**SUPPLEMENTARY INFORMATION:** Section 1980.454 Administrative C and Appendix B are added to Subpart E of Part 1980, Chapter XVIII, Title 7, Code of Federal Regulations.

Section 1980.454 Administrative C restricts FmHA personnel from issuing or signing any documents or certificates other than those authorized by Subparts A and E of Part 1980.

FmHA has received several requests from attorneys representing lenders, packagers, and borrowers for certain certificates and documents which may compromise FmHA's regulations and procedures. Issuing such documents or certificates would, in the opinion of FmHA, create potential legal problems of interpretation of existing requirements and could effect enforceability of the Loan Note Guarantee.

FmHA has designed its regulations to disclose all its requirements and Administrative procedures in order that the public would be fully informed of its operations.

FmHA authorized documents include only those set forth in its regulations. However, a sample "Certificate of Incumbency and Signature" has been issued to the FmHA State Directors to use at loan closing, as requested by those interested parties which purchase the guaranteed portions of the loan. To eliminate any confusion and misinterpretation of FmHA intent, the agency publishes herewith as an Appendix B of Subpart E of Part 1980 the approved "Certificate of Incumbency and Signature". No other certificates or documents are to be issued by FmHA personnel.

It is the policy of this Department that rules relating to public property, loans, grants, benefits, or contracts shall be published for comment notwithstanding the exemption in 5 U.S.C. 553 with respect to such rules. This amendment, however, is not published for proposed rulemaking since this change is procedural in nature. Therefore, public participation is unnecessary. The official responsible for this determination is Darryl H. Evans.

Accordingly, Subpart E of Part 1980 is amended as follows:

1. In § 1980.454, the subsection labeled Administrative is amended by adding a new paragraph C which reads as follows:

**§ 1980.454 Conditions precedent to issuance of the Loan Note Guarantee.**

* * * * *

**Administrative**

* * * * *

C. The State Director or any other FmHA personnel shall not sign any documents other than those specifically provided for in Subparts A or E of this Part. No certificates shall be signed except the "Certificate of Incumbency and Signature" as set forth as Appendix B of this Subpart in the Federal Register.

2. Appendix B "Certificate of Incumbency and Signature" is added and reads as follows:

**Appendix B. U.S. Department of Agriculture—Farmers Home Administration**

*Certificate of Incumbency and Signature*

I, (Name)————, (Title)—— of the Farmers Home Administration, (FmHA), an Agency of the United States Department of Agriculture, DO HEREBY CERTIFY that the following person holds the office of (State Director, State Program Loan Chief, District Director, or County Supervisor)———— of————, for FmHA and that the signature appearing below and that the signatures appearing above that person's name on the following described document is the genuine signature of such person:

1. Forms(s) FmHA 449–34, "Loan Note Guarantee," dated—— relating to loan made by (Lender's Name)———— to (Borrower's Name)————, FmHA Loan Identification No—.

2. Forms(s) FmHA 449–35, "Lender's Agreement," dated—— relating to loan made by (Lender's Name)———— to (Borrower's Name)————, FmHA Loan Identification No—.

3. Form(s) FmHA 449–36, "Assignment Guarantee Agreement," dated —— relating to loan made by (Lender's Name)———— to (Borrower's Name)————, FmHA Loan Identification No—.

Signature———— (Name Type)————.

In witness whereof, I have hereunto signed my name this—— day of——, 19—.

Farmers Home Administration. By———— (Title)————

3. In the Table of Sections for Subpart E of Part 1980 following the reference to Appendix A add "Appendix B—Certificate of Incumbency and Signature".

(7 U.S.C. 1989; delegation of authority by the Secretary of Agriculture, 7 CFR 2.23; delegation of authority by the Assistant Secretary of Agriculture for Rural Development, 7 CFR 2.70)

This document has been reviewed in accordance with FmHA Instruction 1901–G, "Environmental Impact Statements. It is the determination of FmHA that the proposed action does not constitute a major Federal action significantly affecting the quality of the human environment and, in accordance with the National Environmental Policy Act of 1969, Pub. L. 91–190, an Environmental Impact Statement is not required."

This final rule has been reviewed under the USDA criteria established to implement Executive Order 12044, "Improving Government Regulations". A determination has been made that this action should not be classified "significant" under those criteria. A Final Impact Statement has been prepared and is available from the Office of the Chief, Directives Management Branch, Farmers Home Administration, USDA, Room 6348, South Agriculture Building, Washington, DC. 20250.

Dated: September 20, 1979.

**James E. Thornton,**

*Associate Administrator, Farmers Home Administration.*

[FR Doc. 79-30640 Filed 10-2-79; 8:45 am]

BILLING CODE 3410-07-M

## DEPARTMENT OF ENERGY

## Economic Regulatory Administration

## 10 CFR Part 570

**[Docket No. ERA-R-78-14]**

## Withdrawal of Standby Gasoline Rationing Regulations

**AGENCY:** Department of Energy, Economic Regulatory Administration.

**ACTION:** Withdrawal of Standby Gasoline Rationing Regulations.

**SUMMARY:** The Economic Regulatory Administration (ERA) of the Department of Energy (DOE) gives notice that the standby gasoline rationing regulations, amending Chapter II, Title 10 of the Code of Federal Regulations by adding a new Part 570 (44 FR 15568, March 14, 1979), have been withdrawn.

**EFFECTIVE DATE:** September 27, 1979.

**FOR FURTHER INFORMATION CONTACT:** Arthur Heringman, Economic Regulatory Administration, 2000 M Street NW., Room 8212, Washington, D.C. 20461, (202) 632–6580.

**SUPPLEMENTARY INFORMATION:** On March 1, 1979, we issued a final rule (44 FR 15568, March 14, 1979) publishing standby gasoline rationing regulations. The regulations only could become final if approved by a resolution by each House of Congress in accordance with the procedures specified in sections 201 and 552 of the Energy Policy and Conservation Act (EPCA) (Pub. L. 94–163). The President submitted the standby gasoline rationing regulations to Congress on March 1, 1979, but the regulations were not approved by a resolution of each House of Congress as specified in the EPCA.

Therefore, the standby gasoline rationing regulations are withdrawn and Chapter II, Title 10 of the Code of Federal Regulations is not amended by the addition of a new Part 570.

Issued in Washington, D.C., September 27, 1979.

**F. Scott Bush,**

*Assistant Administrator, Regulations and Emergency Planning, Economic Regulatory Administration.*

[FR Doc. 79-30823 Filed 10-2-79; 8:45 am]

BILLING CODE 6450-01-M

## FEDERAL RESERVE SYSTEM

### 12 CFR Parts 207, 220, 221, 224

**[Regs. G, T, U, and X]**

### List of OTC Margin Stocks

**AGENCY:** Board of Governors of the Federal Reserve System.

**ACTION:** Final rule.

**SUMMARY:** The List of OTC Margin Stocks is comprised of stocks traded over-the-counter (OTC) that have been determined by the Board of Governors of the Federal Reserve System to be subject to margin requirements under certain Federal Reserve regulations. The List is published from time to time by the Board as a guide for lenders subject to the regulations and the general public. This document sets forth additions to or deletions from the previously published List and will serve to give notice to the public about the changed status of certain stocks.

**EFFECTIVE DATE:** October 1, 1979.

**FOR FURTHER INFORMATION CONTACT:** Jamie Lenoci, Financial Analyst, Division of Banking Supervision and Regulation, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, 202-452-2781.

