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Title 3—The President

EXECUTIVE ORDER 11666

Qualification for the Investment Credit on Certain Articles and Classes of Articles of Predominantly Foreign Origin

By virtue of the authority vested in me by section 48(a)(7)(C) of the Internal Revenue Code of 1954, as amended (26 U.S.C. 48(a)(7)(C)), and having determined that the application of section 48(a)(7)(A) to the articles or class of articles described herein is not in the public interest, it is hereby ordered that section 48(a)(7)(A) shall not apply to an acquisition by the taxpayer of:

(a) Any article the unit cost of which to the taxpayer is not in excess of $500; or

(b) Agricultural implements, machinery, and equipment which are determined by the Secretary of the Treasury to be free of duty under an item of the tariff schedules of the United States (19 U.S.C. 1202), lists of the items to be published from time to time in the FEDERAL REGISTER.

The provisions of this Executive Order shall apply to property described herein acquired pursuant to an order placed by the taxpayer after August 15, 1971, and before December 20, 1971.

Richard Nixon

THE WHITE HOUSE,
April 11, 1972.

[FR Doc.72-5686 Filed 4-11-72; 12:23 pm]

Rules and Regulations

Title 14—AERONAUTICS AND SPACE

Chapter I—Federal Aviation Administration, Department of Transportation

[Docket No. 72-CE-9-AD, Amdt. 39-1432]

PART 39—AIRWORTHINESS DIRECTIVES

Beech Model 18 Series Airplanes

The following Airworthiness Directives currently affect Beech Model 18 series airplanes, namely; AD 67-16-1 (Amendments 39-419, 39-430, 39-441, 39-643, and 39-715); AD 67-20-2 (Amendment 39-437); and AD 71-11-5 (Amendment 39-1214). These ADs require various inspections of the wing spar center section truss on these series airplanes. The agency believes that the number of ADs pertaining to the same subject matter may be causing unnecessary confusion for users. In addition, the inspection procedures set forth in the ADs need clarification. Also some criteria for minimum allowable X-ray and magnetic particle inspection equipment should be included. Finally, an improved optional design for inspection cutout is needed because some users feel the present cutout shown in AD 71-11-5 is inadequate. Accordingly, a new AD is being issued which will supersede ADs 67-16-1, 67-20-2, and 71-11-5. It will encompass all the pertinent information contained in the superseded ADs as well as correcting the deficiencies listed above.

Since this amendment provides clarification, it imposes no additional burden on any person. Consequently, notice and public procedure hereon are impracticable and good cause exists for making the amendment effective in less than thirty (30) days.

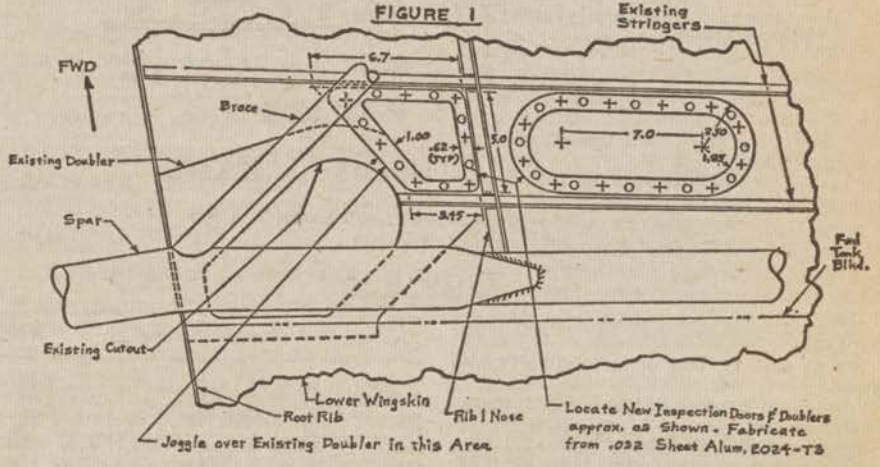
In consideration of the foregoing and pursuant to the authority delegated to me by the Administrator, 14 CFR 11.89 (31 F.R. 13697), § 39.13 of Part 39 of the Federal Aviation Regulations is amended by adding the following new AD.

BEECH. Applies to all serial numbers of Models C18S, AT-11, C-45, C45A, UC-45B, UC-45F, AT-7, AT-7A, AT-7B, AT-7C, JRB-1, JRB-2, JRB-3, JRB-4, SNB-1, SNB-2, SNB-2C, D18S, D18C, C-45G, TC-45G, C-45H, TC-45H, TC-45J (SNB-5), JRB-6, E18S, E18S-9700, G18S, 3N, 3NM, 3TM, D18C-T and RC-45J (SNB-5P), and H18 airplanes with Serial Nos. BA-730 and below; and to aircraft of the above models subsequently redesignated under a Supplemental Type Certificate, except those modified under the Supplemental Type Certificates listed in paragraph D hereof or any other airplane which has been modified in accordance with an STC which specifically exempts said aircraft from the requirements of this AD.

To prevent possible wing failure, for airplanes with 1,500 or more total hours' time in service on the effective date of this AD or airplanes that subsequently accumulate 1,500 total hours' time in service after that date, in order to detect cracks in the elliptical front spar lower cap of the wing center section, accomplish the following within the next 50 hours' time in service after the effective date of this AD (or 500 hours' time in service after the last complete AD 67-16-1/71-11-5 inspection, if applicable), and thereafter at intervals not to exceed 500 hours' time in service from the date of the date of the last inspection. (These inspections may be performed at one time or may be staggered, provided that no given area exceeds 500 hours' time in service between inspections.)

(A) Modify the lower wing skin in accordance with Figure (1) of Figure (2) or an FAA-approved equivalent to facilitate the inspections specified in paragraph B.

FIGURE 1

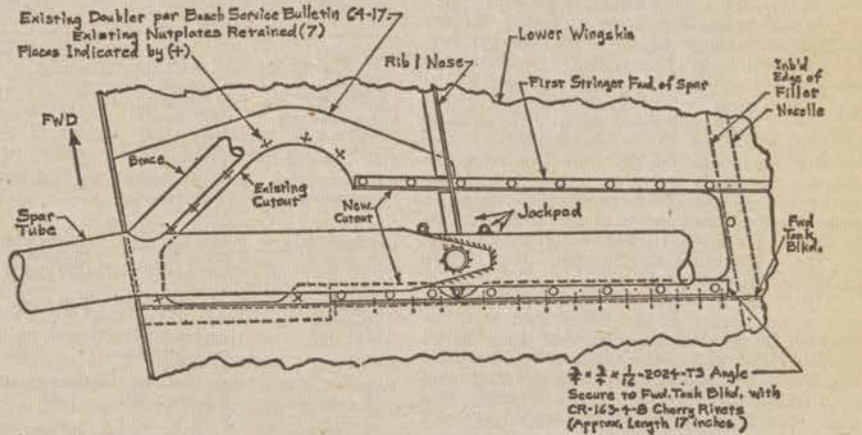


OPERATIONS:
Drill #10 (.193) hole thru new doors, wingskin & doublers as shown by (O) 19 places (approx. 24" spaces).
Attach (19) nutplates to doublers with countersunk AD3 rivets. (MK1000-3 Nutplates Recommended).
Attach doublers to skin with AD4 rivets shown by (+) 19 places (approx. 2.4" spaces).
Install doors on lower side with #10 screws 19 places.

R.H. Wing Shown - L.H. Opposite

VIEW LOOKING DOWN ON LOWER WINGSKIN & SPAR
(Upper Wingskin Omitted for Clarity)

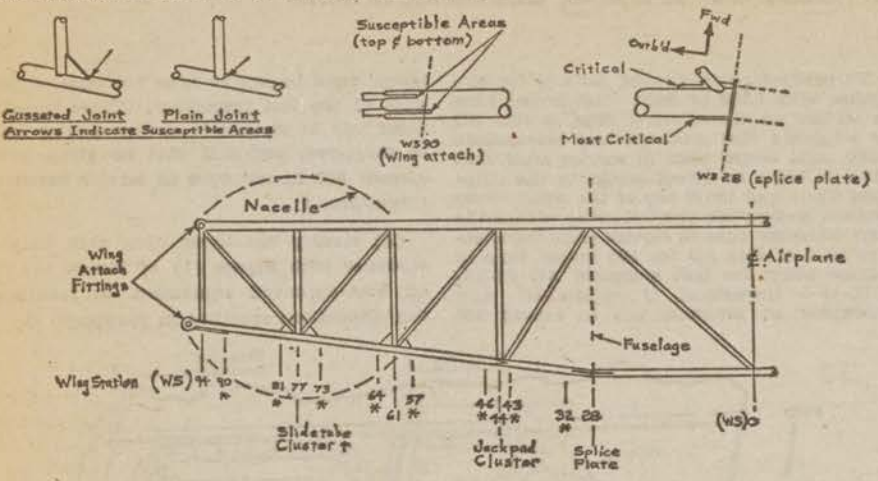
FIGURE 2



Attach MK1000-3 Nutplates (or equiv.) (17 Places) as shown by (O).
Cut Inspection Door from .032 2024-T3 Alum. Allow ¼ Inch Edge Margin around All Screws (min.).
Install Door on Lower Side with #10 Screws (25 Places). Cut 3 Holes for Jackpad access.
Inspection Door not shown.

VIEW LOOKING DOWN ON LOWER WINGSKIN AND SPAR TUBE
Upper Wingskin omitted for Clarity

(B) Inspect the elliptical front/lower spar cap of the wing center section by visual, X-ray and magnetic particle methods in an area adjacent to each of the following locations: (Each location is identified by its approximate wing station (WS) as shown on Figure (3).)



Right Hand Wing Shown – View Looking Aft at Main Spar
Left Hand Opposite

* INDICATES AREAS TO BE INSPECTED PER THIS A.D.
† SEE AD 64-21-1, part (b) and AD 64-21-3, part (b).

FIGURE 3

WS 90, tips of clevis fitting tangs, upper and lower.

WS 81 and 73, toes of slide tube cluster gussets.

WS 64 and 57, toes of the nacelle inboard cluster gussets.

WS 46 and 43, both sides of jackpad cluster.

WS 32, tips of wing splice plate at junctures with fore and aft sides of elliptical tube.

Where possible, inspect the upper and lower surfaces, but where access does not permit visual or magnetic particle inspection of the lower half of the spar cap, inspection of the upper half will suffice. However, at the wing fitting area, WS 90, inspection shall be directed to both top and bottom sides of the spar cap. Also, at the splice plate area, WS 32, the inspection shall be directed to the toes of the weld on the forward and aft sides of the spar cap. X-ray inspection must follow MIL–STD–453, which is general. Specific instructions are given in Beech Service Bulletins 64–15, 64–16, 64–17 and 66–10, Rev. II. Sensitivity of the radiograph must be adequate to discern the outline of the 0.010-inch hole in a 0.005-inch thick steel penetrameter. The radiation source is placed beneath the wing, the penetrameter is taped on the lower side of the spar cap, and the film is placed on top of the spar cap. Magnetic particle inspection equipment must be equivalent to that specified in Beech Service Bulletins 64–15, 64–16, 64–17 and 66–10, Rev. II. These bulletins contain pertinent information on the subject.

(C) If as a result of such inspections, cracks are found in the lower spar cap, before further flight, either replace the affected part or repair it in accordance with a method approved by the Chief, Engineering and Manufacturing Branch, FAA, Central Region. The following approved repair kits are currently available from Beech:

Kit No.	Spar locations (Fig. (3))	Wing
18-4024-1	81, 73, 64, and 57	Left.
18-4024-2	81, 73, 64, and 57	Right.
598	77 (Sprocket Supt)	Both.
791	32	Do.
792-1	81 and 73—Tail wheel	Do.
792-5	81 and 73—Trigear	Do.

Beech will fabricate repairs for locations 46 and 43 upon request.

(D) The STC modifications listed below exempt an airplane from inspections required by this AD. Each applies to all models listed on Aircraft Specifications A–765 and A–757 with minor exceptions. Each is compatible with the Volpar trigear modifications.

STC No. and holder	Address	Spar area beefed up
SA1192WE, Aircraft Tank Service.	10201 Cohasset St., Burbank, CA 91504.	Center section only.
SA1533WE, Hamilton Aircraft Co.	Post Office Box 11427, International Airport, Tucson, AZ 85706.	Do.
SA832SW, Dee Howard Co.	Post Office Box 16216, San Antonio, TX 78216.	Do.
SA895SW, Dee Howard Co.	Post Office Box 16216, San Antonio, TX 78216.	Outboard wing, goes with SA832SW.
SA2000WE, Hamilton Aircraft Co.	Post Office Box 11427, International Airport, Tucson, AZ 85706.	Full span.
SA643CE, Ray M. Jourdan.	11001 East 59th, Raytown, MO 64133.	Center section only.

(E) Notification in writing must be sent to the Chief, Engineering and Manufacturing Branch, FAA, Central Region, stating the location and length of any cracks found during inspections required by this AD and the total time on the aircraft when the crack was discovered. (Reporting approved by the Bureau of the Budget under BOB No. 04–R0174.)

For those aircraft which have not been previously inspected per AD 67–16–1, the initial inspection shall be reported as above, whether cracks are found or not.

This AD supersedes AD 67–16–1 (Amendments 39–419, 39–430, 39–441, 39–643 and 39–715); AD 67–20–2 (Amendment 39–437); and AD 71–11–5 (Amendment 39–1214).

NOTE: Part (b) of AD 64–21–1 and Part (b) of AD 64–21–3 requiring magnetic particle inspection of the nacelle area and slide tube cluster, remain in effect.

This amendment becomes effective April 13, 1972.

Sec. 313(a), 601, 603, Federal Aviation Act of 1958, 49 U.S.C. 1354(a), 1421, 1423; sec. 6(c), Department of Transportation Act, 49 U.S.C. 1655(c))

Issued in Kansas City, Mo., on March 31, 1972.

JOHN M. CYROCKI,
Director, Central Region.

[FR Doc.72–5460 Filed 4–11–72;8:45 am]

[Docket No. 72–SO–33, Amdt. 39–1433]

PART 39—AIRWORTHINESS DIRECTIVES

Piper PA–28 and PA–32 Series Airplanes

There have been cracks in the main landing gear torque links on Piper PA–28 and PA–32 series airplanes that have resulted in failure of the torque link. Since this condition is likely to exist or develop in other airplanes of the same type design, an airworthiness directive is being issued to require inspection of the main landing gear torque links on Piper Model PA–28 and PA–32 airplanes.

Since a situation exists that requires immediate adoption of this regulation, it is found that notice and public procedure hereon are impracticable and good cause exists for making this amendment effective in less than 30 days.

In consideration of the foregoing, and pursuant to the authority delegated to me by the Administrator (31 F.R. 13697), § 39.13 of Part 39 of the Federal Aviation Regulations is amended by adding the following new airworthiness directive:

PIPER: Applies to Model PA 28–140 airplanes, Serial Numbers 28–20000 and up; Model PA 28–150/–160/–180 airplanes, Serial Numbers 28–01 and up; Model PA 28–235 airplanes, Serial Numbers 28–10000 and up; Model PA 32–260 airplanes, Serial Numbers 32–01 and up; and Model PA 32–300 airplanes, Serial Numbers 32–40000 and up. Serial Numbers prefixed by model year, such as 28–7120000 are included in effectivity.

For airplanes having main landing gear torque links, P/N 65691-00 or P/N 65691-00V, compliance required within the next 50 hours or torque link time in service from the effective date of this AD, or before the accumulation of 750 hours of torque link time in service, whichever occurs later, unless already accomplished in the last 450 hours of torque link time in service. Repetitive inspections are required at intervals not to exceed 500 hours of torque link time in service from last inspection.

To detect cracks adjacent to the 2½" diameter machined boss in any of the four main landing gear torque links (Piper Part No. 65691-00 or 65691-00V) accomplish the following:

(a) Remove paint at least 1 inch away from the large boss by any suitable means which does not leave a wax residue.

(b) Clean this area for inspection and allow to dry if necessary.

(c) Inspect for cracks by any of the following methods:

(1) Visually with the aid of at least a 10 power magnifying glass.

(2) Flourescent or dye penetrant inspection.

(3) FAA approved equivalent inspection.

(d) If cracks are present, replace the torque links with serviceable torque links of the same part number before further flight, except that the airplane may be flown in accordance with FAR 21.197 to a base where installation can be performed.

Piper Service Letter No. 600 pertains to this same subject; however, compliance times must be in accordance with the provisions of this AD.

Operators who have not kept records of hours time in service on individual torque links shall substitute airplane hours time in service in lieu thereof.

Previous AD's 67-20-4 and 70-18-5, concerning main landing gear torque links, are still applicable. Piper Kit No. 757-123 as mentioned in these AD's contains appropriate hardware for torque link installation and may be reused.

This amendment becomes effective April 14, 1972.

(Secs. 313(a), 601, 603, Federal Aviation Act of 1958, 49 U.S.C. 1354(a), 1421, 1423; sec. 6(c), Department of Transportation Act, 49 U.S.C. 1655(c))

Issued in East Point, Ga., on April 3, 1972.

DUANE W. FREER,
Acting Director, Southern Region.

[FR Doc.72-5524 Filed 4-11-72;8:45 am]

[Airspace Docket No. 72-SO-7]

PART 71—DESIGNATION OF FEDERAL AIRWAYS, AREA LOW ROUTES, CONTROLLED AIRSPACE, AND REPORTING POINTS

Alteration of Transition Area

On March 17, 1972, F.R. Doc. No. 72-4057 was published in the FEDERAL REGISTER (37 F.R. 5605), amending Part 71 of the Federal Aviation Regulations by altering the Statesboro, Ga., transition area.

In the amendment, the geographic coordinate for the Statesboro RBN was cited as lat. 32°28'50" N., long. 81°-44'22" W. Refined plotting by National Ocean Survey disclosed that the Statesboro RBN is located at lat. 32°28'27" N., long. 81°44'40" W. It is necessary to amend the FEDERAL REGISTER document to reflect this change. Since this amendment is minor in nature, notice and public procedure hereon are unnecessary.

In consideration of the foregoing, effective immediately, F.R. Doc. 72-4057 is amended as follows: In lines six and seven of the Statesboro, Ga., transition area description "* * * (lat. 32°28'50" N., long. 81°44'22" W.) * * *" is deleted and "* * * (lat. 32°28'27" N., long. 81°44'40" W.) * * *" is substituted therefor. * * *

(Sec. 307(a), Federal Aviation Act of 1958, 49 U.S.C. 1348(a); sec. 6(c), Department of Transportation Act, 49 U.S.C. 1655(c))

Issued in East Point, Ga., on April 3, 1972.

DUANE W. FREER,
Acting Director, Southern Region.

[FR Doc.72-5535 Filed 4-11-72;8:45 am]

[Airspace Docket No. 72-SW-22]

PART 71—DESIGNATION OF FEDERAL AIRWAYS, AREA LOW ROUTES, CONTROLLED AIRSPACE, AND REPORTING POINTS

Revocation of Control Zone

The purpose of this amendment to Part 71 of the Federal Aviation Regulations is to revoke the part-time control zone at Walnut Ridge, Ark.

At Walnut Ridge, Ark., there has been a part-time control zone. The effective hours of the control zone were continuously published in the Airman's Information Manual (AIM), Part 3.

Among the requirements for any control zone is the necessity for a federally certified weather observer who must take hourly and special weather observations at the primary airport (the airport upon which the control zone is designated). These observations must be made during the days and hours the control zone is effective. At Walnut Ridge, Ark., there has not been a federally certified weather observer available for approximately 1 year. The entry in the AIM, Part 3, was changed to state that the Walnut Ridge, Ark., control zone was "not in effect"; however, aeronautical charts have continued to depict the Walnut Ridge, Ark., control zone. This could place an undue burden on the flying public as there has not been a control zone in effect at Walnut Ridge, Ark.

In view of the above, the Walnut Ridge, Ark., control zone is being revoked. Should a federally certified weather observer subsequently become available who will provide all hourly and special weather observations, the Walnut Ridge, Ark., control zone can again be designated.

The area of Walnut Ridge, Ark., will continue to be served by the existing 700-foot Walnut Ridge transition area as well as the overlying 1,200-foot State of Arkansas transition area. Instrument approach capability will continue to exist at Walnut Ridge, Ark.

In consideration of the foregoing, Part 71 of the Federal Aviation Regulations is amended, effective immediately, as herein set forth.

In § 71.171 (37 F.R. 2056), the Walnut Ridge, Ark., control zone is revoked.

(Sec. 307(a), Federal Aviation Act of 1958, 49 U.S.C. 1348; sec. 6(c), Department of Transportation Act 49 U.S.C. 1655(c))

Issued in Fort Worth, Tex., on April 3, 1972.

R. V. REYNOLDS,
Acting Director, Southwest Region.

[FR Doc.72-5536 Filed 4-11-72;8:45 am]

[Docket No. 11848, Amdt. 805]

PART 97—STANDARD INSTRUMENT APPROACH PROCEDURES

Miscellaneous Amendments

This amendment to Part 97 of the Federal Aviation Regulations incorporates by reference therein changes and additions to the Standard Instrument Approach Procedures (SIAP's) that were recently adopted by the Administrator to promote safety at the airports concerned.

The complete SIAP's for the changes and additions covered by this amendment are described in FAA Forms 3139, 8260-3, 8260-4, or 8260-5 and made a part of the public rule making dockets of the FAA in accordance with the procedures set forth in Amendment No. 97-696 (35 F.R. 5609).

SIAP's are available for examination at the Rules Docket and at the National Flight Data Center, Federal Aviation Administration, 800 Independence Avenue SW., Washington, DC 20591. Copies of SIAP's adopted in a particular region are also available for examination at the headquarters of that region. Individual copies of SIAP's may be purchased from the FAA Public Document Inspection Facility, HQ-405, 800 Independence Avenue SW., Washington, DC 20591, or from the applicable FAA regional office in accordance with the fee schedule prescribed in 49 CFR 7.85. This fee is payable in advance and may be paid by check, draft or postal money order payable to the Treasurer of the United States. A weekly transmittal of all SIAP changes and additions may be obtained by subscription at an annual rate of $125 per annum from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Since a situation exists that requires immediate adoption of this amendment, I find that further notice and public procedure hereon is impracticable and good cause exists for making it effective in less than 30 days.

In consideration of the foregoing, Part 97 of the Federal Aviation Regulations is amended as follows, effective on the dates specified:

1. Section 97.23 is amended by establishing, revising, or canceling the following VOR-VOR/DME SIAP's, effective May 11, 1972.

Atlantic City, N.J.—NAFEC Atlantic City/Pomona Airport; VOR Runway 4, Amdt. 10; Revised.

Cheyenne, Wyo.—Cheyenne Municipal Airport; VOR-A, Amdt. 1; Revised.

Ely, Nev.—Ely-Yelland Field; VOR-A, Amdt. 2; Revised.
La Verne, Calif.—Brackett Field; VOR-A, Amdt. 1; Revised.
Orlando, Fla.—Herndon Airport; VOR Runway 13, Amdt. 5; Revised.
Plant City, Fla.—Plant City Municipal Airport; VOR Runway 27, Original; Established.
Pocatello, Idaho—Pocatello Municipal Airport; VOR Runway 3, Amdt. 11, revised.
Pocatello, Idaho—Pocatello Municipal Airport; VOR/DME Runway 21, Amdt. 3; Revised.

2. Section 97.25 is amended by establishing, revising or canceling the following SDF-LOC-LDA SIAP's effective May 11, 1972.

Cordova, Alaska—Cordova Mile 13 Airport; LOC/DME Runway 27, Amdt. 2; Revised.
Fort Lauderdale, Fla.—Fort Lauderdale-Executive Airport; SDF Runway 8, Original; Established.
Fort Lauderdale, Fla.—Fort Lauderdale-Hollywood International Airport; LOC (BC) Runway 27R, Amdt. 1; Revised.
Pensacola, Fla.—Pensacola Regional Airport; LOC(BC) Runway 34, Amdt. 3; Revised.
Portland, Oreg.—Portland International Airport; LOC Runway 20, Original; Established.
Portland, Oreg.—Portland International Airport; LOC/DME Runway 20, Amdt. 1; Revised.

3. Section 97.27 is amended by establishing, revising or canceling the following NDB/ADF SIAP's, effective May 11, 1972.

Arlington, Tenn.—Arlington Municipal Airport; NDB Runway 15, Original; Canceled.
Arlington, Tenn.—Arlington Municipal Airport; NDB Runway 33, Original; Canceled.
Flint, Mich.—Bishop Airport; NDB Runway 9R, Amdt. 13; Revised.
Memphis, Tenn.—Memphis International Airport; NDB Runway 35R, Amdt. 12; Revised.
Nashville, Tenn.—Nashville Metropolitan Airport; NDB Runway 2L, Amdt. 20; Revised.
Pocatello, Idaho—Pocatello Municipal Airport; NDB Runway 21, Amdt. 13; Revised.
Salisbury, N.C.—Rowan County Airport; NDB-A, Amdt. 2; Revised.
Wilkesboro, N.C.—Wilkes County Airport; NDB-A, Amdt. 1; Revised.

4. Section 97.29 is amended by establishing, revising, or canceling the following ILS SIAP's, effective May 11, 1972.

Atlantic City, N.J.—NAFEC Atlantic City/Pomona Airport; ILS Runway 4, Original; Established.
Cheyenne, Wyo.—Cheyenne Municipal Airport; ILS Runway 26, Amdt. 24; Revised.
Flint, Mich.—Bishop Airport; ILS Runway 9R, Amdt. 5; Revised.
Meridian, Miss.—Key Field; ILS Runway 1, Amdt. 16; Revised.
Nashville, Tenn.—Nashville Metropolitan Airport; ILS Runway 2L, Amdt. 22; Revised.
Pocatello, Idaho—Pocatello Muncipal Airport; ILS Runway 21, Amdt. 16; Revised.

5. Section 97.31 is amended by establishing, revising, or canceling the following Radar SIAP's, effective May 11, 1972.

Atlantic City, N.J.—NAFEC Atlantic City/Pomona Airport; Radar-1, Amdt. 10; Revised.
Orlando, Fla.—Herndon Airport; Radar-1, Amdt. 11; Revised.
St. Petersburg, Fla.—Albert Whitted Airport; Radar-1, Amdt. 2; Revised.

(Secs. 307, 313, 601, 1110, Federal Aviation Act of 1958; 49 U.S.C. 1438, 1354, 1421, 1510; sec. 6(c), Department of Tranportation Act, 49 U.S.C. 1655(c), 5 U.S.C. 552(a)(1))

Issued in Washington, D.C., on April 4, 1972.

J. A. FERRARESE,
Acting Director,
Flight Standards Service.

NOTE: Incorporation by reference provisions in §§ 97.10 and 97.20 (35 F.R. 5610) approved by the Director of the FEDERAL REGISTER on May 12, 1969.

[FR Doc.72-5468 Filed 4-11-72;8:45 am]

Title 25—INDIANS

Chapter I—Bureau of Indian Affairs, Department of the Interior

SUBCHAPTER F—ENROLLMENT

PART 43h—PREPARATION OF A ROLL OF ALASKA NATIVES

Applications, Appeals, Preparation, and Approval of Roll; Correction

The document adding a new Part 43h to Subchapter F, Chapter I, of Title 25 of the Code of Federal Regulations, published in the FEDERAL REGISTER on March 17, 1972, at 37 F.R. 5615, is corrected by changing "appeals from adverse decision" to "appeals from adverse decisions" in item number 9 of the preamble, "5 U.S.C. section 533" to "5 U.S.C. section 553" in the last paragraph of the preamble, and "as Native as any village or group" to "as Native by any village or group" in § 43h.1(g).

HARRISON LOESCH,
Assistant Secretary of the Interior.

APRIL 6, 1972.

[FR Doc.72-5556 Filed 4-11-72;8:47 am]

Title 32—NATIONAL DEFENSE

Chapter V—Department of the Army

SUBCHAPTER A—AIDE OF CIVIL AUTHORITIES AND PUBLIC RELATIONS

PART 504—PUBLIC INFORMATION ACTIVITIES

Release of Information by Manufacturers, Research Organizations, Educational Institutions Holding Army Contracts, and Other Commercial Entities

Sections 504.31–504.33 are revised and §§ 504.34 and 504.35 are revoked. The revisions and revocations contained in this document update §§ 504.31–504.33 to conform with the Armed Services Procurement Regulation and the Freedom of Information Act and are effective April 15, 1972, as follows:

§ 504.31 General.

Freedom of information policy. The policy of the Department of the Army is that maximum accurate information shall be made available to the public concerning Army relationships with manufacturers, educational institutions, research organizations, and other professional and commercial entities and individuals. That policy requires maximum disclosure of information other than that exempted by the Freedom of Information Act, 5 U.S.C. 552. Exemptions of specific application for this directive include information which:

(a) Would be of material assistance to potential enemies of the United States; or

(b) Would offer an unfair competitive advantage to specific entities or individuals who are seeking to provide material or services for the Army as specified in Armed Service Procurement Regulation (Chapter I, Subchapter A of this title) and Army Procurement Procedure (Subchapter G of this chapter).

(c) In case of doubt as to whether the release of information will result in a violation of security, the manufacturer, educational institution, or research organization holding Army contracts will be responsible for obtaining proper clearance prior to releasing the information.

§ 504.32 Contract relationships.

(a) *Armed services procurement regulation.* (1) In prescribing submission, review and clearance of industry originated information materials, the Department of the Army defers to Armed Services Procurement Regulation (Chapter I, Subchapter A of this title) guidance on Army/industry interface, the official information responsibilities of the contracting officer as defined in Chapter I, Subchapter A of this title, and the specific nature of each Army/industry relationship as expressed by terms of a contract if a contract exists. Pertinent release guidance is to be found in §§ 1.329 through 1.329-4, 1.1001 through 1.1007-4, 2.211, and 3.507-2 of this title.

(2) Requirements are applicable to educational institutions which receive from Department of the Army, or any component thereof, information concerning preaward negotiations, contract award, including letter contract, modification thereof, or grant, for the accomplishment of military research and development projects.

(3) Department of the Army agencies or educational institutions will not release procurement information regarding research and development projects performed under Army contract without approval or clearance.

(b) *Classified contracts.* A classified contract is that which requires access to classified information (Confidential, Secret, Top Secret) either to submit a bid or proposal or to perform the contract. A contract may be a classified contract even though the contract document is not classified. In those cases where a classified contract exists, the contractor is guided by any specific security items written into the contract and by terms of the Department of Defense Security Agreement (DD Form 441) that is thereto appended. Specific security cri-

teria are contained in DoD Contract Security Specification (DD Form 254). Procedures required to safeguard classified defense information which U.S. contractors, subcontractors, vendors or suppliers will possess or have access to are set forth in the Department of Defense Industrial Security Regulation (DoD 5220.22–R) and its companion publication, the Department of Defense Industrial Security Manual for Safeguarding Classified Information (DoD 5220.22–M).

(c) *Other contracts.* In cases where unclassified contracts exist and the terms of contractual documents do not provide specific instructions on publication of information, the contractors are encouraged by the Department of the Army to submit materials prior to publication to the Administrative Contracting Officer or to any Information Office the Administrative Contracting Officer may designate. If the submission is made to any other office, it will be referred immediately to the appropriate Administrative Contracting Officer for action. Such a voluntary submission is simply business courtesy and affords safeguard against accidental release of inaccurate or classified information.

(d) *Commercial entities.* In cases where no contractual agreement exists, industrial and business concerns, advertising and public relations agencies, and other commercial persons or entities desiring to use Army themes in information or promotional campaigns are encouraged to submit proposed treatments to the Department of the Army. Originators may submit materials to any Army installation or headquarters, or direct to the Chief of Public Information (HQDA (DAIO–FOI)).

(e) *Advisory nature of Army review.* Except for information materials generated in accord with contractual requirements, Information Officers exercise an advisory role in the review of information material voluntarily submitted, leaving the final decision in matters of accuracy, style and good taste with the originator.

(f) *Scientific and technical information.* Information Officers will accomplish review and release of scientific and technical information materials at the lowest possible level, to include results of research, development, test and evaluation, prepared for presentation/publication within or outside of CONUS—except those whose clearance is set forth in the Industrial Security Manual as prerogative of Defense Department.

(g) *Defense reservations.* Scientific and technological information should not be released locally if it:

(1) Discloses classified military applications or unclassified military applications, disclosure of which might not be in the national interest.

(2) Contains subject matter specifically identified by Officer of the Secretary of Defense guidance as requiring OSD review prior to release (§ 504.8(a)(3)).

(3) Might generate national interest and, therefore, be reserved for announcement at the seat of government.

(h) *Joint authorship.* Informational materials prepared under joint Army/industry authorship will be processed for review and clearance in the same manner as specified for Army authorship.

§ 504.33 Procedures.

(a) *General policy.* A copy of §§ 504.31 through 504.33 and any future amendments thereof shall be separately and currently published in the FEDERAL REGISTER for the guidance of the public.

(b) *Specific policy.* A copy of §§ 504.31 through 504.33 should be included with other instructions given to contractors by the Procuring Contracting Officer at the time of contract award and made available to other possible sources of submissions upon request.

(c) *Submission requirements.* (1) For written materials and still photographs—five copies—photos to be properly captioned (add one copy for each intervening headquarters for record file).

(i) For technical papers and presentations—each copy to include viewgraphs, photographs, charts, graphs, and similar material, properly captioned.

(ii) For brochures—each copy to include copy, layout, and all illustrative material.

(iii) For advertisements—each copy to include copy and layout proposed for subsequent finish and placement.

(2) For motion picture production, a series of review procedures is recommended:

(i) Preliminary written story/concept/outline treatment—five copies (add one copy for each intervening headquarters for record file).

(ii) Final shooting script to include scene description/narration—five copies (add one copy for each intervening headquarters for record file).

(iii) Rough cut film minus sound track before final editing; copy of final draft narration—one copy each for final review, or

(iv) One print for final review.

(3) For TV news film—submit B-wind master for eventual release and file and two prints for review and return to originator.

(4) For exhibits—design/layout with copy—five copies—proposed for subsequent production.

(d) *Review.* (1) If there is a contract involved, the primary reviewing office first will establish whether the contract is classified or unclassified.

(2) Information materials arising out of classified contracts will be reviewed according to paragraph 5o, DoD 5220.22–M.

(3) Information materials arising out of unclassified contracts will be reviewed and cleared for public release at the primary office level.

(4) Review at any level will include criteria that insures the detection of:

(i) Classified information.

(ii) Factual inaccuracies.

(iii) Implied Department of the Army endorsement of a commercial firm, product, or service.

(iv) The comparison of relative merits of one specific item of military materiel with another.

(v) The presence of official Department of Defense specification details or results of acceptance tests.

(5) Reviewers at all levels should process materials with the least possible delay and forward them to the next higher echelon for review, if required.

(6) Chief of Public Information, Department of the Army will coordinate the review of materials within the Department of the Army.

§§ 504.34, 504.35 [Revoked]

[AR 360–27, Mar. 15, 1972] (Sec. 3012, 70A Stat. 157; 10 U.S.C. 3012)

For the Adjutant General.

R. B. BELNAP,
Special Advisor to TAG.

[FR Doc.72–5546 Filed 4–11–72;8:46 am]

Title 43—PUBLIC LANDS: INTERIOR

Chapter II—Bureau of Land Management, Department of the Interior

APPENDIX—PUBLIC LAND ORDERS

[Public land order 5199]

[Nevada 051758, 051763, 051771]

NEVADA

Revocation of Air Navigation Site Withdrawals

By virtue of the authority contained in section 4 of the Act of May 24, 1928, 45 Stat. 729, 49 U.S.C. section 214 (1970), it is ordered as follows:

1. The departmental orders of August 13, 1928, November 17, 1930, October 13, 1950, and May 12, 1938, which withdrew lands as Air Navigation Sites No. 6, No. 45, and No. 120, respectively, are hereby revoked as to the remaining lands embraced therein, described as follows:

MOUNT DIABLO MERIDIAN

AIR NAVIGATION SITE NO. 6

T. 28 N., R. 40 E.,
Sec. 8, E½SW¼NW¼.
Containing 20 acres.

AIR NAVIGATION SITE NO. 45

T. 26 N., R. 34 E.,
Sec. 32, NE¼NW¼SW¼SE¼.
T. 27 N., R. 37 E.,
Sec. 15, SW¼NW¼SE¼SE¼.
T. 28 N., R. 40 E.,
Sec. 6, SW¼SW¼SW¼SE¼.
Containing 7.5 acres.

AIR NAVIGATION SITE NO. 120

T. 26 N., R. 34 E.,
Sec. 24, S½SW¼, SW¼SE¼;
Sec. 26, N½N½.
Containing 280 acres.

The areas described above aggregate a total of 307.5 acres in Pershing County.

2. At 10 a.m. on May 11, 1972, the lands shall be open to operation of the public land laws generally including the U.S. mining laws, subject to valid existing rights, the provisions of existing withdrawals, and the requirements of applicable law. All valid applications received at or prior to 10 a.m. on May 11, 1972, shall be considered as simultaneously filed at that time. Those received thereafter shall be considered in the

order of filing. The lands have been and continue to be open to the filing of applications and offers under the mineral leasing laws.

Inquiries concerning the lands should be addressed to Chief, Division of Technical Services, Nevada State Office, Bureau of Land Management, 300 Booth Street, Reno, NV 89502.

HARRISON LOESCH,
Assistant Secretary of the Interior.

APRIL 5, 1972.

[FR Doc.72-5557 Filed 4-11-72; 8:47 am]

[Public Land Order 5201]

[Oregon 8510]

OREGON

Revocation of Withdrawal for National Forest Administrative Site

By virtue of the authority vested in the President and pursuant to Executive Order No. 10355 of May 26, 1952 (17 F.R. 4831), it is ordered as follows:

1. The Secretary's Order of January 28, 1908, withdrawing land for a national forest administrative site is hereby revoked in its entirety as to the following described land:

WILLAMETTE MERIDIAN

WILLAMETTE NATIONAL FOREST

McKenzie Administrative Site

T. 16 S., R. 5 E.,
Sec. 14, W½NE¼ and NE¼NW¼.

The area described contains 120 acres in Lane County.

2. Of the land described above, the SW¼NE¼ shall immediately be made available for the consummation of a pending Forest Service exchange. The remainder, described as the NW¼NE¼ and NE¼NW¼, at 10 a.m. on May 11, 1972, shall be open to such disposition as may by law be made of national forest lands.

HARRISON LOESCH,
Assistant Secretary of the Interior.

APRIL 5, 1972.

[FR Doc.72-5558 Filed 4-11-72;8:47 am]

[Public Land Order 5202]

[Idaho 4038]

IDAHO

Partial Revocation of Reclamation Project Withdrawal

By virtue of the authority contained in section 3 of the Act of June 17, 1902, 32 Stat. 388, as amended and supplemented, 43 U.S.C. section 416 (1970), it is ordered as follows:

1. The Secretary's Order of April 15, 1919, withdrawing lands for the Boise Project, Black Canyon Unit, is hereby revoked so far as it affects the following described land:

BOISE MERIDIAN

T. 6 N., R. 5 W.
Sec. 10, S½SE¼.

The area described contains 80 acres in Payette County.

The land is located 5 miles north of Parma, Idaho. Access is by unimproved roads. Elevation varies from a low of 2,420 feet at the southwest corner to a high of 2,522 feet at the southeast corner. Topography is level to gently rolling; soils are a fine sandy loam moderately deep. Vegetation is cheat grass and annual forbes.

2. At 10 a.m. on May 11, 1972, the land shall be open to operation of the public land laws generally, including the U.S. mining laws, subject to valid existing rights, the provisions of existing withdrawals, and the requirements of applicable law. All valid applications received at or prior to 10 a.m. on May 11, 1972, shall be considered as simultaneously filed at that time. Those received thereafter shall be considered in the order of filing. The land has been and will continue to be open to the filing of applications and offers under the mineral leasing laws.

Inquiries concerning the land should be addressed to the Chief, Division of Technical Services, Bureau of Land Management, Boise, Idaho 83702.

HARRISON LOESCH,
Assistant Secretary of the Interior.

APRIL 5, 1972.

[FR Doc.72-5559 Filed 4-11-72;8:47 am]

[Public Land Order 5203]

[Sacramento 4564]

CALIFORNIA

Withdrawal for National Forest Research Natural Area

By virtue of the authority vested in the President and pursuant to Executive Order No. 10355 of May 26, 1952 (17 F.R. 4831), it is ordered as follows:

1. Subject to valid existing rights, the following described national forest lands are withdrawn from appropriation under the mining laws (30 U.S.C., ch. 2), but not from leasing under the mineral leasing laws, in aid of programs of the Department of Agriculture:

MENDOCINO NATIONAL FOREST

MOUNT DIABLO MERIDIAN

Frenzel Creek Research Natural Area

T. 16 N., R. 6 W.,
Sec. 5, lots 2, 3, 4, S½NW¼, W½SW¼;
Sec. 6, lot 1, SE¼NE¼, E½SE¼.
T. 17 N., R. 6 W.,
Sec. 29, S½SW¼;
Sec. 31, SE¼NE¼, NE¼SE¼, S½SE¼;
Sec. 32, NE¼, W½, N½SE¼, SW¼SE¼.

The area described aggregates 1,282.12 acres in Colusa County.

2. The withdrawal made by this order does not alter the applicability of those public land laws governing the use of the national forest lands under lease, license, or permit, or governing the disposal of their mineral or vegetative resources other than under the mining laws.

HARRISON LOESCH,
Assistant Secretary of the Interior.

APRIL 6, 1972.

[FR Doc.72-5560 Filed 4-11-72;8:47 am]

[Public Land Order 5204]

[Colorado 14529]

COLORADO

Partial Revocation of Public Water Reserve No. 107

By virtue of the authority vested in the President and pursuant to Executive Order No. 10355 of May 26, 1952 (17 F.R. 4831), it is ordered as follows:

The Executive order of April 17, 1926, creating Public Water Reserve No. 107, as construed by Interpretation No. 77 of January 3, 1929, is hereby revoked so far as it affects the following described lands:

SIXTH PRINCIPAL MERIDIAN

T. 8 N., R. 102 W.,
Sec. 30, SW¼SW¼ (lot 8), E½SW¼, SE¼;
Sec. 31, NW¼NW¼ (lot 5), NE¼NW¼.
T. 7 N.,, R. 103 W.,
Sec. 1, SW¼NW¼.

The areas described aggregate 392.09 acres in Moffat County.

By Presidential Proclamation No. 2290 of July 14, 1938, the described lands were added to and made a part of the Dinosaur National Monument established pursuant to the Act of June 8, 1906, 34 Stat. 225, as amended by the Act of September 8, 1960, 74 Stat. 857.

HARRISON LOESCH,
Assistant Secretary of the Interor.

APRIL 6, 1972.

[FR Doc.72-5561 Filed 4-11-72;8:48 am]

[Public Land Order 5205]

[Wyoming 28973]

WYOMING

Partial Revocation of Stock Driveway Withdrawal

By virtue of the authority contained in section 10 of the Act of December 29, 1916, 39 Stat. 865, as amended, 43 U.S.C. section 300 (1970), it is ordered as follows:

1. The departmental order of February 5, 1924, enlarging Stock Driveway Withdrawal No. 3 (Wyoming No. 1), is hereby revoked so far as it affects the following described lands:

SIXTH PRINCIPAL MERIDIAN

T. 47 N., R. 87 W.,
Sec. 33, W½SW¼SE¼SE¼, SE¼SW¼ SE¼SE¼.

The area described contains 7.5 acres in Washakie County.

The land is located approximately 8 miles southeast of Tensleep, Wyo. The vegetal aspect is a sagebrush-grassland association of fair carrying capacity.

2. At 10 a.m. May 12, 1972, the land shall be open to the operation of the public land laws generally, subject to valid existing rights, the provisions of existing withdrawals, and the requirements of applicable law. All valid applications received at or prior to 10 a.m. on May 12, 1972, shall be considered as simultaneously filed at that time. Those received thereafter shall be considered in the order of filing.

The land has been and continues to be open to applications and offers under the mineral leasing laws, and to location under the U.S. mining laws.

Inquiries concerning the land should be addressed to the Chief, Branch of Lands and Minerals Operations, Bureau of Land Management, Cheyenne, Wyo.

HARRISON LOESCH,
Assistant Secretary of the Interior.

APRIL 6, 1972.

[FR Doc.72-5562 Filed 4-11-72;8:48 am]

Title 49—TRANSPORTATION

Chapter V—National Highway Traffic Safety Administration, Department of Transportation

[Docket No. 70-26; Notice 3]

PART 571—FEDERAL MOTOR VEHICLE SAFETY STANDARDS

Motorcycle Controls and Displays

This notice amends Part 571 of Title 49, Code of Federal Regulations, to add a new Motor Vehicle Safety Standard No. 123 (49 CFR 571.123) that establishes requirements for motorcycle controls and displays. A notice of proposed rule making on this subject was published on November 6, 1970 (35 F.R. 17117).

The National Highway Traffic Safety Administration estimates that over 3,000 accidents may be avoided annually by specifying a uniform standard for motorcycle controls and displays. As this agency commented in the prior notice: "Controls and displays link the operator and the machine, and if there is confusion as to their location, interpretation, or operation, a dangerous situation may result. A cyclist, especially the novice and the cyclist who has changed from one make of machine to another, must not hesitate when confronted with an emergency." The purpose of the new standard is to minimize operator error in responding to the motoring environment, by standardizing certain motorcycle controls and displays.

