

qualifies for naturalization under section 320 of the Act and whose primary intent is to accompany the spouse or parent on the service member's assignment to the United States;

(K) Is a prospective F-1 or M-1 student seeking to enter the United States more than 90 days prior to his or her expected registration date as shown on the Form I-20A-B/I-20ID or the Form I-20M-N/I-20ID, is fully qualified for classification as an F-1 or M-1 student, and will apply for change of nonimmigrant classification pursuant to part 248 of this chapter; or

(L) Is a prospective F-1 student coming for the purpose of selecting a school, if the alien is an apparently bona fide academic or language student and has not definitely determined which school he or she will attend.

(iii) *Minimum six month admissions.* Any B-2 visitor who is found otherwise admissible and is issued a Form I-94, will be admitted for a minimum period of six months, regardless of whether less time is requested, provided, that any required passport is valid as specified in section 212(a)(7)(E) of the Act. Exceptions to the minimum six month admission may be made only as provided in paragraph (b)(1) of this section or in individual cases upon the specific approval of the district director for good cause.

PART 274a—CONTROL OF EMPLOYMENT OF ALIENS

3. The authority citation for part 274a continues to read as follows:

Authority: 8 U.S.C. 1101, 1103, 1324a; 8 CFR part 2.

§ 274a.12 [Amended]

4. In § 274a.12, paragraph (c)(17)(i) is amended by revising the reference to "sections 101(a)(15) (B), (E), (F), (H), (I), (J), (L) or section 114(e) of the Act." to read: "Sections 101(a)(15) (B), (E), (F), (H), (I), (J), (L), (M), (O), (P), (R) or section 124(e) of the Act."

Dated: October 8, 1993.

Chris Sale,

Acting Commissioner, Immigration and Naturalization Service.

[FR Doc. 93-27222 Filed 11-4-93; 8:45 am]

BILLING CODE 4410-10-07

FEDERAL HOUSING FINANCE BOARD

12 CFR Parts 936 and 960

[No. 93-79]

Amendment of Affordable Housing Program and Community Support Requirements Regulations

AGENCY: Federal Housing Finance Board.

ACTION: Proposed rule.

SUMMARY: The Federal Housing Finance Board (Board) is proposing to amend the definitions of "very low-income household" and "low- or moderate-income household" in its Affordable Housing Program (AHP) regulation and in its Community Support Requirements (CSR) regulation. The Board also is adding a definition of "adjustment for family size" to the AHP and CSR regulations, as well as removing the definition of "median income" from the AHP and the CSR regulations. The proposed changes are intended to expand the range of lower-income households in different local housing markets throughout the United States that have access to affordable housing financed through the AHP and that can be included in determining whether the community support activities of a member of a Federal Home Loan Bank (Bank) are in compliance with the CSR. **DATES:** Comments on this proposed rule must be received on or before January 4, 1994.

ADDRESSES: Comments may be mailed to: Executive Secretariat, Federal Housing Finance Board, 1777 F Street, NW., Washington, DC 20006. Comments will be available for public inspection at this address.

FOR FURTHER INFORMATION CONTACT: Brandon B. Straus, Attorney-Advisor, Office of Legal and External Affairs, (202) 408-2589, Federal Housing Finance Board, 1777 F Street, NW., Washington, DC 20006.

SUPPLEMENTARY INFORMATION:

I. Amendment to the AHP Regulation and the CSR Regulation

A. Statutory and Regulatory Background

The AHP was established by section 10(j) of the Federal Home Loan Bank Act (Bank Act), see 12 U.S.C. 1430(j), to provide subsidized financing for the purchase, construction, and rehabilitation of affordable housing. See *id.* Under the AHP, the Banks provide subsidized loans, called advances, and other assistance to member institutions, which use the funds to finance affordable housing. The Banks' member

institutions include savings associations, savings banks, commercial banks, credit unions, and insurance companies.