**SUPPLEMENTARY INFORMATION:** Set forth below are stocks representing additions to or deletions from the Board's List of stocks traded over-the-counter on file at the Office of the **Federal Register** as of April 2, 1979. The List, as amended, includes those stocks that the Board of Governors has found meet the criteria specified by the Board and thus have the degree of national investor interest, the depth and breadth of market, the availability of information respecting the stock and its issuer to warrant incorporating such stocks within the requirements of Regulations G, T, U, and X. Copies of the current List may be obtained from any Federal Reserve Bank. A copy is also on file at the Office of the **Federal Register.**[1]

The requirements of 5 U.S.C. 553 with respect to notice and public participation were not followed in connection with the issuance of this amendment due to the objective character of the criteria for inclusion on the List specified in 12 CFR 207.5 (d) and (e), 220.8 (h) and (i), and 221.4 (d) and (e). No additional useful information would be gained by public participation. The requirements of 5 U.S.C. 553 with respect to deferred effective date have not been followed in connection with the issuance of this amendment because the Board finds that it is in the public interest to facilitate investment and credit decisions based in whole or in part upon the composition of this List as soon as possible.

Accordingly, pursuant to the authority of sections 7 and 23 of the Securities Exchange Act of 1934 (15 U.S.C. 78 g and w) and in accordance with § 207.2(f)(2) of Regulation G, § 220.2(e)(2) of Regulation T, and § 221.3(d)(2) of Regulation U, there is set forth below additions to and deletions from the Board's List:

**Additions to List**

AES Technology Systems, Inc., $.01 par common.
Adventure Lands of America, Inc., No par common.
Airlift International, Inc., $.10 par common.
Art's-Way Manufacturing Company, Inc., No par common.
Avantek, Inc., No par common.
Bristol Products, Inc., No par common.
Caesars New Jersey, Inc., $.10 par common.
Capital Energy Corporation, No par common, $.50 stated value.
Catalina Savings and Loan Association, $1.00 par guaranty stock.
Chemlawn Corporation, No par common.
Cherry Electrical Products Corporation, $1.00 par common.
Color Tile, Inc., $1.00 par common.
Computerized Automotive Reporting Service, $.66⅔ par common.
Context Industries, Inc., $.10 par common.
Continental Information Systems Corporation, $.03 par common.
Crump, E.H. Companies, Inc., No par common.
Cullen/Frost Bankers, Inc., $5.00 par common.
Cullinane Corporation, $.10 par common.
Danker Laboratories, Inc., $.01 par common.
Dunes Hotels & Casinos, Inc., $.50 par common.
ElectroSound Group, Inc., $.01 par common.
EPSCO, Inc., No par common.
Evans & Sutherland Computer Corporation, $.20 par common.
Federated Guaranty Life Insurance Company, $1.00 par common.
Financial Industries Corporation, $1.00 par common.
First National Supermarkets, Inc., $.01 par common.
First State Bank of Oregon, $3.33⅓ par capital.
Floating Point Systems, Inc., No par common.
Fluorocarbon Company, The, $.20 par common.
Frontier Savings Association, $1.00 par permanent capital.
GenRad, Inc., $1.00 par common.
Hamilton Brothers Petroleum Corporation, $1.00 par cumulative preferred.
Independent Bankshares Corporation, No par common.
Israel Investors Corporation, $1.00 par common.
Jhirmack Enterprises, Inc., $.10 par common.
Judy's Inc., $.50 par common.
Kallestad Laboratories, Inc., $.05 par common.
Kinder-Care Learning Centers, Inc., 7½% convertible subordinated, debentures.
Land Resources Corporation, $.10 par common.
Lewis, Palmer G. Company, Inc., $1.00 par common.
MCI Communications Corporation, $.10 par common, Warrants (expire 11-17-80)
Medford Corporation, $1.00 par common.
Merrill Bankshares Company, $4.00 par common.
Merry Companies, Inc., $2.50 par common.
Microdyne Corporation, $.10 par common.
National Aviation Underwriters, Inc., $.25 par common.
National Lampoon, Inc., $.10 par common.
Nelson, Thomas, Inc., $1.00 par common.
New Haven Water Company, $25.00 par common.
North American Biologicals, Inc., $.10 par common.
Northwestern States Portland, Cement Company, $10.00 par common.
Nuclear Metals, Inc., $.10 par common.
Nuclear Pharmacy, Inc., $.05 par common.
Oil Base, Inc., $1.00 par common.
Oregon Metallurgical Corporation, $1.00 par common.
Oregon Trail Savings & Loan Association, $2.00 par common.
Par Systems Corporation, $.10 par common.
Penn Pacific Corporation, $.50 par common.
Peoples National Bank of Washington, $5.00 par common.
Powell Industries, Inc., $.01 par common.
Proprietors' Corporation, No par common.
Ql Corporation, $.01 par common.
Real Estate Investment Properties, $1.00 par shares of beneficial interest.
Robinson Nugent, Inc., No par common.
Roper Industries, Inc., $5.00 par common.
Ryan Insurance Group, Inc., $1.00 par common.
Scientific Time Sharing Corporation, $.10 par common.
Servico, Inc., $.10 par common.
Stephens, John & Company, Inc., $.02 par common.
Threshold Technology, Inc., $.01 par common.
Timeplex, Inc., $.01 par common.
Union Metal Manufacturing Co., The, $1.00 par common.
Washington Scientific Industries, Inc., $.10 par common.
Wausau Paper Mills Company, $.50 par common.
Weingarten, J., Inc., No par common.
Wiener Corporation, The, $1.00 par common.
Xidex Corporation, $.70 par common.

**Deletions From List**

*Stocks Removed for Failing Continued Listing Requirements*

American Reserve Corporation, $2.00 par common.

[1] Copy of current List filed as part of original document.

College/University Corporation, No par common.
Communication Properties, Inc., $1.00 par common.
Empire Fire and Marine Insurance Company, $2.00 par common.
Life Insurance Company of Georgia, $2.50 par capital.
Major Realty Corporation, $.01 par common.
Merchants, Inc., $1.00 par common.
NUS Corporation, Class A, $1.00 par common.
Popeil Brothers, Inc., $.40 par common.
SBE, Inc., $1.00 par common.
Teltronics Services, Inc., $.01 par common.
Welltech, Inc., Class A, voting, $.10 par common.

*Stocks Removed for Reasons Such as Listing on National Securities Exchanges or Being Involved in an Acquisition*

