

Position	Limitation
Each Mission Director.	Each Mission Director has the authority to execute contracts and amendments thereto up to \$100,000 in the aggregate. For personal services contracts, the limit is \$250,000. The Mission Director may issue a warrant for small purchase authority (\$25,000) directly to individuals on his/her staff.

## PART 750—EXTRAORDINARY CONTRACTUAL ACTIONS

3. Section 750.7105 is revised to read as follows:

### 750.7105 Approving authorities.

All authority to approve actions under this subpart has been delegated to the Procurement Executive.

This AIDAR Notice is issued under the authority of Sec. 621, 75 Stat. 445 (22 U.S.C. 2381), as amended; E.O. 12163, September 29, 1979, 44 FR 56673; 3 CFR 1979 Comp., p. 435.

Dated: April 17, 1985.

Paul Spishak,

*Acting AID Procurement Executive.*

[FR Doc. 85-9701 Filed 4-23-85; 8:45 am]

BILLING CODE 6116-01-M

## 48 CFR Parts 702, 705, 706, 714, 715, 750, and 752

[AIDAR Notice 85-5]

### Acquisition Regulation Concerning Competition in Contracting and Miscellaneous Amendments

**AGENCY:** Agency for International Development, IDCA.

**ACTION:** Interim rule and request for comment.

**SUMMARY:** The AID Acquisition Regulation (AIDAR) is being amended to implement The Competition in Contracting Act of 1984 (CICA) in compliance with the requirements of the Federal Acquisition Regulations (FAR).

**DATES:** Effective Date: April 1, 1985.

Comment Date: Comments must be received on or before May 24, 1985. Please cite AIDAR Notice 85-5 in all correspondence.

**ADDRESS:** Interested parties should submit comments to: Agency for International Development, ATTN: M/SER/CM/SD/POL, Washington, D.C. 20523.

**FOR FURTHER INFORMATION CONTACT:** M/SER/CM/SD/POL, Mr. James M. Kelly, Telephone (703) 235-9107.

**SUPPLEMENTARY INFORMATION:** This AIDAR Notice amends the AIDAR to conform the regulation to the requirements of the CICA, and the FAR

implementation of the CICA (FAR Circular 84-5, 50 FR 1726, January 11, 1985). This AIDAR Notice is effective for all solicitations issued on or after April 1, 1985.

Subpart 715.6, Source Selection, has been revised to conform the section and paragraph numbering system with recent OFPP suggestions and to change the contracting officer's "concurrence" to "approval" in the determinations required by the educational institutions and international research center and the collaborative assistance selection procedures.

This AIDAR Notice implements the CICA and FAR Circular 84-5 with no deviations from the requirements of either document, and without significant supplementation.

This AIDAR Notice, which is not a major rule, was submitted to OMB for E.O. 12291 review as required by OMB Bulletin No. 85-7, dated December 14, 1984.

As required by the Regulatory Flexibility Act, it is hereby certified that AIDAR Notice 85-4 will not have a significant economic impact on a substantial number of small entities.

### List of Subjects in 48 CFR 702, 705, 706, 714, 715, 750, 752, and Appendices

Government procurement.

## PART 702—DEFINITIONS OF WORDS AND TERMS

702.170-14 and 702.170-15 [Redesignated as 702.170-15 and 702.170-16]

1. Subsections 702.170-14 and 702.170-15 are redesignated as 702.170-15 and 702.170-16, respectively, and a new 702.170-14 is added as follows:

### 702.170-14 Senior Procurement Executive.

"Senior Procurement Executive" is synonymous with the term "Procurement Executive", as defined in 702.170-13 of this subpart.

## PART 705—PUBLICIZING CONTRACT ACTIONS

705.001 [Redesignated as 705.002]

2. Part 705 is amended by redesignating section 705.001 as 705.002.

3. A new Part 706 is added as follows:

## PART 706—COMPETITION REQUIREMENTS

### Subpart 706.1—Full and Open Competition

Sec.  
706.101-70 Policy.

### Subpart 706.2—Full and Open Competition After the Exclusion of Sources

706.201-70 Policy.

### Subpart 706.3—Other than Full and Open Competition

706.303-1 Requirements.

Authority: Sec. 621, Pub. L. 87-195, 75 Stat. 445 (22 U.S.C. 2381), as amended; E.O. 12163, Sept. 29, 1979, 44 FR 56673; 3 CFR 1979 Comp., p. 435.

### Subpart 706.1—Full and Open Competition

#### 706.101-70 Policy.

The selection procedures in 715.613-70 and 715.613-71 of this chapter meet the requirement for full and open competition when the determinations required by 715.613-70(c) and 715.613-71(b)(1)(ii) are properly made. No other justifications or approvals are required.

### Subpart 706.2—Full and Open Competition After the Exclusion of Sources

#### 706.201-70 Policy.

Since procurements by Missions overseas are generally exempt from synopsis in the CBD by FAR 5.201(b), the requirement for full and open competition is met for such procurements when the competitive procedures prescribed in FAR 6.102 are used for those procurements where it is not practical to synopsise in the CBD, and the contracting officer follows the optional publicizing methods authorized by both FAR 5.101(a)(2) and FAR 5.101(b), as appropriate. No other justifications or approvals are required.

### Subpart 706.3—Other Than Full and Open Competition

#### 706.303-1 Requirements.

(a)-(c) [Reserved]

(d) AID project procurements are generally not subject to the Trade Agreements Acts of 1979 (see 725.403 of this chapter). To the extent procurements are made under the authority of FAR 6.302-3(a)(2)(i) or FAR 6.302-7 with Operating Expenses (OE) Funds, the Contracting Officer shall send a copy of the justification to the Office of the United States Trade Representative, 600 17th Street, NW., Washington, D.C. 20506, ATTN: Director, International Procurement Policy.

4. Part 714 is amended by revising the part title as follows:

### PART 714—SEALED BIDDING

### PART 715—CONTRACTING BY NEGOTIATION

5. The authority citation for Part 715 is revised to read as follows:



Authority: Sec. 621, Pub. L. 87-195, 75 Stat. 445 (22 U.S.C. 2381) as amended; E.O. 12163, Sept. 29, 1979, 44 FR 56673; 3 CFR 1979 Comp., p. 435.

#### Subpart 715.2—Negotiation Authorities [Removed]

6. Subpart 715.2 is removed.

#### 715.507 [Removed]

7. Subpart 715.5 is amended by removing section 715.507.

8. Section 715.608, Proposal evaluation, is amended by redesignating it as subsection 715.608-70, and by amending paragraph (b)(1)(iii), as follows:

#### 715.608-70 Proposal evaluation.

(b) \* \* \*

(1) \* \* \*

(iii) The contracting officer is responsible for reviewing the written evaluation results to determine that they are adequate and complete.

715.613, 715.613-70, 715.613-70-1, 715.613-70-2, 715.613-70-3, 715.613-70-4, 715.613-71, 715.613-71-1, 715.613-71-2, 715.613-71-3, 715.613-71-4, 715.613-71-5 [Removed]

9. Sections 715.613, 715.613-70, 715.613-70-1, 715.613-70-2, 715.613-70-3, 715.613-70-4, 715.613-70-71, 715.613-71-1, 715.613-71-2, 715.613-71-3, 715.613-71-4, and 715.613-71-5 are removed.

10. Sections 715.613, 715.613-70 and 715.613-71 are added to read as follows:

#### 715.613 Alternative source selection procedures.

#### 715.613-70 Educational institution and international research center selection procedure.

(a) *Scope of subsection.* This subsection prescribes policies and procedures for the selection of contractors to perform projects which have been determined to require the services of an educational institution or international research center (see paragraphs (b) and (c) of this subsection).

(b) *Definitions.* (1) An educational institution, as used in this subsection, is any non-profit corporation, foundation, trust, or state or local governmental entity operated primarily as an institution of higher learning offering a course of general studies leading to the granting of academic degrees. Consortia whose membership consists exclusively of educational institutions, as defined above, are considered to be educational institutions.

(2) An international research center is an organization formally recognized and listed as such by the Assistant Administrator, Bureau for Science and Technology.

(c) *Applicability.* The provisions of this subsection are applicable when it has been determined by the project office, with the approval of the contracting officer, that the required skills or institutional relationships are available only from educational institutions or international research centers. This subsection is not applicable to contracts for collaborative assistance (see 715.613-71 of this subpart), or for architect-engineer services (see AIDAR 736.6 and FAR 36.6).

(d) *Solicitation, evaluation, and selection procedures.* (1) A sufficient number of sources shall be solicited to ensure that competition is obtained to the maximum practicable extent; this requirement shall be deemed satisfied when a contractor is selected under the procedures of this subsection.

(2) Following the approval of the contracting officer in the decision that the required services are available only from an educational institution or international research center (see paragraph (c) of this section), the project office shall:

(i) Prepare selection criteria for evaluation of potential contractors for use in preparing the source list, determining predominantly qualified sources, and selecting the contractor;

(ii) Prepare an initial source list of institutions considered qualified to perform the proposed project;

(iii) Provide a statement providing a description of qualifications and areas of expertise considered essential, a statement of work, estimate of personnel requirements, special requirements (logistic support, government furnished property, and so forth) for the contracting officer's use in preparing the request for technical proposal (RFTP).

(iv) Send a memorandum incorporating paragraphs (d)(2) (i) through (iii) of this section, together with the "Action" copy of the PIO/T to the contracting officer, requesting him/her to prepare and distribute the RFTP from the source list provided.

(3) Upon receipt and acceptance of the project officer's request, the contracting officer shall prepare the RFTP. The RFTP shall contain sufficient information to enable an offeror to submit a responsive and complete technical proposal; this includes a definitive statement of work, an estimate of the personnel required, and special provisions (such as logistic support, government furnished

equipment, and so forth), a proposed contract format, and evaluation criteria. No cost or pricing data will be requested or required by the RFTP. The RFTP will be distributed to the sources recommended by the project office, and to others, if appropriate. The RFTP will normally allow a minimum of 60 days for preparation and submission of a proposal.

(4) Upon receipt of responses to the RFTP by the contracting officer, an evaluation committee will be established as provided for in 715.608-70(a) of this subpart.

(5) The evaluation committee will evaluate all proposals in accordance with the criteria set forth in the RFTP, and will prepare a selection memorandum which shall:

(i) State the evaluation criteria;  
(ii) List all of the institutions whose proposals were reviewed;  
(iii) Report on the ranking and rationale therefor for all proposals;  
(iv) Indicate the institution(s) considered best qualified.

(6) The evaluation committee will submit the selection memorandum to the contracting officer for review and approval.

(7) The contracting officer will either approve the selection memorandum, or return it to the evaluation committee for reconsideration for specified reasons.

(8) If the selection memorandum is approved, the contracting officer shall obtain cost, pricing, and other necessary data from the selected institution(s) and shall conduct negotiations with said institution(s). If a satisfactory contract cannot be obtained, the contracting officer will so advise the evaluation committee. The evaluation committee may then recommend alternate sources.

#### 715.613-71 Collaborative assistance selection procedure.

(a) *Scope of section.* This subsection prescribes policies and procedures for the selection of contractors for collaborative assistance projects.

(b) *Definition.*

(1) A collaborative assistance project is any project for which it has been determined under paragraph (d) of this section that:

(i) A continuing collaborative relationship between AID, the host country, and the contractor is required from project design through completion of the project. AID, host country, and contractor participation in a continuing review and evaluation of the project is essential for its proper execution; and

(ii) The required skills or institutional relationships have been determined by the project office, with the approval of



the contracting officer to be available only from an educational institution, international research center (as defined in 714.613-70(b) of this subpart), or cooperative development organization (which are organizations recognized and listed as such by the Assistant Administrator, Bureau for Food for Peace and Voluntary Assistance).

(2) The collaborative assistance method is fully defined and discussed in AIDAR Appendix F—Use of Collaborative Assistance Method for Aid Direct Contracts for Technical Assistance.

(c) *Applicability.* The provisions of this subsection are applicable to all contracts implementing collaborative assistance projects.

(d) *Determination.* In order to prepare a contract under the collaborative assistance method, the determinations in paragraph (b)(1) of this section must be made in accordance with the following procedures:

(1) The responsible project office makes a preliminary finding that a project should be classed as collaborative assistance in accordance with paragraphs (b)(1) (i) and (ii) of this section.

(2) Based upon this preliminary finding, the project office shall establish an evaluation panel consisting of a representative of the project office as chairman; a representative of the Bureau for Science and Technology, for projects where the services of an educational institution or international research center are deemed necessary; a representative of the Bureau for Food for Peace and Voluntary Assistance, for projects where the services of a cooperative development organization are deemed necessary; a representative of the contracting officer; and any other representatives considered appropriate by the chairman.

(3) The evaluation panel will review the proposed project; based on the panel's findings, the chairman will make the formal, written determinations as to whether or not the project is collaborative assistance as required by paragraphs (b)(1) (i) and (ii) of this section.

(e) *Evaluation and selection.* (1) As sufficient number of sources will be considered to ensure that competition is obtained to the maximum practicable extent; this requirement shall be deemed satisfied when a contractor is selected under the procedures of this subsection.

(2) Following determination that a project is in fact collaborative assistance, the evaluation panel shall:

(i) Prepare evaluation and selection criteria;

(ii) Prepare an initial source list including all potential sources known to have capabilities and expertise in the areas required by the proposed project; and

(iii) Evaluate the list, using the evaluation criteria previously determined, for the purpose of making a written determination of the source (or sources) considered most capable of performing the project.

(3) The chairman of the evaluation panel will prepare a memorandum to the contracting officer setting forth:

(i) The formal determination that the project is collaborative assistance,

(ii) The evaluation criteria which have been determined, and

(iii) The recommended source list and the rationale therefor, and requesting the contracting officer to prepare a request for expressions of interest from the qualified institution (or institutions).

(4) The contracting officer will prepare a request for an expression (or expressions) of interest (REI), containing sufficient information to permit an institution to determine its interest in the project, and to discuss the project with AID representatives, if appropriate. The request for expression of interest should include a concise statement of the purpose of the project, any special conditions or qualifications considered important, a brief description of the selection procedure and evaluation criteria which will be used (if expressions of interest are being requested from more than one institution), the proposed contract format, and any other information considered appropriate. The REI will be issued to the institution or institutions recommended by the panel; it will normally allow a minimum of 60 days for submission of an expression of interest. Guidelines for preparation of expressions of interest are contained in Attachment 1 to AIDAR Appendix F.

(5) The contracting officer will transmit all expressions of interest to the evaluation panel for evaluation and selection recommendation. The panel may conduct on site evaluations at its discretion, as part of the evaluation process.

(6) The chairman of the evaluation panel will prepare a written selection recommendation with supporting justification, recommending that negotiations be conducted with the prospective contractor(s) selected by the evaluation panel. The selection recommendation shall be transmitted to the contracting officer together with the complete official file on the project which was being maintained by the evaluation panel.

(7) The contracting officer will review the selection recommendation, obtain necessary cost and other data, and proceed to negotiate with the recommended source.

#### **Subpart 715.10—Preaward and Postaward Notifications, Protests, and Mistakes [Removed]**

11. Subpart 715.10 is removed.

#### **PART 750—EXTRAORDINARY CONTRACTUAL ACTIONS**

##### **750.7107 [Amended]**

12. Paragraph (a) of section 750.7107 of this part is amended by removing paragraph (a)(3), and by redesignating paragraph (a)(4) as paragraph (a)(3).

#### **PART 752—SOLICITATION PROVISIONS AND CONTRACT CLAUSES**

##### **752.7020 [Amended]**

13. The contract clause at section 752.7020, Organizational Conflicts of Interest, is amended by changing the clause date from "(April 1984)" to "(March 1985)"; and by removing the words "... formally advertised ...", as they appear in paragraph (c) of the clause, and inserting in their place "... sealed bidding ...".

#### **Appendix A—Respective Roles of Contracting and Other Personnel in the AID Procurement Process**

14. Appendix A of this chapter is amended by revising paragraph 2(c) as follows:

##### **2. Planning, Competition, Negotiation, and Award.**

(a) \* \* \*

(b) \* \* \*

(c) One of the paramount duties of the contracting officer is to ensure full and open competition for any planned procurement. The procedures for procurement by sealed bid, or for procurement by negotiation, or for procurement by other than full and open competition differ; the contracting officer must determine the proper method of procurement and contract type, keeping the requirements for full and open competition in mind. The technical office has a continuing responsibility to assist the contracting officer in this effort to ensure full and open competition. This responsibility should be exercised through proper planning to allow sufficient lead time, and preparation of scopes of work designed to encourage full and open competition by avoiding specifications, descriptions, or work statements which could unnecessarily restrict competition.

\* \* \* \* \*



# Appendix F—Use of Collaborative Assistance Method for AID-Direct Contracts for Technical Assistance

15. Paragraph 1(b) of Appendix F of this Chapter is amended to delete the words "in the AID Acquisition Regulations (Subpart 736.6)" and to substitute the words "in FAR 36.6 and AIDAR 736.6".

16. Paragraph 4(c)(4), *Monitoring, joint evaluation and replanning*, is amended to delete the word "thoroughly" in the third sentence of the second subparagraph, and to substitute the word "thoroughly".

This AIDAR Notice is issued under the authority of sec. 621, Pub. L. 87-195, 75 Stat. 445, (22 U.S.C. 2381) as amended; E.O. 12163, September 29, 1979, 44 FR 56673; 3 CFR 1979 Comp., p. 435).

Dated: April 15, 1985.

Paul Spishak,

Acting AID Procurement Executive.

[FR Doc. 85-9700 Filed 4-23-85; 8:45 am]

BILLING CODE 6116-01-M

## DEPARTMENT OF TRANSPORTATION

### Research and Special Programs Administration

#### 49 CFR Part 107

[Docket No. HM-194; Amdt. No. 107-13]

#### Designation of Testing Agencies; United Nations Packagings; Correction

**AGENCY:** Materials Transportation Bureau (MTB), Research and Special Programs Administration, DOT.

**ACTION:** Final rule; correction.

**SUMMARY:** This document corrects an error of omission found under §107.402(b)(4) of a final rule published under Docket HM-194 (50 FR 10060), which amended the Hazardous Materials Regulations (49 CFR Part 107) by establishing requirements that

designate third-party packaging testing agencies, for the purpose of certifying the conformance of United States (U.S.) export packaging designs with the United Nations (U.N.) standards. The final rule under HM-194 has an effective date of July 1, 1985.

**EFFECTIVE DATE:** July 1, 1985. However, compliance with the regulations as amended is authorized as of March 13, 1985.

#### FOR FURTHER INFORMATION CONTACT:

Thomas J. Charlton, Chief, Standards Division, Office of Hazardous Materials Regulation, Materials Transportation Bureau, Department of Transportation, Washington, D.C. 20590. (202-426-2075).

**SUPPLEMENTARY INFORMATION:** This document reestablishes § 107.402(b)(4)(iv) of Title 49 CFR, Parts 100-177, which was inadvertently omitted in Docket HM-194. Due to a typographical error, this subparagraph was not republished in the Federal Register under Docket HM-194 on March 13, 1985.

