DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Parts 911, 915

Limes Grown in Florida; Avocados Grown in South Florida

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Final rule.

SUMMARY: This action revokes requirements that Florida lime and avocado handlers file information relating to the destination of shipments of limes and avocados by market region.

EFFECTIVE DATE: April 9, 1979.

FOR FURTHER INFORMATION CONTACT: Charles R. Brader, (202) 447-6393.

SUPPLEMENTARY INFORMATION: *Findings.* This final rule is issued under Marketing Order Nos. 911 and 915, each as amended (7 CFR Part 911; 43 FR 39319), and (7 CFR Part 915; 43 FR 39321), regulating the handling of limes and avocados grown in Florida. These agreements and orders are effective under the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601-674). This action is based upon recommendations and information submitted by the Florida Lime Administrative Committee, and the Avocado Administrative Committee, and other available information. It is hereby found that the revocation of § 911.150 *Reports,* and of paragraph (d) in § 915.150 *Reports,* effective under Subpart-Rules and Regulations (§§ 911.110 et. seq.) and (§§ 915.110 et. seq.), is in accordance with the provisions of these marketing orders, and will tend to effectuate the declared policy of the act. These committees reported that information already submitted by handlers on the destination by market region for lime and avocado shipments, used to determine the distribution patterns of these fruits for market development projects, is sufficient. Therefore, they recommended that handlers be relieved of this filing requirement. This action has not been determined significant under the USDA criteria for implementing Executive Order 12044.

It is further found that it is impracticable and contrary to the public interest to give preliminary notice, engage in public rulemaking, and postpone the effective date until 30 days after publication in the **Federal Register** (5 U.S.C. 553), because of insufficient time between the date when information became available upon which this action is based and the effective date necessary to effectuate the declared policy of the act. Interested persons were given an opportunity to submit information and views on this matter at an open meeting. It is necessary to effectuate the declared purposes of the act to make these actions effective as specified and no purpose would be served by delaying this revocation beyond April 9, 1979.

Accordingly, in 7 CFR Part 911, "§ 911.150 *Reports"* is hereby revoked, and in 7 CFR Part 915, § 915.150 *Reports,* "paragraph (d)" is hereby revoked.

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

Dated: March 30,1979, to become effective April 9, 1979.

D. S. Kuryloski,
Acting Deputy Director, Fruit and Vegetable Division, Agricultural Marketing Service.

[FR Doc. 79-10779 Filed 4-5-79; 8:45 am]
BILLING CODE 3410-02-M

Rural Electrification Administration

7 CFR Part 1701

Public Information; Appendix A—REA Bulletins

AGENCY: Rural Electrification Administration.

ACTION: Final rule.

SUMMARY: The Rural Electrification Administration hereby amends Appendix A—REA Bulletins to provide for the issuance of a supplement to REA Bulletin 408-1, "Telephone Borrowers' Financial and Statistical Reports." The revision announces annual reporting requirements for the financial and statistical reports, REA Form 479, except when REA requests more frequent reports. This replaces the previous semi-annual reporting requirement. This change results from the REA recognition of increasing borrower maturity which permits less detailed controls.

EFFECTIVE DATE: March 29, 1979.

FOR FURTHER INFORMATION CONTACT: Mr. Frank H. Norris, Chief, Loans and Management Branch, Telephone Operations and Standards Division, Rural Electrification Administration, Room 1334, South Building, U.S. Department of Agriculture, Washington, D.C. 20250, telephone number 202-447-05252.

SUPPLEMENTARY INFORMATION: The action involves a substantial reduction of burden on REA telephone borrowers; therefore, notice and public procedure thereon was determined to be unnecessary.

In accordance with the spirit of the public policy set forth in 5 U.S.C. 553, interested persons may submit written comments, suggestions, data, or arguments to the Administrator, Rural Electrification Administration, U.S. Department of Agriculture, Washington, D.C. 20250, attention: Telephone Operations and Standards Division. Material thus submitted will be evaluated and acted upon in the same manner as if this document were a proposal. Until such time as further changes are made, the supplement to REA Bulletin 408-1 shall remain in effect, thus permitting the public business to proceed more expeditiously.

