

§ 319.74-7 [Removed]

9. Section 319.74-7 would be removed.

Done in Washington, DC, this 29th day of July 1996.

Terry L. Medley,

Administrator, Animal and Plant Health Inspection Service.

[FR Doc. 96-19719 Filed 8-1-96; 8:45 am]

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FEDERAL HOUSING FINANCE BOARD**12 CFR Part 935**

[No. 96-47]

Terms and Conditions for Advances

AGENCY: Federal Housing Finance Board.

ACTION: Proposed rule.

SUMMARY: The Board of Directors of the Federal Housing Finance Board (Finance Board) is proposing to amend its regulation on terms and conditions for advances. The proposed rule requires a Federal Home Loan Bank (FHLBank) that wants to make putable advances available to member institutions to provide appropriate disclosures and to offer replacement advance funding if the FHLBank terminates the putable advance prior to its stated maturity date.

DATES: Comments on this proposed rule must be received in writing on or before September 3, 1996.

ADDRESSES: Mail comments to Elaine L. Baker, Executive Secretary, Federal Housing Finance Board, 1777 F Street, N.W., Washington, D.C. 20006. Comments will be available for public inspection at this address.

FOR FURTHER INFORMATION CONTACT: Christine M. Freidel, Assistant Director, Financial Management Division, Office of Policy, (202) 408-2976, or, Janice A. Kaye, Attorney-Advisor, Office of General Counsel, (202) 408-2505, Federal Housing Finance Board, 1777 F Street, N.W., Washington, D.C. 20006.

SUPPLEMENTARY INFORMATION:**I. Statutory and Regulatory Background**

Under section 10 of the Federal Home Loan Bank Act (Bank Act), each FHLBank has the authority to make secured advances to its members. See 12 U.S.C. 1430. To ensure that the FHLBanks operate their advance programs in a safe and sound manner, id. § 1422a(a)(3)(A), and pursuant to its authority to supervise the FHLBanks and ensure that the FHLBanks carry out their housing finance mission and

remain adequately capitalized and able to raise funds in the capital markets, id. § 1422a(a)(3)(B), the Finance Board promulgated a final rule governing FHLBank advance programs in May 1993. See 58 FR 29456 (May 20, 1993), codified at 12 CFR part 935.

Since that time, the FHLBanks have developed a new type of advance¹ product called a "putable advance." A "putable advance" is an advance that a FHLBank may, at its discretion, terminate and put back to the member for immediate repayment after a specified period of time and on certain dates prior to the maturity date of the putable advance. A member borrowing a putable advance faces the risk that the FHLBank will exercise its discretion and terminate the putable advance prior to its maturity date. For example, a FHLBank might terminate a putable advance prior to its maturity date in a rising interest rate environment. Any replacement advance funding offered to the member would be extended at then current higher market interest rates. Since the member takes on the interest rate risk associated with putable advances, the FHLBank is able to offer advance funding at an interest rate that can be significantly lower than the market interest rate. Members have expressed considerable interest in taking advantage of the lower cost funding a FHLBank can offer through putable advances.

The Finance Board's advances regulation does not address putable advances, and the practices with respect to this type of advance funding vary from FHLBank to FHLBank. To provide for consistency among the FHLBanks that offer putable advances and to reinforce the role of the FHLBanks as sources of liquidity for member institutions, the Finance Board is proposing to amend its advances regulation to address specifically the issuance of putable advances. The Finance Board requests comment on any aspect of this proposed rule.

II. Analysis of the Proposed Rule

The Finance Board proposes to add a new paragraph (d), putable advances, to § 935.6 of its advances regulation, which concerns the terms and conditions for advances. To ensure that members are fully apprised of the risks associated with putable advance funding, proposed § 935.6(d)(1) would require a FHLBank that provides a putable advance to a

¹ An "advance" is a loan from a FHLBank that is provided pursuant to a written agreement, supported by a note or other written evidence of the borrower's obligation, and fully secured by collateral in accordance with the Bank Act and Finance Board regulations. See 12 CFR 935.1.

member to disclose in writing to such member the risks associated with putable advance funding. Such risks include the interest rate risk described above in section I and the potentially adverse impact on a member's liquidity if a FHLBank exercises its discretion to terminate a putable advance prior to the stated maturity date. To preclude the possibility that putable advance funding might cause undue liquidity problems for members, proposed § 935.6(d)(2) would require a FHLBank that terminates a putable advance prior to its maturity date to offer replacement funding to the member at current market rates for the remaining term to maturity of the putable advance. The replacement funding would be considered a conversion of the putable advance rather than the extension of a new advance.

Proposed § 935.6(d)(3) provides a definition of the term "putable advance." For purposes of proposed § 935.6(d), a putable advance would mean an advance that a FHLBank may, at its discretion, terminate and require the member to repay prior to the stated maturity date of the putable advance.

III. Regulatory Flexibility Act

This proposed rule contains only technical revisions to an existing rule and, therefore, does not impose any additional regulatory requirements on small entities. Thus, in accordance with the provisions of the Regulatory Flexibility Act, 5 U.S.C. 601, *et seq.*, the Board of Directors of the Finance Board hereby certifies that this proposed rule, if promulgated as a final rule, will not have a significant economic impact on a substantial number of small entities. *Id.* section 605(b).

List of Subjects in 12 CFR Part 935

Credit, Federal home loan banks.

Accordingly, the Board of Directors of the Federal Housing Finance Board hereby proposes to amend chapter IX, title 12, part 935, Code of Federal Regulations, as follows:

PART 935—ADVANCES

1. The authority citation for part 935 continues to read as follows:

Authority: 12 U.S.C. 1422b(a)(1), 1426, 1429, 1430, 1430(b), and 1431.

