large amount of the product (more than 100 grams) having to be ingested to approach a toxic amount.

In addition to the relative lack of toxicity of the drug, and the absence of any reported accidental ingestions, the taste and the texture of cholestyramine in powder form appear to make it unlikely that children will ingest the drug. The petitioner submitted data concerning actual testing of 410 children to determine if the children would ingest the product as marketed and, if so, how much of the product was likely to be ingested. Of the children tested, only one child ingested 8 grams of the product and none of the children ingested more than 8 grams.

Comments From the Technical Advisory Committee

Eight responses on the petition to exempt anhydrous cholestyramine in powder form were received from the Technical Advisory Committee on Poison Prevention Packaging. Seven members recommended granting the petition on the basis of the low toxicity of the drug, the lack of injury data, and the fact that an amount sufficient to approach a toxic dose was not likely to be ingested by children. The one member who recommended denying the petition stated that no practical dosage schedule had been established for children because of a lack of experience with the use of the drug or children and that the drug should not be taken in its dry form. The Commission notes that the fact that no practical dosage schedule has been established for children refers to limited use in children with respect to therapeutic effectiveness and is not related to consideration of adverse reactions in children. The Commission also notes that it is not recommended that cholestyramine be taken in its dry form because the drug must be suspended in order to be effective and because the drug is more palatable in a suspension.

Finding

Having considered the petition and the comments on the proposal, human experience data from the National Clearinghouse for Poison Control Centers and the Commission's own data sources, and having consulted with the Technical Advisory Committee on Poison Prevention Packing established under section 6 of the Act, the Commission finds that anhydrous cholestyramine in powder form does not create such a hazard to children that special packaging is required to protect them from serious injury or illness resulting from ingesting, handling, or using the substance.

Effective Date

Since this rule grants an exemption, the delayed effective date provisions of the Administrative Procedure Act are inapplicable (5 U.S.C. 553(d)(1)). Accordingly, this exemption becomes effective on April 11, 1979.

Environmental Considerations

The Commission's interim rules for carrying out its responsibilities under the National Environmental Policy Act (see 16 CFR Part 1021; 42 FR 25494) provide that exemptions to an existing standard that do not alter the principal purpose or effect of the standard normally have no potential for affecting the environment and environmental review of exemptions from regulations is, therefore, generally not required. (§ 1021.5(b)(1)). The rules also state that environmental review of rules requiring poison prevention packaging is generally not required. (§ 1021.5(b)(3)).

With respect to this exemption of cholestyramine from poison prevention packaging, the Commission finds that the rule will have no significant effect on the human environment and that no environmental review is necessary.

Conclusion and Promulgation

Having considered the petition, the comments on the proposal, and other relevant material, the Commission concludes that the final rule should be adopted as set forth below.

Accordingly, pursuant to the provisions of the Poison Prevention Packaging Act of 1970 (Pub. L. 91-601, sections 2(4), 3, 5, 84 Stat. 1670-72; 15 U.S.C. 1471(4), 1472-1474) and under authority vested in the Commission by the Consumer Product Safety Act (Pub. L. 92-573, section 30(a), 86 Stat. 1231, 12 U.S.C. 2079(a)), the Commission amends 16 CFR 1700.14 by adding a new paragraph (a)(10)(v) as follows (the introductory portion of paragraph (a)(10), although unchanged, is included for context):

1700.14 Substances requiring special packaging.

(a) * * *

(10) *Prescription drugs.* Any drug for human use that is in a dosage form intended for oral administration and that is required by Federal law to be dispensed only by or upon an oral or written prescription of a practitioner licensed by law to administer such drug shall be packaged in accordance with the provisions of § 1700.15 (a), (b), and (c), except for the following:

* * * * *

(v) Anhydrous cholestyramine in powder form.

(Pub. L. 91-601, secs. 2(4), 3, Stat. 1670-72 (15 U.S.C. 1471(4)), 1472, 1474; Pub. L. 92-573, sec. 30(a), 86 Stat. 1231 (15 U.S.C. 2079(a)).)

EFFECTIVE DATE: April 11, 1979.

Dated: April 6, 1979.

Sadye E. Dunn,

Secretary, Consumer Product Safety Commission.

[FR Doc. 79-11207 Filed 4-10-79; 8:45 am]

BILLING CODE 6355-01-M

SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 231, 271

General Statement of Policy Regarding Exemptive Provisions Relating to Annuity and Insurance Contracts

AGENCY: Securities and Exchange Commission.

ACTION: General statement of policy.

SUMMARY: The Commission announces a general statement of policy regarding the determination of the status under the federal securities laws of certain contracts issued by insurance companies. The Commission has determined, after reviewing the extensive comments on a proposed rule regarding annuity contracts and optional annuity contracts, that it is more appropriate in this instance to offer guidance to the public by issuing a general statement of policy rather than to adopt a legislative rule.

DATE: April 5, 1979.

FOR FURTHER INFORMATION CONTACT: S. Elliott Cohan or Laura A. Boughan, (202) 755-0237, Division of Investment Management, Securities and Exchange Commission, Washington, D.C. 20549.

SUPPLEMENTARY INFORMATION: The Securities and Exchange Commission today issued a release setting forth a general statement of policy regarding the factors which should be considered in any determination of the status under the federal securities laws of certain contracts issued by insurance companies, including what are generally known as guaranteed investment contracts, tax-deferred annuity contracts, deposit funds, and similar products (hereinafter sometimes referred to collectively as guaranteed investment contracts).

Background

In June 1977, the Commission issued Securities Act Release No. 5838 (June 22, 1977) [41 FR 32861] ("Release No. 5838") which solicited public comments on the ways in which guaranteed investment contracts are similar to and different from traditional deferred annuity contracts. This release emanated from a study by the Commission's Division of Investment Management ("Division") of a number of contracts issued and funded by the general accounts of insurance companies. These contracts were not registered under the Securities Act of 1933 [15 U.S.C. 77(a) et seq.] ("Act") apparently in reliance on the exemption from registration of annuity contracts in Section 3(a)(8) thereof [15 U.S.C. 77c(a)(8)],[1] but appeared to be greatly different both in express contractual terms and marketing approach from traditional insurance or annuity contracts.

The Division continued its study of these new types of contracts by reviewing the contracts submitted in response to Release No. 5838 and presented its tentative conclusions to the Commission in May 1978. On May 17, 1978, the Commission proposed for comment a rule under the Act embodying these tentative views.[2]

Because of the numerous interpretive and substantive problems raised by commentators with respect to the proposed rule and the wide variety of contracts issued by insurance companies, the Commission has decided not to adopt a legislative rule under Section 3(a)(8) of the Act but, instead, to publish a general statement of policy concerning contracts which may be securities required to be registered under the Act.

The Commission remains very concerned about the proliferation of contracts which, while styled "annuities," are clearly different in their essential terms from traditional annuities and are marketed in a manner involving the offer and sale of securities. Issuers of such contracts, and those engaged in sales and distribution activities respecting those contracts, are responsible for compliance with the federal securities laws, including the full disclosure and prospectus delivery requirements of the Act. It is expected that the following general statement of policy will assist all such persons in determining the status under the Act of contracts issued by insurance companies.

General Statement of Policy

Section 3(a)(8) exempts from the registration provisions of the Act:

> Any insurance or endowment policy or annuity contract or optional annuity contract * * *.

This exemption, for contracts which otherwise would fall within the definition of security in Section 2(l) of the Act [15 U.S.C. 77b(1)], was included in the Act by Congress because the insurance and annuity contracts then being issued by insurance companies were not generally regarded in the commercial world as "securities."[3]

The central feature of a life insurance or annuity contract is the assumption of various risks by the insurance company.[4] These risks are of two types—mortality risks and investment risks. A significant assumption of *both* kinds of risks is required, in the Commission's view, for a contract to be exempt pursuant to Section 3(a)(8) from the full disclosure and prospectus delivery requirements of the Act. In many instances, the determination of whether such risks are assumed will depend upon the total facts and circumstances connected with the offer and sale of a contract or class of contracts. Often it will be necessary to go beyond a narrow, technical review of the terms of a contract to include a review of all relevant promotional materials and the manner and method of selling and distributing the contract.