An impact analysis for this revision has been prepared and is available for public inspection.

Dated: March 29, 1979.

Joseph Vellone,
Acting Administrator.

[FR Doc. 79-10586 Filed 4-5-79; 8:45 am]
BILLING CODE 3410-15-M

DEPARTMENT OF AGRICULTURE

Farmers Home Administration

7 CFR Part 1822

Rural Rental Housing Loan Policies, Procedures, and Authorizations

AGENCY: Farmers Home Administration, USDA.

ACTION: Final Rule With Comments Requested.

SUMMARY: This rule amends Farmers Home Administration (FmHA) regulations to permit FmHA to finance new construction or the rehabilitation of structures into rural rental housing (RRH) projects when those structures are located in downtown areas of rural communities that have established a comprehensive strategy for the redevelopment/revitalization of their downtown business area. Presently, FmHA regulations permit new construction or rehabilitation under the RRH program only when the structures are located in residential areas of rural communities. The intended effect of this action is to enable FmHA to assist in the rural development effort of communities that have identified the need to redevelop, renovate, or revitalize their downtown business areas as well as assisting rural communities in their residential areas.

EFFECTIVE DATE: April 6, 1979. However, comments must be received on or before June 5, 1979.

ADDRESSES: Submit written comments to the Office of the Chief, Directives Management Branch, Farmers Home Administration, U.S. Department of

Agriculture, Room 6346, Washington, D.C. 20250. All written comments made pursuant to this notice will be available for public inspection at the address given above.

FOR FURTHER INFORMATION CONTACT: Mr. Lynn E. Voigt, Acting Director, Rural Rental Housing Loan Division, telephone (202) 447-7207.

SUPPLEMENTARY INFORMATION: This rule amends various sections of Subpart D of Part 1822, Chapter XVIII, Title 7 in the Code of Federal Regulations. This action is taken to enable FmHA, under specified conditions, to finance new construction or the purchase and rehabilitation of existing structures into RRH projects when those projects are located in the downtown business areas of rural communities. Presently FmHA is able to finance such proposals only when the structures to be created or rehabilitated are located in residential areas. Consistent with FmHA's mission of rural development, this action will permit FmHA to assist in those rural communities that have established a comprehensive strategy for meeting their community development and housing needs, when that strategy includes the redevelopment, rehabilitation, restoration, or revitalization of the downtown business area and its structures.

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 being published effective immediately, but with comments requested. This determination has been made by Mr. Gordon Cavanaugh, Administrator. This action is being taken to permit new construction or the purchase and rehabilitation of existing structures, under specific conditions, in downtown locations of rural communities, and at the same time permit public participation in the rulemaking process. Any delay in implementing this amendment would be contrary to the public interest because the construction or rehabilitation of structures into much needed rental housing, and the well planned rural development efforts of rural communities, would be unnecessarily delayed. Comments made pursuant to this notice will be considered in the development of the final rule.

Accordingly, §§ 1822.85 and 1822.88 of Subpart D, Part 1822, Chapter XVIII, Title 7 are amended as follows:

1. Section 1822.85, paragraphs (b) (1), (2) and (3) are revised and paragraphs (b)(2) (i), (ii), and (iii), (b)(4), (b)(5), (b)(5) (i), (ii), (iii), (iv), and (v), (b)(6), (b)(6) (i), (ii), (iii) and (iv) are added and read as follows:

§ 1822.85 Loan purposes.

* * * * *

(b) * * *

(1) The structure to be rehabilitated must be physically and structurally sound enough to afford maximum safety (including fire safety) to the eventual residents of the structure after rehabilitation.

(2) Rehabilitation must be planned and accomplished so that the resulting housing will:

(i) Substantially meet the HUD Minimum Property Standards (MPS) requirements for new construction.

(ii) Create a suitable and appealing living environment, and be substantially equivalent to new construction in quality, livability, design, and all other respects.

(iii) Have a total development cost equal to or less than that of new construction in the same area.