American Re-Insurance Company, $1.50 par common.
American Savings & Loan Association of Florida, $.50 par common.
Analog Devices, Inc., $.16⅔ par common.
Applebaums' Food Markets, Inc., $1.00 par common.
Atlantic Pepsi-Cola Bottling Company, Inc., $.25 par common.
Atlantic Steel Company, $5.00 par common.
Campanelli Industries, Inc., $.01 par common.
Columbia National Corporation, No par common.
Computervision Corporation, $.05 par common.
Comten, Inc., $.05 par common.
Connecticut General Insurance Corporation, $2.50 par common.
Daylin, Inc., $.35 par common.
Dorchester Gas Corporation, $.10 par common.
Eberline Instrument Corporation, $.66⅔ par common.
First Texas Financial Corporation, $1.00 par common.
Florida Mining & Materials Corporation, $1.00 par common.
Friendly Ice Cream Corporation, $1.00 par common.
Gelman Sciences, Inc., $.10 par common.
Great Southern Corporation, $2.00 par common.
Indiana Group, Inc., $.83⅓ par common.
Key Pharmaceuticals, Inc., $.50 par common.
Knogo Corporation, $.01 par common.
Lawry's Foods, Inc., $2.00 par common.
Lazare Kaplan International Inc., $1.00 par common.
Leggett & Platt, Inc., $1.00 par common.
Litronix, Inc., $.05 par common.
Meenan Oil Co., Inc., $1.00 par common.
Metropolitan Development Corporation, $1.00 par common.
NCNB Corporation, $2.50 par common.
National Convenience Stores, Inc., $.83⅓ par common.
Newell Companies, Inc., $1.00 par common.
Pennsylvania Life Company, $.50 par common.
Pioneer Food Industries, Inc., $1.00 par common.
Pioneer Western Corporation, $1.00 par common.
Pizza Inn, Inc., The, $1.00 par common.
Polymer Materials, Inc., $.10 par common.
Quality Inns International, Inc., $1.00 par common.
Revell, Inc., $1.00 par common.
Scholl, Inc., $1.00 par common.
Sealed Air Corporation, $.01 par common.
Security Pacific Corporation, $10.00 par common.
Sooner Life Insurance Company, $1.00 par common.
Southern Airways, Inc., $2.00 par common.
Southern Industries Corporation, $.10 par common.
Southwest Gas Corporation, $1.00 par common.
Summit Properties, No par shares of beneficial interest.
Surgicot, Inc., $.01 par common.
Tally Corporation, $.16⅔ par common.
Telenet Corporation, $1.00 par common.
Tiffany & Company, $1.00 par common.
Tobias Kotzin Company, $.50 par common.
Toys "R" Us, Inc., $.10 par common.
Transcontinental Oil Corporation, $.10 par common.
Tratec Incorporated, $.25 par common.
Universal Instruments Corporation, $1.25 par common.
Winter Park Telephone Company, The, $1.25 par common.
Wix Corporation, $1.00 par common.

By order of the Board of Governors of the Federal Reserve System acting by its Director of the Division of Banking Supervision and Regulation pursuant to delegated authority (12 CFR 265.2(c)), October 1, 1979.

**Griffith L. Garwood,**

*Deputy Secretary of the Board.*

[FR Doc. 79-30595 Filed 9-28-79; 3:17 pm]

BILLING CODE 6210-01-M

## NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

### 14 CFR Part 1214

### NASA Astronaut Candidate Recruitment and Selection Program

**AGENCY:** National Aeronautics and Space Administration.

**ACTION:** Information on request for comments on final rule.

**SUMMARY:** NASA published its final rule on the NASA Astronaut Candidate Recruitment and Selection Program (14 CFR Subpart 1214.11) in the Federal Register on June 20, 1979 (44 FR 36024–36025). Public comment was requested by August 20, 1979. Only one comment was received. The individual questioned the application of Veterans Preference requirements. However, this requirement is not discretionary since it is required by 5 U.S.C. 3309.

**FOR FURTHER INFORMATION CONTACT:**
Daniel M. Germany, telephone 202/755–3678.

**Joan E. Cavanaugh,**

*Federal Register Liaison Officer.*

[FR Doc. 79-30534 Filed 10-2-79; 8:45 am]

BILLING CODE 7510-01-M

## FEDERAL TRADE COMMISSION

### 16 CFR Part 13

**[Docket 9122]**

### Lone Star Industries, Inc., et al.; Prohibited Trade Practices, and Affirmative Corrective Actions

**AGENCY:** Federal Trade Commission.

**ACTION:** Final order.

**SUMMARY:** In settlement of alleged violations of federal law prohibiting unfair acts and practices and unfair methods of competition, this consent order requires a Greenwich, Conn. manufacturer of portland cement and masonry cement, and the Keystone Portland Cement Co., an Allentown, Pa. competitor, among other things, to provide the Commission with evidence that their acquisition agreement has been terminated, and all non-public documents exchanged during negotiations returned. The firms are also required to provide the Commission with 60 days' advance notice and liberal discovery rights, should merger plans be resumed before Dec. 31, 1981.

**DATES:** Complaint issued Jan. 25, 1979. Decision issued Aug. 23, 1979.[1]

**FOR FURTHER INFORMATION CONTACT:**
FTC/C, Alfred F. Dougherty, Jr., Washington, D.C. 20580. (202) 523–3601.

**SUPPLEMENTARY INFORMATION:** On Tuesday, June 12, 1979, there was published in the **Federal Register**, 44 FR 33691, a proposed consent agreement with analysis In the Matter of Loan Star Industries, Inc., a corporation, and Keystone Portland Cement Co., a corporation, for the purpose of soliciting public comment. Interested parties were given sixty (60) days in which to submit comments, suggestions or objections regarding the proposed form of order.

No comments having been received, the Commission has ordered the issuance of the complaint in the form contemplated by the agreement, made its jurisdictional findings and entered its order to cease and desist, as set forth in the proposed consent agreement, in disposition of this proceeding.

The prohibited trade practices and/or corrective actions, as codified under 16

[1] Copies of the Complaint and Decision and Order filed with the original document.

CFR Part 13, are as follows: Subpart-Acquiring Corporate Stock or Assets: § 13.5 Acquiring-corporate stock or assets.

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended; sec. 7, 38 Stat. 731, as amended; 15 U.S.C. 45, 18)

**Carol M. Thomas,**

*Secretary.*

[FR Doc. 79-30602 Filed 10-2-79; 8:45 am]

BILLING CODE 6750-01-M

## SECURITIES AND EXCHANGE COMMISSION

### 17 CFR Parts 231 and 241

**[Release Nos. 33-6130; 34-16224]**

### Environmental Disclosure

**AGENCY:** Securities and Exchange Commission.

**ACTION:** Interpretative Release.

**SUMMARY:** The Securities and Exchange Commission today published an interpretative release focusing attention on existing requirements under the Securities Act of 1933 and the Securities Exchange Act of 1934 concerning environmental disclosure to assist registrants in complying with those requirements and to alert them that the Commission will continue, in appropriate cases, to take enforcement action in instances of non-compliance. This release, in particular, addresses these issues: (1) The need to disclose total estimated expenditures for environmental compliance beyond two years in the future, (2) The obligation to disclose particular types of environmental proceedings, and (3) The circumstances under which companies must disclose their policies or approaches concerning environmental compliance.

**DATE:** September 27, 1979.

**FOR FURTHER INFORMATION CONTACT:** Catherine Collins, Office of Disclosure Policy and Proceedings, Division of Corporation Finance, Securities and Exchange Commission, Washington, D.C. 20549, (202) 272-2589.

**SUPPLEMENTARY INFORMATION:** The Commission's disclosure requirements impose significant obligations with respect to information concerning environmental protection. Registrants are required to disclose, in certain registration statements filed under the Securities Act of 1933 and in annual and quarterly reports filed pursuant to the Securities Exchange Act of 1934, the material effects that compliance with Federal, State and local provisions regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment, may have upon the registrant. The Commission today concluded an administrative proceeding involving its environmental disclosure requirements [1] and in that context reviewed its policies with respect to such requirements. In order to ensure effective dissemination of those policies, the Commission has determined to publish this statement reviewing the environmental disclosure provisions and reiterating the Commission's views as to their scope and applicablity.

