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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

Animal and Plant Health Inspection Service

9 CFR Part 82

[Docket 91-016-1]

Chicken Disease Caused by *Salmonella enteritidis*; Public Hearing

AGENCY: Animal and Plant Health Inspection Service, USDA.

ACTION: Notice of public hearing.

SUMMARY: We are advising the public that the Animal and Plant Health Inspection Service is hosting a public hearing on the proposed rule on chicken disease caused by *Salmonella enteritidis* that we published in the Federal Register on August 2, 1993. The public hearing will be held in Washington, DC, on September 7, 1993.

DATES: The public hearing will be held on Tuesday, September 7, 1993, from 11 a.m. until 3 p.m.

ADDRESSES: The public hearing will be held in room 3501, South Building, United States Department of Agriculture, 14th Street and Independence Avenue SW., Washington, DC.

FOR FURTHER INFORMATION CONTACT: Dr. John Mason, Director, Salmonella Enteritidis Control Program, VS, APHIS, USDA, room 205, Presidential Building, 6525 Belcrest Road, Hyattsville, MD 20782, (301) 436-4363.

SUPPLEMENTARY INFORMATION: This public hearing is being held on the proposed rule on chicken disease caused by *Salmonella enteritidis* (Docket No. 91-016-1, 58 FR 41048-41061), published August 2, 1993. The comment period on the proposed rule ends October 1, 1993. The rule proposes to make the following major changes to the current *Salmonella enteritidis* (SE) regulations: (1) Exempting certain flocks from the testing requirements of the regulations, if the flocks are participating in certain voluntary *Salmonella* testing programs; (2)

removing requirements for testing blood and internal organ samples from Test Flocks; (3) adding requirements to test Study Flocks for SE by testing egg samples; (4) adding requirements to trap and test rodents; (5) substituting the terms SE-positive status (Environment) and SE-positive status (Eggs) for the terms Test status and Infected status, and (6) allowing SE-Positive houses and flocks to be released from regulation only through depopulation, cleaning, and disinfection, not through negative testing.

The public hearing will be held on Tuesday, September 7, 1993, in room 3501, South Building, United States Department of Agriculture, 14th Street and Independence Avenue SW., Washington, DC.

A representative of the Animal and Plant Health Inspection Service (APHIS) will preside at the public hearing. Any interested person may appear and be heard in person, by attorney, or by other representative. Persons who wish to speak at the public hearing will be asked to sign in with their name and organization, to establish a record for the hearing.

The public hearing will begin at 11 a.m. and is scheduled to end at 3 p.m. local time. However, the hearing may be terminated at any time after it begins if all persons desiring to speak have been heard. We ask that anyone who reads a statement provide two copies to the presiding officer at the hearing.

If the number of speakers at the hearing warrants it, the presiding officer may limit the time for each presentation so that everyone wishing to speak has the opportunity.

The purpose of the hearing is to give interested persons an opportunity for oral presentation of data, views, and arguments. Questions about the content of the proposed rule may be part of the commenters' oral presentations. However, neither the presiding officer nor any other representative of APHIS will respond to comments at the hearing, except to clarify or explain provisions of the proposed rule.

Done in Washington, DC, this 31st day of August 1993.

Eugene Branstetter,
Assistant Secretary, Marketing and Inspection Services.

[FR Doc. 93-21586 Filed 9-1-93; 8:45 am]

BILLING CODE 3410-34-P

FEDERAL HOUSING FINANCE BOARD

12 CFR Part 936

[No. 93-66]

Community Support Requirements for Insurance Company and Credit Union Members of the Federal Home Loan Bank System

AGENCY: Federal Housing Finance Board.

ACTION: Advance notice of proposed rulemaking.

SUMMARY: The Federal Housing Finance Board (Finance Board) is requesting public comment to assist it in amending the regulation creating its Community Support Program (CSP). The CSP implements section 710(c) of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), which requires all members of the Federal Home Loan Bank System (FHLBank System) to meet standards of community investment or service in order to maintain continued access to long-term FHLBank System advances. To date, the Finance Board has reviewed for Community Support purposes only members covered by the Community Reinvestment Act of 1977 (CRA) because the existing regulation contains minimal guidance as to reviewing members not covered by CRA. The Finance Board intends to amend the regulation to specify procedures to review members not covered by CRA, specifically, insurance company and credit union members, and is requesting public comment to assist in developing those procedures.

DATES: Comments must be received on or before November 1, 1993.

ADDRESSES: Comments should be sent to: Elaine L. Baker, Associate Director and Executive Secretary, 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: Kathleen S. Brueger, Associate Director, Housing Finance Directorate, (202) 408-2821, or Sylvia Martinez, Director, Housing Finance Directorate, Federal Housing Finance Board, 1777 F Street NW., Washington, DC 20006.

SUPPLEMENTARY INFORMATION:**I. General**

FIRREA, Public Law No. 101-73, 103 Stat. 183, established the Finance Board as an independent agency in the executive branch of the federal government. It is the successor agency to the Federal Home Loan Bank Board with respect to oversight of the FHLBanks.

Virtually all savings associations supervised by the Office of Thrift Supervision are members of the FHLBank System, as are many state chartered savings banks supervised by the Federal Deposit Insurance Corporation. The membership also includes insurance companies, which have been eligible for membership since the creation of the FHLBank System in 1932. With the passage of FIRREA, membership was opened as well to commercial banks and credit unions that make long-term home mortgage loans, subject to financial soundness and home financing qualifications.

Section 710 (c) of FIRREA added a new section 10(g) to the Federal Home Loan Bank Act of 1932 (Bank Act), 12 U.S.C. 1430(g), as follows:

(g) Community Support Requirements—
(1) In General.—Before the end of the 2-year period beginning on the date of enactment of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, the Board shall adopt regulations establishing standards of community investment or service for members of Banks to maintain continued access to long-term advances.

(2) Factors To Be Included.—The regulations promulgated pursuant to paragraph (1) shall take into account factors such as a member's performance under the Community Reinvestment Act of 1977 and the member's record of lending to first-time homebuyers.

To implement this section, the Finance Board issued a regulation on November 21, 1991 (56 FR 58639), preceded by both an advance notice of proposed rulemaking (56 FR 387) and a proposed rule (56 FR 26346), which established a Community Support Program for the FHLBank System (12 CFR part 936).

The regulation defines "Community Support" in § 936.1 as follows:

(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, with demonstrable efforts to finance housing for households whose incomes do not exceed 80 percent of the area median income and for households whose

incomes do not exceed 50 percent of the area median income;

(2) Extensions of credit to finance commercial and economic development activities that benefit very low-, low- or moderate-income neighborhoods, including very low-, low-, and moderate-income minority neighborhoods and rural communities;

(3) Development and extension of other loan products, financial services and programs to address community credit needs, including those described in Comprehensive Housing Affordability Strategy Plans, 24 CFR part 91, or as identified by FHLBank Advisory Councils;

(4) Marketing plans and related outreach activities targeted to households in minority, very low-, low- or moderate-income, or rural communities, including first-time homebuyers;

(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 (i) (1) through (4) of this section, both within and outside a member's usual market areas and communities;

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

12 CFR 936.1.

Under the requirements of the Program, all members of the FHLBank System are to be revised by the Finance Board for their record of Community Support approximately every two years. If a member is found not to have met the Community Support standard, the Finance Board asks the member to create, with the help of its FHLBank, a one-year Community Support Action Plan (Action Plan) to improve its performance under the standard. As indicated in § 936.7 of the regulation, members that refuse to participate in the Community Support review or, if requested, to create an Action Plan the Finance Board can approve, or that fail to substantially meet the goals of an Action Plan they have implemented may lose access to long-term FHLBank System advances.

12 CFR 936.7.

II. Review Under the Community Support Program

Members selected for Community Support review are requested to provide the Finance Board with a Community Support Statement (Statement). Completing the Statement involves filling out a one-page form and attaching the following four items: (1) The public disclosure portion of the member's most recent evaluation under the Community Reinvestment Act of 1977 (CRA), 12 U.S.C. 2901 (CRA evaluation); (2) a description of how the member assists first-time homebuyers; (3) if applicable, a summary of any final administrative or judicial rulings within the preceding two years for fair lending, including fair housing, violations; and (4) any additional information the member wishes to include that relates to its Community Support performance.

The CRA evaluation portion of the Community Support Statement is a critical component of the Community Support review. Through the CRA evaluation, the Finance Board is able to rely on an expert, objective on-site assessment of performance that covers significant aspects of Community Support. In the preamble to the Community Support regulation, the Finance Board indicated that it would place primary emphasis on a member's CRA evaluation and would focus in particular on the assessment factors within the CRA evaluation that most directly relate to Community Support.

The Finance Board began reviewing members of the FHLBank System pursuant to the Community Support requirements in February 1992. To date, the Finance Board has reviewed over 1,800 FHLBank System members. Only members covered by the CRA have been reviewed for Community Support thus far, because the existing review procedures rely on members' ability to supply CRA evaluations. Therefore, only savings associations, savings bank and commercial bank members of the FHLBank System have been reviewed. No credit union or insurance company FHLBank System members have been reviewed because they are not subject to or examined for CRA.

III. Treatment of Members Not Covered by CRA Under the Existing Regulatory Provisions

The existing Community Support regulatory provisions offer minimal guidance with regard to Community Support review procedures for members not covered by the CRA. Specifically, the regulation indicates that a Community Support Statement shall include,

(3) In the case of credit unions and other members who are not subject to the Community Reinvestment Act, a detailed description of the member's Community Support activities.

12 CFR 936.3(b).

The preamble to the regulation explains this paragraph by stating that,

(t)he small group of members not covered by CRA, such as credit unions, will be required to submit a written statement explaining how they identify the credit needs of their members and how their loan products and services meet Community Support standards. The Board recognizes the unique circumstances of insurance companies and will work with these members on a case-by-case basis to fulfill the basic purpose of this Part as to these members.

56 FR 58639.

The regulation's only other reference to members not covered by CRA is in the definition of "Community Support":

(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 (i) (1) through (5) of this section.
12 CFR 936.1(i)(7).

The Finance Board recognizes that the minimal guidance in the regulation with regard to Community Support compliance by members not covered by CRA has created ambiguity on the part of both current and potential FHLBank System members not covered by CRA. Therefore, the Finance Board proposes to amend the regulation to specify the Community Support requirements for such members.

IV. Issues for Consideration

In preparing to promulgate a proposed rule on Community Support requirements for members not covered by CRA, the Finance Board seeks the broadest possible public comment on all aspects of the various relevant issues. All interested parties, including insurance companies, credit unions, community groups, FHLBanks and their Advisory Councils, lenders, public interest groups, current and prospective FHLBank System members, trade associations, federal financial regulators, state and local government agencies, other financial service providers, and private citizens are encouraged to comment.

The questions presented below (numbered consecutively 1 through 31 for ease of reference) are intended to elicit comments on all significant issues. However, the list is not intended to be exclusive. The Finance Board seeks comments on any and all relevant issues.

A. Definition of "Community Support" for Members Not Covered by CRA

The Finance Board defined the term "Community Support" (§ 936.1) to encompass and encourage a wide variety of efforts to benefit communities, particularly very low-, low- and moderate-income, minority and rural households. The existing definition includes: The design and offering of loan products; actual extensions of credit; and, marketing and outreach efforts. Participation in consortia is highlighted as well in order to give credit for Community Support activities by a member both within and outside its CRA-delineated community.

The definition of "Community Support" for members not covered by CRA, specifically, "loan products, financial services, programs or activities" that further the items described in the definition of "Community Support" (12 CFR 936.1 (i)(7)), provides little guidance, given its general nature. Therefore, the Finance Board seeks comment on what specifically should constitute "Community Support" for these members.

The answer to the first question below is central to the amendment process and directly affects the remainder of the questions regarding how "Community Support" should be defined for members not covered by CRA. While various approaches to the Community Support review for members not covered by CRA may be attractive from a policy perspective, the Finance Board must ensure that members will be able to comply. Therefore, the Finance Board must caution that all the approaches discussed below may not turn out to be equally available once all impediments to compliance by insurance company and credit union members are known.

1. Are there statutory or regulatory limitations or restrictions that would impede the Finance Board from applying existing Community Support lending and other requirements to insurance company and/or credit union members (for example, credit union charter restrictions on lending only to members, or state law limitations on investments by insurance companies)?

2. Should there be a different definition of Community Support for insurance company and credit union members than for all other FHLBank System members? Should there be different definitions for insurance company versus credit union members?

3. How should "Community Support" be defined for FHLBank System members not covered by CRA, specifically, insurance company and

credit union members? What activities should serve to meet the Community Support standard for these members?

B. Form of Compliance

The Bank Act section which creates the Community Support requirement lists CRA performance as one of two factors which the Finance Board is to take into account in its implementing regulations for Community Support. 12 U.S.C. 1430(g). In keeping with the statutory emphasis, the Finance Board relies heavily on the CRA evaluation in conducting a member's Community Support review.

Besides furnishing an objective third-party assessment of community lending efforts based on an on-site examination, using the CRA also ensures that a member's financial condition, size, any legal impediments and local conditions are all taken into account in evaluating the member's efforts. Using the CRA evaluation also minimizes the paperwork burden for the member in complying with the review procedures.

Since insurance company and credit union members are not covered by CRA, the Finance Board will not be able to rely on any CRA evaluation in conducting a Community Support review of one of these members.

Approaches for dealing with the absence of a CRA evaluation for insurance company and credit union members could include the Finance Board's requiring that these members nevertheless comply with CRA criteria or the Finance Board's establishing a parallel CRA requirement adapted to the institutional differences of these members. One issue the Finance Board would need to address involves the CRA concept of a delineated community. While meeting the credit needs of a delineated community is central to the CRA requirements, the Community Support regulation focuses not on meeting the needs of a particular community, but rather on meeting the needs of underserved households, specifically, very low-, low- and moderate-income, minority and rural households. Insurance company and credit union members are not likely to have a designated geographic community comparable to the CRA concept of "community" (with the exception of credit unions with geographic common bonds), and both may operate on a national scale. At the same time, credit unions operate within lending limitations related to their fields of membership.

4. Since the statute creating the Community Support Program requires the Finance Board to take into account CRA, should the Finance Board require

insurance company and credit union members to comply with CRA or some equivalent of CRA? How would compliance be assessed?

5. Should the Finance Board require members that are not covered by CRA to define a community for Community Support purposes? Is that a workable concept for these members? Are there Community Support policy reasons to do so?

6. Would requiring the members that are not covered by CRA to delineate a community and then focus their Community Support efforts on meeting that community's needs create unnecessary work for the members, result in artificial "communities", and needlessly dilute investments with regard to Community Support's targeted households?

Another approach for dealing with the absence of a CRA evaluation for insurance company and credit union members would be to apply entirely separate criteria, making no attempt to subject these members to CRA or CRA-like criteria. Such an approach might be structured so that the absence of a third-party on-site examination is minimized.

7. Should the Finance Board designate certain activities as appropriate standards for evaluating those members not covered by CRA, with evidence of participation in such activities substituting for the CRA portion of the Community Support Statement provided by CRA-covered members?

A national community reinvestment fund approach as described in questions 8 through 13 below might capitalize on the fact that insurance company and credit union members are not covered by CRA. Specifically, because insurance company and credit union members are not required under CRA to focus on the credit needs of a particular community, investments could be directed through the fund to underserved households and communities or to support, for example, new Department of Housing and Urban Development initiatives, without regard to location within or outside the members' communities.

8. Should the Finance Board, the FHLBank System, or some other organization create some form of national community reinvestment fund in which members not subject to CRA could invest, with evidence of such investment substituting for the CRA portion of the Community Support Statement?

9. What should be considered approved uses for such a fund?

10. How could the fund coordinate its activities with proposed community development and economic

empowerment legislation, such as the Community Development Banking and Financial Institutions Act of 1993, assuming this legislation is enacted?

11. Who should administer such a fund? (For example, should the Finance Board or the FHLBanks administer such a fund, or should the Finance Board consider the feasibility of using experienced non-profit intermediaries to do so?)

12. Instead of creating a new fund, should the Finance Board encourage participation by insurance company and credit union members in similar ventures managed by experienced non-profit intermediaries if all uses of invested funds would meet Community Support standards?

13. How should the appropriate level of investment in a fund by the insurance company or credit union member be determined? For example, should minimum percentages based on asset size be established?

14. Depending on the Community Support approach taken, what information should be required to be reported by members not covered by CRA?

Besides supplying a CRA evaluation, members reviewed for Community Support are required to provide information as to their efforts to assist first-time homebuyers, and to indicate whether there have been any final judgments of a fair lending nature against them within the previous two years.

15. Is there any reason why members not covered by CRA should not be subject to the other Statement information requirements applicable to CRA-covered members, specifically, providing information on assistance to first-time homebuyers and reporting any final judgments in the last two years related to fair lending violations? If not, why? If separate standards are deemed appropriate, how should such separate standards be defined?

C. Measure of Degree of Commitment of Resources

CRA evaluations take into account the examined institution's financial condition, size, any legal impediments, and local economic conditions in assessing the institution's record of meeting its community's credit needs. In so doing, the CRA evaluation provides a context in which to evaluate the individual institution's performance.

In utilizing the CRA evaluation as a substantial part of the Community Support review, the Finance Board incorporates these factors into its assessment as well. Since insurance

company and credit union members are not required to undergo CRA examination, the Finance Board has no similar assessment on which to rely in reviewing these members.

16. How should the Finance Board establish a context for assessing insurance company and credit union members' efforts, given that the Finance Board does not have a CRA evaluation on which to rely for this perspective?

17. Are there reports currently prepared by these members which would provide such a context?

18. Should the Finance Board require insurance company and credit union members to report information regarding their financial condition and size, any legal impediments, and local economic conditions so that the Finance Board may assess the degree of commitment by the member in the context of its resources and capabilities?

19. If such information is solicited, how should the information be verified?

20. Should the Finance Board consider requiring that a specific percentage of insurance company and/or credit union members' assets be directed to community investment/Community Support-related activities (or some similar requirement)? If so, what would be an appropriate threshold? A specified percentage approach would make Community Support a far less flexible standard with regard to members not covered by CRA, but would at the same time provide a more predictable outcome. Could this result in a less or more rigorous standard than that required of members covered by CRA?

D. Fair Lending Issues

One of the requirements for members completing a Community Support Statement is to provide information on any final administrative or judicial ruling against the member of a fair lending or fair housing nature within the previous two years. In the preamble to the Community Support regulation, the Finance Board indicated that this information was being required because it would bear directly upon the member's Community Support performance and may have occurred since the CRA examination was conducted (and thus would not be reflected in the CRA evaluation).

If no final rulings have been issued, the member need provide no further information. However, members covered by CRA are reviewed for any practices of a discriminatory nature in the course of their CRA evaluation, and the Finance Board includes this assessment in its review for Community Support purposes.

21. Since insurance company and credit union members are not reviewed for fair lending performance in the course of a CRA examination, should the Finance Board require these non-CRA covered members to report their fair lending, including fair housing, efforts as part of their Community Support review (in addition to reporting information on final judgments)?

22. FIRREA amended the Home Mortgage Disclosure Act of 1975 (HMDA) 12 U.S.C. 2803, to require financial institutions to report the race, sex, and income of credit applicants. The Finance Board incorporates analysis of CRA-covered members' HMDA data into its Community Support review by virtue of the federal financial regulator's inclusion of HMDA data analysis in the CRA evaluation. Credit unions are subject to the reporting requirements of HMDA, but are not subject to CRA. For consistency, should the Finance Board require credit union members to report their HMDA information to the Finance Board as part of the Community Support requirements?