2. In § 935.6, paragraph (d) is added to read as follows:

§ 935.6 Terms and conditions for advances.

* * * * *

(d) *Putable advances.* (1) A Bank that provides a putable advance to a member shall disclose in writing to such member

the risks associated with putable advance funding.

(2) If a Bank terminates a putable advance prior to the stated maturity date of such advance, the Bank shall offer to provide market rate replacement funding to the member for the remaining term to maturity of the putable advance.

(3) For purposes of this paragraph (d), the term *putable advance* means an advance that a Bank may, at its discretion, terminate and require the member to repay prior to the stated maturity date of the advance.

Dated: July 3, 1996.

By the Board of Directors of the Federal Housing Finance Board.

Bruce A. Morrison,

Chairperson.

[FR Doc. 96-19526 Filed 8-01-96; 8:45 am]

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 71

[Airspace Docket No. 96-ACE-9]

Proposed Establishment of Class E Airspace; Mosby, MO

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking.

SUMMARY: Construction is near completion of the new Clay County Regional Airport at Mosby, MO, with a projected opening in late 1996. The FAA has developed Standard Instrument Approach Procedures (SIAP) to the Clay County Regional Airport based on the Global Positioning System (GPS) and the Non-directional Radio Beacon (NDB) which have made this action necessary. The effect of this rule is to provide additional controlled airspace for aircraft executing the SIAPs at the Clay County Regional Airport.

DATES: Comments must be received on or before September 6, 1996.

ADDRESSES: Send comments on the proposal in triplicate to: Manager, Operations Branch, ACE-530, Federal Aviation Administration, Docket No. 96-ACE-9, 601 East 12th Street, Kansas City, MO 64106.

The official docket may be examined in the Office of the Assistant Chief Counsel for the Central Region at the same address between 9:00 a.m. and 3:00 p.m., Monday through Friday, except Federal holidays.

An informal docket may also be examined during normal business hours

in the office of the Manager, Operations Branch, Air Traffic Division, at the address listed above.

FOR FURTHER INFORMATION CONTACT:

Kathy Randolph, Air Traffic Division, Operations Branch, ACE-530C, Federal Aviation Administration, 601 East 12th Street, Kansas City, MO 64106; telephone (816) 426-3408.

SUPPLEMENTARY INFORMATION

Comments Invited

Interested parties are invited to participate in this proposed rulemaking by submitting such written data, views, or arguments as they may desire. Comments that provide the factual basis supporting the views and suggestions presented are particularly helpful in developing reasoned regulatory decisions on the proposal. Comments are specifically invited on the overall regulatory, economic, environmental, and energy-related aspects of the proposal. Communications should identify the airspace docket number and be submitted in triplicate to the address listed above. Commenters wishing the FAA to acknowledge receipt of their comments on this notice must submit with those comments a self-address, stamped postcard on which the following statement is made: "Comments to Airspace Docket No. 96-ACE-9." The postcard will be date/time stamped and returned to the commenter. All communications received on or before the closing date for comments will be considered before taking action on the proposed rule. The proposal contained in this notice may be changed in light of comments received. All comments submitted will be available for examination in the Rules Docket both before and after the closing date for comments. A report summarizing each substantive public contact with FAA personnel concerned with this rulemaking will be filed in the docket.

Availability of NPRMs

Any person may obtain a copy of this Notice of Proposed Rulemaking (NPRM) by submitting a request to the Federal Aviation Administration, Office of Public Affairs, Attention: Public Inquiry Center, APA-230, 800 Independence Avenue, SW, Washington, DC 20591, or by calling (202) 267-3484.

Communications must identify the notice number of this NPRM. Persons interested in being placed on a mailing list for future NPRMs should also request a copy of Advisory Circular No. 11-2A, which described the procedures.

The Proposal

The FAA is considering an amendment to Part 71 of the Federal Aviation Regulations (14 CFR Part 71) to provide additional controlled airspace for the new SIAPs at the Clay County Regional Airport. The additional airspace would segregate aircraft operating under Visual Flight Rules (VFR) conditions from aircraft operating under Instrument Flight Rules (IFR) procedures. The area would be depicted on appropriate aeronautical charts thereby enabling pilots to circumnavigate the area, continue to operate under VFR to and from the airport, or otherwise comply with IFR procedures. Upon publication of the procedures, the airport status will change from VFR to IFR. Class E airspace designations for airspace areas extending upward from 700 feet or more above the surface of the earth are published in paragraph 6005 of FAA Order 7400.9C, dated August 17, 1995, and effective September 16, 1995, which is incorporated by reference in 14 CFR 71.1. The Class E airspace designation listed in this document would be published subsequently in the order.

The FAA has determined that this proposed regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. Therefore, this proposed regulation (1) is not a "significant regulatory action" under Executive Order 12866; (2) is not a "significant rule" under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979); and (3) does not warrant preparation of a Regulatory Evaluation as the anticipated impact is so minimal. Since this is a routine matter that will only affect air traffic procedures and air navigation, it is certified that this proposed rule will not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

List of Subjects in 14 CFR Part 71

Airspace, Incorporation by reference, Navigation (air).

The Proposed Amendment

Accordingly, pursuant to the authority delegated to me, the Federal Aviation Administration proposes to amend Part 71 of the Federal Aviation Regulations (14 CFR Part 71) as follows:

PART 71—[AMENDED]

1. The authority citation for Part 71 continues to read as follows: