

However, the continuing credit union may serve new members of the merging credit union's core common bond and members of record as of October 25, 1996, of the non-core common bond groups.

6. In IRPS 94-1, Chapter 2, Section III.C is amended by adding a new paragraph at the end of the section to read as follows:

III.C. * * *

If the continuing and the purchased and assumed credit unions do not have the same common bond, then the continuing credit union's core common bond will be controlling for future common bond expansions. However, the continuing credit union may, at the time of the P&A, request a redesignation to the purchased and assumed credit union's core common bond if the P&A meets the emergency merger criteria. Subsequent field of membership expansions must be based on a single designated common bond. However, the continuing credit union may serve new members of the purchased and assumed credit union's core common bond and members of record as of October 25, 1996, of the non-core common bond groups.

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FEDERAL HOUSING FINANCE BOARD

12 CFR Part 950

[No. 96-80]

Revision of Financing Corporation Operations Regulation

AGENCY: Federal Housing Finance Board.

ACTION: Interim final rule with request for comments.

SUMMARY: The Federal Housing Finance Board (Finance Board) is amending its regulation on Financing Corporation (FICO) operations to comply with new statutory requirements and to eliminate provisions that have been rendered obsolete by statutory changes. The interim final rule is consistent with the goals of the Regulatory Reinvention Initiative of the National Performance Review.

DATES: The interim final rule will become effective on November 22, 1996. The Finance Board will accept comments on the interim final rule in writing on or before December 23, 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

A. FICO Obligations

The Federal Savings and Loan Insurance Corporation (FSLIC) Recapitalization Act of 1987 amended the Federal Home Loan Bank Act (Bank Act) by adding a new section 21 directing the establishment of FICO. See Public Law 100-86, Title III, section 302, 101 Stat. 585 (Aug. 10, 1987), *codified* at 12 U.S.C. 1441. On August 28, 1987, the Finance Board's predecessor, the former Federal Home Loan Bank Board (FHLBB), chartered FICO to recapitalize the former FSLIC. To raise funds for that purpose, Congress authorized FICO to issue up to \$10.825 billion in public debt. See 12 U.S.C. 1441(e)(1) (1987) (superseded). From 1987 to 1989, FICO issued \$8.17 billion in 30-year obligations, the proceeds of which were used to resolve failed savings associations. Congress terminated FICO's debt issuance authority in 1991, effectively capping FICO's borrowings at the then outstanding \$8.17 billion in obligations.¹

To assure repayment of the \$8.17 billion principal amount of the FICO obligations, section 21(g)(2) of the Bank Act requires FICO to invest in, and hold in a segregated account, certain enumerated securities that will have a principal amount payable at maturity approximately equal to the aggregate amount of principal on the FICO obligations. See 12 U.S.C. 1441(g)(2). Accordingly, the principal on FICO bonds was defeased by using Federal Home Loan Bank (FHLBank) retained earnings to purchase 30-year zero coupon United States Treasury securities that have a face value sufficient to retire the FICO bonds at maturity. These securities currently are held in a segregated account at the Federal Reserve Bank of New York.

B. FICO Expenses

Pursuant to section 21 of the Bank Act, FICO may incur two categories of expenses: (1) administrative expenses,

which include general office and operating expenses, and (2) non-administrative expenses, which include the almost \$800 million in interest due each year until maturity of the last FICO obligation, issuance costs, and custodian fees. See *id.* 1441(b)(7), (f)(2), (g)(5). The FHLBanks pay FICO's administrative expenses in accordance with a statutory formula based on the percentage of FICO stock held by each FHLBank. See *id.* 1441(b)(7).

There are four statutory sources of funds to pay FICO's non-administrative expenses. Under section 21(f)(1) of the Bank Act, FICO has authority to use assessments previously assessed against insured institutions (*i.e.*, FSLIC-insured thrifts) under the special assessment provisions that were in effect prior to enactment of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA). See *id.* 1441(f)(1), 1441(f) (1987 superseded); Public Law 101-73, Title V, section 512(13), 103 Stat. 406 (Aug. 9, 1989). Funds from this source have been exhausted and are no longer available.