### A. The Commission's Releases Concerning Environmental Disclosure

As far back as 1971, the Commission was aware that requirements imposed by environmental statutes could have a material economic impact on those corporations that were subject to the statutes. Accordingly, it issued a release informing registrants that the Commission's existing rules require disclosure of material [2] environmental information, including: (1) The existence and nature of pending environmental litigation; and (2) Instances in which compliance with environmental laws "may necessitate significant capital outlays, may materially affect the earning power of the business, or cause material changes in registrant's business done." [3]

After monitoring the disclosure which this general release elicited, the Commission in 1973 adopted environmental disclosure rules [4] which require all corporations to disclose specific items of information related to environmental matters in addition to the disclosures required by the Commission's existing rules that were explained in the 1971 Release. More specifically, the new rules require:

(1) Disclosure of the material effects that compliance with federal, state and local provisions which have been enacted or adopted regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment, may have upon the capital expenditures, earnings and competitive position of the registrant and its subsidiaries; [5] and

(2) Disclosure of any administrative or judicial proceeding known to be contemplated by governmental authorities and arising under federal, state or local provisions which have been enacted or adopted regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment or any other material pending administrative or judicial proceeding. Any proceeding brought by a governmental authority is deemed material. [6]

After these rules were promulgated, certain public interest groups brought an action against the Commission seeking to require it to promulgate additional environmental rules, and the court directed the Commission to undertake further environmental rulemaking. [7] Following these further proceedings, the Commission determined, among other things, to add to its requirement that registrants disclose the effects of compliance with environmental laws a proviso that:

> Registrant shall disclose any material estimated capital expenditures for environmental control facilities for the remainder of its current fiscal year and its succeeding fiscal year; and such further periods as the registrant may deem material. [8]

In the same release, the Commission also admonished registrants that its existing rule requiring disclosure of pending proceedings contemplated by governmental authorities encompassed a requirement to disclose Notices of Violation, in the nature of cease and desist orders, issued by the Environmental Protection Agency. [9]

### B. Interpretation of the Commission's Environmental Disclosure Releases

As a matter of policy, in light of its mandate under the National Environmental Policy Act of 1969 to consider environmental values and its mandate under the federal securities laws for investor protection, the Commission "has issued several releases alerting public companies of their legal obligation to disclose any and all environmental * * * information that would be material to investors or

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[1] *See, In the Matter of United States Steel Corporation*, Securities Exchange Act Release No. 16223 (September 27, 1979).

[2] *See, e.g.*, Securities Act Rule 405, 17 CFR 230.405; Securities Exchange Act Rule 12b-2, 17 CFR 240.12b-2.

[3] Securities Act Release No. 5170 (July 19, 1971).

[4] Securities Act Release No. 5386 (Apr. 20, 1973).

[5] This amendment was made to Securities Act registration Forms S-1, Item 9(a), Instruction 5, 17 CFR 239.11; S-7, Item 5(a), 17 CFR 239.26; S-9, Item 3(c), 17 CFR 239.22; to Securities Exchange Act registration Form 10, Item 1(b), Instruction G, 17 CFR 249.210; and to periodic reporting Form 10-K, Item 1(b)(7), 17 CFR 249.310.

[6] This amendment was made to Securities Act registration Forms S-1, Item 9(a), Instruction 5, 17 CFR 239.11; S-7, Item 5(a), 17 CFR 239.26; S-9, Item 3(c), 17 CFR 239.22; to Securities Exchange Act registration Form 10, Item 1(b), Instruction G, 17 CFR 249.210; and to periodic reporting Form 10-K, Item 1(b)(7), 17 CFR 249.310.

[7] *See Natural Resources Defense Council, Inc.* v. *Securities and Exchange Commission*, 389 F. Supp. 689 (D.D.C., 1974). *See also Natural Resources Defense Council, Inc.* v. *Securities and Exchange Commission*, 432 F. Supp. 1190 (D.D.C. 1977), *reversed and remanded*, No. 77-1761 (D.C. Cir. April 20, 1979).

[8] Securities Act Release No. 5704 (May 6, 1976), at 15.

[9] Id. at 13, n. 22.

shareholders." [10] Additionally, the Commission promulgated specific environmental rules. Compliance with the Commission's specific environmental disclosure rules does not necessarily constitute full compliance with the disclosure requirements of the federal securities laws.[11] Moreover in order to carry out their objectives, the Commission construes its existing specific environmental disclosure rules broadly and liberally.

To assist registrants in complying with these specific environmental disclosure rules and the application of its general disclosure requirements to environmental matters, the Commission addresses below three significant interpretive questions: (1) When must a corporation disclose, in addition to its planned environmental expenditures for the next two fiscal years, the total cost of compliance with environmental statutes? (2) What disclosures must be made concerning administrative proceedings involving environmental matters which are contemplated by government authorities and what is an administrative proceeding that must be disclosed? (3) When is a corporation required to disclose its policies concerning, or approach toward, compliance with environmental laws?

*1. The Necessity To Disclose the Total Costs of Complying With Environmental Laws*

The Commission's releases in 1971 and 1973 required that registrants indicate the material effects compliance with environmental protection requirements would have on capital expenditures and earnings. Many registrants, in response to these releases, disclosed only prior actual and presently authorized capital expenditures. However, where a registrant expected that additional material capital expenditures would have to be authorized to achieve compliance for the periods beyond that for which information was given, and had in fact developed or received estimates with respect thereto, such estimates were generally required to be disclosed in order to make the disclosures made not misleading.

These principles were not changed in 1976, when, to achieve more uniform minimum disclosures, the Commission prescribed disclosure of estimated capital expenditures for minimum periods. Thus, if the registrant has estimates suggesting that after the two-year period there will nevertheless remain material capital expenditures necessary to comply with such requirements, or material penalties or fines for non-compliance are reasonably likely to be imposed, disclosure of such additional known or estimated costs, penalties, or fines may be necessary to prevent the mandatory disclosure from being misleading.[12] Further, if the registrant reasonably expects that these costs for any future year will be materially higher than the costs disclosed for the mandatory two-year period, the registrant may, if it has not already done so, be obligated to develop estimates with respect to such costs. Disclosure of such estimates may be required in order to describe adequately the material effects of complying with environmental regulations and in order to prevent from being misleading the mandatory disclosures on capital expenditures and earnings for the minimum two year period. It may also be necessary for the registrant to set forth the source of its estimates, the assumptions and methods used in reaching the estimates, and the extent of uncertainty that projected future costs may occur in order for the disclosure made not to be misleading.[13]

*2. Disclosure of Administrative Proceedings*

The Commission's environmental rules, adopted in 1973, require, among other things, disclosure of administrative proceedings pending or contemplated by governmental authorities, and the relief sought in such proceedings.[14]

The meaning of an administrative proceeding for the purposes of this rule has never been construed narrowly by the Commission. As the Commission stated in explaining that this rule required disclosure of Notices of Violation issued by the Environmental Protection Agency:

By requiring a description of all [governmental] litigation regardless of whether the amount of money involved is itself material, the Commission believes it has given recognition to both the importance of the national environmental policy and to the far-reaching effects, both financial and

[10] Reply Brief of the Securities and Exchange Commission, *Natural Resources Defense Council, Inc. v. Securities and Exchange Commission*, *supra* note 7.

[11] The Commission's general disclosure rules require disclosure of any additional material information, beyond that for which disclosure is specifically required, necessary to make required statements not misleading. *See* Securities Act Rule 408, 17 CFR 230.408; Securities Exchange Act Rules 12b–20 and 14a–9, 17 CFR 240.12b–20 and 240.14a–9.