The basic operational requirement of Standard No. 123 is that handlebar-mounted controls be operable throughout their full range without the operator removing his hand from the handgrip. Standard No. 123 requires all motorcycles to have a supplemental engine stop control, operable from the right handlebar, intended for use in emergency situations. Notice of this requirement was proposed in Notice 2 to Docket No. 69-20, Accelerator Control Systems (35 F.R. 15241). Standard No. 123 also requires that if any of 10 other specified equipment items are provided on a motorcycle, the location and method of operation of the applicable control shall be standardized. These items are: manual clutch or integrated clutch and gear change, foot-operated gear change, headlamp upper-lower beam control, horn, turn signal lamps, ignition, manual fuel shutoff control, twist-grip throttle, front wheel brake, and rear wheel brakes. Motorcycles that are designed and sold exclusively for use by law enforcement agencies are excluded from Standard No. 123, as the configuration of certain controls on such vehicles, necessary for law enforcement purposes, differs from that required by the new standard. Proposals applicable to the instrument illumination intensity control, the electric starter, and the kick starter have not been adopted as insufficient correlation with motor vehicle safety has been found for these items.

As noted below, some of the location and operational requirements that were proposed have not been adopted in the following instances. Otherwise, the location and operation of controls are required as proposed.

1. *Foot-operated gear change.* The likelihood of inadvertent engagement of reverse gear has been found to be so slight that a means to prohibit it has not been found necessary. Further, no requirement has been specified for location of neutral gear. Under proposal A, neutral would have occurred lowest in the gear sequence. Proposal A was not adopted because of the likelihood of overshooting low gear when downshifting, thus contributing to a possible loss of control. In proposal B, the transmission would be put into neutral by a rearward motion of the operator's heel on a control device separate from the shift lever. This method was not adopted since it appears to have no inherent safety advantages over any other means of finding neutral. The intent of proposal B was to insure that neutral can reliably be selected when desired without being selected inadvertently when not desired. The conventional neutral light may serve as an aid to such shifting; however, any system which requires eye movements away from the road merely to shift gears cannot be considered to be an adjunct to safety.

The present standard does not impose specific requirements for ease of locating the gear position, or for protection against inadvertent shifting into neutral. However, the Administration considers these to be desirable objectives and will consider amending the standard if it appears necessary to do so.

2. *Headlamp control.* Because heavy gloves are needed for safe riding, only a simple "up for higher beam, down for lower beam" requirement has been adopted.

3. *Turn signal lamps.* Because turn signal lamps are not a required item of motorcycle equipment until January 1, 1973, and the industry is experimenting with various controls, Standard No. 123 specifies only that the turn signal lamp control be located on the handlebars.

4. *Ignition:* Because of the adoption of the requirement that motorcycles be equipped with a supplemental engine stop control on the right handlebar, the need to specify a location and method of operation for the ignition has diminished. Accordingly, the sole ignition control requirement is that the "off" position be counterclockwise from all other positions.

5. *Manual fuel shutoff control.* The requirements adopted do not apply to automatic fuel shutoff controls. No location for a manual control is specified. Based upon comments, revisions have been made in the direction of valve operation.

Substantial modifications have been made as well in the display proposals. Because of the limited range within which displays can be located on a motorcycle, it has been determined that no specific location requirements are necessary. Illumination of the neutral position and the speedometer has been deemed essential; the proposal that a green lamp indicate neutral position has been adopted, and the speedometer must be illuminated whenever the headlamp is activated. Because turn signals and upper beam indicators are covered in Standard No. 108, they have been omitted from the display illumination requirements of Standard No. 123.

Proposals for control identification, stands, and passenger footrests have been adopted substantially as proposed. Since operating instructions are invariably provided with motorcycles, the NHTSA has not adpoted the proposal covering them.

Effective date. September 1, 1974. Because of the leadtime necessary for preparation for production, it is found, for good cause shown, that an effective date later than one year after the issue date is in the public interest.

In consideration of the foregoing, Title 49, Code of Federal Regulations, is amended by adding § 571.123, Motor Vehicle Safety Standard No. 123, Motorcycle Controls and Displays as set forth below.

(Sec. 103, 119, National Traffic and Motor Vehicle Safety Act of 1966, 15 U.S.C. 1392, 1407; delegation of authority from the Secretary of Transportation to the National Highway Traffic Safety Administrator, 49 CFR 1.51)

Issued on April 4, 1972.

DOUGLAS W. TOMS,
Administrator.

§ 571.123 Standard No. 123; motorcycle controls and displays. (Effective Sept. 1, 1974)

S1. *Scope.* This standard specifies requirements for the location, operation, identification, and illumination of motorcycle controls and displays, and requirements for motorcycle stands and footrests.

S2. *Purpose.* The purpose of this standard is to minimize accidents caused by operator error in responding to the motoring environment, by standardizing certain motorcycle controls and displays.

S3. *Application.* This standard applies to motorcycles equipped with handlebars, except for motorcycles that are designed, and sold exclusively for use by law enforcement agencies.

S4. *Definitions.* "Clockwise" and "counterclockwise" mean opposing directions of rotation around the following axes, as applicable.

(a) The operational axis of the ignition control, viewed from in front of the ignition lock opening;

(b) The axis of the right handlebar on which the twist-grip throttle is located, viewed from the end of that handlebar;

(c) The axis perpendicular to the center of the speedometer, viewed from the operator's normal eye position.

S5. *Requirements.*

S5.1. Each motorcycle shall be equipped with a supplemental engine stop control, located and operable as specified in Table I.

S5.2 Each motorcycle to which this standard applies shall meet the following requirements:

S5.2.1 *Control location and operation.* If any item of equipment listed in Table 1, Column 1, is provided, the control for such item shall be located as specified in Column 2, and operable as specified in Column 3. Each control located on a right handlebar shall be operable by the operator's right hand throughout its full range without removal of the operator's right hand from the throttle. Each control located on a left handlebar shall be operable by the operator's left hand throughout its full range without removal of the operator's left hand from the handgrip. If a motorcycle with an automatic clutch is equipped with a supplemental rear brake control, the control shall be located on the left handlebar. If a motorcycle is equipped with self-proportioning or antilock braking devices utilizing a single control for front and rear brakes, the control shall be located and operable in the same manner as a rear brake control.

S5.2.2 *Display illumination and operation.* If an item of equipment listed in Table 2, Column 1, is provided, the display for such item shall be visible to a seated operator under daylight conditions, shall illuminate as specified in Column 2, and shall operate as specified in Column 3.

S5.2.3 *Control and display identification.* If an item of equipment listed in Table 3, Column 1, is provided, the control for such item shall be identified by the word or words shown in Column 2 and any corresponding word in Column 3, placed on or adjacent to the control.

Control positions shall be identified as specified in Column 3, to signify the function performed at that setting. The abbreviations used in Columns 2 and 3 are minimum requirements and appropriate words may be spelled in full. Identification shall appear to the operator in an upright position. Functional identification need not be provided for equipment items with no entry in Column 3.

S5.2.4 *Stands.* A stand shall fold rearward and upward if it contacts the ground when the motorcycle is moving forward.

S5.2.5 *Footrests.* Footrests shall be provided for each designated seating position. Each footrest for a passenger other than an operator shall fold rearward and upward when not in use.

TABLE 1.—MOTORCYCLE CONTROL LOCATION AND OPERATION REQUIREMENTS

Equipment control	Location	Operation
Column 1	Column 2	Column 3
1. Manual clutch or integrated clutch or gear change.	Left handlebar	Squeeze to disengage clutch.
2. Foot operated gear change	Left foot control	An upward motion of the operator's toe shifts transmission toward lower numerical gear ratios (commonly referred to as "higher gears"), and a downward motion toward higher numerical gear ratios (commonly referred to as "lower gears"). If three or more gears are provided it shall not be possible to shift from the highest gear directly to the lowest gear, or vice versa.
3. Headlamp upper-lower beam control.	Left handlebar	Up for upper beam, down for lower beam. If combined with the headlight on-off switch, means shall be provided to prevent inadvertent actuation of the "off" function.
4. Horn	do	Push to activate.
5. Turn signal lamps	Handlebars	
6. Ignition		"Off"—counterclockwise from other positions.
7. Manual fuel shutoff control		"Off"—control pointing forward, "On"—control pointing downward, "Reserve" (if provided)—control pointing upward.
8. Twist-grip throttle	Right handlebar	Self-closing to idle in a clockwise direction after release of hand.
9. Supplemental engine stop	do	
10. Front wheel brake	do	Squeeze to engage.
11. Rear wheel brakes	Right foot control [1]	Depress to engage.

[1] See S5.2.1 for requirements for vehicles with a single control for front and rear brakes, and with a supplemental rear brake control.

TABLE 2—MOTORCYCLE DISPLAY ILLUMINATION AND OPERATION REQUIREMENTS

Display	Illumination	Operation
Column 1	Column 2	Column 3
1. Speedometer	Yes	The display is illuminated whenever the headlamp is activated.
2. Neutral indication	Green display lamp	The display lamp illuminates when the gear selector is in neutral position.

TABLE 3—MOTORCYCLE CONTROL AND DISPLAY IDENTIFICATION REQUIREMENTS

Equipment	Control and display identification	Identification at appropriate position of control or display
Column 1	Column 2	Column 3
1. Ignition	Ignition	Off.
2. Supplemental engine stop	Engine stop	Off, run.
3. Manual choke	Choke	
4. Electric starter		Start.[1]
5. Headlamp upper-lower beam control.	Lights	Hi, Lo.
6. Horn	Horn	
7. Turn signal	Turn	L, R.
8. Speedometer	M.p.h	M.P.H. increase in a clockwise direction: Major and minor graduations and numerals appear at the 10 and 5 M.P.H. intervals, respectively.[1]
9. Neutral indicator	Neutral	
10. Upper beam indicator	High beam	
11. Tachometer	R.p.m	
12. Fuel tank shutoff valve	Fuel	Off, on, res.

[1] Required only if electric starter is separate from ignition switch.

[FR Doc.72-5473 Filed 4-11-72;8:45 am]

Proposed Rule Making

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Food and Drug Administration

[21 CFR Part 1]

NUTRITION LABELING

Proposed Criteria for Food Label Information Panel

Correction

In F.R. Doc. 72-4948 appearing at page 6493 in the issue of Thursday, March 30, 1972, the first sentence of the last paragraph in the center column of page 6494 should read as follows: "The testing was designed to answer the basic questions of (1) how to present the information on vitamins, minerals, and protein in relation to nutrient allowances, and (2) whether to provide a complete labeling format on every labeled product or only information on the nutrients present in the product."

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

[14 CFR Part 71]

[Airspace Docket No. 72-SW-23]

CONTROL ZONE

Proposed Alteration

The Federal Aviation Administration is considering amending Part 71 of the Federal Aviation Regulations to alter controlled airspace in the Corpus Christi NAS, Tex., terminal area.

Interested persons may submit such written data, views, or arguments as they may desire. Communications should be submitted in triplicate to Chief, Airspace and Procedures Branch, Southwest Region, Federal Aviation Administration, Post Office Box 1689, Fort Worth, TX 76101. All communications received within 30 days after publication of this notice in the FEDERAL REGISTER will be considered before action is taken on the proposed amendment. No public hearing is contemplated at this time, but arrangements for informal conferences with Federal Aviation Administration officials may be made by contacting the Chief, Airspace and Procedures Branch. Any data, views, or arguments presented during such conferences must also be submitted in writing in accordance with this notice in order to become part of the record for consideration. The proposal contained in this notice may be changed in the light of comments received.

The official docket will be available for examination by interested persons at the Office of the Regional Counsel, Southwest Region, Federal Aviation Administration, Fort Worth, Tex. An informal docket will also be available for examination at the Office of the Chief, Air Traffic Division.

It is proposed to amend Part 71 of the Federal Aviation Regulations as hereinafter set forth.

In § 71.171 (37 F.R. 2056), the Corpus Christi NAS, Tex., control zone is amended, in part, as follows: Delete "within 2 miles each side of the Navy Corpus TACAN 137° and 139° radials, extending from the 5-mile radius zone to 6 miles southeast of the TACAN; and within 2 miles each side of the Navy Corpus TACAN 313° radial, extending from the 5-mile radius zone to 6 miles northwest of the TACAN." and substitute therefor "within 2 miles each side of the Navy Corpus TACAN 326° radial, extending from the 5-mile radius zone to 6 miles northwest of the TACAN; and within 2 miles each side of the Navy Corpus TACAN 119° radial, extending from the 5-mile radius zone to 6 miles southeast of the TACAN."

Alteration of the control zone will provide controlled airspace necessary to accommodate the Hi-TACAN runway 13R and Hi-TACAN runway 31L approach procedures at NAS Corpus Christi, Tex., Airport.

This amendment is proposed under the authority of section 307(a) of the Federal Aviation Act of 1958 (49 U.S.C. 1348) and of section 6(c) of the Department of Transportation Act (49 U.S.C. 1655(c)).

Issued in Fort Worth, Tex., on April 4, 1972.

R. V. REYNOLDS,
Acting Director, Southwest Region.

[FR Doc.72-5538 Filed 4-11-72;8:46 am]

[14 CFR Part 71]

[Airspace Docket No. 72-SW-24]

TRANSITION AREAS

Proposed Designation

The Federal Aviation Administration is considering amending Part 71 of the Federal Aviation Regulations to designate a 700-foot and a 1,200-foot transition area at Miami, Okla.

Interested persons may submit such written data, views, or arguments as they may desire. Communications should be submitted in triplicate to Chief, Airspace and Procedures Branch, Southwest Region, Federal Aviation Administration, Post Office Box 1689, Fort Worth, TX 76101. All communications received within 30 days after publication of this notice in the FEDERAL REGISTER will be considered before action is taken on the proposed amendment. No public hearing is contemplated at this time, but arrangements for informal conferences with Federal Aviation Administration officials may be made by contacting the Chief, Airspace and Procedures Branch. Any data, views, or arguments presented during such conferences must also be submitted in writing in accordance with this notice in order to become part of the record for consideration. The proposal contained in this notice may be changed in the light of comments received.

The official docket will be available for examination by interested persons at the Office of the Regional Counsel, Southwest Region, Federal Aviation Administration, Fort Worth, Tex. An informal docket will also be available for examination at the Office of the Chief, Air Traffic Division.

It is proposed to amend Part 71 of the Federal Aviation Regulations as hereinafter set forth.

In § 71.181 (37 F.R. 2143), the following transition areas are added:

MIAMI, OKLA.

That airspace extending upward from 700 feet above the surface within an 8-mile radius of the Miami Municipal Airport (latitude 36°54'02", longitude 94°53'03") and that airspace within the State of Kansas extending upward from 1,200 feet above the surface which is bounded on the south by the Kansas-Oklahoma State line and on the west along a line which is 7 miles east of and parallel to the Oswego, Kans., VOR 207° radial, on the north by the south edge of VOR Airway V-190 and on the east by the west edge of VOR Airway V-88. The State of Oklahoma is covered by a 1,200-foot transition area.

The proposed transition areas will provide controlled airspace for aircraft executing approach/departure procedures proposed at the Miami, Okla., Municipal Airport.

This amendment is proposed under the authority of section 307(a) of the Federal Aviation Act of 1958 (49 U.S.C. 1348) and of section 6(c) of the Department of Transportation Act (49 U.S.C. 1655(c)).

Issued in Fort Worth, Tex., on April 3, 1972.

R. V. REYNOLDS,
Acting Director, Southwest Region.

[FR Doc.72-5537 Filed 4-11-72;8:45 am]

[14 CFR Part 71]

[Airspace Docket No. 72-EA-31]

TRANSITION AREA

Proposed Designation

The Federal Aviation Administration is considering amending § 71.181 of Part 71 of the Federal Aviation Regulations so as to designate a Wise, Va., transition area.

New VOR and NDB instrument approach procedures have been developed for Lonesome Pine Airport, Wise, Va., and will require designation of a 700-foot floor transition area to protect IFR arrivals and departures at Lonesome Pine Airport.

Interested parties may submit such written data or views as they may desire. Communications should be submitted in triplicate to the Director, Eastern Region, Attn.: Chief, Air Traffic Division, Department of Transportation, Federal Aviation Administration, Federal Building, John F. Kennedy International Airport, Jamaica, N.Y. 11430. All communications received within 15 days after publication in the FEDERAL REGISTER will be considered before action is taken on the proposed amendment. No hearing is contemplated at this time, but arrangements may be made for informal conferences with the Federal Aviation Administration officials by contacting the Chief, Airspace and Procedures Branch, Eastern Region. Any data or views presented during such conferences must also be submitted in writing in accordance with this notice in order to become part of the record for consideration. The proposal contained in this notice may be changed in the light of comments received.

The official docket will be available for examination by interested parties at the Office of Regional Counsel, Federal Aviation Administration, Federal Building, John F. Kennedy International Airport, Jamaica, N.Y.

The Federal Aviation Administration, having completed a review of the airspace requirements for the terminal area of Wise, Va., proposes the airspace action hereinafter set forth:

1. Amend § 71.181 of Part 71 of the Federal Aviation Regulations so as to designate a Wise, Va., 700-foot floor transition area as follows:

WISE, VA.

That airspace extending upward from 700 feet above the surface within an 11-mile radius of the center 36°59'15" N., 82°31'50" W. of Lonesome Pine Airport, Wise, Va., and within 3 miles each side of the 055° bearing from the Wise RBN 37°01'18" N., 82°28'04" W. extending from the 11-mile radius area to 8.5 miles northeast of the RBN.

This amendment is proposed under section 307(a) of the Federal Aviation Act of 1958 (72 Stat. 749; 49 U.S.C. 1348) and section 6(c) of the Department of Transportation Act (49 U.S.C. 1655(c)).

Issued in Jamaica, N.Y., on March 30, 1972.

ROBERT H. STANTON,
Acting Director, Eastern Region.

[FR Doc.72-5539 Filed 4-11-72;8:46 am]

[14 CFR Part 71]

[Airspace Docket No. 72-EA-43]

CONTROL ZONE AND TRANSITION AREA

Proposed Alteration

The Federal Aviation Administration is considering amending §§ 71.171 and 71.181 of Part 71 of the Federal Aviation Regulations so as to alter the Clarksburg, W. Va., control zone (37 F.R. 2070, 1358) and transition area (37 F.R. 2171, 1358).

New NDB and ILS instrument approach procedures developed for Benedum Airport, Clarksburg, W. Va., will require alteration of the control zone and 700-foot floor transition area to provide controlled airspace protection for aircraft executing the procedures.

Interested parties may submit such written data or views as they may desire. Communications should be submitted in triplicate to the Director, Eastern Region, Attn: Chief, Air Traffic Division, Department of Transportation, Federal Aviation Administration, Federal Building, John F. Kennedy International Airport, Jamaica, N.Y. 11430. All communications received with 30 days after publication in the FEDERAL REGISTER will be considered before action is taken on the proposed amendment. No hearing is contemplated at this time, but arrangements may be made for informal conferences with Federal Aviation Administration officials by contacting the Chief, Airspace and Procedures Branch, Eastern Region.

Any data or views presented during such conferences must also be submitted in writing in accordance with this notice in order to become part of the record for consideration. The proposal contained in this notice may be changed in the light of comments received.

The official docket will be available for examination by interested parties at the Office of Regional Counsel, Federal Aviation Administration, Federal Building, John F. Kennedy International Airport, Jamaica, N.Y.

The Federal Aviation Administration, having completed a review of the airspace requirements for the terminal area of Clarksburg, W. Va., proposes the airspace action hereinafter set forth:

1. Amend § 71.171 of Part 71 of the Federal Aviation Regulations so as to delete the description of the Clarksburg, W. Va., control zone and insert the following in lieu thereof:

Within a 5.5-mile radius of the center 39°17'44" N., 80°13'46" W. of Benedum Airport; within 3 miles each side of the Clarksburg VOR 219° radial, extending from the 5.5-mile radius zone to 8.5 miles southwest of the VOR; and within 2.5 miles each side of the Benedum Airport ILS localizer northeast course, extending from the 5.5-mile radius zone to 1 mile southwest of the OM. This control zone is effective from 0700 to 2300 hours, local time, daily.

2. Amend § 71.181 of Part 71 of the Federal Aviation Regulations so as to delete the description of the Clarksburg, W. Va., 700-foot floor transition area and insert the following in lieu thereof:

That airspace extending upward from 700 feet above the surface within an 8.5-mile radius of the center 39°17'44" N., 80°13'46" W., of Benedum Airport; within 5 miles each side of the Clarksburg VOR 219° radial, extending from the 8.5-mile radius area to 11.5 miles southwest of the VOR and within 5 miles each side of the Benedum Airport ILS localizer northeast course, extending from the 8.5-mile radius area to 10 miles northeast of the OM.

This amendment is proposed under section 307(a) of the Federal Aviation Act of 1958 (72 Stat. 749; 49 U.S.C. 1348) and section 6(c) of the Department of Transportation Act (49 U.S.C. 1655(c)).

Issued in Jamaica, N.Y., on March 31, 1972.

ROBERT H. STANTON,
Acting Director, Eastern Region.

[FR Doc.72-5540 Filed 4-11-72;8:46 am]

National Highway Traffic Safety Administration

[49 CFR Part 571]

[Docket No. 70-7; Notice 2]

FIELDS OF DIRECT VIEW

Proposed Motor Vehicle Safety Standard

The NHTSA hereby proposes to issue a new motor vehicle safety standard, Fields of Direct View, in Part 571 of Title 49, Code of Federal Regulations. An advance notice of proposed rule making on this subject was published on March 7, 1970 (35 F.R. 4266).

The proposed standard is intended to reduce the likelihood that a motor vehicle will collide with a pedestrian, stationary object, or another vehicle because the driver either did not see the object collided with or saw it too late to avoid collision. Generally, the proposed standard specifies requirements for (a) maximum allowable obstructions in the driver's fields of direct view; (b) light transmittance levels of glazing materials that provide fields of direct view; (c) visibility of the corners of the vehicle; (d) visibility of specified ground surface targets for multipurpose passenger vehicles, trucks, and buses; and (e) view interception, adjustment, and light transmittance of sun visors.

The proposed standard is based in part on research sponsored by NHTSA, reports and papers of the Society of Automotive Engineers and the Highway Research Board, and other published information, which have been placed in this docket for public examination. Comments received in response to the advance notice of proposed rule making on this docket and the consumer information proposals concerning Field of View of the Driver (Docket 28-5, 33 F.R. 18382, 35 F.R. 8667), along with other public comments and published articles on visibility problems, have also been placed in this docket and considered in preparing this proposal. The requirements are also based partly upon the October 1971 draft regulation of the Economic Commission of Europe, Working Party 29, entitled "Uniform Provisions Concerning the Approval of Vehicles With Regard to the Driver's Field of Vision." In particular, nomenclature such as "R point," "vision origin points," "P points," and "E points," and the eye reference point positioning techniques, are taken from this ECE draft regulation.

The proposed standard divides the viewing space around the central vision origin point of the driver into six zones. Zone I is directly in front of the driver

and is considered the zone with the highest priority for driver vision; no obstruction by any part of the vehicle is allowed in this zone. Zones II and III are to the right and left sides of Zone I, and together with Zone I they comprise 200° of forward and side vision. Zones IV and V are to the left and right rear sides of the vehicle respectively, comprising an additional 70° of azimuthal vision.

In Zones II, III, IV, and V there are two testing techniques used to limit the width of allowable obstructions: A binocular test on a single horizontal plane through the midpoint of the eye reference points, and a monocular test specifying maximum cumulative obstructions in any horizontal plane within the zone boundaries. In Zone VI, the 90° directly to the rear of the vehicle, the requirements are limited to the field of view necessary for backing and parking maneuvers, since rearview mirror requirements are covered in Standard No. 111, § 571.111, and the rule making docket on Indirect Visibility (Docket No. 71–3a, 36 F.R. 1156, January 23, 1971).

Passenger cars must meet maximum allowable obstruction requirements in all six zones. Multipurpose passenger vehicles, trucks, and buses have requirements in Zone I, II, and III only. Motorcycles are dealt with separately; they may have no vision obstructions in the forward direction other than an optional windshield and windshield support 18 inches above the lowest part of the driver's seat. The proposal makes some exceptions to the obstruction requirements for outside rearview mirrors on some larger multipurpose passenger vehicles, trucks, and buses, but it requires that these mirrors be mounted in an area that will be below the driver's line of sight in most cases. The obstruction requirements are intended to provide the driver with adequate external visibility by placing limits on the size of obstructions in each zone, while recognizing that certain fields of view are more important to the driver than others.

The proposed standard specifies light transmission requirements for glazing materials in all zones. These requirements are intended to improve driver seeing distance, especially under adverse weather, dusk, and nighttime driving conditions. In addition, shade bands are specified for Zone I to protect the driver from sky and sun glare in the upper part of the windshield.

In addition to the maximum allowable obstruction requirements, larger multipurpose passenger vehicles, trucks and buses would be required to provide unobstructed view of specified minimum percentages of a 40-foot ground surface arc within Zone I, in order to minimize the obscuration by the front hood and other vehicle structure of pedestrians, especially children. Buses would have the most stringent requirements, since the accident potential is so great in their modes of use. In connection with ground surface target requirements for larger multipurpose passenger vehicles and trucks, allowance would be made for decreased upward viewing angles, since the driver in those vehicles sits higher and has a different vantage point from which to view overhead signs and signals.

Sun visor requirements would be designed to accommodate larger rearview devices, which would be required under the proposed standard on Indirect Visibility (Docket No. 71–3a, 36 F.R. 1156, January 23, 1971). They would include view interception, adjustability, and light transmittance in the visible and infrared spectral regions. The intent of these requirements is to provide adequate and flexible protection against sunlight glare. It is expected that the existing sun visor requirements in S3.3 of Standard No. 201, § 571.201, will be adjusted in light of these requirements if and when they become effective.

Proposed effective date: September 1, 1976. It is recognized that the proposed requirements would in some cases have a significant effect on body design, and the proposed leadtime is designed to take account of that fact. Manufacturers would be expected to phase in their compliance with the standard at dates leading up to the effective date in accordance with their model changeover cycles.

In light of the foregoing, it is proposed that a new motor vehicle safety standard, Fields of Direct View, be added to Part 571 of Title 49, Code of Federal Regulations, as set forth below. Interested persons are invited to submit comments on the proposal. Comments should refer to the docket number and be submitted to: Docket Section, National Highway Traffic Safety Administration, Room 5221, 400 Seventh Street SW., Washington, DC 20590. It is requested but not required that 10 copies be submitted.

All comments received before the close of business on July 7, 1972, will be considered, and will be available for examination in the docket at the above address both before and after the closing date. To the extent possible, comments filed after the above date will also be considered by the Administration. However, the rule making action may proceed at any time after that date, and comments received after the closing date and too late for consideration in regard to the action will be treated as suggestions for future rule making. The Administration will continue to file relevant material, as it becomes available, in the docket after the closing date, and it is recommended that interested persons continue to examine the docket for new materials.

This notice is issued under the authority of sections 103, 112, and 119 of the National Traffic and Motor Vehicle Safety Act (15 U.S.C. 1392, 1401, 1407) and the delegations of authority at 49 CFR 1.51 and 49 CFR 501.8.

Issued on April 3, 1972.

ROBERT L. CARTER,
Acting Associate Administrator,
Motor Vehicle Programs.

MOTOR VEHICLE SAFETY STANDARD NO. ——

FIELDS OF DIRECT VIEW

S1. *Scope.* This standard specifies requirements for freedom from obstructions in fields of direct view of motor vehicle drivers, for light transmittance of glazing materials within those fields of view, for visibility of the front vehicle corners, and for the installation, view interception, adjustment, and spectral transmittance of sun visors.

S2. *Purpose.* The purpose of this standard is to reduce motor vehicle injuries and deaths by providing motor vehicle drivers with better visibility of the motoring environment in their direct fields of view.

S3. *Application.* This standard applies to passenger cars, multipurpose passenger vehicles, trucks, buses, and motorcycles. However, it does not apply to vehicles that are not designed for a seated driver.

S4. *Definitions.*

"Light transmittance" means the ratio, expressed as a percentage, of the amount of light from a given source that reaches a viewing point after passing through glazing material or a sun visor to the amount that reaches the same viewing point with the glazing material or sun visor absent.

"Longitudinal adjustment range" means the longitudinal distance between the forwardmost and rearmost driving positions of the driver's seat. It does not include any additional adjustment due to placing the seat in nondriving positions, such as those for converting the seat into a bed or for improving access into the vehicle.

"Obstruction" means any vehicle structure or glazing material that does not meet all applicable light transmittance requirements of this standard. However, with respect to trucks and multipurpose passenger vehicles, work performing devices, such as construction cranes or ladders, are not considered to be obstructions.

S5. *Geometric reference system.* The field of view requirements of this standard are established in accordance with the geometric reference system set forth below. All directional references are based on the vehicle in its design attitude.

S5.1 *R point.* The manufacturer's R point, shown in Figure 1, is established in accordance with the requirements of S6.

S5.2 *Reference axes.* Three orthogonal reference axes pass through the R point. The X axis is a horizontal line in the direction of the vehicle's longitudinal dimension; it is negative forward of the R point, positive to the rear. The Y axis is a horizontal (transverse) line perpendicular to the X axis; it is negative to the left of the R point, positive to the right. The Z axis is a vertical line perpendicular to both the X and Y axes; it is negative below the R point and positive above it. (Figure 2)

S5.3 *Reference planes.* The plane through the X and Z axes is called the X plane, the plane through the X and Y axes is called the Y plane, and the plane through the Y and Z axes is called the Z plane. (Figure 2)

S5.4 *Central vision origin point.* The central vision origin point, V_o, is the basic reference point for driver eye positioning. It is located in the X plane (i.e., its Y coordinate is 0). The X and Z coordinates of V_o are set forth in Table 1 on the

basis of recommended seat back angle, with corrections of the X coordinate in Table II for longitudinal adjustment ranges of the driver's seat that are 4.25 inches or more. (Figure 1)

S5.5 *Other vision origin points.* Vision origin points V_1, V_2, V_3, and V_4 represent a range of driver eye positions. V_1 and V_4 are on a transverse line through V_0 parallel to the Y axis, 3.3 inches to the left and 3.3 inches to the right of V_0 respectively. V_2 and V_3 are on a vertical line through V_0, 1.8 inches above and 1.8 inches below V_0 respectively. (Figure 1)

S5.6 *Pivot points.* Points P_1 and P_2 are pivot points for head turning, fixed with reference to V_0, and in the same horizontal plane. P_1 is 1.4 inches to the rear and 0.8 inches to the left of V_0. P_2 is 2.5 inches to the rear and 1.9 inches to the right of V_0. (Figure 3)

S5.7 *Eye position points.* Points E_1 and E_2 represent the left and right eye positions respectively for binocular measurements to the left of the X plane. E_3 and E_4 are the corresponding eye positions for binocular measurements to the right of the X plane. They remain in the same horizontal plane as V_0, rotating about P_1 or P_2. They are located as follows: Points Q_1 and Q_2 are 3.88 inches from P_1 and P_2 respectively, rotating about the P points in the same horizontal plane, E_1 and E_2 are 2.54 inches apart; Q_1 is the midpoint of the line E_1E_2; and E_1E_2 is perpendicular to the line P_1Q_1. E_3 and E_4 bear the same relationship to P_2 and Q_2. (Figure 3)

S5.8 *Spatial zones.* The driver's fields of view are divided into spatial zones, as follows.

S5.8.1 Zone I is the portion of the space forward of point V_0 bounded by—

(a) A vertical plane passing through V_1 and at a forward angle of 17° to the left of the X plane;

(b) A vertical plane passing through V_4 and at a forward angle of 17° to the right of the X plane;

(c) A curved surface that is the locus of all lines extending upward from V_3 at an angle of 11° above the Y plane; and

(d) A curved surface that is the locus of all lines extending downward from V_2 at an angle of 5° below the Y plane.

S5.8.2 Zone Ia is the portion of Zone I below a curved surface that is the locus of all lines extending upward from V_2 at an angle of 5° above the Y plane.

S5.8.3 Zone Ib is the portion of Zone I between a curved surface that is the locus of all lines extending upward from V_2 at an angle of 5° above the Y plane and a curved surface that is the locus of all lines extending upward from V_3 at an angle of 8° above the Y plane.

S5.8.4 Zone Ic is the portion of Zone I above a curved surface that is the locus of all lines extending upward from V_3 at an angle of 8° above the Y plane.

S5.8.5 Zone II is the portion of the space to the left of V_0 bounded by—

(a) A vertical plane passing through V_1 and at a forward angle of 17° to the left of the X plane;

(b) A vertical plane passing through V_0 and at a rearward angle of 80° to the left of the X plane;

(c) A curved surface that is the locus of all lines extending upward from V_3 at an angle of 4° above the Y plane; and

(d) A curved surface that is the locus of all lines extending downward from V_2 at an angle of 4° below the Y plane.

S5.8.6 Zone III is the portion of the space to the right of V_0 bounded by—

(a) A vertical plane passing through V_4 and at a forward angle of 17° to the right of the X plane;

(b) A vertical plane passing through V_0 and at a rearward angle of 80° to the right of the X plane;

(c) A curved surface that is the locus of all lines extending upward from V_3 at an angle of 4° above the Y plane; and

(d) A curved surface that is the locus of all lines extending downward from V_2 at an angle of 4° below the Y plane.

S5.8.7 Zone IV is the portion of the space to the left and rear of V_0 bounded by—

(a) A vertical plane passing through V_0 and at a rearward angle of 80° to the left of the X plane;

(b) A vertical plane passing through V_0 and at a rearward angle of 45° to the left of the X plane;

(c) A curved surface that is the locus of all lines extending upward from V_3 at an angle of 3° above the Y plane; and

(d) A curved surface that is the locus of all lines extending downward from V_2 at an angle of 3° below the Y plane.

S5.8.8 Zone V is the portion of the space to the right and rear of V_0 bounded by—

(a) A vertical plane passing through V_0 and at a rearward angle of 80° to the right of the X plane;

(b) A vertical plane passing through V_0 and at a rearward angle of 45° to the right of the X plane;

(c) A curved surface that is the locus of all lines extending upward from V_3 at an angle of 3° above the Y plane; and

(d) A curved surface that is the locus of all lines extending downward from V_2 at an angle of 3° below the Y plane.

S5.8.9 Zone VI is the portion of the space to the rear of V_0 bounded by—

(a) A vertical plane passing through V_0 and at a rearward angle of 45° to the left of the X plane;

(b) A vertical plane passing through V_0 and at a rearward angle of 45° to the right of the X plane;

(c) A curved surface that is the locus of all lines extending upward from V_3 at an angle of 1° above the Y plane; and

(d) A curved surface that is the locus of all lines extending downward from V_2 at an angle of 1° below the Y plane.

S6. *Vehicle reference information.* The manufacturer of each vehicle, except for motorcycles, shall provide the following information immediately upon request by any person with respect to one or more particular vehicles.

S6.1 The location of the R point, which shall be on a transverse horizontal line through the seating reference point, and between a vertical longitudinal plane through the centerline of the steering wheel and a parallel plane 2 inches outboard of the first plane. (Figure 1) The location shall be established by reference to permanent marks or other identifiable permanent points on the vehicle.

S6.2 The vehicle's design attitude, in which the vehicle is designed to comply with the requirements of this standard, established as in S6.1 above by reference to permanent marks or points on the vehicle.

S6.3 The recommended seat back angle for each adjustable seat, with reference to which the vehicle is designed to comply with the requirements of this standard. This shall be the angle from the vertical of the torso line of a two-dimensional drafting template as described in SAE Standard J826a, August 1970, placed on the seat with its H-point at the seating reference point, and the seat back at the recommended angle.

S7. *General requirements.* Each vehicle, except for motorcycles, shall meet the following requirements when tested in accordance with the conditions of S11. and the applicable procedures of S12.

S7.1 *Light transmittance.* The light transmittance of glazing materials, measured in accordance with S12.2, shall be not less than the following percentages:

(a) Zone Ia—80 percent.

(b) Zone Ib—6 percent.

(c) Zone Ic—6 percent.

(d) Zones II, III, IV, and V—70 percent.

(e) Zone VI—60 percent.

The light transmittance in Zone Ic shall be not more than 15 percent.

S7.2 *Corner reference points.* A portion of each front corner of the vehicle shall be visible from Point V_3. The visible portion of each corner shall be within the portion of space bounded by—

(a) A vertical transverse plane tangent to the forwardmost point of the vehicle;

(b) A vertical tranverse plane 18 inches to the rear of the forwardmost point of the vehicle;

(c) A vertical longitudinal plane tangent to the outermost point on the side of the vehicle between the planes described in paragraph (a) and (b); and

(d) A vertical longitudinal plane 9 inches inboard of the plane described in paragraph (c).

S7.3 *Sun visors.*

S7.3.1 Each vehicle shall have one or more sun visors that together can do the following (not necessarily simultaneously):

(a) Intercept not less than 90 percent of the view from Point V_0 through the portion of the glazing material that is within Zone I and above a horizontal plane passing through Point V_0; and

(b) Intercept not less than 45 percent of the view from Point V_0 through the portion of the glazing material that is within Zone II and above a horizontal plane passing through Point V_0; and

(c) Meet the same requirement for Zone III as specified in (b) for Zone II.

S7.3.2 The sun visor or sun visors that are designed to meet the requirements specified in S7.3.1 shall be continuously adjustable between their positions of maximum and minimum view interception.

S7.3.3 Each sun visor shall be adjustable to a position such that no portion of it is within any zone.

S7.3.4 Each sun visor shall have a light transmittance, measured in accordance with S12.3, of not more than 15 percent.

S7.3.5 Each sun visor shall have a spectral transmittance of not more than 5 percent in the spectral region from 900 to 1,700 nanometers.

S8. *Ground visibility.* On each multipurpose passenger vehicle, bus, and truck whose R point is more than 36 inches above ground, obstructions shall not obscure more than the percentages listed below of an arc on the ground surface, within the lateral boundaries of Zone I, with a 40-foot radius and its center directly below V_5, when viewed from V_3 under the conditions of S11.

Buses with R point more than 36 inches above ground—Zero percent.
Multipurpose passenger vehicles and trucks with R point more than 36 inches but not more than 50 inches above ground—15 percent.
Multipurpose passenger vehicles and trucks with R point more than 50 inches above ground—7.5 percent.

S9. *Horizontal angular width of obstructions.* The horizontal angular width of obstructions, measured in accordance with the conditions of S11, and the procedures of S12.1, shall be not more than the following for the vehicle types indicated:

S9.1 *Passenger cars.*

(a) Zone I—Zero degrees (no obstructions), except for electrical conductors in Zone Ic that individually have a maximum cross-sectional width of not more than 0.005 inch.

(b) Zones II and III—4° for each obstruction measured binocularly, and a total of 11° for all obstructions across the width of each zone measured monocularly, except for electrical conductors that individually have a maximum cross-sectional width of not more than 0.0005 inch and are spaced not less than 0.125 inch apart.

(c) Zones IV and V—6 degrees for each obstruction measured binocularly, and a total of 15° for all obstructions other than the driver's seat back and head restraint across the width of each zone measured monocularly, except for electrical conductors that individually have a maximum cross-sectional width of not more than 0.0005 inch and are spaced not less than 0.125 inch apart.

(d) Zone VI—Zero degrees (no obstructions) within the portion of this zone between two vertical planes passing through Point E when line P_2Q_2 is parallel to the Y axis, one plane making a 12° angle to the left and the other a 12° angle to the right of the X plane, except for electrical conductors that individually have a maximum cross-sectional width of not more than 0.005 inch and are spaced not more than 0.125 inch apart. (Figure 4)

S9.2 *Multipurpose passenger vehicles, trucks, and buses, whose R point is not more than 36 inches above the ground.*

(a) Zone I—Zero degrees (no obstructions), except for electrical conductors in Zone Ic that individually have a maximum cross-sectional width of not more than 0.005 inch.

(b) Zones II and III—5° for each obstruction measured binocularly, and a total of 12° for all obstructions across the width of each zone measured monocularly, except for electrical conductors that individually have a maximum cross-sectional width of not more than 0.0005 inch and are spaced not less than 0.125 inch apart, and except for outside rearview mirrors and supports therefor which are below a horizontal plane passing through V_2.

S9.3 *Buses whose R point is more than 36 inches above the ground.*

(a) Zone I—Zero degrees (no obstructions), except for electrical conductors in Zone Ic that individually have a maximum cross-sectional width of not more than 0.005 inch.

(b) Zone II—5° for each obstruction measured binocularly, and a total of 13° for all obstructions across the width of the zone measured monocularly, except for electrical conductors that individually have a maximum cross-sectional width of not more than 0.0005 inch and are spaced not less than 0.125 inch apart, and except for outside rearview mirrors and supports therefor which are below a horizontal plane passing through V_3.

(c) Zone III—5° for each obstruction measured binocularly, and a total of 16° for all obstructions across the width of the zone measured monocularly, except for electrical conductors that individually have a maximum cross-sectional width of not more than 0.0005 inch and are spaced not less than 0.125 inch apart, and except for outside rearview mirrors and supports therefor.

S9.4 *Multipurpose passenger vehicles and trucks whose R point is more than 36 inches but not more than 50 inches above the ground.*

(a) Zones Ia and Ib—Zero degrees (no obstructions).

(b) Zone Ic—Obstructions within the zone shall not obstruct more than 33⅓ percent of the view through the zone from V_6, except for electrical conductors that individually have a maximum cross-sectional width of not more than 0.005 inch.

(c) Zone II—6° for each obstruction measured binocularly, and a total of 13° for all obstructions across the width of the zone measured monocularly, except for electrical conductors that individually have a maximum cross-sectional width of not more than 0.0005 inch and are spaced not less than 0.125 inch apart, and except for outside rearview mirrors and supports therefor which are below a horizontal plane passing through V_6.

(d) Zone III—6° for each obstruction measured binocularly, and a total of 13° for all obstructions across the width of the zone measured monocularly, except for electrical conductors that individually have a mixmum cross-sectional width of not more than 0.0005 inch and are spaced not less than 0.125 inch apart, and except for outside rearview mirrows and supports therefor.

S9.5 *Multipurpose passenger vehicles and trucks whose R point is more than 50 inches above the ground.*

(a) Zones Ia and Ib—Zero degrees (no obstructions).

(b) Zone Ic—Obstructions within the zone shall not obstruct more than 66⅔ percent of the view through the zone from V_6, except for electrical conductors that individually have a maximum cross-sectional width of not more than 0.005 inch.

(c) Zones II and III—7.5° for each obstruction measured binocularly, and a total of 17° for all obstructions across the width of each zone measured monocularly, except for electrical conductors that individually have a maximum cross-sectional width of not more than 0.0005 inch and are spaced not less than 0.125 inch apart, and except for outside rearview mirrors, and supports therefor.

S10. *Requirements for motorcycles.* Each motorcycle shall meet the following requirements when tested in accordance with the conditions of S11 and the procedures of S12.

S10.1 *Horizontal angular width of obstructions.* There shall be no obstructions forward of the forwardmost point of the driver's seat that are above a horizontal plane 18 inches above the lowest seating surface of the driver's seat, except for a single windshield support that has a maximum cross-sectional width of not more than 0.25 inch.

S10.2 *Light transmittance.* The light transmittance of glazing material in the windshield or windscreen shall be not less than 80 percent.

S11. *Conditions.*

S11.1 The requirements specified in S6, S7, S8, S9, and S10 shall be met under the following conditions.

S11.1.1 The vehicle is positioned in its design attitude.

S11.1.2 All vehicle openings (such as doors, tailgates, windows, hoods, and movable or convertible tops) are closed.

S11.1.3 Each rearview mirror is adjusted to provide the indirect fields of view required by Motor Vehicle Safety Standard No. 111.

S11.1.4 An adjustable steering wheel is positioned so that it is in its lowest driving position.

S11.1.5 Adjustable head restraints are placed in any adjustable position.

S11.1.6 Each sun visor is adjusted so that no portion of it is within any zone. Sun visors are removed from the vehicle for the purpose of testing their light transmittance.

S11.1.7 Each adjustable seat is adjusted so that it is in its rearmost longitudinal driving position and its lowest vertical adjustment in the rearmost position, and so that its seat back is at the angle recommended in accordance with S6.3.

S12. *Procedures.*

S12.1 *Horizontal angular width of obstructions.*

S12.1.1 *Binocular obstructions.*

S12.1.1.1 *Zone II.*

(a) Determine the horizontal angular width of an obstruction by rotating the P_1Q_1 line around P_1 until the E_1E_2 line makes a 120° angle with a line drawn from E_1 tangent to the rear side of the obstruction.

(b) Draw a line from E_2 to the obstruction parallel to the line from E_1.

(c) Measure the angle between the parallel line from E_2 and another line

from E_c tangent to the front side of the obstruction. (Figure 5)

S12.1.1.2 *Zone III.*

Use the procedure specified in S12.1.1.1, except that the P point is P_2 and the eye reference points are E_3 and E_4. (Figure 5)

S12.1.1.3 *Zone IV.*

(a) Determine the horizontal angular width of an obstruction by rotating the P_1Q_1 line around P_1 until the line is parallel to the Z plane.

(b) Draw line from E_1 tangent to the rear side of the obstruction.

(c) Draw a line from E_2 to the obstruction parallel to the line from E_1.

(d) Measure the angle between the parallel line from E_2 and another line from E_2 drawn tangent to the front side of the obstruction. (Figure 6)

S12.1.1.4 *Zone V.*

Use the procedure specified in S12.1.1.3, except that the P point is P_2 and the eye reference points are E_3 and E_4. (Figure 6)

S12.1.2 *Monocular obstructions.*

(a) Determine the monocular horizontal angular width of an obstruction by measuring the angle between two horizontal lines that are tangent to either side of the obstruction and intersect at a point on a vertical line passing through V_6.

(b) Make the measurements at points on the vertical line at all heights between the highest and lowest points of the vehicle that are within the zone.

(c) In each horizontal plane within the zone, add the monocular horizontal angles.

S12.2 *Light transmittance of glazing materials.*

(a) Use a light source with the spectral distribution of "Illuminant A."

(b) Use a photometer whose spectral sensitivity is that of the CIE luminous efficiency function.

(c) Prevent any ambient light, other than that emanating from the light source, from affecting the measurements.