To the extent pre-FIRREA assessments are insufficient to cover FICO's non-administrative expenses, under section 21(f)(2) of the Bank Act, FICO has first priority to impose and collect assessments against each Savings Association Insurance Fund (SAIF) member that is a savings association. See 12 U.S.C. 1441(f)(2) (1996). FICO's assessment authority is subject to the approval of the Board of Directors of the Federal Deposit Insurance Corporation (FDIC), and must be made in the same manner as assessments are made by the FDIC. *Id.* To date, FICO's assessments on SAIF member savings associations have been the major or sole source of revenue to pay FICO's non-administrative expenses, *i.e.*, FICO's interest, issuance, and custodial costs.

Effective January 1, 1997, the Deposit Insurance Funds Act of 1996 (Funds Act) amends FICO's assessment authority under section 21(f)(2) of the Bank Act. See Public Law 104-208, Title II, Subtitle G, 110 Stat. 3009 (Sept. 30, 1996). Section 2702 of the Funds Act eliminates the provision granting FICO first priority to make assessments and changes FICO's assessment base from all SAIF member savings associations to all depository institutions insured by the FDIC. See 12 U.S.C. 1441(f)(2) (1997). Beginning with the first assessment in 1997, FICO has authority, with the approval of the Board of Directors of the FDIC, to assess all insured depository institutions to cover the interest payments due on FICO obligations and FICO's issuance costs and custodian fees. *Id.* However, until the earlier of

¹ See Pub. L. 102-233, Title I, section 104, 105 Stat. 1762 (Dec. 12, 1991), *codified* at 12 U.S.C. 1441(e)(2). Fifteen percent of the outstanding FICO bond principal matures in the year 2017, 57 percent matures in 2018, and the remaining 28 percent matures in 2019. See General Accounting Office, *Deposit Insurance Funds Report*, 11 n.5 (Mar. 1995).

December 31, 1999 or the date on which the last savings association ceases to exist, the assessment rate FICO imposes on an insured depository institution with respect to any BIF-assessable deposits must be 1/5 of the assessment rate FICO imposes on an insured depository institution with respect to any SAIF-assessable deposits. *Id.* 1441(f)(2)(A). For purposes of the FICO assessment, the term "BIF-assessable deposit" means a deposit that is subject to assessment for purposes of the Bank Insurance Fund (BIF) under the Federal Deposit Insurance Act (FDI Act), including a deposit that is treated as a BIF-insured deposit under section 5(d)(3) of the FDI Act, and the term "SAIF-assessable deposit" means a deposit that is subject to assessment for purposes of the SAIF under the FDI Act, including a deposit that is treated as a SAIF-insured deposit under section 5(d)(3) of the FDI Act.² Absent statutory changes or unforeseen fluctuations in the assessment base, FICO anticipates that assessments on insured depository institutions will provide sufficient funds to pay its non-administrative expenses.

However, if funds available from pre-FIRREA assessments and assessments on all insured depository institutions are insufficient to cover FICO's non-administrative expenses, section 21(f)(3) of the Bank Act authorizes FICO to use FSLIC Resolution Fund (FRF) receivership proceeds that are not required by the Resolution Funding Corporation to fund its principal fund. *Id.* 1441(f)(3). If the funds available pursuant to the three sources provided by section 21(f) of the Bank Act are insufficient to pay FICO's interest expenses, section 5(d)(2) of the FDI Act provides that the Secretary of the Treasury may order the transfer to FICO of exit fees assessed against insured depository institutions that participated in transactions by which they switched deposit insurance funds. *See id.* 1815(d)(2)(E), (F).