Determination of the status of any insurance or annuity contract under the Act ultimately is the responsibility of the issuer. For this reason, and because of the enormous administrative burden which might ensue, the Commission has instructed the Division not to respond to most routine requests for no-action or interpretive advice regarding the status of specific insurance or annuity contracts which an insurance company has or wishes to offer, except in the most compelling circumstances.

Mortality Risks

A contract which does not place upon the issuing insurance company a meaningful mortality risk cannot be regarded as "life insurance" or an "annuity" for purposes of the federal securities laws.[5] A contract which does not impose meaningful mortality risks upon an insurance company is offered and purchased merely for investment, and purchasers of such contracts are entitled to the same protections, rights and remedies provided by the Act as the purchasers of any other security which is offered and sold as an investment.

Assumption of a meaningful mortality risk necessarily requires, in the case of an annuity, provision in the contract of a guarantee by the insurance company to provide annuity payouts at specified purchase rates. This would not preclude an insurance company from offering the purchasers of annuity contracts alternative settlement options, including lump-sum payouts, nor would it prevent an insurance company from offering the purchasers of an annuity contract the option of annuitizing at current purchase rates if, at the time of the annuitization decision, they are more favorable to the purchaser than the guaranteed rates.

For an insurance company to assume a meaningful mortality risk where an annuity contract is sold directly to an individual, or in a situation in which an individual is required to make his or her own purchase decision,[6] the contract must provide for permanent guarantees of annuity purchase rates. Without such permanent annuity purchase rate guarantees, the insurance company would not assume a meaningful mortality risk of any substantial significance and would, therefore, be providing something other than "insurance" or an "annuity."

However, where an annuity contract is offered or sold to a group in a situtation where the contributions are received by the insurance company in bulk for all participants and no separate

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[1] Section 3(a)(8) exempts from the registration requirements of the Act any insurance or endowment policy or annuity contract or optional annuity contract, issued by a corporation subject to the supervision of the insurance commissioner, bank commissioner, or any agency or officer performing like functions, of any State or Territory of the United States or the District of Columbia.

[2] Securities Act Release No. 5933 (May 17, 1978) [43 FR 22053].

[3] H.R. Rep. No. 85, 73d Cong., 1st Sess., 15 (1933).

[4] Helvering v. Le Gierse, 312 U.S. 531 (1941).

[5] SEC v. United Benefit Life Insurance Company, 387 U.S. 202, 211 (1967); Helvering v. Le Gierse, 312 U.S. 531 (1941), Huebner & Black, *Life Insurance* (9th ed. 1976), p. 88.

[6] Insurance or annuity contracts are sold to certain types of tax-favored retirement plans, as well as some non-tax-qualified deferred compensation plans, in one of the following ways: (1) as a group contract, with the insurance company receiving identifiable contributions on behalf of each member of the group and maintaining individual records for each person choosing to participate in the plan or (2) as a series of individual contracts, one for each participant. Although an individual may be eligible to participate in the plan because he is a group member, he must nevertheless make an individual decision as to whether and to what extent to invest in the insurance or annuity contract offered to the group. Moreover, a decision not to invest by any individual member would not generally affect the ability of any other member of the group to make his or her own investment decision or the terms of the contract to be received by those individuals who do decide to accept the offer and purchase the contract. Thus, the economic reality is that, although postured as a "group" contract, certain group contracts may be characterized more accurately as involving an aggregation of individual investment decisions where aspects of contract administration by the insurance company will involve group treatment.

allocations are maintained for individual members of the group, the insurance company may assume a meaningful mortality risk even though the annuity purchase rates are guaranteed for something less than a permanent period of time.[7] Although the annuity purchase rate guarantee period necessary for an insurance company to assume a meaningful mortality risks will vary with the size and composition of the group to be insured, the Commission believes an insurance or annuity contract sold to a group would involve assumption of meaningful mortality risks by the insurance company where there are guaranteed annuity purchase rates for a reasonable period of time. While there does not appear to by any conclusive economic evidence as to the exact period of time which would be necessary for an insurance company to assume meaningful mortality risks in the context of a group annuity contract, the commission believes the need for a reasonable period of time generally would be satisfied where the annuity purchase rates guaranteed in a group annuity contract could not be modified more often than once every five years.[8]