The final rule published under HM-194 amended 49 CFR Part 107 of the Hazardous Materials Regulations in order to establish requirements that designate third-party testing agencies to certify the conformance of U.S. export packagings with the U.N. standards for packagings. The requirements are voluntary for shippers and container manufacturers.

The Materials Transportation Bureau has determined that this document will not result in a "major rule" under the terms of Executive Order 12291 or a significant regulation under DOT's regulatory policy and procedures (44 FR 11034), nor require an environmental impact statement under the National Environmental Policy Act (49 U.S.C. 4321 et seq.).

Based on limited information available concerning size and nature of entities likely to be affected by this amendment, I certify that this amendment will not have a significant

economic impact on a substantial number of small entities because the overall economic impact of this amendment will be minimal. A regulatory evaluation and environmental assessment of the final rule are available for review in the docket. The economic impact of this document has been found to be so minimal that further evaluation is unnecessary.

#### List of Subjects in 49 CFR Part 107

Hazardous materials transportation. Administrative practice and procedure.

In consideration of the forgoing, Federal Register document (FR Docket 85-6028), published on March 13, 1985, under Docket HM-194 is hereby amended as follows:

#### PART 107—HAZARDOUS MATERIALS PROGRAM PROCEDURES

1. On page 10062, at the bottom of the third column, § 107.402, paragraph (b)(4) is corrected by redesignating paragraph (iii) as paragraph (iv) and adding new paragraph (iii) to read as follows:

#### § 107.402 Application for designation as an approval or certification agency.

(b) \* \* \*

(4) \* \* \*

(iii) The ability to conduct or monitor and evaluate test procedures and results; and

(iv) The ability to review and evaluate the qualifications of materials and fabrication procedures.

(49 U.S.C. 1804, 1805, 1808; (49 CFR 1.53 Appendix A to Part 1))

Issued in Washington, D.C. on April 18, 1985.

L.D. Santman,  
Director, Materials Transportation Bureau.

[FR Doc. 85-9799 Filed 4-23-85; 8:45 am]

BILLING CODE 4910-60-M



# Proposed Rules

Federal Register

Vol. 50, No. 79

Wednesday, April 24, 1985

This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

## DEPARTMENT OF AGRICULTURE

### Federal Crop Insurance Corporation

#### 7 CFR Part 402

(Docket No. 1948S)

#### Raisin Corp Insurance Regulations

**AGENCY:** Federal Crop Insurance Corporation, USDA.

**ACTION:** Proposed rule.

**SUMMARY:** The Federal Crop Insurance Corporation (FCIC) proposes to revise and reissue the Raisin Corp Insurance Regulations (7 CFR Part 402), effective for the 1985 and succeeding crop years. The intended effect of this rule is to provide for: (1) Removing the Premium Adjustment Table; (2) insuring raisins from vineyards operated to produce table grapes by separate agreement; (3) clarifying the procedures used to arrive at the insured tonnage; (4) elimination of the experience table; (5) limiting the reconditioning allowance to wash and dry reconditioning; (6) shortening the length of time an insured has to give notice of loss from 7 days to 72 hours; (7) changing the end of the insurance period from October 25 to October 20; (8) adding definitions for the terms "loss ratio", "raisins", "net ton", "USDA inspection", and "table grapes"; and (9) deleting Appendix A. The authority for the promulgation of this rule is contained in the Federal Crop Insurance Act, as amended.

**DATES:** Written comments, data, and opinions on this proposed rule must be submitted not later than May 24, 1985, to be sure of consideration.

**ADDRESS:** Written comments on this proposed rule may be sent to the Office of the Manager, Federal Crop Insurance Corporation, Room 4096, South Building, U.S. Department of Agriculture, Washington, D.C., 20250.

**FOR FURTHER INFORMATION CONTACT:** Peter F. Cole, Secretary, Federal Crop Insurance Corporation, U.S. Department

of Agriculture, Washington, D.C., 20250, telephone (202) 447-3325.

**SUPPLEMENTARY INFORMATION:** This action has been reviewed under USDA procedures established by Departmental Regulations No. 1512-1. This action constitutes a review as to the need, currency, clarity, and effectiveness of these regulations under those procedures. The sunset review date established for these regulations is January 1, 1990.

Merritt W. Sprague, Manager, FCIC, has determined that this action: (1) Is not a major rule as defined by Executive Order No. 12291 because it will not result in: (a) An annual effect on the economy of \$100 million or more; (b) major increases in costs or prices for consumers, individual industries, federal, State, or local governments, or a geographical region; or (c) significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of U.S.-based enterprises to compete with foreign-based enterprises in domestic or export markets; and (2) will not increase the Federal paperwork burden for individuals, small businesses, and other persons.

The title and number of the Federal Assistance Program to which this proposed rule applies are: Title—Crop Insurance; Number 10.450.

This program is not subject to the provisions of Executive Order 12372 which requires intergovernmental consultation with State and local officials. See the Notice related to 7 CFR Part 3015, Subpart V, published at 48 FR 29115 (June 24, 1983).

This action is exempt from the provisions of the Regulatory Flexibility Act; therefore, no Regulatory Flexibility Analysis was prepared.

This action is not expected to have any significant impact on the quality of the human environment, health, and safety. Therefore, neither an Environmental Assessment nor an Environmental Impact Statement is needed.

Other than minor changes in language and format, the principal changes in the raisin policy are:

1. Section 2.f.—Add a provision to not insure table grapes placed on trays in some cases.

2. Section 4.d.(2)—Change to determine the insured tonnage by delivered tonnage, plus verifiable loss of

production. Tray weight will be used to establish production only if some raisins are not removed from the vineyard.

3. Section 5.—Remove the Premium Adjustment Table. Insureds with good loss experience who are now receiving a premium discount are protected since they will retain any discount under the present schedule through the 1989 crop year or until their loss experience causes them to lose the advantage, whichever is earlier. Since those insureds with goods loss ratios and premium reductions stayed in the program while those with premium increases because of poor loss ratio tended to drop out, the premium structure under the premium adjustment table made actuarial projection difficult.

Remove the provisions for transfer of insurance experience and for premium computation when insurance has not been continuous. Deletion of the Premium Adjustment Table eliminates the need for these provisions.