C. FICO Regulations

The operating authority for FICO initially appeared in part 592 of the FHLBB's regulations. When Congress abolished the FHLBB in 1989, it transferred regulatory and supervisory authority over FICO to the Finance Board. *See* FIRREA, section 401, 103 Stat. 183, *codified at* 12 U.S.C. 1437 note; FIRREA, Title V. The Finance

Board derives its authority over FICO from the provisions of section 21 of the Bank Act. *See* 12 U.S.C. 1441. Under sections 21 (b)(8) and (c), the FICO Directorate³ and FICO's exercise of its statutory powers are subject to such regulations, orders, and directions as the Finance Board may prescribe. *Id.* 1441(b)(8), (c). In addition, under section 21(j), the Finance Board has authority to prescribe any regulations necessary to carry out the provisions of section 21, including regulations defining terms used in section 21. *Id.* 1441(j). In September 1989, pursuant to the authority granted by section 21 of the Bank Act, the Finance Board deleted part 592 of the FHLBB's regulations and promulgated the current rules regarding FICO's operating authority at part 950 of its regulations. *See* 54 FR 38589, 38592-38598 (Sept. 19, 1989), *codified at* 12 CFR part 950.

The statutory changes made by the Funds Act require that corresponding amendments be made to the provisions of the FICO operations regulation that concern FICO's assessment authority. In addition, the changes made by the Funds Act, as well as prior statutory changes that terminated FICO's debt issuance authority, *see supra*, have rendered obsolete many of the existing provisions of part 950. Accordingly, the Finance Board is amending part 950 to comply with new statutory requirements, eliminate provisions that have been rendered obsolete, and clarify the practices and procedures of the Finance Board and FICO.

II. Analysis of the Interim Final Rule

A. Elimination of Obsolete Provisions

The Finance Board has determined that the following provisions of part 950, which relate to or concern issuance of FICO debt obligations, are no longer required and therefore should be eliminated in their entirety: § 950.4 Authority to issue obligations; § 950.6 Minority participation in public offerings; § 950.10 Capital assessments of Federal loan banks [sic]; § 950.11 Establishment, maintenance and funding of reserve account; and in § 950.1, definitions of the terms "deficient bank," "excess amount," "FSLIC Resolution Fund," "Funding Corporation," "net earnings," and "remaining bank." Streamlining part 950 by repealing these provisions is consistent with the goals of the Regulatory Reinvention Initiative of the National Performance Review.

³The FICO Directorate is the managing body of FICO. *See id.* 1441(b)(1).

B. Implementation of New Statutory Requirements

Section 950.8(a) of the interim final rule continues the current requirement that FICO determine the anticipated interest expenses on its obligations at least semiannually.

In § 950.8(b), the Finance Board has implemented the provisions of the Funds Act that authorize FICO to assess all insured depository institutions, rather than just SAIF members, to cover FICO's non-administrative expenses. *See supra* part I(B). The term "insured depository institution," which replaces the definition of "SAIF member" in § 950.1, has the same meaning as in section 3 of the FDI Act, namely, "any bank or savings association the deposits of which are insured by the [FDIC] * * *". *See* 12 U.S.C. 1813(c)(2). For purposes of part 950, the term "non-administrative expenses" means custodian fees, issuance costs, and interest on Financing Corporation obligations. Custodian fees include any fees or expenses FICO incurs in connection with the establishment or maintenance of, or the transfer of any security to, or maintenance of any security in, the segregated account established to safeguard the securities that defease the principal amount of the FICO obligations. *See supra* part I(A). This is the same meaning given to the term "custodian fees" in section 21(g)(5)(B) of the Bank Act. *See* 12 U.S.C. 1441(g)(5)(B). Issuance costs include fees and commissions FICO incurs in connection with the issuance or servicing of its obligations. The regulation provides an illustrative list that includes costs the Finance Board has to date determined to be issuance costs.

Section 950.8(b)(1) authorizes FICO, with the approval of the Board of Directors of the FDIC, to impose against and collect from each insured depository institution an assessment sufficient to pay its non-administrative expenses. FICO must make the assessment in the same manner as the FDIC makes assessments under section 7 of the FDI Act. *See* 12 U.S.C. 1817.

Subject to the statutory limits on assessment rates with respect to BIF- and SAIF-assessable deposits, *see supra* part I(B), § 950.8(b)(2) requires FICO to determine at least semiannually and to advise the FDIC and any collection agent of the rate(s) of the assessment it will assess against insured depository institutions in order to pay its non-administrative expenses. In determining the assessment rate(s), FICO must consider historical data regarding assessment collections and current

²*See id.* 1441(f)(4); Funds Act section 2710. Section 5(d)(3) of the FDI Act attributes to BIF or SAIF the deposits of an insured depository institution that has undergone a conversion transaction by which it switched deposit insurance funds. *See* 12 U.S.C. 1815(d)(3).

information concerning the SAIF and BIF deposit base and the location of insured depository institutions that is available only to the FDIC. Accordingly, the FDIC will provide such accurate, complete, and timely information as FICO may require to carry out its statutory responsibilities to pay its non-administrative expenses by setting the assessment rate(s) and imposing an assessment against all insured depository institutions.

To facilitate collection of the FICO assessment, § 950.8(b)(3)(i) requires FICO to collect assessments in accordance with section 21(f)(2) of the Act and the provisions of this regulation, and permits assessment collection through a collection agent. Currently, the FDIC collects and processes FICO's assessment pursuant to a memorandum of understanding between FICO and the FDIC. The FDIC handles administrative tasks, such as computing each institution's assessment, issuing invoices notifying institutions of the amount to be paid and the date of payment, and arranging for the collection of the assessment through the payments system. The Finance Board expects the assessment process to continue to operate in a similar fashion. Further, § 950.8(a)(3)(ii) authorizes each FHLBank to establish and maintain a demand deposit account for any insured depository institution located in the FHLBank's district regardless of whether the institution is a FHLBank member.

Sections 950.8 (c) and (d) of the interim final rule, which concern FICO's authority to receive FRF receivership proceeds and exit fees, *see supra* part I(B), restate without substantive change the provisions found currently in §§ 950.12 (b)(2) and (b)(3), respectively.

C. Clarifying Current Regulatory Requirements

The remainder of the interim final rule clarifies and reorganizes provisions that appear in the current FICO operations regulation. The following provisions of the interim final rule restate provisions of the current rule without substantive change: In § 950.1, definitions of the terms "Act," "Bank or Banks," "Directorate," "FDIC," and "Office of Finance;" § 950.2 FICO's general operating authority; § 950.3 FICO Directorate's authority to establish investment policies and procedures; § 950.4 book-entry procedure for FICO obligations; and § 950.5 FICO's authority to use the services of FHLBank or Office of Finance officers, employees, or agents to carry out its functions.

Section 950.6 of the interim final rule, which concerns FICO's budget and

expenses, is a revision of § 950.8 of the current rule. To provide increased flexibility, paragraphs (a) and (b) require FICO to submit to the FICO Directorate, and the FICO Directorate to submit in turn to the Finance Board, FICO's budget of proposed expenditures for approval annually rather than by a date certain each year. Since the Finance Board disseminates FICO's approved annual budget to the FHLBanks, the requirement that FICO transmit a copy of its budget to the FHLBanks is deleted. Paragraphs (c) and (d) make clear that FICO may not incur expenditures unless they have been approved by either the Finance Board or the FICO Directorate within limits set by the Finance Board.

Consistent with current practice, § 950.7 of the interim final rule requires the FHLBanks to pay FICO's administrative expenses. FICO determines the amount of administrative expenses each FHLBank must pay in the manner provided by section 21(b)(7)(B) of the Bank Act. *See* 12 U.S.C. 1441(b)(7)(B). The definition of the term "administrative expenses" in § 950.1 is revised to reflect more closely the format of the financial documents provided by FICO to the Finance Board and to make clear that issuance costs are not administrative expenses. *See* 12 U.S.C. 1441(b)(7)(C). Consistent with current practice, the interim final rule replaces the requirement that FICO bill each FHLBank at least semiannually with a requirement that FICO bill the FHLBanks periodically. Paragraph (c) makes clear that FICO must adjust the amount of administrative expenses the FHLBanks must pay in any calendar year, if, in the prior year, administrative expenses have been approved by the Finance Board, paid by the FHLBanks, but not actually incurred by FICO.