The foregoing discussion of the integral relationship of permanent annuuity purchase rate guarantees to assumption of meaningful mortality risks by an insurance company is premised on the existence of a reasonable possibility that a purchaser reaching retirement would rationally choose to annuitize at those rates, all other factors involved in such a decision held constant. Therefore, annuity contracts which provide for a level of benefits significantly lower than those otherwise generally commercially available from other insurance companies would raise serious questions as to whether any meaningful mortality risk will ever be assumed under that context by the insurance company. The Commission does not wish to question the status of an insurance company's contracts under the federal securities laws merely because the premiums may be more or less expensive and the annuity purchase rates guaranteed more or less generous than those offered by a competitor. However, where the guaranteed annuity purchase rates offered by a particular insurance company provide for benefits which are so low that the guarantee is in economic reality a sham, such that no reasonable purchaser of the annuity contract would choose to annuitize, the insurance company would not in fact be assuming a meaningful mortality risk and, therefore, would not be issuing an annuity contract which would qualify for exemption under Section 3(a)(8).

In certain other cases, contracts offered and sold to individuals and containing permanent annuity purchase rate guarantees may involve circumstances which also suggest that, in economic reality, the insurance company does not assume a meaningful mortality risk.[9] Where all circumstances attendant to the offer and sale of an annuity contract indicate that, despite explicit contractural provisions, meaningful mortality risks are not in fact being assumed by the insurance company, the contract being offered and sold cannot qualify as an "annuity" for purposes of Section 3(a)(8).

Because the assumption of a meaningful mortality risk by an insurance company with respect to any particular purchaser of an annuity contract involves actuarial determinations and is dependent upon the total facts and circumstances in each case,[10] the Commission does not believe it is appropriate to draw any "bright line" which would categorize all conceivable combinations of contract term and purchaser age. Rather, it is the primary responsibility of issuers to determine whether any particular combination of contract term and purchaser age would, during a reasonable period of time, involve no meaningful assumption of mortality risks, and thus not qualify the contract for exemption under Section 3(a)(8).

Investment Risks

Although assumption of meaningful mortality risks by an insurance company is necessary in order for a contract to be "insurance" or an "annuity" for purposes of Section 3(a)(8), a contract may nevertheless fail to qualify for the exemption provided by Section 3(a)(8) where a significant investment risk remains with the purchaser. The variable annuity contract analyzed by the Supreme Court in the VALIC case [11] had conventional annuity insurance provisions (that is, the insurance company assumed a meaningful mortality risk), but the entire investment risk remained with the purchaser. That contract was, of course, found to be a security, outside the Section 3(a)(8) exemption.

Determination of whether the investment risks assumed by the purchaser are sufficient to bring a guaranteed investment contract outside Section 3(a)(8) of the Act must depend on the total mix of facts and circumstances associated with the offer and sale of the contract, including the emphasis placed upon investment present in the attendant sales literature and other promotion efforts. In evaluating the expectations of the seller and the purchaser, economic reality cannot be deduced simply by close examination and careful reading of the proposed contract's express terms.[12] All the circumstances, including sales literature prepared by the issuer and oral and written representations to be made by the authorized salespersons, must be considered carefully in determining whether a particular insurance or annuity contract qualifies for the exemption under Section 3(a)(8).[13]

[7] The life of any group is, in theory, indefinite (new members are constantly added as older ones retire or die), and its existence as an organizational entity may continue even though all members of the original group have left or died.

[8] Although five-year guarantee period for annuity purchase rates generally appear to involve assumption of meaningful mortality risks, the facts and circumstances surrounding the group and the contract sold to it must be considered in determining whether the guarantee period is, in fact, sufficient.

[9] For example, assume a single premium deferred annuity contract with permanent annuity purchase rate guarantees is sold to a man age 30. The insurance contract provides for a single purchase payment and guarantees that, for a period of five years after purchase, the company will pay 8½% interest annually on the amount invested. At the end of five years, the purchaser may choose to annuitize, to withdraw his accumulated funds in a lump sum, or to leave his money on deposit with the insurance company to accumulate interest of 3½% annually. Of these choices, the only rational one for this investor at age 35 would be to withdraw his money and reinvest it. Although the annuity contract's express terms would seem to provide for assumption by the insurance company of a meaningful mortality risk, the context of the transaction is such that little risk (if any) is in fact assumed by the insurance company. A contract with exactly the same terms, sold to a man age 55, would appear, however, to involve a meaningful assumption of mortality risk. At the end of the five-year period the investor would be 60 years old, so that there is a reasonable possibility that he would choose to annuitize immediately or choose to leave his funds on deposit for a short period and then annuitize.