4. Section 7.a.—Change the insurance ending date from October 25 to October 20.

5. Section 8.—Shorten from 7 days to 72 hours the length of time the insured has to give notice of loss to better enable FCIC to adjust the loss.

6. Section 9.f.—Provide a reconditioning allowance when raisins are high moisture due to rain.

7. Section 18.—Add definitions for the terms "loss ratio", "raisins", "net ton", "USDA inspection", and "table grapes."

8. In addition to the policy changes, FCIC also proposes to eliminate the codification of Appendix A. Federal Crop Insurance for raisins has been expended into almost all counties where raisins are produced. FCIC service offices will be able to advise a producer if raisin insurance is offered in a county.

FCIC is soliciting public comment on this proposed rule for 30 days after publication in the Federal Register. Written comments will be available for public inspection in the Office of the Manager, Federal Crop Insurance Corporation, Room 4096, South Building, U.S. Department of Agriculture, Washington, D.C. 20250, during regular business hours, Monday through Friday.

#### List of Subjects in 7 CFR Part 402

Crop insurance, Raisins.



**Proposed Rule**

Accordingly, pursuant to the authority contained in the Federal Crop Insurance Act, as amended (7 U.S.C. 1501 *et seq.*), the Federal Crop Insurance Corporation hereby proposes to revise and reissue the Raisin Crop Insurance Regulations (7 CFR Part 402), effective for the 1985 and succeeding crop years, to read as follows:

**PART 402—RAISIN CROP INSURANCE REGULATIONS****Subpart—Regulations for the 1985 and Succeeding Crop Years****Sec.**

- 402.1 Availability of raisin crop insurance.
- 402.2 Premium rates and amounts of insurance.
- 402.3 OMB control numbers.
- 402.4 Creditors.
- 402.5 Good faith reliance on misrepresentation.
- 402.6 The contract.
- 402.7 The application and policy.

Authority: Secs. 506, 516, Pub. L. 75-430, 52 Stat. 73, 77 as amended (7 U.S.C. 1506, 1516).

**Subpart—Regulations for the 1985 and Succeeding Crop Years****§ 402.1 Availability of raisin crop insurance.**

Insurance shall be offered under the provisions of this subpart on raisins in counties within the limits prescribed by and in accordance with the provisions of the Federal Crop Insurance Act, as amended. The counties shall be designated by the Manager of the Corporation from those approved by the Board of Directors of the Corporation.

**§ 402.2 Premium rates and amounts of insurance.**

(a) The Manager shall establish premium rates and amounts of insurance per ton for raisins which will be included in the actuarial table on file in applicable service offices for the county and which may be changed from year to year.

(b) At the time application for insurance is made, the applicant will elect an amount of insurance per ton from among those amounts contained in the actuarial table for the crop year.

**§ 402.3 OMB control numbers.**

The information collection requirements contained in these regulations (7 CFR Part 402) have been approved by the Office of Management and Budget (OMB) under the provisions of 44 U.S.C. Chapter 35 and have been assigned OMB Nos. 0563-0003 and 0563-0007.

**§ 402.4 Creditors.**

An interest of a person in an insured crop existing by virtue of a lien, mortgage, garnishment, levy, execution, bankruptcy, involuntary transfer or other similar interest shall not entitle the holder of the interest to any benefit under the contract.

**§ 402.5 Good faith reliance on misrepresentation.**

Notwithstanding any other provision of the raisin insurance contract, whenever:

(a) An insured under a contract of crop insurance entered into under these regulations, as a result of a misrepresentation or other erroneous action or advice by an agent or employee of the Corporation: (1) Is indebted to the Corporation for additional premiums; or (2) has suffered a loss to a crop which is not insured or for which the insured is not entitled to an indemnity because of failure to comply with the terms of the insurance contract, but which the insured believed to be insured, or believed the terms of the insurance contract to have been complied with or waived; and

(b) The Board of Directors of the Corporation, or the Manager in cases involving not more than \$100,000.00, finds that: (1) An agent or employee of the Corporation did in fact make such misrepresentation or take other erroneous action or give erroneous advice; (2) said insured relief thereon in good faith; and (3) to require the payment of the additional premiums or to deny such insured's entitlement to the indemnity would not be fair and equitable, such insured shall be granted relief the same as if otherwise entitled thereto;

Requests for relief under this section must be submitted to the Corporation in writing.

**§ 402.6 The contract.**

The insurance contract shall become effective upon the acceptance by the Corporation of a duly executed application for insurance on a form prescribed by the Corporation. The contract shall cover the raisin crop as provided in the policy. The contract shall consist of the application, the policy, and the county actuarial table. Any changes made in the contract shall not affect its continuity from year to year. The forms referred to in the contract are available at the applicable service offices.

**§ 402.7 The application and policy.**

(a) Application for insurance on a form prescribed by the Corporation may be made by any person to cover such

person's share in the raisin crop as landlord, owner-operator, or tenant. The application shall be submitted to the Corporation at the service office on or before the applicable closing date on file in the service office.

(b) The Corporation may discontinue the acceptance of applications in any county upon its determination that the insurance risk is excessive, and also, for the same reason, may reject any individual application. The Manager of the Corporation is authorized in any crop year to extend the closing date for submitting applications in any county, by placing the extended date on file in the applicable service offices and publishing a notice in the **Federal Register** upon the Manager's determination that no adverse selectivity will result during the period of such extension. However, if adverse conditions should develop during such period, the Corporation will immediately discontinue the acceptance of applications.

(c) In accordance with the provisions governing changes in the contract contained in policies issued under FCIC regulations for the 1985 and succeeding crop years, a contract in the form provided for in this subpart will come into effect as a continuation of a raisin contract issued under such prior regulations, without the filing of a new application.

(d) The application for the 1985 and succeeding crop years is found at Subpart D of Part 400—General Administrative Regulations (7 CFR 400.37, 400.38) and may be amended from time to time for subsequent crop years. The provisions of the Raisin Insurance Policy for the 1985 and succeeding crop years are as follows:

**DEPARTMENT OF AGRICULTURE****Federal Crop Insurance Corporation****Raisin—Crop Insurance Policy**

(This is a continuous contract. Refer to Section 16.)

**AGREEMENT TO INSURE:** We will provide the insurance described in this policy in return for the premium and your compliance with all applicable provisions.

Throughout this policy, "you" and "your" refer to the insured shown on the accepted Application and "we," "us," and "our" refer to the Federal Crop Insurance Corporation.

