Orleans Parish, city hall, 1300 Perdido St., New Orleans, La. 70112.	July 28, 1978...	225203B
Massachusetts	Bristol	Town of Swansea	The Herald News, May 12 and 15, 1978.	Mr. Donald P. Lasage, chairman, board of selectmen, town hall, Main St., Swansea, Mass. 02777.	Type B, letter revised.	255221A
North Dakota	Pembina	City of Pembina	The Pembina New Era, June 21 and 28, 1978.	Hon. Franklyn Barron, mayor, city of Pembina, P.O. Box 3 Pembina, N. Dak. 58271.	June 30, 1978..	385368D