[10] For example, if prevailing interest rates were to decline significantly during the accumulation period, it would be more likely that contract holders not prepared to annuitize immediately would leave funds on deposit with the insurance company until they were ready to convert to an annuity payment.

[11] 359 U.S. 65 (1959).

[12] Grainger v. State Security Life Insurance Company, 547 F. 2d 303, *rehearing denied*, 563 F. 2d 215 (5th Cir. 1977).

[13] The mischievous oral comments of a single unscrupulous sales person would not, however, change the status of a company's contracts. In examining the creation and supervision of marketing methods by an insurance company in the context of an enforcement proceeding, the Commission would take into account how and by whom marketing representations were made. However, where an extensive or concerted pattern of abusive marketing practices exist, the issuing company cannot disclaim all legal responsibility for those practices; rather, consistent with the controlling person liability provisions of Section 15 of the Act [15 U.S.C. 77*o*] and with the supervisory duties imposed by Section 15(c) of the Securities

Footnotes continued on next page

In determining whether a particular insurance or annuity contract is to be offered and sold as an investment, it does not appear appropriate to make a sharp distinction between those contracts which have participating features and those which do not. Either can be promoted as investments, and both could be offered and sold in circumstances which would take them outside the exemption provided by Section 3(a)(8).

Certain guaranteed investment contracts promise that a relatively low rate of interest will be credited on accumulating funds but also provide for crediting of discretionary excess interest, and the contract is sold by placing primary emphasis on the possibility that high discretionary interest will be credited. In economic reality the insurer issuing such a guaranteed investment contract is asking the potential purchaser to assume the risk that, after the expiration of an initial guarantee period during which high discretionary interest will be credited, interest to be credited will fall to the much lower guaranteed rate. Advertisements sponsored by insurance companies or authorized salespersons (such as broker-dealers) which emphasize high current discretionary excess interest and relegate mention of traditional annuity features to fine print must be viewed as intended by the sponsors to encourage investment in guaranteed investment contracts principally by those investors who desire to assume the investment risk discussed above because their investment objective is to maximize tax-deferred capital accumulation rather than to acquire conventional annuity plans.

Deposit Funds

Certain deposit fund riders, which may be marketed in conjuction with either a life insurance policy or an annuity contract, appear to be designed to function as an alternative to a bank savings account.[14] Such arrangements ordinarily provide that: (1) a basic premium must be paid for the annuity or life insurance; (2) additional sums contributed by the investor are held on deposit by the insurance company; and (3) interest is credited on such deposits at a rate which might change from time to time. The contract may provide that sums accumulated during the accumulation period may be used, at a later date, to purchase an annuity at guaranteed purchase rates or to purchase other forms of insurance protection. Often, the investor is permitted to withdraw money from the deposit fund at will.

The Commission does not believe that premium deposit funds on whole life insurance policies, settlement options on insurance or annuity contracts which provide for leaving funds on deposit with the company, or predated check premium plans [15] generally involve a substantial transfer of investment risk to the purchaser of an insurance contract where the deposit fund rider is a minor, incidental feature of another insurance product. However, a deposit fund rider which transfers all or substantial investment risk to the purchaser of the related insurance product may not be offered and sold without compliance with the full disclosure and prospectus delivery requirements of the Act merely by tying it in some incidental manner to an insurance or an annuity contract.[16] Put in another way, the fact that a deposit fund rider is attached to, or made a non-integral, merely incidental feature of, a life insurance or annuity contract entitled to rely on Section 3(a)(8), cannot by itself bring within Section 3(a)(8) those deposit fund riders which are offered primarily as investments where the purchaser assumes substantial investment risks.[17]

Investment Company Act of 1940

The Investment Company Act of 1940 [15 U.S.C. 80a-1 et seq.] ("Investment Company Act") excludes from the definition of investment company, "any . . . insurance company." [18] The term "insurance company" is defined in Section 2(a)(17) of the Investment Company Act [15 U.S.C. 80a-2(a)(17)]. In order to qualify as an insurance company as defined, a business must: (1) be organized as an insurance company; (2) have as its primary and predominant business activity the writing of insurance or the reinsuring of risks underwritten by insurance companies; and (3) be subject to supervision by the insurance commissioner or a similar official or agency of a State. Under this statutory test, a company solely engaged in the business of offering and selling contracts which are not "insurance" and which are securities required to be registered under the Act is not an insurance company for purposes of the Investment Company Act, and *is* an investment company.[19] Whether a company which issues a variety of contracts, some of which qualify as "insurance" or "annuities" and, thus, are exempt under Section 3(a)(8) of the Act, would be an investment company is a question of fact. A company's status will depend, in the final analysis, upon its total mix of business and the relationship of its securities business to its conventional insurance business.[20]

PARTS 231, 271 [AMENDED]

Accordingly, Parts 231 and 271 of Title 17 of the Code of Federal Regulations are amended by adding this General Statement of Policy Regarding Exemptive Provisions Relating to Annuity and Insurance Contracts.

By the Commission.

Shirley E. Hollis,
Assistant Secretary.

April 5, 1979.

[Release No. 33-6051, IC 10653]
[FR Doc. 79-11261 Filed 4-10-79; 8:45 am]

BILLING CODE 8010-01-M

Footnotes continued from last page

Exchange Act of 1934 [15 U.S.C. 78(*o*)(c)], an insurance company must be assumed to have authorized or condoned representations about its product which are used repeatedly and disseminated widely. It is the issuer's responsibility to supervise distributors and to see that its contracts are offered and sold in a responsible manner.

[14] Indeed, sales literature used by insurance companies promoting deposit funds has referred to "pass books" in which the company records deposits and withdrawals from the fund.

[15] In certain predated check premium plans, the purchaser of a whole life insurance policy writes checks for a series of premium payment, dated on the dates due, and leaves the checks with the insurance company. The insurance company then deposits a check each time a premium payment falls due. Because the Commission is concerned that it may be unfamiliar with all the incidental, "traditional" features of insurance policies, it has instructed the Division to respond to no-action requests regarding deposit fund riders.

[16] See letters of April 17, 1973, June 19, 1973, November 22, 1974, and February 12, 1975, regarding Ideal National Insurance Company and staff responses of May 7, 1973, June 25, 1973, December 16, 1974, and April 21, 1975.

[17] SEC v. United Benefit Life Insurance Company, 387 U.S. 202 (1967).

[18] Section 3(c)(3) [15 U.S.C. 80a-3(c)(3)].

[19] See SEC v. Variable Annuity Life Insurance Company of America, 359 U.S. 65 (1959); Prudential Insurance Company of America v. SEC, 326 F. 2d 383 (1964).

[20] SEC v. United Benefit Life Insurance Company, 387 U.S. 202 (1967).

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

24 CFR Part 882

Section 8 Housing Assistance Payments Program—Existing Housing; Miscellaneous Amendments; Correction

AGENCY: Department of Housing and Urban Development (HUD).

ACTION: Correction of final rule.

SUMMARY: The revised Regulations for the Section 8 Housing Assistance Payments Program—Existing Housing

(FR Doc. 78–36285) which were published on Friday, December 29, 1978, 43 FR 61240 contained several errors which are now being corrected.

EFFECTIVE DATE: January 29, 1979.

FOR FURTHER INFORMATION CONTACT: Patricia Arnaudo, Acting Director, Existing Housing Division, Office of Existing Housing and Moderate Rehabilitation, Department of Housing and Urban Development, Washington, D.C. 20410, (202) 755–6460. This is not a toll-free number.

SUPPLEMENTARY INFORMATION: Revised Regulations for the Section 8 Existing Housing Program were published on December 29, 1978, to be effective January 29, 1979. Several errors in this publication are being corrected.

1. In the Table of Sections and §§ 882.108 and 882.122, the date is being corrected since it should have been January 29, 1979 (the effective date of the amendments), instead of September 1978.

2. The last sentence in § 882.109(b)(2) of the Housing Quality Standards is redundant with the last sentence in § 882.109(b)(1) and is, therefore, being deleted.

3. In § 882.104 the title Assistant Secretary for Housing Production and Mortgage Credit is being changed to Assistant Secretary for Housing-Federal Housing Commissioner.

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 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.

Accordingly, 24 CFR Part 882 is amended as follows:

1. In the Table of Sections, change the title of § 882.122 to read:

Sec. 882.122 Applicability of this part to certificates outstanding on and requests for lease approval pending on January 29, 1979.

§ 882.104 [Amended]

2. In § 882.104(a), the thirteenth, fourteenth and fifteenth lines, change the title "Assistant Secretary for Housing Production and Mortgage Credit" to "Assistant Secretary for Housing-Federal Housing Commissioner."

§ 882.108 [Amended]

3. In § 882.108(a)(1), the second and seventeenth lines, change "September 1978" to "January 29, 1979."

§ 882.109 [Amended]

4. In § 882.109(b)(1), the ninth line, at the end of the sentence add the following phrase "(e.g., garbage cans)."

§ 882.109 [Amended]

5. In § 882.109(b)(2), delete the last sentence: There shall be adequate facilities and services for the sanitary disposal of food wastes and refuse, including facilities for temporary storage where necessary (e.g., garbage cans).

§ 882.122 [Amended]

6. In § 882.122, the second, third and fourth lines, change "September, 1978" to "January 29, 1979."

(Sec. 7(d), Department of HUD Act (42 U.S.C. 3535(d)), sec. 5(b), U.S.C. 1437c(b))

Issued at Washington, D.C., April 4, 1979.

Morton Baruch,
Deputy Assistant Secretary for Housing-Federal Housing Commissioner.

[Docket No. R-79-469]

[FR Doc. 79-11220 Filed 4-10-79; 8:45 am]

BILLING CODE 4210-01-M

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Federal Insurance Administration

24 CFR 1915

Identification and Mapping of Special Flood Hazard Areas

Communities With No Special Hazard Areas

AGENCY: Federal Insurance Administration, HUD.

ACTION: Final rule.

SUMMARY: The Federal Insurance Administrator, after consultation with local officials of the communities listed below, has determined, based upon analysis of existing conditons in the communities, that these communities would not be inundated by the 100-year flood. Therefore, the Administrator is converting the communities listed below to the Regular Program of the National Flood Insurance Program without determining base flood elevations.

EFFECTIVE DATE: Date listed in fourth column of List of Communities with No Special Flood Hazards.

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

SUPPLEMENTARY INFORMATION: In these communities, there is no reason not to make full limits of coverage available. The entire community is now classified as zone C. In a zone C, insurance coverage is available on a voluntary basis at low actuarial nonsubsidized rates. For example, under the Emergency Program in which your community has been participating the rate for a one-story 1–4 family dwelling is $0.25 per $100 of coverage. Under the Regular Program, to which your community has been coverted, the equivalent rate is $0.01 per $100 of coverage. Contents insurance is also available under the Regular Program at low actuarial rates. For example, when all contents are located on the first floor of a residential structure, the premium rate is $0.05 per $100 of coverage.

In addition to the less expensive rates, the maximum coverage available under the regular program is significantly greater than that available under the emergency program. For example, a single family residential dwelling now can be insured up to a maximum of $185,000 coverage for the structure and $60,000 coverage for contents.

Flood insurance policies for property located in the communities listed can be obtained from any licensed property insurance agent or broker serving the eligible community, or from the National Flood Insurance program.

The effective date of conversion to the regular program will not appear in the Code of Federal Regulations except for the page number of this entry in the

Federal Register.

The entry reads as follow:

§ 1915.8 LIST OF COMMUNITIES WITH NO SPECIAL FLOOD HAZARD AREAS.

State	County	Community name	Date of conversion to regular program
California	Los Angeles	City of Artesia	Mar. 30, 1979.
California	Los Angeles	City of Signal Hill	Mar. 30, 1979.
Pennsylvania	Allegheny	Borough of Dormont	Mar. 30, 1979.
Texas	Fort Bend	Fort Bend County Water Control and Improvement District No. 4.	Mar. 30, 1979.