The AHP is funded entirely by annual contributions of the Banks from their net earnings. See *id.* § 1430(j)(5). In 1993, each Bank is required to contribute 5 percent of its net income for the preceding year or such prorated sums as may be required to assure that the aggregate contribution of all the Banks is not less than \$50 million. See *id.* In 1994, each Bank is required to contribute 6 percent of its net income for the preceding year or such prorated sums as may be required to assure that the aggregate contribution of all the Banks is not less than \$75 million. See *id.* Beginning in 1995, each Bank's required contribution will be 10 percent of its net income for the preceding year or such prorated sums as may be required to assure that the aggregate annual contribution of all the Banks is not less than \$100 million. See *id.*

For the most part, the Banks' profits come from the differential between the interest rates they pay to obtain funds and the interest rates they charge to lend funds. The Banks' primary source of funds is the sale of debt obligations (called consolidated obligations) to the public. The Banks also obtain funds in the form of deposits made by member institutions and from the sale of stock to member institutions. The Banks are federally chartered entities that are exempt from federal, state, and local taxes. However, in addition to their annual contributions to the AHP, the Banks are required by federal law to make an aggregate contribution of \$300 million per year, until 2030, to defray interest payments on bonds issued by the Resolution Funding Corporation. See 12 U.S.C. 1441b(f)(2)(C). The proceeds of these bonds have been used to assist in paying the costs of the resolution of insolvent savings associations that were insured by the Federal Savings and Loan Insurance Corporation.

The Banks do not receive appropriated funds from Congress, and AHP funds are not part of the federal budget. The Banks' consolidated obligations are not obligations of the United States. Further, all Bank stock is owned by member institutions, and the Banks pay dividends out of their profits. But for the statutory provisions of the Bank Act that require the Banks to make annual contributions to the AHP, funds contributed to the AHP might otherwise be paid to member institutions as dividends. In addition, for the reasons cited above, the Internal Revenue Service has concluded that AHP funds

are not federal funds for purposes of the low-income housing tax credit. See 56 FR 4588 (Feb. 5, 1991).

AHP assistance must be used to finance housing for very low-income households and low- or moderate-income households. See 12 U.S.C. 1430(j)(2). Bank members that are insured depository institutions, such as savings associations, savings banks, and commercial banks, use AHP assistance to provide loans and other assistance to very low- and low- or moderate-income households in their communities in connection with fulfilling their obligations under the Community Reinvestment Act (CRA). See *id.* 2901 *et seq.* The CRA requires each insured depository institution to be rated by its appropriate federal financial supervisory agency based on the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods. See *id.* § 2903.

Bank members also use AHP assistance to provide housing finance credit to very low- and low- or moderate-income households in connection with meeting the "community investment or service" requirement under section 10(g) of the Bank Act. See *id.* section 1430(g)(1). Section 10(g) requires members of the Banks to engage in "community investment or service" in order to maintain access to long-term advances from the Banks. See *id.*

The Board's CSR regulation generally establishes standards for meeting the "community investment or service" requirement of section 10(g). See 12 CFR 936.2. Among the member activities that are considered under the CSR regulation to reflect the statutory "community investment or service" standard is the provision of housing finance credit to very low- and low- or moderate-income households. See *id.* 936.1(i), 936.3(b)(6).

Section 10(j)(13)(B) of the Bank Act defines "very low-income household" as "any household that has an income of 50 percent or less of the area median." 12 U.S.C. 1430(j)(13)(B). Under section 10(j)(13)(D) of the Bank Act, rental housing is defined as affordable for very low-income households if rent does not exceed "30 percent of the adjusted income of a family whose income equals 50 percent or less of the income for the area (as determined by the Secretary of Housing and Urban Development [(HUD)]) with adjustment for family size." See *id.* § 1430(j)(13)(D). "Low- or moderate-income household" is defined as "any household which has an income of 80 percent or less of the area median." *Id.* 1430(j)(13)(A).

The Board's AHP regulation defines "median income" as "the median income for an area as determined and published by the U.S. Department of Housing and Urban Development." 12 CFR 960.1(h). "Area" is defined as "a metropolitan statistical area, a county, or a nonmetropolitan area, as established by the U.S. Office of Management and Budget." 12 CFR 960.1(c).

Under section 3 of the United States Housing Act of 1937, the Secretary of HUD (Secretary) establishes income limits to be used in determining whether a family qualifies as a "low-income family" or as a "very low-income family" that is eligible to receive assistance from HUD's housing programs. See 42 U.S.C. 1437a(b)(2). These income limits are calculated as a percentage of the median income of a four-person family living in a particular area. In general, the income limit for qualifying as a "low-income family" is set at 80 percent of the area median income, and the income limit for qualifying as a "very low-income family" is set at 50 percent of the area median income.

The Secretary may adjust the income limits for very low-income families and low-income families upward or downward to take into account unusually high or low family incomes in an area. See *id.* In addition, the income limit for low-income families may be adjusted to take into account prevailing levels of construction costs. See *id.* Then an adjustment in this figure is made to establish the comparable income limits for larger and smaller families living in the area. See *id.*

In 31 higher-income metropolitan statistical areas (MSAs) and 18 counties, the Secretary adjusts the area-based income limit for a four-person, low-income family downward if it would otherwise exceed the United States median income for a four-person family. In these areas, the Secretary caps the income limit for a four-person, low-income family at the United States median income for a four-person family.

In 4 MSAs and 107 counties, the Secretary adjusts the area-based income limit for four-person, very low- and low-income families downward because housing costs are low compared to incomes.

Adjusting the income limit downward decreases the number of households in an area that are eligible to receive assistance from HUD's housing programs.

B. Analysis of the Proposed Rule

The Board believes that affordable housing financed through the AHP

should be available to the greatest number of households possible, within the limits established by the Bank Act. Further, households should not be excluded from affordable housing in a particular local market on the basis that housing costs are lower or family incomes are higher in that market than in other regions of the United States.

Applying the income limits that have been adjusted downward for prevailing construction costs, low housing costs, or unusually high family incomes for purposes of administering the AHP reduces the number of households eligible to live in affordable housing financed through the AHP. This limits a member's ability to use AHP assistance to fulfill its obligation under the CRA. It also limits a member's ability to use AHP assistance to meet the "community investment or service" requirement of section 10(g) of the Bank Act and the CSR regulation.

Accordingly, the Board believes that in administering the AHP and in defining the standards governing the "community support or service" requirement of the Bank Act, the income limits used to determine whether a household in a particular area qualifies as a "very low-income household" or as a "low- or moderate-income household" should not be adjusted downward based on prevailing construction costs, low housing costs, or unusually high family incomes.

Therefore, the Board proposes to amend the definition of "low- or moderate-income household" in the AHP regulation and in the CSR regulation to state that "low- or moderate-income household" means a household which has an income of 80 percent or less of the median income for the area, as adjusted and published by HUD, except in areas where the Secretary adjusts this figure downward because of prevailing construction costs, low housing costs, or unusually high family incomes. For areas where the Secretary makes this downward adjustment, "low- or moderate-income household" would be defined to mean a household which has an income of 80 percent or less of the median income for the area, as published by HUD, with adjustment for family size, but without the adjustments made by the Secretary for prevailing construction costs, low housing costs, or unusually high family incomes.

The Board also proposes to amend the definition of "very low-income household" in the AHP regulation and in the CSR regulation to state that "very low-income household" means a household which has an income of 50 percent or less of the median income for

the area, as adjusted and published by HUD, except in areas where the Secretary adjusts this figure downward because of prevailing construction costs, low housing costs, or unusually high family incomes. For areas where the Secretary makes this downward adjustment, "very low-income household" would be defined to mean a household which has an income of 50 percent or less of the median income for the area, as published by HUD, with

adjustment for family size, but without the adjustments made by the Secretary for prevailing construction costs, low housing costs, or unusually high family incomes.

HUD publishes tables with adjusted income information that incorporates the adjustments for family size, prevailing construction costs, low housing costs, and unusually high family incomes. It does not publish tables with income information that adjusts for family size but does not

adjust for prevailing construction costs, low housing costs, and unusually high family incomes. Therefore, the proposed rule adds a definition of "adjustment for family size" to the AHP regulation and to the CSR regulation in order to provide additional guidance in calculating this adjustment.

An adjustment for family size is made by taking a specified percentage of the income limit of a four-person family for a particular area, according to the following scale:

No. members	1	2	3	4	5	6	7	8
Percent adjustment	70	80	90	Base	108	116	124	132

For each family member in excess of eight, eight percent of the four-person family income limit should be added to the income limit for an eight-person family for the area. These adjustment factors are the same as those used by HUD in administering its housing programs.

The proposed rule removes the definition of "median income" from the AHP regulation and from the CSR regulation, because it is included in the proposed definitions of "very low-income household" and "low- or moderate-income household."

The proposed rule makes a technical change to the section of the AHP regulation on annual contributions by deleting the cross reference in that section in order to eliminate any inconsistency with the removal of the paragraph designations in the definitions section of the AHP regulation.

The proposed rule also makes technical changes to the definition of "community support" to conform to the changes in the other definitions in the CSR regulation made by the proposed rule and to make the cross references consistent with the removal of the paragraph designations in the definitions section of the CSR regulation.

The following is an example of the intended application of the definitions contained in this proposed rule. For fiscal year 1993, the Secretary has determined that the median income of a four-person family in the area designated by HUD as the Oakland, California metropolitan area is \$52,400. Therefore, 80 percent of the median income for this area is \$41,900. Because this figure exceeds the United States

median income for a four-person family, which is \$39,700 for fiscal year 1993, the Secretary has adjusted the income limit for a four-person, low-income family in the Oakland, California metropolitan area downward to equal the United States median income for a four-person family, or \$39,700.

However, under the proposed rule, a four-person household would qualify as a "low- or moderate-income household" in the Oakland, California area for purposes of the AHP and the CSR if the household's income were equal to 80 percent or less of the median income for the Oakland, California area, without adjustment by the Secretary, or \$41,900. The adjusted four-person family income limit established by the Secretary would not be used because it has been adjusted downward.

The comparable income limits for households in the Oakland, California area with more or fewer than four members would be calculated by adjusting the four-person family income limit of \$41,900 according to the percentages contained in the proposed definition of "adjustment for family size."

The Board requests public comment on the proposed rule.

II. Regulatory Flexibility Act

The proposed rule applies only to the Banks, which do not come within the meaning of "small entities," as defined in the Regulatory Flexibility Act (RFA). See 5 U.S.C. 601(6). Therefore, in accordance with section 605(b) of the RFA, see *id.* section 605(b), the Board hereby certifies that this proposed rule, as promulgated, will not have a significant economic impact on a substantial number of small entities.

List of Subjects

12 CFR Part 936

Banks, banking, Credit, Federal home loan banks, Reporting and recordkeeping requirements.

12 CFR Part 960

Credit, Federal home loan banks, Housing, Reporting and recordkeeping requirements.

Accordingly, chapter IX, title 12, Code of Federal Regulations, is hereby proposed to be amended as follows:

PART 936—COMMUNITY SUPPORT REQUIREMENTS

1. The authority citation for part 936 is revised to read as follows:

Authority: 12 U.S.C. 1422a, 1422b, 1429, and 1430 (a) and (g).

2. Section 936.1 is amended by removing the paragraph designations (a) through (u) and by placing the existing definitions in alphabetical order. Section 936.1 is further amended by removing the definition of "Median Income," by adding in alphabetical order the following definition of "Adjustment for family size" and by revising paragraphs (1), (5), (6), and (7) in the definition of "Community Support", and by revising the definitions of "Low- or Moderate-income Household," and "Very Low-income Household" to read as follows:

§ 936.1 Definitions.

Adjustment for family size means:

(1) Adjusting the family income limit according to the following adjustment factors for families with more than or fewer than four members:

No. members	1	2	3	4	5	6	7	8
Percent adjustment	70	80	90	Base	108	116	124	132

(2) For each family member in excess of eight, eight percent of the four-person base income limit should be added to the income limit for an eight-person family for the area.

Community Support means:

(1) Extensions of credit for purchase, construction, or rehabilitation of owner-occupied and rental housing for households whose incomes do not exceed 115 percent of the median income for the area, as determined and published by the U.S. Department of Housing and Urban Development, with adjustment for family size, with demonstrable efforts to finance housing for very low-income and low- or moderate-income households;

(5) Active participation in loan consortia, regional lending activities, and similar efforts that benefit very low-income and low- or moderate-income households, or which further the activities described in paragraphs (1) through (4) of this definition, both within and outside a member's usual market area and communities;

(6) Any additional loan products, financial services programs or activities that further the items described in paragraphs (1) through (5) of this definition; and

(7) In the case of institutions not covered by CRA, such as credit unions, loan products, financial services,

programs or activities that further the items described in paragraphs (1) through (5) of this definition.

Low- or Moderate-income Household means a household which has an income of 80 percent or less of the median income for the area, as adjusted and published by the U.S. Department of Housing and Urban Development, except that in areas where the Secretary of Housing and Urban Development adjusts this figure downward because of prevailing construction costs, low housing costs, or unusually high family incomes, then "low- or moderate-income household" means a household which has an income of 80 percent or less of the median income for the area, as published by the U.S. Department of Housing and Urban Development, with adjustment for family size, but without the adjustments made by the Secretary of Housing and Urban Development for prevailing construction costs, low housing costs, or unusually high family incomes.

