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FEDERAL HOUSING FINANCE BOARD

12 CFR Chapter IX
[No. 2002–05]
RIN 3069–AB12

Technical Amendments to Federal Housing Finance Board Regulations

AGENCY: Federal Housing Finance Board.

ACTION: Final rule.

SUMMARY: The Federal Housing Finance Board (Finance Board) is making various technical amendments to its regulations in order to complete the reorganization and modernization of the regulations that was begun with the regulatory reorganization rule published in February 2000. This rule will consolidate into one part the definitions of common terms used throughout the regulations; correct mistaken cross-references and other oversights remaining from the reorganization rule; delete obsolete provisions; and make certain changes to better conform to the stylistic conventions of the Code of Federal Regulations. None of the amendments are intended to effect any substantive change to any regulation.

EFFECTIVE DATE: This final rule is effective on March 20, 2002.

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SUPPLEMENTARY INFORMATION: On February 18, 2000, the Finance Board published a final rule that reorganized and renumbered the agency’s existing regulations, deleted obsolete regulations and made various technical amendments to the reorganized regulations. See 65 FR 6253 (Feb. 18, 2000) (Reorganization Rule). The amendments set forth in the Reorganization Rule were intended to implement a more logical, efficient and modern presentation of the regulations governing the Federal Housing Finance Board and Federal Home Loan Bank System, as well as to achieve greater consistency in terminology and greater conformity with current stylistic conventions of the Code of Federal Regulations (CFR).

Because the changes implemented by the Reorganization Rule were so comprehensive, there were a number of mistakes and oversights (e.g., mistaken cross-references and obsolete terminology that was not amended) that remained to be corrected even after the rule became effective. In addition, since the publication of the Reorganization Rule, the Finance Board has completed a number of major rulemakings that have either added substantial amounts of text to its regulations, or significantly altered the text that existed prior to February of 2000. Although these major rulemakings were anticipated and taken into consideration in the drafting of the Reorganization Rule, their subsequent adoption has resulted in the need for some minor technical amendments in order to integrate fully the new material into the streamlined regulatory format. This final rule corrects the mistakes resulting from, and oversights remaining from, the Reorganization Rule and makes changes to integrate recently-adopted major regulations fully and cleanly into the overall structure of the regulations. None of the amendments contained in the rule are intended to effect any substantive change to any regulation.

A significant portion of the amendments set forth in the final rule involve the consolidation of definitions of terms that are used frequently throughout the regulations into part 900, which is the first part that appears in the regulations as codified in the CFR. Prior to the enactment of the Reorganization Rule, there were numerous examples throughout the regulations of terms that were defined many times over in separate parts of the regulations, and of synonymous terms that were variously used to describe the same concept in different parts of the regulations (e.g., “Finance Board,” “Board” and “Federal Housing Finance Board” were used in different parts of the regulations to refer to the same agency). Too remedy these problems, the Reorganization Rule established a new part 900 wherein terms that were used often throughout the regulations could be defined once without further repetition.

Because several major rulemakings were anticipated at the time that the Reorganization Rule was drafted, only a few definitions were moved into part 900 as part of that rule. Several more definitions were added to part 900 in subsequent rulemakings. The Finance Board has now completed a thorough review of the regulations and has selected all of the terms that it believes should logically appear in part 900. Generally, the rule would consolidate into part 900 the definitions of all terms: (1) That are used in more than two parts of the regulations; and (2) whose definition does not set forth a substantive standard. Definitions that set forth substantive standards continue to appear in the definitional sections of the parts in which the term is used, regardless of the number of times that the definition must be repeated throughout the regulations. For example, the term “investment grade” is used in parts 932 (capital requirements), 956 (investments) and 960 (standby letters of credit) of the regulations, but its definition has been left in each of the appropriate definitional sections because it sets forth a substantive standard that is integral to those regulations.

The remaining amendments, which are scattered throughout the regulations, either: correct mistaken cross-references or other typographical errors; change citations or paragraph headings and numbering to conform to current standards of the CFR; or make conforming changes related to the consolidation of definitions into part 900, discussed above.

Finally, because all of the amendments that would be implemented by this rule are technical and nonsubstantive, the Finance Board has adopted the rule in final form without the usual notice-and-comment process.

Regulatory Flexibility Act

This is a technical rule that reorganizes the Finance Board’s regulations without substantive change. The rule will not impose any regulatory requirements on small entities. Thus, in accordance with the provisions of the Regulatory Flexibility Act, 5 U.S.C. 601 et seq., the Finance Board hereby certifies that this final rule will not have a significant economic impact on a substantial number of small entities. 5 U.S.C. 605(b).

Paperwork Reduction Act

The final rule does not contain any collections of information pursuant to the Paperwork Reduction Act of 1995. See 44 U.S.C. 3501 et seq. Consequently, the Finance Board has not submitted any information to the Office of Management and Budget for review.

List of Subjects in 12 CFR Parts 900 Through 997

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

Accordingly, under the authority of section 28(a) of the Federal Home Loan Bank Act, 12 U.S.C. 1422b(a), chapter IX of title 12 of the Code of Federal Regulations is amended as follows:

1. Revise part 900 to read as follows:
PART 900—GENERAL DEFINITIONS APPLYING TO ALL FINANCE BOARD REGULATIONS

Sec. 900.1 Basic terms relating to the Finance Board, the Bank System and related entities.

900.2 Terms relating to Bank operations, mission and supervision.

900.3 Terms relating to other entities and concepts used throughout 12 CFR chapter IX.


§ 900.1 Basic terms relating to the Finance Board, the Bank System and related entities.

As used throughout this chapter, the following basic terms relating to the Finance Board, the Bank System and related entities have the meanings set forth below, unless otherwise indicated in a particular subchapter, part, section, or paragraph:


*Bank System* means the Federal Home Loan Bank System, consisting of the 12 Banks and the Office of Finance.

*Board of Directors* means the Board of Directors of the Federal Housing Finance Board, or the board of directors, written in lower case, in the case of a Bank, or a branch of a Bank, written in lower case, has the meaning indicated in context.

*Chairperson* means the Chairperson of the Board of Directors of the Finance Board.


*Financing Corporation* or *FICO* means the Financing Corporation established and supervised by the Finance Board under section 21 of the Act (12 U.S.C. 1441) and part 995 of this chapter.

*Housing associate* means an entity that has been approved as a housing associate pursuant to part 926 of this chapter.

*Member* means an institution that has been approved for membership in a Bank and has purchased capital stock in the Bank in accordance with §§ 925.20 or 925.24(b) of this chapter.

*Office of Finance or OF* means the Office of Finance, a joint office of the Banks referred to in section 2B of the Act (12 U.S.C. 1422b) and established under part 985 of this chapter.

*Resolution Funding Corporation or RFEC* means the Resolution Funding Corporation established by section 21B of the Act (12 U.S.C. 1441b) and addressed in parts 996 and 997 of this chapter.

*Secretary to the Board* means the Executive Secretary to the Board of Directors, an officer within the Office of the Managing Director of the Finance Board.

§ 900.2 Terms relating to Bank operations, mission and supervision.

As used throughout this chapter, the following terms relating to Bank operations, mission and supervision have the meanings set forth below, unless otherwise indicated in a particular subchapter, part, section or paragraph:

*Acquired member assets or AMA* means those assets that may be acquired by a Bank under part 955 of this chapter.

*Advance* means a loan from a Bank that is:

1. Provided pursuant to a written agreement;
2. Supported by a note or other written evidence of the borrower’s obligation; and
3. Fully secured by collateral in accordance with the Act and part 950 of this chapter.

*Affordable Housing Program or AHP* means the Affordable Housing Program, the CICA program that each Bank is required to establish pursuant to section 10(j) of the Act (12 U.S.C. 1430(j)) and part 951 of this chapter.

*Capital plan* means the capital structure plan required for each Bank by section 6(b) of the Act, as amended (12 U.S.C. 1426(b)), and part 933 of this chapter, as approved by the Finance Board, unless the context of the regulation refers to the capital plan prior to its approval by the Finance Board.

*CIP* means the Community Investment Program, an advance program under CICA required to be offered pursuant to section 10(i) of the Act (12 U.S.C. 1430(i)).

*Community Investment Cash Advance or CICA* means any advance made through a program offered by a Bank pursuant to section 10 of the Act (12 U.S.C. 1430) and parts 951 and 952 of this chapter to provide funding for targeted community lending and affordable housing, including advances made under a Bank’s Rural Development Funding (RDF) program, offered under section 10(j)(10) of the Act (12 U.S.C. 1430(j)(10)); a Bank’s Urban Development Funding (UDF) program, offered under section 10(j)(10) of the Act (12 U.S.C. 1430(j)(10)); a Bank’s Affordable Housing Program (AHP), offered under section 10(j) of the Act (12 U.S.C. 1430(j)); a Bank’s Community Investment Program (CIP), offered under section 10(i) of the Act (12 U.S.C. 1430(i)); or any other program offered by a Bank that meets the requirements of part 952 of this chapter.

*Consolidated obligation or CO* means any bond, debenture, or note authorized under part 966 of this chapter to be issued jointly by the Banks pursuant to section 11(a) of the Act, as amended (12 U.S.C. 1431(a)), or any bond or note issued by the Finance Board on behalf of all Banks pursuant to section 11(c) of the Act (12 U.S.C. 1431(c)), on which the Banks are jointly and severally liable.


§ 900.3 Terms relating to other entities and concepts used throughout 12 CFR chapter IX.

As used throughout this chapter, the following terms relating to other entities and concepts used throughout 12 CFR chapter IX have the meanings set forth below, unless otherwise indicated in a particular subchapter, part, section or paragraph:

*Appropriate Federal banking agency* has the meaning set forth in section 3(q) of the Federal Deposit Insurance Act (12 U.S.C. 1813(q)) and, for federally-insured credit unions, means the NCUA.

*Appropriate state regulator* means any state officer, agency, supervisor or other entity that has regulatory authority over, or is empowered to institute, enforcement action against, a particular institution.


*FDIC* means the Federal Deposit Insurance Corporation.

*FRB* means the Board of Governors of the Federal Reserve System.

*FHLMAC* means the Federal Home Loan Mortgage Corporation established under authority of the Federal Home
Loan Mortgage Corporation Act (12 U.S.C. 1451, et seq.).

Generally Accepted Accounting Principles or GAAP means accounting principles generally accepted in the United States.


HUD means the United States Department of Housing and Urban Development.

NCUA means the National Credit Union Administration.

NBSRO means a credit rating organization regarded as a Nationally Recognized Statistical Rating Organization by the Securities and Exchange Commission.

OCC means the Office of the Comptroller of the Currency.

OTS means the Office of Thrift Supervision.


State means a state of the United States, American Samoa, the Commonwealth of the Northern Mariana Islands, the District of Columbia, Guam, Puerto Rico, or the United States Virgin Islands.

PART 905—DESCRIPTION OF ORGANIZATION AND FUNCTIONS

2. Revise the authority citation for part 905 to read as follows:


§ 905.1 [Removed and Reserved]

3. Remove and reserve § 905.1.

4. Amend § 905.2 by revising paragraphs (b) and (c) to read as follows:

§ 905.2 General statement and statutory authority.

(b) The members of the Board of Directors are individually referred to as Directors. The heads of the various administrative units, called offices, are also called Directors.