(d) Limit the field of view of the photometer so that only undiffused light from the light source is measured.

(e) Place the light source outside the vehicle and the photometer inside the vehicle so that they are equidistant from the glazing material and both are 12 inches from it.

(f) Align the optical axes of the light source and photometer so that they are horizontal.

(g) Align the optical axis of the photometer so that it is parallel to the X plane to measure the light transmittance of the windshield of all vehicles and the rear window of the passenger cars.

(h) Align the optical axis of the photometer so that it is parallel to the Z plane to measure the light transmittance of the side windows.

(i) Measure the intensity of the incident light emanating from the light source, both with and without the glazing material in place.

(j) Calculate the light transmittance of a particular portion of glazing material by dividing the value obtained with the glazing material in place by the value obtained without the glazing material in place and multiply the result by 100.

(k) Make the measurements and calculations for all points on the portion of glazing material required to comply with S7.1 and S10.2.

S12.3 *Spectral transmittance of sun visors.* To test the spectral transmittance of transparent sun visors, follow the procedures of S12.2, except remove the sun visor from the vehicle and position the sun visor so that it is perpendicular to the light beam.

TABLE I

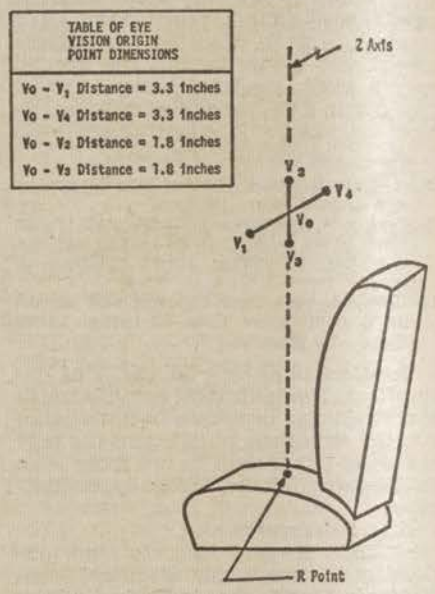
X and Z coordinates for V_6 as a function of driver's recommended seat back angle.

Back angle (In degrees)		X	Z
At least	*But less than*	*Inches*	*Inches*
	5.5	−7.3	25.8
5.5	6.5	−7.0	25.8
6.5	7.5	−6.6	25.8
7.5	8.5	−6.2	25.7
8.5	9.5	−5.8	25.7
9.5	10.5	−5.4	25.7
10.5	11.5	−5.0	25.7
11.5	12.5	−4.7	25.6
12.5	13.5	−4.3	25.6
13.5	14.5	−3.9	25.5
14.5	15.5	−3.5	25.5
15.5	16.5	−3.2	25.4
16.5	17.5	−2.8	25.4
17.5	18.5	−2.5	25.3
18.5	19.5	−2.1	25.2
19.5	20.5	−1.7	25.1
20.5	21.5	−1.4	25.1
21.5	22.5	−1.0	25.0
22.5	23.5	−0.7	24.9
23.5	24.5	−0.3	24.9
24.5	25.5	0	24.7
25.5	26.5	0.3	24.6
26.5	27.5	0.7	24.5
27.5	28.5	1.0	24.4
28.5	29.5	1.3	24.3
29.5	30.5	1.7	24.1
30.5	31.5	2.0	24.0
31.5	32.5	2.3	23.9
32.5	33.5	2.7	23.7
33.5	34.5	3.0	23.6
34.5	35.5	3.3	23.5
35.5	36.5	3.6	23.3
36.5	37.5	3.9	23.1
37.5	38.5	4.2	23.0
38.5	39.5	4.5	22.8
39.5		4.8	22.7

TABLE II

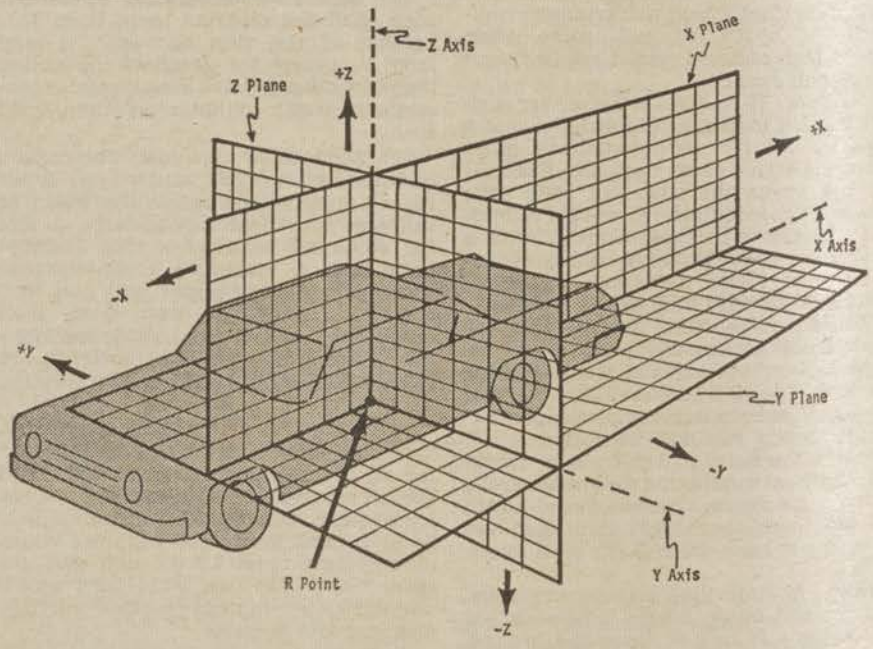
Modification of the X coordinates in Table I for V_6 where the driver's seat has a longitudinal driving adjustment of at least 4.25 inches.

Longitudinal driving adjustment (inches)		X Coordinate adjustment (inches)
At least	*But less than*	
4.25	4.75	−0.50
4.75	5.25	−0.88
5.25	5.75	−1.26
5.75	6.25	−1.64
6.25		−1.89



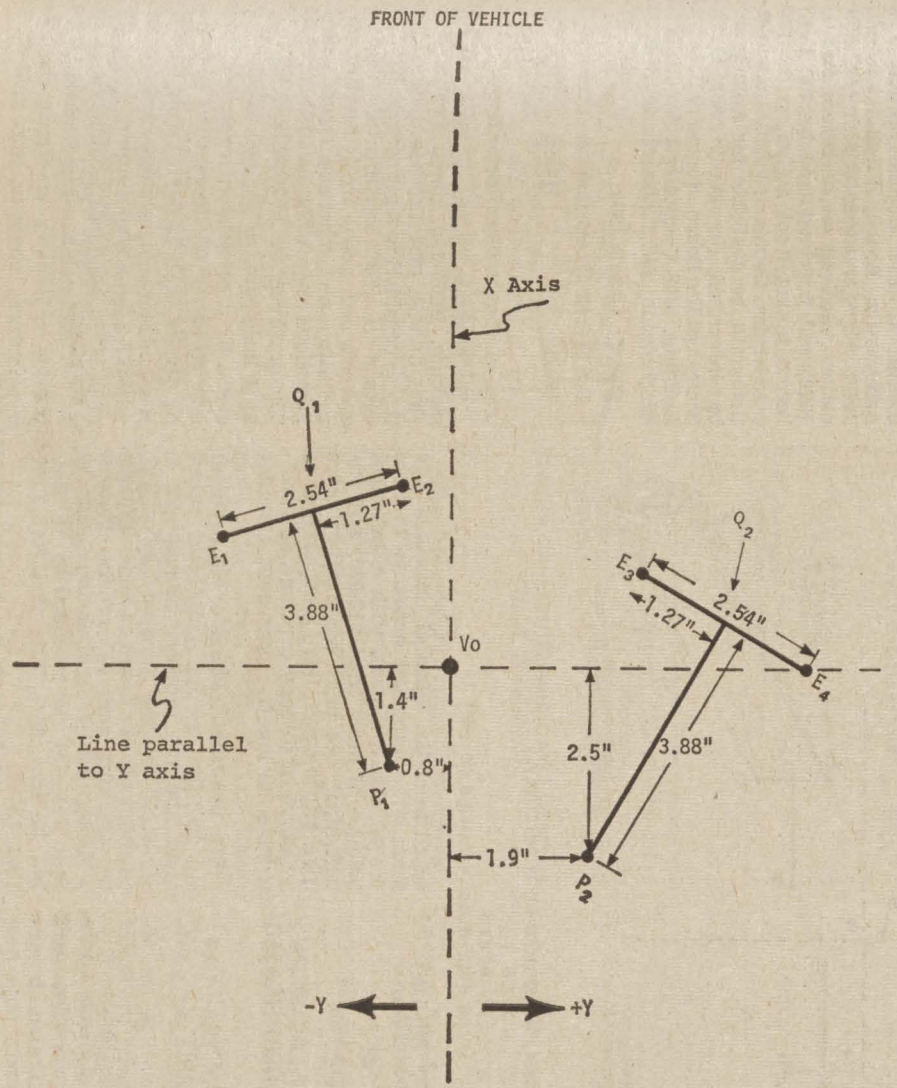
LOCATION OF THE FIVE VISION ORIGIN POINTS FROM THE R POINT FOR DRIVER'S SEAT HAVING A BACK ANGLE OF 25° AND A LONGITUDINAL HORISONTAL DRIVING ADJUSTMENT LESS THAN 4.25 INCHES.

FIGURE 1



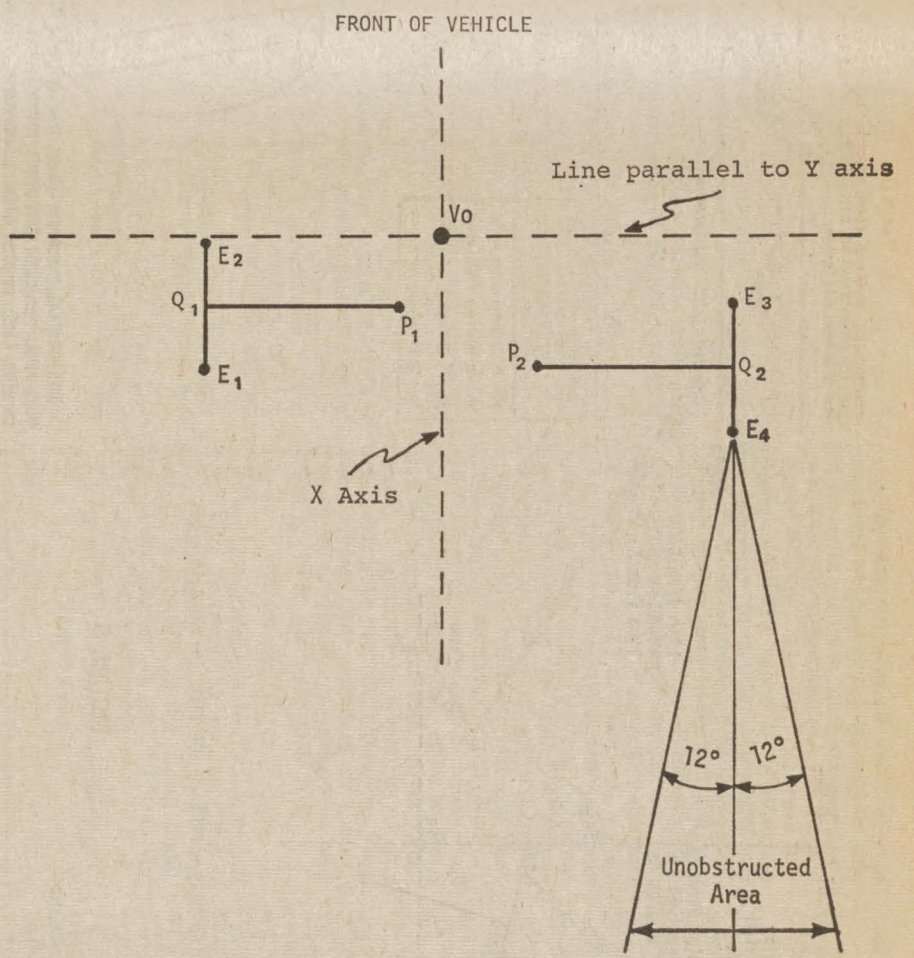
REFERENCE AXES AND PLANES.

FIGURE 2



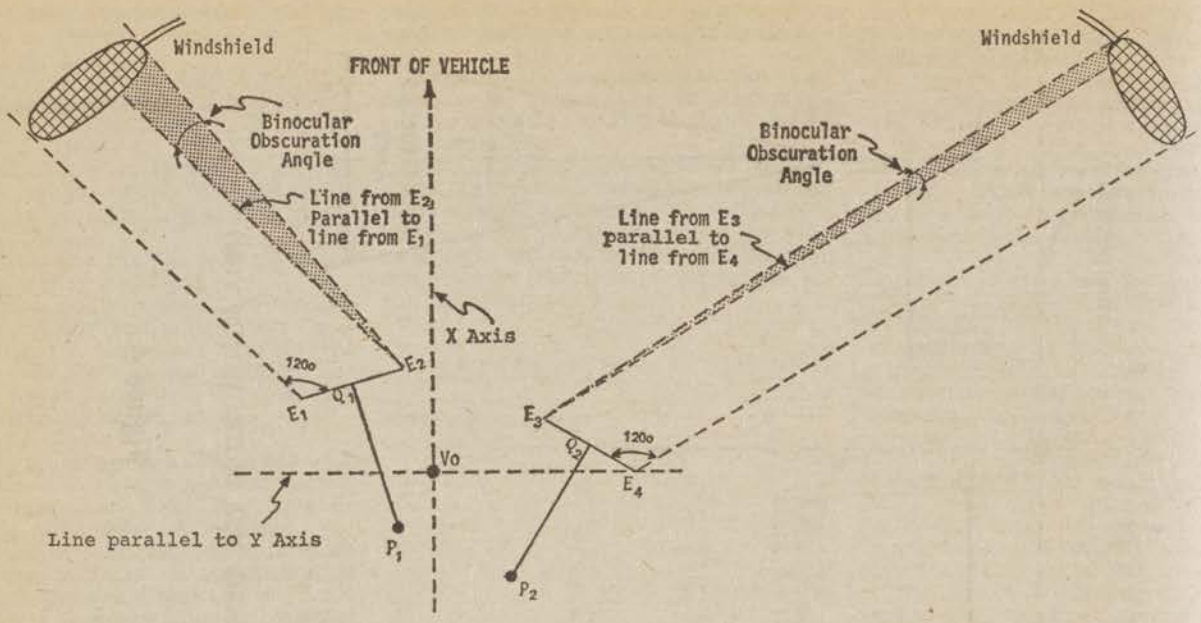
PICTORIAL EXAMPLE OF THE LOCATION OF P POINTS AND HEAD-TURN EYE REFERENCE POINTS RELATIVE TO VISION POINT Vo.

FIGURE 3



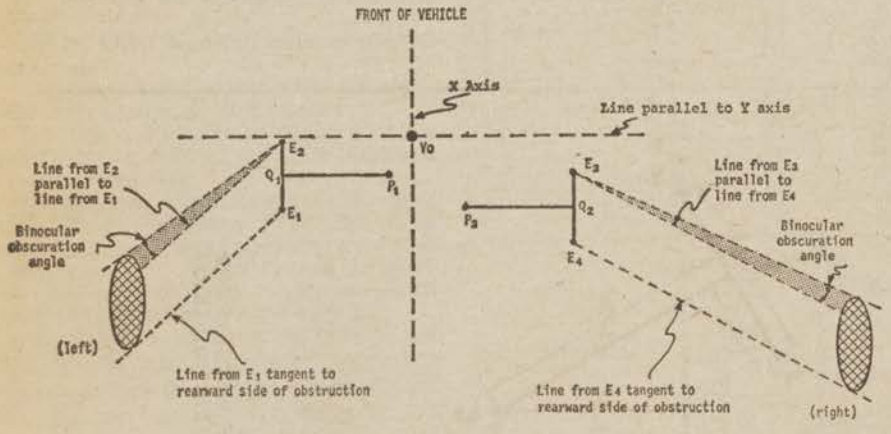
UNOBSTRUCTED AREA IN ZONE VI (Top View)

Figure 4



BINOCULAR MEASUREMENT IN TOP VIEW IN ZONES II & III

FIGURE 5



BINOCULAR MEASUREMENT IN TOP VIEW IN ZONES IV AND V.

Figure 6

[FR Doc.72-5411 Filed 4-11-72;8:45 am]

CIVIL AERONAUTICS BOARD

[14 CFR Part 241]

[Docket No. 23166; EDR-196B]

UNIFORM SYSTEM OF ACCOUNTS AND REPORTS OF CERTIFICATED AIR CARRIERS

Schedule B-16, Annual Report of Overdue and Uncollectible Accounts

For the reasons set forth in the attached explanatory statement, the Board has determined to issue a notice of proposed rule making to amend Part 241 of its economic regulations (14 CFR Part 241) so as to require certificated air carriers to file an annual report on a new schedule of the Form 41 reports setting forth (1) individual accounts overdue for 60 days or more, with a principal balance of more than $10,000, and (2) individual accounts aggregating more than $1,000 which have been charged to a reserve or directly expensed as uncollectible during the preceding calendar year.

The principal features of the proposal are described in the explanatory statement and the proposed amendment is set forth in the proposed rule. The amendments are proposed under sections 204(a), 401, and 407 of the Federal Aviation Act of 1958, as amended (72 Stat. 743, 754 (as amended by 76 Stat. 143, 82 Stat. 867), 760; 49 U.S.C. 1324, 1371, 1377).

Interested persons may participate in the rule making through submission of twelve (12) copies of written data, views, or arguments pertaining thereto, addressed to the Docket Section, Civil Aeronautics Board, Washington, D.C. 20428. All relevant material in communications received on or before May 11, 1972, will be considered by the Board before taking final action on the proposed rules. Copies of such communications will be available for examination by interested persons in the Docket Section of the Board, Room 712 Universal Building, 1825 Connecticut Avenue NW., Washington, DC, upon receipt thereof.

Dated: April 5, 1972.

By the Civil Aeronautics Board.

[SEAL] HARRY J. ZINK, *Secretary.*

EXPLANATORY STATEMENT

By advance notice of proposed rule making, EDR-196, dated February 25, 1971, 36 F.R. 4627, the Board stated that it was considering a proposal to limit the extent to which certificated route air carriers may grant credit for air transportation, and otherwise amend related provisions of Part 241 (14 CFR Part 241). The draft rule would have been set forth in a new part, to bar the extension of credit by a certificated route carrier to any customer for more than $1,000 or for longer than 60 days, unless the carrier and the customer enter into a written agreement which would, in accordance with standards established by the carrier and published in its filed tariffs, provide reasonable assurance that the indebtedness would be fully paid on its

due date. Further, the tariffs would have been required to specify the procedures to be followed for collection in the event of default. The related draft amendments to Part 241 would have provided for an annual report schedule to be filed with the Board by each certificated route carrier, setting forth basic information concerning the amount and age of outstanding credit. Interested persons were invited to participate in the rule making proceeding.

A principal comment was received from the Airline Finance and Accounting Conference of Air Transport Association (ATA), on behalf of all trunkline carriers, and on behalf of eight of the nine local service carriers and one foreign air carrier,[1] with supplemental comments filed by three certificated route carriers.[2] In addition, comments were filed by The Flying Tiger Line Inc. (Flying Tiger), Univac Division of Sperry Rand Corp. (Univac), Hawaii Air Cargo Shippers Association, Inc. (Hawaii Shippers), and by the State of California and its Public Utilities Commission (California PUC). All of the comments, except those of Flying Tiger[3] and California PUC, oppose the draft rule.

The principal thrust of the comments in opposition to the proposed rule are that:

(1) There is no indication that the problem of credit abuses is sufficiently serious to warrant regulation by the Board;

(2) The proposed rules insofar as they require individual written agreements for any extension of credit beyond either the specified maximum sum of $1,000 or the maximum period of 60 days, would be extremely burdensome and impractical;

(3) Moreover, insofar as the individual agreements would have to provide "reasonable assurances" for repayment, use of such agreement would as a practical matter be precluded, because only letters of credit, bank guarantees or substantial collateral constitute "reasonable assurances" of repayment, and normal commercial accounts demand and received credit without posting such forms of security; and

(4) In light of the difficulties involved in obtaining credit from the carriers, as described in (2) and (3), above, the carriers' customers would be driven to obtain credit for air transportation from outside sources, such as Diners Club and American Express Co., the cost of whose services is largely borne by the carriers.

In light of the comments received, we have determined to propose a substitute rule which differs substantially from that set forth in the advance notice. Instead of proposing a general rule to restrict the extension of credit in air transportation, we are merely proposing that an annual report be filed. However, whereas the initial restrictive proposal would have applied only to certificated route air carriers, we are proposing to impose the far less burdensome reporting requirement upon all certificated air carriers, including supplemental air carriers.[4] The proposed report would consist of a schedule (Schedule B–16 of Form 41, a copy of which is attached hereto as Appendix A) setting forth a list of every individual account receivable (1) having a principal balance in excess of $10,000 which, at the end of the calendar year, has been outstanding for 60 days or more; and (2) which, having a principal balance of more than $1,000, has already been deemed uncollectible and directly expensed or charged to a reserve at any time during the preceding calendar year. The proposed rule would cover the extension of credit for passengers as well as for cargo in air transportation.[5]

PROPOSED RULE

Part 241. 1. Amend section 22—*General Reporting Instructions* by inserting a new Schedule B–16—*Overdue and Uncollectible Accounts,* in the list of schedules under paragraph (a) so that the list in pertinent part reads:

Section 22—General Reporting Instructions

(a) * * *

Schedule No.		Frequency	Postmark interval (days)
* * *		* * *	* * *
B–14	Summary of property obtained under long-term leases.	Quarterly	40
B–16	Overdue and uncollectible accounts.	Annually	90
B–41	Investments held by, or for the account of, respondent.	do	90
* * *		* * *	* * *

2. Amend Section 23—*Certification and Balance Sheet Elements* by inserting instructions for new Schedule B–16 as follows:

Section 23—Certification and Balance Sheet Elements

* * * * *

Schedule B–16—Overdue and Uncollectable Accounts

(a) This schedule shall be filed by all route air carriers.

(b) Column 1 shall identify the name of each individual or firm with an account overdue for 60 days or more and with a principal balance of more than $10,000 as at the end of the calendar year, and those individuals or firms with accounts aggregating more than $1,000 during the calendar year which are or were determined to be uncollectable.

(c) Column 2 shall reflect, for each name listed in column 1, the total receivables due as at the end of the calendar year.

(d) Column 3 shall reflect the receivables which have been overdue for 60 days or more with a principal balance of more than $10,000 as at the end of the calendar year.

(e) Columns 4 through 6 shall reflect data pertaining to uncollectable accounts aggregating more than $1,000 during the calendar year. Column 4 shall reflect the account number against which uncollectables are charged; column 5 shall reflect the amounts charged directly to expense accounts; and column 6 shall reflect amounts charged to a reserve.

3. Amend Section 32—*General Reporting Instructions* by inserting a new Schedule B–16—*Overdue and Uncollectable Accounts,* as shown in Exhibit A attached, in the list of schedules under paragraph (a) so that the list in pertinent part reads:

Section 32—General Reporting Instructions

(a) * * *

Schedule No.		Frequency	Postmark interval (days)
* * *		* * *	* * *
B–14	Summary of property obtained under long-term leases.	Quarterly	40
B–16	Overdue and uncollectible accounts.	Annually	90
B–41	Investments Held by, or for the Account of, Respondent.	do	90
* * *		* * *	* * *

4. Amend Section 33—*Certification and Balance Sheet Elements* by inserting instructions for new Schedule B–16 as follows:

Section 33—Certification and Balance Sheet Elements

* * * * *

Schedule B–16—Overdue and Uncollectable Accounts

(a) This schedule shall be filed by each supplemental air carrier.

(b) Column 1 shall identify the name of each individual or firm with an account overdue for 60 days or more and with a principal balance of more than $10,000 as at the end of the calendar year, and those individuals or firms with accounts aggregating more than $1,000 during the calendar year which are or were determined to be uncollectable.

[1] The interest of this Canadian carrier is unclear, since the draft rule would apply only to U.S. certificated route air carriers.

[2] Texas International Airlines, Inc. (TTA), Trans World Airlines, Inc. (TWA), and United Air Lines, Inc. (United).

[3] Even Flying Tiger, which supports in principle a rule to restrict credit practices, would prefer a different rule from the draft described in EDR–196. Flying Tiger states, inter alia, that it would be unnecessarily burdensome for carriers to report delinquencies under $5,000, or to report a narrative of steps taken to collect delinquent accounts.

[4] They are: Capitol International Airways, Inc. (Capitol); Interstate Airmotive, Inc. (Interstate); Johnson Flying Service, Inc. (Johnson Flying Service); McCulloch International Airlines, Inc. (McCulloch); Modern Air Transport, Inc. (Modern); Overseas National Airways, Inc. (ONA); Purdue Airlines, Inc. (Purdue); Saturn Airways, Inc. (Saturn); Southern Air Transport, Inc. (Southern); Standard Airways, Inc. (Standard); Trans International Airlines, Inc. (TIA); Universal Airlines, Inc. (Universal); and World Airways, Inc. (World).

[5] The rule proposed herein would relate to general credit practices of air carriers. The special credit problem posed by political candidates is the subject of separate rule making proceedings recently instituted by the Board. (SPDR–29, issued Mar. 8, 1972, Docket 24275.)

(c) Column 2 shall reflect, for each name listed in column 1, the total receivables due as of the end of the calendar year.

(d) Column 3 shall reflect the receivables which have been overdue for 60 days or more with a principal balance of more than $10,000 as at the end of the calendar year.

(e) Columns 4 through 6 shall reflect data pertaining to uncollectable accounts aggregating more than $1,000 during the calendar year. Column 4 shall reflect the account number against which uncollectables are charged; column 5 shall reflect the amounts charged directly to expense accounts; and column 6 shall reflect amounts charged to a reserve.

APPENDIX A

SCHEDULE B-16

Overdue and uncollectible accounts — Air carrier _____ As at December 31, 19____

Name of individual or firm	Total receivables as at December 31	Accounts overdue for 60 days or more with principal balance of more than $10,000	Uncollectible accounts aggregating more than $1,000		
			Account No.	Charged directly to expense	Charged to a reserve
(1)	(2)	(3)	(4)	(5)	(6)

[FR Doc.72-5506 Filed 4-11-72;8:45 am]

NATIONAL CREDIT UNION ADMINISTRATION

[12 CFR Part 701]

SAFE DEPOSIT BOX SERVICE

Vault Requirements

Notice is hereby given that the Administrator of the National Credit Union Administration, pursuant to the authority conferred by section 120, 73 Stat. 635, 12 U.S.C. 1766, proposes to revise § 701.30(b) (12 CFR 701.30(b)) as set forth below.

Interested persons are invited to submit written comments, suggestions, or objections regarding the proposed revision to the Administrator, National Credit Union Administration, Washington, D.C. 20456, to be received not later than May 17, 1972.

HERMAN NICKERSON, Jr.,
Administrator.

MARCH 31, 1972.

§ 701.30 Safe deposit box service.

* * * * *

(b) The safe deposit boxes will be located in a vault on the premises where the credit union maintains an office for the transaction of business with its members. Space will be provided whereby the tenants or deputies, if any, can have access to the contents of their specific safe deposit boxes in private. The vault and safe deposit boxes shall meet the minimum construction and safety standards specified by the insurance company writing the liability insurance mentioned in paragraph (c)(6) of this section. Such vault may be used for additional purposes: *Provided*, That the portion to be used for the safe deposit boxes is physically separated by means of a steel wall, gate, or similar partition: *And provided further*, That the door between the two sections have a two-key arrangement (one in the possession of the safe deposit box attendant and the other in possession of the credit union employee seeking access to the vault).

[FR Doc.72-5564 Filed 4-11-72;8:48 am]

FARM CREDIT ADMINISTRATION

[12 CFR Ch. VI]

FARM CREDIT SYSTEM

Notice of Proposed Rule Making

Notice is hereby given that the Farm Credit Administration, by its Federal Farm Credit Board, has under consideration a proposed revision of all regulations it has heretofore issued which are now in effect. The reasons for the proposed revision are set forth in an explanatory statement that follows.

Interested persons may participate in the proposed rule making by submitting ten (10) copies of written data, views, or arguments pertaining thereto to E. A. Jaenke, Governor, Farm Credit Administration, Washington, D.C. 20578. All relevant material received not later than 30 days after the date this notice is published in the FEDERAL REGISTER will be considered by the Federal Farm Credit Board before final action is taken on the proposed revision. Copies of all communications received will be available for examination by interested persons in the office of the Director of Information, Farm Credit Administration.

EXPLANATORY STATEMENT

The Farm Credit Act of 1971, Public Law 92-181, approved December 10, 1971, is a complete recodification and replacement for prior laws under which the Farm Credit Administration and the institutions of the Farm Credit System were organized and operated. Prior laws which are repealed and superseded by the Act are identified in section 5.26(a) thereof. Section 5.26(b) retained the effectiveness of the existing regulations of the Farm Credit Administration and the Farm Credit System, the institutions' charters, bylaws, resolutions, stock classifications, policy, and elections until superseded, modified, or replaced under the authority of the 1971 Act. All obligations and contracts under prior laws remain enforceable unless and until modified in accordance with the 1971 Act. It is, therefore, the purpose of these regulations when approved in final form by the Federal Farm Credit Board to supersede regulations of the Farm Credit Administration issued under prior authority and to implement, as of the date of such approval of these regulations, the provisions of the 1971 Act. Contracts, including but not limited to notes, bonds, debentures, loans, security, collateral, entered into by the Farm Credit Administration or any of the institutions of the System before the final approval of these regulations shall remain valid and enforceable upon their terms unless and until they are subsequently modified.

SUBCHAPTER A—ADMINISTRATIVE PROVISIONS

PART 600—ORGANIZATION AND FUNCTIONS

Subpart A—Farm Credit Administration

Sec.
600.1 Farm Credit Administration.
600.2 Federal Farm Credit Board.
600.3 Governor.
600.4 Deputy Governors.
600.5 Other administrative units.

Subpart B—Farm Credit System

600.10 Farm Credit districts.
600.20 Federal land banks.
600.30 Federal land bank associations.
600.40 Federal intermediate credit banks.
600.50 Production credit associations.
600.60 Banks for cooperatives.

AUTHORITY: The provisions of this Part 600 issued under sec. 5.9, 5.18, 5.26, 85 Stat. 619, 621, 624.

Subpart A—Farm Credit Administration

§ 600.1 Farm Credit Administration.

The Farm Credit Administration is an independent agency in the executive branch of the Government. It consists of the Federal Farm Credit Board, the Governor, and other officers and employees. The central offices of the Farm Credit Administration are located in the South Agriculture Building, 14th Street and Independence Avenue SW., Washington, D.C. Its mailing address is Farm Credit Administration, Washington, D.C. 20578. The hours of business are 8:15 a.m.-4:45 p.m. Monday through Friday, excluding holidays.

§ 600.2 Federal Farm Credit Board.

The Federal Farm Credit Board is a part-time, policymaking board which consists of 13 members, 12 of whom are appointed by the President with the advice and consent of the Senate. In making the appointments, one from each of the 12 Farm Credit districts, the President receives and considers nominations

from each district by the Federal land bank associations, the production credit associations and the stockholders of the banks for cooperatives. The 13th member of the Board is designated by the Secretary of Agriculture as his representative on the Board. The Federal Farm Credit Board establishes the general policy for the guidance of the Farm Credit Administration and approves the rules and regulations which implement applicable laws.

§ 600.3 Governor.

The Governor of the Farm Credit Administration is its chief executive officer. He is appointed by the Federal Farm Credit Board, and serves at its pleasure. During any period in which the Governor holds any stock in any of the institutions subject to supervision of the Farm Credit Administration, the appointment of the Governor shall be subject to approval by the President and during any such period the President shall have the power to remove the Governor. On December 31, 1968, the Government capital then remaining in the banks and associations was retired. Under the general supervision of the Federal Farm Credit Board, the Governor is responsible for the execution of laws creating the powers, functions, and duties of the Farm Credit Administration. The Farm Credit Administration makes no loans. All inquiries which concern the obtaining of loans should be addressed to the banks and associations described in §§ 600.20–600.70.

§ 600.4 Deputy Governors.

The Governor of the Farm Credit Administration is assisted in executing his responsibilities by deputy governors appointed by him.

(a) The Credit Service, headed by the Director who also is a Deputy Governor regulates and supervises the extension and administration of credit by the banks and associations of the Farm Credit System.

(b) The Operations and Finance Service, headed by the Director who also is a Deputy Governor regulates and supervises the operating and financial policies and practices of the banks and associations.

§ 600.5 Other administrative units.

The Farm Credit Administration also includes the following: Accounting, Budget and Data Management Division; Examination Division; Office of the General Counsel; Personnel and Administrative Services Division; Research Division, and Information Division.

(a) The Accounting, Budget and Data Management Division headed by the Director, administers Farm Credit Administration accounting, budget and payroll activities; coordinates securities transactions; formulates accounting and reporting requirements for banks and associations and reviews and analyzes their financial condition and earnings; advises on EDP management and utilization, supervises district and Federal board elections.

(b) The Examination Division, headed by the Chief Examiner, examines the banks and the associations supervised by the Farm Credit Administration.

(c) The Office of the General Counsel, headed by the General Counsel, performs legal services for the Federal Farm Credit Board, the Governor, and members of his staff, and consults with and coordinates the work of attorneys employed by the banks.

(d) The Personnel and Administrative Services Division, headed by the Director, plans and directs the personnel program for the Farm Credit Administration; coordinates and advises in the administration of the personnel programs in the Farm Credit districts; provides administrative services to the Farm Credit Administration.

(e) The Research Division, headed by the Director, makes studies of economic, financial, and credit factors affecting the gathering of loan funds, and the extension of sound, useful credit.

(f) The Information Division, headed by the Director, carries on information, member relations, and educational programs to inform farmers of the availability and the use of credit, provides information services for the Farm Credit Administration, and coordinates system-wide activities of the banks and associations supervised by the Farm Credit Administration and conducts foreign training programs in agricultural credit.

Subpart B—Farm Credit System

§ 600.10 Farm Credit districts.

(a) The United States is divided into 12 Farm Credit districts. In each district there are a Federal land bank and a number of Federal land bank associations, a Federal intermediate credit bank and a number of production credit associations, and a bank for cooperatives. Additionally, there is a Central Bank for Cooperatives located in the District of Columbia. The three banks in each district maintain their offices together. The city in which their offices are located in each district and the area comprising each district are as follows:

District name	District No.	District States
Springfield	1	Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey.
Baltimore	2	Pennsylvania, Delaware, Maryland, Virginia, West Virginia, District of Columbia, Puerto Rico.
Columbia	3	North Carolina, South Carolina, Georgia, Florida.
Louisville	4	Ohio, Indiana, Kentucky, Tennessee.
New Orleans	5	Alabama, Mississippi, Louisiana.
St. Louis	6	Illinois, Missouri, Arkansas.
St. Paul	7	Michigan, Wisconsin, Minnesota, North Dakota.
Omaha	8	Iowa, Nebraska, South Dakota, Wyoming.
Wichita	9	Oklahoma, Kansas, Colorado, New Mexico.
Houston	10	Texas.
Berkeley	11	California, Nevada, Utah, Arizona, Hawaii.
Spokane	12	Washington, Oregon, Montana, Idaho, Alaska.

Each district has a part-time, policymaking Farm Credit board of seven members who are ex officio, directors of each of the three banks in that district. The Central Bank for Cooperatives has a separate board of 13 directors. Each bank has its own officials.

(b) In each district, the Federal land bank associations, the production credit associations, and the cooperatives which borrow from the banks for cooperatives, as separate groups are each entitled to elect two members of the district Farm Credit board. The seventh member of the district board is appointed by the Governor of the Farm Credit Administration with the advice and consent of the Federal Farm Credit Board. Activities of the three banks in each district are coordinated through the district Farm Credit board and a committee composed of the bank presidents.

(c) From each district, the board of directors of the bank for cooperatives elects a director of the Central Bank. The 13th director of the Central Bank is appointed by the Governor with the advice and consent of the Federal Farm Credit Board.

§ 600.20 Federal land banks.

The 12 Federal land banks, one in each Farm Credit district, were organized in 1917 under the Federal Farm Loan Act (39 Stat. 360), and are continued under the Farm Credit Act of 1971 (85 Stat. 583). The Federal land banks were established as permanent institutions designed to provide long-term farm mortgage credit for agriculture. The banks, together with the Federal land bank associations, constitute the Federal Land Bank System which is cooperatively and completely farmer-owned. The principal function of the Federal land bank is to make first mortgage loans on farm lands to eligible applicants.

§ 600.30 Federal land bank associations.

The associations receive applications for loans made by the Federal land bank, elect the loan applicants to association membership, and endorse such loans. All of the stock of the Federal land bank associations is owned by their member-borrowers. The member-borrower purchases capital stock in the Federal land bank association. The association in turn purchases a like amount of capital stock in the Federal land bank. Each Federal land bank association is managed by a board of directors elected by and from the membership.

§ 600.40 Federal intermediate credit banks.

The 12 Federal intermediate credit banks, one in each Farm Credit district, were established as permanent institutions under the Federal Farm Loan Act as amended by the Agricultural Credits Act of 1923 (42 Stat. 1454), and are continued under the Farm Credit Act of 1971 (85 Stat. 583). The capital stock of the Federal intermediate credit banks is owned by production credit associations. The Federal intermediate credit banks are primarily banks of discount

for production credit associations and other agricultural and livestock lending institutions.

§ 600.50 Production credit associations.

The associations are corporations organized under the Farm Credit Act of 1933 (48 Stat. 259), and continued under the Farm Credit Act of 1971 (85 Stat. 583). Production credit associations may finance on a short- and intermediate-term basis farmers and ranchers and producers or harvesters of aquatic products.

§ 600.60 Banks for cooperatives.

The banks for cooperatives, one in each Farm Credit district and a Central Bank for Cooperatives in the District of Columbia, were organized under the Farm Credit Act of 1933 (48 Stat. 257), and continued under the Farm Credit Act of 1971 (85 Stat. 583). The banks extend credit to certain cooperatives. The Central Bank for Cooperatives services district banks for cooperatives by making direct loans to them and participating in loans that exceed their respective lending limits.

PART 601—EMPLOYEE RESPONSIBILITIES AND CONDUCT

Sec.

AUTHORITY: The provisions of this Part 601 issued under sec. 5.9, 5.18, 5.26, 85 Stat. 619, 621, 624.

§ 601.100 General policy.

(a) It is the policy of the Farm Credit Administration that all of its officers and employees shall observe the highest standards of conduct in the discharge of the duties and responsibilities that are assigned to them, and that they shall conduct themselves at all times in a manner becoming officers and employees of the Federal Government, so as not to cause embarrassment to the Farm Credit Administration or the Government.

(b) Each officer and employee has an obligation to the Government, to the people he serves, and to his fellow officers and employees to carry out the purpose and spirit of this policy.

(c) Rules and regulations concerning responsibilities and conduct are contained in handbooks or special releases issued to all officers and employees. It is expected that they will keep currently informed thereon, and comply therewith.

§ 601.101 Responsibilities.

(a) In the administration of the policy set forth in § 602.200 of this chapter, and the rules and regulations thereunder, the Director of Personnel and Administrative Services is responsible for (1) general coordination, (2) dissemination of information, (3) handling of complaints, (4) assignment of investigations, (5) administrative interpretation, and (6) periodic review and evaluation of compliance.

(b) The Director of Personnel and Administrative services shall serve as counselor on ethical conduct and shall be responsible for assuring that counseling and interpretations on questions dealing with employee conduct and conflicts of interest are available to any officer or employee who desires advice and guidance on such questions.

§ 601.105 Disciplinary and other remedial action.

A violation of the provisions of this part which deal with employee conduct may be cause for appropriate disciplinary action which may be in addition to any penalty prescribed by law.

§ 601.110 Conflict of interest.

Except as specifically authorized by law or these regulations, no officer or employee of the Farm Credit Administration:

(a) Shall, in any manner directly or indirectly, participate in the deliberation upon, or the determination of, any question affecting his personal interests, those of any person related to him by blood or marriage, or those of any partnership, association, or any corporation in which he is directly or indirectly interested;

(b) Shall, except in the performance of his official duties, divulge to another person, or utilize for his personal benefit or that of another, any fact or information acquired by such officer or employee, directly or indirectly, by virtue of his employment;

(c) Shall, directly or indirectly, purchase bonds, debentures, or other obligations issued by any Farm Credit institution if his position is one of the following: Governor, Deputy Governor, Service Director, Deputy Service Director and other officials authorized to act as Service Director, General Counsel, Assistant General Counsel, Director of Accounting, Budget and Data Management Division, Comptroller, Chief Examiner, and farm credit examiners.

(d) Shall solicit, accept, or receive, directly or indirectly,

(1) From any borrowers from or debtor to, or any officer or employee of, any corporation under the supervision of the Farm Credit Administration, or

(2) From any person who has or is seeking to obtain contractual or other business or financial relations with the Farm Credit Administration, or

(3) From any loan applicant or representative thereof, or

(4) From any person who has an interest that may be substantially affected by the performance or nonperformance of such officer's or employee's official duty, any salary, loan, fee, commission, or honorarium or, for any purpose or in any way, any gift, favor, entertainment, or other benefit which might reasonably be interpreted by others as being of such nature that it could affect his impartiality; Exception: Such officer or employee may accept food and refreshments of nominal value on infrequent occasions in the ordinary course of a luncheon or dinner meeting or other meeting where such officer or employee may properly be in attendance, may accept unsolicited advertising or promotional material such as pens, pencils, note pads, calendars and other items of nominal value, and may accept, with the written approval of the Governor and upon such conditions as he may prescribe, any benefit otherwise enjoined hereby if the circumstances make clear that the motivating factor for the extension of such benefit is not based on the Government responsibilities of the officer or employee and the business of the other person concerned.

(5) Nothing in this subpart precludes an employee from receipt of bona fide reimbursement, unless prohibited by law, for expenses of travel and such other necessary subsistence as is compatible with this subpart for which no Government payment or reimbursement is made. However, this paragraph does not allow an employee to be reimbursed, or payment to be made on his behalf, for excessive personal living expenses, gifts, entertainment or other personal benefits, nor does it allow an employee to be reimbursed by a person for travel on official business under agency orders when reimbursement is proscribed by Decision B–128527 of the Comptroller General dated March 7, 1967.

(e) Shall acquire, directly or indirectly (including acquisition by membership in syndicates) any lands, or any interests therein, including mineral interests and interests as mortgagee or lessee, which are owned by or mortgaged to any corporation under Farm Credit Administration supervision or which were thus owned or mortgaged at any time within the preceding 12 months. However, such lands, or interests there in, may be acquired by will or inheritance or upon the written approval of the Governor subject to such conditions as he may prescribe. As used in this paragraph (e), "mineral interests" means any interest in minerals, oil, or gas, including but not limited to, any right derived directly or indirectly from a mineral, oil, or gas lease, deed or royalty conveyance;

(f) Shall participate directly or indirectly in any transaction concerning the purchase or sale of corporate stocks or bonds, commodities, or other property if such action might tend to interfere with the proper and impartial performance of his duties or bring discredit upon the Farm Credit Administration or any corporation under its supervision;

(g) Shall engage in criminal, infamous, dishonest, immoral, or notoriously disgraceful conduct, or otherwise conduct himself in a manner which might be prejudicial and cause embarrassment to or criticism of the Government or the Farm Credit Administration or any corporation under its supervision or interfere with the efficient performance of his duties;

(h) Shall receive any salary or anything of monetary value from a private source as compensation for his services to the Government;

(i) Shall refuse to pay in a proper and timely manner each financial obligation which is imposed by law, such as Federal, State, or local taxes, or which he has acknowledged, or which has been reduced to judgment by a court. As used herein, "proper and timely" means in a manner which the Farm Credit Administration deems does not, under the circumstances, reflect adversely on the Farm Credit Administration as his employer. In the event of a dispute between an employee and an alleged creditor, this section does not require the Farm Credit Administration to determine the validity or amount of the disputed debt;

(j) Shall participate, while on Government-owned or leased property or while on duty for the Farm Credit Administration, in any gambling activity including the operation of a gambling device, in conducting a lottery or pool, in a game for money or property, or in selling or purchasing a numbers slip or tickets;

(k) Shall take any action, whether or not otherwise expressly prohibited hereby, which might result in or create the appearance of:

(1) Using public office for private gain,

(2) Giving preferential treatment to any person,

(3) Impeding Government efficiency or economy,

(4) Losing complete independence or impartiality,

(5) Making a Government decision outside official channels, or,

(6) Affecting adversely the confidence of the public in the integrity of the Government.

§ 601.115 Applicable laws.

(a) Particular attention is directed to the following provisions of law containing the Federal penal provisions which relate particularly to officers and employees of the Farm Credit Administration: Paragraphs (b) and (d) of section 15 of the Agricultural Marketing Act (46 Stat. 18; 12 U.S.C. 1141j); and sections 213, 371, 432, 493, 657, 1006, 1011, 1014, 1907, and 1909 of title 18 United States Code, Crimes and Criminal Procedure.

(b) Attention is also directed to Public Law 87-849, approved October 23, 1962 (18 U.S.C. 201 et seq.) which imposes restraints on Government employees.

(1) A regular officer or employee (one appointed or employed to serve more than 130 days in any period of 365 days) is in general subject to the following major prohibitions:

(i) He may not, except in the discharge of his official duties, represent anyone else before a court or Government agency in a matter in which the United States is a party or has an interest (18 U.S.C. 203 and 205);

(ii) He may not participate in his governmental capacity in any matter in which he, his spouse, minor child, outside business associate or person with whom he is negotiating for employment has a financial interest (18 U.S.C. 208);

(iii) He may not, after his Government employment has ended, represent anyone other than the United States in connection with a matter in which the United States is a party or has an interest and in which he participated personally and substantially for the Government (18 U.S.C. 207(a));

(iv) He may not, for 1 year after his Government employment has ended, represent anyone other than the United States in connection with a matter in which the United States is a party or has an interest and which was within the boundaries of his official responsibility during the last year of his Government service (18 U.S.C. 207(b));

(v) He may not receive any salary, or supplementation of his Government salary, from a private source as compensation for his services to the Government (18 U.S.C. 209).

(2) A special Government employee is in general subject only to the following major prohibitions:

(i) He may not, except in the discharge of his official duties, represent anyone else before a court or Government agency in a matter in which the United States is a party or has an interest and in which he has at any time participated personally and substantially for the Government (18 U.S.C. 203 and 205);

(ii) He may not, except in the discharge of his official duties, represent anyone else in a matter pending before the agency he serves unless he has served there no more than 60 days during the past 365 (18 U.S.C. 203 and 205);

(iii) He may not participate in his governmental capacity in any matter in which he, his spouse, minor child, outside business associate or person with whom he is negotiating for employment has a financial interest (18 U.S.C. 208);

(iv) He may not, after his Government employment has ended, represent anyone other than the United States in connection with a matter in which the United States is a party or has an interest and in which he participated personally and substantially for the Government (18 U.S.C. 107(a));

(v) He may not, for 1 year after his Government employment has ended, represent anyone other than the United States in connection with a matter in which the United States is a party or has interest and which was within the boundaries of his official responsibility during the last year of his Government service (18 U.S.C. 207(b)).

(c) In addition to the statutes referred to in paragraphs (a) and (b) of this section, the attention of officers and employees, as well as special Government employees (who are defined to include, among others, officers and employees of the departments and agencies who are appointed or employed to serve, with or without compensation, for not more than 130 days during any period of 365 consecutive days either on a full-time or intermittent basis), is directed to the following statutes:

(1) House Concurrent Resolution 175, 85th Congress, 2d Session, 72 Stat. B12, the "Code of Ethics for Government Service."

(2) The prohibition against lobbying with appropriated funds (18 U.S.C. 1913).

(3) The prohibitions against disloyalty and striking (5 U.S.C. 7311, 18 U.S.C. 1918).

(4) The prohibition against the employment of a member of a Communist organization (50 U.S.C. 784).

(5) The prohibitions against the disclosure of classified information (18 U.S.C. 798, 50 U.S.C. 783), and the disclosure of confidential information (18 U.S.C. 1905).

(6) The provision relating to the habitual use of intoxicants to excess (5 U.S.C. 7352).

(7) The prohibition against the misuse of a Government vehicle (31 U.S.C. 638a (c)).

(8) The prohibition against the misuse of the franking privilege (18 U.S.C. 1719).

(9) The prohibition against the use of deceit in an examination or personnel action in connection with Government employment (18 U.S.C. 1917).

(10) The prohibition against fraud or false statements in a Government matter (18 U.S.C. 1001).

(11) The prohibition against mutilating or destroying a public record (18 U.S.C. 2071).

(12) The prohibition against counterfeiting and forging transportation requests (18 U.S.C. 508).

(13) The prohibitions against embezzlement of Government money or property (18 U.S.C. 641), failing to account for public money (18 U.S.C. 643), and embezzlement of the money or property of another person in the possession of an employee by reason of his employment (18 U.S.C. 654).

(14) The prohibition against unauthorized use of documents relating to claims from or by the Government (18 U.S.C. 285).

(15) The prohibitions against political activities in subchapter III of chapter 73 of title 5, U.S. Code and 18 U.S.C. 602, 603, 607, and 608.

(16) The prohibition against an employee acting as the agent of a foreign principal registered under the Foreign Agents Registration Act (18 U.S.C. 219).

§ 601.120 Cases of trivial interest or relationship.

If the degree of interest or relationship in any case is not substantial but is so trivial as to create little probability that the officer's or employee's impartiality of judgment and action has been affected, no question under § 601.110(a) shall be deemed involved. Each case shall be determined on its own facts, proper weight being given to the nature, amount, and importance of the benefit involved, the degree or kind of relationship in question, and the character of the person concerned.

§ 601.125 Devotion of time to official duties.

Officers and employees of the Farm Credit Administration, who are employed on a full-time basis, are required to devote their full business time to the effective accomplishment of the duties assigned them in connection with the activities and operations in which they are employed. They shall not engage in outside employment or other outside activity, with or without compensation, which is not compatible with the full and proper discharge of their official responsibilities, or which might embarrass the Farm Credit Administration or cast reflection upon their ability to take an unbiased and impartial view of its operations.

§ 601.126 Teaching, writing, and lecturing.

(a) No officer or employee of the Farm Credit Administration shall receive compensation or anything of monetary value for any consultation, lecture, discussion, writing, or appearance the subject matters of which is devoted substantially to the responsibilities, programs, or operations of the Farm Credit Administration or any corporation under its supervision, or draws substantially upon official data or ideas which have not become part of the body of public information.

(b) No officer or employee of the Farm Credit Administration shall, either for or without compensation, engage in teaching, lecturing, or writing for the purpose of the special preparation of a person or class of persons for an examination of the Civil Service Commission or Board of Examiners for the Foreign Service that depends on information obtained as a result of his Government employment, except when that information has been made available to the general public or will be made available on request, or when the Governor gives written authorization for use of nonpublic information on the basis that the use is in the public interest.

§ 601.130 Farm Credit examiners.

Farm Credit examiners occupy positions established specifically by law to carry out special responsibilities. In order that they may carry out these responsibilities effectively, it is expected that they will refrain from action or conduct that may result in, or create the appearance of, obligating them to or causing them to be influenced by any of the officers or employees of the institutions supervised by the Farm Credit Administration.

§ 601.135 Use of Government-owned property.

(a) Except in emergencies threatening loss of life or property, no employee shall use Government property or equipment for any purpose other than performance of official Government work. All employees have a positive responsibility to protect and conserve all Federal property, including equipment and supplies, which is entrusted or issued to them.

(b) Public Law 600, approved August 2, 1946 (31 U.S.C. 638a(c)), reads in pertinent part as follows: "Any officer or employee of the Government who willfully uses or authorizes the use of any Government-owned passenger motor vehicle * * * or of any passenger motor vehicle * * * leased by the Government for other than official purposes * * * shall be suspended from duty by the head of the department concerned, without compensation, for not less than 1 month, and shall be suspended for a longer period or summarily removed from office if circumstances warrant."

§ 601.140 Political activity.

Various provisions of Federal statutes and regulations prohibit or limit political activity on the part of officers and employees of Federal agencies. Any officer or employee who desires to have more detailed information should make inquiry of the Personnel and Administrative Services Division.

§ 601.141 Soliciting support in nomination and election polls.

No officer or employee of the Farm Credit Administration except as authorized in the discharge of his or her official duties shall take any part, directly or indirectly, in the designation of nominees for the Federal Farm Credit Board or in the nomination or election of a member of a district Farm Credit Bank or the board of the Central Bank for Cooperatives or make any statement, either orally or in writing, which may be construed as intended to influence any vote in such designations, nominations, or elections. Any such officer or employee who violates the provisions of this section shall be dismissed.

§ 601.145 Comments on proposed legislation.

Section 1913 of Title 18 of the United States Code, entitled "Lobbying with appropriated moneys," states in substance that, in the absence of express authorization by Congress, no part of the money appropriated by any act of Congress shall be used "directly or indirectly" to pay for any personal service, telegram, letter, etc., "intended or designed to influence in any manner a Member of Congress to favor or oppose by vote or otherwise, any legislation or appropriation by Congress, whether before or after the introduction of any bill or resolution proposing such legislation or appropriation." There is an exception made in regard to communications to Congress, or Members thereof, through the proper official channels. Section 1913 imposes certain penalties for the violation of these provisions.

§ 601.150 Distribution of printed material by employees.

The distribution of circulars, flyers, posters, etc., by individual Farm Credit Administration employees or by Farm Credit Administration employee groups, should be confined to material that will not result in embarrassment to the Farm Credit Administration. Distribution of any such material should be cleared with the Personnel and Administrative Services Division. Specifically, no circulars, flyers, posters, etc., may be so distributed which:

(a) Advertise the products, services, or facilities of a commercial firm or any profitmaking organization;

(b) Directly or indirectly attack or adversely reflect on the integrity or character of Members of Congress, the judiciary or Members of the President's Cabinet, or any other Government official in a similarly responsible position;

(c) Contain expressions of a derogatory or abusive character concerning any Government employee;

(d) Directly or indirectly criticize the policies of another Government department or agency which relate to programs of the Farm Credit Administration or corporations under its supervision.

§ 601.151 Improper use of official stationery.

Official stationery should not be used for communications on controversial public matters expressing opinions which do not represent the ascertained views of those to whom such expressions of opinion would normally be imputed through the use of official stationery. In no event should permission be given for the dissemination of any such letter through facsimile use of official stationery in any newspaper, magazine, circular, or other publication.

§ 601.155 Gifts or favors from subordinates prohibited.

(a) No employee of the Farm Credit Administration shall at any time solicit contributions from other employees in the Farm Credit Administration for a gift or present to anyone in a superior position; nor shall any employee receive any gift or present offered or presented to him as a contribution from persons in the employ of the Farm Credit Administration receiving less pay than himself (5 U.S.C. 7351). However, this paragraph does not prohibit a voluntary gift of nominal value or donation in a nominal amount made on a special occasion such as marriage, illness, or retirement.

(b) No employee of the Farm Credit Administration shall place himself under obligation to a subordinate employee by borrowing money, directly, or indirectly, from such subordinate employee, or by obtaining the signature of a subordinate employee as endorser or comaker of a note issued as security for a loan.

§ 601.160 Voluntary services.

Section 665(b) of title 31, United States Code, provides that "No officer

or employee of the United States shall accept voluntary service for the United States or employ personal service in excess of that authorized by law, except in cases of emergency involving the safety of human life or the protection of property."

§ 601.165 Foreign decorations.

(a) An employee shall not accept a gift, present, decoration, or other thing from a foreign government unless authorized by Congress as provided by the Constitution and in Public Law 89–673, 80 Stat. 952.

(b) Any Farm Credit Administration employee who has had such a present conferred on him or her, must notify the Personnel and Administrative Services Division that it is being held by the State Department so that appropriate steps may be taken at time of the employee's retirement, for reporting to Congress.

§ 601.170 Statements of employment and financial interests.

A statement of employment and financial interests in the form prescribed by the Civil Service Commission shall be furnished by each officer or employee who is in grade GS–16 or above under section 5332 of title 5, United States Code, or in comparable or higher positions not subject to that statute, and by the following officers or employees:

(a) Contracting or Procurement Officers (and officers or employees who have contracting or procurement authority) in Grade GS–13 and above;

(b) Chief Reviewing Appraisers;

(c) Assistant Chief Examiners;

Officers or employees from who a statement of employment and financial interests otherwise is required may be excluded from the reporting requirement when the Governor determines that reports from such officers or employees are not necessary in order to carry out the purpose of law, Executive Order 11222, and this subpart. The grievance procedure of the Farm Credit Administration shall be available for review of a complaint by any officer or employee that his position has been improperly included as one requiring the submission of a statement of employment and financial interest.

§ 601.171 Time and place for submission of statements.

The statement of employment and financial interests, which need not include the amount of financial interest, indebtedness, or value of real property, shall be submitted to the designee of the Governor not later than:

(a) Ninety days after the effective date of the regulations in this part if the officer or employee is employed on or before that date; or

(b) Thirty days after the officer's or employee's entrance on duty, but not earlier than 90 days after the effective date hereof if appointed before that date.

§ 601.172 Supplementary statements.

Changes in, or additions to, the information contained in an officer's or employee's statement of employment and financial interests shall be reported in a supplementary statement as of June 30 each year. If no changes or additions occur, a negative report is required. Notwithstanding the filing of the annual report required by this section, each officer and employee shall at all times avoid acquiring a financial interest that could result, or taking an action that would result, in a violation of the conflicts-of-interest provisions of 18 U.S.C. 208, or of this part.

§ 601.173 Interests of employees' relatives.

The interest of a spouse, minor child, or other member of an officer's or employee's immediate household is considered to be an interest of the officer or employee. For the purpose of this section, "member of an officer's or employee's immediate household" means those blood relations who are residents of the officer's or employee's household.

§ 601.174 Information not known.

If any information required to be included on a statement of employment and financial interests or supplementary statement, including holdings placed in trust, is not known to the officer or employee but is known to another person, the officer or employee shall request that other person to submit information in his behalf.

§ 601.175 Information prohibited.

An officer or employee is not required to submit on a statement of employment and financial interests or supplementary statement any information relating to the officer's or employee's connection with, or interest in, a professional society or a charitable, religious, social, fraternal, recreational, public service, civic, or political organization or a similar organization not conducted as a business enterprise. For the purpose of this section educational and other institutions doing research and development or related work involving grants of money from or contracts with the Government are deemed "business enterprises" and are required to be included in the statement of employment and financial interests.

§ 601.176 Confidentiality of statements.

The Farm Credit Administration shall hold each statement of employment and financial interest, and each supplementary statement, in confidence. To insure this confidentiality, the designee of the Governor shall review and retain such statements and maintain them in confidence, and shall not allow access to, or allow information to be disclosed from, a statement except to carry out the purpose of this subpart. The Farm Credit Administration will not disclose information from a statement except as the Civil Service Commission or the Governor may determine for good cause shown.

§ 601.177 Effect of statements on other requirements.

The statements of employment and financial interests and supplementary statements required of officers and employees are in addition to, and not in substitution for, or in derogation of, any similar requirement imposed by law, order, or regulation. The submission of a statement or supplementary statement by an officer or employee does not permit him or any other person to participate in a matter in which his or the other person's participation is prohibited by law, order, or regulation.

§ 601.178 Review of statements.

The statement of employment and financial interests shall be reviewed by the designee of the Governor to determine whether the statement reveals a conflict or an apparent conflict between the interests of the officer or employee and the performance of such officer's or employee's service for the Farm Credit Administration. If such conflict or apparent conflict cannot be resolved by consultation between the designee of the Governor and the officer or employee the conflict or apparent conflict shall be reported to the Governor for such further handling or action as the Governor may deem indicated under the circumstances.

§ 601.180 Special Government employees.

In addition to those requirements of §§ 601.110–601.170 which may be made conditions of employment of a special Government employee in writing at the time of his employment, or otherwise apply to him by operation of law, such employee:

(a) Shall not use his Government employment for a purpose that is, or gives the appearance of being, motivated by the desire for private gain for himself or another person, particularly one with whom he has family, business, or financial ties;

(b) Shall not use inside information obtained as a result of his Government employment for private gain for himself or another person either by direct action on his part or by counsel, recommendation, or suggestion to another person, particularly one with whom he has family, business, or financial ties (for this purpose "inside information" means information obtained under Government authority which has not become part of the body of public information);

(c) Shall not use his Government employment to coerce, or give the appearance of coercing, a person to provide financial benefit to himself or another person, particularly one with whom he has family, business, or financial ties;

(d) Shall not while so employed or in connection with his employment receive or solicit from a person having business with the Farm Credit Administration anything of value as a gift, gratuity, loan, entertainment, or favor for himself or another person, particularly one with whom he has family, business, or financial ties. However, such employee may accept food and refreshments of nominal value on infrequent occasions in the ordinary course of a luncheon or dinner meeting or other meeting where such employee may properly be in attendance, may accept unsolicited advertising or promotional material such as pens, pencils, note pads, calendars and other

items of nominal value, and may accept, with the written approval of the Governor and upon such conditions as he may prescribe, any benefit otherwise enjoined hereby if the circumstances make clear that the motivating factor for the extension of such benefit is not based on the Government responsibilities of the employee and the business of the other person concerned;

(e) Shall submit to the designee of the Governor not later than the time of his employment a statement of employment and financial interests in the form prescribed by the Civil Service Commission which reports all other employment and any financial interests which relate either directly or indirectly to his duties and responsibilities as a special Government employee. He shall keep such statement current throughout his employment by the submission of supplementary statements. The information contained in the statement shall be reviewed and otherwise handled as is provided in § 601.178 with regard to statements of employment and financial interests required to be furnished by officers and employees. The Governor may waive the requirement for the submission of such statement in the case of a special Government employee who is not a consultant or an expert when the Farm Credit Administration finds that the duties of the position held by that special Government employee are of a nature and at such a level of responsibilities that the submission of the statement by the incumbent is not necessary to protect the integrity of the Government.

PART 602—RELEASING INFORMATION

Subpart A—Information and Records Generally

Subpart B—Availability of Records of the Farm Credit Administration

AUTHORITY: The provisions of this Part 602 issued under secs. 5.9, 5.18, 5.26, 85 Stat. 619, 621, 624.

Subpart A—Information and Records Generally

§ 602.200 General rule.

Except as necessary in performing official duties or as authorized by §§ 602.205–602.235, no one employed by Farm Credit Administration shall disclose information of a type not ordinarily contained in published reports or press releases regarding Farm Credit Administration or any banks or associations of the Farm Credit System or their borrowers or members. Information prepared for newspaper, publishing and broadcasting companies, and all new or revised publications shall be cleared with the Information Division.

§ 602.205 Reports of Farm Credit examiners.

Reports of examinations of banks or associations made by Farm Credit examiners or Federal intermediate credit bank officials and other personnel who have been authorized by the Governor to make credit examinations may be disclosed only with the consent of the Chief Examiner of the Farm Credit Administration. Consent is given for disclosing reports of regular examinations to the banks and associations involved or interested, but such disclosure of reports of special examinations shall be only by action or consent of the Chief Examiner in each instance. Consent is also given for disclosing reports of regular examinations to authorized representatives of Farm Credit Administration and, when requested for confidential use in official investigations of matters touched upon therein, to agents of the Federal Bureau of Investigation, Department of Justice; the Assistant Postmaster General, Inspection Service, U.S. Postal Service; the Secret Service; the Internal Revenue Service; Office of the Inspector General, Department of Agriculture; and the General Accounting Office.

§ 602.210 Lists of borrowers.

The relationship between borrowers and the banks and associations in the cooperative Farm Credit System is confidential, and therefore no one employed by Farm Credit Administration shall release a list of borrowers from a Farm Credit bank or association except as provided in § 618.8310 of this chapter unless such release is approved by the Governor or deputy governor.

§ 602.215 Data regarding borrowers and loan applicants.

Because the relationship between borrowers and the banks and associations in the cooperative Farm Credit System is confidential, Farm Credit Administration personnel shall hold in strict confidence all information regarding character, credit standing, and property of borrowers and applicants for loans. They shall not exhibit or quote the following documents: loan applications; letters and statements relative to the character, credit standing, and property of borrowers and applicants; recommendations of loan committees; and reports of inspectors, fieldmen, investigators, and appraisers except as authorized by § 618.8320 of this chapter. This section is subject to the following further exceptions:

(a) Examiners and other accredited representatives of Farm Credit Administration shall have free access to all information, records, and files.

(b) Accredited representatives of the offices named in § 602.205 may, at their request, be given information pertinent to their official investigations of individual cases, and may examine such portions of the records and files as contain the information.

(c) Information concerning borrowers may be given for the confidential use of any Farm Credit institution, or any Government agency, in contemplation of the extension of agricultural credit or the collection of loans.

(d) Credit information concerning any borrower may be given when such borrower consents thereto in writing.

(e) In litigation between a borrower (or his successor in interest) and the United States or a bank or association, any competent evidence may be introduced with respect to any relevant statements made orally or in writing by or to the borrower or his successor.

§ 602.220 Waiver of restriction.

If it appears that justice would be served by releasing information in circumstances forbidden by § 602.215, the restrictions of that section may be waived as to a particular case by the Governor or deputy governor. A recommendation for such waiver may be submitted by any bank, association, or office concerned. Any such recommendation from a Federal land bank association or a production credit association shall be submitted through the appropriate Federal land bank or Federal intermediate credit bank, with the request that it be considered and forwarded to the Farm Credit Administration, if deemed advisable. Each such recommendation shall be supported by a statement of facts and approved by counsel for the forwarding bank. The recommendation should be addressed to the General Counsel, Farm Credit Administration.

§ 602.225 Officer or employee summoned as a witness.

If an officer or employee is summoned as a witness in litigation to which neither the Government nor any Farm Credit institution is a party for the purpose of testifying and/or producing documentary evidence with respect to matters which he is forbidden by these regulations in this Part to disclose, he shall arrange, if possible, with the attorney who obtained the summons, to be excused from testifying. If not excused, he shall appear in response to the summons but, before testifying or producing documentary evidence as to confidential information, he shall advise the court of these regulations against disclosing such information and request that its confidential nature be safeguarded. After so doing, he may then testify or produce documentary evidence as to such information only to the extent and under the conditions directed by the court.

§ 602.230 Request for advice.

Upon receiving any such summons, the officer or employee may request advice and assistance from the General Counsel of Farm Credit Administration or the district general counsel (or other designated attorney).

§ 602.235 Information regarding personnel.

List of employees shall not be released by an office of the Farm Credit Administration without the approval of the Governor or a Deputy Governor. This section is subject to the following exceptions:

(a) Taxing authorities shall be supplied, on request, with the names, addresses, and compensation of officers and employees of Farm Credit Administration. Field offices receiving any such requests shall forward them to the Accounting, Budget and Data Management Division.

(b) The Farm Credit Administration may release employees' names, addresses, positions and spouses' names to reputable concerns for listing in local directories only. Employees wishing to do so shall be allowed to withhold their names.

§ 602.240 Authority reserved to release information.

The provisions of §§ 602.200–602.235 shall not operate to limit or restrict the discretionary authority of the Governor or any Deputy Governor to release, or authorize the release of, information by or pertaining to the Farm Credit Administration or any bank or association of the Farm Credit System.

§ 602.245 Official records generally.

The Farm Credit Administration and the several banks and associations under its supervision keep confidential the classes of records enumerated in §§ 602.205, 602.210, 602.215, 602.235. Such records and other official records in the custody of the Farm Credit Administration may be made available to the extent provided in §§ 602.250–602.265. Information contained in other official records in the custody of a particular bank or association of the Farm Credit System may be made available to persons directly and properly concerned in accordance with §§ 608.8300 and 608.8350 of this chapter.

Subpart B—Availability of Records of the Farm Credit Administration

§ 602.250 Official records of the Farm Credit Administration.

Upon request, identified records of the Farm Credit Administration shall be made available for public inspection and copying, except exempt records which include the following:

(a) Records specifically required by Executive order to be secret;

(b) Records related solely to the internal personnel rules and practices of the Farm Credit Administration, including matters which are for the guidance of agency personnel;

(c) Records which are specifically exempted from disclosure by statute;

(d) Commercial or financial information obtained from any person or organization and privileged or confidential;

(e) Interagency or intra-agency memorandums or letters which would not be available by law to a private party in litigation in which the United States, as real party in interest on behalf of the Farm Credit Administration, is a party, or from a bank or association supervised by the Farm Credit Administration to a private party in litigation with such bank or association if such memorandums or letters are records of such bank or association;

(f) Personnel and similar files, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy;

(g) Investigatory files compiled for law enforcement purposes, except to the extent available by law to a private party;

(h) Records of or related to examination, operating, or condition reports (other than published condition reports) of or related to the banks and associations under the supervision of the Farm Credit Administration which are prepared by, on behalf of, or for its use.

§ 602.255 Identification of records requested.

A member of the public who requests records from the Farm Credit Administration shall provide a reasonably specific description of the records sought so that such records may be located without undue search or inquiry. A record that is not identified by a reasonably specific description is not an identified record, and the request therefor may be declined.

§ 602.260 Request for records.

Requests for identified records should be directed to the Director of Information, Farm Credit Administration, Washington, D.C. 20578. Copies of such records may be obtained in person or by mail. Records will be available for inspection or copying during business hours on a regular business day at the offices of the Farm Credit Administration which are located in the South Agriculture Building, Washington, D.C.

§ 602.265 Service charge.

(a) The Farm Credit Administration furnishes a member of the public free of charge a reasonable quantity of information that has been printed or otherwise reproduced for the purpose of making it available to the public without charge.

(b) The Farm Credit Administration furnishes a member of the public free of charge information that is requested and is not exempt from disclosure when the information is readily available and can be furnished by the Farm Credit Administration without charge.

(c) When a request for information which may not be furnished under paragraphs (a) and (b) of this section is received, the Farm Credit Administration furnishes a copy of it at a fair and equitable fee when it is available to the public. In determining such fair and equitable fee, the Farm Credit Administration ascertains all costs necessary to recover the full cost to the Government including but not limited to, cost of employee service relating to research, reproduction assembly, and authentication. The fee will be based on these costs and information under this paragraph will not be furnished until such fee is paid or arrangements for payment are made.

SUBCHAPTER B—FARM CREDIT SYSTEM

PART 611—ORGANIZATION

Subpart A—Introduction

Subpart B—Policy

Subpart C—The Farm Credit Administration

Subpart D—The Farm Credit System

Subpart E—Farm Credit Districts

Subpart F—General Rules for the Districts

Sec.

AUTHORITY: The provisions of this Part 611 issued under sec. 5.9, 5.18, 5.26, 85 Stat. 619, 621, 624.

Subpart A—Introduction

The Farm Credit Act of 1971, Public Law 92–181, approved December 10, 1971, is a complete recodification and replacement for prior laws under which the Farm Credit Administration and the institutions of the Farm Credit System were organized and operated. Prior laws which are repealed and superseded by the Act are identified in section 5.26(a) thereof. Section 5.26(b) retained the effectiveness of the existing regulations of the Farm Credit Administration and the Farm Credit System, the institutions' charters, bylaws, resolutions, stock classifications, policy, and elections until superseded, modified, or replaced under the authority of the 1971 Act. All obligations and contracts under prior laws remain enforceable unless and until modified in accordance with the 1971 Act. It is, therefore, the purpose of these regulations to supersede regulations of the Farm Credit Administration issued under prior authority and to implement, as of the date of approval of these regulations, the provisions of the 1971 Act. Contracts, including but not limited to notes, bonds, debentures, loans, security, collateral, entered into by the Farm Credit Administration or any of the institutions of the System before the issuance of these regulations shall remain valid and enforceable upon their terms unless and until they are subsequently modified.

Subpart B—Policy

In recognition, as a national policy, that a prosperous, productive agricultural economy requires an increasing input of credit resources through a permanent financing system designed to

furnish sound, adequate, and constructive credit to farmers and ranchers and their cooperatives, the Congress initially authorized in prior law and continued under the 1971 Act a System of limited purpose, farmer-owned, banks and associations to help meet their credit needs.

The System is designed for farmer and rancher borrowers' ownership, management, and control which will be responsible to the credit needs of all types of agricultural producers and their cooperatives having a basis for credit to be furnished through the System in ways which will more adequately meet current and future complex credit requirement. For purposes of these regulations, agricultural producers are identified as individual farmers and other legal entities engaged in farming or whose owners would be granted credit if they were individual applicants. The System should also serve the farm and family needs of the part-time farmer but qualification as a farmer should not entitle such members to unlimited financing for other purposes. Additional authorization has been provided for financing non-farm rural housing, producers or harvesters of aquatic products, and selected farm-related businesses furnishing on-farm services.

The primary objective of the System is to help improve the income and well-being of farmers and ranchers. Because the System was so well conceived, it has served a large part of the agricultural credit needs of the country. It can be of greater service now with the removal of many statutory limitations. With wider latitude for action comes greater responsibility for management and policy determinations. These regulations identify areas in which Systemwide policy and district policy for the guidance of management and operations of the banks and associations is necessary to assure the accomplishment of these objectives.

This wider latitude of service and added functions accentuate the impact of the System on the agricultural economy, on other elements of the Nation's total business community, and on the public generally. Consequently, as is true with other types of financing institutions, the public interest will be protected under rules dealing with supervision, examination, audit, lending and funding operations of the System.

Subpart C—The Farm Credit Administration

The Farm Credit Administration is composed of the Federal Farm Credit Board and the Governor of the Farm Credit Administration, hereinafter called the Governor, appointed by the Board, and other employees of the Administration. The Board is composed of not more than 13 members, one of whom is designated by the Secretary of Agriculture and the remainder appointed by the President, with the advice and consent of the Senate.

The qualifications, terms, manner of nomination, appointment, and compensation of board members are provided in section 5.8 of the Act and the procedural rules for nomination are prescribed in § 618.8150 of this chapter.

The Board establishes the general policy for the guidance of the Farm Credit Administration and approves necessary rules and regulations for the implementation of the Act as specified in section 5.9.

Subpart D—The Farm Credit System

The Farm Credit System includes the Federal land banks, the Federal land bank associations, the Federal intermediate credit banks, the production credit associations, and the banks for cooperatives. Each of these institutions is an instrumentality of the United States for carrying out the congressional policy and objective. Each is chartered by the Farm Credit Administration, an independent agency of the Executive Branch of the U.S. Government, and subject to regulation and supervision by the Farm Credit Administration. The banks also have immediate supervisory responsibility over the associations in their districts.

Subpart E—Farm Credit Districts

The United States is divided into 12 Farm Credit districts. The designation and the States and other areas embraced in each district are as follows.

District name	District No.	District States
Springfield	1	Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey.
Baltimore	2	Pennsylvania, Delaware, Maryland, Virginia, West Virginia, District of Columbia, Puerto Rico.
Columbia	3	North Carolina, South Carolina, Georgia, Florida.
Louisville	4	Ohio, Indiana, Kentucky, Tennessee.
New Orleans	5	Alabama, Mississippi, Louisiana.
St. Louis	6	Illinois, Missouri, Arkansas.
St. Paul	7	Michigan, Wisconsin, Minnesota, North Dakota.
Omaha	8	Iowa, Nebraska, South Dakota, Wyoming.
Wichita	9	Oklahoma, Kansas, Colorado, New Mexico.
Houston	10	Texas.
Berkeley	11	California, Nevada, Utah, Arizona, Hawaii.
Spokane	12	Washington, Oregon, Montana, Idaho, Alaska.

Subpart F—General Rules for the Districts

§ 611.1000 Organization — district boards of directors.

(a) Each Farm Credit district shall have a district board of directors composed of seven members, six of whom are elected and one appointed, as provided in section 5.2 of the Act. Important limitations on the eligibility for membership on the district board are specified in section 5.1 of the Act. The district board may adopt additional eligibility requirements, such as an age limitation or a number of successive terms for which a director will be eligible to serve. The terms of the elected and appointed district directors are specified in section 5.1(c) of the Act. The nomination and election of district directors is provided for in section 5.2 of the Act, and procedural rules are prescribed in § 618.8160 of this chapter. The members of each Farm Credit district board of directors shall operate as a single policymaking board. They also serve as the boards of directors of the Federal land bank, the Federal intermediate credit bank, and the bank for cooperatives in their respective districts. In neither capacity do they engage in management functions. Whether acting as the board of directors for the district or ex officio as the boards for the district banks, they are responsible for correlating the policies and functions of the banks and associations so that they complement the other institutions in the district.

(b) The Central Bank for Cooperatives as provided in section 3.2 of the Act has a separate board of directors of not more than 13 members, one elected by each district board and a member at large appointed by the Governor with the advice and consent of the Federal Farm Credit Board. The powers of the central bank board are comparable to the powers of the district board acting ex officio as the board of directors of the district bank for cooperatives. However, the principal purpose of the Central Bank involves participation with the district banks for cooperatives in loans.

§ 611.1010 Powers, duties, and responsibilities.

The district board acting in that capacity or as the board of a bank, as appropriate, shall—

(a) Adopt bylaws for the banks, and approve bylaws for associations in the district from forms approved or to be approved by the Farm Credit Administration and proposed modifications of such bylaws.

(b) Adopt and prescribe consistent lending and operating policies for each of the banks and all of the associations in the district as authorized by law and these regulations to the end that the credit and other services available to eligible persons be uniform to the extent feasible and at the lowest reasonable cost consistent with sound business operations. The policies of the board shall recognize that the strength of the Farm Credit System lies substantially in its cooperative character, that each institution is an integral part of the statutory scheme for the whole System, and that each institution shall consider the total credit needs of and services available to eligible borrowers.

(c) Provide for supervision of the associations in the district to assure that authorized services are available to eligible persons in the most effective and efficient manner.

(d) Periodically provide for a review of the credit and related service needs of farmers, ranchers, and cooperatives in the district and recommend programs or modified programs to the Federal Farm Credit Board.

(e) Formulate broad policy guidelines concerning the funding operations of the banks in the district and, in concert with other district boards, for the long-range

guidance of the future funding of the System.

(f) Provide policy and guidelines for the employment, compensation, and employee benefits of competent officers and employees of the several institutions in the district.

(g) Authorize agreements for joint services within or between districts for functions and services to borrowers and to the institutions of the System which can be most effectively performed by joint undertakings. When such agreements involve impact or implications for other institutions of the System, general protection of borrowers' equities and overall public interests, the proposals shall be undertaken after prior consultation with Farm Credit Administrataion in its supervisory capacity.

(h) Delegate to management the responsibilities and accountability for implementing the Act and these regulations and effectuation of district board policy.

(i) Consider and take appropriate corrective actions on recommendations identified in examination and audit reports as determined by the board or as required by the Farm Credit Administration.

(j) Provide rules for its operations as a district board and such other policy guidance for the effective implementation of the law and these regulations within the district as may be appropriate.

§ 611.1021 Compensation limitation.

Compensation is not allowable for time spent by district directors on business of Federal land bank associations, production credit associations or cooperatives of which they are members or other self-imposed assignments.

§ 611.1030 Special assignments of district board members.

Special assignments requiring the services of a director shall be authorized under procedures established by either the district board or the board of one of the banks, whichever is appropriate, and may be requested by the Farm Credit Administration.

§ 611.1031 Limitation on special assignments.

Special assignments requiring service in one calendar year totaling more than 30 days (not counting time needed for attendance at board meetings) must have the prior approval of the Farm Credit Administration. Without any further request therefor, prior approval is hereby given for attendance at National Farm Credit Directors Conferences and Planning Committee meetings, meetings of the Directors Advisory Committee to the Fiscal Agency Committee, meetings of the District Directors Policy Coordinating Committee and attendance at a particular time or place requested by the Farm Credit Administration.

§ 611.1040 Meetings of boards.

The boards shall establish regular meetings and may arrange for special meetings. The Farm Credit Administration should be notified at least 2 weeks in advance of any changed regular meeting date and, if possible, of any special meeting of the board.

§ 611.1050 Minutes of boards.

The district board shall keep full and accurate minutes of its meetings and of meetings as bank boards. Two copies of the minutes of district board meetings and bank board meetings should be sent to the Farm Credit Administration within 2 weeks after the meetings.

§ 611.1060 District organization.

The district board shall provide through a committee of presidents of the three banks, or through some other organizational pattern, a means of facilitating and promoting maximum communications among the banks in the district and an efficient and effective means of coordinating communications of these banks with the Farm Credit Administration, other parts of the System, other organizations, and with borrowers and the public. The organizational pattern should also be such that it encourages and helps to effectuate closer working relationships between the banks as a means of providing the best possible service to members at the lowest possible cost.

§ 611.1070 Branches.

The boards may authorize the establishment of branches or other offices necessary for the effective operation of the business of the banks. An association may establish such branches or other offices necessary for the effective service to borrowers when approved by the supervising bank.

§ 611.1080 Association establishment and election of directors.

As used throughout these regulations, the term "association" is restricted to Federal land bank associations and production credit associations. Section 1.13 of the Act provides for the establishment of Federal land bank associations and section 1.14 provides for the election of their boards of directors. Section 2.10 of the Act provides for the establishment of the production credit associations and section 2.11 provides for the electing of the board of directors. Additional provisions are contained in the bylaws for both.

§ 611.1090 Merger of districts.

Should two or more district boards recommend the merger of existing districts, change in the territory served by the respective districts, or any change in the name or designation of a district, the proposal and justification therefor shall be submitted to the Farm Credit Administration for review by the Federal Farm Credit Board before it is submitted for any required stockholder approval.

§ 611.1100 Mergers or consolidations of banks.

Any of the banks in the System proposing to merge or consolidate with like banks in other districts, as authorized by the Act, shall jointly submit the proposal and justification, including recommendations for the formulation of a board of directors for the bank resulting from such merger or consolidation, to the Farm Credit Administration for review before the proposal is submitted to the stockholders of such banks for approval.

§ 611.1110 Creation of new associations.

Any application for the issuance of a charter to a new Federal land bank association shall meet the requirements of section 1.13 of the Act, and any application for the charter of a new production credit association shall meet the requirements of section 2.10 of the Act. In submitting the application and recommendations required by said sections, the proposed association shall submit its proposed bylaws from the forms or optional forms approved by the Farm Credit Administration or its proposed additions to and modifications of such approved or optional bylaws provisions.

§ 611.1120 Mergers or consolidation of associations.

The boards of directors of two or more like associations may propose to merge or consolidate associations. The resolutions proposing such agreement shall be accompanied by an agreement setting forth the terms and conditions under which the merger or consolidation shall take place and shall be submitted to the bank board which, if it approves of the proposal, shall transmit the tentative agreement, and make its recommendation, to the Farm Credit Administration for review before the proposal is submitted to the stockholders of the associations. The agreement for merger or consolidation shall include the proposed effective date; the proposed name and location of the continuing or consolidated association; the designation of the charter and bylaws of one constituent association to be those of the continuing or consolidated association; the names of persons nominated to serve as directors until the first annual meeting after the merger or consolidation; the authority for transferring assets to and assumption of liabilities by the continuing or consolidated association; provision relating to the stock of the constituent associations and the stock of the continuing or consolidated association, provided no fractional shares of stock shall be issued; and the designation of persons and granting of authority to carry out the agreement, including authority to execute any documents necessary to perfect title. If preliminary approval is received from the bank board and the Farm Credit Administration, the proposed merger shall be submitted for the approval of the majority of the voting stockholders who are present and voting and the written proxies of voting stockholders presented at a duly authorized stockholders' meeting. The form of written proxy shall be prescribed by the bank. Upon such approval of the agreement, the Farm Credit Administration will issue a new charter and approve new bylaws. The newly designated directors may take such action at any time thereafter, subject to ratification at the first meeting after the

effective date, as may be necessary for the continuing or consolidated association to transact its business. The execution of the agreement and the merger in its entirety shall be under the direction of the bank.

§ 611.1121 Territory adjustments of associations.

Territorial adjustments may be made among like associations, subject to the approval of the bank and the Farm Credit Administration.

§ 611.1130 Liquidation of associations.

The board of directors of an association, by the adoption of an appropriate resolution, may place an association in voluntary liquidation, subject to approval of the bank board and the Farm Credit Administration, whereupon the supervising bank shall appoint a liquidating agent. Additionally, upon default on any obligation by any association which cannot be corrected by other action including but not limited to mergers, the Governor may declare an association insolvent and place it in the hands of a receiver or conservator under such terms as the Governor may prescribe on a case-by-case basis.

PART 612—PERSONNEL ADMINISTRATION

Subpart A—General Policy

Subpart B—General Rules

AUTHORITY: The provisions of this Part 612 issued under secs. 5.9, 5.18, 5.26, 85 Stat. 619, 621, 624.

Subpart A—General Policy

§ 612.2000 Responsibility.

The personnel programs in the banks are primarily administered under the direction of their boards of directors. The Farm Credit Administration has the responsibility for exercising general supervisory authority and certain specific authorities relating to employment and compensation in the banks.

§ 612.2010 District personnel policy manual.

In the interest of effective personnel administration, the district board shall establish personnel policies for the district banks and shall provide for the issuance of the personnel policy manual reflecting such policies. The policies established shall be in accordance with applicable rules and regulations and shall be submitted to the Farm Credit Administration for review and should include the following:

(a) A general statement of personnel policy.

(b) A section on employment practices.

(1) Employment of relatives (nepotism).

(2) Reference checks.

(3) Re-employment of annuitants.

(4) Equal employment opportunity.

(c) Salary administration program.

(1) Classification of positions.

(2) Salary ranges.

(3) Compensation practices.

(4) Performance evaluation.

(d) Employee training and development.

(e) Employee responsibilities and conduct.

(1) Prohibited acts.

(2) Conflict of interest.

(3) Political activities.

(f) Grievance procedure.

(g) Employee benefits. Employee benefit programs should be motivating and equitable, effective in maintaining favorable employee attitudes, and within the economic capabilities of the banks. Employee benefits should be developed as a total program including leave, retirement, and insurance programs. Benefits should be consistent with benefits generally granted by the better employers of the area. A degree of consistency in benefit programs between districts is desirable. The inclusion of portability provisions between districts should be an objective in formulating employee benefit programs.

§ 612.2020 Associations.

The supervising banks shall develop personnel programs for associations. To the extent feasible or required, such programs shall be consistent with the personnel programs of the banks.

Subpart B—General Rules

§ 612.2030 Nepotism.

The following regulations are designed to promote morale and efficiency and to emphasize and assist the merit system of appointments and promotions.

(a) No relative of a director of a Farm Credit institution shall be employed as manager or chief executive officer of that institution.

(b) No person shall be employed by a Farm Credit institution in a position which is under the direct or indirect supervision of a relative, except that if such entity is an association, and the supervising bank has determined beforehand that positive efforts to fill an essential position by other recruitment have been unsuccessful, such bank may authorize in writing the hiring of such a related person for the position for a period or periods not to exceed 90 workdays in any calendar year. Any repetition in a succeeding calendar year must include a separate written redetermination by the bank.

(c) The term "relative" as used in this section includes first cousins and brothers-in-law and persons of similarly close or closer relationships by blood, marriage, or adoption.

(d) The provisions of this section shall be applicable to persons employed on or after the effective date of these regulations.

§ 612.2031 Reporting violations.

In any instance of violation or prospective violation of § 612.2030, it is the responsibility of the related individuals to notify the employing entity's chief executive officer regarding the situation immediately upon becoming aware of it. It is the responsibility of any such officer or manager who becomes aware of such a situation, by this or any other means, to take prompt corrective action, or, if it is beyond his power or ability to do so, to request instructions from the supervising bank or the Farm Credit Administration, as appropriate.

§ 612.2040 Reference checks.

In all bank and association appointments, careful and appropriate inquiry shall be made of the applicant's character and qualifications and made a part of the employee's personal file.

§ 612.2050 Re-employment of annuitants.

As a general policy, plans should be made in advance by banks and associations to recruit and train qualified replacements for prospective vacancies because of approaching retirements or other reasons which can be anticipated.

Annuitants should not be employed except when definite recruiting efforts have failed to produce other qualified applicants for the positions. Employment of an annuitant shall be on a temporary basis and only after a break in service has occurred. A temporary appointment is defined as an appointment not to exceed 1 year.

§ 612.2060 Political activity.

(a) No salaried employee shall hold a remunerative public office or be a candidate for such office unless the bank which supervises his employer (if he is an association employee) or the Farm Credit Administration (if he is a bank employee) has, after investigation and consideration of all facts involved, rendered a written opinion that such candidacy or holding of public office would not bring justified criticism on the grounds of political activities or partialities or in any other manner adversely affect the best interests of the borrowers or the operations and public image of the System or any institutions thereof.

(b) No salaried employee shall take an active part or issue public statements relating to the nomination or candidacy of any person or participate in partisan political campaigns for national or statewide elective office, in any way that would implicate by support, endorsement or otherwise, his connection with the Farm Credit institution by which he is employed. This statement shall not be construed to prohibit an employee from expressing his personal opinion on political affairs or candidates or making voluntary campaign contributions.

§ 612.2070 Equal employment opportunity.

It shall be the policy of all banks and associations to provide all employees and all qualified and eligible applicants equal employment opportunity without regard to race, color, religion, sex, age, national origin, politics or physical handicap. Under direction of the district and association boards, chief administrative officers shall exercise personal leadership in establishing, maintaining and carrying out a positive, continuing program designed to promote equal opportunity in the organizations' employment practices.

§ 612.2080 Salary and range approvals.

(a) All salary ranges for senior officers of the banks shall be forwarded to the Farm Credit Administration for approval 15 days prior to the effective date of any changes.

(b) A form prescribed by the Farm Credit Administration will be used by the banks to record personnel actions.

(c) The establishment or any change in the salary of the chief executive officer of a bank shall be referred to the Farm Credit Administration for approval 10 days prior to release of any announcements.

(d) A copy of all personnel actions in the senior officer level will be directed to the Farm Credit Administration for record purposes.

§ 612.2090 Other compensation plans.

All types of compensation plans, other than wages, for bank officers and employees shall be submitted to the Farm Credit Administration for prior approval. Employee benefit programs, such as hospitalization plans, group life insurance plans and other similar benefits, are not considered compensation plans.

§ 612.2100 Personnel recruitment and training.

The district and association boards shall approve policies and assure that specific responsibility is assigned for implementing recruitment and training programs. The purpose of such policies and programs shall be to recruit, train, develop, and effectively utilize and retain a staff competent to carry out the function of each bank and association. In developing these policies and programs, consideration should be given to such factors as present state of and expected changes in size, number, and complexity of loans, key employee succession, present and potential share of the market, level of loan servicing, and credit related services.

§ 612.2110 Director, officer, and employee responsibilities and conduct.

The maintenance of high standards of industry, honesty, integrity, impartiality, and conduct by directors, officers, and employees of all institutions and organizations in the Farm Credit System is essential to insure the proper performance of System business and continued public confidence in the System and all its entities. The avoidance of misconduct and conflicts of interest, either real or apparent, by all personnel is indispensable to the maintenance of these standards. All personnel shall observe both the letter and the intent of the laws, regulations, instructions, and procedures applicable to them and to entities in the System, whether issued by the Farm Credit Administration or by the entities themselves. Such written criteria, however, cannot alone provide for maximum accomplishments of the aims of the Farm Credit law. Such accomplishment must rely, in addition, on positive effort and the exercise of ingenuity and good judgment by all who have a part in carrying out the authorized Farm Credit programs. District Boards shall adopt rules and guidelines of conduct for directors and employees and secure compliance therewith.

§ 612.2120 District and association directors.

The democratically controlled, borrower-owned structure of the Farm Credit System makes it essential that each member of the boards of directors of the institutions of the System, as well as the officers and employees, be aware of potential conflicts of interest. Each director shall:

(a) Refrain from divulging or using for his personal benefit information acquired as a director, except in the performance of his official duties,

(b) Abstain from participating directly or indirectly in the deliberations on any question affecting his personal interests or those of his family or of any corporation or other business organization in which he has an interest,

(c) Avoid any action toward or the appearance of obtaining special advantage of favoritism in dealing with borrowers from any of the institutions of the System, or with officers or employees thereof, particularly in relation to real or personal property which any such institution owns or in which it claims a lien or other interest, and

(d) Consider the potential conflict of interest arising from his employment by, or directorship of, other lending institutions and his ability to impartially and objectively perform his duties and responsibilities as a director of the Farm Credit institutions.

District policy may include other guidelines and shall provide the means by which compliance is to be accomplished and questions of conflict of interest resolved. District board guidelines and instructions shall be made available to each district and association director and nominating committees.

§ 612.2130 Soliciting support in polls for district or Federal Farm Credit Board membership.

(a) No officer, director, or employee of a Federal land bank, Federal intermediate credit bank or bank for cooperatives, and no joint officer or employee for such banks, shall take any part, directly or indirectly, in the designation of nominees for the Federal Farm Credit Board, in the nomination or election of members of a district Farm Credit Board, or in the election of directors for the Central Bank for Cooperatives, or make any statement, either orally or in writing, which may be construed as intended to influence any vote in such designations, nominations, or elections. Action shall immediately be taken, for suspension or dismissal in accordance with applicable procedures, against any such officer or employee who violates the provisions of this section.

(b) Property, transportation, communications, and official stationery shall not be used by a director in the interest of his own or another's candidacy.

(c) No director, officer, or employee shall, for the purpose of furthering the interests of any candidate, furnish or make use of bank records which would not be available to all candidates.

§ 612.2140 Reports and recommendations on proposed or pending Federal legislation.

Any contacts on behalf of the bank or association or its board with the Office of Management and Budget with reference to proposed or pending legislation affecting the Farm Credit System shall be made through the Farm Credit Administration.

§ 612.2150 Devotion of time to official duties.

Officers and employees of the corporations, including associations, under the

supervision of the Farm Credit Administration, who are employed on a full-time basis, are required to devote their full business time to the effective accomplishment of the duties assigned them in connection with the activities and operations of the corporations in which they are employed. They are also expected to refrain from accepting employment or compensation for activities, even for service rendered outside of business house, which might embarrass the employing corporation of the Farm Credit Administration or cast reflection upon their ability to take an unbiased and impartial review of its operations.

§ 612.2160 Prohibited acts for salaried employees.

Under law or rules or guidelines of the district boards which shall be made available to all employees, no salaried officer, employee, or agent of any institution of the Farm Credit System:

(a) Shall, in any manner directly or indirectly, participate in the deliberation upon, or the determination of, any question affecting his personal interests, those of any person related to him by blood or marriage, or those of any partnership, association, or any business organization in which he is directly or indirectly interested;

(b) Shall, except in the performance of his official duties, divulge to another person, or utilize for his personal benefit or that of another, any fact or information acquired by such officer, employee, or agent, directly or indirectly, by virtue of his employment;

(c) Shall accept or receive any salary, fee, commission, honorarium, or substantial gift, or other benefit, directly or indirectly, from any borrower from or debtor to any institution of the Farm Credit System, or from any loan applicant or his representative, or from any seller to or purchaser from any borrower or applicant or from or to any institution of the System, provided, however, that any officer, employee, or agent may enter into bona fide transactions with borrowers for services or for the purchase and sale of farm supplies or farm products used in or produced on his own farm, if such purchases and sales are reported to and not disapproved by the board of directors of the institution by which he is employed. Such transactions with borrowers shall not be financed with funds from loans recommended or approved by such employee;

(d) Shall acquire, directly or indirectly (including acquisition by membership in syndicates), any lands or interests therein, including mineral interests, which are owned by any Farm Credit institution or which were thus owned at any time within the preceding 12 months. As used in this § 612.2160, "mineral interests" means any interest in minerals, oil, or gas, including, but not limited to, any right derived directly or indirectly from a mineral, oil, or gas lease, deed, or royalty conveyance. This paragraph shall not apply to any acquisition by will or inheritance.

(e) Shall separately acquire, directly or indirectly (including acquisition by membership in syndicates), any mineral interests in lands which are mortgaged to any Farm Credit institution or which were thus mortgaged at any time within the proceding 12 months, but this shall not prohibit mineral interest being acquired incidentally with surface interests. This paragraph shall not apply to any acquisition by will or inheritance.

(f) Shall acquire, directly or indirectly (including acquisition by membership in syndicates), any interests in lands (including mineral interests being acquired incidentally with surface interests) which are mortgaged to any Farm Credit institution or which were thus mortgaged at any time within the preceding 12 months, without obtaining the specific prior approval of its board of directors in addition to conforming with any other applicable regulations. This paragraph shall not apply to any acquisition by will or inheritance.

(g) Shall participate, directly or indirectly, in any transaction concerning the purchase or sale of corporate stocks or bonds, commodities, or other property for speculative purposes if such action might tend to interfere with the proper and impartial performance of his duties or bring discredit upon any Farm Credit institution. Employees are not prohibited by this paragraph from making bona fide investments. When an employee is uncertain as to whether a contemplated transaction would constitute a conflict of interest, he should consult his immediate supervisor;

(h) Shall, after December 31, 1973, have business relations, directly or indirectly, involving activities with borrowers which give the appearance of undue influence such as the purchase or sale of commodities or supplies, the placement of insurance, sale of real estate, auctioneering, sales barns, or appraisal service, except as an employee of the Farm Credit institution;

(i) Shall, while he serves on a bond or debenture committee, purchase or acquire, directly or indirectly, ownership of, or any interest in, any of such obligations of the bank of which he is such an officer; or

(j) Shall, after December 31, 1973, serve also as an officer or director of a commercial bank or of an organization which frequently or occasionally transacts lending business with a Farm Credit institution.

Legal provision cited: In the above connection, particular attention is directed to the following provisions of law containing the Federal penal provisions which relate particularly to officers and employees of the institutions under the supervision of the Farm Credit Administration: Sections 212, 213, 215, 216, 371, 493, 657, 658, 1006, 1011, 1013, 1014, 1907 and 1909 of title 18, United States Code.

§ 612.2170 Cases involving trivial interest or relationship.

If the degree of interest or relationship in any case, as determined by the District board, is not substantial, but is so trivial as to create little probability that the officer's or employee's impartiality of judgment and action has been affected, no question under section 2160 shall be deemed involved. Each case shall be determined on its own facts, proper weight being given to the nature, amount, and importance of the benefit involved, the degree or kind of relationship in question, and the character of the person concerned.

§ 612.2180 Gifts or favors from subordinates.

No salaried officer or employee of any Farm Credit institution shall at any time solicit contributions from other employees for a gift or present to anyone in a superior position, nor shall any such superior receive any gift or present offered or presented to him as a contribution from employees receiving a less salary than himself, nor shall any such officer or employee make any donation as a gift or present to any official superior: Exception: Such officer or employee may except food and refreshments of nominal value on infrequent occasions in the ordinary course of a luncheon or dinner meeting or other meeting where such officer or employee may properly be in attendance, may accept unsolicited advertising or promotional material such as pens, pencils, note pads, calendars, and other items of nominal value, and may accept, with the written approval of the district board of directors and upon such conditions as he may prescribe, any benefit otherwise enjoined hereby if the circumstances make clear that the motivating factor for the extension of such benefit is not based on the official responsibilities of the officer or employee and the business of the other person concerned.

§ 612.2190 Borrowing from subordinates.

No salaried officer or employee shall borrow from or obtain endorsement of a note or other obligation from any subordinate employee.

§ 612.2200 Improper use of official property.

No director, officer, or employee shall use the space, personal property, communication, transportation, or other facility of a Farm Credit institution for activities or business in his personal interest or the personal interest of another, except under lease, contract, concession, or authorization in writing, pursuant to agreements and negotiations fairly arrived at the evidenced in writing, setting forth the terms and conditions of such use. Official stationery shall not be used for personal communication or for communications or controversial public matters expressing opinions which do not represent the official views of those having a responsibility for expression of official reviews of the institution.

§ 612.2210 Evasions and circumventions of rules of conduct.

No officer or employee shall use any scheme or device to avoid compliance with any of the rules or guidelines established under §§ 612.2110 through 612.2200 or avoid compliance with the

intent of those rules through the use of subterfuge, evasions, or circumventions. Examples of acts of subterfuge or circumventions include (a) obtaining a loan or assisting another borrower to obtain a loan from a Farm Credit institution knowing that the proceeds thereof are planned to be used to provide financing for a person who is ineligible for such a loan, (b) inducing or assisting another person to obtain a loan from any institution of the System, the proceeds of which are planned to be used for the employee's benefit or for the benefit of any legal entity in which the employee has a direct or indirect personal interest.

§ 612.2220 Official loans.

Officers and employees as well as directors may receive bona fide loans to the extent that they are eligible for such loans and in strict compliance with policies and regulations governing such loans.

§ 612.2230 Report by personnel.

The officer, director or employee involved or interested in any transaction to which §§ 612.2120, 612.2160, and 612.2210 are applicable shall report in writing to the appropriate officer of the interested bank or association and disclose his interest and status in the matter unless, in the case of a loan application, the application itself discloses such information. The interested bank or association is the one that is a party to the transaction and not the employing bank or association unless they happen to be the same.

§ 612.2240 Approval by interested bank or association.

All permitted transactions to which §§ 612.2120, 612.2160 and 612.2210 apply shall be subject to prior approval of the executive committee or loan committee of the interested Farm Credit institution and, unless the board of directors of that institution requires prior board approval of such transactions, shall be reported to the board for review. The officer, director, or employee involved or interested should absent himself from any meeting of the executive or loan committee or of the board, except when the committee or board requests information from him in person, while consideration is being given to the action on the transaction. This section supersedes any vested or delegated authority to the person involved. The final action on such transactions shall be recorded in the minutes of the committee or the board which shall reflect the fact that the person involved was not present when final consideration was given to the transaction.

§ 612.2250 Reports of transactions with directors, officers, or employees.

The associations shall report transactions to which §§ 612.2120, 612.2160, and 612.2210 apply fully in writing to the supervising bank and the bank shall report such final approval of the transaction to the Director of Credit Service unless the minutes of the transaction disclosing such final action are submitted promptly to the supervising institution.

§ 612.2260 Reports of credit extended to financing institutions.

Any bank or association extending credit to a financing institution not in the Farm Credit System upon the basis of any note or other obligation of a director, officer, or employee of a Farm Credit institution, including any obligation or any endorsement in which such director, officer, or employee has a personal, financial interest, shall be reported to the Director of Credit Service. This section shall not apply to the fulfillment of existing contracts in accordance with their terms where there is no change in the parties of interest or the ownership of the related property, sales of surplus equipment and supplies in accordance with the rules of disposition of such property, or the discounting by a Federal intermediate credit bank of a PCA loan for the making of a loan by a bank for cooperatives except as such loans or discounts are required to be submitted by other regulations for prior approval.

§ 612.2270 Other reports to the Farm Credit Administration.

Loan transactions, which by other regulations are required to be submitted to the appropriate service in the Farm Credit Administration for prior approval or for advice and counsel, should be accompanied by the information required by this regulation when applicable, in which event a separate reporting to meet the requirements of this regulation will not be necessary. Such steps as may be necessary should be taken in each bank to see that all officers, directors, and employees are advised of the circumstances in which reports are required of them by this regulation.

§ 612.2280 Fidelity bonds required.

Provision shall be made by the banks for insurance coverage against losses by all bank and association employees through the continuation of present coverage. Bankers Blanket Bond, Standard Form No. 10, or a substitute, may be used. The Act does not require a faithful performance provision in the bond coverage. The district boards shall determine that bond coverage is in an amount that will adequately protect the banks and associations, taking into consideration the increased dollar amount of assets and lending activity of these institutions.

§ 612.2290 Policy applicable to design and administration of employee benefit programs in the Farm Credit System.

(a) All employee benefits should be developed and based on clearly defined objectives with full coordination of benefits to eliminate coverage gaps and duplication of benefits and costs.

(b) The sharing of cost between the employer and employee should take into consideration current industry and local practices and the tax consequences to both the employer and employee.

(c) All employee benefits should be reviewed periodically to make certain they are competitive as measured by industrial and local standards so that such plans can be used as an effective management tool (incentives, recruitment, etc.).

(d) The selection of insurer to underwrite the Group Insurance Program should be based on sound underwriting principles and an evaluation of operational expenses, risk assumptions, proper accounting concepts and cost control procedures.

(e) The amendment of a pension plan to eliminate future contributions from employees will be permitted under the following conditions:

(1) Prior employee contributions plus interest shall not be immediately refunded to employees in cash. (Options in cases of separation or death before retirement remain the same as under existing programs.) Instead, they will be retained as a part of the pension plan to either reduce employer costs or to provide benefits in addition to those provided by employer contributions, or to do both. This rule shall not prohibit the transfer of prior employee contributions plus interest to a new Thrift Plan which an employer may establish at the same time as future employee contributions are eliminated from the pension plan.

(2) Post-retirement group life insurance benefits to be provided present employees will be either (i) eliminated, (ii) reduced to no more than $2,500, (iii) frozen at the amounts which would have been provided under the group life insurance program had the employee's present rate of earnings continued to retirement. Post-retirement group life insurance for all employees hired in the future will be limited to a maximum of $2,500.

(3) Accidental death and dismemberment included in a group life insurance program will be termined at the time of the employee's retirement.

(4) The funding medium to be employed to fund pension benefits may involve either a trust fund or a pension investment contract issued by an insurance company of a type which will provide a maximum rate of return commensurate with the degree of risk involved, maximum flexibility of financing, and expenses which are reasonable and justified, taking into consideration the services being provided by the insurance company.

(5) The overall costs of employee benefits will be determined on a realistic and sound financial basis and be in line with current industrial and local conditions.

(6) The pension formula will take into consideration, directly or indirectly, present and anticipated future levels of social security benefits.

§ 612.2291 Thrift plan requirements.

Subject to the restrictions previously set forth and those indicated below an employer may adopt an Employee Thrift Plan:

(a) Voluntary employee contributions will be in multiples of 1 percent but not to exceed 6 percent of their earnings,

except as provided in paragraph (c) of this section.

(b) Matching employer contributions may be determined by a schedule designed to fit employer objectives but in no event will the rate of matching employer contributions exceed 50 cents for each dollar contributed by an employee.

(c) Voluntary employee contributions in excess of 6 percent but not beyond 10 percent may be permitted but in no event will such excess employee contributions be credited with a matching employer contribution.

(d) In the event prior employee contributions to a pension plan are transferred to the Thrift Plan, the value of such contributions will not be subject to withdrawal while the employee is still employed except in the event of financial emergencies as defined in the Thrift Plan.

§ 612.2300 Civil service retirement coverage.

(a) Section 5.6(b)(1) of the Act specifies which of the officers and employees of the banks shall be under the Civil Service Retirement Act after 1959. The creditability of service in the banks prior to 1960 is unaffected by the Act.

(b) District personnel officers are supplied with copies, and current amendments, of the Federal Personnel Manual and other material regarding civil service retirement, which contain complete information on the civil service retirement laws and regulations thereunder.

§ 612.2310 District retirement plans.

The district boards and the bank boards shall provide retirement benefits for their employees who are not under the Civil Service Retirement Act. It is recognized that the district retirement plans should be designed to be uniform, as far as practicable, between the various banks and associations in the same district. Retirement benefits, with due allowance for the social security benefits available, should be competitive with industry and area practices with appropriate consideration of the cost. Any such retirement plans, including thrift or savings plans, and any amendments thereto, shall be submitted for the prior approval of the Farm Credit Administration. Approval of the plan by the Internal Revenue Service shall be secured.

§ 612.2320 Personnel reports.

The Farm Credit Administration will request reports of personnel strength and listings of personnel on a semiannual basis.

PART 613—ELIGIBILITY AND SCOPE OF FINANCING

Subpart A—General

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613.3140 Requirement.

AUTHORITY: The provisions of this Part 613 issued under sec. 5.9, 5.18, 5.26, 85 Stat. 619, 621, 624.

Subpart A—General

§ 613.3000 Authority.

The Act, sections 1.8, 2.3, 2.15, authorizes the Federal land banks, Federal intermediate credit banks and production credit associations to make loans to bona fide farmers and ranchers, rural residents and persons furnishing to farmers and ranchers services directly related to their on-farm operating needs. Production credit associations also may make loans to producers or harvesters of aquatic products. Similarly, sections 3.7 and 3.8 of the Act authorize the banks for cooperatives to make loans to eligible cooperatives.

Subpart B—Eligibility To Borrow From Federal Land Banks and Production Credit Associations

§ 613.3010 Person defined.

A "person" is an individual or a legal entity. A "legal entity" is any partnership, corporation, estate, trust or other entity which is legally vested with authority to conduct a business.

§ 613.3015 Combined operations.

(a) Where an applicant's operations include a combination of farming, producing or harvesting aquatic products, or a farm-related business the determination of eligibility can be made on the basis of the criteria set out for either or any combination of these operations.

(b) Farmers and ranchers:

(1) Definition. A bona fide farmer or a rancher is a person owning agricultural land, or engaged in the production of agricultural products, including aquatic products under controlled conditions.

(2) To be eligible to borrow, an individual shall establish as a part of his application for credit his qualification as a bona fide farmer or rancher.

(3) A legal entity shall meet these same requirements and at least one of the following qualifications to be eligible to borrow:

(i) More than 50 percent of the value or number of shares of its outstanding voting stock or equity is owned by the individuals conducting the farming or livestock operation.

(ii) More than 50 percent of the value of its assets consist of assets related to the production of agricultural products.

(iii) More than 50 percent of its income orginates from its production of agricultural products.

(4) In addition, any loan to a legal entity in which at least 50 percent of ownership or the control is vested in another legal entity that does not meet at least one of the preceding three requirements shall be subject to prior approval of the Farm Credit Administration. Unless it can be found that such owned or controlled legal entity can operate its business as a counterpart to the normal farm businesses eligible to borrow, without jeopardy to such normal farm businesses or the general agricultural economy, approval will not be granted. Prior approval submissions shall fully document the ownership structure, the business affiliations of those owning or controlling the applicant, and the compatibility of the applicant's farming business to the normal farm business operating in the area or to the general agricultural economy.

(5) A legal entity engaged in agriculture for the primary purpose of conducting its operation at a loss to absorb taxable income from nonagricultural sources shall not be eligible.

(6) A legal entity which was a borrower otherwise eligible on the effective date of these regulations and does not materially change its entity structure or control and ownership will continue to be eligible for further borrowing.

(7) The banks and associations are authorized to make loans to farmers and ranchers for any agricultural purpose and other requirements of the borrower. The System is primarily an agricultural lender, therefore the following shall be used for determining the amount of credit which may be extended for other requirements.

(i) A broad interpretation may be applied to such requirements where the agricultural operation represents more than 50 percent of the borrower's total business, except that at no time shall the total credit extended for other requirements exceed the total value of farm assets.

(ii) Where the agricultural operation represents less than 50 percent of the borrower's total business, credit extended for other requirements (except needs of the family in part-time family farms) shall be on a conservative basis, scaled down proportionately as the farm assets become less significant in the total operation.

§ 613.3030 Producers or harvesters of aquatic products.

(a) Definition: A producer or harvester of aquatic products is a person(s) engaged in the production or harvesting of aquatic products for economic gain in open waters under uncontrolled conditions.

(b) Eligibility: To be eligible to borrow from a production credit association as a producer or harvester of aquatic products, an individual shall establish as a part of his application for credit his

qualification as a producer or harvester of aquatic products. A legal entity must meet these same requirements and at least one of the following qualifications:

(1) More than 50 percent of the value or number of shares of its voting stock or equity is owned by the individuals conducting the aquatic operation.

(2) More than 50 percent of the value of its assets consist of assets related to the production or harvesting of aquatic products.

(3) More than 50 percent of the income originates from its production or harvesting of aquatic products.

(c) All proposed loans by production credit associations to producers or harvesters of aquatic products meeting the above qualifications shall be referred to the Farm Credit Administration for prior approval.

(d) Scope of financing: Production credit associations are authorized to make loans to producers or harvesters of aquatic products for aquatic needs and other requirements of the borrower. The total credit extended for other requirements shall not exceed the value of assets devoted to the production or harvesting of aquatic products. When the aquatic operation represents less than 50 percent of the borrowers' total business, credit extended for other requirements shall be on a conservative basis scaled down proportionately as the aquatic assets become less significant in the total operation.

§ 613.3040 Rural residents.

(a) Eligibility of the user: To be eligible to borrow an individual shall establish as part of his application for credit his qualification as a rural resident. However, a borrower shall not have loans on more than one rural residence at any one time and no loan shall be made to an individual to purchase or construct a rural residence for the express purpose of rental or resale.

(b) A rural resident is an owner-occupant of a rural residence located in a rural area.

(c) Rural residence: A rural residence is a single-family, moderate-priced dwelling used as a permanent, year-round residence and an appropriate site sufficiently large to provide a proper surrounding for a residence both in terms of the physical requirements for access, equipment, utilities and services and the community standards for aesthetic suitability. Rural residences may include conventional housing, modular housing or mobile homes. However, a mobile home must be related to a specific real estate site. This shall involve the following.

(1) Its being fixed on a permanent or semipermanent foundation.

(2) The intent of the owners at the time affixed.

(3) Its intended use as a permanent housing.

(4) Further, the mobile home shall be connected to a sewage system, water system and other utilities, and the owner-occupant shall own land or hold a suitable long-term lease which is assignable on the land loans to rural residents within the district.

(d) The bank shall prescribe appropriate procedures subject to the approval of the bank board as to types of housing that may be used as security for loans to rural residents within the district.

(e) Moderate priced dwelling: A moderate priced dwelling is adequate but not in excess of the living standards of persons in the middle range of income for that area of the Farm Credit district. Due to the wide variations in housing costs, income levels, and area standards for housing, the determination of the ranges of value which constitutes moderate priced housing will vary between localities. A loan shall not be made if the value of the dwelling exceeds the standards defined herein.

(f) The bank shall prescribe appropriate procedures subject to approval of the bank board as to ranges of value which constitute a moderate priced dwelling with the district.

(g) Rural area:

(1) For the purposes of nonfarm rural housing loans only, a rural area is open country which is primarily agricultural in character. It may include any open areas in any city or village with a population of up to 2,500 persons, based on the latest U.S. Census, which is not directly associated with or adjacent to a larger population center. A rural area does not include established commercial subdivisions or other concentrated residential areas, regardless of location, which are primarily intended to provide high density housing and services. But individually owned rural homes constructed in clusters for convenience or efficiency of services are included.

(2) Rural areas may include open areas which are undeveloped for housing and still devoted to agricultural use within other political subdivisions including "towns" exceeding 2,500 persons designated by the district board with the approval of the Farm Credit Administration. In making this designation, consideration shall be given to the character of local governmental powers, the availability of municipal type services, and the land ownership and probable residential growth patterns of the community.

(h) Scope of financing: Loans may be made to owner-occupants of rural residences for the purposes of buying, building, remodeling improvements, and repair of such residence, the cost of participation certificates and closing costs and to refinance existing indebtedness on such residences. The total amount of credit that may be extended for such purposes shall not exceed 85 percent of the appraised value.

§ 613.3050 Farm-related businesses.

(a) *Definition.* A farm-related business is a person(s) engaged in furnishing to farmers or ranchers custom-type farm-related services, performed on the farm and directly related to their on-farm operating needs.

(b) *Eligibility.* (1) To be eligible to borrow, a person(s) shall establish as part of his application for credit his qualifications as a farm-related business.

(2) Loans shall not be made to commercial business which purchase farm products from or sell inputs to farmers or ranchers unless substantially all of such inputs handled are used incident to the services provided.

(c) *Scope of financing.* Federal land banks may make loans to farm-related businesses for necessary sites, capital structures and equipment and initial working capital for such services. Production credit associations may make loans to farm-related businesses for any working capital, equipment and operating needs incident to the operation of farm-related businesses. Any such loans shall be confined to the financing of those assets or business activities directly related to the custom-type services performed on the farm. Such financing is subject to the provisions of § 616.6040 of this chapter.

Subpart C—Eligibility of Financial Institutions To Borrow From the Federal Intermediate Credit Bank

§ 613.3060 Institutions eligible.

The Federal intermediate credit banks may make loans to and discount agricultural paper for production credit associations and other financial institutions in accordance with provisions in Part 614 of this chapter.

Subpart D—Eligibility of Cooperatives To Borrow From a Bank for Cooperatives

§ 613.3070 Cooperative.

The term cooperative means any association of farmers, ranchers, producers or harvesters of aquatic products, or any federation of such associations, or a combination of such associations and farmers, which is operated on a cooperative basis, is engaged in processing, preparing for market, handling or marketing farm or aquatic products; or purchasing, testing, grading, processing, distributing or furnishing farm or aquatic supplies; or furnishing farm business services or services to eligible cooperatives.

§ 613.3080 Federated cooperative.

A federated cooperative is a cooperative whose membership includes farmers' cooperative associations and in which at least 80 percent of the voting control is vested in farmers and eligible associations.

§ 613.3090 Cooperative basis.

Cooperative basis means the conduct of business for the mutual benefit of the members as patrons.

§ 613.3100 Farm or aquatic supplies and farm business services.

Farm or aquatic supplies and farm business services are any economic goods, business or services normally used by farmers or producers or harvesters of aquatic products which contribute to their business operations or are in furtherance of the livelihood, welfare or security of such persons.

§ 613.3110 Eligibility.

To be eligible to borrow from a bank for cooperatives, a cooperative shall meet the following requirements.

(a) At least 80 percent of the voting control, or such higher percent applied uniformly and consistently to all applicants and borrowers in the district as may be established by resolution of the bank board shall be held by farmers or ranchers, or producers or harvesters of aquatic products, who are eligible under section 3020 or 3030, or by eligible cooperatives.

(b) It deals in farm products or aquatic products or products therefrom, farm or aquatic supplies, or farm business services with or for members in an amount at least equal in value to the total amount of such business transacted by it with or for nonmembers, excluding from the total of member and nonmember business transactions with the United States or any agencies or instrumentalities thereof for services or supplies furnished as a public utility.

(c) No member of the cooperative shall have more than one vote because of the amount of stock or membership capital he owns therein; or, the cooperative must restrict dividends on stock or membership capital to 10 percent per year or the maximum percentage per year permitted by the applicable State statutes, whichever is less.

(d) A cooperative or a federated cooperative which was otherwise eligible and was a borrower on the effective date of these regulations and which does not materially change its entity structure or ownership and control will continue to be eligible for further borrowing.

§ 613.3120 Scope of financing.

A bank for cooperatives may make loans to meet any credit need which will enable a cooperative to perform those functional powers prescribed in sections 3070 through 3100 which will benefit its farmer members. A bank may also make loans, to a cooperative otherwise eligible to borrow, for purposes not directly related to such primary functions or powers, so long as a finding is made that the amount to be loaned is reasonably modest in relation to the total credit provided and such business purpose(s) will enhance the well-being of the members and patrons.

Subpart E—Nondiscrimination in Lending

§ 613.3140 Requirement.

As required in the Civil Rights Acts of 1964 and 1968, there shall be no discrimination because of race, color, sex, religion, or national origin in financing of housing or in the availability of loans generally from the Farm Credit institutions. The supervising banks shall provide instruction to their respective associations in the district regarding nondiscrimination and notice for posting in each association office.

PART 614—LOAN POLICIES AND OPERATIONS

Subpart A—General

Subpart B—Chartered Territories

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AUTHORITY: The provisions of this Part 614 issued under sec. 5.9, 5.18, 5.26, 85 Stat. 619, 621, 624.

Subpart A—General

§ 614.4000 Basic responsibilities.

The Act (sections 1.1(b), 5.18(5) and 5.19) vests certain responsibilities with the Farm Credit System and the Farm Credit Administration which pertain to the development of a credit system responsive to the credit needs of all types of eligible applicants having a basis for credit.

§ 614.4010 Supervision by the Farm Credit Administration.

The Farm Credit Administration is empowered to exercise general supervision over the administration of credit; to coordinate the activities of the banks in making studies of lending standards, including appraisal and credit standards;

approve national and district standards and procedures; and to supplement the work of the districts under the foregoing where necessary to accomplish the purposes of the Act.

§ 614.4020 Delegation.

The Act authorizes and directs the delegation and redelegation of such of the duties, powers, and authority of the Farm Credit Administration as may be determined to be in the interest of effective administration.

§ 614.4030 Intent of delegation.

The banks shall provide for the exercise of loan making authority by the associations commensurate with their demonstrated ability to extend and administer credit soundly on condition that adequate control and supervisory measures are developed and exercised.

§ 614.4040 Bank guideline responsibilities.

Under policies of its board, each bank shall conduct studies and make and adopt standards for lending and develop and issue adequate credit manuals, operating procedures, and control mechanisms for guidance in the extension and administration of sound and constructive credit. The definition of a sound loan, and the five specific credit factors, along with the total provisions of these regulations on loan policies and operations shall constitute the guidelines under which district policies and procedures shall be constructed. The credit manuals setting forth policies and procedures shall prescribe the forms to be used, including a loan application and an adequate credit file; the minimum supporting credit information and verification required in relation to loan size, complexity and risk exposure; the format and procedures to be followed in loan analysis, minimum standards for loan disbursement, servicing and collections; and such other standards as are necessary for the safe and professional conduct of a lending organization.

§ 614.4050 Bank supervision of associations.

Where credit decisions are vested in associations by law or through delegated authority, district policies, and procedures shall be designed to regulate, control, and review the extension of credit. District policies and procedures shall include guidelines with respect to particular enterprise financing, and limitations with respect to lending in specialized or hazardous areas. The banks shall supervise the credit operations, monitor association performance and take corrective action when deficiencies occur. District banks shall also assist and supervise associations in the credit training of employees and loan committees.

§ 614.4060 Association responsibilities.

Associations shall conduct their credit operations within their vested or delegated authority in compliance with the guidelines of these regulations and regulations of the district bank. Demonstrated capability in extending sound credit, including the extent to which association boards have established policies and procedures with adequate controls and accountability, shall be weighed heavily by the bank in delegating authority and exercising its supervisory responsibility over association credit operations.

Subpart B—Chartered Territories

§ 614.4070 Loans outside the established territory—Federal Land banks, Federal land bank associations, and production credit associations.

(a) A loan to finance operations wholly within the territory of a bank or association may be made regardless of the residence of the applicant.

(b) A loan to finance operations which are partially within and partially without the territory of a bank or association may be made if such operations are regarded by the association and the bank as one farming or livestock unit. Concurrence of like associations and the supervising bank in whose territory the operation is located shall be obtained.

(c) A loan to finance operations wholly outside the chartered territory of an association may be made, provided such loans are authorized under policies established by the bank board and approved by the Farm Credit Administration. If a loan is made to an eligible borrower whose operation is wholly outside the chartered territory of the lending association, concurrence of like associations and the supervising bank in whose territory the operation is located shall be obtained.

§ 614.4080 Loans outside of bank's territory—banks for cooperatives.

(a) A bank is authorized to make loans to cooperatives headquartered in the district served by the bank.

(b) A bank may make loans to an eligible cooperative headquartered in another district provided the following conditions are met.

(1) The interests of the borrowing cooperative would best be served.

(2) The bank in the district in which the cooperative is headquartered gives its consent.

(3) The Farm Credit Administration approves.

(c) Cooperatives operating in more than one district shall apply for loans to the bank in the district in which the headquarters office of the cooperative is located.

Subpart C—Lending Authorities

§ 614.4090 Federal land banks.

(a) The banks are authorized to make and participate with other Federal land banks in long-term real estate mortgage loans in rural areas for a term of not less than 5 years nor more than 40 years. Subject to limitations applicable to making long-term real estate mortgage loans, the banks are authorized to make continuing commitments to lend and to extend financial assistance of a similar nature. Regulations as prescribed by the bank's board shall be used in making loans, continuing commitments for loans, and in extending other financial assistance. Borrowers shall be permitted to make advance payments on their loans or, under agreement with the banks, make advance conditional payments to be applied on future maturities or to be available for return to the borrower for purposes for which the bank would increase their existing loans.

§ 614.4100 Federal intermediate credit banks.

(a) The banks are authorized to make loans and extend other similar financial assistance to and discount for, or purchase from, production credit associations, with their endorsement or guaranty, any note, draft, and other obligation presented by such association. In addition, the banks may participate with such association(s) and one or more other intermediate credit bank in making loans to eligible borrowers.

(b) The banks are authorized to discount for, or purchase from commercial banks and other other financial institutions, with their endorsement or guaranty, notes and other obligations for loans which have been made for agricultural purposes in accordance with regulations contained in § 614.4540.

(c) All of the foregoing shall be subject to regulations prescribed by the bank board.

§ 614.4110 Production credit associations.

Each production credit association, under rules and regulations prescribed by the bank board, may make, guarantee, or participate with other lenders in short- and intermediate-term loans and other similar financial assistance to eligible borrowers for a term not exceeding 7 years.

§ 614.4120 Banks for cooperatives.

The banks are authorized to make loans and commitments to eligible cooperatives and to extend to them other financial assistance, including but not limited to discounting notes and other obligations, guarantees, collateral custody, or participation with other banks for cooperatives and commercial banks or other financial institutions in loans to eligible cooperatives, under such terms and conditions as may be determined to be feasible by the bank board.

§ 614.4130 Approval.

All district regulations mentioned in this Subpart C shall be subject to Farm Credit Administration approval.

Subpart D—General Loan Policies for Banks and Associations

§ 614.4140 Sound loan.

A sound loan is one made to a responsible individual or entity of established integrity who has a creditable operating and financial record, or equivalent characteristics if a new business, in an amount sufficient to accomplish a useful purpose. It should be made in an amount and under terms and conditions that will

reasonably assure repayment, usually without adversely affecting the borrower's financial position. It should be supported by sufficient equity or collateral, or both, to afford the lender reasonable protection against loss if adverse conditions occur.

§ 614.4150 Credit factors.

Five basic factors pertinent to a sound loan are as follows:

(a) The individual or entity: A prerequisite for a sound loan is an applicant of established integrity. Responsible and cooperative management must be evident. The importance of this factor is of such significance that it can affect the weight placed upon the other credit factors. Analysis shall include a careful evaluation of character, experience, record and prospects of management in finance and operation.

(b) Financial position and progress: Financial responsibility reflects ability to meet obligations, continue business operations and protect the lender against undue risk. The applicant's total assets controlled, equity owned, contingent liabilities and history of earnings to date are significant measures of financial responsibility.

(c) Repayment capacity: The determination of repayment capacity requires an analysis of cash flow history and projection. A cash flow projection shall reflect cash generation from the applicant's operation and all other sources. Generally the flow of cash shall be sufficient to meet all obligations and provide a remainder for contingencies.

(d) Basis of approval: The amount of loan, use of funds and loan terms are the principal factors over which the lender has direct control. Therefore, the loan shall be constructive in amount and purpose and practical as to repayment terms for both the borrower and lender. Loan conditions such as loan agreements, personal liability, additional collateral, insurance, etc., shall be required as conditions warrant.

(e) Collateral offered or available as security (section 1.9 Federal land bank, 2.15 production credit association, and 3.10(b) bank for cooperatives of the Act). Collateral needs are contingent upon the requirements of the law and is dictated by the strengths or weaknesses of all credit factors. The requirement of collateral and collateral taken shall reasonably protect the lender, provide the necessary control of equity and repayment, and leave the borrower in a position to constructively manage his business. In addition, personal liability or entity liability in the form comakers or guarantors may provide added strength in extending credit. Sufficient analysis shall be made of credit factors relevant to such comakers or guarantors as is necessary to assure that their signatures actually provide the desired support for the loan.

Subpart E—Application of Credit Standards

§ 614.4160 Applicants.

Changes in the agricultural economy during recent years have created a complex variety of entrepreneurs within the field of agriculture as compared to the basic family farm or farmer cooperative which generally prevailed when the System was founded. The following guidelines shall be used by the district boards in establishing policies and by banks in developing procedures whereby loan quality standards can be varied in accordance with the nature of the applicant.

(a) In extending credit to the following basic farm family group, maximum consideration shall be given to strength in management ability, personal responsibility, family cooperation and continuity, earnings potential, purpose of loan and terms of approval in relation to their financial position and collateral.

(1) Full and part-time individual proprietorship farmers.

(2) Partnerships or joint ventures composed of subparagraph (1) of this paragraph.

(3) Estates or trusts emanating from subparagraph (1) of this paragraph.

(4) Corporations in which the stockholders are family members or individuals who would otherwise have constituted a proprietorship farm business.

(b) The following entities where partners or stockholders include farmers and nonfarmers shall be given adequate consideration for financing agricultural needs, but with careful consideration to the financing of other requirements. There shall be adequate strength in the combined credit factors to avoid more than a normal business risk.

(1) Partnerships and joint ventures in which the primary occupations and incomes of the partners are other than farming.

(2) Fiduciary entities which do not primarily represent the continuation of a proprietorship operation.

(3) Corporations in which stockholders include a predominance of farmers, but as investors rather than as a closely related family business.

(c) Credit extended to the following investor-oriented farming business group shall be primarily for agricultural needs. Risk factors shall be minimal. Adequate factual information and proper analysis is necessary in extending credit to any applicant. However, this group of applicants often presents complexities of financial and organizational structure beyond that normally encountered with the basic farmer applicant. It should be recognized that this requires more diligent efforts in developing adequate information and to assure that an in-depth analysis is made of such data. Nonfarm collateral or income shall not be given undue weight in determining the amount of credit extended to this group.

(1) Businessmen who also farm or own farm property.

(2) Partnerships or joint ventures composed predominantly of partners who do not have farming as their primary occupations and sources of income.

(3) Corporations in which stockholders predominantly are individual investors or other legal entities whose primary occupations or businesses and income are from sources other than farming.

(d) The type of farmer cooperative operation, quality of management, and basic financial factors shall be carefully evaluated as to their effect upon the long range benefit to members. Bank boards shall establish policies and banks for cooperatives develop procedures for administration of quality standards that fully consider the needs of, support by, and service performed for members, and risk protection afforded the lender.

(e) Where an enterprise or an area presents hazards because of the nature of the industry, economic conditions, new ventures, or changing technology, credit standards shall be administered to assure that the lender carries a proportionately lesser risk.

§ 614.4170 Borrower liability.

All primary borrowers shall normally be fully liable for loans obtained from the Farm Credit System. Where acceptable to the bank or association when the primary borrower includes two or more persons as joint borrowers, the liability requirement may be met by each borrower assuming liability for a specified percentage of the loan provided the aggregate liability covers 100 percent of the loan and credit conditions support such action. Where personal guaranty is required from persons other than the primary borrower, such guarantor shall normally be fully liable unless the primary borrower or other guarantors provide adequate financial strength to result in a sound loan even though the personal liability of an individual guarantor may be limited.

Subpart F—Loan Terms and Conditions

§ 614.4180 Federal land banks.

(a) Farm loans may be made for not less than 5 years nor more than 40 years. The basis of approval shall set out the terms and conditions under which a loan is approved. When necessary to assure proper understanding, provide needed controls and protect the lender, a formal written loan agreement shall be developed between the borrower and the bank.

(b) The outstanding loan balance on any farm loan shall not at any time during the life of the loan exceed an amount greater than 85 percent of the appraised value established by the most recent appraisal report on the primary real estate security. This shall not, however, prohibit protecting the security position by advancing taxes, advancing insurance premiums, rescheduling loan payments, granting partial releases, or other loan servicing actions when the loan, subsequent to the action, will be at least as well secured as it was prior to the action.

(c) The bank shall incorporate in the district's credit manual a sufficient number of basic repayment to adequately serve the borrowers in its district. Adaptations within these plans will be permissible to tailor loans to the individual borrower's credit needs.

§ 614.4190 Federal intermediate credit banks.

(a) Loans made by a Federal intermediate credit bank in participation with

a production credit association or another Federal intermediate credit bank, shall be made under terms and conditions prescribed in § 614.4200 for production credit associations.

(b) Direct loans to production credit associations. The bank may make direct loans to production credit associations either in lieu of discounting acceptable paper in conjunction with a direct loan program which encompasses the discounting function. Except with the approval of the Farm Credit Administration, the total of all direct loans and loans discounted shall not at any time exceed the limitations outlined herein. Direct loans will normally be secured by pledge of loans and all other assets of the production credit association. Except that where loans to members are discounted separately, direct loans may be unsecured in whole or in part, at the discretion of the bank. The amount loaned on an unsecured basis shall at all times be consistent with sound financial and credit practices.

(c) Direct loan limitation. The total credit extended to a production credit association under a direct loan and by discounting loans may not at any time exceed the total of that portion of the total loans including participations purchased from other lenders considered acceptable and problem (as defined in the Credit Examination Manual) in accordance with the percentage as classified in the most recent official credit examination, or such percentages as may equitably represent the same percentages on a current basis, such alternate procedure to be subject to concurrence of the Farm Credit Administration, the total of investments under Commodity Credit Corporation programs, notes insured or guaranteed by Farmers Home Administration, and in farmers' notes to cooperatives and dealers, etc.; and capital and surplus less the total of the amount invested in the Federal intermediate credit bank and any portion of capital and surplus invested in loans to members, and any estimated losses not protected by reserves.

(d) Form of direct loan obligation. Direct loans and advances to a production credit association may be evidenced by a promissory note or by a loan agreement in form approved by the Farm Credit Administration.

(e) Direct loans to other financing institutions. In accordance with regulations contained in § 614.4590, the bank may make direct loans or advances to other financing institutions.

§ 614.4200 Production credit associations.

(a) Operating loans will usually be made with maturities coinciding with the purpose of the loan and the normal marketing seasons for the enterprises being financed.

(b) Intermediate-term loans may be made with maturities not to exceed 7 years from the date of initial disbursement, under policies and procedures prescribed by the bank. The basis of approval shall set out the terms and conditions under which a loan is approved and shall be clearly communicated to the borrower prior to disbursement of approved funds. When necessary to assure proper understanding, provide needed controls, and protect the lender, a formal written loan agreement shall be developed between the borrower and the association or bank.

(c) Special intermediate-term loans, exclusive of loans to nonfarm rural residents, producers or harvesters of aquatic products, and farm-related businesses, may be made with maximum maturity not to exceed 7 years realizing, however, when establishing repayment that forbearance or extension may be necessary under the following circumstances.

(1) When specific capital items are being financed, such as new equipment, new or remodeled buildings, or facilities with a useful life and value, after normal depreciation and obsolescence, which exceeds the term of the loan at all times.

(2) When real estate mortgage credit is unavailable, not acceptable to the applicant, or impractical for reasons such as cost or delay in availability.

(3) When earnings history, repayment record and net earnings projections satisfactorily support the loan and provide assurance for final repayment within 3 additional years if forbearance or extension is granted.

(4) Before any special intermediate-term loans shall be made, the district board shall adopt a policy, and the Federal intermediate credit bank and the Federal land bank of the district shall develop procedures regulating the making of such loans, all of which shall be subject to approval of the Farm Credit Administration. Such policies and procedures shall include but are not limited to the following.

(i) Provisions for cooperation between production credit associations and Federal land bank associations in the consideration of any loans bordering on the long-term mortgage category.

(ii) Procedures to be followed in credit reviews and credit examinations whereby loans of this type, made during the period covered by the examination, will be reviewed and commented upon as to compliance with policy and procedures.

(iii) Provisions for adequate reporting on loans of this type to enable timely supervision by the bank.

§ 614.4210 Banks for cooperatives.

(a) Seasonal loans shall be primarily for financing current assets and shall normally be repaid within 18 months. Term loans shall be for financing noncurrent assets or working capital and should generally be made on an amortized basis.

(b) The basis of loan approval by a bank shall set out the terms and conditions under which a loan is approved. To assure proper communication and understanding, provide needed controls, and protect the lender, a loan agreement shall be executed between the borrower and the bank.

Subpart G—Security Requirements

§ 614.4220 General.

Primary real estate shall be valued on the basis of appraised value and primary chattel security or additional security shall be valued on the basis of recovery value.

(a) *Appraised value.* Appraised value shall be the basis for valuing primary real estate and is the reasonably supported market value except in the following circumstances.

(1) Property in areas of population pressure when the principal basis of value is from land uses such as commercial, industrial, residential or recreational development or speculation on such uses in the future. These may be adjacent to urban areas but could also be some distance from the population center along or near bodies of water, in or near mountain ski developments, in dude ranch areas and similar situations. The appraised value of such properties shall be adjusted downward to assure that loans based thereon are consistent with the objective to make primarily agricultural loans.

(2) Timber land shall be valued at market value when not affected by the other exceptions of this section; however, the timber stumpage, which when severed is a commodity and fluctuates widely in price, shall be valued on the basis of its normal commodity price.

(3) Properties on which long-term plantings such as citrus groves, orchards, nuts, vineyards, cranberries, etc., where there is evidence of abrupt fluctuation in market value due primarily to changes in the supply and price of the particular commodity. In these cases a 5-year moving average of market value shall be used.

(4) Property where reliance for earnings and value is placed on leases or use permits and where there is a question about the continued availability of the lease or permit for the term of loan contemplated. The fee owned land shall be appraised at market value and the lease or permit contribution to value shall be on a basis which will maintain standards consistent with other real estate lending.

(5) Properties in areas where there is evidence of imminent serious problems resulting from a depleting water supply, deteriorating water quality or lack of drainage, except where these problems are already reflected in the market value or can be appropriately protected against in the loan term and repayment schedule. These shall be appraised in such manner as to eliminate undue lending risks in the particular circumstances.

(6) Property in areas where mineral value or speculation on such value exists. The appraised value shall be based on a comparison to similar areas where mineral influence is minimal.

(b) *Market value.* Market value is the amount which a property will bring if a reasonable time is allowed to find a purchaser and if both seller and prospective buyer are informed, neither being under abnormal pressure.

(1) The above definition contemplates the consummation of a sale and the passing of full title from seller to buyer, under the following conditions.

(i) Buyer and seller are free of undue stimulus and are motivated by no more than the reactions of typical owners.

(ii) Both parties are well-informed or well-advised and act prudently, each

for what he considers his own best interest.

(iii) A reasonable time is allowed to test the market.

(iv) Payment is made in cash or in accordance with financing terms generally available in the community for this type of property.

(2) There is a difference between market price and market value. Market value represents the rationale of buyers collectively within the area while market price indicates what an individual property may have sold for.

(c) *Recovery value.* Recovery value applicable to both chattels and real estate is the amount, less estimated maintenance, selling costs, all prior liens and encumbrances, at the date of inspection or appraisal, which the lender should be able to realize from sale of property on reasonable terms. It is a modification of present market value as determined by a loan analyst or appraiser and lies between present market value and a forced sale value. Condition of the loan and of the farming operation, and the circumstances under which recovery would likely be attempted will need to be recognized in determining such value. It should be predicated on the basis of the active effort to dispose of the property when related to a workout loan situation. Values based on security in appraisals or inspection report should clearly define the basis on which the value was established.

§ 614.4230 Federal land banks.

(a) Primary security for a Federal land bank loan shall consist of a first lien on interest in real estate. The real estate interest must be mortgagable interest under deeds or leases which reasonably may be considered adequate to afford the security of a first lien upon the rights and interests on which the loan is predicated. Collateral closely aligned with, an integral part of, and normally sold with real estate may be included in the appraised value of the security upon which a loan is based. Appraised value shall be determined within approved standards and shall include in the evaluation either farm land, eligible farm related businesses, or eligible rural residences whichever is appropriate for the type of loan being made.

(b) Additional security may be required to supplement primary real estate security. The value of such additional security shall be considered only for collateral protection and may not be included in the value of the security upon which the loan is based. Recovery value shall be the basis for measuring the collateral worth of additional security.

(c) Personal property used in farming operations and considered as collateral for short- and intermediate-term credit will normally not be included as additional security. Before taking such personal property as additional security, the Federal land bank and Federal land bank associations shall consider whether all or a portion of the credit needs might be met more satisfactorily by a short- or intermediate-term loan such as may be obtained through a production credit association in accordance with district board policies under §616.6020 of this chapter.

§ 614.4240 Federal intermediate credit banks.

(a) Participation loans. Loans made by a Federal intermediate credit bank in participation with a production credit association or another Federal intermediate credit bank shall adhere to the same security requirements as prescribed in § 614.4250 for production credit associations.

(b) Direct loans to production credit associations. Securities and other obligations pledged to the bank by a production credit association pursuant to a general pledge and direct loan agreement, shall be held by the bank as collateral for direct loans made by the bank against such securities, as general collateral to secure all paper discounted for the association, and as security for all other obligations of the association to the bank. In the event it is necessary for a bank to realize on such collateral the proceeds therefrom will be applied in that order.

(c) Direct loans to other financing institutions shall be secured in accordance with regulations contained in § 614.4600.

§ 614.4250 Production credit associations.

(a) Both secured and unsecured loans may be made in accordance with policies and regulations as prescribed by the district board and the bank. Normally, primary security taken will consist of first liens on personal property and crops. While it is not intended that associations will ordinarily make first lien real estate mortgage loans to farmers, real estate or other security may be taken when deemed necessary for the protection of the association in making short- and intermediate-term loans for eligible purposes. Before taking a real estate mortgage, the association shall consider whether all or a portion of the credit needs might be met more satisfactorily by a real estate mortgage loan such as may be obtained through a Federal land bank association, in accordance with district board policies established under § 614.6020.

(b) Recovery value shall be the basis for measuring the collateral worth of security. However, the value of interest in real estate which constitutes primary security shall be the appraised value as determined within approved appraisal standards.

§ 614.4260 Banks for cooperatives.

Banks for cooperatives are authorized to make both secured and unsecured loans.

(a) Term loans may be secured or unsecured depending on the purpose, repayment period, and other credit factors. However, as a general practice loans scheduled for repayment over an extended period should be secured.

(b) Regular seasonal loans may be secured or unsecured.

(c) Seasonal loans made to finance commodities and qualifying for special interest rate (where applicable) and lending limit consideration shall be secured. Loans secured by a chattel mortgage, factor's lien, security agreement, or security other than warehouse receipts or other title documents shall not exceed 65 percent of the net value of unhedged or 85 percent of the net value of hedged commodities and the borrower must have sufficient working capital to keep the loan properly margined. Loans secured by warehouse receipts or other title documents shall not exceed 75 percent of the unhedged net value of the commodity or 90 percent of the hedged net value and the borrower must have sufficient working capital to keep the loan properly margined.

(1) "Commodities" shall consist of goods and merchandise except for live animals which are transportable; can be accurately classified by standards of quality and quantity; and enjoy broad regional, national, or international markets within which similar items are regularly traded and the value thereof readily and regularly determined.

(2) A hedge will be considered valid if it is an enforceable contract with a reliable third party and includes point of delivery, time or period of delivery, quality, quantity, and price as specifications binding on the purchaser. Seller options will not generally invalidate the hedge classification unless of the nature to invalidate the entire contract. If options are provided the purchaser under the contract, the hedge value of the contract will be the worse combination of options.

(3) Trust receipts, negotiable bills of lading, shipping documents, drafts and acceptances may be accepted in such amounts and for such periods as reasonable prudence permits as necessary to allow the orderly marketing, handling, or processing of the commodities.

(4) Documents required in conjunction with these loans may be held by a custodian selected by the bank. In such cases the bank shall provide the custodian written instructions outlining procedures and practices to be followed in acceptance, handling, and release of all related documents. In addition, the bank shall provide for periodic review of custodian activities by bank officials and shall establish that activities of the custodian are subject to review and audit by the Farm Credit Administration.

§ 614.4261 Security and appraisal standards—bank for cooperatives.

Written security and appraisal standards shall be prepared and employed, where applicable, by each bank for cooperatives and approved by the Farm Credit Administration. Although some limited properties securing bank standards apply, much of the security is in the form of special use facilities where values may need to be based either on going concern value related in large measure to earnings and cash flow or, if not profitable—salvage value.

Subpart H—Interest Rates and Charges

§ 614.4270 Policy.

In setting rates and charges, it shall be the objective to provide the types of credit needed by eligible borrowers at the

lowest reasonable cost on a sound business basis, taking into account the cost of money, necessary reserves and expenses, capital requirements, and services provided to borrowers and members.

§ 614.4280 Interest rates.

Loans (and discounts) made by each bank shall bear interest at a rate or rates as may be determined by the bank board with the approval of the Farm Credit Administration. Requests to Farm Credit Administration for interest rate plans or interest rate adjustments shall include justification for the plan or change.

§ 614.4290 Interest on past due loans.

Provisions may be made in the approved interest rate programs of banks and production credit associations for the collection of interest at a higher rate after maturity of a loan or installment if provision is made in the note or loan document.

§ 614.4300 Other charges and fees.

Banks and associations may impose reasonable charges or fees to members, borrowers, or applicants in connection with loans or other services rendered. Fees charged by the associations shall be subject to bank approval.

§ 614.4310 Interest rate limitation for Federal intermediate credit banks only.

The rate of interest charged borrowers on notes or other obligations that a Federal intermediate credit bank may purchase, discount, or accept as collateral for loans shall not exceed by more than 4 percent per annum the lending rate of the bank which was in effect at the time the loan was consummated. Notes with provisions for a payment of interest on other than a simple interest basis (add-on, interest after maturity, etc.) may be accepted provided that the effective simple interest rate to the borrowers does not exceed such maximum.

§ 614.4320 Production credit associations.

The rate of interest charged by an association shall be the rate authorized by the bank, within programs prescribed by the bank board and approved by the Farm Credit Administration. Interest shall be charged on loans for the actual number of days such loans are outstanding unless a different method is authorized by such programs.

§ 614.4321 Interest rate programs.

The following types of interest rate programs may be employed by banks and production credit associations.

(a) Fixed rates: The rate of interest specified in the note or loan document shall prevail as the maximum rate chargeable to the borrower during the period of the loan.

(b) Variable rates: The interest rate(s) on outstanding loan balances may be changed from time to time during the period of the loan, if provision is made in the note or loan document.

(c) Fixed interest spread: Interest rates shall be expressed in terms of a percentage to be added to the cost of money to the bank or association.

(d) Differential rates may be established for different classes of loans based on the type, purpose, amount or quality of loan or any combination of these applicable factors. When the differential rate is based primarily on the amount of the loan, in order to provide equitable treatment between borrowers, the rate or rates may provide for a uniform rate up to a predetermined amount or amounts and a lower rate or rates on larger unpaid amounts. For clarification to the borrower, the above may be accomplished through the use of a blended rate.

Subpart I—Loan Participations

§ 614.4330 General.

Under policies prescribed by the boards of directors of the respective banks and approved by the Farm Credit Administration, Farm Credit banks and production credit associations may enter into loan participation programs to enable joint financing of eligible individuals or other legal entities meeting the lending standards of banks and associations. The program shall require that loan participation agreements define the provisions for disbursement and repayment of loan funds; sharing, division or assignment of collateral; the loan service plan; collection procedures; authorizations and conditions for action in the event of default by the borrower; sharing loss; conditions for termination of the agreement and any other applicable items. In lieu of executing separate notes and other legal documents, the participating institution may purchase certificates evidencing an equivalent legal participation interest in such loans. The amount of the loan held by an individual bank or association shall be subject to any prior approval requirements for that bank or association.

§ 614.4331 Federal land banks.

The banks may enter into loan participation agreements with one or more other Federal land banks under terms established by the participating banks.

§ 614.4332 Federal intermediate credit banks.

The banks may enter into loan participation agreements with one or more other Federal intermediate credit banks or with production credit associations under terms established by the participating institutions.

§ 614.4333 Production Credit Associations.

The associations may enter into participation agreements with one or more other production credit associations or with commercial banks and other lenders. All such agreements shall be subject to the prior approval of the Federal intermediate credit bank of the district. In addition to the provisions contained in § 614.4330, participation agreements between production credit associations and commercial banks or other lenders shall be subject to the following limitations:

(a) The association shall reserve the right to decline participation in any loan offered.

(b) Provisions restricting the association from providing full financing for the borrowers should be avoided. The agreement may, however, restrict either party soliciting full financing for these borrowers.

(c) To assure that such a participation agreement does not result in a commercial bank's substantially shifting its lending away from agriculture, the participating commercial bank shall fulfill one of the following; (1) retain at least 50 percent of the total of each participated loan, (2) retain at least 10 percent of the total of each participated loan provided that the commercial bank does not materially reduce its ratio of agricultural loans to total loans from the ratio maintained during the preceding 3 years, or (3) retain the maximum amount of the participated loan permitted by banking regulations to which the bank is subject.

(d) A lender other than a commercial bank shall provide evidence of financial responsibility and capability to service and control loans being made as a prerequisite to approval of a loan participation agreement.

(e) A copy of such participation agreements shall be forwarded to the Farm Credit Administration upon execution.

§ 614.4334 Banks for cooperatives.

A district bank for cooperatives shall first offer to the Central Bank for Cooperatives a participation in loans to a borrower when such loans exceed the lending limit of the bank. With the concurrence of the central bank, participations in loans in excess of a bank's lending limit may also be offered to, first, to other banks of cooperatives, then to commercial banks or other financial institutions. A bank for cooperatives may offer a participation to other banks for cooperatives in loans which are less than its lending limit; however, when total loans to such borrowers exceed the lending limit of the bank, further loans must first be offered to the central bank. Loans in excess of the lending limit established by the Farm Credit Administration for the banks for cooperatives on a consolidated basis may be made only when such excess amounts are sold as participations to a commercial bank or other financial institution. The form of each participation agreement shall be subject to Farm Credit Administration approval. The names of participants, amounts, and dates shall not require approval.

Subpart J—Loss Sharing Agreements

§ 614.4340 General.

With approval of the boards of directors of the respective banks, Farm Credit banks and associations may enter into agreements of the types specified below with other institutions chartered under the same title of the Act for mutually sharing losses resulting directly or indirectly from their lending operations. The loss sharing agreements shall cover but are not limited to terms and conditions for activation and dissolution, definition of terms, determination of loss sharing formula, limitations on required contributions, reimbursements, and provisions for amendment. All loss sharing

agreements, shall be subject to Farm Credit Administration approval.

§ 614.4345 Guaranty agreements.

In lieu of loss sharing agreements, with approval of the Farm Credit Administration, banks or associations may enter into guaranty agreements wherein one or more other banks or associations agree to assume a percentage of the risk associated with specific loans.

Subpart K—Lending Limits

§ 614.4350 General.

No Farm Credit Bank or association shall make a loan, advance, or commitment which will result in any one borrower being obligated to such bank or association in excess of limits stated herein. When these limitations are approached, banks or associations should consider the feasibility of arranging participation in large loans with other banks or associations to properly serve the credit needs of deserving large borrowers. Except as provided in § 614.4353, the limitations shall not apply where the bank or association participates in a loss sharing agreement or has obtained other bank or association guaranty adequate to absorb the increased risk.

§ 614.4351 Federal land bank.

The lending limit is 20 percent of the capital and surplus of the lending bank.

§ 614.4352 Federal intermediate credit banks.

A Federal intermediate credit bank as a maker in participation with a production credit association or other Federal intermediate credit bank, shall have a limit of 20 percent of the capital and surplus of the participating banks.

§ 614.4353 Production credit associations.

Production credit associations until December 31, 1972, shall have a lending limit (including participations) of 50 percent of the capital and surplus of the lending association. A lending limit of 100 percent of the capital and surplus of the lending association shall apply whenever an approved loss sharing agreement is in force.

§ 614.4354 Banks for cooperatives.

Banks for cooperatives shall have the following limits until December 31, 1972.

(a) *District banks.* Loans outstanding at any one time to any one borrower, shall be limited to the following percentages of the net worth of a district bank as of the end of the preceding fiscal year or at an interim date determined by the Farm Credit Administration as a result of material changes in the bank's net worth.

(1) Term loans, 25 percent.

(2) Seasonal loans exclusive of loans secured by approved commodities, 25 percent.

(3) Seasonal loans secured by approved commodities (excluding loans secured by Commodity Credit Corporation documents), 45 percent.

(4) The sum of term and seasonal loans exclusive of seasonal loans secured by approved commodities, 25 percent; the sum of term, seasonal and seasonal loans secured by approved commodities (excluding loans secured by Commodity Credit Corporation documents), 45 percent. Loans made within the established lending limits that become excessive because of a subsequent decrease in the bank's net worth should be reduced to the lending limit in an orderly manner over a reasonable period. The Farm Credit Administration may prescribe special lending limits in writing in unusual situations.

(b) *Central Bank for cooperatives.* Loans outstanding at any one time to any one borrower, exclusive of seasonal loans secured by approved commodities or loans financing commodities within the limits of Government price support programs, shall be limited to 40 percent of the net worth of the bank as of the end of the preceding fiscal year or at an interim date determined by the Farm Credit Administration as a result of material changes in the bank's net worth.

(c) *Thirteen banks for cooperatives.* Loans outstanding at any one time to any one borrower from the 13 banks for cooperatives, exclusive of participations sold to institution(s) other than the cooperative bank system, shall not exceed 35 percent of the consolidated net worth of the banks without approval of the Farm Credit Administration.

§ 614.4360 Computation of obligation for lending limit determination.

(a) Participation loans shall be included in the computation by a bank or association only to the extent of the amount of participation which that bank or association holds.

(b) The obligation of an individual shall be the total unpaid principal of indebtedness to the bank or association for which the individual is liable as a direct borrower, as a result of being guarantor, endorser or maker on loans to other individuals or legal entities, or as a result of drafts, accounts, contracts or purchases owned.

(c) The obligations of a legal entity shall be the total unpaid principal of indebtedness to the bank or association for which the entity is obligated as a direct borrower as a result of being guarantor, endorser, or maker on loans to individuals or other legal entities or as a result of drafts, accounts, contracts, or purchases owed unless the lending bank or association can after a thorough credit evaluation of the principal maker of the endorsed or guaranteed obligation certify in writing that such original maker can reasonably be depended upon for repayment of the guaranteed or endorsed obligation.

Subpart L—Rural Housing Loans

§ 614.4370 General policy.

Loans to rural residents shall be made on a sound basis and in no event shall exceed 85 percent of the appraised value of the real estate. The foregoing shall not prohibit protecting the security position by advancing taxes or insurance premiums. When the rural residence is a mobile home, the appraised value shall include interest in land and the mobile home. In establishing lending policies all Farm Credit institutions shall give consideration to lending practices and terms used by other responsible lenders in the area.

§ 614.4380 Lending limitations.

(a) Rural residence lending in a district may be implemented only with the approval of the district board. The implementation at the association level is within the discretion of the association board.

(b) When rural housing loans have been approved by the district boards and individual association boards, each district board shall prescribe a policy which will assure that rural residence loan service is made available to eligible borrowers of these associations.

(c) No Federal land bank may at any time have rural residence loans in an amount exceeding 15 percent of the total of all loans outstanding. No production credit association may have outstanding rural residence loans in an amount exceeding 15 percent of its total loans outstanding at the end of the preceding fiscal year without prior approval by the Federal intermediate credit bank of the district, nor shall the aggregate of such loans exceed 15 percent of the outstanding loans of all associations in the district at the end of the bank's preceding fiscal year.

(d) Whenever any Federal land bank association or production credit association exceeds 15 percent of its total loan volume in rural residence loans, the respective bank board shall require the bank to make periodic reviews to assure that farmers' credit needs are being adequately served in accordance with objectives of the Act.

(e) Should circumstances arise which curtail loan funds for the System, then loan funds for agriculture shall receive priority to the exclusion of funds for rural housing loans.

§ 614.4390 Appraisal of security.

(a) Appraisal standards and procedures for rural residences shall be established by the banks subject to approval by the district board and the Farm Credit Administration. In setting appraisal standards, consideration shall be given to location, community standards, home advantages, employment opportunities, transportation facilities available and future outlook for the area. Such valuation of the property shall reflect accurately the current market value.

(b) Bench marks will be established on appropriate rural residences with values based on verified sales of similar properties.

(c) A procedure for classifying security and area shall be a basic part of the appraisal process.

(d) The same appraisal standards, and forms and procedures shall be used

by both Federal land bank associations and production credit associations.

§ 614.4400 Security requirements.

When financing nonfarm rural housing, the primary security shall be a first lien on the rural residence being constructed, purchased, or refinanced. Loans for repairs and improvements usually will be secured by a real estate lien or such other security as is determined to be necessary to protect the lender.

§ 614.4410 Loan terms and conditions.

The banks, subject to the approval of the district boards and the Farm Credit Administration, shall establish policies for making and servicing of rural residence loans according to the following guidelines:

(a) Loans on rural residences shall be amortized and loan terms shall not exceed 30 years when made by a Federal land bank and 7 years when made by a production credit association. To qualify for a rural housing loan from a production credit association, an applicant shall conclusively demonstrate his ability to repay such a loan within a 7-year maturity. No final balloon or renewal payment plan will be permitted which will have the effect of extending the maturity beyond 7 years or 30 years for production credit associations and Federal land banks respectively.

(b) Monthly payment plans shall be required on all such loans unless there is a justifiable reason for a different type of repayment plan.

(c) Loan servicing policies shall encourage the orderly retirement of each rural residence loan as scheduled, and procedures for handling the delinquency of such loans shall recognize the inherent differences between agricultural and rural residence lending.

§ 614.4420 Loan closing requirements.

Uniform rules and regulations regarding the closing of rural residence loans shall be prescribed by the supervising banks. In developing such rules and regulations, consideration should be given to any legal or other requirements necessary to assure that the interests of both the borrower and lender are fully protected. Consideration should be given to provisions for payment of taxes and insurance, establishment of fee schedules, inspection procedures, disbursement and insurance, disbursement of trust funds, construction loan agreements, surety bonds for contractors and compliance with local health, environmental, zoning and code requirements.

§ 614.4430 Identification of rural housing loans.

The district board shall adopt a policy and the banks shall issue procedures, subject to approval of the Farm Credit Administration, which identify all loans made under the rural housing authorization. This identification should be made in such a manner as to provide for an analysis of rural housing lending costs, loss experience, delinquencies and contributions to earnings for purposes of guidance in establishing interest rates and the determination of dividends as well as to clearly delineate security requirements between farms and rural residences.

(a) In making such identification, the distinction between a rural residence and a farm shall be on the basis of the capacity of the security to produce agricultural income. The agricultural operation, if any, on a rural residence security will be considered to be in a range from no production to the growing of produce for home use with occasional token cash sales. A farm will be considered to be a property which has the capacity to produce farm products for sale on a sustained basis.

(b) Any loan made on security so identified as a rural residence shall be included in the 15 percent limitation.

Subpart M—Notice of Action and Appeals

§ 614.4440 Notice of action on loan application.

Every applicant for a loan from the Farm Credit System is entitled to a prompt notice of action on his application and, if the loan is denied or reduced, the reason for such action.

§ 614.4441 Applicant's right to appeal.

An applicant who has reason to believe he was denied credit or was offered credit in a reduced amount because the lender failed to take into account facts pertinent to his application, or misinterpreted or failed to properly apply the rules and regulations governing his application shall be entitled to an informal hearing. That informal hearing shall be in person before the loan committee, or officer, or employee thereof authorized to act on that application. The applicant must make the request for such a hearing in writing within 30 days of notice of the original action. Promptly after such a hearing he shall be notified of the decision reached and the reasons therefor.

§ 614.4442 Records.

Associations or banks shall maintain a complete file of all such written requests for hearing, along with all other written inquiries from applicants or borrowers concerning credit denials.

Subpart N—Loan Approval Requirements

§ 614.4450 General requirements.

Authority for loan approval is primarily vested in the Farm Credit banks and associations. However, to provide proper supervision of the System's lending functions the Act vests in the Farm Credit Administration the authority to prescribe the types and classes of loans which can only be made with the prior approval of the Farm Credit Administration or the respective banks.

§ 614.4490 Federal land bank and production credit association loans requiring prior approval.

(a) Until December 31, 1972, the following loans shall be subject to the prior approval of the bank and the Farm Credit Administration.

(1) Any land bank loan which will result in any one borrower being obligated, in total loan commitment on all loans to a bank in excess of $400,000.

(2) Any production credit association loan which will result in any one borrower being obligated, in total loan commitment on all loans to the association in an amount in excess of 35 percent of the association's capital and surplus.

(3) Loans described in § 613.3020(d) of this chapter shall be submitted for ruling on the eligibility of the applicant.

(4) Loans described in § 614.3030(c).

(b) The following shall be subject to the prior approval of the appropriate bank board:

(1) Loans to a member of the Federal Farm Credit Board.

(2) Loans to a member of the district board.

(3) Loans to an officer or employee of a bank.

(4) Loans to an employee of the Farm Credit Administration.

(5) Loans to any borrower where officers or employees designated above: (i) Are to receive proceeds of the loan in excess of an amount prescribed by the appropriate bank board and approved by the Farm Credit Administration, or (ii) are stockholders or owners of equity in a legal entity to which a loan is to be made wherein they have a significant personal or beneficial interest in the loan, the proceeds thereof or the security.

(c) The following shall be subject to the prior approval of the district bank:

(1) Loans to a member of an association board.

(2) Loans to an employee of an association.

(3) Loans to any borrower where directors or employees designated above: (i) Are to receive proceeds of the loan in excess of an amount prescribed by the appropriate bank board and approved by the Farm Credit Administration, or (ii) are stockholders or owners of equity in a legal entity to which a loan is to be made wherein they have a significant personal or beneficial interest in the loan, the proceeds thereof or the security.

(4) Any Federal land bank loan which will result in any one borrower being obligated, to the bank in excess of an amount established by the bank board.

(5) Any production credit association loan which will result in any one borrower being obligated, in total loan commitment on all loans in an amount in excess of 15 percent of the association's capital and surplus.

§ 614.4500 Bank for cooperative loans requiring Farm Credit Administration prior approval.

(a) Where commitments are being made to first-time borrowers when the line of credit is $1 million or more and either the borrower is a newly created entity or the type of activity to be financed is an enterprise which the bank has not previously financed in the district.

(b) Where a borrower is specifically designated as a "prior approval account" by the Farm Credit Administration.

(c) A term loan for which the final repayment (including the projected amortization of any "balloon payment") is for a period longer than 20 years from the date of the first advance.

§ 614.4501 Bank for cooperative loans requiring Farm Credit Administration post review.

(a) Where a member of the district bank, or central bank board of directors or a member of the Federal Farm Credit Board is the chief executive officer or principal financial officer of the borrowing cooperative.

(b) Where a member of the district bank, or central bank board of directors, a member of the Federal Farm Credit Board, or an employee of the bank or the Farm Credit Administration holds 10 percent or more of the voting stock of the borrowing cooperative or provides more than 10 percent of the cooperative's volume of business.

(c) Where a member of the district bank, or central bank board of directors, a member of the Federal Farm Credit Board, or an employee of the bank or Farm Credit Administration is an officer or director of a borrowing cooperative whose loans are classified less than those of the highest quality classification.

(d) Where a borrower is specifically designated as a "post review account" by the Farm Credit Administration.

Subpart O—Loan Servicing Requirements

§ 614.4510 General.

The banks and associations that are primary lenders shall be responsible for the servicing of the loans which they make. The boards of directors shall direct the banks and associations to adopt loan servicing policies and procedures to assure that loans will be serviced fairly and equitably for the borrower while minimizing the risk for the lender. Procedures shall include specific plans which help preserve the quality of sound loans and which help correct credit deficiencies as they develop.

(a) The Federal land bank shall provide guidelines for the servicing of loans by the Federal land bank associations. The servicing may be accomplished either under the direct supervision of the banks or under delegated authority.

(b) The Federal intermediate credit bank shall provide guidelines for the production credit associations to use in establishing their loan servicing policies and procedures plus any limitations requiring approval of the bank. Bank policies shall govern the servicing of loans in which the bank is a direct maker via participation with a production credit association.

(c) The bank for cooperative policies shall govern the servicing of loans made by the bank separately, in participation with other banks for cooperatives or other lenders.

(d) In the development of the bank and association policies and procedures, the following criteria shall be included.

(1) *Ther loans.* The objective shall be to provide borrowers with prompt and efficient service with respect to justifiable actions in such areas as: Personal liability, partial release of security, insurance requirements or adjustments, loan division or transfers, conditional payments, extensions, deferments or reamortizations. Procedures shall provide for adequate inspections, reanalysis, reappraisal, controls on payment of insurance and taxes (and for payment when necessary), and prompt exercise of legal options to preserve the lender's collateral position or guard against loss. The policy shall provide a means of forebearance for cases when the borrower is cooperative, making an honest effort to meet the conditions of the loan contract and is capable of working out of the debt burden.

(2) *Operating loans.* The objective shall be to service such loans to assure disbursement in accordance with the basis of approval, repayment from the sources obligated or pledged and to minimize risk exposure to the lender. Procedures shall require: (i) The procurement of periodic operating data essential for maintaining control, for the proper analysis of such data, and prompt action as needed; (ii) inspections, reappraisals, and borrower visits appropriate to the nature and quality of the loan; (iii) controls on insurance, margin requirements, warehousing, and the prompt exercise of legal options to preserve the lender's collateral position and guard against loss. The policy shall provide a means of forebearance for cases when the borrower is cooperative, making an honest effort to meet the conditions of the loan contract and is capable of working out of the debt burden.

(3) *Legal entity loans.* In addition to the foregoing servicing objectives for term and operating loans, procedures for servicing these loans shall require procurement of data on changes in ownership, control, and management; review of business objectives, financing programs, organizational structure, and operating methods, and appropriate analysis of such changes with provision for action as needed.

(4) *Approved policies.* Copies of the bank loan servicing policies required under this Subpart O and all subsequent revisions shall be furnished to the Farm Credit Administration.

§ 614.4511 Federal land bank associations compensation.

Compensation may be paid to an association up to an amount which, in the judgment of the bank, represents the value of the services being rendered for the bank. The compensation plan is subject to the approval of the bank board and the Farm Credit Administration.

§ 614.4512 Compromise of indebtedness.

Because of the vested borrower ownership interested in the cooperative Farm Credit System, no compromise settlement of borrower indebtedness shall be made unless it can be determined from an analysis of all the facts and legal aspects that a compromise settlement results in the greatest net return to the lender. Bank boards shall set policies covering the limited instances where compromise settlements can be permitted. These policies shall include approval limits for the bank and associations. Compromise settlements beyond these limits shall require bank board approval.

Subpart P—Special Lending Programs

§ 614.4520 General.

(a) To provide the best possible credit service to farmers, a district board may adopt policies permitting banks and associations to enter into agreements with agents, dealers, cooperatives, other lenders, and individuals to facilitate the making of loans to eligible farmers and ranchers, subject to approval by the bank.

(b) Federal land banks: A bank, or an association with bank approval, may enter into agreement which will accrue to the benefit of the borrower and lender which allows others to perform functions in loan making or servicing other than the evaluation and approval of loans. When such an agreement is developed, and the territory covered by the agreement extends outside the territorial limits of the originating association or bank, a permissive agreement from all affected banks or associations is required. Reasonable compensation may be paid for services rendered.

(c) Production credit associations may enter into agreements with private dealers or cooperatives permitting them to take applications for loans from the association to purchase farm equipment, supplies, and machinery. Such agreements shall normally be limited to persons or businesses selling to farmers or ranchers and shall contain credit limits consistent with sound credit standards. When the sales territory of a dealer or cooperative extends outside the territory of the originating association, or the Farm credit district, agreement of all banks and associations affected shall be obtained before making such loans. Reasonable compensation may be paid to a dealer or cooperative for services rendered in connection with such programs.

(d) Subject to the approval of the respective bank's board of directors, Federal land banks, Federal intermediate credit banks, banks for cooperatives and production credit associations may enter into memorandums of understanding among themselves or with other lenders for the simultaneous processing and closing of loans to a mutual borrower. The basic policies and principles of each lender shall apply.

§ 614.4530 Special loans, production credit associations.

Under policies approved by the bank board and procedures developed by the bank, production credit associations may make the following special types of loans on commodities covered by price support programs. Nothwithstanding the regulations covering other loans made by an

association, loans may be made to members on any commodity for which a Commodity Credit Corporation price support program is in effect, at such rate of interest and upon such terms as the bank board may prescribe subject to the following conditions:

(a) The commodity offered as security for the loan shall be eligible for price support under a Commodity Credit Corporation price support program and shall be stored in a bonded public warehouse, holding storage agreement for such commodity approved by Commodity Credit Corporation.

(b) The member shall have complied with all Commodity Credit Corporation eligibility requirements.

(c) The loan shall mature not later than 30 days prior to the expiration of the period during which the Commodity Credit Corporation loan or other price support may be obtained on the commodity and shall be secured by pledge of negotiable warehouse receipts covering the commodity.

(d) The borrower shall appoint the association as his attorney-in-fact to obtain a Commodity Credit Corporation loan (or other such price support as is available) in the event that the borrower fails to do so prior to maturity or repayment of the loan.

Subpart Q—Federal Intermediate Credit Bank Financing of Other Financing Institutions

§ 614.4540 General.

The Federal intermediate credit banks are authorized to discount for, or purchase from commercial banks and other financial institutions, with their endorsement or guaranty, notes and other obligations for loans which have been made for agricultural purposes. No paper shall be purchased from or discounted for a commercial bank, trust company or savings institution if the amount of such paper added to the aggregate liabilities of the institution, exclusive of deposit liabilities, exceeds the lower of the amount of liabilities of the institution permitted under the laws of the jurisdiction creating the institution, or twice the paid-in and unimpaired capital and surplus of the institution. No paper shall be purchased from or discounted for any other financial institution if the amount of such paper added to the aggregate liabilities of the institution exceeds the lower of the amount of liabilities permitted under the laws of the jurisdiction creating the institution, or 10 times the paid-in and unimpaired capital and surplus of the institution. Hereafter, in this part the term "other financing institution" means all financing institutions eligible to borrow from or discount paper with a Federal intermediate credit bank other than institutions of the Farm Credit System.

§ 614.4550 Financing responsibility of the Federal intermediate credit banks regarding other financing institutions.

It is the responsibility of the banks to provide a continuing dependable source of production financing to eligible farmers and ranchers in their districts. The banks shall attempt to meet this responsibility to agricultural producers by assuring to the extent possible the viable institutions actively involved in extending credit to such producers have adequate loan funds with which to perform their function. Therefore, consideration shall be given in cases in which other financing institutions applying for the discount privilege from banks present persuasive evidence that they are unable to meet legitimate needs of their farmers eligible and rancher clientele without access to the discount privilege.

§ 614.4560 Criterial which shall be used to determine whether a discount relationship should be established with an applicant other financinng institution.

(a) Approval of an application for access to the discount privilege from any other financing institution shall be subject to proof that there is a continuing need for such discounts to permit the applicant to continue to serve the volume of agricultural loans at least equal to its average volume of such loans for the past 3 years and that the need is not the result of denial or restrictions on discount privileges or other means of obtaining lendable funds customary available to it. The application shall also establish a sufficiency of each of the following:

(1) Capital structure to support an economically feasible lending operation.

(2) Actual or potential loan volume to permit a reasonably efficient lending operation.

(3) Institution capability, including staff experience and expertise, to extend and administer the volume of lending anticipated on a sound basis.

(b) Approval of an application from a commercial bank or agricultural credit corporation affiliated with a commercial bank shall be further conditioned on the following requirements.

(1) The commercial bank involved as applicant or parent shall have not less than 25 percent of its total loan portfolio in agricultural loans. If this percentage is less than 25 percent, the applicant institution shall serve the credit needs in its rural area, and the application shall be subject to prior approval of the Farm Credit Administration.

(2) Its gross loan to deposit ratio shall be not less than 60 percent at the seasonal peak. For purposes of this measure, gross loans should include all direct credit extension by the institution in its trade area. Such items as Federal funds or broker loans are to be excluded. If the applicant institution has a historical gross loan to deposit ratio of less than 60 percent at the seasonal peak, the application for access to the discount privilege shall be subject to prior approval of the Farm Credit Administration.

(3) The participation approach with the production credit associations is either unavailable or would not be of assistance to the institution in serving the credit needs of its borrowing farmers and ranchers, but the failure of the institution to participate with a production credit association shall not of itself be cause for denial or revocation of borrowing or discount privileges.

(c) Approval of an application from an agricultural credit corporation which is not affiliated with a commercial bank shall be further conditioned on the following requirements.

(1) *Character of business.* It shall be a body corporate engaged in the business of extending short- and intermediate-term credit to farmers and ranchers for agricultural purposes. A concern engaged in the business of manufacturing, merchandising, real estate brokerage, real estate loans, etc. is not eligible to obtain credit from a Federal intermediate credit bank merely because it has the power to make loans to farmers and ranchers and to borrow money. On the other hand, the fact that a corporation has powers not related to agricultural credit or receives income from other sources shall not of itself render it ineligible. Such institutions should be carefully investigated and each case decided on its merits.

(2) *Compliance with statutes.* It shall comply with State laws applicable to it. Violations of State laws will be cause for revocation by the bank of the borrowing and discounting rights of any other financing institution which does not promptly rectify such conditions upon notice from the bank. Special attention shall be given to the institutions' articles of incorporation and bylaws, capital stock and other securities transactions and, in the case of foreign corporations, evidence will be required that it has complied with the laws of each State in which it operates.

(d) In dealing with any other financing institution which is affiliated with a cooperative (through stock ownership, management, interlocking directorates or otherwise), the bank will consider the possible effects of such relationship on the operations and credit policies of the applicant corporation. A financing corporation which is a subsidiary of or affiliated with a farmers' cooperative and is otherwise eligible to borrow from and discount with a Federal intermediate credit bank may qualify to discount with its endorsement or borrow on the security of notes of farmers and ranchers (as distinguished from notes of cooperatives), evidencing loans to finance the cost of supplies, equipment or services obtained from such affiliated cooperative, if the bank board finds that an additional source of credit is needed to facilitate financing of such transactions and the primary benefits of such credit will inure to the borrowing farmers and ranchers.

§ 614.4570 Utilization of the discount privilege.

(a) The other financing institution shall remain in compliance with the approval criteria enumerated in section 4560 hereof except that another financing institution which has a discount agreement in force with a Federal intermediate credit bank at the effective date

of these regulations shall not be required to meet the criteria included under section 4560(b) hereof.

(b) The institution shall maintain reasonable credit quality in its total loan portfolio as well as that credit submitted for discount with the bank.

(c) The institution shall not significantly reduce its agricultural lending activity as a portion of its total credit activity and any substantial increase in the volume of loans tendered to the bank for discount shall be accepted subject to a showing that the increase is a result of the institution's increase in volume of agricultural loans rather than a reduction in the ratio of agricultural loans to nonagricultural loans held by it or to any restriction on its access to other sources of lendable funds.

§ 614.4590 Direct loans to other financing institutions.

A Federal intermediate credit bank is authorized to make loans and advances to other financing institutions, provided that no such loan or advance shall be made on the security of collateral other than notes or other such obligations of bona fide farmers and ranchers as defined in these regulations, unless such loan or advance is made to enable the financing institution to make or carry loans to such bona fide farmers and ranchers for agricultural purposes. In all cases, the amount of collateral required shall be not less than the principal amount of the indebtedness thereby secured.

(a) *Classes of obligations approved as collateral.* The following classes of obligations are approved as collateral for direct loans and advances to other financing institutions.

(1) Obligations of bona fide farmers and ranchers arising from direct credit extension by the financing institution.

(2) Bonds and other direct obligations of the United States.

(3) Federal Farm Loan Bonds and consolidated debentures of the banks for cooperatives.

(4) Soil and water conservation loans and farm ownership loans made under programs administered by the Farmers Home Administration, the payment of which is guaranteed by the United States.

(b) *Purpose of direct loans or advances.* In making loans or advances to any other financing institution on the security of collateral other than that described in (a) of this section, the bank will assure itself that the proceeds of such loans or advances to farmers and ranchers for agricultural purposes.

§ 614.4600 General collateral.

Other financing institutions (except commercial banks), as a condition precedent to borrowing from a discounting with a Federal intermediate credit bank, shall pledge as collateral for any and all obligations to the bank, cash, U.S. Government securities, Federal Farm Loan Bonds, consolidated debentures of the banks for cooperatives, or other readily marketable securities of high rating in an amount equal to such portion of its capital as shall be determined by the bank. At the discretion of the bank, commercial banking institutions may also be required (unless prohibited by law or by supervisory authority) to deposit acceptable collateral. Securities and obligations pledged with the bank shall be deposited under a collateral pledge agreement pursuant to which all securities and obligations so pledged, including all substitutions and additions and the proceeds of any such collateral including all income derived, shall be available to secure any and all obligations to the bank whether direct or contingent, present or future.

§ 614.4610 Filing and recording assignments of security instruments.

Assignments of security interest by other financing institutions may be acceptable by the bank without requiring that such assignments be recorded or filed except where the risk involved or other circumstances surrounding the paper makes recording or filing advisable as a matter of sound credit policy. In lieu of a separate assignment of each instrument, the bank may accept from such institutions a single blanket assignment and an agreement to execute separate assignments to the bank whenever requested by it.

§ 614.4620 Suspension of right to borrow and discount.

In the event a financing institution shall fail to remain in compliance with the requirements for continuation of the discount relationship set forth in § 614.4560, or should the condition or the operations of an other financing institution become otherwise unsatisfactory to the bank, its right to borrow and discount may be withdrawn or suspended by the bank until the noncompliance or unsatisfactory condition is corrected. Should it be determined that the debt to capital ratio of the institution exceeds the legal limits set forth herein, the right of such institution to borrow and discount shall be withdrawn or suspended forthwith and shall so remain until necessary correction has been effected. During any period of suspension no new paper shall be purchased from or discounted for the institution and no further advances shall be made to it pending correction, except to the extent necessary to cover commitments on paper held by the bank or to preserve the security and protect the interest of the bank in obligations held by it. Before making additional advances to any other financing institutions whose right to borrow or discount has been suspended because the ratio of its total liabilities to unimpaired capital and surplus equals or exceeds the maximum permitted under law, the bank shall satisfy itself that the corporation will not violate any applicable law by assuming liability for such additional advances.

§ 614.4630 Credit to other financing institutions in special circumstances.

When a financing institution is in need of funds in excess of the amount that can be made available through normal processes and if for credit reasons a bank is unwilling to discount or purchase a loan offered by such institution for its face amount, it may discount or purchase less than the full amount of the loan. In such transactions the institution shall be required to apply all repayments on the borrower's obligation first, to pay the bank the amount discounted or purchased by it.

§ 614.4631 Alternate method.

In lieu of discounting or purchasing notes which are not acceptable at face value, a bank may accept such paper at a reduced value as collateral security to a direct loan to the borrowing institution under § 614.4590 hereof.

§ 614.4632 Limitation on alternate method.

Use of the partial discount procedure is not intended as a substitute for or as replacing the normal procedure of discounting acceptable paper. Every effort should be made to correct the underlying cause rendering such financing necessary.

§ 614.4640 Insolvency of other financing institutions.

(a) In the event an other financing institution having a discount or financing agreement with the bank becomes insolvent or is in process of liquidation, particularly if it fails to service its loans properly and where supervision or orderly liquidation will be facilitated by direct handling of the obligations of the note makers, the bank may, with the consent of the Farm Credit Administration, take over such paper for orderly liquidation. Notes on other obligations pledged with the bank by an other financing institution, either as collateral for a direct loan or as additional security for any and all indebtedness of the institution to the bank, also may be taken over and handled directly with the makers after a title has been acquired in accordance with the provisions of applicable laws and the terms of the pledge agreements executed by the institution involved. The bank's authority to handle the paper directly includes the authority to make additional advances, to grant renewals and extensions, and to take such other actions as may be needed to work out the problems involved. Direct liquidation of paper carried for an other financing institutions should be resorted to only in cases where other measures have failed, and it is apparent that direct liquidation is the only practicable means available to the bank for protection of its interest.

(b) Paper handled for insolvent other financing institutions as provided in this section shall not be assigned as collateral for debentures and shall be carried in a separate account as provided in the chart and description of accounts for the banks.

(c) On paper which a bank has taken over from a defaulting financing institution for liquidation, interest shall be collected according to the terms of the loans. Renewals of such notes, when directly payable to the bank, shall bear interest at a rate not to exceed the maximum rate that may be charged other financing institutions on paper eligible for discount by the banks at the time of renewal.

§ 614.4650 Prior loan approval.

Any obligation of a borrower accepted for discount or as collateral for a direct loan to an other financing institution shall have the prior approval of the Farm Credit Administration when the total obligations of such borrower of the offering institution exceeds $100,000 or 50 percent of the paid-in and unimpaired capital and surplus of such institution, whichever is larger.

§ 614.4660 General rediscount agreement.

As a condition precedent to making loans to or discounting paper for any other financing institution, the bank will require the corporation desiring such credit to execute a general rediscount, loan and pledge agreement.

PART 615—FUNDING AND FISCAL AFFAIRS

AUTHORITY: The provisions of this Part 615 issued under sec. 5.9, 5.18, 5.26, 85 Stat. 619, 621, 624.

Subpart A—Funding

§ 615.5000 General responsibilities.

To assure continuing public confidence in the high quality of Farm Credit bank securities, whenever each bank of the System on consolidated or Systemwide basis obtains loan funds from the sale of obligations, the maturities, rates of interest, and terms and conditions of each issue shall be subject to approval and shall be signed by the Governor of the Farm Credit Administration and the banks shall be liable thereon. It shall be the responsibility of the finance committees of subcommittees of the banks, in consultation with the fiscal agent, to fix interest rates, terms and conditions of their respective issues. In the exercise of responsibility to supervise the funding of the Farm Credit System, the Governor or a designated representative shall at his discretion be present whenever the maturities, rates of interest and terms and conditions of publicly issued obligations are determined. The Farm Credit Administration should keep the U.S. Treasury informed of all public financing plans and actions by the institutions under its supervision.

§ 615.5010 Fiscal Agency.

(a) The Fiscal Agency of the Farm Credit Banks (authorized under title IV, section 4.9 of the Act) shall be responsible for the marketing of securities, the maintenance of accurate and timely records, and assistance to the banks in the orderly investment of funds. The Fiscal Agency shall conduct funding for the banks at the direction of the appropriate finance committees under the broad policy direction of district boards acting in concert. By resolutions of agreement adopted by the board of each of the banks, appropriate committees may be established for the instruction and direction of the Fiscal Agency.

(b) To provide for an adequate and reliable supply of credit to meet the objectives of this Act and to ensure cooperation and coordination among the institutions of the System, the Farm Credit Administration shall maintain a general and continuing administrative review of the Fiscal Agency of the banks.

§ 615.5020 Intersystem funds.

Whenever practical the banks should borrow or lend interbank or intersystem funds prior to borrowing from commercial banks or other financial institutions.

§ 615.5030 Borrowings from commercial banks.

The bank boards, by resolution, shall authorize all commercial bank borrowings.

§ 615.5040 Borrowings from financial institutions other than commercial banks.

The Farm Credit banks may borrow from other financial institutions, such as insurance companies, Federal agencies, or Federal reserve banks only with the approval of the Farm Credit Administration.

Subpart B—Collateral

§ 615.5050 Policy.