23. Congress is considering legislation to address discriminatory (redlining) practices by insurance companies in making their insurance products available. As part of the Community Support review, should the Finance Board require information from insurance company members regarding their respective efforts to sell their home insurance products without regard to race, color, religion, national origin, sex, and all the other prohibited bases included in the federal fair lending laws?

E. Public Comment Process

Participation by the public in the Community Support review process has assisted the Finance Board in assessing community needs and the effectiveness of member efforts. The Community Support regulation (§ 936.8) requires each of the FHLBanks to maintain a mailing list for Community Support review notice purposes. These lists include all Advisory Council members, public interest and community organizations in their respective districts, and any other organizations or individuals that have requested to be advised when members have been selected for review.

24. How can the Finance Board ensure that public comments will be provided with regard to insurance company and credit union members selected for Community Support review?

F. Timing of the Community Support Review

The Community Support regulation (§ 936.4) requires that members be reviewed for their Community Support performance approximately every two years. As described in the preamble to the regulation, the Finance Board selects one-eighth of the FHLBank System membership in each district for review each calendar quarter of the two-year review cycle. Members are selected to the extent possible based on chronological sequence of their most recent CRA evaluation, with new members not reviewed until after one year of membership.

Insurance company and credit union members, not being subject to the community investment requirements of CRA, cannot be presumed to have a record to review for Community Support purposes at the time of their initial Community Support reviews.

25. Should the Finance Board consider requiring insurance company and credit union members to submit a Community Support Action Plan in lieu of being reviewed for their Community Support performance to date? The Action Plan could then serve as a baseline for subsequent reviews, and would provide a safe harbor in the event of this being the member's first involvement in community investment activities.

26. Should the Finance Board consider making Community Support a threshold requirement for new insurance company and credit union members?

27. Should insurance companies and credit unions that are already members of the FHLBank System be treated differently from prospective insurance company and credit union members?

G. Residential Lending Commitment

In the regulation (§ 936.7(c)), the Finance Board indicated that it may restrict a member's access to long-term advances if its Community Support Statement "does not adequately establish a reasonable commitment to residential lending and Community Support", and the member fails to address deficiencies by implementing an Action Plan. Similarly, the statute and the regulation require the Finance Board to take into account a member's record of lending to first-time homebuyers as a condition for access to long-term advances.

28. In the case of insurance company and credit union members, should the purchase of loans and securities alone be deemed satisfactory evidence of a commitment to residential lending and

Community Support? How should these loans and securities be evaluated by the Finance Board to assure that they meet Community Support standards?

29. How should the Finance Board evaluate an insurance company or credit union member's record of lending to first-time homebuyers? Should the purchase of loans and securities satisfy this requirement? How should the Finance Board evaluate whether a security interest in a loan satisfactorily meets this standard?

30. Should the Finance Board require some measure of loan origination by insurance company and credit union members as a part of the Community Support standard?

H. Regulatory Burden

In promulgating the Community Support regulation, the Finance Board stated that it intended to strike a balance between the policy goals of FIRREA and enhancing the FHLBank System's role as a community lending partner, and at the same time not impairing the System's attractiveness to new members. The Finance Board hoped to achieve such a balance in part by relying on existing CRA documentation to minimize paperwork for members and to avoid any costly new level of examination.

31. How can the Finance Board structure the Community Support requirements to encourage and ensure Community Support activities by members not covered by CRA and still keep any paperwork burden minimized?

After analyzing the comments and suggestions received in response to this advance notice, the Finance Board will publish a proposed rule for comment prior to a regulation. The Finance Board will welcome comments from all interested persons at each stage of the rulemaking process.

Dated: August 25, 1993.

By the Federal Housing Finance Board.

Daniel F. Evans, Jr.,

Chairman.

[FR Doc. 93-21366 Filed 9-1-93; 8:45 am]

BILLING CODE 6720-01-M

SMALL BUSINESS ADMINISTRATION

13 CFR Part 121

Small Business Size Standards; Fixed Size Standard Levels

AGENCY: Small Business Administration.
ACTION: Proposed rule.

SUMMARY: The Small Business Administration (SBA) is re-proposing a rule designed to streamline its size