Section 950.9 concerns reports FICO must make to the Finance Board. To reduce the regulatory reporting burden on FICO and to provide increased flexibility, the requirement that FICO submit reports on a quarterly basis, which appears in § 950.14 of the current rule, is deleted. To ensure the current relevance and utility of the information provided in the reports FICO submits to the Finance Board, the laundry list of required information in the current rule is replaced with a requirement that FICO file reports containing such information as the Finance Board may direct.

To ensure compliance with the Bank Act and Finance Board regulations, § 950.10 of the interim final rule requires the Finance Board to examine FICO's operations at least annually.

III. Notice and Public Participation

The Finance Board finds that the notice and comment procedure required by the Administrative Procedure Act is unnecessary, impracticable, and contrary to the public interest in this instance. *See* 5 U.S.C. 553(b)(3)(B). The Funds Act directs FICO to impose an assessment on all insured depository institutions on January 1, 1997. *See* Funds Act section 2702. In order to timely impose this assessment, the FDIC, acting as FICO's collection agent, must promptly undertake a number of administrative tasks, such as computing each institution's assessment, issuing invoices that notify the institution of the amount to be paid and the date of payment, and arranging for the collection of the assessment through the payments system. This rule provides the authority for FICO to proceed with the assessment process. It would not be possible for FICO to carry out its statutory responsibilities if the rule is subject to the notice and comment process. Nevertheless, because the Finance Board believes public comments aid in effective rulemaking, it will accept written comments on the interim final rule on or before December 23, 1996.

IV. Effective Date

For the reasons stated in part III above, the Finance Board for good cause finds that the interim final rule should become effective on November 22, 1996. *See* 5 U.S.C. 553(d)(3).

V. Paperwork Reduction Act

No collections of information pursuant to the Paperwork Reduction Act of 1995 are contained in this interim final rule. *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.

VI. Regulatory Flexibility Act

The Finance Board is adopting the changes to part 950 in the form of an interim final rule and not as a proposed rule. Therefore, the provisions of the Regulatory Flexibility Act do not apply. *See* 5 U.S.C. 601(2), 603(a).

List of Subjects in 12 CFR Part 950

Federal home loan banks, Securities.

Accordingly, the Federal Housing Finance Board hereby revises title 12, chapter IX, subchapter C, part 950 of the Code of Federal Regulations, to read as follows:

PART 950—OPERATIONS

Sec.

- 950.1 Definitions.
 - 950.2 General authority.
 - 950.3 Authority to establish investment policies and procedures.
 - 950.4 Book-entry procedure for Financing Corporation obligations.
 - 950.5 Bank and Office of Finance employees.
 - 950.6 Budget and expenses.
 - 950.7 Administrative expenses.
 - 950.8 Non-administrative expenses; assessments.
 - 950.9 Reports to the Finance Board.
 - 950.10 Review of books and records.
- Authority: 12 U.S.C. 1441(b)(8), (c), and (j).

§ 950.1 Definitions.

For purposes of this part:

- (a) *Act* means the Federal Home Loan Bank Act, as amended (12 U.S.C. 1421, *et seq.*).
- (b) *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.
- (c) *Bank or Banks* means a Federal Home Loan Bank or the Federal Home Loan Banks.
- (d) *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.
- (e) *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, and any other expense incurred by the Financing Corporation in connection with the establishment or maintenance of such account.
- (f) *Directorate* means the board established under section 21(b) of the Act to manage the Financing Corporation.
- (g) *Exit fees* means the amounts paid under sections 5(d)(2) (E) and (F) of the Federal Deposit Insurance Act, and regulations promulgated thereunder (12 CFR part 312).
- (h) *FDIC* means the agency established as the Federal Deposit Insurance Corporation.

(i) *Finance Board* means the agency established as the Federal Housing Finance Board.

(j) *Insured depository institution* has the same meaning as in section 3 of the Federal Deposit Insurance Act.

(k) *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.

(l) *Non-administrative expenses* means custodian fees, issuance costs, and interest on Financing Corporation obligations.