(a) Each bank shall have on hand at the time of issuance of any long-term notes, bonds, debentures, or similar obligations, and at all times thereafter, free from any lien or other pledge, notes and other obligations representing loans made under the authority of the Act, notes of Federal land banks, Federal intermediate credit banks, and banks for cooperatives representing secured interbank or intersystem loans, readily marketable securities approved by the Farm

Credit Administration or cash, in an aggregate value equal to the total amount of long-term notes, bonds, debentures, or similar obligations outstanding for which the bank is primarily liable.

(b) However, since by contract with the bondholders specific pledge continues to be attached to collateral for obligations of the Federal land banks, heretofore issued under the Federal Farm Loan Act of 1916 and the Farm Credit Act of 1933, until those obligations are retired, the collateral securing them must be accounted for separately from collateral not specifically pledged in connection with obligations of the banks issued hereafter.

(c) Each bank shall set up procedures, with the approval of its board and the Farm Credit Administration, which will insure that said bank is in compliance at all times with the statutory requirements for maintenance of collateral.

(d) Such procedures should include provisions for safe custody, methods to determine that debt instruments meet all requirements of the Act and regulations and certification by a responsible officer of the institution as to eligibility and adequacy of the amount of collateral pledged.

§ 615.5060 Federal land bank loans eligible as collateral.

(a) Net asset value of notes and other obligations representing loans, purchase money mortgages, or sales contracts made or acquired under these regulations is eligible for collateral. Each such obligation shall be certificated by the bank's attorney that the bank's interest in the security gives the equivalent protection of a first lien.

(b) Net asset value of notes and other obligations means the unpaid balance of valid loans excluding delinquencies (including default taxes, insurance premiums, etc. paid by the bank or association), future payment funds, undisbursed loan funds, trust accounts and other borrower deposits or deferred proceeds. Loans in the process of foreclosure and acquired real estate owned shall be carried at their recovery value, or investment value, whichever is lower.

§ 615.5070 Federal intermediate credit bank loans eligible as collateral.

(a) Direct loans to or discounts for production credit associations, whether secured or unsecured, provided all notes represent loans made by production credit associations to their borrowers, shall be pledged as collateral for their total indebtedness to the Federal intermediate credit bank.

(b) Direct loans to or discounts for other financing institutions, shall also be acceptable.

§ 615.5080 Bank for cooperative loans eligible as collateral.

The value of the unpaid balance of loans to eligible cooperatives is eligible as collateral.

§ 615.5090 Loss of eligibility of reduction in carrying value of collateral.

When the Farm Credit Administration informs a bank that approval has been modified or withdrawn with respect to certain items found not to conform to the appraisal or loan standards prescribed, or any loan has been classified as an actual or potential loss, the bank shall adjust the carrying value of its pledged collateral accordingly or withdraw the loan(s) from collateral.

Subpart C—Issuance of Bonds, Notes, Debentures and Similar Obligations

§ 615.5100 Resolution required.

The bank boards shall, by resolutions, authorize the issuance of long-term notes, bonds, debentures or similar obligations in such amounts as may be required to meet bank's needs. Each such resolution shall specify the maximum amount of obligations which shall be outstanding at any one time and authorize the executive committee or appropriate officers of each bank to do all things necessary and proper to participate in such issues.

§ 615.5101 Lost, stolen, destroyed, mutilated or defaced consolidated obligations and coupons of the Farm Credit banks.

(a) *Basis of relief.* The statutes of the United States, now or hereafter in force, and the regulations of the Treasury Department, now or hereafter in force, governing relief on account of the loss, theft, destruction, mutilation or defacement of U.S. securities, and the regulation of the Treasury Department, now or hereafter in force, governing the payment of mutilated or defaced coupons of U.S. securities, insofar as such statutes and regulations may be applicable, and as modified to relate to the consolidated obligations of the Farm Credit banks and coupons of such obligations shall govern the granting of relief on account of lost, stolen, destroyed, mutilated or defaced consolidated obligations of the Farm Credit banks and mutilated or defaced coupons of such obligations.

(b) *Claims and proof of loss.* Claims shall be presented, and proof shall be made, by applicants for relief on account of the loss, theft, destruction, mutilation or defacement of consolidated obligations of the Farm Credit banks and the mutilation or defacement of coupons of such obligations, in accordance with the statutes of the United States, now or hereafter in force, and the regulations of the Treasury Department, now or hereafter in force, with respect to securities of the United States, and coupons of such securities.

§ 615.5102 Restrictive endorsements of bearer securities.

When consolidated obligations of the Farm Credit banks are being presented to Federal Reserve banks or branches, or to the Treasurer of the United States, by or through banks (including Farm Credit banks) for redemption, such obligations may be restrictively endorsed. The restrictive endorsement shall be placed thereon in substantially the same manner and with the same effects as prescribed in U.S. Treasury Department regulations, now or hereafter in force, governing like transactions in U.S. bonds; and consolidated obligations of the Farm Credit banks so endorsed shall be prepared for shipment and shipped in the manner prescribed in such regulations for United States bonds. (See 31 CFR 328.1–328.6)

§ 615.5103 Loss from payment of spurious debenture.

Each of the 12 Federal intermediate credit banks agreed, by resolution adopted by its board of directors in 1963, to share in any loss resulting from the payment of counterfeit, forged, or unauthorized debentures. The agreement provides that such loss shall be shared by all of the banks in the same ratio as their respective participations in debentures issued during the 12 months preceding the date of payment of such counterfeit, forged, or unauthorized debentures.

§ 615.5104 Bonds and debentures as illustrations.

Illustrations of Farm Credit bonds, debentures and other securities may appear in information and educational materials if printed in black and white, but not in color, and must be less than ¾ actual size or more than 1½ times the actual size of the original security. Motion picture and micro films and slides of such securities are permitted in black and white or color for projection on a screen or for use in telecasting.

Subpart D—Other Funding

§ 615.5110 Authority to issue.

Any Farm Credit bank may issue, pursuant to authority contained in section 4.2(b) as modified by section 4.2(e) of the Act, investment bonds or like obligations other than through the Fiscal Agency if the interest rate is not in excess of the interest allowable on savings deposits of commercial banks of comparable amounts and maturities under Federal Reserve regulation on its member banks.

§ 615.5120 Purchase eligibility requirement.

Purchase of a Farm Credit Investment Bond shall be limited to members of Federal land bank associations and production credit associations, employees of the Farm Credit banks or associations, except bank presidents, and to employees of the Farm Credit Administration, except principal officials. An association member need not be an active borrower. Sale of a nominal number of shares of stock in an association will not satisfy the eligibility requirement. Types of owners may be individuals, partnerships, corporations, unincorporated associations, or fiduciary stockholders.

§ 615.5130 Procedures.

Procedures relating to issuance, pricing, payment of interest, redemption, replacement of lost or stolen bonds and other matters shall be promulgated under the authority of this regulation as operating instructions to banks and associations.

Subpart E—Investments

§ 615.5140 Investment eligibility.

In order to provide the System with investment instruments to support its financial operations, to manage its liquidity portfolios and to invest its excess funds, the following obligations are approved.

(a) Consolidated obligations of the Federal land banks Federal intermediate credit banks and banks for cooperatives.

(b) Direct and full faith and credit obligations of the U.S. Government.

(c) Federal Home Loan Bank notes and bonds.

(d) Federal Home Loan Mortgage Corporation obligations.

(e) Federal National Mortgage Association short-term notes, debentures and participation certificates.

(f) Government National Mortgage Association direct or fully guaranteed obligations.

(g) Farmers Home Administration insured notes.

(h) Tennessee Valley Authority notes and bonds.

(i) Export-Import Bank obligations.

(j) U.S. Postal Service obligations.

(k) Merchant Marine Bonds.

(l) Negotiable certificates of deposit.

(m) Bankers acceptances.

(n) Full faith and credit obligations of a state, municipality, political subdivision, or public agency or instrumentality thereof, when approved by the bank on a case basis within the following limitations: investments in bonds, except revenue obligations, that have been rated A or better (or the equivalent) by a recognized rating service, that mature within approximately 10 years, and are readily marketable.

(o) Other types of obligations authorized by the Farm Credit Administration.

Any eligible investment with a maturity of 12 months or less from the date of pledge shall be valued at face value for collateral purposes supporting bond and debenture issues. Any eligible investment with a maturity of over 12 months from the date of pledge shall be valued at market value for collateral purposes supporting bond and debenture issues.

§ 615.5141 Production credit associations.

Production credit associations shall own such securities, selected from approved investments in § 615.5140, as the supervising bank shall require.

§ 615.5142 Federal land bank associations.

Each Federal land bank association shall invest its available cash funds in excess of the amounts needed to meet its current operating requirements and other obligations in the following:

(a) Consolidated obligations of the Federal land banks, Federal intermediate credit banks, or banks for cooperatives.

(b) U.S. Government securities.

(c) Unsecured obligations of its supervising bank.

(d) Other investments authorized by the bank.

§ 615.5150 Real and personal property.

(a) Real estate and personal property may be acquired, held, or disposed of by all corporate entities of the Farm Credit System for the necessary and normal operations of their business. The purchase or construction of office quarters should be limited to facilities reasonably necessary to meet the foreseeable requirements of the association or associations. Any acquisition which may appear to involve the banks or associations to a substantial degree in real estate or other unrelated business should not be permitted.

(b) The purchase, construction, lease as leasee or sale of Farm Credit bank buildings and appurtenances shall have approval of the Farm Credit Administration. Likewise, purchase, construction, lease as leasee or sale of Federal land bank association or production credit association buildings and appurtenances shall have the approval of the appropriate bank board. It shall be the responsibility of the district board to establish guidelines for use by associations.

(c) The establishment of computer centers and the procurement by lease or purchase of computer systems, replacement equipment, additional components, and data terminals, by Farm Credit institutions shall be subject to prior approval of the Governor.

§ 615.5151 Additional investments of Federal intermediate credit banks.

Federal intermediate credit banks may purchase nonvoting stock and participation certificates of and pay in surplus to production credit associations when authorized by the bank board of directors on a case basis and approved by the Farm Credit Administration.

§ 615.5160 Production credit association investment in farmers' notes given cooperatives and dealers.

(a) In accordance with policies prescribed by the boards of directors of the Federal intermediate credit banks, production credit associations may invest in notes, conditional sales contracts, and other similar obligations given to cooperatives and private dealers by farmers and ranchers eligible to borrow from the association. All such programs developed shall be approved by the Farm Credit Administration before they are implemented.

(b) Such notes and other obligations evidencing purchases of farm machinery, supplies, equipment, home appliances, and other items of a capital nature handled by cooperatives and private dealers will be eligible for purchase as investments.

(c) The rate of interest on such obligations shall not exceed the limitations set forth in § 614.4310 of this chapter when such notes are offered as collateral for a direct loan from the bank.

(d) The total amount which an association may invest in such obligations at any one time shall not exceed 15 percent of the balance of loans outstanding at the close of the association's preceding fiscal year.

(e) All notes in which an association invests shall be endorsed with full recourse against the cooperative or dealer. The association shall contact each notemaker who meets the association's credit standards to encourage him to become a borrower.

Subpart F—Minimum Investment Requirement

§ 615.5170 The minimum investment requirement shall be comprised of cash and eligible investments, as approved by the Farm Credit Administration.

Each banking system, as defined under titles I, II, and III of the Act, shall maintain a minimum investment requirement until December 31, 1972, as follows:

(a) *Federal land banks.* At least 25 percent of capital must be held in cash or eligible investments and at least 5 percent of such capital must be invested in U.S. Government Bonds.

(b) *Federal intermediate credit banks.* Maintain an investment portfolio of interest-bearing obligations in the minimum amount of 10 percent of the monthly average amount of debentures sold on behalf of the bank during the preceding fiscal year.

(c) *Banks for cooperatives.* An amount equal to between 20 percent and 25 percent of the banks' capital stock should, as far as practical, be kept invested in cash or eligible investments, exclusive of class B and C stock of the Central Bank for Cooperatives.

§ 615.5180 Association investment portfolios.

The Federal land banks and Federal intermediate credit banks shall require that each association provide as of June 30 or December 31 a listing of its investment portfolio and their investment objectives. Associations shall own such securities, selected from approved investments in § 615.5140, as the supervising bank shall require. The banks shall assist the associations in the management of their investment portfolios.

Subpart G—Deposit of Funds

§ 615.5190 General.

All institutions of the Farm Credit System may deposit securities and current funds with and receive interest from any member bank of the Federal Reserve System. Associations may deposit funds with their supervising bank or any commercial bank insured by the Federal Deposit Insurance Corporation.

Subpart H—Net Worth Objective

§ 615.5200 General.

Each bank and association board shall establish a net worth objective to serve as a guide for the accumulation and maintenance of a net worth position adequate to reasonably assure the continued financial solvency of each institution and the continuity of its credit service to

farmers, but avoiding the accumulation of net worth in excess of those needs. Each bank board shall also establish an association net worth objective program as a guide for the associations in its district.

§ 615.5210 Annual budgets and projections.

Each bank board shall approve for each bank an operating and financial budget for each fiscal year. Each budget shall contain sufficient background information to indicate the principal assumptions and considerations involved in its formulation, detailed pro forma balance sheets, income and expense statements, bank and association programs to achieve net worth objectives and explanation of significant changes from the previous years. Bank boards also shall approve for each bank longer range financial and operating projectons. Approved budgets and longer range projections shall be submitted for review as required from time to time by the Farm Credit Administration.

Subpart I—Debt to Capital Ratios

§ 615.5220 Ratio requirements.

No issue of long-term notes, bonds, debentures, or other similar obligations by a bank or banks, shall be approved if it, together with the amount of other bonds, debentures, long-term notes, or other similar obligations issued and outstanding, exceeds 20 times the capital and surplus of all the banks by the Farm Credit Administration. The term "capital legal reserves and surplus" as used in this section includes capital stock, participation certificates, allocated reserves, surplus and unallocated contingency reserves.

§ 615.5230 Special exception.

A bank may, with approval of the Farm Credit Administration, exceed this ratio for temporary periods if the 20 to 1 ratio for all similar banks will not be exceeded. When such exceptions occur, other like banks of the System shall be advised regarding the basis on which approval was given.

§ 615.5240 Production credit associations.

No loan shall be made to or any paper purchased from or discounted for any production credit association if the amount of such paper added to the aggregate liabilities of the association exceeds 10 times the paid-in and unimpaired capital and surplus of the association.

Subpart J—Prescription, Subscription and Retirement of Stock

§ 615.5250 Responsibility.

(a) The board of directors of each Farm Credit institution shall prescribe in its bylaws the classes of stock and participation certificates to be issued to and subscribed by borrowers and others and how they shall be transferred, converted or retired consistent with the law.

(b) The Governor shall prescribe the initial amount of authorized capital stock for a newly chartered production credit association.

§ 615.5260 Retirement of capital stock and allocated equities of banks for cooperatives.

(a) In case of liquidation or dissolution of a present or former borrower, the bank may, but shall not be required to, retire and cancel at book value, not exceeding par, all or a part of the capital stock or any allocated equity in the bank owned by or allocated to such borrower. Before any such retirements shall be made, the bank shall have reasonable assurance that the liquidation or dissolution is or soon will be completed and the business of the borrower is not being continued under circumstances in which it would be appropriate and feasible for any successor to acquire and hold the investment interests of the present or former borrower in the bank. Retirements under this provision shall be authorized by the bank board.

(b) Where the debt of a borrower to the bank is in default, such bank may, but shall not be required to, retire and cancel all or part of any stock or allocated equities of the bank on which the bank has a lien as collateral for the debt, at the book value thereof, not exceeding par value, in total or partial liquidation of the debt, under any of the following conditions.

(1) The borrower has been declared bankrupt.

(2) The borrower has had a substantial part of its property placed in the hands of a receiver.

(3) The borrower has ceased operations, regardless of whether its charter has been surrendered.

(4) In the judgment of the bank, the indebtedness of the borrower to the bank is uncollectable.

§ 615.5270 Purchase of class B stock of the Federal intermediate credit bank by production credit associations.

(a) When the earnings of the bank are inadequate to met its capital needs, and when feasible to do so with due regard for the circumstances of the associations, the bank board may, by resolution, authorize the bank, with the prior approval of the Farm Credit Administration, to require production credit associations to subscribe for such additional capital as may be needed by the bank. The amount determined shall be allotted, to the nearest full share, among the associations so that the total of all stock owned, including the additional amount to be subscribed for, will be as nearly as owned and to be subscribed for by all associations of the district as each association's average indebtedness to the bank during the immediately preceding 3 fiscal years is of the average indebtedness of all associations to the bank during such period. The "average indebtedness" may be computed on the basis of either average daily balance, or average of beginning and ending monthly balances of such indebtedness for the 3-year period. Each association shall subscribe for stock in the bank so allotted to it. Such subscriptions shall be subject to call and payment therefor shall be made at such times and in such amounts, all as may be determined by the bank.

(b) When making such allotments the bank may transfer, retire or reissue outstanding class B stock among the associations as may be necessary to establish the proportion indicated in the preceding paragraph. Stock that is retired or transferred for this purpose shall first be the stock purchased by the association to the extent it is available unless otherwise approved by the Farm Credit Administration. The bank shall pay the association for all stock so retired or transferred and shall collect therefor from any association to which such stock is transferred or reissued, at the fair book value thereof not to exceed par.

§ 615.5280 Equalization of Federal intermediate credit bank class B stock and allocated reserve owned by production credit associations.

Whenever at the end of any fiscal year of the bank, the relative amounts of class B stock of a bank owned by the production credit associations differ substantially from the proportion provided for in the preceding paragraph and additional subscriptions of class B stock through which such proportion could be reestablished with the prior approval of the Farm Credit Administration. In carrying out its purpose the bank may direct, either separately or in combination, such transfers, retirements, and reissuance of outstanding class B stock among the associations as will reestablish the aforesaid proportion as nearly as may be practicable. Stock that is retired or transferred for this purpose shall first be the stock purchased by the association to the extent it is available unless otherwise approved by the Farm Credit Administration. Stock may be transferred from one association to another and retain its same issue date or series designation. Allocated Reserve owned by production credit associations may be equalized in a like manner.

§ 615.5290 Purchase of Federal intermediate credit bank participation certificates by other financing institutions.

Other financing institutions which are entitled to receive participation certificates from the bank as patronage refunds may also purchase further amounts of such participation certificates with the same rights, privileges, and conditions as those issued as patronage refunds. Upon determination of the bank board, with approval of the Farm Credit Administration, the bank may require other financing institutions to purchase additional capital in the bank to assist the bank in meeting its capital needs. Such required purchases shall be on an equitable basis as determined by the bank board.

§615.5300 Surrender of Federal intermediate credit bank stock certificates and issuance of new certificates.

Upon retirement of any class B stock or participating interest evidenced by an outstanding certificate, the certificate involved shall be surrendered to the bank

for cancellation. In case of partial retirement a new certificate shall be issued for the balance not retired, which shall bear the same issue date and series designation, if any, as the canceled certificate. In the event of a transfer of class B stock resulting from mergers or consolidations, or transfer of participation certificates from one holder to another, any new class B stock or participation certificates issued shall bear the same issue dates and series designations, if any, as the original certificates for which new certificates are substituted.

§ 615.5310 Lost, destroyed, or stolen Federal intermediate credit bank stock or participation certificates.

Whenever a class B stock certificate or participation certificate which has been issued by the bank is lost, stolen, destroyed, or so mutilated as to impair its value, the bank may issue in lieu thereof a new certificate which shall bear the same issue date and series designation, if any, upon compliance with the following requirements.

(a) The owner shall furnish an affidavit of loss, acceptable to the bank setting forth the issue date or series, number of shares, and any other information required to establish its identity; a detailed statement of the circumstances surrounding the loss, theft, destruction, mutilation, or defacement of the certificate; and a statement that the affidavit was made for the purpose of obtaining a new certificate. Since class B stock and participation certificates may not be transferred except with the approval of the bank, a bond of indemnity ordinarily will not be required.

(b) If a class B stock certificate or participation certificate which was reported lost, stolen, or destroyed is recovered by the owner, he should notify the bank immediately and if a new certificate was issued, the owner shall promptly return the old certificate to the bank.

§ 615.5320 Retirement of Federal intermediate credit bank class B stock, participation certificates, and allocated legal reserve.

After all stock held by the Governor has been retired, the bank may retire class B stock at par, participation certificates at face amount and allocated legal reserve without preferences to all holders thereof, and in such manner that the oldest outstanding stock, participation certificates or allocated legal reserve will be retired first: *Provided*, That after such retirements the net worth structure of the bank meets the minimum requirements approved by the Farm Credit Administration. Notwithstanding the foregoing provision, in the event of an equalization of the ownership by production credit associations of capital stock, participation certificates, and allocated legal reserve of the bank, whether in connection with an assessment for capital stock or otherwise, when an association surrenders stock, participation certificates, or allocated legal reserve, it shall first surrender that which was acquired by purchase, to the extent available, and thereafter surrender that acquired through patronage distributions from the bank. In unusual circumstances, class B stock, participation certificates, and allocated legal reserve may be retired for individual holders with the prior approval of the bank board.

Subpart K—Surplus and Reserves

§ 615.5330 Banks for cooperatives.

(a) *Surplus.* "Surplus" is defined as the net accumulation of net savings which has not been appropriated by the board of directors for a specific purpose. Amounts therein may be allocated to patrons or unallocated. Amounts not allocated shall not be distributed as patronage refunds. Each bank shall maintain in surplus an amount not less than 25 percent of all capital stock outstanding.

(b) *Reserve for contingencies.* When authorized by the bank board, an allocated or unallocated reserve for contingencies may be established and maintained when justified for circumstances which may lead to an unbudgeted expense or a loss.

(c) *Reserve for losses on loans.* Each bank shall maintain a general valuation reserve of at least 1½ percent of net loans outstanding at the end of the fiscal year. In recognition of the risk inherent in the specialized agricultural enterprises being financed, a reserve in greater amount than the minimum is desirable. When the reserve is less than the minimum amount, the bank board shall take appropriate action to increase the reserve so that the minimum requirement is attained within a reasonable period.

§ 615.5340 Land Bank System Reserves for Losses Program.

Each bank and association shall establish and maintain reserve accounts for estimated losses on mortgage loans, unendorsed paper, advances, accrued interest, real estate owned, and loans called for foreclosure. The requirements shall be in such amounts as in the judgment of the bank and associations is considered adequate to meet such losses. Such reserves shall not be less than 1 percent of the unmatured balance of each loan outstanding, each loan called for foreclosure and each investment in acquired collateral. Excess reserves and indemnity credits, if any, should be recognized by the bank in establishing the amount and proportion of reserves required to be carried by the bank and associations. The reserves established and maintained by the associations on endorsed loans and other obligations, shall in no event be less than ½ percent of the unmatured balance of each loan outstanding, each called for foreclosure, and each investment in acquired collateral. Changes in association's policies for reserve for losses shall be approved by the banks. Any changes in a bank's reserve for losses program shall be submitted to the Farm Credit Administration for its concurrence.

§ 615.5350 Special reserves of Federal land banks.

The banks shall maintain a reserve account against the general assets of the bank as required by section 1.17(a) of the Act. Net earnings for this purpose are defined as the gross earnings reduced by current expenses, losses, and other charges against current earnings.

§ 615.5360 Special reserves of Federal land bank associations.

Each Federal land bank association shall, out of its net earnings at the end of each fiscal year, carry to its reserve account a sum of not less than 10 percent of such earnings until the reserve account equals 25 percent of its outstanding capital stock and participation certificates after restoring any impairment. Thereafter, 5 percent of the net earnings for the year shall be added to such reserve account until it equals 50 percent of the association's outstanding capital stock and participation certificates. Amounts in the reserve in excess of such 50 percent may be withdrawn with the approval of the bank.

Subpart L—Distribution of Earnings

§ 615.5370 Banks for cooperatives earnings.

(a) Whenever at the end of any fiscal year a bank shall have no outstanding capital stock held by the Governor, the net savings shall first be applied to the restoration of the amount of the impairment, if any, of capital stock, as determined by the bank board. Any remaining net savings or losses shall be distributed on a cooperative basis as authorized by the bank board. Less than 25 percent of such remaining net savings may be used to maintain an allocated surplus account. Not more than 10 percent of net savings of the year available for distribution may be used to create or maintain an unallocated surplus or unallocated reserve account. Cash patronage refunds shall not exceed 25 percent of the total amount of net savings allocated or paid to patrons, except with Farm Credit Administration approval. Patronage refunds not paid in cash shall be paid in capital stock as determined by the bank board. A net loss in any fiscal year shall be absorbed on the basis determined by the bank board. Any costs or expenses attributable to a prior year shall not be charged to reserves, surplus, or patronage allocations without the approval of the Farm Credit Administration.

(b) Whenever at the end of any fiscal year a bank shall have stock outstanding held by the Governor, net savings shall be distributed in accordance with section 3.11(a) of the Act.

(c) The phrase "service fees" as used in section 3.11(c) of the Act are loan service fees and not income related to "technical assistance and financially-related services" referred to in section 3.7 of the Act. If net income from "technical assistance and financially-related services" becomes more than incidental, such net income shall be distributed as patronage to borrowers using such services.

Subpart M—Payment of Dividends

§ 615.5390 Dividends on equities.

No dividends shall be paid on stock held by the Governor except that dividends shall be permitted on class C stock investments in production credit associations held by the Governor. Any dividends paid shall be declared by the board of directors of the respective institutions in accord with §§ 615.5400 through 615.5430.

§ 615.5400 Dividends on stock or participation certificates related to farm, rural housing, and farm-related business loans.

It shall be the responsibility of the bank boards, subject to approval of the Farm Credit Administration, to adopt a policy for payment of dividends by banks and associations on a fair and equitable basis to holders of voting stock or participation certificates.

§ 615.5410 Federal land banks.

(a) Noncumulative dividends may be paid out of earnings or from earned surplus on stock and participation certificates at varying rates on different classes and issues on a basis of the comparative contribution of the holders to the capital or earnings, but otherwise dividends shall be paid without preference.

(b) Dividends as in paragraph (a) of this section may be paid after the maintenance of the reserve described in section 1.17(a) of the Act and after the payment of its franchise tax to the U.S. Government, if any.

(c) Declarations of dividends are subject to the approval of the Farm Credit Administration.

§ 615.5420 Production credit associations.

An association may pay dividends on its capital stock and participation certificates in accordance with the provisions of its bylaws, provided that the rate shall not exceed 8 percent, and provided further that when dividends are paid on class B stock and participation certificates they shall also be subject to approval of the Farm Credit Administration when the amount of the association's surplus (after the payment of dividends) is less than 5 percent of its maximum loans outstanding at the end of any month during the most recent 3 years.

§ 615.5430 Bank for cooperatives.

(a) Noncumulative dividends may be paid on nonvoting investment stock only. Such dividends may be paid only out of current earnings.

(b) The rate of dividend may not exceed 8 percent per annum.

Subpart N—Association Supervision

§ 615.5440 General policy.

Bank boards shall, from time to time, prescribe policies and regulations and establish guidelines, consistent with law and these regulations, that are necessary for the banks to discharge their supervisory responsibilities over the respective associations in financial and fiscal affairs. The banks shall supervise and monitor these activities; they shall take corrective actions as required by the circumstances and, they shall keep the boards informed.

PART 616—COORDINATION

Subpart A—General

Sec.
616.6000 Responsibility.
616.6010 Policy establishment.

Subpart B—Credit and Financially Related Services

616.6020 Overall policy.
616.6030 Rural housing.
616.6040 Farm-related businesses.
616.6050 Loans to cooperatives for the purpose of directly financing the operating needs of their members.
616.6060 Financially related services.

Subpart C—Other Activities

616.6070 Public information programs.

AUTHORITY: The provisions of this Part 616 issued under secs. 5.9, 5.18, 5.26, 85 Stat. 619, 621, 624.

Subpart A—General

§ 616.6000 Responsibility.

Each district board is responsible for assuring that each of the institutions under its policy or supervisory authority carries on its functions in the most efficient manner to the end that eligible farmers, ranchers, producers or harvesters of aquatic products, rural residents, farm-related businesses and cooperatives have access to complete, convenient, and high quality credit and financially related services at reasonable cost. The Act broadens the lending and service activity authorities of all of the banks and associations to a degree which could permit inefficiencies and overlapping of services among the units of the System in the absence of appropriate coordination. In addition, the interests of those using the System are best served when the activities are closely coordinated.

§ 616.6010 Policy establishment.

Each district board shall establish policies and coordinate the activities of the banks and associations in its district. These policies shall provide appropriate guidance in the areas enumerated herein and others may be included as determined by the district board.

Subpart B—Credit and Financially Related Services

§ 616.6020 Overall policy.

District policies in this area should minimize the possibility of injurious competition between Federal land bank associations, production credit associations, and farmer cooperatives and maximize cooperation among them in providing credit service. The absence of such cooperation will inevitably inure to the disadvantage of those using the services of other institutions of the System. These policies shall recognize that the Federal land banks are long-term real estate mortgage lenders, the production credit associations and the Federal intermediate credit banks make short- and intermediate-term loans repayable in not more than 7 years, and the banks for cooperatives provide a specialized credit service to cooperatives. The policies should include such subjects as collateral to be taken by each type lender, land bank open-end advance and readvance mortgage plans, limitation on the use of balloon-payment provisions in loans by all banks and associations, simultaneous or joint lending to present or prospective borrowers, joint or adjacent housing for associations whenever possible, and sharing of technical assistance, record information and counsel on specific loan cases.

§ 616.6030 Rural housing.

Coordination policies relative to rural housing should define the appropriate lending authorities in accordance with the following guidelines.

(a) Federal land banks should finance the purchase or construction of rural housing where the owner requires long-term financing. Production credit association lending, while not excluding the purchase or construction of conventional homes, should emphasize remodeling and repair of permanent homes and financing mobile homes where the owner needs intermediate-term financing.

(b) A reasonable approach to term of years and repayment capacity should benefit borrower and lender while restricting overlap to a minimum.

§ 616.6040 Farm-related businesses.

The district policies as to farm-related businesses shall assure that these lending activities do not conflict with the objectives and responsibilities of any institution of the System. This policy shall include a provision for clearance or concurrence by the bank for cooperatives on all loans to farm-related businesses which are or will be in competition with a cooperative. In event there is no concurrence, the district board shall rule. However, with the concurrence of the bank for cooperatives, the policy may permit loans by production credit associations and Federal land banks to small cooperatives furnishing eligible farm-related services.

§ 616.6050 Loans to cooperatives for the purpose of directly financing the operating needs of their members.

Policies of district boards should be designed to encourage farmers and ranchers to obtain needed financing directly from their appropriate associations. These policies should recognize, however, that interests of farmers and ranchers may, at times, best be served when financing is obtained from cooperatives which may borrow from a bank for cooperatives. In establishing coordination policies in this regard, district boards shall give due consideration to, among other things, the cooperative's ability to analyze and supervise such credit extension; the credit policy to be established; the preference of the farmers and ranchers; the quantity, quality,

availability, and convenience of the credit service being offered by the appropriate associations; the need by cooperatives to offer the types of financing services offered by their competitors; and the natural relationships which exist between a cooperative's main functions of marketing, providing supplies or providing services, and the financing services incident to such marketing, supplies or services. District policies should assure that such lending activities do not conflict with the objectives and responsibilities of the Federal land banks and associations, the Federal intermediate credit banks, and the production credit associations and that, in all cases, the best interests of the farmers and ranchers are served.

§ 616.6060 Financially related services.

Financially related services offered to borrowers by institutions in one part of the System should be made available to the borrowers of the other banks and associations of the district to the fullest extent possible. Duplication of financially related services by Farm Credit institutions in the same district shall be avoided whenever possible.

Subpart C—Other Activities

§ 616.6070 Public information programs.

In disseminating information to the general public as described in Part 618 of this chapter, the banks shall maintain close coordination of such programs within the district. This coordination is essential for effective scheduling of advertising, press and public relations events, and related activities. Economies should be achieved, but more important, unified contact with the communications media minimizes complexities of the Farm Credit System structure in messages being transmitted to member borrowers, prospective borrowers and the general public. Where banks join together across district lines in carrying out information functions, they shall inform and consult with the Farm Credit Administration to assure that the best interest of all banks is served.

PART 617—EXAMINATIONS, AUDITS, AND IRREGULARITIES

Subpart A—Examinations and Audits

Subpart B—Irregularities—Personnel

Subpart C—Irregularities—Borrowers and Others

AUTHORITY: The provisions of this Part 617 issued under secs. 5.9, 5.18, 5.26, 85 Stat. 619, 621, 624.

Subpart A—Examinations and Audits

§ 617.7000 Farm Credit System institutions.

The Farm Credit Administration is required by section 5.20 of the Act to examine and audit each institution of the System, and each of their agents, at such times as the Governor may determine, but each bank and each production credit association shall be examined and audited not less frequently than once each year. Such examinations and audits shall be under the direction of the chief Farm Credit Administration examiner.

§ 617.7010 Violation of Federal criminal statutes.

The Farm Credit Administration also has the responsibility to investigate any known or suspected violation of Federal criminal statutes relating to the affairs of such institutions, or to see that such investigation is conducted. Such investigations shall be under the direction of the chief examiner.

§ 617.7020 Other financing institutions.

Upon request of the Governor or any bank of the System, Farm Credit examiners shall make examinations and written reports of the condition of any organization, other than national banks, to which, or with which, any institution of the System contemplates making a loan or discounting paper.

(a) Any organization other than State banks, trust companies, and savings associations shall, as a condition precedent to securing discount privileges with a bank of the Farm Credit System, file with such bank its written consent to examination by Farm Credit examiners as may be directed by the Farm Credit Administration. (Section 5.22 of the Act.) Such organizations shall also agree to furnish the bank, the Farm Credit Administration, or any Farm Credit examiner, at any time upon call, full and current information regarding its financial condition and operations.

(b) State banks, trust companies, and savings associations may be required in like manner to file a written consent that reports of their examination by constituted State authorities may be furnished by such authorities upon the request of the Farm Credit Administration. (Section 5.22 of the Act.)

§ 617.7030 Farm Credit Administration examiners' responsibilities.

(a) Examinations, audits, and investigations shall be made by Farm Credit Administration examiners appointed by the Governor. Such examinations and audits shall be under the direction of the chief examiner. Their responsibilities are to be discharged in the interest of carrying out the Act and in the interest of the investing public, the stockholders, and the directors and employees of the System. Examiners shall have full authority to inquire into any and all matters which affect or may effect the interests of the Farm Credit Administration or any institution in the Farm Credit System. Such matters include, but are not limited to, the financial affairs, transactions, and condition of such institutions; effectiveness of management in all aspects of the operations of such institutions; compliance with all laws applicable, all regulations and procedures issued by the Farm Credit Administration and all institutions of the System, and all generally accepted business operations of such institutions; and known or suspected violations of Federal criminal statutes relating particularly to acts of employees of such institutions or involving the affairs of such institutions.

(b) To facilitate such inquiries, examiners are empowered to examine any documents and records in the custody of any Farm Credit institution; to take over the custody of such documents and records upon issuance of a receipt therefor to the institution; to examine, with permission of the owner or custodian if needed, any other documents or records, wherever located, which may be pertinent to such inquiries; to interview and interrogate any employee, borrower, or other person regarding any matters pertinent to such inquiries; to obtain signed or sworn statements and administer oaths; and to make personal observations of any physical conditions pertinent to such inquiries. Examiners are not authorized to issue to any person an order or instruction to perform or not to perform any action.

§ 617.7040 Bank designated examiners.

The Governor may also designate employees of the Federal intermediate credit banks as Farm Credit examiners for the purpose of conducting credit examinations of production credit associations. Such examinations shall be made under guidelines provided by the chief examiner and in accordance with the principles and procedures set forth in the Manual for Credit Examinations of Production Credit Associations.

§ 617.7050 Use of independent certified public accountants.

If the Governor determines it to be necessary or appropriate, the required examinations and audits of Farm Credit institutions may be made by independent certified public accountants, certified by a regulatory authority of a State, and in accordance with generally accepted auditing standards. Such examinations shall be under the direction of the chief examiner.

§ 617.7060 Frequency of examinations and audits.

(a) Farm Credit System institutions shall be examined and audited in accordance with the following schedule and at

such other times as the Governor may determine.

(1) Each bank and production credit association—once each year.

(2) Each Federal land bank association—once each 18 months.

(3) The office of the Fiscal Agency—once each year.

(4) Each data processing installation—once each year.

(5) All other agents of the banks and associations—once each year.

(b) Examinations of other financing institutions indebted to a Federal intermediate credit bank, whether directly or indirectly, shall be made by the bank for its own account, under the terms of the General Rediscount, Loan, and Pledge Agreement entered into between the borrowing institution and the bank.

(c) Examinations of corporations actively borrowing from or discounting paper with a Federal intermediate credit bank shall be made at least once each year and at such other times as the bank may determine. With the approval of the Farm Credit Administration, a bank may adopt a program of less frequent examinations of any corporation that is relatively inactive, or whose ratio of peak debt to collateral pledged to the bank is low.

§ 617.7070 Coverage

Examination and audits of Farm Credit System institutions, and their agents, shall include but not be limited to the following.

(a) Audit of the books, accounts, financial records, files, and other papers.

(b) Verification of accounts of borrowers to the extent considered necessary.

(c) Review and evaluation of the following.

(1) The quality of credit extended.

(2) The administration of credit.

(3) Credit actions by employees, loan committees, and other committees delegated loan approval and loan refusal authority.

(4) Operating and administrative procedures and practices, including the adequacy of internal control.

(5) Data processing systems and operations.

(d) Determination whether programs and activities (including financial-related services) are conducted in compliance with governing laws, rules, policies, and related regulations.

(e) Effectiveness of management and application of policies in carrying out the provisions of the Act and in servicing all eligible borrowers.

§ 617.7080 Reports.

(a) Reports of examination and audits of banks, and other reports as deemed necessary by the chief examiner, shall be presented to the respective bank board by an examiner at the first scheduled board meeting subsequent to receipt of the report, and such meeting shall include an executive session with the board. Reports of examination and audit of associations by examiners shall be submitted to the supervising bank for transmittal to the respective board of directors for review and appropriate action at the first scheduled board meeting subsequent to receipt of the report by the institution examined.

(b) The examination and audit comments dealing with the effectiveness of management covered by section 7070(e) shall be submitted first to the Governor and when appropriate be transmitted by him with comments to the district board.

(c) Reports of examination are the property of the Farm Credit Administration and are furnished to the institution examined for its confidential use. Reports of examinations of banks or associations made by examiners or Federal intermediate credit bank officials and other personnel who have been authorized by the Governor to make credit examinations may be disclosed only with the consent of the chief examiner. Consent is given for disclosing reports of regular examinations to the banks and associations involved or interested, but such disclosure of reports of special examinations and investigations shall be only by action or consent of the chief examiner in each instance. Information needed for filing claims with surety companies may be extracted from such reports.

(d) Consent is also given for disclosing reports of regular examinations to authorized representatives of the Farm Credit Administration and, when requested for confidential use in official investigations, to agents of the Federal Bureau of Investigation, Department of Justice; Bureau of the Chief Postal Inspector, U.S. Postal Service; the Secret Service; the Internal Revenue Service; and Office of the Inspector General, Department of Agriculture.

§ 617.7090 Liquidation.

In the event of voluntary or involuntary liquidation of a bank or association, or any of their agents, and upon completion of such liquidation, the books and records of the institution shall be forwarded to the office of the district resident examiner for final examination and audit. If circumstances warrant, such final examination and audit shall be made at the institution's offices.

Subpart B—Irregularities—Personnel

§ 617.7100 Investigation.

The Farm Credit Administration shall make an investigation of any case involving irregularities, including apparent criminal violations, by bank or association personnel, upon a determination that an investigation of such case is necessary or advisable.

§ 617.7110 Reporting of violations.

Violations of Federal criminal statutes involving the banks and associations shall be reported to the president of the bank and the general counsel of the district or an attorney who is designated for the purpose. The violations shall then be reported to the Farm Credit Administration.

(a) If any bank or association employee or director discovers irregularities in the funds and accounts of a bank or association or misconduct on the part of an employee or director of a bank or association, or has reasonable grounds for the belief that irregularities or misconduct exist, the employee, or director shall report the matter to the appropriate officer of the bank and furnish such information as he has obtained or developed. The bank shall determine what further steps, if any, will be taken by its representative in the case.

(b) The bank shall immediately notify the resident examiner and other appropriate officials of the Farm Credit Administration, and furnish them with all available information concerning the matter.

(c) The bank shall bring to the attention of the board of directors of an association concerned, any irregularity found to exist and shall keep it informed of all significant developments in order that the board may take such action as may be required to protect the association's interests.

(d) Where irregularities occur in a production credit association office which also handles transactions for a Federal land bank association, or vice versa, or where persons involved are jointly employed by a production credit association and a Federal land bank association, notice of such irregularities shall be given to appropriate officials of both banks involved.

§ 617.7120 Cases for referral.

It shall be the function of the general counsel of the district (or designated bank attorney) to refer directly to the local U.S. attorney the following cases for consideration of criminal action under established procedures.

(a) Cases in which the general counsel (or designated bank attorney) determines there is substantial evidence of the violation of a Federal criminal statute.

(b) Cases in which the U.S. attorney, after discussion with the general counsel (or designated bank attorney), decides than an additional investigation by the Federal Bureau of Investigation or the Secret Service shall be undertaken.

(c) Cases in which the resident examiner notifies bank officials that further investigation by the Federal Bureau of Investigation or the Secret Service is appropriate.

Subpart C—Irregularities—Borrowers and Others

§ 617.7130 Investigation.

The bank shall make an investigation of any case involving violations of Federal criminal statutes by its borrowers.

§ 617.7140 Types of violations.

Violations of Federal criminal statutes by borrowers in connection with their loans most commonly involve actions prohibited by 18 U.S.C. 658 and 18 U.S.C. 1014. Section 658 of the criminal code makes it unlawful for any person knowingly, and with intent to defraud, to conceal, remove, dispose of, convert to his own use or to that of another, property mortgaged, pledged to, or held by an association. Section 1014 of the criminal code makes it unlawful to knowingly make a false statement or report for the

purpose of influencing the action of the association or bank upon any application, advance, commitment, or loan or any change or extension of any such action by renewal, deferment of action, or otherwise, or acceptance, release, or substitution of security therefor.

§ 617.7150 Reporting of violations.

(a) *Notice to bank.* Violations of Federal criminal statutes involving borrowers shall be reported to the president of the bank, and the general counsel of the district or senior attorney who is designated for the purpose. The violations shall then be reported to the Farm Credit Administration.

(b) *Report of details.* Promptly after giving notification that there may be a violation of a Federal criminal statute, the association shall ascertain the full details involved in the alleged violation and prepare a concise and specific report which will include each of the items listed in the criminal violations worksheet prescribed by the Farm Credit Administration. This complete report shall be sent directly to the district general counsel or bank attorney with the association's recommendation regarding prosecution. It is the responsibility of the general counsel or bank attorney to review the material submitted, to request additional factual information necessary for him to make his determination as to whether there is substantial evidence of the violation of a Federal criminal statute or whether further investigation should be undertaken to produce additional factual evidence which may be needed in the prosecution.

§ 617.7160 Cases for referral.

It shall be the function of the general counsel of the Farm Credit district (or a designated bank attorney) if he determines that there is substantial evidence that a violation has been committed of any of the foregoing as well as other Federal criminal statutes, to refer the matter to the U.S. attorney for consideration of prosecution under established procedures. At no time after it appears to the association or bank that a violation may have occurred shall any employee of the association or bank threaten the borrower with criminal prosecution, whether in an effort to collect the indebtedness, recover property, or otherwise.

§ 617.7170 Notice to local police and bonding company.

In case of burglary, holdup, or violations of other non-Federal criminal statutes, the bank or association shall immediately notify local police authorities. The association shall also notify an appropriate office of the bank. Losses of other natures for any institution which can be recovered under the district bankers blanket bond shall be immediately reported in accordance with established procedures.

PART 618—GENERAL PROVISIONS

Subpart A—Technical Assistance and Financially Related Services

Sec.
618.8000 Authorization.
618.8010 District board policies.
618.8020 Farm Credit Administration approval.

Subpart B—Leasings

618.8050 Leasing authority.
618.8060 Leasing limitations.

Subpart C—Procedures and Guidelines

618.8100 Farm Credit Administration.

Subpart D—Nomination and Election of Directors

618.8150 Federal Farm Credit Board.
618.8160 District boards of directors.

Subpart E—Miscellaneous Provisions

618.8200 Publication of reports.
618.8210 Conducting information programs.
618.8220 Contributions to and membership in other organizations.
618.8230 Allocation of expenses for administrative services.
618.8240 Quarters and facilities for the Farm Credit Administration.
618.8250 Purchases and sales of personal property.
618.8260 Purchase of automobiles through General Services Administration.
618.8270 Travel.

Subpart F—Releasing Information

618.8300 General regulation.
618.8310 Lists of borrowers.
618.8320 Data regarding borrowers and loan applicants.
618.8330 Director, officer or employee summoned as witness.
618.8340 Information regarding personnel.
618.8350 Authority reserved to release information.

Subpart G—Disposition of Obsolete Records

618.8360 Authorization.
618.8370 Records disposal.

Subpart H—Federal Records

618.8380 Record material.
618.8390 Federal records in the districts.
618.8400 General Services Administration regulations.
618.8410 Transfers to Federal Records Center.
618.8420 Requests for additional disposal authority.

Subpart I—Internal Controls

618.8430 Responsibilities.

AUTHORITY: The provisions of this Part 618 issued under secs. 5.9, 5.18, 5.26, 85 Stat. 619, 621, 624.

Subpart A—Technical Assistance and Financially Related Services

§ 618.8000 Authorization.

Banks and associations may provide technical assistance to borrowers, members, applicants, and stockholders eligible to borrow and may make available to them such financially related services as are determined feasible and approved by the district board.

§ 618.8010 District board policies.

District board policies governing the provision of technical assistance and financially related services shall be established within the following general guidelines.