**Terms and Conditions****1. Causes of loss.**

a. The insurance provided is against the unavoidable loss of production resulting from rain, occurring within the insurance period, to raisins while in the vineyard, on trays, or in rolls for drying unless limited by the actuarial table.

b. We will not insure against any loss of production due to:



(1) The neglect, mismanagement, or wrongdoing by you, any member of your household, your tenants or employees;

(2) The failure to follow recognized good raisin management practices;

(3) The impoundment of water by any governmental, public, or private dam or reservoir project; or

(4) Any cause other than rain.

2. Tonnage and share insured.

a. The crop insured for each crop year will be raisins of the grape varieties for which an amount of insurance and premium rate are provided by the actuarial table.

b. The tonnage insured for each crop year will be the tonnage in which you have a share, as reported by you or as determined by us, whichever we elect.

c. Raisins laid on trays after September 20 will not be insured.

d. The insured share will be your share as landlord, owner-operator, or tenant in the insured raisins at the time insurance attaches.

e. We do not insure any raisins which are placed on trays after the date specified by the actuarial table.

f. We do not insure any raisins from table grapes (or any raisins that have had manual, mechanical, or chemical treatment to produce table grape sizing) unless we agree in writing to insure such raisins.

3. Report of tray count, tonnage, and share.

You must report on our form:

a. For all raisins which are not damaged, the net tons of insured raisins produced in the county in which you have a share and your share as soon as delivery records are available;

b. For insured raisins which are damaged:

(1) The name of the variety;

(2) The location of the vineyard;

(3) The number of trays upon which the raisins have been placed for drying; and

(4) Your share.

You must report separately any tonnage that is not insurable. You must report if you do not have a share in any insurable tonnage in the county. This report must be submitted annually on or before March 1. Indemnities may be determined on the basis of information you have submitted on this report. If you do not submit this report by the reporting date, we may determine by unit the insured tonnage and share or we may deny liability on any unit. Any report submitted by you may be revised only upon our approval.

4. Amount of insurance and coverage levels.

a. The amounts of insurance and coverage levels are contained in the actuarial table.

b. Coverage level 2 will apply if you do not elect a coverage level.

c. You may change the amount of insurance and coverage level on or before the closing date for submitting applications for the crop year as established by the actuarial table.

d. The amount of insurance for the unit will be determined by multiplying the insured tonnage times the amount of insurance per ton, times your share. Insured tonnage is determined by:

(1) For raisins not damaged by rain, the delivered tonnage; or

(2) For raisins damaged by rain, by adding delivered tonnage, if any, to any verifiable

loss of production due to rain damage in the vineyard. Tray weight will be used to establish tons only if some raisins are not removed from the vineyard. Raisin tonnage damaged by rain which is reconditioned and fails and is not reconditionable or is delivered for distilling or other use will be reduced .12 percent for each .10 percent moisture in excess of 16 percent.

5. Annual premium.

a. The annual premium is earned and payable on the date insurance attaches. The amount is computed by multiplying the amount of insurance times the premium rate, times the insured tonnage, times your share on the date insurance attaches.

b. Interest will accrue at the rate of one and one-half percent (1½%) simple interest per calendar month, or any part thereof, on any unpaid premium balance starting on the first day of the month following the first premium billing date.

c. If you are eligible for a premium reduction in excess of 5 percent based on your insuring experience through the 1983 crop year under the terms of the experience table contained in the raisin policy in effect for the 1984 crop year, you will continue to receive the benefit of that reduction subject to the following conditions:

(1) No premium reduction will be retained after the 1989 crop year.

(2) The premium reduction will not increase because of favorable experience.

(3) The premium reduction will decrease because of unfavorable experience in accordance with the terms of the policy in effect for the 1984 crop year.

(4) Once the loss ratio exceeds .80, no further premium reduction will apply.

(5) Participation must be continuous.

6. Deductions for debt.

Any unpaid amount due us may be deducted from any indemnity payable to you or from any loan or payment due you under any Act of Congress or program administered by the United States Department of Agriculture or its Agencies.

7. Insurance period.

Insurance attaches at the time the raisins are placed on the trays for drying and ends the earlier of:

a. October 20; or

b. the date the raisins are boxed or removed from the vineyard.

8. Notice of damage or loss.

a. If you are going to claim an indemnity on any unit, we must be given notice within 72 hours from the time the rain fell on the raisins.

b. We may reject any claim for indemnity if such damage is not reported within 72 hours or if you fail to comply with any of the requirements of section 9.

9. Claim for indemnity.

a. Any claim for indemnity must be submitted to us on our form not later than March 31 after the calendar date for the end of the insurance period.

b. We will not pay any indemnity unless you:

(1) Establish the total production of raisins on the unit and that any loss of production was directly caused by rain during the insurance period;

(2) Authorize us in writing to examine and obtain any records pertaining to the

production and/or marketing of the insured raisins under this contract from the raisin packer, raisin reconditioner and/or the Raisin Administrative Committee established under order of the United States Department of Agriculture; and

(3) Furnish all information we require concerning the loss.

c. The indemnity will be determined on each unit by:

(1) Multiplying the insured tonnage of raisins by the amount of insurance per ton;

(2) Subtracting therefrom the total value of all insured damaged and undamaged raisins; and

(3) Multiplying this result by your share.

d. Undamaged raisins or raisins damaged solely by uninsured causes will be valued at the 100 percent of the field price or the amount of insurance, whichever is higher.

e. Raisins damaged partially by rain and partially by uninsured causes will be valued at the highest prices obtainable, subject to an adjustment for any reduction in value due to uninsured causes.

f. Raisins damaged by rain, but which are reconditioned and meet Raisin

Administrative Committee (RAC) standards for raisins, will be valued at 100 percent of the field price or the amount of insurance, whichever is higher. An allowance for

reconditioning will be deducted from that value only with our prior written consent to reconditioning. The allowance for

reconditioning will be made only when the raisins have been inspected by the USDA

and due to rain damage while on the tray are found to contain mold, embedded sand, or

excessive moisture, or micro-analysis in excess of RAC tolerances. For raisins which

contain excessive moisture due to rain, the reconditioning allowance will be made only

when the moisture is in excess of 18.0 percent as determined by us and with our consent the

raisins are wash and dry reconditioned. The maximum allowance for reconditioning is

contained in the actuarial table, but the total reconditioning allowance will not exceed the

value of the raisins after reconditioning. We may require you to recondition a

representative sample of not more than 10 tons of raisins to determine if they meet RAC

standards for marketable raisins. On the basis of determinations made after such

sampling, we may require you to recondition all raisins, or we may value such raisins at

100 percent of the field price or the amount of insurance, whichever is higher. If the

representative sample does not meet RAC standards for marketable raisins, the cost of

reconditioning the sample will be deducted from the total value of the raisins for the unit.

h. The value to count for any raisins produced on the unit and not removed from

the vineyard will be the larger of the appraised salvage value of \$35.00 per ton.