In the context of its environmental releases, the Commission has interpreted these rules as requiring that *all* material information relating to environmental information must be disclosed. *See*, Release 5171, *supra*, at 1; Securities Exchange Act Release No. 5627 (Oct. 14, 1975, at 2). This approach reflects the Commission's belief that omissions of *material* environmental information would render misleading the required disclosures concerning financial matters and the nature of a registrant's business.

[12] Under certain circumstances, substantial fines or penalties may be imposed under the existing environmental laws. In particular, monetary sanctions may be imposed for failure to comply with the requirements of either the Clean Water Act or the Clean Air Act or for violations of state or local law. Under the 1977 Amendments to the Clean Air Act, EPA is given authority to seek civil fines up to $25,000 per day of violation. Under the Clean Water Act, civil fines of as much as $10,000 per day may be imposed for each violation. Civil fine actions may be resolved by settlement. Criminal penalties can be greater under both statutes. The Clean Air Act Amendments of 1977 have added, in addition to federal civil fines, an administrative "noncompliance penalty" for existing facilities which do not achieve state implementation plan requirements, *inter alia*, by July 1, 1979. These penalties are to be designed to remove any economic benefits which might be derived from noncompliance or delayed compliance with the law. Such penalties may be offset in some manner by sums actually expended for control at the offending facilities during the period of time for which they are being assessed. In addition to the foregoing sanctions, continuing or recurring violations of either the Clean Air Act or the Clean Water Act may subject the violating facility to possible placement on an EPA "List of Violating Facilities" ("List"). If a facility is placed on the List, no federal agency may contract for goods, materials or services at the offending facility for as losing as the violation continues.

[13] Such estimates may involve contingencies which may not be predicted with certainty, and in this regard the Commission notes the applicability of the Financial Accounting Standards Board's Statement of *Financial Accounting Standards No. 5, Accounting for Contingencies*, March 1975.

[14] Enforcement responsibilities under both the Clean Air Act and the Clean Water Act are shared by federal, state, and local environmental authorities. These authorities may choose among a number of approaches in addressing violations of laws or regulations, and enforcement activity can follow various courses. Certain of these enforcement actions may be pursued consecutively or concurrently. Under the Clean Water Act, the EPA may issue an administrative order, seek a civil injunction or civil fines, or prosecute criminally in appropriate circumstances in which a willful violation is believed to have occurred. Under the Clean Air Act, EPA may provide an informal Notice of Violation; issue a formal "Notice of Violation" ("NOV"); issue an administrative order; or seek civil fines, a civil injuction, or criminal penalties. State and federal authorities often cooperate in enforcement activities under both the Clean Air Act and the Clean Water Act. Enforcement activities generally proceed simultaneously with negotiations with alleged violators. *See, e.g.*, Section 113(a)(4) of the Clean Air Act which provides that an order relating to a violation "shall not take effect until the person to whom it is issued has had an opportunity to confer with the Administrator concerning the alleged violation." 42 U.S.C. 7413(a)(4).

environmental, of violations of environmental laws. Further, the fact that legal action, both pending and known to be contemplated, must be disclosed serves to foreshadow potentially serious environmental problems facing registrants.[15]

In light of the foregoing, the Commission interprets its rule to require disclosure of administrative proceedings which are initiated by the registrant, as well as those initiated by the government. The obligation to disclose is triggered whenever a governmental authority is a party to any administrative proceeding. For example, requests for an adjudicatory hearing to contest the provisions of an NPDES permit[16] constitute an administrative proceeding that must be disclosed where an adjudicatory hearing is held or actually to be held.

Similarly, the Commission interprets its rule as requiring disclosure of all administrative orders relating to environmental matters, whether or not those orders literally follow a "proceeding." An administrative order may be entered without a "proceeding" where a corporation directly consents to the entry of an order or where the order is the product of negotiation between the parties. In this regard, the consequences of an administrative consent order, just as those of a judicial consent order, may be just as significant as the consequences of a fully litigated proceeding. The Commission does not hinge its disclosure requirements on the technical issue of whether a registrant chooses to contest the entry of an order.

An additional matter related to disclosure of pending proceedings is the obligation to disclose the "relief sought" by the government. The Commission does not consider mere disclosure that the government seeks to compel new pollution control efforts to constitute adequate disclosure of relief sought. Instead, the Commission's regulations contemplate that an estimate of the level of expenditures required to install the pollution control equipment sought by the governmental authority be provided if such expenditures are likely to be material.

*3. Requirements To Disclose Policy*

In its environmental proceedings,[17] the Commission declined to impose an across-the-board requirement that all corporations disclose their general environmental policy, because such a requirement "would result in subjective disclosures largely incapable of verification."[18] But, notwithstanding the lack of a general rule that environmental policy be disclosed, two circumstances may give rise to disclosure obligations in this area.

First, if a corporation voluntarily makes disclosures concerning its environmental policy, such disclosures must be accurate, and the corporation must make any additional disclosures necessary to render the voluntary disclosures not misleading.[19]

Second, if a corporation has a policy or approach toward compliance with environmental regulations which is reasonably likely to result in substantial fines, penalties, or other significant effects on the corporation,[20] it may be necessary for the registrant to disclose the likelihood and magnitude of such fines, penalties, and other material effects in order to prevent from being misleading the required disclosures with respect to such matters as descriptions of the corporation's business, financial statements, capital expenditures for environmental compliance or legal proceedings.

General

In light of the Commission's longstanding concern about the adequacy of disclosure with respect to environmental protection requirements, and particularly in light of the requirements of the National Environmental Policy Act, registrants should be aware that the Commission will continue to monitor environmental disclosure as well as to bring enforcement actions in appropriate cases of non-compliance.

Accordingly, 17 CFR Part 231 and 17 CFR Part 241 are amended by adding "Environmental Disclosure Requirements."

By the Commission.

**George A. Fitzsimmons,**

*Secretary.*

September 27, 1979.

[FR Doc. 79-30636 Filed 10-2-79; 8:45 am]

BILLING CODE 8010-01-M

[15] Securities Act Release No. 5704, *supra*, at 12-13.

[16] The basic mechanism for regulating effluent discharges to bodies of water is the National Pollutant Discharge Elimination System ("NPDES") permit program. This program is administered either by EPA or by the state in question, depending upon whether the state has an EPA-approved NPDES program. Under the permit system, each discharger must obtain a permit before discharging pollutants into the "waters of the United States"; these permits are required to embody the most stringent limitations required by federal effluent limitations guidelines, state water quality standards, or other state laws or regulations.

[17] Securities Act Release Nos. 5569, 5627 and 5704.

[18] Securities Act Release No. 5627, *supra*, at 33.

[19] *See* note 10, *supra*.

[20] *See* note 12, *supra*.

## DEPARTMENT OF ENERGY

## Federal Energy Regulatory Commission

## 18 CFR Parts 2, 271

**[Docket No. RM79-19; Order No. 45-A]**

## Treatment of Certain Production-Related Costs of Natural Gas to be Sold and Transported Through the Alaska Natural Gas Transportation System; Order Clarifying Certain Provisions

**September 21, 1979.**

**AGENCY:** Federal Energy Regulatory Commission, DOE.

**ACTION:** Order clarifying certain provisions of Order No. 45; Regulations and Statement of Policy.

**SUMMARY:** Order No. 45 ("Treatment of Certain Production-Related costs of Natural Gas to be sold and transported through the Alaska Natural Gas Transportation System") issued August 24, 1979, provided regulations and a statement of policy respecting the treatment of production-related costs of natural gas sold in a first sale for transport through the Alaska Natural Gas Transportation System. Order No. 45-A clarifies certain provisions of Order No. 45 by indicating that the Commission intends Order No. 45 to become effective 60 days from the date of issuance of that order and that a party who fails to utilize the rehearing procedure provided by Order No. 45 to file an application for adjustment pursuant to section 502(c) of the Natural Gas Policy Act of 1978 would not waive the right to file such applications under section 502(c) in the future.