(m) *Obligations* means debentures, bonds, and similar debt securities issued by the Financing Corporation under sections 21 (c)(3) and (e) of the Act.

(n) *Office of Finance* means the joint office of the Banks established under part 941 of this chapter.

(o) *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 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.

(p) *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.

§ 950.2 General authority.

Subject to the limitations and interpretations in this part and such orders and directions as the Finance Board may prescribe, the Financing Corporation shall have authority to exercise all powers and authorities granted to it by the Act and by its charter and bylaws regardless of whether the powers and authorities are specifically implemented in regulation.

§ 950.3 Authority to establish investment policies and procedures.

The Directorate shall have authority to establish investment policies and procedures with respect to Financing Corporation funds provided that the investment policies and procedures are consistent with the requirements of section 21(g) of the Act. The Directorate shall promptly notify the Finance Board in writing of any changes to the investment policies and procedures.

§ 950.4 Book-entry procedure for Financing Corporation obligations.

(a) *Authority*. Any Federal Reserve Bank shall have authority to apply book-entry procedure to Financing Corporation obligations.

(b) *Procedure*. The book-entry procedure for Financing Corporation obligations shall be governed by the book-entry procedure established for Bank securities, codified at part 912 of this chapter. Wherever the term "Federal Home Loan Bank security(ies)" appears in part 912, the term shall be construed also to mean "Financing Corporation obligation(s)," if appropriate to accomplish the purposes of this section.

§ 950.5 Bank and Office of Finance employees.

The Financing Corporation shall have authority to utilize the officers, employees, or agents of any Bank or the Office of Finance in such manner as may be necessary to carry out its functions.

§ 950.6 Budget and expenses.

(a) *Directorate approval*. The Financing Corporation shall submit annually to the Directorate for approval, a budget of proposed expenditures for the next calendar year that includes administrative and non-administrative expenses.

(b) *Finance Board approval*. The Directorate shall submit annually to the Finance Board for approval, the budget of the Financing Corporation's proposed expenditures it approved pursuant to paragraph (a) of this section.

(c) *Spending limitation*. The Financing Corporation shall not exceed the amount provided for in the annual budget approved by the Finance Board pursuant to paragraph (b) of this section, or as it may be amended by the Directorate within limits set by the Finance Board.

(d) *Amended budgets*. Whenever the Financing Corporation projects or anticipates that it will incur expenditures, other than interest on Financing Corporation obligations, that exceed the amount provided for in the

annual budget approved by the Finance Board or the Directorate pursuant to paragraph (b) or (c) of this section, the Financing Corporation shall submit an amended annual budget to the Directorate for approval, and the Directorate shall submit such amended budget to the Finance Board for approval.

§ 950.7 Administrative expenses.

(a) *Payment by Banks.* The Banks shall pay all administrative expenses of the Financing Corporation approved pursuant to § 950.6.

(b) *Amount.* The Financing Corporation shall determine the amount of administrative expenses each Bank shall pay in the manner provided by section 21(b)(7)(B) of the Act. The Financing Corporation shall bill each Bank for such amount periodically.

(c) *Adjustments.* The Financing Corporation shall adjust the amount of administrative expenses the Banks are required to pay in any calendar year pursuant to paragraphs (a) and (b) of this section, by deducting any funds that remain from the amount paid by the Banks for administrative expenses in the prior calendar year.

§ 950.8 Non-administrative expenses; assessments.

(a) *Interest expenses.* The Financing Corporation shall determine anticipated interest expenses on its obligations at least semiannually.

(b) *Assessments on insured depository institutions.* (1) *Authority.* To provide sufficient funds to pay the non-administrative expenses of the Financing Corporation approved under § 950.6, the Financing Corporation shall, with the approval of the Board of Directors of the FDIC, assess against each insured depository institution an assessment in the same manner as assessments are made by the FDIC under section 7 of the Federal Deposit Insurance Act.

(2) *Assessment rate—(i) Determination.* The Financing Corporation at least semiannually shall determine the rate or rates of the assessment it will assess against insured depository institutions pursuant to section 21(f)(2) of the Act and paragraph (b)(1) of this section.