(c) The Finance Board administers the Act and is authorized to issue rules, regulations and orders affecting the Bank System. The Finance Board performs all such duties and responsibilities as may be required by statute. As required by section 302(b)(2) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1717(b)), it also conducts a monthly survey of all major lenders to calculate a national average for interest rates on mortgages for one-family homes, on behalf of the Fannie Mae. As required by section 305(b) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(b)), it conducts a similar survey for the Freddie Mac.

5. Revise § 905.4 to read as follows:

§ 905.4 Duties of the Finance Board.

(a) Bank System. The Finance Board supervises and regulates the Banks and the Office of Finance. Specifically, its duties are:

(i) To ensure that the Banks operate in a safe and sound manner;

(ii) To supervise all business operations of the Banks, which may include:

(A) Prescribing conditions upon which Banks may advance funds to their members and housing associates;

(B) Prescribing rules and conditions under which a Bank may borrow funds, pay interest on those funds, or issue obligations;

(C) Requiring examinations of the Banks; and

(iv) Appointing the public interest members of the boards of directors of the Banks:

(iii) To ensure that the Banks fulfill their housing finance and community lending mission;

(iv) To ensure that the Banks remain adequately capitalized; and

(v) To ensure that the Banks are able to raise funds in the capital markets.

(b) Financing Corporation. The Finance Board also oversees the operations of the Financing Corporation, including its issuance of obligations.

§ 905.5 [Removed]

6. Remove § 905.5.

Appendix A to Subpart A of Part 905—[Amended]

7. Amend Appendix A to subpart A of part 905 by:

(a) Removing the words “One World Trade Center, 103rd Floor, New York, NY 10048” and adding, in their place, the words “200 Park Avenue, New York, NY 10166–4193”;

(b) Removing the words “One Riverfront Center, 20 Stanwix Street, Pittsburgh, PA 15222–4893” and adding, in their place, the words “601 Grant Street, Pittsburgh, PA 15219–4455”;

(c) Removing the words “2400 Atrium Two, 221 East Fourth Street, Cincinnati, OH 45202” and adding, in their place, the words “221 East Fourth Street, Suite 1000, Cincinnati, OH 45201–0598”.

Subpart C—[Removed]

8. Remove subpart C from part 905.

Subpart D—[Redesignated]

9. Redesignate subpart D as subpart C.

10. In the heading for newly designated subpart C, remove the word “Procedures” and, in its place, add the word “Miscellaneous”.

§§ 905.50, 905.52, 905.53 [Removed]

11. Remove §§ 905.50, 905.52, 905.53.

§§ 905.51, 905.54 [Redesignated]

12. Redesignate § 905.51 as § 905.25 and § 905.54 as § 905.26.

§ 905.25 [Amended]

13. Amend newly designated § 905.25 by removing the words “(see § 905.3)” from the introductory text.

14. Revise newly designated § 905.26 to read as follows:

§ 905.26 Official logo and seal.

This section describes and displays the logo adopted by the Board of Directors as the official symbol representing the Finance Board. It is displayed on correspondence and selected documents. This logo also serves as the official seal used to certify and authenticate official documents of the Board of Directors.

(a) Description. The logo is a disc with its center consisting of three polygons arranged in an irregular line partially overlapping—each polygon drawn in a manner resembling a silhouette of a pitched roof house and with distinctive eaves under its roof—encircled by a designation scroll having an outer and inner border of plain heavy lines and containing the words “FEDERAL HOUSING FINANCE BOARD” in capital letters with serifs, with two mullets on the extreme left and right of the scroll.

(b) Display. The Finance Board’s official seal and logo appears below:

PART 906—OPERATIONS

15. Revise the authority citation for part 906 to read as follows:

Authority: 12 U.S.C. 1422b, 1438(b).
§ 906.1 [Amended]
16. Amend § 906.1 by removing the definitions of the terms “Bank System” and “Chairperson”.

§ 906.2 [Amended]
17. Amend paragraph (b)(3) of § 906.2, in the last sentence, by removing the words “pro rata” and, in their place, adding the words “pro rata”.

§ 906.4 [Amended]
18. Amend § 906.4:
   a. In the first sentence of paragraph (a) by:
      i. Removing the words “United States Code,” and, in their place the words “United States Code (31 U.S.C. 9701)”; and
      ii. Removing the words “(31 U.S.C. 9701)”.
   b. In paragraph (b)(2) by:
      i. Removing the word “will” and adding, in its place, the word “must”; and
      ii. Removing the words “Housing Finance Directorate” and, in their place, adding the words “Finance Board”.
   c. In paragraph (b)(3) by removing the word “analyst” and, in its place, adding the word “analyst”.

§ 906.5 [Amended]
19. Amend § 906.5:
   a. In paragraph (b)(1) by removing the word “Administration” and, in its place, adding the words “the Office of Resource Management”.
   b. In paragraph (c)(2)(iv) by adding, after the semi-colon, the word “or”.

PART 907—PROCEDURES
20. The authority citation for part 907 continues to read as follows:

21. Amend part 907 by removing the word “intervener” and “interveners” wherever they appear and adding, in their place, respectively, the words “intervenor” and “intervenors”.

§ 907.1 [Amended]
22. Amend § 907.1:
   a. In the introductory text by removing the words “For purposes of” and, in their place, adding the words “As used in”; and
   b. By removing the definitions of the terms “Board of Directors”, “Chairperson” and “Secretary to the Board”.

§ 907.6 [Amended]
23. Amend paragraph (b)(2) of § 907.6 by removing the words “Board of Directors” (in title case) and, in their place, adding the words “board of directors” (in lower case).

PART 910—FREEDOM OF INFORMATION ACT REGULATION
24. Revise the authority citation for part 910 to read as follows:
   Authority: 5 U.S.C. 552.

25. In § 910.1, revise the introductory text and the definitions of the terms “Agency” and “Financial Regulatory Agency” to read as follows:

§ 910.1 Definitions.
As used in this part:
   Agency has the meaning set forth in 5 U.S.C. 552(f)(1).

   Financial regulatory agency means the FRB, OCC, FDIC, OTS, NCUA, Farm Credit Administration, or a state officer, agency, supervisor, or other entity that has regulatory authority over, or is empowered to institute enforcement action against, a financial institution, including an insurance company.

PART 911—AVAILABILITY OF UNPUBLISHED INFORMATION
28. The authority citation for part 911 continues to read as follows:

29. Amend paragraph (d)(1)(ii) of § 911.9, in the introductory paragraph, by removing the words “paragraph (c)(1)” and, in their place, adding the words “paragraph (d)(1)”.

§ 912.1 [Amended]
31. The authority citation for part 912 continues to read as follows:
   Authority: 5 U.S.C. 552.

§ 912.2 [Redesignated]
32. Redesignate §§ 912.1 and 912.2 as §§ 912.2 and 912.1, respectively.

33. Amend newly designated § 912.1 by removing the definition of the term “Executive secretary”, by adding, in proper alphabetical sequence, a definition for the term “Secretary to the Board”, and by revising the introductory text and the definitions of the terms “Chairperson” and “Sunshine Act”, to read as follows:

§ 912.1 Definitions.
   As used in this part:

   * * * * *
   Chairperson includes the Acting Chairperson.

   * * * * *
   Secretary to the Board includes the Acting Secretary if the position of Secretary is vacant.


§ 912.2 [Amended]
34. Amend paragraph (a) of newly designated § 912.2, in the first sentence, by removing the words “Government in the Sunshine Act (5 U.S.C. 552b), that” and, in their place, adding the words “Sunshine Act, which”.

§ 912.4 [Amended]
35. Amend § 912.4:
   a. In paragraph (a)(3), introductory text, by removing the word “Provided” and adding, in its place, the italicized word “provided”; and
   b. In paragraph (a)(8) by removing the concluding period and adding, in its place, a semi-colon.

§ 912.5 [Amended]
36. Amend § 912.5:
   a. By removing the words “Executive Secretary” wherever they appear and adding, in their place, the words “Secretary to the Board”;
   b. In the first sentence of paragraph (a)(5), by removing the words “paragraphs (a) [5], (6), or (7) of § 912.4” and adding, in their place, the words “§ 912.4(a)(5), (6), or (7)”; and
   c. In paragraph (a)(6)(i) by:
      i. Removing the words “paragraph (a) of § 912.4” and adding, in their place, the words “§ 912.4(a)”; and
      ii. Adding, after the words “determined by the Board”, the words “of Directors”;
   d. Removing, in paragraph (b)(1), the words “paragraphs (a) [4], [8], or (10) of § 912.4” and adding, in their place, the words “§ 912.4(a)(4), (8), (9)(i) or (10)”; and
   e. Removing, in paragraph (c)(2), the words “paragraphs (a) [8], (9)(i) or (10)
of § 912.4.” and adding, in their place, the words “§ 912.4(a)(8), (9)(i) or (10)”.

§ 912.6 [Amended]
37. Amend § 912.6:
   a. In paragraph (a)(1) by removing the words “paragraph (a) of § 912.4” and adding, in their place, the words “§ 912.4(a)”; and
   b. In paragraph (a)(1) by removing the words “paragraph (a) of § 912.5” and adding, in their place, the words “§ 912.5(a)”; and
c. In paragraph (a)(2) by removing the words “paragraph (b) of § 912.5” and adding, in their place, the words “§ 912.5(b)”; and
d. In the first sentence of paragraph (b) by:
   i. Removing the words “paragraph (a) of § 912.5” and adding, in their place, the words “FHFB ID number”.

PART 913—PRIVACY ACT PROCEDURES

38. The authority citation for part 913 continues to read as follows: Authority: 5 U.S.C. 552a.

PART 913—[AMENDED]

39. In part 913, remove the words “Executive Secretary” wherever they appear and add, in their place, the words “Secretary to the Board.”

§§ 913.1, 913.2 [Redesignated]
40. Redesignate §§ 913.1 and 913.2 as §§ 913.2 and 913.1, respectively.

§ 913.3 [Amended]
41. Amend paragraph (b) of § 913.3 by adding the word “in” between the words “system of records shall be” and the words “writing, shall contain”.

§ 913.5 [Amended]
42. Amend § 913.5:
   a. In paragraph (b)(2)(vi), by removing the concluding period and adding, in its place, a semi-colon; and
   b. In paragraph (c), by adding the heading “Accounting.”.

§ 913.9 [Amended]
43. Amend § 913.9:
   a. In paragraph (c)(1)(iii), by removing the words “as amended, 5 U.S.C. App. 3” and adding, in their place, the words “as amended, 5 U.S.C. App. 3”;
   b. In paragraph (c)(2)(v), by removing the words “as amended, 5 U.S.C. App. 3” and adding, in their place, the words “as amended, 5 U.S.C. App. 3”;
   c. In paragraph (d), in the introductory text, by removing the words “comprised” and, in their place, adding the word “comprising”.

PART 915—BANK DIRECTOR ELIGIBILITY, APPOINTMENT AND ELECTIONS

44. Revise the authority citation for part 915 by revising it to read as follows: Authority: 12 U.S.C. 1422a(a)(3), 1422b(a), 1426, 1427, 1432.

PART 915—[AMENDED]

45. Amend part 915 by removing the words “docket number” wherever they appear and adding, in their place, the words “FHFB ID number”.

§ 915.1 [Amended]
46. Amend § 915.1:
   a. In the definition of “Discretionary directorship”, by removing the words “section 7(a) of the Act” and adding, in their place, the words “section 7(a) of the Act (12 U.S.C. 1427(a))”;
   b. In the definition of “Guaranteed directorship”, by removing the words “section 7(b) of the Act” and adding, in their place, the words “section 7(b) of the Act (12 U.S.C. 1427(b))”;
   c. In the definition of “Voting state”, by removing the words “part 933” and adding, in its place, the words “part 925”.

§ 915.3 [Amended]
47. Amend § 915.3:
   a. In paragraph (a), fourth sentence, by:
      i. Removing the words “Section 7(d) of the Act” and adding, in their place, the words “section 7(d) of the Act (12 U.S.C. 1427(d))”; and
      ii. Removing the word “chapter” and, in its place, adding the word “part”; and
   b. In paragraph (b)(4) by adding, after the words “section 7(e) of the Act”, the words “(12 U.S.C. 1427(e))”;
   c. In paragraph (b)(5), in the first sentence, by adding, after the words “section 7(a) of the Act”, the words “(12 U.S.C. 1427(a))”;
   d. In paragraph (d) by:
      i. Adding, preceding the text, the heading “Location of member.”; and
      ii. Adding after the words “section 7(c) of the Act”, the words “(12 U.S.C. 1427(c))”.

§ 915.5 [Amended]
48. Amend paragraph (c) of § 915.5, in the second sentence, by removing the words “Section 7(b) of the Act” and adding, in their place, the words “section 7(b) of the Act (12 U.S.C. 1427(b))”.

§ 915.7 [Amended]
49. Amend § 915.7:
   a. In paragraph (b)(2):
      i. In the first sentence, by removing the words “A bona fide resident of the Bank district or an” and adding, in their place, the word “An”; and
      ii. In the first sentence, by removing the words “appropriate federal regulator” and, in their place, adding the words “appropriate Federal banking agency”; and
   b. By removing the second sentence; and
   c. In paragraph (c)(1), by redesignating paragraphs (c)(1)(i) and (c)(1)(ii) as paragraphs (c)(1)(i)(A) and (c)(1)(i)(B), respectively;
   d. By redesigning paragraphs (c)(1)(i) and (c)(1)(ii) as paragraphs (c)(1)(i)(A) and (c)(1)(i)(B), respectively;
   e. By designating the introductory text of paragraph (c) as paragraph (c)(1) introductory text;
   f. By redesigning paragraph (c)(4) as paragraph (c)(2);
   g. In newly designated paragraph (c)(1)(i)(B), by removing the word “Act.” and adding, in its place, the words “Act (12 U.S.C. 1427(d))”;
   h. In newly designated paragraph (c)(1)(ii), by removing the period and, in its place, adding the word “; or”;
   i. In newly designated paragraph (c)(2), by removing the words “Section 7(d) of the Act” and adding, in their place, the words “section 7(d) of the Bank Act (12 U.S.C. 1427(d))”; and
   j. In paragraph (d)(2), by removing the words “Section 7(f) of the Bank Act” and adding, in its place, the words “section 7(f) of the Act (12 U.S.C. 1427(f))”.

§ 915.8 [Amended]
50. Amend paragraph (b) of § 915.8 by adding, before the period at the end of the second sentence, the words “of this section”.

§ 915.10 [Amended]
51. Amend paragraph (b) of § 915.10:
   a. In both the first and second sentences, by removing the words “Section 7(d) of the Act” and adding, in their place, the words “section 7(d) of the Act (12 U.S.C. 1427(d))”;
   b. In the second sentence, by removing the word “Part” both places that it appears and, in its place, adding the word “part”.

§ 915.12 [Amended]
52. Amend paragraph (a) of § 915.12, in the parenthetical following the first sentence, by removing the words “12 CFR 905.51” and adding, in their place, the words “905.25 of this chapter”.

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§ 915.15 [Amended]
53. Amend § 915.15, in the first sentence, by removing the word “Act” and adding, in its place, the words “Act (12 U.S.C. 1427(c))”.

§ 915.16 [Amended]
54. Amend paragraph (e) of § 915.16, in the second sentence, by removing the words “Section 7(d) of the Bank Act” and adding, in their place, the words “section 7(d) of the Act (12 U.S.C. 1427(d))”.

§ 915.17 [Amended]
55. Amend paragraph (a)(1) of § 915.17, in the second sentence, by removing the words “Section 7(a) of the Bank Act” and adding, in their place, the words “section 7(a) of the Act (12 U.S.C. 1427(a))”.

PART 917—POWERS AND RESPONSIBILITIES OF BANK BOARDS OF DIRECTORS AND SENIOR MANAGEMENT

56. The authority citation for part 917 continues to read as follows:
Authority: 12 U.S.C. 1422a(a)(3), 1422b(a)(1), 1426, 1427, 1432(a), 1436(a), 1440.

§ 917.1 [Amended]
57. Amend § 917.1:
(a) By removing the definition of “Capital structure plan”; and
(b) In paragraph (4) of the definition of “Contingency liquidity”, by removing the words “a credit rating organization regarded as a Nationally Recognized Statistical Rating Organization by the Securities and Exchange Commission” and adding, in their place, the words “an NRSRO”.

§ 917.3 [Amended]
58. Amend paragraph (b)(3)(i) of § 917.3 by removing the word “and” that appears after the semi-colon.

§ 917.4 [Amended]
59. Amend paragraph (a)(1) of § 917.4 by adding, between the words “advances,” and “letters of credit”, the word “standby”.

§ 917.5 [Amended]
60. Amend § 917.5:
(a) In paragraph (a) introductory text, by removing the words “90 days after the effective date of this section” and, in their place, adding the words “on July 30, 2000”;
(b) In paragraph (a)(4), by adding a hard (paragraph) return after the word “and” and
(c) In paragraph (c) by designating as a heading (italicizing) the words “Report to Finance Board”.

§ 917.6 [Amended]
61. Amend paragraph (c) of § 917.6, in the introductory text, by adding a comma after the words “paragraph (a)(1) of this section”.

§ 917.7 [Amended]
62. Amend paragraph (e)(8) of § 917.7 by removing the words “implementation of with the Bank’s” and, in their place, adding the words “implementation of the Bank’s”.

PART 918—BANK DIRECTOR COMPENSATION AND EXPENSES

63. The authority citation for part 918 continues to read as follows:
Authority: 12 U.S.C. 1422b(a), 1427.

§ 918.3 [Amended]
64. Amend paragraph (a)(1) of § 918.3 by removing the words “Act, as amended, 12 U.S.C. 1427(i)” and adding, in their place, the words “Act (12 U.S.C. 1427(i))”.

§ 918.5 [Amended]
65. Amend § 918.5 by removing the words “Act, as amended” and adding, in their place, the words “Act (12 U.S.C. 1427(i))”.

§ 918.7 [Amended]
66. Amend § 918.7 by removing the words “Act, as amended” and adding, in their place, the words “Act (12 U.S.C. 1427(i))”.

§ 918.9 [Amended]
67. Amend § 918.9 by adding the word “former” between the words “officers and employees in” and the words “12 CFR 932.19”.

PART 925—MEMBERS OF THE BANKS

68. The authority citation part 925 continues to read as follows:
Authority: 12 U.S.C. 1422, 1422a, 1422b, 1423, 1424, 1426, 1430, 1442.

Revise § 925.1 to read as follows:

§ 925.1 Definitions.
For purposes of this part:
Adjusted net income means net income, excluding extraordinary items such as income received from, or expense incurred in, sales of securities or fixed assets, reported on a regulatory financial report.
Aggregate funded loan principal means the aggregate unpaid principal of a subscriber’s or member’s home mortgage loans, home-purchase contracts and similar obligations.
Allowance for loan and lease losses means a specified balance-sheet account held to fund potential losses on loans or leases, that is reported on a regulatory financial report.
Appropriate regulator means a regulatory entity listed in § 925.8, as applicable.
Combination business or farm property means real property for which the total appraised value is attributable to residential, and business or farm uses.
Community financial institution or CFI means an institution:
(1) The deposits of which are insured under the Federal Deposit Insurance Act (12 U.S.C. 1811, et seq.); and
(2) That has, as of the date of the transaction at issue, less than the community financial institution asset cap in total assets, based on an average of total assets over three years, which shall be calculated by the Bank based on the average of total assets drawn from the institution’s regulatory financial reports filed with its appropriate regulator for the most recent calendar quarter and the immediately preceding 11 calendar quarters.
Community financial institution asset cap means, for 2000, $500 million. Beginning in 2001 and for subsequent years, the cap shall be adjusted annually by the Finance Board to reflect any percentage increase in the preceding year’s Consumer Price Index (CPI) for all urban consumers, as published by the U.S. Department of Labor. Each year, as soon as practicable after the publication of the previous year’s CPI, the Finance Board shall publish notice by the Federal Register of the CPI-adjusted cap.
Composite regulatory examination rating means a composite rating assigned to an institution following the guidelines of the Uniform Financial Institutions Rating System (Issued by the Federal Financial Institutions Examination Council; for availability contact the Federal Housing Finance Board, FOIA Office, 1777 F Street, NW, Washington, DC 20006), including a CAMEL rating, a MACRO rating, or other similar rating, contained in a written regulatory examination report.
Consolidation includes a consolidation, a merger, or a purchase of all of the assets and assumption of all of the liabilities of an entity by another entity.
Dwelling unit means a single room or a unified combination of rooms designed for residential use.
Enforcement action means any written notice, directive, order or
agreement initiated by an applicant for Bank membership or by its appropriate regulator to address any operational, financial, managerial or other deficiencies of the applicant identified by such regulator, but does not include a board of directors resolution adopted by the applicant in response to examination weaknesses identified by such regulator.

**Funded residential construction loan** means the portion of a loan secured by real property made to finance the on-site construction of dwelling units on one- to-four family property or multifamily property disbursed to the borrower.

**Home mortgage loan** means:

1. A loan, whether or not fully amortizing, or an interest in such a loan, which is secured by a mortgage, deed of trust, or other security agreement that creates a first lien on one of the following interests in property:
   - One-to-four family property or multifamily property, in fee simple;
   - A leasehold on one-to-four family property or multifamily property under a lease of not less than 99 years that is renewable, or under a lease having a period of not less than 50 years to run from the date the mortgage was executed; or
   - Combination business or farm property where at least 50 percent of the total appraised value of the combined property is attributable to the residential portion of the property or, in the case of any community financial institution, combination business or farm property, on which is located a permanent structure actually used as a residence (other than for temporary or seasonal housing), where the residence constitutes an integral part of the property; or
2. A mortgage pass-through security that represents an undivided ownership interest in:
   - Long-term loans, provided that, at the time of issuance of the security, all of the loans meet the requirements of paragraph (1) of this definition; or
   - A security that represents an undivided ownership interest in long-term loans, provided that, at the time of issuance of the security, all of the loans meet the requirements of paragraph (1) of this definition.

**Insured depository institution** means an insured depository institution as defined in section 2(12) of the Act (12 U.S.C. 1422(12)).

**Long-term** means a term to maturity of five years or greater.

**Manufactured housing** means a manufactured home as defined in section 603(6) of the Manufactured Home Construction and Safety Standards Act of 1974, as amended (42 U.S.C. 5402(6)).

**Multifamily property** means:

1. Real property that is solely residential and includes five or more dwelling units;
2. Real property that includes five or more dwelling units combined with commercial units, provided that the property is primarily residential; or
3. Nursing homes, dormitories, or homes for the elderly.

**Nonperforming loans and leases** means the sum of the following, reported on a regulatory financial report:

1. Loans and leases that have been past due for 90 days (60 days in the case of credit union applicants) or longer but are still accruing;
2. Loans and leases on a nonaccrual basis; and
3. Restructured loans and leases (not already reported as nonperforming).

**Nonresidential real property** means real property that is not used for residential purposes, including business or industrial property, hotels, motels, churches, hospitals, educational and charitable institution buildings or facilities, clubs, lodges, association buildings, golf courses, recreational facilities, farm property not containing a dwelling unit, or similar types of property.

**One-to-four family property** means:

1. Real property that is solely residential, including one-to-four family dwelling units or more than four family dwelling units if each dwelling unit is separated from the other dwelling units by dividing walls that extend from ground to roof, such as row houses, townhouses or similar types of property;
2. Manufactured housing if applicable state law defines the purchase or holding of manufactured housing as the purchase or holding of real property;
3. Individual condominium dwelling units or interests in individual cooperative housing dwelling units that are part of a condominium or cooperative building without regard to the number of total dwelling units therein; or
4. Real property which includes one- to-four family dwelling units combined with commercial units, provided the property is primarily residential.

**Other real estate owned** means all other real estate owned (i.e., foreclosed and repossessed real estate), reported on a regulatory financial report, and does not include direct and indirect investments in real estate ventures.

**Regulatory examination report** means a written report of examination prepared by the applicant’s appropriate regulator, containing, in the case of insured depository institution applicants, a composite rating assigned to the institution following the guidelines of the Uniform Financial Institutions Rating System, including a CAMEL rating, a MACRO rating, or other similar rating.

**Regulatory financial report** means a financial report that an applicant is required to file with its appropriate regulator on a specific periodic basis, including the quarterly call report for commercial banks, thrift financial report for savings associations, quarterly or semi-annual call report for credit unions, the National Association of Insurance Commissioners’ annual or quarterly report for insurance companies, or other similar report, including such report maintained by the appropriate regulator on a computer online database.

**Residential mortgage loan** means any one of the following types of loans, whether or not fully amortizing:

1. Home mortgage loans;
2. Funded residential construction loans;
3. Loans secured by manufactured housing whether or not defined by state law as secured by an interest in real property;
4. Loans secured by junior liens on one-to-four family property or multifamily property;
5. Mortgage pass-through securities representing an undivided ownership interest in:
   - Loans that meet the requirements of paragraphs (1) through (4) of this definition at the time of issuance of the security;
   - Securities representing an undivided ownership interest in loans, provided that, at the time of issuance of the security, all of the loans meet the requirements of paragraphs (1) through (4) of this definition; or
   - Mortgage debt securities as defined in paragraph (6) of this definition;
6. Mortgage debt securities secured by:
   - Loans, provided that, at the time of issuance of the security, substantially all of the loans meet the requirements of paragraphs (1) through (4) of this definition;
   - Securities that meet the requirements of paragraph (5) of this definition; or
   - Securities secured by assets, provided that, at the time of issuance of the security, all of the assets meet the requirements of paragraphs (1) through (5) of this definition;
7. Home mortgage loans secured by a leasehold interest, as defined in...
paragraph (1)(ii) of the definition of “home mortgage loan,” except that the period of the lease term may be for any duration; or
(8) Loans that finance properties or activities that, if made by a member, would satisfy the statutory requirements for the CIP established under section 10(i) of the Act (12 U.S.C. 1430(i)), or the regulatory requirements established for any CICA program.

Total assets means the total assets reported on a regulatory financial report.

§ 925.3 [Amended]
70. Amend paragraph (c) of § 925.3, in the last sentence, by removing the words “Executive Secretary” and adding, in their place, the words “Secretary to the Board”.

§ 925.4 [Amended]
71. Amend paragraph (c)(2) of § 925.4 by:
a. Removing the reference to “§ 925.25(d)(1)(ii)” and adding, in its place, a reference to “§ 925.24(b)(4)(i)”; and
b. Removing the reference to “§§ 925.25(d)(2)(i), (e) and (f)” and adding, in its place, a reference to “§ 925.24(c) and (d)”.

§ 925.5 [Amended]
72. Amend paragraph (a)(2) of § 925.5 by removing the words “Executive Secretary” and adding, in their place, the words “Secretary to the Board”.

§ 925.7 [Amended]
73. Amend § 925.7 by adding the words “(12 U.S.C. 1424(a)(1)(A))” between the words “of the Act” and the words “and § 925.6(a)(1)”.

§ 925.8 [Amended]
74. Amend § 925.8 by:
a. Adding the words “(12 U.S.C. 1424(a)(1)(B))” between the words “of the Act” and the words “and § 925.6(a)(2)”; and
b. Removing the words “Federal Deposit Insurance Corporation, the Federal Reserve Board, the National Credit Union Administration, the Office of the Comptroller of the Currency, the Office of Thrift Supervision” and, in their place, adding the words “FDIC, FRB, NCUA, OCC, OTS”.

§ 925.9 [Amended]
75. Amend § 925.9 by adding the words “(12 U.S.C. 1424(a)(1)(C))” between the words “of the Act” and the words “and § 925.6(a)(3)”.

§ 925.10 [Amended]
76. Amend § 925.10 by:
a. Adding the words “(12 U.S.C. 1424(a)(2)(A))” between the words “of the Act” and the words “and § 925.6(b)”;

(b) Makes long-term home mortgage loans requirement. A de novo applicant shall be deemed to make long-term home mortgage loans as required by § 925.9 if it has filed as part of its application for membership a written justification acceptable to the Bank of how its home financing credit policy and lending practices will include originating or purchasing long-term home mortgage loans.

(c) 10 percent requirement. (1) One-year requirement. A de novo applicant that is subject to the 10 percent requirement of section 4(a)(2)(A) of the Act (12 U.S.C. 1424(a)(2)(A)) and § 925.6(b) shall have until one year after commencing its initial business operations to meet the 10 percent requirement of § 925.10.

(2) Conditional approval. A de novo applicant shall be conditionally deemed to be in compliance with the 10 percent requirement of section 4(a)(2)(A) of the Act (12 U.S.C. 1424(a)(2)(A)) and § 925.6(b). A de novo applicant that receives such conditional membership approval is subject to the stock purchase requirements of § 925.20 and the advances provisions of part 950 of this chapter.

(3) Approval. A de novo applicant shall be deemed to be in compliance with the 10 percent requirement of section 4(a)(2)(A) of the Act (12 U.S.C. 1424(a)(2)(A)) upon receipt by the Bank from the applicant, within 30 days of the commencement of the applicant’s initial business operations, of evidence acceptable to the Bank that the applicant satisfies the 10 percent requirement.

(4) Conditional approval deemed null and void. If the requirements of paragraph (c)(3) of this section are not satisfied, a de novo applicant shall be deemed to be in noncompliance with the 10 percent requirement of section 4(a)(2)(A) of the Act (12 U.S.C. 1424(a)(2)(A)) and § 925.6(b), and its conditional membership approval is deemed null and void.

(5) Treatment of outstanding advances and Bank stock. If a de novo applicant’s conditional membership approval is deemed null and void pursuant to paragraph (c)(4) of this section, the liquidation of any outstanding indebtedness owed by the applicant to the Bank and redemption of stock of such Bank shall be carried out in accordance with § 925.29.

(d) Home financing policy requirement. (1) Conditional approval. A de novo applicant that has not received its first formal, or, if unavailable, informal or preliminary, Community Reinvestment Act (CRA) performance evaluation, shall be conditionally deemed to be in compliance with the home financing policy requirement of section 4(a)(2)(C) of the Act (12 U.S.C. 1424(a)(2)(C)) and § 925.6(a)(6), if the applicant has filed as part of its application for membership a written justification acceptable to the Bank of how and why its home financing credit policy and lending practices will meet the credit needs of
its community. An applicant that receives such conditional membership approval is subject to the stock purchase requirements of § 925.20 and the advances provisions of part 950 of this chapter.

(2) Approval. A de novo applicant that has been granted conditional approval under paragraph (d)(1) of this section shall be deemed to be in compliance with the home financing policy requirement of section 4(a)(2)(C) of the Act (12 U.S.C. 1424(a)(2)(C)) and § 925.6(a)(6) upon receipt by the Bank of evidence from the applicant that it received a CRA rating of “Satisfactory” or better on its first formal, or if unavailable, informal or preliminary, CRA performance evaluation.

(3) Conditional approval deemed null and void. If the de novo applicant’s first such CRA rating is “Needs to Improve” or “Substantial Non-Compliance,” the applicant shall be deemed to be in noncompliance with the home financing policy requirement of section 4(a)(2)(C) of the Act (12 U.S.C. 1424(a)(2)(C)) and § 925.6(a)(6), subject to rebuttal by the applicant under § 925.17(f), and its conditional membership approval is deemed null and void.

(4) Treatment of outstanding advances and Bank stock. If the applicant’s conditional membership approval is deemed null and void pursuant to paragraph (d)(3) of this section, the liquidation of any outstanding indebtedness owed by the applicant to the Bank and redemption of stock of such Bank shall be carried out in accordance with § 925.29.

§ 925.16 [Amended]
81. Amend § 925.16 by adding the words “(12 U.S.C. 1424(a)(2)(B))” between the words “of the Act” and the words “and § 925.6(a)(4)).”

§ 925.17 [Amended]
82. Amend § 925.17:
   a. In paragraph (a) by removing the words “of the Act and § 925.6 (a)” and adding, in their place, the words “of the Act (12 U.S.C. 1424(a)) and § 925.6(a)”; 
   b. In paragraph (b) by removing the words “of the Act and § 925.6(a) [2]” and adding, in their place, the words “of the Act (12 U.S.C. 1424(a)) and § 925.6(a)”; and 
   c. In the heading to paragraph (f), by removing the words “925.13, 925.14(a)(4), and 925.14(b)(3)” and, in their place, adding the words “925.13 and 925.14(d)).”

§ 925.18 [Amended]
83. Amend paragraph (e) of § 925.18 by removing the words “of the Act or §§ 925.26, 925.27, and 925.28” and, in their place, adding the words “of the Act (12 U.S.C. 1426) or §§ 925.26 and 925.27”.

§ 925.22 [Amended]
84. Amend § 925.22:
   a. In paragraph (b)(2), by removing the word “Board” wherever it appears and adding, in its place, the words “Finance Board”; and 
   b. In paragraph (c) by removing the words “of the Act, 12 U.S.C. 1426(b), 1430(c), 1430(e)” and adding, in their place, the words “of the Act (12 U.S.C. 1426(b), 1430(c), 1430(o)).”

§ 925.24 [Amended]
85. Amend § 925.24:
   a. In paragraph (b)(5), in the first sentence, by adding the words “(12 U.S.C. 1426)” immediately preceding the period; 
   b. In paragraph (c) by removing the words “Chapter” and adding, in its place, the word “chapter”; and 
   c. In paragraph (d), by removing the words “of the Act, 12 U.S.C. 1426(f)” and adding, in their place, the words “of the Act (12 U.S.C. 1426(f)).”