**DATE:** This order is issued September 21, 1979.

**FOR FURTHER INFORMATION CONTACT:** John Conway, Federal Energy Regulatory Commission, 825 North Capitol Street, N.E., Washington, D.C. 20426, (202) 357-8051.

Treatment of Certain Production-Related Costs for Natural Gas to Be Sold and Transported Through the Alaska Natural Gas Transportation System, Docket No. RM79-19.

On September 7, 1979, Atlantic Richfield Company, Exxon Corporation, and Sohio Natural Resources Company filed a motion seeking clarification of Order No. 45. In their joint motion, the companies note that the Commission, while providing in ordering paragraph (1) of Order No. 45 that the order would not become effective until 60 days from

the date of issuance of the order and that parties have the opportunity to file petitions for rehearing within 30 days of the date of issuance of the order, stated in the accompanying preamble that the rehearing procedure would permit judicial review of the rule to commence within 60 days of the issuance of Order No. 45. The motion asserts that this last statement might, contrary to other language in the order, suggest that the Commission may consider that the time for seeking judicial review would run under the Alaska Natural Gas Transportation Act of 1976, 15 U.S.C. 719 *et seq.*, from August 24, 1979 (the date Order No. 45 was issued (44 FR 51554, Sept. 4, 1979)) regardless of the provisions for rehearing. The companies request that Order No. 45 be clarified to ensure that all parties understand that the time period for seeking judicial review of Order No. 45 shall not begin to run until the Commission has taken final action on any petitions for rehearing of such order that may be filed, or until the expiration of the time for filing petitions for rehearing, if none are filed.

The Commission intends that Order No. 45 become effective 60 days from the date of issuance of that order. If the Commission receives petitions for rehearing and if the 60 day period does not provide adequate time to respond to such petitions, then the Commission will issue a further order delaying the effective date of Order No. 45. The period for seeking judicial review will not begin to run until the order becomes effective.

The Commission takes this opportunity to clarify ordering paragraph 4 of Order No. 45. That paragraph provides that petitions for rehearing may be accompanied by, or drafted in the alternative as, an application for adjustment pursuant to section 502(c) of the Natural Gas Policy Act. This provision is discretionary; it is not mandatory. Should a party wish to inaugurate expeditious Commission consideration under section 502(c) of the Natural Gas Policy Act it is free to utilize the petition proceedings to do so. However, should a party fail to utilize the petition proceeding for this purpose it will not be penalized in any way nor be considered to have waived the right to file such applications under section 502(c) in the future.

By the Commission.

**Kenneth F. Plumb,**

*Secretary.*

[FR Doc. 79-30675 Filed 10-2-79; 8:45 am]

BILLING CODE 6450-01-M

## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

### Office of Assistant Secretary for Housing—Federal Housing Commissioner

### 24 CFR Part 207

**[Docket No. R-79-710]**

### Multifamily Housing Mortgage Insurance; Special Eligibility Provisions for Existing Projects in Target Preservation Areas

**AGENCY:** Office of Assistant Secretary for Housing-Federal Housing Commissioner (HUD).

**ACTION:** Interim Rule and Request for Comments.

**SUMMARY:** HUD is issuing an interim rule with respect to amendments to the program of mortgage insurance for existing multifamily housing projects authorized in section 223(f) of the National Housing Act. The amendments are to facilitate a demonstration of the use of this insurance in older, declining urban areas.

**DATES:** Effective date: October 29, 1979. Comments due: December 3, 1979.

**ADDRESSES:** Send comments to: Rules Docket Clerk, Office of the General Counsel, Room 5218, Department of Housing and Urban Development, 451 7th Street, SW., Washington, D.C. 20410. Each person submitting a comment should include his/her name and address, refer to the document by the docket number indicated by the headings, and give reasons for any recommendation. Copies of all written comments received will be available for examination by interested persons in the Office of the Rules Docket Clerk, at the address listed above. All comments received will be considered before making the rule final.

**FOR FURTHER INFORMATION CONTACT:** Michael Wells, Office of Policy and Program Development, Housing, Department of Housing and Urban Development, 451 Seventh Street, SW., Washington, D.C. 20410, (202) 755-6454.

**SUPPLEMENTAL INFORMATION:** Section 311(a) of the Housing and Community Development Act of 1974 added section 223(f) to the National Housing Act. Section 223(f) authorizes the Secretary of HUD to insure mortgages executed in connection with the purchase or refinancing of existing multifamily housing projects not insured by HUD-FHA at the time of construction. Prior to the enactment of section 223(f), HUD-FHA was authorized to insure mortgages for the substantial rehabilitation of existing projects and for the refinancing of certain FHA-insured existing projects. There was no statutory authority to insure conventionally financed existing projects without requiring substantial rehabilitation.

Section 223(f) requires that in the case of the refinancing of property located in an older, declining urban area, the Secretary shall prescribe such terms and conditions as he or she deems necessary to assure that: (1) The refinancing is used to lower the monthly debt service only to the extent necessary to assure the continued economic viability of the project, taking into account any rent reductions to be implemented by the mortgagor; and (2) during the mortgage term no rental increases shall be made except those which are necessary to offset actual and reasonable operating expense increases or other necessary expense increases approved by the Secretary.

The Department writes section 223(f) insurance pursuant to the Multifamily Housing Mortgage Insurance Program in section 207 of the National Housing Act, and HUD has done this since it first implemented section 223(f). Section 207 projects are required to be economically sound. Many or most dwellings in older, declining urban areas are currently ineligible for insurance written according to the economic soundness underwriting standard.

Furthermore, there are certain provisions that make section 223(f) insurance generally more restrictive than section 207. The maximum allowable mortgage repayment term for section 207 mortgage insurance is the lesser of 40 years or 100 percent of economic life. The maximum term generally permitted for the section 223(f) Program is the lesser of 35 years or 75 percent of economic life. The maximum allowable ratio of the mortgage amount to the estimated value of the project is 90 percent in section 207, but generally is 85 percent for the section 223(f) Program.

#### Discussion of Amendments

HUD has determined, consistent with the intent of Congress, to make section 223(f) financing available to owners of multifamily properties in older, declining urban areas on terms that are more generous to these owners than those which were described above, provided this can be done while meeting the test of economic soundness. Therefore, the Department is offering to certain multifamily property owners in older, declining urban areas on a limited, carefully controlled demonstration

basis, section 223(f) insurance with the following terms:

(1) A maximum allowable mortgage term that is the lesser of 40 years or 100 percent of economic life.

(2) A 90 percent maximum allowable ratio of the mortgage amount to the Assistant Secretary for Housing-Federal Housing Commissioner's estimate of the value of the project.

(3) A 90 percent maximum allowable ratio of the mortgage amount to the cost of acquisition as determined by the Commissioner.

In order to be eligible for section 223(f) financing on the particularly favorable terms described above, multifamily properties must be in areas that: (a) Are undergoing or will soon undergo comprehensive revitalization, preservation or conservation activities which should enable most or all of the multifamily dwellings in the area to meet the economic soundness test, and (b) either are older, declining urban areas or were older, declining urban areas prior to the beginning of the revitalization activities. The demonstration program for which HUD is making the particularly favorable section 223(f) financing available is the Target Area Preservation Demonstration Program. As part of the Program, the Secretary will designate the areas meeting the foregoing criteria, which will be eligible to receive the favorable financing, as Target Preservation Areas.

Changes 1 and 2 above provide mortgage loan terms that are the same as the terms in the section 207 Program. The provision in change 1 that allows a mortgage term of as much as 100 percent of economic life, will not apply to any section 223(f) insurance for properties which are not in Target Preservation Areas. Both the other provisions in change 1, which permits a mortgage term of 40 years or less, and change 2, which provides a 90 percent loan-to-value ratio, apply only to section 223(f) projects in Target Preservation Areas, and to section 223(f) projects that are financed with State or local assistance and which meet the special eligibility provisions in paragraph (k) of § 207.32(a). Paragraph (k) is already in the regulations.

Although there is no loan-to-acquisition cost ratio in the section 207 Program, the 90 percent loan-to-acquisition cost ratio ceiling in change 3 is the same ratio as the loan-to-value ratio ceiling that is in the section 207 Program and change 2. The maximum allowable loan-to-acquisition cost ratio in the section 223(f) Program is generally 85 percent. This is the same ratio as the general loan-to-value ratio for the section 223(f) Program.

The proposed revisions also change the provisions in paragraph (j) concerning both the maximum allowable ratio of the secondary financing amount to the Assistant Secretary for Housing-Federal Housing Commissioner's estimate of the value of the project, and the maximum allowable ratio of the secondary financing amount to the cost of acquisition as determined by the Commissioner, in order to make the maximum amount of secondary financing that is allowed for projects in the Target Preservation Areas smaller than the maximum secondary financing amount generally permitted in the section 223(f) Program.

In addition to the above-described changes, there are nonsubstantive changes that conform the language in paragraph (k) with certain above-described changes.

The changes to the loan-to-value ratio, secondary financing-to-value ratio, loan-to-acquisition cost ratio, and secondary financing-to-acquisition cost ratio ceilings in the amended regulations will give the Assistant Secretary for Housing-FHA Commissioner the discretion to assure that there is a modest but significant reduction in the amount of equity capital that the owner of a multifamily structure in an older, declining urban area must have invested in the property in order to take advantage of section 223(f) mortgage insurance when the Commissioner determines that this course of action is consistent with the objectives of the demonstration. Since it is likely that a secondary loan will generally provide a reduced portion of the total non-equity financing, and the primary mortgage loan will probably be an increased portion of the total non-equity financing, the non-equity financing will tend to have a lower aggregate interest cost in the case of section 223(f) projects in Target Preservation Areas than is the case with section 223(f) projects generally. When combined with the increased mortgage term this reduced interest cost ought to permit owners of section 223(f)-financed Target Preservation Area projects to make mortgage loan payments that are markedly lower than they would be without these provisions.

A finding of inapplicability respecting the National Environmental Policy Act of 1969 has been made in accordance with HUD procedures. A copy of the finding of inapplicability will be available for public inspection during regular business hours at 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.

These amendments are essential to permit the Department to: (1) Test, on an immediate and limited basis, whether or not more liberal financing terms would make the Section 223(f) Program more successful in assisting projects in older, declining urban areas, and (2) meet contractual responsibilities relating to the demonstration. Because the need to reverse the decline and decay of older urban areas is critical, the Secretary has determined that prior publication and public procedure are impracticable and contrary to the public interest.

Accordingly, 24 CFR Part 207 is amended by amending § 207.32a (b), (c), (e), (j) and (k), and adding a new paragraph (l) as follows:

**§ 207.32a Eligibility of mortgages on existing projects [Amended]**

1. Paragraph (b)(1) is revised to read:

* * * * *

(b) *Maximum mortgage amounts—general.* In addition to the limitation in paragraphs (c) and (d) of this section a mortgage may not involve a principal obligation in excess of the lesser of the following:

(1) 85 percent (90 percent if the project meets the eligibility requirements contained in paragraph (k) or paragraph (l) of this section) of the Commissioner's estimate of the value of the project;

(2) * * *

2. The introductory text of paragraph (c) is revised to read:

* * * * *

(c) *Maximum mortgage amounts—property to be acquired.* If the project is to be acquired by the mortgagor and the purchase price is to be financed with the insured mortgage, the maximum mortgage amount shall not exceed 85 percent (90 percent if the project meets the eligibility requirements contained in paragraph (k) or paragraph (l) of this section) of the cost of acquisition as determined by the Commissioner. The cost of acquisition shall consist of the following items, the eligibility and amounts of which must be determined by the Commissioner:

(1 * * *
(2) * * *
(3) * * *
(4) * * *
(5) * * *

3. Paragraph (e) is revised to read:

* * * * *

(e) *Maturity.* The term of the mortgage shall not be less than 10 years, nor shall it exceed the lesser of 35 years (40 years if the project meets the eligibility requirements contained in paragraph (k) or paragraph (l) of this section) or 75

percent of the estimated remaining economic life of the physical improvements (100 percent if the project meets the eligibility requirements contained in paragraph (l) of this section). The term of the mortgage shall begin on the first day of the second month following the date of initial final endorsement of the mortgage for insurance.

* * * * *

4. Paragraph (j)(4) is revised to read:

"(j) *Secondary financing.* * * *

(4) For those projects which meet the eligibility requirements contained in paragraph (k) or paragraph (l) of this section, any additional obligations on the project in connection with the insured transaction shall be in an amount approved by the Commissioner and represented by such credit and security instruments as are approved by the Commissioner. In the case of projects which meet the eligibility requirements contained in paragraph (l) of this section, the additional obligations shall in no event exceed:

(i) When a loan is made to finance the purchase of an existing multifamily housing project, the lesser of:

(A) Five percent (5%) of the Commissioner's estimate of value, or

(B) Five percent (5%) of the cost of acquisition as defined in paragraph (c) of this section.

(ii) When a loan is made to refinance an existing multifamily housing project, the lesser of:

(A) Five percent (5%) of the Commissioner's estimate of value, or (B) Fifty percent (50%) of the difference between the cost to refinance as defined in paragraph (d)(2) of this section and the maximum mortgage amount as determined by the Commissioner.

* * * * *

5. The introductory text of paragraph (k) is revised to read:

(*k*) *Additional eligibility requirements for a mortgage refinancing a project financed with State or local assistance.* Projects which were constructed through State or local assistance shall be entitled to the benefits of the special eligibility provisions contained in paragraphs (b) and (c) of this section, and of the 40-year maximum term provision contained in paragraph (e) of this section, by meeting the following additional requirements:

* * * * *

(6) A new paragraph (l) is added as follows:

(*l*) *Additional eligibility requirements for a mortgage financing a project in a Target Preservation Area.* Projects in areas that the Secretary shall hereafter designate as Target Preservation Areas, shall be entitled to the benefits of the special eligibility provisions contained in paragraphs (b), (c) and (e) of this section. In order for an area to be designated as a Target Preservation Area, the Secretary must determine that:

(1) The area either is an older, declining urban area, or was an older, declining urban area before the concentrated activities described in paragraph (l) (2) of this section began;

(2) Concentrated housing, physical development or public service activities are being or are to be carried out in the area in a coordinated manner to serve a common objective or purpose pursuant to a locally developed plan or strategy for neighborhood improvement, conservation or preservation;

(3) The area has unique qualities that make it suitable for inclusion as one of the demonstration areas in the Target Area Preservation Demonstration Program.