Very Low-income Household means a household which has an income of 50 percent or less of the median income for the area, as adjusted and published by the U.S. Department of Housing and Urban Development, except that in areas where the Secretary of Housing and Urban Development adjusts this figure downward because of prevailing construction costs, low housing costs, or

unusually high family incomes, then "very low-income household" means a household which has an income of 50 percent or less of the median income for the area, as published by the U.S. Department of Housing and Urban Development, with adjustment for family size, but without the adjustments made by the Secretary of Housing and Urban Development for prevailing construction costs, low housing costs, or unusually high family incomes.

PART 960—AFFORDABLE HOUSING PROGRAM

3. The authority citation for part 960 is revised to read as follows:

Authority: 12 U.S.C. 1422a, 1422b, 1429, and 1430 (e) and (j).

4. Section 960.1 is amended by removing the paragraph designations (a) through (o). Section 960.1 is further amended by adding in alphabetical order the following definition of "Adjustment for family size," by removing the definition of "Median income," and by revising the definitions of "Low- and moderate-income households" and "Very low-income households" to read as follows:

§ 960.1 Definitions.

Adjustment for family size means:
(1) Adjusting the family income limit according to the following adjustment factors for families with more than or fewer than four members:

No. members	1	2	3	4	5	6	7	8
Percent adjustment	70	80	90	Base	108	116	124	132

(2) For each family member in excess of eight, eight percent of the four-person base income limit should be added to the income limit for an eight-person family for the area.

Low- or moderate-income household means a household which has an income of 80 percent or less of the median income for the area, as adjusted and published by the U.S. Department of Housing and Urban Development, except that in areas where the Secretary of Housing and Urban Development adjusts this figure downward because of prevailing construction costs, low housing costs, or unusually high family incomes, then "low- or moderate-income household" means a household which has an income of 80 percent or less of the median income for the area, as published by the U.S. Department of Housing and Urban Development, with adjustment for family size, but without

the adjustments made by the Secretary of Housing and Urban Development for prevailing construction costs, low housing costs, or unusually high family incomes.

Very low-income household means a household which has an income of 50 percent or less of the median income for the area, as adjusted and published by the U.S. Department of Housing and Urban Development, except that in areas where the Secretary of Housing and Urban Development adjusts this figure downward because of prevailing construction costs, low housing costs, or unusually high family incomes, then "very low-income household" means a household which has an income of 50 percent or less of the median income for the area, as published by the U.S. Department of Housing and Urban Development, with adjustment for family size, but without the adjustments

made by the Secretary of Housing and Urban Development for prevailing construction costs, low housing costs, or unusually high family incomes.

5. Section 960.10 is amended by revising paragraph (a)(1)(i) to read as follows:

§ 960.10 Annual contributions.

(a) * * *
(1) * * *
(i) 5 percent of the Bank's net income for the previous year; or

By the Federal Housing Finance Board.
Daniel F. Evans, Jr.,
Chairman.
[FR Doc. 93-27069 Filed 11-4-93; 8:45 am]
BILLING CODE 4725-01-P

Docket Nos.: FEMA-REP-10-OR-2; FEMA-REP-10-WA-2

Discontinuation of Offsite Radiological Emergency Planning and Preparedness for the Trojan Nuclear Plant

AGENCY: Federal Emergency Management Agency (FEMA).
ACTION: Notice.

SUMMARY: The Federal Emergency Management Agency gives notice that it has discontinued offsite radiological emergency planning and preparedness activities for the Trojan Nuclear Plant in Columbia County, Oregon, effective immediately. The Portland General Electric Company has ceased power operations at the Trojan Nuclear Plant, the Nuclear Regulatory Commission has granted exemptions from offsite radiological emergency response planning for the plant, and FEMA is no longer required to monitor, review, or report on offsite radiological emergency planning and preparedness activities at the plant.

EFFECTIVE DATE: October 15, 1993.

ADDRESSES: Comments on this notice are invited and should be addressed to the Rules Docket Clerk, Office of the General Counsel, Federal Emergency Management Agency, 500 C Street SW., room 840, Washington, DC 20472, (fax) (202) 646-4536.

FOR FURTHER INFORMATION CONTACT: Richard W. Donovan, Regional Assistance Committee (RAC) Chairman, FEMA Region X, Federal Regional Center, 130 228th Street, SW., Bothell, Washington 98021-4796, (206) 487-4693. Please refer to Docket File Numbers FEMA-REP-10-OR-2 and FEMA-REP-10-WA-2.

SUPPLEMENTARY INFORMATION: On July 6, 1982, the Federal Emergency Management Agency (FEMA) formally approved the State and local offsite radiological emergency response plans and preparedness under FEMA Rule, 44 CFR, part 350, for the Trojan Nuclear Plant (TNP), located in Columbia County, Oregon. FEMA determined that the plans and preparedness of the State of Oregon, the State of Washington, Columbia County (Oregon), and Cowlitz County (Washington) were adequate to protect the health and safety of the public living in the vicinity of the site.

Portland General Electric Company (PGE) notified the U.S. Nuclear Regulatory Commission (NRC) on January 27, 1993, that it had decided to cease power operations permanently at the Trojan Nuclear Plant. On February 2, 1993, the PGE notified the NRC that it had ceased power operations and

moved all fuel from the reactor to the spent fuel pool. The NRC amended PGE's operating license on May 5, 1993, to a possession-only license.

On September 30, 1993, the NRC officially notified FEMA that PGE had been granted an exemption from certain provisions of the NRC rule related to offsite radiological emergency response planning for TNP, 10 CFR 50.54(q). In light of the exemptions granted to PGE, the NRC no longer requires FEMA to monitor, review, or report on offsite radiological emergency planning and preparedness activities at TNP.

On October 15, 1993, FEMA officially notified the Governors of the States of Oregon and Washington that, as a result of this exemption and the defueled condition of the plant, offsite radiological emergency plans and preparedness will no longer be required for the Trojan Nuclear Plant. Effective immediately, FEMA is discontinuing its offsite radiological emergency planning and preparedness activities for the site. Furthermore, FEMA has advised the States of Oregon and Washington that formal approval of State and local offsite radiological emergency response plans for TNP, granted July 6, 1982 under 44 CFR part 350, is no longer applicable.

Dated: November 2, 1993.

Richard W. Krimm,
Acting Associate Director.
[FR Doc. 93-27500 Filed 11-8-93; 8:45 am]
BILLING CODE 6718-20-P

FEDERAL HOUSING FINANCE BOARD

(No. 93-80)

Pricing of Services

AGENCY: Federal Housing Finance Board.

ACTION: Notice of methodology and request for comments.

SUMMARY: The Federal Housing Finance Board ("Finance Board") is revising the methodology to be used in determining Federal Home Loan Bank ("FHLBank") compliance with the Private Sector Adjustment Factor ("PSAF") pricing requirements for item processing services.

DATES: Comment date: Comments must be received by December 9, 1993. Effective date: January 10, 1993.

FOR FURTHER INFORMATION CONTACT: Edwin J. Avila, Financial Analyst, (202) 408-2871; or Thomas D. Sheehan, Assistant Director, (202) 408-2870, District Banks Directorate; Federal Housing Finance Board, 1777 F Street NW., Washington, DC 20006.

SUPPLEMENTARY INFORMATION:

I. Introduction

The purpose of this announcement is to invite public comment on the methodology used by the Finance Board in determining FHLBank compliance with the PSAF pricing requirements for item processing services. The methodology published today will go into effect 60 days from the date of publication unless the Finance Board believes, based on the comments received, that any changes should be made in the methodology. In that event, the Finance Board will publish the final version of the methodology as changed based on the comments.

II. Statement of Methodology

A. Statutory Foundations of PSAF

The Depository Institutions Deregulation and Monetary Control Act of 1980 ("DIDMCA") amended Section 11(e) of the Federal Home Loan Bank Act (12 USC 1431(e)), authorizing the FHLBanks to, for the first time, provide Negotiable Order of Withdrawal ("NOW") account and other item processing services, in addition to Demand Deposit Account ("DDA") services. It also required the FHLBanks to charge for these services consistent with the statutory pricing principles established for the Federal Reserve Banks ("FRBs").

The statutory pricing principles provide that: (1) Services must be priced explicitly; (2) services must be available to member and nonmember depository institutions on an equal basis; (3) fees must cover direct and indirect costs and must also cover an imputed cost that includes taxes paid and the return on capital that would have been provided if the services had been furnished by a private firm; and (4) interest on float must be charged at the fed funds rate.

B. Methodology

1. Modeled After the Federal Reserve System's PSAF Methodology

The Finance Board's methodology for evaluating each FHLBank's compliance with the PSAF pricing principles is modeled after the methodology used by the Federal Reserve Board of Governors ("Fed") to evaluate the Federal Reserve System's compliance with the PSAF pricing principles. The Fed's methodology is the standard. It has been subjected to extensive review and comment during the periodic revisions it has undergone over the years.