§ 925.26 [Amended]
86. Amend paragraph (d) of § 925.26 by removing the words “requirements under section 12 U.S.C. 1441b(5)(2)(C)” and, in their place, adding the words “requirements under section 21B(5)(2)(C) of the Act (12 U.S.C. 1441b(5)(2)(C)).”

§ 925.31 [Amended]
87. Amend § 925.31:
   a. In paragraph (a), by removing the word “Board” and adding, in its place, the words “Finance Board”; and 
   b. In paragraph (b), by removing the words “Board” and adding, in its place, the words “Finance Board”.

PART 926—FEDERAL HOME LOAN BANK HOUSING ASSOCIATES

88. The authority citation for § 926.1 continues to read as follows:

§ 926.1 [Amended]
89. Amend § 926.1 by removing the definitions of the terms “Advance” and “HUD”.

§ 926.4 [Amended]
90. Amend § 926.4:
   a. In paragraph (a) by adding the words “(12 U.S.C. 1430(b(a))” between the words “of the Act” and the words “and § 926.3(a)(1))”; 
   b. In paragraph (c)(1), by adding the words “(12 U.S.C. 1430(b(a))” between the words “of the Act” and the words “and § 926.3(a)(3)); and 
   c. In paragraph (d), in the first sentence, by adding the words “(12 U.S.C. 1430(b(a))” between the words “of the Act” and the words “and § 926.3(a)(4)).”

PART 930—DEFINITIONS APPLYING TO RISK MANAGEMENT AND CAPITAL REGULATIONS

91. The authority citation for part 930 continues to read as follows:
   Authority: 12 U.S.C. 1422a(a)(3), 1422b(a), 1426, 1440, 1443, 1446.

92. Amend § 930.1 by:
   a. Removing the definitions of the terms “Capital plan” and “GAAP”; and 
   b. Revising the definitions of the terms “Contingency liquidity”, “Credit risk”, “Market risk” and “Operations risk” to read as follows:

§ 930.1 Definitions.
   As used in this subchapter:
   * * * * *
   Contingency liquidity means the sources of cash a Bank may use to meet its operational requirements when its access to the capital markets is impeded, and includes:
   (1) Marketable assets with a maturity of one year or less;
   (2) Self-liquidating assets with a maturity of seven days or less;
   (3) Assets that are generally accepted as collateral in the repurchase agreement market; and 
   (4) Irrevocable lines of credit from financial institutions rated not lower than the second highest credit rating category by an NRSRO.
   * * * * *
   Credit risk means the risk that the market value, or estimated fair value if market value is not available, of an obligation will decline as a result of deterioration in creditworthiness.
   * * * * *
   Market risk means the risk that the market value, or estimated fair value if market value is not available, of a Bank’s portfolio will decline as a result of changes in interest rates, foreign exchange rates, equity and commodity prices.
   * * * * *
   Operations risk means the risk of an unexpected loss to a Bank resulting from human error, fraud, unenforceability of legal contracts, or deficiencies in internal controls or information systems.
   * * * * *

PART 932—FEDERAL HOME LOAN BANK CAPITAL REQUIREMENTS

93. The authority citation for part 932 continues to read as follows:
PART 940—CORE MISSION ACTIVITIES

95–96. The authority citation for part 940 continues to read as follows:

97. Revise §940.1 to read as follows:

§940.1 Definitions.
As used in this part:
Targeted income level has the meaning set forth in paragraphs (1) and (2) of the definition of “targeted income level” in §952.1 of this chapter.

§940.2 [Amended]
98. Amend §940.2:
(a) In the introductory text, by:
   i. Removing the word “associates” and adding, in its place, the words “housing associates”;
   ii. Removing the words “members” and “housing associates’ financial” and adding, in their place, the words “members” and “housing associates”; and
   b. In paragraph (a) of §940.2 by removing the word “Housing” and adding, in its place, the words “Financing of housing”.

PART 944—COMMUNITY SUPPORT REQUIREMENTS

99. Revise the authority citation for part 944 to read as follows:
Authority: 12 U.S.C. 1422a(a)(3), 1422b(a)(1), 1430(g).

100. Revise §944.1 to read as follows:

§944.1 Definitions.
For purposes of this part:
Advisory Council means the Advisory Council each Bank is required to establish pursuant to section 10(j)(11) of the Act (12 U.S.C. 1430(j)(11)) and part 951 of this chapter.

CRA evaluation means the public disclosure portion of the CRA performance evaluation provided by a member’s appropriate Federal banking agency.
Displaced homemaker means an adult who has not worked full-time, full-year in the labor force for a number of years and, during that period, worked primarily without remuneration to care for a home and family, and currently is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.
First-time homebuyer means:
   (1) An individual and his or her spouse, if any, who has had no present ownership interest in a principal residence during the three-year period prior to purchase of a principal residence.
   (2) A displaced homemaker who, except for owning a residence with his or her spouse or residing in a residence owned by him or her spouse, meets the requirements of paragraph (1) of this definition.
   (3) A single parent who, except for owning a residence with his or her spouse or residing in a residence owned by him or her spouse, meets the requirements of paragraph (1) of this definition.
First-time homebuyer means an advance with a term to maturity greater than one year.
Long-term advance means an advance with a term to maturity greater than one year.
Restriction on access to long-term advances means a member may not borrow long-term advances or renew any maturing advance for a term to maturity greater than one year.
Single parent means an individual who is unmarried or legally separated from a spouse and has custody or joint custody of one or more minor children or is pregnant.
Targeted community lending has the meaning set forth in §952.1 of this chapter.

§944.2 [Amended]
101. Amend §944.2:
(a) In paragraph (b)(2) introductory text, by adding the word “to” immediately preceding the colon; and
   b. In paragraph (b)(2)(i), by removing the words “To each” and adding, in their place, the word “Each”.

§944.3 [Amended]
102. Amend §944.3:
(a) In paragraph (b)(2), second sentence, by removing the words “Federal financial supervisory agency” and adding, in their place, the words “Federal banking agency”;
   b. In paragraph (c)(1)(i), by removing the word “or”;
   c. In paragraph (c)(1)(ii)(B), by adding the word “or” immediately following the semi-colon;
   d. In paragraph (c)(1)(ii)(C), by removing the word “or” that immediately follows the semi-colon; and
   e. In paragraph (c)(2) of §944.3, in the third sentence, by removing the word “§936.5” and adding, in their place, the word “§944.5”.

§944.5 [Amended]
103. Amend §944.5:
(a) In paragraph (b), by removing the comma following the words “advances” and adding, in its place, a colon.
   b. In paragraph (d)(1)(i) of §944.5:
      i. In the third sentence, by removing the words “federal financial supervisory agency, or the National Credit Union Administration for a federally insured credit union member, or the member’s appropriate state regulator” and, in their place, adding the words “Federal banking agency, or the member’s appropriate state regulator”;
      ii. By removing the last sentence; and
      c. In paragraph (d)(3), by removing the comma following the words “paragraph (d)” and adding, in its place, a colon.

§944.6 [Amended]
104. Amend §944.6:
(a) In paragraph (a)(3) by removing the word “and” that immediately follows the semi-colon;
   b. In paragraph (a)(4), by adding the word “and” immediately following the semi-colon; and
   c. In paragraph (a)(5)(iii), by removing the words “nonmember borrowers” and adding, in their place, the words “housing associates”.

§944.7 [Amended]
105. Amend §944.7 by adding the words “(12 U.S.C. 1430(j)(11))” between the words “of the Act” and the words “shall include”.

PART 950—ADVANCES

106. Revise the authority citation for part 950 to read as follows:

107. Amend §950.1 by:
(a) Removing the definitions of the terms “Advance”, “Affordable Housing Program or AHP”, “Appropriate Federal banking agency”, “Community Investment Cash Advance or CICA”, “FDIC”, “GAA”, “HUD”, “OCC”, “OTS”, and “State”;
   b. Adding, in correct alphabetical sequence, definitions for the terms “CFI member” and “Credit Union” and revising the definitions for the terms “Depository institution”, “Dwelling unit”, “Insurer”, “Long-term advance”, “Multi-family property”, “Nonresidential real property”, “Small business loans”, “State housing finance agency or SHFA” and “Tangible capital” to read as follows:

§950.1 Definitions.
As used in this part:
CFI member means a member that is a Community Financial Institution, as defined in §925.1 of this chapter, except that, for purposes of this part, the member’s average of total assets over three years shall be calculated by the Bank:

(1) Based on the average of total assets drawn from the institution’s regulatory financial reports (as defined in §925.1 of this chapter) filed with its appropriate regulator (as defined in §925.1 of this chapter) for the three most recent calendar year-ends; and

(2) Annually, and shall be effective April 1 of each year.

Credit union means a credit union as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752).

Depository institution means a bank, savings association, or credit union.

Dwelling unit means a single room or a unified combination of rooms designed for residential use by one household.

Insurer means the FDIC for insured depository institutions, as defined in section 3(c)(2) of the Federal Deposit Insurance Act (12 U.S.C. 1813(c)(2)), and the NCUA for federally-insured credit unions.

Long-term advance means an advance with an original term to maturity greater than five years.

Multifamily property means:

(1)(i) Real property that is solely residential and which includes five or more dwelling units; or

(ii) Real property which includes five or more dwelling units with commercial units combined, provided the property is primarily residential.

(2) Multifamily property as defined in this section includes nursing homes, dormitories and homes for the elderly.

Nonresidential real property means real property not used for residential purposes, including business or industrial property, hotels, motels, churches, hospitals, educational and charitable institutions, clubs, lodges, association buildings, golf courses, recreational facilities, farm property not containing a dwelling unit, or similar types of property, except as otherwise determined by the Finance Board in its discretion.

Small business loans means commercial and industrial loans that are within the legal lending limit of the reporting CFI member and that are reported on either Schedule RC–C, Part I, item 1.e or Schedule RC–C, Part I, item 4 of the Report of Condition and Income filed by insured commercial banks and FDIC-supervised savings banks; or Schedule SC300, SC303 or SC306 of the Thrift Financial Report filed by savings associations (or equivalent successor schedules).

State housing finance agency or SHFA has the meaning set forth in §926.1 of this chapter.

Tangible capital means:

(1) Capital, calculated according to GAAP, less “intangible assets” except for purchased mortgage servicing rights to the extent such assets are included in a member’s core or Tier 1 capital, as reported in the member’s Thrift Financial Report for members whose primary federal regulator is the OTS, or as reported in the Report of Condition and Income for members whose primary federal regulator is the FDIC, the OCC, or the FRB.

(2) Capital calculated according to GAAP, less intangible assets, as defined by a Bank for members that are not regulated by the OTS, the FDIC, the OCC, or the FRB; provided that a Bank shall include a member’s purchased mortgage servicing rights to the extent such assets are included for the purpose of meeting regulatory capital requirements.

§950.2 [Amended]

108. Amend the heading to paragraph (d) of §950.2 by removing the words “Approval—By the Bank’s board of directors” and, in their place, adding the words “Form of applications and agreements”.

§950.4 [Amended]

109. Amend §950.4:

a. In paragraph (e)(1), by removing the word “monthly” and, in its place, adding the word “quarterly”;

b. In paragraph (e)(2), by removing the word “monthly” and, in its place, adding the word “quarterly”;

c. In paragraph (g)(2)(i), by removing the word “950.4(b)(2)” and, in its place, adding the word “950.2(b)(2)”;

d. In paragraph (g)(2)(ii), by removing the word “950.4(a)” and, in its place, adding the word “950.2(a)”.

110. Amend §950.7 by revising paragraphs (a)(1)(i)(D), (a)(2)(i) and (e)(3) to read as follows:

§950.7 Collateral.

(a) * * *

(1) * * *

(ii) * * *

(D) Such other high-risk securities as the Finance Board in its discretion may determine.

(2) * * *

(i) Mortgage-backed securities issued or guaranteed by Freddie Mac, Fannie Mae, Ginnie Mae, or any other agency of the United States Government;

(e) * * *

(3) The security interest of the Bank in such member’s Bank stock shall be entitled to the priority provided for in section 10(e) of the Act (12 U.S.C. 1430(e)).

§950.8 [Amended]

111. Amend paragraph (a) of §950.8 by removing the words “such member” and adding, in their place, the words “a member”.

§950.9 [Amended]

112. Amend paragraph (a)(1) of §950.9 by removing the words “950.4(c)” and adding, in their place, the words “950.2(c)”.

§950.11 [Amended]

113. Amend §950.11, in the first sentence of paragraph (b)(1), by adding the words “(12 U.S.C. 1426(b)(1))” between the words “6(b)(1) of the Act” and the words “is maintained”.

§950.14 [Amended]

114. Amend §950.14 by revising paragraphs (b)(2)(i)(A), (b)(2)(i)(C), (c)(2)(i), (c)(2)(ii), (e)(2) and (e)(3) to read as follows:

§950.17 Advances to housing associates.

§950.18 Advance pricing.

(i) A Bank shall price advances to housing associates in accordance with the requirements for pricing advances to members set forth in §950.3(b). Wherever the term “member” appears in §950.3(b), the term shall be construed also to mean “housing associate.”

(ii) A Bank shall apply the pricing criteria identified in §950.5(b)(2) equally to all of its member and housing associate borrowers.

(e) * * *

(2) Verification of eligibility. A Bank may, from time to time, require a housing associate to provide evidence that it continues to satisfy all of the
eligibility requirements of the Act, this
subpart and part 926 of this chapter.
3 Loss of eligibility. A Bank shall not extend a new advance or renew an existing advance to a housing associate that no longer meets the eligibility requirements of the Act, this subpart and part 926 of this chapter until the entity has provided evidence satisfactory to the Bank that it is in compliance with such requirements.

§ 950.25 [Amended]
115. Amend paragraph (b) of § 950.25 by removing the words “debtor/creditor” and adding, in their place, the words “creditor/debtor”.

PART 951—AFFORDABLE HOUSING PROGRAM

116. The authority citation for part 951 continues to read as follows:
117. Amend § 951.1:
 a. By removing the definitions of the terms “Advance”, “AHP or Program”, “CIP”, “HUD” and “State”; and
 b. By revising the definition of the word “Habitable” and adding, in correct alphabetical sequence, a definition for the word “Program” to read as follows:

§ 951.1 Definitions.
As used in this part:
* * * * *
Habitable means suitable for occupancy, taking into account local health, safety and building codes.
* * * * *
Program means the Affordable Housing Program.
* * * * *

§ 951.4 [Amended]
118. Amend paragraph (g) of § 951.4 by removing the words “Council members” and adding, in their place, the words “Council members”.

§ 951.5 [Amended]
119. Amend § 951.5:
 a. In paragraph (b)(2)(i)(A) of by adding a comma immediately following the words “other sources”;
 b. In paragraph (b)(7)(i), by removing the words “951.13 (c)(4)” and adding, in their place, the words “951.3(c)(4)”;
 c. In paragraph (b)(7)(ii), by removing the words “951.13 (c)(5)” and adding, in their place, the words “951.3(c)(5)”.

§ 951.9 [Amended]
120–121. Amend § 951.9, in the introductory text, by removing the words “Modification procedure.”.

§ 951.10 [Amended]
122. Amend paragraph (c)(1) of § 951.10, in the introductory text, by italicizing (designating as a heading) the words “Owner-occupied projects”.

§ 951.12 [Amended]
123. Amend paragraph (h) of § 951.12 by removing the words “Procedures for Review of Disputed Supervisory Determinations” and adding, in their place, the words “procedures for review of disputed supervisory determinations set forth in § 907.9 of this chapter”.

§ 951.16 [Amended]
124. Amend § 951.16, in the first sentence, by adding the words “(12 U.S.C. 1430(j))” between the words “of the Act” and the words “and the provisions”.

PART 952—COMMUNITY INVESTMENT CASH ADVANCE PROGRAMS

125. Amend the authority citation for part 952 by revising it to read as follows:

§§ 952.1, 952.2, 952.3 [Redesignated]
126. Redesignate §§ 952.1, 952.2 and 952.3 as §§ 952.2, 952.3 and 952.1, respectively.

§ 952.1 [Amended]
127. Amend newly designated § 952.1:
 a. By removing the definitions of the terms “Advance”, “AHP”, “CICA”, “CIP” and “HUD”;
 b. By moving the definition of “Targeted community lending” into the correct alphabetical sequence; and
 c. In the definition of “CICA program or Community Investment Cash Advance program”, by removing both references to “§ 952.3” and adding, in its place, references to “§ 952.1”.

§ 952.2 [Amended]
128. Amend newly designated § 952.2:
 a. In the first sentence, by adding the words “(12 U.S.C. 1430(j))” between the words “of the Act” and the words “authorizes the Banks”;
 b. By removing the words “(See 12 U.S.C. 1430(j)(10))” that immediately follow the first sentence.
129. Revise newly designated § 952.3 to read as follows:

§ 952.3 Purpose.
The purpose of this part is to identify targeted community lending projects that the Banks may support through the establishment of CICA programs under section 10(j)(10) of the Act (12 U.S.C. 1430(j)(10)). Pursuant to this part, a Bank may offer Rural Development Funding (RDF) or Urban Development Funding (UDF) programs, or both, for targeted community lending using the targeted beneficiaries or targeted income levels specified in § 952.1, without prior Finance Board approval. A Bank also may offer other CICA programs for targeted community lending using targeted beneficiaries and targeted income levels other than those specified in § 952.1, established by the Bank with the prior approval of the Finance Board. In addition, a Bank shall offer CICA programs under section 10(i) of the Act (12 U.S.C. 1430(j)(1)(Community Investment Program (CIP)) and section 10(j) of the Act (12 U.S.C. 1430(j)(AHP)). A Bank may provide advances or grants under its CICA programs except for CIP programs, under which a Bank may only provide advances.

§ 952.5 [Amended]
130. Amend § 952.5:
 a. In paragraph (a)(3), by removing the reference to “§ 952.3” and adding, in its place, a reference to “§ 952.1”;
 b. In paragraph (a)(4), by removing the reference to “§ 952.3” and adding, in its place, a reference to “§ 952.1”;
 c. In paragraph (d)(4), by removing the reference to “§ 950.6” and adding, in its place, a reference to “§ 950.5”;
 d. In paragraph (d)(4)(iii), by removing the reference to “§ 950.24” and adding, in its place, a reference to “§ 950.17”; and
 e. In paragraph (d)(6)(i), by removing the word “fund” and adding, in its place, the words “Discount Fund”.

PART 955—ACQUIRED MEMBER ASSETS

131. The authority citation for part 955 continues to read as follows:
132. Revise § 955.1 to read as follows:

§ 955.1 Definitions.
As used in this part:
Affiliate means any business entity that controls, is controlled by, or is under common control with, a member.
Expected losses means the base loss scenario in the methodology of an NRSRO applicable to that type of AMA asset.
Residential real property has the meaning set forth in § 950.1 of this chapter.

§ 955.3 [Amended]
133–134. Amend § 955.3 by:
 a. In paragraph (b)(2)(ii), by removing the word “and” that follows the semi-colon; and
 b. In paragraph (b)(3), by adding the word “and” immediately following the semi-colon.
PART 956—INVESTMENTS

135. The authority citation for part 956 continues to read as follows:


136. Revise §956.1 to read as follows:

§956.1 Definitions.

As used in this part:

Deposits in banks or trust companies means the deposit of money in an authorized depository institution as defined in section 3 of the National Bank Act (12 U.S.C. 84), including a Savings Association or the Government National Mortgage Association or the Federal Home Loan Mortgage Corporation pursuant to 12 U.S.C. 1422a(a)(3), 1422b(a), 1429.

Derivative contract means generally a financial contract the value of which is derived from the values of one or more assets, reference rates, or indices of asset values, or credit-related events. Derivative contracts include interest rate, foreign exchange rate, equity, precious metals, commodity, and credit contracts, and any other instruments that pose similar risks.

Investment grade means:

(1) A credit quality rating in one of the four highest credit rating categories by an NRSRO and not below the fourth highest credit rating category by any NRSRO; or

(2) If there is no credit quality rating by an NRSRO, a determination by a Bank that the issuer, asset or instrument is the credit equivalent of investment grade using credit rating standards available from an NRSRO or other similar standards.

Repurchase agreement means an agreement between a seller and a buyer whereby the seller agrees to repurchase a security or similar securities at an agreed upon price, with or without a stated time for repurchase.

§956.2 [Amended]

137. Amend §956.2:

a. In paragraph (c), by removing the words “the Federal National Mortgage Association or the Government National Mortgage Association” and adding, in their place, the words “Fannie Mae or Ginnie Mae”;

b. In paragraph (d), by removing the words “the Federal Home Loan Mortgage Corporation pursuant to 12 U.S.C. 1454 or 1455” and adding, in their place, the words “Freddie Mac pursuant to sections 305 or 306 of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454 or 1455)”.

§956.3 [Amended]

138. Amend paragraph (a)(4)(iii) of §956.3 by removing the words “a NRSRO” and adding, in their place, the words “an NRSRO”.

§956.4 [Amended]

139. Amend the introductory text of §956.4 by removing the words “a NRSRO” and adding, in their place, the words “an NRSRO”.

§956.5 [Amended]

140. Amend §956.5:

a. In paragraph (b), by removing the words “12 CFR part 961” and adding, in their place, the words “part 960 of this chapter”;

b. In paragraph (e), by removing the word “Commitment” and adding, in its place, the words “Commitments”.

PART 960—REMOVED

141. Under the authority of 12 U.S.C. 1422b(a), part 960 is removed.

PART 961—REDESIGNATED

142. Part 961 is redesignated as part 960.

PART 960—STANDBY LETTERS OF CREDIT

143. The authority citation for newly designated part 960 continues to read as follows:


144. Amend newly designated §960.1 by adding, in correct alphabetical sequence, a definition for the term “Investment grade” to read as follows:

§960.1 Definitions.

Investment grade means:

(1) A credit quality rating in one of the four highest credit rating categories by an NRSRO and not below the fourth highest credit rating category by any NRSRO; or

(2) If there is no credit quality rating by an NRSRO, a determination by a Bank that the issuer, asset or instrument is the credit equivalent of investment grade using credit rating standards available from an NRSRO or other similar standards.

§960.2 [Amended]

145. Amend paragraph (b) of newly designated §960.2 by removing the reference to §961.4(a)(2) and adding, in its place, a reference to §960.4(a)(2).

§960.4 [Amended]

146. Amend paragraph (c) of newly designated §960.4 by adding the words “1430, 1430b)” between the words “of the Act” and the words “and part 950”.

§960.5 [Amended]

147. Amend paragraph (b)(1) of newly designated §960.5 by removing the words “961.2 or 961.3” and adding, in their place, the words “960.2 or 960.3”.

PART 965—SOURCES OF FUNDS

148. Revise the authority citation for part 965 to read as follows:

Authority: 12 U.S.C. 1422a, 1422b, 1431.

§965.1 [Amended]

149. Amend the definition of “Deposits in banks or trust companies” in §956.1.

PART 956—CONSOLIDATED OBLIGATIONS

150. Amend the paragraph (b) of §956.2 by removing the words “950.24(b)(2)(i)(B), 950.24(d) or 961.4(a)(1)” and adding, in their place, the words “950.17(b)(2)(i)(B), 950.17(d) or 960.4(a)(1)”.

PART 966—CONSOLIDATED OBLIGATIONS

151. Revise the authority citation for part 966 to read as follows:

Authority: 12 U.S.C. 1422a, 1422b, 1431.

§966.1 Definitions.

As used in this part:

Non-complying Bank means a Bank that has failed to provide the liquidity certification as required under §966.9(b)(1).

§966.2 [Amended]

153. Amend §966.2:

a. In paragraph (a), in the last sentence, by removing the words “of the Finance Board” that follow the words “Board of Directors”;

b. In paragraph (b)(2) by removing the words “part 985” and, adding, in their place, the words “part 965 of this chapter”.

§966.3 [Amended]

154–155. Amend paragraph (a)(1) of §966.3, in the last sentence, by removing the words “12 U.S.C. 1431(g)” and adding, in their place, the words “section 11(g) of the Act (12 U.S.C. 1431(g))”.

§966.8 [Amended]

156. Amend paragraph (a) of §966.8 by removing the word “OF” and adding, in its place, the words “Office of Finance”.

Authority:
§ 966.10 [Amended]

157. Amend § 966.10 by adding the words “(12 U.S.C. 1431)” between the words “of the Act” and the words “and pursuant to this part”.

PART 975—COLLECTION, SETTLEMENT, AND PROCESSING OF PAYMENT INSTRUMENTS

158. The authority citation for part 975 continues to read as follows:


159. Redesignate §§ 975.1 and 975.2 as §§ 975.2 and 975.1, respectively.

160. Revise newly designated § 975.1 to read as follows:

§ 975.1 Definitions.

(a) Unless otherwise defined in this part, the terms used in this part shall conform, in the following order, to: Regulations of the Finance Board, the Uniform Commercial Code, regulations of the Federal Reserve System, and general banking usage.

(b) As used in this part:

Account processing includes charging, crediting, and settling of member or eligible institution accounts, excluding individual customer accounts.

Assets includes furniture and equipment, leasehold improvements, and capitalized start-up costs.

Data communication means transmitting and receiving of data to or from Banks, Federal Reserve offices, clearinghouse associations, depository institutions or their service bureaus, and other direct sending entities, arrangement for delivery of information; and telephone inquiry service.

Data processing includes capture, storage, and assembling of, and computation of, data from payment instruments received from Federal Reserve offices, Banks, clearinghouse associations, depository institutions, and other direct lending entities.

Eligible institution means any institution that is eligible to make application to become a member of a Bank under section 4 of the Act (12 U.S.C. 1424), including any building and loan association, savings and loan association, cooperative bank, homestead association, insurance company, savings bank, or any insured depository institution (as defined in section 2(12) of the Act (12 U.S.C. 1422(12))), regardless of whether the institution applies for or would be approved for membership.

Issuance of forms means the designation and distribution of standardized forms for use in collection, processing, and settlement services.

Presentment means a demand for acceptance or payment made upon the maker, acceptor, drawer or other payor by or on behalf of the holder, and may involve the use of electronic transmission of an instrument or item or transmission of data from the instrument or item by electronic or mechanical means.

Statement packaging includes receiving statement information from members or eligible institutions or their service bureaus on respective customer cycle dates; printing statements; matching customer account statements; packaging the statements with appropriate items and informational materials, as authorized by individual members and eligible institutions, for distribution to their customers; sending the packages to the members or eligible institutions or mailing the packages directly to their customers.

Storage services includes filing, storage, and truncation of items.

Transportation of items includes transporting items from Federal Reserve offices, other Banks’ clearinghouse associations, depository institutions, and other direct sending entities to a Bank; forwarding items to financial institutions after sorting and forwarding cash items or return items to Federal Reserve offices and other sending entities.

§ 975.2 [Amended]

161. Amend newly designated § 975.2:

a. In paragraph (a) by removing the words “(12 U.S.C. 1431(e)(2)) (Bank Act)” and adding, in their place, the words “(12 U.S.C. 1431(e)(2))”;

b. In paragraph (b) by:

i. Removing the words “Bank Act” and adding, in their place, the word “Act”;

ii. Adding the words “(12 U.S.C. 1431(e)(2))” between the words “of the Act” and the words “shall be governed”.

162–163. Revise § 975.3 to read as follows:

§ 975.3 General provisions.

The Banks are authorized to:

(a) Engage in, be agents or intermediaries for, or otherwise participate or assist in, the processing, collection, and settlement of checks, drafts, or any other negotiable or nonnegotiable items and instruments of payment drawn on eligible institutions or Bank members; and

(b) Be drawees of checks, drafts, and other negotiable and nonnegotiable items and instruments issued by eligible institutions or Bank members.

§ 975.4 [Amended]

164. Amend § 975.4, in the introductory text, by removing the words “,” as defined in § 975.2”.

PART 976—BANK REQUESTS FOR INFORMATION

165. The authority citation for part 976 continues to read as follows:

Authority: 12 U.S.C. 1422b(a), 1442.

166. Amend § 978.1 by revising the definition of “Financial regulatory agency” to read as follows:

§ 978.1 Definitions.

* * * * *

Financial regulatory agency means any of the following:

(1) The Department of the Treasury, including either the OCC or the OTS;

(2) The FRB;

(3) The NCUA; or

(4) The FDIC.

* * * * *

§ 978.2 [Amended]

167. Amend § 978.2 by removing the words “of the Act, 12 U.S.C. 1442)” and adding, in their place, the words “of the Act (12 U.S.C. 1442)”.

§ 978.4 [Amended]

168. Amend § 978.4, in the second sentence, by removing the words “of the Act, 12 U.S.C. 1442, as amended,” and adding, in their place, the words “of the Act (12 U.S.C. 1442)”.

§ 978.7 [Amended]

169. Amend § 978.7 by removing the words “of the Act, 12 U.S.C. 1440” from paragraph (d)(1) and adding, in their place, the words “of the Act (12 U.S.C. 1440)”.

PART 980—NEW BUSINESS ACTIVITIES

170. The authority citation for part 980 continues to read as follows:

Authority: 12 U.S.C. 1422a(a)(3), 1422b(a), 1431(a), 1432(a).

§ 980.3 [Amended]

171. Amend § 980.3, by adding the word “and” immediately after the semi-colon and:

(a)[3][iii], by adding the word “and” immediately after the semi-colon; and

(b) In paragraph [a][3][iv], by removing the word “and” that immediately follows the semi-colon.

PART 985—THE OFFICE OF FINANCE

172. An authority citation for part 985 is added to read as follows:

Authority: 12 U.S.C. 1422b(b)(2), 1431(a), 1431(c), 1432(a).

173. Revise § 985.1 to read as follows:
§ 985.1 Definitions.
As used in this part:
Chair means the chairperson of the board of directors of the Office of Finance.
Managing Director means the managing director of the Office of Finance.

§ 985.3 [Amended]
174. Amend paragraph (d) of § 985.3 by removing the word “(REFCorp)” and adding, in its place, the word “(REFCORP)”.

§ 985.6 [Amended]
175. Amend paragraph (d) of § 985.6 by removing the words “Nationally Recognized Statistical Rating Organizations” and adding, in their place, the words “NRSROs”.

§ 985.8 [Amended]
176. Amend paragraph (d)(4)(i) of § 985.8 by removing the reference to “§ 917.6” and adding, in its place, a reference to “§ 917.7”.

PART 987—BOOK-ENTRY PROCEDURE FOR CONSOLIDATED OBLigations
177. The authority citation for part 987 continues to read as follows:
Authority: 12 U.S.C. 1422a, 1422b, 1431, 1435.

178. Amend § 987.1 by:
(a) Removing the definition of the word “State”; and
(b) Revising the introductory text and the definition of the term “Office of Finance” to read as follows:

§ 987.1 Definitions.
As used in this part, unless the context otherwise requires or indicates:
Office of Finance means the Office of Finance acting as agent of the Banks in all matters relating to the issuance of Book-entry consolidated obligations and in the performance of all other necessary and proper functions relating to Book-entry consolidated obligations, including the payment of principal and interest due thereon.

PART 989—FINANCIAL STATEMENTS OF THE BANKS
180. Revise the authority citation for part 989 to read as follows:
Authority: 12 U.S.C. 1422a, 1422b, 1426, 1431, 1440.
181. Amend § 989.1 by revising the introductory text and the definition of “Audit” to read as follows:
§ 989.1 Definitions.
As used in this part:
Audit means an examination of the financial statements by an independent accountant in accordance with Generally Accepted Auditing Standards for the purpose of expressing an opinion thereon.

PART 995—FINANCING CORPORATION OPERATIONS
182. Revise the authority citation for part 995 to read as follows:
Authority: 12 U.S.C. 1441(b)(8), (c), (j).
183. Revise § 995.1 to read as follows:
§ 995.1 Definitions.
As used in this part:
Administrative expenses:
(1) Include general office and operating expenses such as telephone and photocopy charges, printing, legal, and professional fees, postage, courier services, and office supplies; and
(2) Do not include any form of employee compensation, custodian fees, issuance costs, or any interest on (and any redemption premium with respect to) any Financing Corporation obligations.
BIF-assessable deposit means a deposit that is subject to assessment for purposes of the Bank Insurance Fund under the Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.), including a deposit that is treated as a deposit insured by the Bank Insurance Fund under section 5(d)(3) of the Federal Deposit Insurance Act (12 U.S.C. 1815(d)(3)).
Custodian fees means any fee incurred by the Financing Corporation in connection with the transfer of any security to, or maintenance of any security in, the segregated account established under section 21(g)(2) of the Act (12 U.S.C. 1441(g)(2)), and any other expense incurred by the Financing Corporation in connection with the establishment or maintenance of such account.
Directorate means the board established under section 21(b) of the Act (12 U.S.C. 1441(b)) to manage the Financing Corporation.
Exit fees means the amounts paid under sections 5(d)(2)(E) and (F) of the Federal Deposit Insurance Act (12 U.S.C. 1815(d)(2)(E) and (F)), and regulations promulgated thereunder (12 CFR part 312).
Insured depository institution has the same meaning as in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813).
Issuance costs means issuance fees and commissions incurred by the Financing Corporation in connection with the issuance or servicing of Financing Corporation obligations, including legal and accounting expenses, trustee, fiscal, and paying agent charges, securities processing charges, joint collection agent charges, advertising expenses, and costs incurred in connection with preparing and printing offering materials to the extent the Financing Corporation incurs such costs in connection with issuing any obligations.
Non-administrative expenses means custodian fees, issuance costs, and interest on Financing Corporation obligations.
Obligations means debentures, bonds, and similar debt securities issued by the Financing Corporation under sections 21(c)(3) and (e) of the Act (12 U.S.C. 1421(c)(3) and (e)).
Receivership proceeds means the liquidating dividends and payments made on claims received by the Federal Savings and Loan Insurance Corporation Resolution Fund established under section 11A of the Federal Deposit Insurance Act (12 U.S.C. 1821a) from receiverships, that are not required by the Resolution Funding Corporation to provide funds for the Funding Corporation Principal Fund established under section 21B of the Act (12 U.S.C. 1441b).
SAIF-assessable deposit means a deposit that is subject to assessment for purposes of the Savings Association Insurance Fund under the Federal Deposit Insurance Act, including a deposit that is treated as a deposit insured by the Savings Association Insurance Fund under section 5(d)(3) of the Federal Deposit Insurance Act (12 U.S.C. 1815(d)(3)).