You must box and deliver any raisins that can be removed from the vineyard.

i. We may acquire all of the right and title to your share of any raisins damaged by rain.

In such event, the raisins will be valued at "zero" in determining the amount of loss and

we will have the right of ingress or egress to the extent necessary to take possession of,

care for, and remove such raisins.



j. Raisins destroyed without inspection or put to another use without consent will be valued at the amount of insurance.

k. You must not abandon any tonnage to us.

l. You may not sue us unless you have complied with all policy provisions. If a claim is denied, you may sue us in the United States District Court under the provisions of 7 U.S.C. 1508(c). You must bring suit within 12 months of the date notice of denial is received by you.

m. We have a policy for paying your indemnity within 30 days of our approval of your claim or entry of a final judgment against us. We will, in no instance, be liable for the payment of damages, attorney's fee, or other charges in connection with any claim for indemnity, whether we approve or disapprove such claim. We will, however, pay simple interest computed on the net indemnity ultimately found to be due by us or by a final judgment from and including the 61st day after the date you sign, date, and submit to us the properly completed claim for indemnity form, if the reason for our failure to timely pay is not due to your failure to provide information or other material necessary for the computation or payment of the indemnity. The interest rate will be that established by the Secretary of the Treasury under section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611), and published in the Federal Register semi-annually on or about January 1 and July 1. The interest rate to be paid on any indemnity will vary with the rate announced by the Secretary of the Treasury.

n. If you die, disappear, or are judicially declared incompetent, or if you are an entity other than an individual and such entity is dissolved after the date insurance attaches for any crop year, and indemnity will be paid to the person(s) we determine to be beneficially entitled thereto.

10. Concealment or fraud.

We may void the contract on all crops insured without affecting your liability for premiums or waiving any right, including the right to collect any amount due us if, at any time, you have concealed or misrepresented any material fact or committed any fraud relating to the contract. Such voidance will be effective as of the beginning of the crop year with respect to which such act or omission occurred.

11. Transfer of right to indemnity on insured share.

If you transfer any part of your share during the crop year, you may transfer your right to an indemnity. The transfer must be on our form and approved by us. We may collect the premium from either you or your transferee or both. The transferee will have all rights and responsibilities under the contract.

12. Assignment of indemnity.

You may assign to another party your right to an indemnity for the crop year only on our form and with our approval. The assignee will have the right to submit the loss notices and forms required by the contract.

13. Subrogation. (Recovery of loss from a third party.)

Because you may be able to recover all or a part of your loss from someone other than us, you must do all you can to preserve any such

rights. If we pay you for your loss, then your right of recovery will at our option belong to us. If we recover more than we paid you plus our expenses, the excess will be paid to you.

14. Records and access to vineyard.

You must keep, for 2 years after the time of loss, records of the insured, uninsured and planted acreage in your vineyard operation. Any person designated by us will have access to such records and the vineyard for purposes related to the contract.

15. Other insurance.

If in any crop year, you obtain any other insurance on any unit against rain damage or loss, this contract will be voided for that crop year on such unit if such other insurance is obtained before insurance attaches under this contract.

16. Life of Contract: cancellation and termination.

a. This contract will be in effect for the crop year specified on the application and may not be canceled by you for such crop year. Thereafter, the contract will continue in force for each succeeding crop year unless canceled or terminated as provided in this section.

b. This contract may be canceled by either you or us for any succeeding crop year by giving written notice on or before the cancellation date preceding such crop year.

c. This contract will terminate as to any crop year if any amount due us on this or any other contract with you is not paid on or before the termination date preceding such crop year for the contract on which the amount is due. The date of payment of the amount due:

(1) If deducted from an indemnity claim will be the date you sign such claim; or

(2) If deducted from payment under another program administered by the United States Department of Agriculture will be the date such other payment was approved.

d. The cancellation and termination dates are July 31.

e. If you die or are judicially declared incompetent, or if you are an entity other than an individual and such entity is dissolved, the contract will terminate as of the date of death, judicial declaration, or dissolution. However, if such event occurs after insurance attaches for any crop year, the contract will continue in force through the crop year and terminate at the end thereof. Death of partner in a partnership will dissolve the partnership unless the partnership agreement provides otherwise. If two or more persons having a joint interest are insured jointly, death of one of the persons will dissolve the joint entity.

f. The contract will terminate if no premium is earned for 5 consecutive years.

17. Contract changes.

We may change any terms and provisions of the contract from year to year. If the amount of insurance you selected is no longer offered, the actuarial table will provide the amount of insurance which you will be deemed to have elected. All contract changes will be available at your service office by May 15 for the 1985 crop year and by April 30 preceding the cancellation date for succeeding crop year. Acceptance of any changes will be conclusively presumed in the absence of any notice from you to cancel the contract.

18. Meaning of terms.

For the purposes of raisin crop insurance:

a. "Actuarial table" means the forms and related material for the crop year approved by us which are available for public inspection in your service office, and which show the amounts of insurance, coverage levels, premium rates, varieties, reconditioning allowances, and related information regarding raisin insurance in the county.

b. "Contiguous land" means land which is touching at any point except that land which is separated by only a public or private right-of-way will be considered contiguous.

c. "County" means the county shown on the application and any additional land located in a local producing area bordering on the county, as shown by the actuarial table.

d. "Crop year" means the calendar year in which the raisins are placed on trays for drying.

e. "Insured" means the person who submitted the application accepted by us.

f. "Loss ratio" means the ratio of indemnity(ies) to premium(s).

g. "Net ton" means a ton of raisins delivered to and paid for by the processor.

h. "Person" means an individual, partnership, association, corporation, estate, trust, or other business enterprise or legal entity, and wherever applicable, a State, a political subdivision of a State, or any agency thereof.

i. "Raisins" means grapes of specific varieties listed in the actuarial table which are laid on trays or rolls in the vineyard to dry.

j. "Raisin tonnage report" means a form prescribed by us for annually reporting all your share of and tonnage of raisins in the county.

k. "Service office" means the office servicing your contract as shown on the application for insurance or such other approved office as may be selected by you or designated by us.

l. "Table grapes" mean grapes which are grown for commercial sales as fresh grapes on acreage on which the cultural practices to produce fresh marketable grapes were carried out.

m. "Tenant" means a person who rents land from another person for a share of the raisins or a share of the proceeds therefrom.

n. "Ton" means 2,000 pounds. Raisin tonnage may be computed on the basis of one ton of raisins insured for every four and a half tons of fresh grapes when first placed on trays for drying.

o. "Unit" means all insurable acreage of the same grape variety, located on contiguous land, on the date insurance attaches for the crop year.

(1) In which you have a 100 percent share; or

(2) Which is owned by one entity and operated by another entity on a share basis.

Land rented for cash, a fixed commodity payment, or any consideration other than a share in the raisins on such land will be considered owned by the lessee. Land which would otherwise be one unit may be divided according to applicable guidelines on file in



your service office or by written agreement with us. Units as defined herein will be determined when the tonnage is reported. Errors in reporting such units may be corrected by us to conform to applicable guidelines when adjusting a loss. We may consider any tonnage and share thereof reported by or for your spouse or child or any member of your household to be your bona fide share of the bona fide share of any other person having an interest therein.

p. "USDA inspection" means the actual determination by a USDA inspector of all defects. Limited inspections are not considered inspections.

#### 19. Descriptive headings.

The descriptive headings of the various policy terms and conditions are formulated for convenience only and are not intended to affect the construction or meaning of any of the provisions of the contract.

#### 20. Determinations.

All determinations required by the policy will be made by us. If you disagree with our determinations, you may obtain reconsideration of or appeal those determinations in accordance with Appeal Regulations.

#### 21. Notices.

All notices required to be given by you must be in writing and received by your service office within the designated time unless otherwise provided by the notice requirement. Notices required to be given immediately may be by telephone or in person and confirmed in writing. Time of the notice will be determined by the time of our receipt of the written notice.

Done in Washington, D.C., on February 12, 1985.

Peter F. Cole,

Secretary, Federal Crop Insurance Corporation.

Dated: April 19, 1985.

Approved by:

Edward Hews,

Acting Manager.

[FR Doc. 85-9917 Filed 4-23-85; 8:45 am]

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## FEDERAL HOME LOAN BANK BOARD

### 12 CFR PART 563

[No. 85-287]

### Insurance of Accounts; Distribution of ARM Information

Dated: April 17, 1985.

**AGENCY:** Federal Home Loan Bank Board.

**ACTION:** Proposed rule.

**SUMMARY:** The Board of Governors of the Federal Reserve System and the Federal Home Loan Bank Board, in conjunction with other federal agencies and interested parties, have published a booklet containing information for consumers about adjustable-rate mortgage loans. Because safe and sound

lending requires borrower awareness, the Board is now proposing that this publication be distributed by all insured institutions in connection with such loans.

**DATE:** Comments must be received by June 25, 1985.

**ADDRESS:** Send comments to Director, Information Services Section, Office of the Secretariat, Federal Home Loan Bank Board, 1700 G Street NW., Washington, D.C. 20552. Comments will be available for inspection at this address.

#### FOR FURTHER INFORMATION CONTACT:

Wendy B. Samuel, Deputy Director, Regulations and Legislation Division, Office of General Counsel, (202) 377-6445, Federal Home Loan Bank Board, 1700 G Street NW., Washington, D.C. 20552.

**SUPPLEMENTARY INFORMATION:** Pursuant to section 407 of the National Housing Act, 12 U.S.C. 1730 (1982), the Federal Home Loan Bank Board ("Board"), as operating head of the Federal Savings and Loan Insurance Corporation ("Corporation" or "FSLIC"), has authority to ensure the sound and safe operation of institutions the accounts of which are insured by the FSLIC ("insured institutions"). The popularity and widespread availability of a variety of adjustable-rate mortgages ("ARMs") are a recent development in the home finance arena. At the same time, compared to fixed-rate mortgages, these ARMs present borrowers with unfamiliar and complicated options regarding changing payments, terms and amortization. It is the Board's belief that an integral part of safe, sound and prudent lending on adjustable-rate home mortgage loans is ensuring that the borrower has a full understanding of the type of obligation being incurred in order to make a reasonable and meaningful decision concerning ability and willingness to repay. Although a responsible lender must also make an independent determination of the borrower's ability and commitment to repay the loan, the Board believes that the borrower's informed agreement is essential to a successful loan relationship. This requires, in turn, that the borrower fully understand the current and potential obligations under the loan arrangement. While the unpredictable nature of future payments on ARMs and the prospect of unforeseen changes in the borrower's circumstances always admit the possibility that a borrower will be unable at some future date to meet such obligations, the Board believes that this result is much less likely where the borrower is fully cognizant of the terms

of the mortgage at its inception. Such an understanding will do much to avoid "payment shock," and to preclude the borrower's reduced commitment to repayment based on a perception of unfair and unanticipated disadvantage.

The proposed regulation would require insured institutions to disclose to certain borrowers the general nature of the ARM device, in simple terms, including references to all the significant features of this instrument. Because this information is intended to aid the consumer in making a decision about an ARM, the proposed regulation would provide that the information must be distributed as early as possible, and in any event before acceptance of an application involving payment of a fee.

The proposal would require distribution of this information only to loan applicants who are natural persons and only in connection with applications for ARMs secured by the applicant's own home or the home of an immediate family member. Disclosure would be required only where the home is the principal residence of the borrower or a member of his immediate family, and thus would not affect applications for loans secured by second homes, vacation homes, or investment properties. While distribution would be required in conjunction with applications for loans secured by both first and junior liens, it would not apply to applications for loans secured by the home where the lender is not relying primarily on the home for repayment of the loan (i.e., consumer loans). The Board specifically requests comments as to whether it has appropriately designated loan applicants who should receive this disclosure.

The Board does not anticipate that the proposed regulation would impose a significant burden on insured institutions, primarily because the information required to be disseminated is already available to lenders for distribution in the form of the booklet titled "Consumer Handbook on Adjustable Rate Mortgages". This publication was prepared in response to consumer need for information on adjustable-rate mortgages by the Federal Reserve Board and the Federal Home Loan Bank Board, in consultation with other federal agencies, trade associations and industry and consumer representatives. This booklet defines terms commonly associated with adjustable-rate mortgage loans and provides clear guidance about the various aspects of ARMs such as payment caps and negative amortization. It also gives examples of changes in the index used to determine