The Target Area Preservation Demonstration Program makes section 223(f) financing available on a limited, carefully controlled demonstration basis to areas that meet the requirements given above, and such additional Target Preservation Area eligibility criteria as the Secretary may announce in the future. The objective of the Target Area Preservation Demonstration Program is to determine whether a sufficient number of multifamily property owners in the Target Preservation Areas avail themselves of section 223(f) insurance that meets the economic soundness test, and whether section 223(f) financing can make sufficient contributions to the preservation, conservation or revitalization of the Target Preservation Areas to justify making the demonstration's approach to providing financing to multifamily properties in older, declining urban areas a permanent part of the section 223(f) program. An area approved as a Neighborhood Strategy Area under the provisions of Subpart C of Part 881, shall be considered to have met the criteria in subparagraphs (1) and (2) of this paragraph.

(Sec. 223(f), National Housing Act (12 U.S.C. 1715n); sec. 7(d), Department of Housing and Urban Development Act (42 U.S.C. 3535(d))).

Issued at Washington, D.C., August 29, 1979.

**Lawrence B. Simons,**

*Assistant Secretary for Housing—Federal Housing Commissioner.*

[FR Doc. 30573 Filed 10-2-79; 8:45 am]

BILLING CODE 4210-01-M

## DEPARTMENT OF DEFENSE

## Department of the Navy

## 32 CFR Part 706

## Certifications and Exemptions Under the International Regulations for Preventing Collisions at Sea, 1972; Amendment

**AGENCY:** Department of the Navy, DOD.

**ACTION:** Final rule.

**SUMMARY:** The Department of the Navy is amending its certifications and exemptions under the International Regulations for Preventing Collisions at Sea, 1972 (72 COLREGS) to reflect that the Secretary of the Navy: (1) Has determined that the display of the day shapes required by 72 COLREGS Rules 24 and 27 is not possible on Navy submarines; and, (2) Has found that recently obtained measurement data regarding the navigational lights on USS CORAL SEA (CV 43) more accurately reflects the locations of those navigational lights than the data found in the existing Part 706. The intended effect of this rule is to warn mariners in waters where the 72 COLREGS apply.

**EFFECTIVE DATE:** September 21, 1979.

**FOR FURTHER INFORMATION CONTACT:** Lieutenant Commander M. D. SEIDERS, JAGC, USN Admiralty Division, Office of the Judge Advocate General, Navy Department, Washington, DC 20370, Telephone number (202) 694–5188.

**SUPPLEMENTARY INFORMATION:** This amendment provides notice that the Secretary of the Navy has determined that, just as Navy Submarines cannot display the navigational lights required by 72 COLREGS Rules 24 and 27, they likewise cannot display the day shapes required by those Rules without interfering with their special function as submarines. This is based on the technical finding that it is not possible to install a mast on the submarines for use in displaying the day shapes without interfering with the underwater characteristics of those vessels.

Notice is also provided that the navigational light measurements pertaining to USS CORAL SEA (CV 43) found in the existing tables of 32 CFR 706.2 are being revised. The new measurements have been determined to more accurately reflect the locations of CORAL SEA's navigational lights than the measurements in the existing tables.

Moreover, it has been determined, in accordance with 32 CFR Parts 296 and 701, that publication of this amendment for public comment prior to adoption is

impracticable, unnecessary and contrary to public interest since it is based on technical findings that the placement of lights and the use of day shapes in a manner differently from that prescribed herein will adversely affect the applicable ships' abilities to perform their military functions. Accordingly, 32 CFR Part 706 is amended as follows:

**§ 706.2 [Amended]**

1. Table Two of § 706.2 is revised as follows to indicate action taken by the Secretary of the Navy:

| Vessel | No. | Masthead lights, distance to stbd of keel in meters; rule 21(a) | Forward anchor light, distance below flight deck in meters; § 2(k), annex I | Forward anchor light, number of; rule 30(a)(i) | Aft anchor light, distance below flight deck in meters; rule 21(e), rule 30(a)(ii) | Aft anchor light, number of; rule 30(a)(ii) | Side lights, distance below flight deck in meters; § 2(g), annex I | Side lights, distance forward of forward masthead light in meters; § 3(b), annex I | Side lights, distance inboard of ship's sides in meters; § 3(b), annex I |
|---|---|---|---|---|---|---|---|---|---|
| * | * | * | * | * | * | * | * | * | |
| U.S.S. Midway | CV 41 | | | | | | | | |
| U.S.S. Coral Sea | CV 43 | 18.9 | 0.16 | 2 | 6.2 | 2 | 0.16 | 116.7 | 19.9 |
| * | * | * | * | * | * | * | * | * | |

2. Paragraph 2 of Table Four of § 706.2 is revised to read as follows:

The second masthead light required by Rule 23(a)(ii) and the lights and shapes required by Rules 24 and 27 are not displayed by submarines.

(EO 11964 and 33 U.S.C. 1605)

**Effective Date:** The effective date of this amendment will be September 21, 1979.

Dated: September 21, 1979.

**R. James Woolsey,**

*Acting Secretary of the Navy.*

[FR Doc. 79-30556 Filed 10-2-79; 8:45 am]

BILLING CODE 3810-71-M

## Department of the Air Force

## 32 CFR Part 901

## Appointment to the United States Air Force Academy

**AGENCY:** Department of the Air Force, Department of Defense.

**ACTION:** Final rule.

**SUMMARY:** The Department of the Air Force is revising Part 901 of Chapter VII, Title 32, of the Code of Federal Regulations. This revision tells the methods of application, and the requirements and procedures for the appointment of young men and women to the United States Air Force Academy. The revision defines the meaning of children; provides additional information on the precandidate program; and requires use of airman assignment availability code 05.

**EFFECTIVE DATE:** July 9, 1979.

**FOR FURTHER INFORMATION CONTACT:** Ms. Sara Tolan, phone: (202) 697-7116.

The revised part will read as follows:

## PART 901—APPOINTMENT TO THE UNITED STATES AIR FORCE ACADEMY.

Sec.



**Authority:** 10 U.S.C. 903, 8012, except as otherwise noted.

**Note**—This part is derived from Air Force Regulation 53-10, July 9, 1979.

Part 806 of this chapter states the basic policies and instructions governing the disclosure of records and tells memers of the public what they must do to inspect or obtain copies of the material referenced herein.

### § 901.0 Purpose.

This part explains the methods of application and the requirements and procedures for the appointment of young men and women to the United States Air Force Academy.

**Note**—This regulation is affected by the Privacy Act of 1974. The systems of records prescribed in this regulation are authorized by 10 U.S.C., chapter 903; and 10 U.S.C. 8012. Each form that is subject to the provisions of AFR 12-35, paragraph 30, and is required by this regulation, contains a Privacy Act Statement either incorporated in the body of the document or in a separate statement accompanying each such document.

### Subpart A—Appointment Policies and Requirements

### § 901.1 General policy.

Persons who are eligible for nomination to the Air Force Academy are encouraged to apply in each category in which they are eligible.

### § 901.2 Statutory authority.

This part is based on statutory authority contained in 10 U.S.C., chapter 903.