§ 995.3 [Amended]
184. Amend § 995.3, in the first sentence, by adding the words “(12 U.S.C. 1441(g))” between the words “of the Act” and the period.

§ 995.4 [Amended]
185. Amend paragraph (b) of § 995.4:
(a) In the first sentence, by removing the word “securities” and, in its place, adding the words “consolidated obligations”; and
(b) In the second sentence, by removing the reference to “part 912” and, in its place, adding a reference to “part 987”.

Authority: 12 U.S.C. 1422a, 1422b, 1426, 1431, 1440.
181. Amend § 989.1 by revising the introductory text and the definition of “Audit” to read as follows:
§ 989.1 Definitions.
As used in this part:
Audit means an examination of the financial statements by an independent accountant in accordance with Generally Accepted Auditing Standards for the purpose of expressing an opinion thereon.

PART 995—FINANCING CORPORATION OPERATIONS
182. Revise the authority citation for part 995 to read as follows:
Authority: 12 U.S.C. 1441(b)(8), (c), (j).
183. Revise § 995.1 to read as follows:
§ 995.1 Definitions.
As used in this part:
Administrative expenses:
(1) Include general office and operating expenses such as telephone and photocopy charges, printing, legal, and professional fees, postage, courier services, and office supplies; and
(2) Do not include any form of employee compensation, custodian fees, issuance costs, or any interest on (and any redemption premium with respect to) any Financing Corporation obligations.
BIF-assessable deposit means a deposit that is subject to assessment for purposes of the Bank Insurance Fund under the Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.), including a deposit that is treated as a deposit insured by the Bank Insurance Fund under section 5(d)(3) of the Federal Deposit Insurance Act (12 U.S.C. 1815(d)(3)).
Custodian fees means any fee incurred by the Financing Corporation in connection with the transfer of any security to, or maintenance of any security in, the segregated account established under section 21(g)(2) of the Act (12 U.S.C. 1441(g)(2)), and any other expense incurred by the Financing Corporation in connection with the establishment or maintenance of such account.
Directorate means the board established under section 21(b) of the Act (12 U.S.C. 1441(b)) to manage the Financing Corporation.
Exit fees means the amounts paid under sections 5(d)(2)(E) and (F) of the Federal Deposit Insurance Act (12 U.S.C. 1815(d)(2)(E) and (F)), and regulations promulgated thereunder (12 CFR part 312).
Insured depository institution has the same meaning as in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813).
Issuance costs means issuance fees and commissions incurred by the Financing Corporation in connection with the issuance or servicing of Financing Corporation obligations, including legal and accounting expenses, trustee, fiscal, and paying agent charges, securities processing charges, joint collection agent charges, advertising expenses, and costs incurred in connection with preparing and printing offering materials to the extent the Financing Corporation incurs such costs in connection with issuing any obligations.
Non-administrative expenses means custodian fees, issuance costs, and interest on Financing Corporation obligations.
Obligations means debentures, bonds, and similar debt securities issued by the Financing Corporation under sections 21(c)(3) and (e) of the Act (12 U.S.C. 1421(c)(3) and (e)).
Receivership proceeds means the liquidating dividends and payments made on claims received by the Federal Savings and Loan Insurance Corporation Resolution Fund established under section 11A of the Federal Deposit Insurance Act (12 U.S.C. 1821a) from receiverships, that are not required by the Resolution Funding Corporation to provide funds for the Funding Corporation Principal Fund established under section 21B of the Act (12 U.S.C. 1441b).
SAIF-assessable deposit means a deposit that is subject to assessment for purposes of the Savings Association Insurance Fund under the Federal Deposit Insurance Act, including a deposit that is treated as a deposit insured by the Savings Association Insurance Fund under section 5(d)(3) of the Federal Deposit Insurance Act (12 U.S.C. 1815(d)(3)).

§ 995.3 [Amended]
184. Amend § 995.3, in the first sentence, by adding the words “(12 U.S.C. 1441(g))” between the words “of the Act” and the period.

§ 995.4 [Amended]
185. Amend paragraph (b) of § 995.4:
(a) In the first sentence, by removing the word “securities” and, in its place, adding the words “consolidated obligations”; and
(b) In the second sentence, by removing the reference to “part 912” and, in its place, adding a reference to “part 987”.

Authority: 12 U.S.C. 1422a, 1422b, 1426, 1431, 1440.
§ 995.7 [Amended]
186. Amend paragraph (b) of § 995.7, in the first sentence, by adding the words "(12 U.S.C. 1441(b)(7)(B))" between the words "of the Act" and the period.

§ 995.8 [Amended]
187. Amend § 995.8:
   a. In paragraph (b)(2)(i), by adding the words "(12 U.S.C. 1441(f)(2))" between the words "of the Act" and the words "and paragraph (b)(1)";
   b. In paragraph (b)(3)(i), by adding the words "(12 U.S.C. 1441(f)(2))" between the words "of the Act" and the words "and paragraph (b)(1)";
   c. In paragraph (b)(3)(ii), by adding the words "(12 U.S.C. 1441(f)(2))" between the words "of the Act" and the words "and paragraph (b)(1)";
   d. In paragraph (c)(1), by adding the words "(12 U.S.C. 1441(f)(3))" between the words "of the Act" and the period; and
   e. In paragraph (d)(1), by adding the words "(12 U.S.C. 1815(d)(2)(E))" between the words "Federal Deposit Insurance Act" and the words "or as otherwise".

§ 995.10 [Amended]
188–190. Amend § 995.10 by adding the words "(12 U.S.C. 1441)" between the words "of the Act" and the words "and this part".

PART 996—AUTHORITY FOR BANK ASSISTANCE OF THE RESOLUTION FUNDING CORPORATION

191. The authority citation for part 996 continues to read as follows:

192a. Redesignate §§ 996.1 and 996.2 as §§ 996.2 and 996.3, respectively; and
192b. Add and reserve a new § 996.1.

§ 996.2 [Amended]
193. Amend newly designated § 996.2 by:
   a. Adding the words "(12 U.S.C. 1441(b))" between the words "of the Act" and the words ", officers, employees, or agents"; and
   b. Adding the words "(12 U.S.C. 1441(b)(6)(B))" between the words "of the Act" and the period.

§ 996.3 [Amended]
194. Amend newly designated § 996.3 by:
   a. Removing the words "("SAIF member")"; and
   b. Adding the words "(12 U.S.C. 1441(b)(7))" between the words "of the Act" and the period.

PART 997—RESOLUTION FUNDING CORPORATION OBLIGATIONS OF THE BANKS

195. Revise the authority citation for part 997 to read as follows:
   Authority: 12 U.S.C. 1422b(a) and 1441b(f).

§ 997.1 [Amended]
196. Amend § 997.1:
   a. In the definition of "Quarterly present-value determinations", by removing the words "requirements of section 21B(f)(2)(C)(ii) of the Act (12 U.S.C. 1441(f)(2)(C)(ii))"; and
   b. By removing the definition of "REFCORP".

By the Board of Directors of the Federal Housing Finance Board.
John T. Korsmo, Chairman.

[FR Doc. 02–5462 Filed 3–19–02; 8:45 am]
BILLING CODE 6725–01–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39
RIN 2120–AA64


AGENCY: Federal Aviation Administration, DOT.

ACTION: Final rule; request for comments.

SUMMARY: This document publishes in the Federal Register an amendment adopting Airworthiness Directive (AD) 2002–03–52, sent previously to all known U.S. owners and operators of Eurocopter France (ECF) helicopters by individual letters. This AD requires checking for a gap between the adhesive bead and the metal bushing on each arm end and, if a gap is found, replacing the star arm end. Therefore, to eliminate any confusion, the FAA issued superseding EAD 2002–03–52 on February 8, 2002, which contains the same requirements as EAD 2002–02–51 but limits the applicability of this AD to those helicopters that have STARFLEX, P/N 350A31–1916–00, installed. The Direction Generale De L’Aviation Civile (DGAC), the airworthiness authority for France, notified the FAA that an unsafe condition may exist on these helicopter models. The DGAC advises of several occurrences of rapid bonding failure of the metal bushing installed on the arm ends, severe vibrations, and some emergency landings.

DATES: Effective April 4, 2002.
Comments for inclusion in the Rules Docket must be received on or before April 19, 2002.

ADDRESSES: Submit comments in triplicate to the Federal Aviation Administration (FAA), Office of the Regional Counsel, Southwest Region, Attention: Rules Docket No. 2002–SW–03–AD, 2601 Meacham Blvd., Room 663, Fort Worth, Texas 76131. You may also send comments electronically to the Rules Docket at the following address: 9-aws-adcomments@faa.gov.

FOR FURTHER INFORMATION CONTACT: Gary Roach, Aviation Safety Engineer, FAA, Rotorcraft Directorate, Rotorcraft Standards Staff, Fort Worth, Texas 76193–0111, telephone (817) 222–5130, fax (817) 222–5961.

SUPPLEMENTARY INFORMATION: On February 6, 2002, the FAA issued Emergency AD (EAD) 2002–02–51, which required checking for a gap between the adhesive bead and the metal bushing on each arm end and, if a gap was found, replacing the STARFLEX. After issuing that EAD, we discovered the inadvertent omission of a STAFFLEX part number (P/N) from the applicability. That omission created an undue economic burden to the owners and operators of a significant percentage of the affected helicopters. That omission could have also created confusion to the personnel checking this flight critical part because there are a number of different STARFLEX configurations installed on the affected model helicopters. This condition, if not corrected, could have resulted in failure of the operators to properly conduct the check, failure to detect a gap between the adhesive bead and the metal bushing on the arm end, severe lateral vibrations, and subsequent loss of control of the helicopter.

This document publishes in the Federal Register an amendment adopting Airworthiness Directive (AD) 2002–03–52, sent previously to all known U.S. owners and operators of Eurocopter France (ECF) helicopters by individual letters. This AD requires checking for a gap between the adhesive bead and the metal bushing on each STARFLEX star arm end (arm end) and, if a gap is found, replacing the STARFLEX with an airworthy part. This AD is prompted by reports of bonding failure between the metal bushing and the arm end that led to severe vibrations resulting in several emergency landings. The actions specified in this AD are intended to detect bonding failure between the metal bushing and each arm end, severe lateral vibrations, and subsequent loss of control of the helicopter.

The Direction Generale De L’Aviation Civile (DGAC), the airworthiness authority for France, notified the FAA that an unsafe condition may exist on these helicopter models. The DGAC advises of several occurrences of rapid bonding failure of the metal bushing installed on the arm ends, severe vibrations, and some emergency landings.