(ii) *Limitation.* Until the earlier of December 31, 1999, or the date as of which the last savings association ceases to exist, the rate of the assessment imposed on an insured depository institution with respect to any BIF-assessable deposit shall be a rate equal to 1/5 of the rate of the assessment imposed on an insured

depository institution with respect to any SAIF-assessable deposit.

(iii) *Notice.* The Financing Corporation shall notify the FDIC and the collection agent, if any, of its determination under paragraph (b)(2)(i) of this section.

(3) *Collecting assessments—(i) Collection agent.* The Financing Corporation shall have authority to collect assessments made under section 21(f)(2) of the Act and paragraph (b)(1) of this section through a collection agent of its choosing.

(ii) *Accounts.* Each Bank shall permit any insured depository institution whose principal place of business is in its district to establish and maintain at least one demand deposit account to facilitate collection of the assessments made under section 21(f)(2) of the Act and paragraph (b)(1) of this section.

(c) *Receivership proceeds—(1) Authority.* To the extent the amounts collected under paragraph (b) of this section are insufficient to pay the non-administrative expenses of the Financing Corporation approved under § 950.6, the Financing Corporation shall have authority to require the FDIC to transfer receivership proceeds to the Financing Corporation in accordance with section 21(f)(3) of the Act.

(2) *Procedure.* The Directorate shall request in writing that the FDIC transfer the receivership proceeds to the Financing Corporation. Such request shall specify the estimated amount of funds required to pay the non-administrative expenses of the Financing Corporation approved under § 950.6.

(d) *Exit fees—(1) Authority.* To the extent the amounts provided under paragraphs (b) and (c) of this section are insufficient to pay the interest due on Financing Corporation obligations, the Financing Corporation shall have authority to request that the Secretary of the Treasury order the transfer of exit fees to the Financing Corporation in accordance with section 5(d)(2)(E) of the Federal Deposit Insurance Act.

(2) *Procedure.* The Directorate shall request in writing that the Secretary of the Treasury order that exit fees be transferred to the Financing Corporation. Such request shall specify the estimated amount of funds required to pay the interest due on Financing Corporation obligations.

§ 950.9 Reports to the Finance Board.

The Financing Corporation shall file such reports as the Finance Board shall direct.

§ 950.10 Review of books and records.

The Finance Board shall examine the Financing Corporation at least annually to determine whether the Financing Corporation is performing its functions in accordance with the requirements of section 21 of the Act and this part.

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

Bruce A. Morrison,
Chairperson.

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BILLING CODE 6725-01-U

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 93-NM-194-AD; Amendment 39-9814; AD 96-23-09]

RIN 2120-AA64

Airworthiness Directives; de Havilland Model DHC-8-100 and -300 Series Airplanes

AGENCY: Federal Aviation Administration, DOT.

ACTION: Final rule.

SUMMARY: This amendment supersedes an existing airworthiness directive (AD), applicable to certain de Havilland Model DHC-8-100 and -300 series airplanes, that currently requires repetitive inspections to detect cracks of the upper drag strut trunnion fittings of the nose landing gear (NLG) and to verify tightness of the fitting attachment bolts, and replacement of fittings or fasteners, if necessary. This amendment requires the installation of a modification to terminate the repetitive inspections. This amendment is prompted by the development of a modification that positively addresses the identified unsafe condition. The actions specified by this AD are intended to prevent failure of the upper drag strut trunnion fittings of the NLG, which could lead to collapse of the NLG.

DATES: Effective December 27, 1996.

The incorporation by reference of de Havilland DHC-8 Alert Service Bulletin S.B. A8-53-40, Revision 'D', dated June 30, 1995; and de Havilland DHC-8 Service Bulletin S.B. 8-53-49, dated June 30, 1995, as listed in the regulations, is approved by the Director of the Federal Register as of December 27, 1996.

The incorporation by reference of certain other publications, as listed in the regulations was approved previously by the Director of the Federal Register