(3) Complete plans and specifications for rehabilitation will be provided for review and approval. The plans, specifications, and other pertinent documents must be in sufficient detail to leave no question as to the work to be performed or the materials to be used.

(4) The rehabilitated project must generally meet the provisions of § 1822.88(a) of this Subpart.

(5) When the downtown location of a rehabilitation project dictates such, a portion of the structure (such as part of the ground floor and basement) could be designated for commercial use on a lease basis. RRH loan funds, however, cannot be used to finance *any* cost associated with that commercial space. In order to determine the correct RRH loan amount for the residential development of such a structure, the following guidelines will apply:

(i) The applicant must supply a complete cost breakdown for purchasing and rehabilitating the entire structure into its joint residential/commercial use.

(ii) From the complete cost breakdown, the costs that can be easily and appropriately identified as being part of the commercial portion of the structure should be isolated as such, and likewise the costs easily and appropriately identified with the residential portion should be isolated.

(iii) The costs which cannot be easily and appropriately isolated (such as the cost associated with repair and renovation of a boiler, the value of the structure "as is," and certain mechanical or electrical components that will benefit both the commercial and residential occupants) should be prorated between the two uses based upon the square footage floor space used in each of the two uses.

(iv) For the purposes of the loan limitations set forth in § 1822.86(a) (1) or (2), the term "development cost" shall mean the development costs associated with or prorated to the residential use of the strucuture, and the term "security value" shall mean the security value of the project exclusive of the value contributed to the land and structure(s) by the commercial space. The capitalization approach to value is one means by which FmHA may establish the value contributed by the commercial space.

(v) The applicant must rely on other sources of financing for all costs associated with or prorated to the commercial space, given the FmHA security requirements of § 1822.89 of this Subpart.

(6) The applicant may not lease any commercial space which may be permitted in a structure in accordance with subparagraph (5) of this section without the prior written consent of the FmHA District Director. The advice of OGC will be obtained prior to loan closing as to any modifications needed in the mortgage, loan agreement, or loan resolution to enforce this requirement. In addition, the FmHA District Director may not consent to any lease unless:

(i) The lease contains a provision by which the lessee agrees to vacate the premises should FmHA withdraw its consent to the lease.

(ii) The proposed use of the leased space has a symbiotic and mutually supportive relationship to the needs of the residential tenants and the use of the residential portion of the structure as rental housing.

(iii) The terms of the lease and the proposed use of the leased space do not jeopardize the interests of the tenants of the project or the continued use of the residential portion of the structure for the purposes for which the loan is made.

(iv) The lease has been reviewed by OGC and found to be legally sufficient and in compliance with the requirements of this Subpart.

* * * * *

2. Section 1822.88(a)(3) is amended by deleting the words "and location" in lines 1 and 2. Section 1822.88(a)(5) is deleted in its entirety and the present paragraphs § 1822.88(a) (6) through (8) are renumbered to § 1822.88(a) (5) through (7) respectively without changes.

3. In § 1822.88, paragraphs (q) (1) and (2) are revised and paragraphs (q)(2) (i), and (ii), (q)(3), (q)(4), (q)(4) (i), (ii), (q)(4)(ii) (A), (B), and (C), (q)(4) (iii), (iv), (v) and (vi) are added and read as follows:

§ 1822.88 Special conditions.

* * * * *

(q) *Location of Housing.*

(1) The location of the housing project should expand the supply of decent, safe, and sanitary housing for low- and moderate-income, senior citizens, and handicapped persons in a nondiscriminatory way outside areas of concentration of economically disadvantaged or minority residents. The location should promote a greater choice of housing opportunities and avoid undue concentration of eligible tenants in areas containing a high proportion of low-income persons, and should further fair housing.

(2) Project locations should promote an equal opportunity for the inclusion of all groups regardless of race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (mentally handicapped must possess the capacity to enter into a legal contract), thereby opening up nonsegregated housing opportunities for minorities and helping overcome the effects of any past discrimination. To the extent possible, the location of an RRH project should provide housing opportunities for minorities outside areas of minority concentration and areas which are already substantially racially mixed. An area of minority concentration is any part of a community adjacent to or within the confines of a greater area such as a place, town, village, or city in which the majority of the residents are minority. If the proposed location is in an area of minority concentration, it will not be accepted unless:

(i) Comparable housing opportunities exist outside the minority area for minorities in the income range to be served by the project; or

(ii) The applicant provides written documentation which adequately demonstrates that there are no other acceptable sites available outside the area of minority concentration, and housing on the proposed site is necessary to meet an overriding housing need in the market area.

(3) Except as otherwise permitted by subparagraph (4) of this section, housing projects must be located in residential areas as part of established rural communities where essential public facilities (such as schools, hospitals, and generally central water and sewer systems) and services (such as shopping, medical services, and pharmaceutical services) are readily available in close and convenient proximity to the site. Public facilities and services must be adequate to support the needs of the tenants and the housing project.

(4) FmHA will consider financing new construction or the purchase and rehabilitation of existing structures located in the downtown business areas of those rural communities that have established a comprehensive strategy for meeting their community development and housing needs, and that strategy includes the redevelopment, rehabilitation, restoration, or revitalization of the downtown business area. The proposed project site must be located within the downtown business redevelopment/revitalization area, and the following conditions must be met:

(i) Essential public facilities (such as schools, hospitals, and generally central water and sewer systems) and services (such as shopping, medical services, and pharmaceutical services) must be readily available in close and convenient proximity to the site, and they must be adequate to support the needs of the tenants and the housing project.

(ii) The community must have an official short-term community development and housing plan which sets forth its comprehensive strategy for meeting identified community development and housing needs, particularly the needs of eliminating or preventing economic decay, slums, or blight; the needs of benefiting the lower income population; or other community development needs having a particular urgency. The strategy should include a community-wide component which describes the development strategy of the governing body, the major objectives the governing body seeks to accomplish, the priorities it has established, the factors taken into account in selecting areas for treatment, and the anticipated public and private sources of funds necessary to conduct the treatment of each area selected. In addition, the plan should contain the following component strategies:

(A) Neighborhood revitalization: The strategy for alleviating physical deterioration, for maintaining viable neighborhoods, and for stimulating investment to upgrade neighborhoods affected by blight and deterioration.

(B) Housing: The community-wide strategy to improve housing conditions and to meet the housing assistance needs that have been identified. Reference to any current HUD approved Housing Assistance Plan would be helpful as part of this component strategy.

(C) Economic development: The strategy for attracting private investment in the business community and for solving the critical problems which may be the result of a stagnating or declining tax base, or from population outmigration.

(iii) Evidence must be presented from the local governing body verifying that the community has adopted, through resolution or other official act, the community development and housing plan referenced in subparagraph (q) (4) (ii) of this section. A copy of the adopted plan should be made available to FmHA. While it is not necessary that the downtown redevelopment/revitalization area be formally designated as an urban renewal or other similar area, evidence supporting a local determination that the downtown business area meets the criteria established in the community development and housing plan must be maintained in the locality's records. Documentation received from the local governing body must also identify the site or structure involved in the applicant's RRH proposal as part of or essential to the downtown redevelopment/revitalization area.

(iv) Evidence must be made available to FmHA verifying the intended commitment of public and private resources which will be available for completing the other integrally related redevelopment/revitalization activities being undertaken in the downtown business area together with the applicant's proposed RRH project.

(v) If the structure to be built or rehabilitated is more than two-stories, the housing must be designated and designed for occupancy only by senior citizens and handicapped persons.

(vi) Prior review and concurrence must be received from the FmHA National Office before the FmHA State Director or District Director authorizes the applicant to develop a complete application. All of the information requested in § 1822.88 (q) (4) must be provided by the applicant before National Office review.

* * * * *

This regulation has not been determined significant under the USDA criteria implementing Executive Order 12044. A copy of the Impact Statement prepared according to these criteria is available from the Office of the Chief, Directives Management Branch, Farmers Home Administration, U.S. Department of Agriculture, Room 6346, Washington, D.C. 20250.

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

Authorities: (42 U.S.C. 1480; delegation of authority by the Secretary of Agriculture, 7 CFR 2.23; delegation of authority by the Assistant Secretary for Rural Development, 7 CFR 2.70)

Dated: March 30, 1979.

Gordon Cavanaugh,
Administrator, Farmers Home Administration.

[FmHA Instruction 444.5]

[FR Doc. 79-10561 Filed 4-5-79; 8:45 am]

BILLING CODE 3410-07-M

NUCLEAR REGULATORY COMMISSION

10 CFR Part 140

Financial Protection Requirements and Indemnity Agreements; Miscellaneous Amendments

AGENCY: U.S. Nuclear Regulatory Commission.

ACTION: Final Rule.

SUMMARY: The provisions of Section 170 of the Atomic Energy Act of 1954, as amended, require production and utilization facility licensees to have and maintain financial protection to cover public liability claims resulting from a nuclear incident.

The Nuclear Regulatory Commission is amending its regulations to increase the level of the primary layer of financial protection required of certain indemnified licensees. The Commission is amending its regulations at the present time to coincide, as statutorily required, with the increase in the level of the primary layer of insurance provided by private nuclear liability insurance pools.

EFFECTIVE DATE: May 1, 1979.

FOR FURTHER INFORMATION CONTACT: Mr. Ira Dinitz, Antitrust and Indemnity Group, U.S. Nuclear Regulatory Commission, Washington, DC 20555. (Phone: 301-492-8336).

SUPPLEMENTARY INFORMATION: The provisions of Section 170 of the Atomic Energy Act of 1954, as amended, (the Act) require production and utilization facility licensees to have and maintain financial protection to cover public liability claims resulting from a nuclear incident. Section 170 of the Act, requires the Nuclear Regulatory Commission to indemnify the licensee and other persons indemnified, up to the statutory limitation on liability, against public liability claims in excess of the amount of financial protection required. Subsection 170b. of the Act requires that for facilities designed for producing substantial amounts of electricity and having a rated capacity of 100 electrical megawatts or more, the amount of financial protection [1] required shall be the maximum amount available from private sources. For other licensees, the Commission may require lesser amounts of financial protection. Primary financial protection may be in the form of private insurance, private contractual indemnities, self-insurance or other proof of financial responsibility, or combination of such measures.

The insurers who provide the nuclear liability insurance, American Nuclear Insurers (ANI) and Mutual Atomic Energy Liability Underwriters (MAELU), have advised the Commission that effective January 9, 1979, the maximum amount of primary nuclear energy liability insurance available was increased from $140 million to $160 million. Pursuant to the provisions of subsection 170b. of the Act, the amount of primary financial protection required for facilities having a rated capacity of 100 electrical megawatts or more will be increased to $160 million, effective May 1, 1979. In addition, in compliance with 10 CFR Part 140, those persons licensed to possess plutonium in the amount of 5 kilograms or more and persons licensed to process plutonium in the amount of 1 kilogram or more for use in plutonium processing and fuel fabrication plants will also be required to provide financial protection in the amount of $160 million.

Since the amendments set out below conform the Commission's regulations to a statutory requirement, the Commission has found that good cause exists for omitting a value/impact analysis, public notice of proposed rule making and public procedure thereon as unnecessary.

Pursuant to the Atomic Energy Act of 1954, as amended, the Energy Reorganization Act of 1974, as amended, and sections 552 and 553 of Title 5 of the United States Code, the following amendments to Title 10, Chapter I, Part 140, Code of Federal Regulations, are published as a document subject to codification.

§ 140.11 [Amended]

1. Section 140.11(a)(4) is amended by deleting "$140,000,000" and substituting therefor "$160,000,000."

§ 140.13a [Amended]

2. Section 140.13a(a) is amended by deleting the term "$140,000,000" and substituting therefor "$160,000,000."

§ 140.91 [Amended]

3. In § 140.91, Appendix A, Condition 4 is amended by revising the footnote to read as follows: "For policies issued by Nuclear Energy Liability-Property Insurance Association the amount will be "$124,000,000"; for policies issued by Mutual Atomic Energy Liability Underwriters, the amount will be "$36,000,000."

4. In § 140.91, Appendix A, paragraph III of the "Optional Amendatory Endorsement" is amended by revising the footnote to read as follows:

"For policies issued by Nuclear Energy Liability-Property Insurance Association the amount will be "$124,000,000"; for policies issued by Mutual Atomic Energy Liability Underwriters the amount will be "$36,000,000."

§ 140.92 [Amended]

5. Section 140.92, Appendix B, Article II, paragraph 8(a), is amended by deleting the amount "$108,500,000" wherever it appears and substituting therefor "$124,000,000."

6. Section 140.92, Appendix B, Article II, paragraph 8(b), is amended by deleting the amount "$31,500,000" wherever it appears and substituting therefor "$36,000,000."

7. Section 140.92, Appendix B, Article II, paragraph 8(c), is amended by changing the amount "$140,000,000" to "$160,000,000."

8. Section 140.92, Appendix B, Article III, paragraph 4(b)(2), is amended by changing "$140,000,000" to "$160,000,000."

§ 140.93 [Amended]

9. Section 140.93, Appendix C, Article II, paragraph 8, is amended by changing "$140,000,000" to "$160,000,000."

10. Section 140.93, Appendix C, Article III, paragraph 4(b)(2), is amended by changing "$140,000,000" to "$160,000,000."

---

[1] The Act does not by its precise language require maintenance of a "primary" (i.e., nuclear liability insurance) layer and a "secondary" (i.e., retrospective premium) layer of financial protection but merely considers the combination of these two layers as "financial protection." However, 10 CFR Part 140, of the Commission's regulations that implement the Act, distinguishes between the primary and secondary layers of financial protection. The amendments in this rule relate solely to increases in the primary layer of financial protection.

§ 140.94 [Amended]

11. Section 140.94, Appendix D, Article II, paragraph 6, is amended by changing "$140,000,000" to "$160,000,000."

§ 140.95 [Amended]

12. Section 140.95, Appendix E, Article III, paragraph 4(b)(2), is amended by changing "$140,000,000" to "$160,000,000."

§ 140.107 [Amended]

13. Section 140.107, Appendix G, Article II, paragraph 6(a), is amended by deleting the amount "$108,500,000" wherever it appears and substituting therefor "$124,000,000."

14. Section 140.107, Appendix G, Article II, paragraph 6(b), is amended by deleting the amount "$31,500,000" wherever it appears and substituting therefor "$36,000,000."

15. Section 140.107, Appendix G, Article III, paragraph 6(c), is amended by changing the amount "$140,000,000" to "$160,000,000."

16. Section 140.107, Appendix G, Article III, paragraph 4(b), is amended by changing the amount "$140,000,000" to "$160,000,000."

§ 140.108 [Amended]

17. Section 140.108, Appendix G, Article II, paragraph 6, is amended by changing the amount "$140,000,000" to "$160,000,000."

18. Section 140.108, Appendix H, Article III, paragraph 4(b), is amended by changing the amount "$140,000,000" to "$160,000,000."

EFFECTIVE DATE: The foregoing amendments become effective on May 1, 1979.

(Secs. 161, Pub. L. 83–703, 68 Stat. 948 (42 U.S.C. 2201); Sec. 170, Pub. L. 85–256, 71 Stat. 576, Pub. L. 94–197, 89 Stat. 1111 (42 U.S.C. 2210); Sec. 201, Pub. L. 93–438, as amended, 88 Stat.1242, 89 Stat. 415 (42 U.S.C. 5841))

Dated at Washington, D.C., this 2nd day of April 1979.

For the Nuclear Regulatory Commission.

Samuel J. Chilk,

Secretary of the Commission.

[FR Doc. 79–10853 Filed 4–5–79; 8:45 am]

BILLING CODE 7590–01–M

FEDERAL DEPOSIT INSURANCE CORPORATION

12 CFR Parts 307 and 327

Assumption and Assessment of Deposit Liabilities of Insured Banks; Voluntary Termination of Insurance Status

AGENCY: Federal Deposit Insurance Corporation.

ACTION: Final rule.

SUMMARY: The Federal Deposit Insurance Corporation has decided to revise and amend §§ 307.3 and 327.2(b)(3) of its regulations to: (1) implement Sections 304 and 310 of the Financial Institutions Regulatory and Interest Rate Control Act of 1978 (FIRIRCA) which pertain to the assumption and assessment of deposit liabilities of insured banks, and (2) correct an inaccurate reference.

EFFECTIVE DATE: April 6, 1979.

FOR FURTHER INFORMATION CONTACT: Jerry L. Langley, Senior Attorney, Federal Deposit Insurance Corporation, 550 17th Street, N.W., Washington, D.C. 20429, telephone (202) 389–4237.

SUPPLEMENTARY INFORMATION: Section 304 of FIRIRCA amends Section 8(q) of the Federal Deposit Insurance Act (FDI Act) to provide that whenever the deposit liabilities of an insured bank are assumed by another insured bank, whether by merger, consolidation, or other statutory assumption, or by contract: (1) the insured status of the bank whose deposits are assumed shall terminate on the date the Corporation receives satisfactory evidence of the assumption; (2) the separate insurance of all insured deposits so assumed shall terminate six months after the date the assumption takes effect or, in the case of any time deposit, the earliest maturity date after the six-month period; and (3) the continuing bank shall give notice of the assumption to the depositors of the bank whose deposits are assumed within 30 days after the assumption takes effect. Section 307.3 has been revised to implement these provisions and to correct an incorrect citation by changing the reference "§ 304.3 (s) and (t)" in Section 307.3(b) to "§ 304.3 (u) and (v)".

Section 310 of FIRIRCA amends Section 7 of the FDI Act to exclude deposits accumulated for the repayment of personal loans from the definition of deposits for insurance assessment purposes. Section 327.2(b)(3) of FDIC's regulations has been amended to aline its definition of the term "deposit" for assessment purposes with that of Section 310 of FIRIRCA.

Since the changes are procedural in nature or necessitated by statutory amendment, the Board of Directors of the Federal Deposit Insurance Corporation has determined, under Section 302.6 of its rules and regulations (12 CFR § 302.6), that notice of, and public participation in, this rulemaking is unnecessary and that good cause exists for the waiver of the 30-day deferral of the effective date for the changes.

Accordingly, 12 CFR 307.3 and 327.2 subparagraph (b) are changed as follows:

PART 307—VOLUNTARY TERMINATION OF INSURANCE STATUS

1. 12 CFR 307.3 is revised to read:

§ 307.3 Steps to be taken and records to be furnished the Corporation where deposits are assumed by another insured bank.

(a) Whenever the deposit liabilities of an insured bank are assumed by another insured bank, whether by merger, consolidation, or other statutory assumption, or by contract, the continuing bank shall give notice of the assumption to the depositors of the bank whose deposits are assumed within 30 days after the assumption takes effect.[9] Such notice shall be (1) mailed to each depositor at the depositor's last address of record as shown upon the books of the bank, (2) published in not less than two issues of a local newspaper of general circulation, and (3) in form substantially as follows:

(Date) ———

Notice to Depositors:

Please be advised that the deposit liabilities shown on the books of (Name of Assumed Bank) ——— (City or town) ——— (State) ——— as of close of business on ———, 19— have been assumed by the undersigned bank. The insured status of (Name of assumed bank) will terminate at the time provided in section 8(q) of the Federal Deposit Insurance Act. The separate insurance of its deposits will therefore terminate at the end of six months from the above date or, in the case of a time deposit, the earliest maturity date after the six-month period.

You are advised that the undersigned bank is an insured bank and that your deposits will continue to be insured by the Federal Deposit Insurance Corporation in the manner and to the extent provided in said Act.

(Name of Bank) ———

(Address) ———

There may be included in such notice any additional information or advice the bank may deem desirable.

[9] The notice requirement does not apply to "phantom" bank mergers as defined in footnote 2a of Section 303.11(a)(9).