(a) All services shall be optional, and the borrower shall not be required to accept the service offered in lieu of a similar service offered by others in cases where the service is required as a loan condition.

(b) All costs to users shall be disclosed in a separate and distinct fashion from interest charges.

(c) There should be maximum cooperation among units of the System to assure that competition in offering service programs among various parts of the system is restricted to an absolute minimum. To the extent possible, members of banks and associations within a district should be served by a single financially related service program or at a minimum, common programs should be offered by the banks and associations within a given district.

(d) Bank board approval for an association to offer a financially related service program shall be conditioned on the application of a feasibility determination including the following four criteria.

(1) Need for the service—based on persuasive evidence that membership need for and interest in the proposed service is sufficient to insure that a quality service can be provided at reasonable cost and that similar service is not being provided adequately (cost, quality, availability) by others in the community.

(2) Capacity to render the service—based on the finding that the association has the institutional capacity to render the proposed service in an effective and efficient manner.

(3) Probability of equitable cost recovery—based on a reasonable presumption that the proposed service program will, at the minimum, generate sufficient revenue to cover all incremental costs. In any case, a service program requiring a substantial and continuing subsidization from or interference with the lending function shall not be permitted.

(4) Effect on operations of the association—based on an analysis of the implications flowing from the decision to offer or refuse to offer the proposed financially related service.

(e) Each association's service program shall be reviewed annually or more frequently if necessary by the bank to determine its continued compliance with the requirements under which it was approved in the first instance, and the results of these reviews shall be presented to the bank board if it does not, a probationary period shall be established at the end of which approval to offer the service shall be withdrawn if compliance has not been achieved.

(f) Such records as are necessary to facilitate the review program required herein shall be maintained by each bank or association involved in providing financially related services.

§ 618.8020 Farm Credit Administration approval.

Each proposed financially related service and technical assistance program and district policy with regard to an individual program shall be subject to the approval of the Farm Credit Administration. District policies governing services approved prior to the issuance of these regulations shall be submitted to the Farm Credit Administration for approval. These approvals shall be based

on the determination that legal authority to offer the service exists and System-wide implications of offering the service would be favorable on balance.

Subpart B—Leasings

§ 618.8050 Leasing authority.

Farm Credit institutions are authorized to own and lease property as follows:

(a) Federal land banks may own and lease, or lease with option to purchase, to persons eligible for assistance, facilities needed in the farming operations of such persons.

(b) Federal land bank associations have no such leasing authority.

(c) Federal intermediate credit banks may own and lease, or lease with option to purchase, to persons eligible for assistance, equipment needed in the operations of such persons.

(d) Production credit associations may own and lease, or lease with option to purchase, to stockholders of the association, equipment needed in the farming operations of the stockholder.

(e) Banks for cooperatives may own and lease, or lease with option to purchase, to stockholders eligible to borrow from the bank, equipment needed in the operations of the stockholder.

§ 618.8060 Leasing limitations.

This authority shall not be operative until such time as adequate programs have been formulated and approved by the Bank's board and the Farm Credit Administration.

Subpart C—Procedures and Guidelines

§ 618.8100 Farm Credit Administration.

The Farm Credit Administration shall issue procedures and guidelines as necessary from time to time to facilitate carrying out requirements of the law and regulations. These instructions shall describe procedures, include sample resolutions and forms and specify records to be retained. The institutions supervised shall comply with such procedures and guidelines. These procedures will include such things as the following.

(a) Appraisal and credit standards.

(b) Graphic standards.

(c) Electronic data processing standards.

(d) Charts and descriptions of accounts.

(e) Instructions for preparation of financial and statistical reports.

(f) Instructions for production credit association credit examinations.

Subpart D—Nomination and Election of Directors

§ 618.8150 Federal Farm Credit Board.

(a) Polls for the designation of nominees for consideration by the President for appointment to the Federal Farm Credit Board shall be conducted by the election officer of the Farm Credit Administration, an official appointed by the Governor to supervise elections in the System. The results of all such polls shall be certified by the chief examiner.

(b) Information pertaining to the results of any poll shall not be disclosed before the poll has closed, the voting results have been certified, and official announcement has been made by the Governor, except notification of the number of votes received by each nominee or candidate in a poll may be made to the nominees or candidates by the election officer. Information regarding voting by individual associations shall not be disclosed at any time.

(c) The banks shall provide a complete list of all persons and organizations entitled under the law to vote in a nomination poll on request of the election officer. The lists provided shall show the number of stockholders entitled to vote in each Federal land bank association or each production credit association as of a date specified in the request for such lists.

(d) At least 1 month before the nomination ballot is mailed out, the election officer shall send to the appropriate voting group a preliminary notice and instructions for the designation of a person to be considered for appointment to the Federal Farm Credit Board.

(e) If the final designation poll results in a tie, a runoff poll between those tying shall be held.

(f) For both the nomination poll and the final designation poll, the directors of a Federal land bank association or production credit association at a lawful board meeting will vote by the adoption of resolutions as prescribed on the ballots. A majority of the number of directors provided for in the association's bylaws must be present at each meeting, and the vote of the majority of the directors present will control. The final designation resolution may not be adopted until after the ballot is received by the association.

(g) Vacancies on the Federal Farm Credit Board shall be filled for the unexpired portion of the term. Special nomination and designation polls for this purpose shall be conducted by the election officer. Pending the nomination of designees and the appointment by the President to fill the unexpired term, the board of directors of the district for which the vacancy or extended disability exists may select a representative to meet with the Federal Farm Credit Board without the right to vote. He shall be entitled to reimbursement for transportation and travel expenses and shall receive the same per diem compensation as an appointed member of the Federal Farm Credit Board.

§ 618.8160 District boards of directors.

(a) The election officer of the Farm Credit Administration appointed by the Governor shall develop and maintain procedures for the conduct of nomination and election polls for election of district board directors.

(b) Polls for the nomination and election of district board directors shall be conducted by the district election officers under supervision of the election officer. The results of all such polls shall be certified by the resident examiner.

(c) Information pertaining to the results of any poll shall not be disclosed before the poll has closed, the voting results have been certified, and official announcement has been made by the Governor, except that notification of the number of votes received by each nominee or candidate in a poll may be made to the nominees or candidates by the election officer or district election officer. Information regarding voting by individual associations shall not be disclosed at any time.

(d) The banks shall provide a complete list of all persons and organizations entitled under the law to vote in a nomination poll on request of the district election officer. The lists provided shall show the number of stockholders entitled to vote in each Federal land bank association or each production credit association as of a date specified in the request for such lists.

(e) The district election officer shall send the appropriate voting groups a preliminary notice and instructions for the election of a district director at least 1 month before the nomination ballot is mailed out by him. It is the objective of the act that in each election of a district director the nominating group should endeavor to assure representation to all sections of the district territory and as nearly as possible to all types of agriculture in the area and that at least two nominees who are willing to stand for election to that office are nominated. The preliminary notice shall include instructions to the voting groups that in nominating candidates they be guided by this objective.

(f) If the election poll results in a tie, a runoff election between those tying shall be held.

(g) For both the nomination poll and the election poll, the directors of a Federal land bank association or production credit association at a lawful board meeting will vote by the adoption of resolutions as prescribed on the ballots. A majority of the number of directors provided for the association's bylaws must be present at each meeting, and the vote of the majority of the directors present will control. The election resolution may not be adopted until after the election ballot is received by the association.

Subpart E—Miscellaneous Provisions

§ 618.8200 Publication of reports.

The Farm Credit Administration in the exercise of its supervisory responsibility shall publish reports of the banks or associations whenever, in its judgment, it is necessary for the disclosure of financial conditions and lending operations. Combined financial statements shall be published as of June 30, and December 31.

§ 618.8210 Conducting information programs.

Recognizing the importance of informed members and prospective members to the success of a cooperative organization, the banks and associations should conduct information programs to inform the farm and general public about

their organization, functions, and services. These efforts may include use of publications, advertising, motion pictures, news releases, broadcast materials, special educational events and other member relations and public information methods. Such programs shall be coordinated within each district and, where appropriate, across district lines as prescribed in Part 616 of this chapter.

§ 618.8220 Contributions to and membership in other organizations.

Contributions to voluntary associations, clubs, societies, or other groups or payment of memberships in such organizations shall be authorized only after the bank or association board determines that such contributions or memberships will result in commensurate benefits to the bank or association in the conduct of its business and only after consideration of possible tax consequences.

§ 618.8230 Allocation of expenses for administrative services.

(a) Prior to the first day of each fiscal year the Farm Credit Administration shall estimate the cost of administrative expenses for the ensuing fiscal year and shall apportion the amount so determined among the banks of the System on such equitable basis as the Farm Credit Administration shall determine and assess against and collect in advance from the banks the amounts apportioned. Assessments shall be made quarterly and the banks shall remit the amount assessed within 30 days of assessment.

(b) As soon as practicable after the end of each fiscal year the Farm Credit Administration shall determine, on a fair and reasonable basis, the cost of operation of the Farm Credit Administration and the part thereof which fairly and equitably should be allocated to each bank and association as its share of the cost. If the amount allocated is greater or lesser than the amount collected proper adjustment shall be made at the time of the next quarterly assessment. Each year there shall be a report to the district boards of directors and the board of directors of the Central Bank for Cooperatives concerning expenditure of such assessments for the expenses of the Farm Credit Administration.

§ 618.8240 Quarters and facilities for the Farm Credit Administration.

With the concurrence of two-thirds of the district boards, the Farm Credit Administration may assess the banks such advances of funds as may be required to lease property in the District of Columbia or elsewhere for quarters of the Farm Credit Administration and for related purposes as provided by the Act.

§ 618.8250 Purchases and sales of personal property.

Personal property shall be bought and sold by the banks and associations in accordance with policies and practices adopted by the district board. In order to avoid grounds for allegations of favoritism or fraud a bank or association shall not sell surplus property above a stated value established by the board to an employee except through open competitive bidding.

§ 618.8260 Purchase of automobiles through General Services Administration.

(a) Banks may purchase automobiles through the facilities of the General Services Administration by placing orders with the Farm Credit Administration. A purchase order will be issued to the General Services Administration showing in detail the exact specifications shown on the bank's order. The low bid for all orders submitted shall be accepted by the banks provided that the low bid is awarded according to the exact specifications outlined in the purchase order.

(b) No automobile purchased through the General Services Administration shall be disposed of before 2 years after delivery to the bank unless it has been driven at least 50,000 miles. Exceptions to this general rule will be made only if an automobile has been wrecked or damaged and is determined by the bank in writing submitted to the Farm Credit Administration to be beyond economical repair.

§ 618.8270 Travel.

Travel and subsistence expenses of officials and employees of the banks shall be allowed in accordance with travel regulations adopted by the district board. Similar travel regulations will be developed for associations by the supervisory bank. The regulations shall contain a statement of policy on the use of official cars for private use and will take into consideration regulations issued by the Internal Revenue Service which are applicable to the employer.

Subpart F—Releasing Information

§ 618.8300 General regulation.

Except as necessary in performing official duties or as authorized in the following paragraphs, no director or employee of a bank, association, or agency thereof shall disclose information of a type not ordinarily contained in published reports or press releases regarding any such banks or associations or their borrowers or members.

§ 618.8310 Lists of borrowers.

Federal intermediate credit banks and production credit associations may issue lists of borrowers for the information of buyers, warehousemen, and others who deal in produce or livestock of the kind that secures such loans. Otherwise lists of borrowers shall not be released by any bank and association, unless such release is approved by the chief executive officer of the bank.

§ 618.8320 Data regarding borrowers and loan applicants.

(a) Except as provided in paragraph (b) of this section, the directors, officers, and employees of every bank and association shall hold in strict confidence all information regarding the character, credit standing, and property of borrowers and applicants for loans. They shall not exhibit or quote the following documents: loan applications; supplementary statements by applicants; letters and statements relative to the character, credit standing, and property of borrowers and applicants; recommendations of loan committees; and reports of inspectors, fieldmen, investigators, and appraisers.

(b) The requirements of paragraph (a) of this section are subject to the following exceptions.

(1) Examiners and other authorized representatives of the Farm Credit Administration and the bank concerned shall have free access to all information, records, and files.

(2) Accredited representatives of the offices named in § 617.7080 of this chapter may, at their request, be given information pertinent to their official investigations or individual cases, and may examine such portions of the records and files as contain the information.

(3) The chairman of the presidents committees and the presidents of the banks may supply statistical and other impersonal information pertaining to groups of borrowers, applicants, and loans, in response to requests from any department or independent office of the Government of the United States, or responsible private organizations, with the understanding that the information will not be published.

(4) Information concerning borrowers may be given for the confidential use of any Farm Credit institution in contemplation of the extension of credit or the collection of loans.

(5) Impersonal information based solely on transactions or experience with a borrower, such as amounts of loans, terms, and payment records may be given by a bank or association for the confidential use of any reliable organization in contemplation of the extension of credit.

(6) Credit information concerning any borrower may be given when such borrower consents thereto in writing.

(7) In litigation between a borrower (or his successor in interest) and a bank or association, any competent evidence may be introduced with respect to any relevant statements made orally or in writing by or to the borrower or his successor.

(8) An unsuccessful applicant for credit which primarily is for personal, family, or household purposes, if his application was rejected either wholly or partly because of information contained in a consumer report from a consumer reporting agency shall be advised as required in section 615(a) of the Fair Credit Reporting Act (84 Stat. 1133), and if his application was rejected either wholly or partly because of information obtained from a person other than a consumer reporting agency shall be advised as required in section 615(b) thereof.

(c) The exceptions in paragraph (b) of this section shall be exercised by Farm Credit institutions with full awareness

of the requirements of the Fair Credit Reporting Act.

§ 618.8330 Director, officer or employee summoned as witness.

(a) If a director, officer or employee of any association or bank is summoned as a witness in litigation to which neither the Government nor any Farm Credit organization is a party, for the purpose of testifying or producing documentary evidence with respect to matters which he is precluded by these regulations to disclose, he shall arrange, if possible, with the attorney who obtained the summons, to be excused from testifying. If not excused, he shall appear in response to the summons but, before testifying or producing documentary evidence as to confidential information, he shall respectfully advise the court of these regulations against disclosing such information and respectfully request that its confidential nature be safeguarded. After so doing, he may then testify or produce documentary evidence as to such information only to the extent and under the conditions directed by the court.

(b) Upon receiving any such summons, the director, officer, or employee may request advice and assistance from an attorney for the organization with which he is connected. For this purpose, the directors, officers, and employees of associations shall consult an attorney for the supervising bank.

§ 618.8340 Information regarding personnel.

Lists of bank and associations employees shall not be released without the approval of the chief executive officer of the supervising bank. This section is subject to the following exceptions.

(a) Taxing authorities shall be supplied, on request, with the names, addresses, and compensation of the officers, agents, and employees of any bank or association.

(b) Banks may release lists of their associations and their chief executive officers.

(c) For use by their respective groups of associations and cooperatives in designating nominees for the Federal Farm Credit Board and in nominating and electing members of a district board, the banks may release lists of directors of their associations, and a bank for cooperatives may release lists of the cooperatives that hold stock in it.

(d) Banks and associations may release employees' names, addresses, positions, and spouses' names to reputable concerns for listing in local directories. The concern must agree this information is for directory purposes only. Employees wishing to do so shall be allowed to withhold their names.

§ 618.8350 Authority reserved to release information.

The provisions of this manual shall not operate to limit or restrict the discretionary authority of the Governor or any deputy governor to release, or authorize the release of, information by or pertaining to the Farm Credit Administration or any bank or association.

Subpart G—Disposition of Obsolete Records

§ 618.8360 Authorization.

Banks and associations are authorized to dispose of obsolete corporate, credit, accounting, and financial records and other papers not required for research, legal, or audit purposes under a Farm Credit Administration approved records disposal program, except for the following.

(a) Original corporate records, including articles of incorporation, bylaws, capital stock records, and minutes of stockholders, directors, and committees.

(b) Payroll records including gross salary and deductions for retirement, social security, and income tax withholdings.

(c) Basic personnel records including personnel folders, service records, cards, and earnings records for all active and former employees covered under the Civil Service Retirement Act.

(d) Records required by Federal or State laws.

(e) Federal records (see following Subpart H of this part).

(f) Financial reports of the banks and associations as of June 30 and December 31 each year.

(g) Applications, notes, security instruments, financial statements, and any individual records pertaining to loans charged off where the net loss after recoveries exceeds $1,000.

(h) Listing of obsolete records destroyed.

§ 618.8370 Records disposal.

Each bank and association shall maintain an up-to-date records disposal schedule which has the approval of the bank boards. The records disposal schedule of each association shall be approved by its supervising bank.

Subpart H—Federal Records

§ 618.8380 Record material.

Records of the Federal Government consists of all written or printed papers, letters, documents, books, maps, charts, plans, drawings, punchcards, tabulation sheets motion pictures or other photographic records sound recordings, and any other records made or received by any agency of the Federal Government in pursuance of Federal law or the transaction of public business, and preserved or appropriate for preservation as evidence of the organization, functions, policies, decisions, procedures, operations, or other activities of the Government or because of the informational value of data contained therein. Extra copies of documents preserved only for evidence, and memoranda or other papers that do not serve as the basis for official actions, are not considered record material.

§ 618.8390 Federal records in the districts.

The following are Federal records:

(a) Records in the Federal land banks and Federal land bank associations relating to Commissioner loans, including those records that existed as of the date any loans were purchased by the banks.

(b) Records of the Federal Farm Mortgage Corporation.

(c) Records of the Federal intermediate credit banks and production credit corporations in existence on December 31, 1956.

(d) Records created prior to January 1, 1957, relating to the liquidation of any production credit association.

(e) Records in the office of joint services up to December 31, 1956, relating to Commissioner loans, the Farm Credit Administration, and to the Federal intermediate credit banks, production credit associations, and Federal Farm Mortgage Corporation, including joint records of any such bank or corporation and a Federal land bank, bank for cooperatives, production credit association, or national farm loan association.

§ 618.8400 General Services Administration regulations.

The General Services Administration has prescribed regulations on the management and disposal of all Federal records. Copies of these regulations have been sent to all Federal intermediate credit banks. They are available for use by the reviewing appraiser, resident examiner, and the office of joint services.

§ 618.8410 Transfers to Federal Records Center.

Any bank or office of joint services that wishes to be relieved of the custody of Federal records, but cannot do so either because authority to destroy or microfilm them has not been obtained or because the retention periods approved by National Archives and the Congress require that the records by held either permanently or for further periods of time, may request the Farm Credit Administration to arrange with the General Services Administration to have such records transferred to a regional Federal Records Center.

§ 618.8420 Requests for additional disposal authority.

If any bank or office of joint services wishes to dispose of Federal records for which disposal authority has not been obtained from the National Archives and the Congress, two samples of the records involved, together with a description of each record and the proposed retention period, should be sent to the Farm Credit Administration, which will refer the proposal to the National Archives and will notify the bank or office of joint services of the action taken.

Subpart I—Internal Controls

§ 618.8430 Responsibilities.

The board of directors of each bank and association shall assure that the institution for which it is responsible has an adequate system of internal control, including segregation of responsibilities, appropriate accounting, and dual control over assets, liabilities, income, and expenses.

PART 619—DEFINITIONS

AUTHORITY: The provisions of this Part 619 issued under secs. 5.9, 5.18, 5.26, 85 Stat. 619, 621, 624.

§ 619.9000 The Act.

The Farm Credit Act of 1971; Public Law 92–181 and amendments.

§ 619.9010 Additional security.

Supplementary collateral to the primary security taken in connection with the loan.

§ 619.9020 Agricultural land.

Land improved or unimproved which is devoted to or available for the production of crops and other products such as but not limited to fruits and timber or for the raising of livestock.

§ 619.9030 Agricultural products.

That which is the direct result of husbandry and cultivation of the soil. The product is in its natural, unmanufactured condition.

§ 619.9040 Aquatic products.

Fish and other marine life.

§ 619.9050 Associations.

Refers to Federal land bank associations and production credit associations.

§ 619.9060 Bona fide farmer or rancher.

A person owning agricultural land, or engaged in the production of agricultural products and livestock including aquatic products under controlled conditions.

§ 619.9070 Commercial subdivision.

A tract of land which has been divided into blocks or plots with streets, roadways, and other facilities for development as residential or industrial sites by a builder or real estate developer having financial profit as the primary aim.

§ 619.9080 Cooperative.

See section 3070.

§ 619.9090 Cooperative basis.

Conduct of the business for the mutual benefit of the members as patrons.

§ 619.9100 Cooperative member.

Person having stock or other ownership interest in a cooperative and acquires membership under its bylaws.

§ 619.9110 Consolidation.

Creation of one new organizational entity from two or more existing entities or parts thereof.

§ 619.9120 Custom-type services.

The performance of on-farm functions on a "for-hire" basis which farmers and ranchers typically have done for themselves.

§ 619.9130 Differential interest rates.

An interest rate program under which different rates of interest may be made applicable to individual or classes of loans on the basis of type, purpose, amount, quality of loan, or a combination of these factors.

§ 619.9140 Farm-related businesses.

A person which is engaged in furnishing to farmers and ranchers custom-type farm-related services performed on the farm directly related to their on-farm operating needs.

§ 619.9150 Federated cooperative.

An entity in which at least 80 percent of the voting control is vested in two or more eligible cooperatives.

§ 619.9160 Five basic credit factors.

See section 4150.

§ 619.9170 Fixed interest rate.

The rate of interest specified in the note or loan document which will prevail as the maximum rate chargeable to the borrower during the period of the loan.

§ 619.9180 Fixed interest spread.

A percentage to be added to the cost of money to the bank or association as the means of establishing a lending rate.

§ 619.9190 Legal entity.

Any partnership, corporation, estate, trust, or other entity which is legally vested with authority to conduct a business.

§ 619.9200 Loss sharing agreements.

A contractual arrangement under which a group of associations, a group of banks, or a group of associations and a bank agree to share the risk of loss on loans made in excess of a specified amount or proportion of an individual participant institution's loans, net worth, reserves for losses, etc.

§ 619.9210 Merger.

Combining of one or more organizational entities into another similar entity.

§ 619.9220 Moderate-priced housing.

See section 3040(d).

§ 619.9230 Open-end mortgage loan plans.

A mortgage loan which permits the borrower to obtain additional sums during the term of the loan.

§ 619.9240 Participation agreement.

A contract under which a lender agrees to sell a portion of a loan to one or more purchasers under specific terms set forth in the agreement.

§ 619.9250 Participation certificates.

Evidence of investment in a bank or association to which all the rights and obligations of stock attach with the exception of the right to vote in the affairs of the institution.

§ 619.9260 Primary security.

The basic collateral securing the loan.

§ 619.9270 Producer or harvester of aquatic products.

A person or persons engaged in the production or harvesting of aquatic products in open waters under uncontrolled conditions.

§ 619.9280 Production or harvesting of aquatic products in open waters under uncontrolled conditions.

Extraction of aquatic products where no element of husbandry of the product is involved prior to such extraction where the applicant and the public have equal access to the product.

§ 619.9290 Recovery value.

See section 4241.

§ 619.9300 Rural area.

See section 3040(f).

§ 619.9310 Rural residence.

See section 3040(b).

§ 619.9320 Sound loan.

See section 4140.

§ 619.9330 Speculative purposes.

To buy or sell with the expectation of profiting by fluctuations in price.

§ 619.9340 Variable interest rate.

An interest rate on the outstanding loan balances, which may be changed from time to time during the period of the loan, if provision is made to the note or loan document.

E. A. JAENKE,
Governor,
Farm Credit Administration.

[FR Doc.72-5577 Filed 4-11-72;8:49 am]

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service [1]

[7 CFR Part 101]

FEDERALLY LICENSED COTTON WAREHOUSES

Recordkeeping, Preparation of Weight Certificates, and Surrender and Form of Warehouse Receipts

Notice is hereby given, in accordance with the administrative procedure provisions in 5 U.S.C. 553, that the Agricultural Marketing Service, pursuant to the authority conferred by section 28 of the U.S. Warehouse Act (7 U.S.C. 268) is considering amending warehouse regulations appearing in Part 101 of Subchapter E of Chapter I in Title 7 of the Code of Federal Regulations.

Certain regulatory requirements appear to be no longer necessary or in need of modification because of the modern methods used in the marketing of cotton and technological advances in the field of records and recordkeeping. The proposed amendments would:

1. Eliminate the requirement that a "bearer" or other negotiable type warehouse receipt contain provisions for an endorsement. Most cotton warehouse receipts now being used are of the bearer type. There is no basis for requiring that a bearer receipt be endorsed to effect change of ownership, and, by custom, the Statement of Ownership and Encumbrances now appearing on such receipt is not used by depositors or the trade. (§ 101.16(c)(2))

2. Permit a warehouseman to microfilm warehouse receipts to satisfy the copies of receipts requirement. (§ 101.17)

3. Remove the requirement that receipts surrendered for delivery of cotton must be surrendered only in the city or town in which the cotton is stored. With modern communication and transportation it seems unnecessary to continue this rigid requirement; however, it would be expected that the location where receipts are to be surrendered would be a location within reasonable proximity of the warehouse where the cotton is stored or other location that would not interfere with enforcement of the Act and regulations. (§ 101.21)

4. Permit a warehouseman to microfilm canceled original warehouse receipts and retain such microfilm in lieu of retaining the canceled original receipt. Under 28 U.S.C. 1732(b) a microfilm copy or facsimile enlargement thereof is accepted as evidence in U.S. courts. (§ 101.28)

5. Permit a weigher to show either gross, or net and tare, weight on a cotton weight certificate. The change from a gross weight to net weight basis in the marketing of cotton appears to have eliminated the necessity of a mandatory requirement to show the gross weight of the cotton on the weight certificate. However, if the gross weight is not shown, both the tare weight and net weight would have to be shown. (§ 101.59)

The regulations would be amended in the following respects:

1. Paragraph (c) of § 101.16 would be amended to read:

§ 101.16 Form.

* * * * *

(c) In addition to complying with paragraphs (a) and (b) of this section, every negotiable receipt issued for cotton stored in a licensed warehouse shall embody within its written or printed terms a statement that the cotton covered by such receipt was classified by a licensed classifier or a board of cotton examiners when such cotton is so classified.

* * * * *

2. Section 101.17 would be revised to read:

§ 101.17 Copies of receipts.

(a) At least one actual, skeleton, or microfilm copy of all receipts shall be made, and all copies, except skeleton and microfilm copies, shall have clearly and conspicuously printed or stamped thereon the words "Copy—Not Negotiable."

(b) A copy of each receipt issued shall be retained by the warehouseman for a period of 1 year after December 31 of the year in which the corresponding original receipt is canceled .

(c) If copies are retained on microfilm, the warehouseman shall:

(1) Have available at all times facilities for immediate, easily readable projection of the microfilm and for producing easily readable facsimile enlargements;

(2) Arrange, index, and file the films in such a manner as to permit the immediate location of any particular microfilm record; and,

(3) Be ready at all times to provide, and immediately provide, at the expense of the warehouseman, any facsimile enlargement of such microfilm copies which any authorized officers or agents of the Department of Agriculture may request.

3. Section 101.21 would be revised to read:

§ 101.21 Return of receipts before delivery of cotton.

Except as permitted by law or by the regulations in this part, a warehouseman shall not deliver cotton for which he has issued a negotiable receipt under the act until such receipt has been returned to him and canceled and shall not deliver cotton for which he has issued a non-negotiable receipt until such receipt has been returned to him or he has obtained from the person lawfully entitled to such delivery or his authorized agent a written delivery order, properly signed, specifying by bale or tag number each bale to be delivered from any receipt or receipts. Before delivering or upon delivery of, all the cotton covered by a non-negotiable warehouse receipt, the warehouseman may require the surrender of the receipt. The location where receipts are to be surrendered shall be a location within reasonable proximity of the warehouse where the cotton is stored or other location that would not interfere with enforcement of the Act and regulations.

4. Section 101.28 would be revised to read:

§ 101.28 Records to be kept in safe place.

(a) Each warehouseman shall provide a metal fireproof safe, a fireproof vault, or a fireproof compartment in which he shall keep, when not in actual use, all records, books, and papers pertaining to the licensed warehouse, including his current receipt book, copies of receipts issued, and canceled receipts or microfilm copies of canceled receipts except that with the written consent of the Administrator or his representative, upon a showing by such warehouseman that it is not practicable to provide such fireproof safe, vault, or compartment, he may keep such records, books, and papers in some other place of safety, approved by the Administrator or his representative.

(b) Each canceled receipt or microfilm copy of each canceled receipt shall be retained by the warehouseman for a period of 6 years after December 31 of the year in which the receipt is canceled and for such longer period as may be necessary for the purposes of any litigation which the warehouseman knows to be pending, or as may be required by the Administrator in particular cases to carry out the purposes of the act.

(c) Canceled receipts shall be arranged by the warehouseman in numerical order and otherwise in such manner as shall be directed, for purposes of audit, by authorized officers or agents of the Department of Agriculture.

(d) If microfilm copies of canceled receipts are to be retained in lieu of canceled receipts, the warehouseman shall:

(1) Have available at all times facilities for immediate, easily readable projection of the microfilm and for producing easily readable facsimile enlargements;

(2) Arrange, index, and file the films in such a manner as to permit the immediate location of any particular microfilm copy; and,

(3) Be ready at all times to provide, and immediately provide, at the expense of the warehouseman, any facsimile enlargement of such microfilm copies which any authorized officers or agents of the Department of Agriculture may request.

5. Paragraph (g) of § 101.59 would be amended to read:

§ 101.59 Weight certificates; form.

* * * * *

(g) The gross, or net and tare, weight of the cotton and, if the cotton be excessively wet or otherwise of a condition materially affecting its weight, a statement of such fact to which may be added the weigher's estimate of the number of pounds which should be allowed for such condition;

* * * * *

[1] Formerly Consumer and Marketing Service. Name changed to Agricultural Marketing Service effective April 2, 1972, 37 F.R. 6327.

All persons who desire to submit written data, views, or arguments in connection with the aforesaid proposal should file the same, in quadruplicate, with the Hearing Clerk, U.S. Department of Agriculture, Room 112, Administration Building, Washington, D.C. 20250, not later than the 30th day after publication of this notice in the FEDERAL REGISTER. All written submissions made pursuant to this notice will be made available for public inspection at the office of the Hearing Clerk during regular business hours (7 CFR 1.27(b)).

Done at Washington, D.C., April 7, 1972.

JOHN C. BLUM,
Deputy Administrator,
Regulatory Programs.

[FR Doc.72-5543 Filed 4-11-72;8:46 am]

[7 CFR Part 1125]

[Docket No. AO 226-A25]

MILK IN THE PUGET SOUND, WASHINGTON MARKETING AREA

Notice of Hearing on Proposed Amendments to Tentative Marketing Agreement and Order

Notice is hereby given of a public hearing to be held at the Auditorium, Norway Center (Norselander Restaurant), 330 Third Avenue West, Seattle, WA, beginning at 10 a.m., local time on April 25, 1972, with respect to proposed amendments to the tentative marketing agreement and to the order, regulating the handling of milk in the Puget Sound, Wash., marketing area.

The hearing is called pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601 et seq.), and the applicable rules of practice and procedure governing the formulation of marketing agreements and marketing orders (7 CFR Part 900).

The purpose of the hearing is to receive evidence with respect to the economic and marketing conditions which relate to the proposed amendments, hereinafter set forth, and any appropriate modifications thereof, to the tentative marketing agreement and to the order.

The proposed amendments, set forth below, have not received the approval of the Secretary of Agriculture.

Proposed by the Northwest Dairymen's Association:

PROPOSAL NO. 1

Amend § 1125.52 by changing paragraph (a) to read as follows:

(a) *Class I milk.* Multiply the Chicago butter price for the second preceding month by 0.115; and

Delete the 0.120 in paragraph (b) and add 0.115.

PROPOSAL NO. 2

Amend §1125.82 as follows:

In making payments pursuant to § 1125.80(a) for base milk and for excess milk and pursuant to § 1125.80(d) there shall be added to, or subtracted from, the respective uniform prices thereof, or weighted average price, for each one-tenth of 1 percent that the average butterfat content of such milk is above or below 3.5 percent, the butterfat differential that is computed pursuant to § 1125.52(b) for Class II and Class III milk.

PROPOSAL NO. 3

Amend § 1125.41(a)(2) and add subparagraph (8) to paragraph (c) to read as follows:

(2) Contained in monthly inventory variation of packaged fluid milk products;

(8) Contained in monthly inventory variation of bulk fluid milk products.

PROPOSAL NO. 4

Amend § 1125.30(a)(3) to read as follows:

(3) The aggregate quantities of base milk and excess milk received: *Provided,* That the cooperative association with respect to the milk of its producer members or proprietary handlers who operate pool plants in more than one district within the marketing area or handlers who cause milk under their control to be delivered to plants in more than one district within the marketing area may report the aggregate quantities of base milk and excess milk received from producers as base milk first in the lowest location differential zone to the extent that the total base milk pooled within that location differential zone does not exceed the aggregate quantities of producer milk received in that district from higher location differential zones, and consecutively to the next higher location differential zones to the extent of the aggregate quantities of base milk available; and

PROPOSAL NO. 5

Amend §§ 1125.8 and 1125.16(a) as follows:

In § 1125.8 change the "10 percent" to read "25 percent" in paragraph (a), and paragraph (b) is revised to read as follows:

(b) Any other such plant, hereafter referred to as "pool supply plant," at which milk so qualified is received from dairy farmers or a cooperative association pursuant to § 1125.10(f) and which is:

(1) Located within the marketing area and from which is moved to a pool distributing plant at least the following applicable percentage of both the skim milk and butterfat in Grade A milk received from dairy farmers;

(i) During the months of September through March, 25 percent of such receipts during the month; or

(ii) During the months of April through August, 15 percent of such receipts during the month.

(2) Located outside the marketing area, and from which is moved to a pool distributing plant at least the following applicable percentage of both the skim milk and butterfat in Grade A milk received from dairy farmers:

(i) During the months of September through March, 50 percent of such receipts during the month; or

(ii) During the months of April through August, 30 percent of such receipts during the month.

(3) Producer milk of its members caused by a cooperative association to be delivered directly from farms to pool distributing plants may be considered as movements specified in subparagraphs (1) or (2) of this paragraph from plants operated by the cooperative or its sales agent towards meeting the percentages specified in those paragraphs.

(4) The producer milk of nonmembers under the control of a handler which he causes to be delivered directly from farms to his pool distributing plants may be considered as movements specified in subparagraph (1) of this paragraph from plants operated by such handler toward meeting the percentage(s) specified in that paragraph.

(5) Any plant which otherwise meets the requirements of this paragraph may withdraw from pool supply plant status for any month in the April–August period if the operator of the plant files with the market administrator, prior to the first day of such month, a written request for such withdrawal.

b. Paragraph (a) of § 1125.16 is revised to read as follows:

(a) A delivery to a plant: *Provided,* That packaged fluid milk products that are transferred to a pool distributing plant from another pool distributing plant, and which are classified as Class I under § 1125.44(a) shall be considered as a route disposition from the transferor plant, rather than the transferee plant, for the single purpose of qualifying it as a pool distributing plant under § 1125.8 (a) and the transferor plant shall be assigned in-area sales, but not in excess of the in-area sales of the transferee.

PROPOSAL NO. 6

Amend § 1125.12(c) to read as follows:

(c) With respect to diversions to nonpool plants or commercial food processing establishments:

(1) A cooperative may divert to nonpool plants or commercial food processing establishment for its account, under paragraph (b)(1) of this section the milk of any member producer. The total quantities of milk so diverted, however, may not exceed 50 percent in the months April through August, 30 percent in the months September through March, of its total member milk received at all pool distributing plants or diverted therefrom during the month. Any milk which is used to compute pool supply plant qualifications may not be used for computing allowable diversions;

(2) A handler operating a pool distributing plant may divert to a nonpool plant or a commercial food processing establishment for his account under paragraph. The total quantity of milk so of any producer other than a member of a cooperative association which diverts milk under subparagraph (1) of this paragraph. The total quantity of milk so diverted, however, may not exceed 50 percent in the months of April through August, 30 percent in the months of September through March of the milk received at or diverted from such pool distributing plants during the month from producers who are not members of a cooperative association which diverts milk

under subparagraph (1) of this paragraph. Any milk which is used to compute pool supply plant qualifications may not be used for computing allowable diversions;

(3) Milk diverted in excess of the limits specified shall not be considered producer milk, and the diverting handler shall specify the producers whose milk is ineligible as producer milk. If a handler fails to designate such producers, producer milk status shall be forfeited with respect to all milk diverted by the handler;

(4) For purposes of location adjustments pursuant to § 1125.53 and § 1125.81, milk diverted to a nonpool plant or a commercial food processing establishment shall be priced at the location of the plant or commercial food processing establishment to which diverted; except that, the applicable location adjustment on base milk where the milk diverted is allocated to Class III shall not exceed the higher of 20 cents per hundredweight or the location adjustment that would be applicable to a plant located in the area(s) where the producer's farm(s) is located; and

PROPOSAL NO. 7

Amend § 1125.53 as follows:

Under plant location change the table to read:

Plant location	Adjustment (cents/cwt.)	
	Class I	Class II
District 1 or Kitsap or Pierce Counties.	0	0.
District 2 or Mason County	15	7.5.
District 3 (including the entire counties of Lewis and Pacific) or Kittitas County.	20	10.0.
District 4 or Clallam or Jefferson Counties.	40	20.0.
Other locations outside the marketing area.	20 cents plus 1.5 cents for each 10 miles or fraction thereof by shortest hard-surfaced highway distance as determined by the market administrator that the plant is located beyond 100 miles from the County City Building in Seattle.	10 cents plus 0.75 cents for each 10 miles or fraction thereof by shortest hard-surfaced highway distance as determined by the market administrator that the plant is located beyond 100 miles from the County City Building in Seattle except that this adjustment shall not exceed 25 cents per cwt.

PROPOSAL NO. 8

Amend § 1125.11(e) as follows:

(e) Whose milk during the month was not received at a nonpool plant which is engaged in the distribution of milk on routes or supplies a plant which has route distribution, except by diversion from a pool plant pursuant to § 1125.12 unless the producer had discontinued deliveries to handlers regulated by this order.

PROPOSAL NO. 9

Amend §§ 1125.22(k)(2), 1125.71(b), 1125.80(a)(3), and 1125.81(a) as follows:

In § 1125.22(k)(2) delete the words "the location adjustments for excess milk computed pursuant to § 1125.81(a)(2)."

In § 1125.71(b) delete the words "or subtract".

In § 1125.80(a)(3) delete the words "and by any location adjustment applicable under § 1125.81".

In § 1125.81 paragraph (a) is revised as follows:

(a) In making payments to producers pursuant to § 1125.80(a) subject to the application of § 1125.12(c) deduction may be made per hundredweight of base milk received from producers at respective plant locations at the same rate as specified for Class I milk set forth in § 1125.53.

PROPOSAL NO. 10

Amend §§ 1125.11(e), 1125.12 (a)(2), (b)(1), and (c), and 1125.41(b)(3) as follows:

Change §§ 1125.11(e), 1125.12 (a)(2), (b)(1), and (c) by adding after the words "nonpool plant" in each of the above paragraphs; "or a commercial food processing establishment".

In § 1125.41(b) change subparagrph (3) by adding after the word "bulk" the following "or diverted to".

PROPOSAL NO. 11

Amend § 1125.80 by revising paragraphs (a), (b), (c), and (d) to read as follows:

(a) Each handler shall make payments to each producer for milk received from such producer during such month:

(1) On or before the 20th day of the month to each producer who had not discontinued shipping milk to such handler before the 15th day of the month, at not less than the Class III price for the preceding month per hundredweight of milk received during the first 15 days of the month, less proper deductions authorized in writing by such producer; and

(2) On or before the 5th day of the following month to each producer who has not discontinued shipping milk to such handler before the last day of the month, at not less than the Class III price for the preceding month per hundredweight of milk received from the 16th through the last day of the month, less proper deductions authorized in writing by such producer.

(3) On or before the 19th day after the end of each month for milk received from such producers during such month;

(i) At not less than the uniform price for base milk for the quantity of base milk received, adjusted by the butterfat differential computed pursuant to § 1125.82 and by any location adjustments applicable under § 1125.81;

(ii) At not less than the Class III price adjusted by the butterfat differential computed pursuant to § 1125.82 for the quantity of milk received from producer described in § 1125.121 (c) and (d) for whom no base milk has been computed;

(iii) At not less than the uniform price for excess milk for the quantity of excess milk received, adjusted by the butterfat differential computed pursuant to § 1125.82; and

(iv) Minus payments made pursuant to subparagraphs (1) and (2) of this paragraph: *Provided,* That, if by such date such handler has not received full payment for such month pursuant to § 1125.85, he shall not be deemed to be in violation of this paragraph if he reduces uniformly for all producers his payments per hundredweight pursuant to this paragraph by a total amount not in excess of the reduction in payment from the market administrator; however, the handler shall make such balance of payment uniformly to those producers to whom it is due on or before the date for making payments pursuant to this paragraph next following that on which such balance of payments is received from the market administrator.

(b) The payments required in paragraph (a) of this section shall be made, upon request, to a cooperative association qualified under § 1125.5, or its duly authorized agent, with respect to milk received from each producer who has given such association authorization by contract or by other written instrument to collect the proceeds from the sale of his milk, and any payment made pursuant to this paragraph, shall be made on or before 2 days prior to the dates specified in paragraph (a) of this section.

(c) Each handler shall pay to a cooperative association or its duly authorized agent which operates a pool plant for skim milk and butterfat received from such plant;

(1) On or before the 18th day of each month for skim milk and butterfat received during the first 15 days of that month at not less than the Class III price for the preceding month; and

(2) On or before the third day after the end of the month for skim milk and butterfat received for the 16th through the last day in the month at not less than the Class III price for the preceding month; and

(3) On or before the 17th day after the end of such month, an amount of money computed by multiplying the total pounds of such skim milk and butterfat in each class (pursuant to § 1125.44 (a) or (b)) by the class price, adjusted by the butterfat differentials computed pursuant to § 1125.52, and by any location adjustments pursuant to § 1125.53 applicable at the pool plant of the cooperative association or its agent, minus payments made pursuant to subparagraphs (1) and (2) of this paragraph.

(d) Each handler who receives milk for which a cooperative association is the handler pursuant to § 1125.10(f) shall pay such cooperative association for such milk received;

(1) On or before the 18th day of each month for such milk received during the first 15 days of that month at not less than the Class III price for the preceding month; and

(2) On or before the third day after the end of the month for such milk received from the 16th day through the end of the month at not less than the Class III price for the preceding month; and

(3) On or before the 17th day after the end of the month for such milk received at not less than the weighted average price for all milk, adjusted by the differentials specified in § 1125.81(b) and § 1125.82, minus payments made pursuant to subparagraphs (1) and (2) of this paragraph.

PROPOSAL No. 12

Delete § 1125.35(a)(7).

PROPOSAL No. 13

Delete § 1125.41(c)(2).

PROPOSAL No. 14

Amend § 1125.19 as follows:

"Chicago butter price" means the simple average of the daily wholesale selling price (using the midpoint of any price range as one price) of Grade "A" (92-score) bulk creamery butter per pound at Chicago as reported for the month by the Department.

Proposed by Puget Sound Jersey Milk Pool, Inc., and Northwest Guernsey Association:

PROPOSAL No. 15

Revised § 1125.82 as follows:

§ 1125.82 Producer butterfat and solids-not-fat differential.

In making payments to producers and cooperative associations pursuant to § 1125.80(a) and to cooperative associations pursuant to § 1125.80(d) there shall be added to, or substracted from the respective uniform prices thereof or weighted average price, for each one-tenth of 1 percent that the average butterfat content of such milk is above or below 3.5 percent, a butterfat and solids-not-fat differential computed by the market administrator as follows:

(a) Determine the spread between the support price for manufacturing milk and the market value of butter and nonfat dry milk made from 100 pounds of milk as announced by the Department for the current marketing year.

(b) Determine the spread per pound of the predicted yield of butter and nonfat dry milk from 100 pounds of milk of average milk fat test by dividing the spread determined in paragraph (a) of this section, by the predicted yields and rounding to the fourth decimal place.

(c) Determine the value of butter and nonfat dry milk attributable to average milk for each one-tenth of 1 percent variance in butterfat content above or below 3.5 percent, as follows:

(1) Multiply the Chicago butter price for the month by 0.1222.

(2) Multiply the nonfat dry milk solids price pursuant to § 1125.51(c)(2) by .04.

(3) Add together the values pursuant to subparagraphs (1) and (2) of this paragraph.

(4) Subtract therefrom the value determined by multiplying the spread in cents per pound pursuant to paragraph (b) of this section, by .1622.

(5) Round to the nearest one-tenth of a cent.

Proposed by the Dairy Division Agricultural Marketing Service:

PROPOSAL No. 16

In the introductory language of § 1125.8 delete the reference to "health authority having jurisdiction in the marketing area", and substitute "duly constituted regulatory authority".

PROPOSAL No. 17

Provide for definitions of a "distributing plant" and a "supply plant".

PROPOSAL No. 18

In § 1125.12 (a)(2) and (b)(1), delete the parenthetical references to "filled milk".

PROPOSAL No. 19

Amend § 1125.15 to include flavored cream as a fluid milk product and to relocate the reference to reconstitution and fortification.

PROPOSAL No. 20

In the last paragraph of § 1125.15(c), delete "condensed milk, and skim milk (plain or sweetened)" and substitute "condensed milk (plain or sweetened) and condensed skim (plain or sweetened)".

PROPOSAL No. 21

In § 1125.32, provide that the market administrator may request additional information under §§ 1125.30 and 1125.31.

PROPOSAL No. 22

Amend §§ 1125.44 and 1125.46 to provide that packaged products received from an other order plant for salvage rather than for disposition to consumers for consumption in fluid form should not be an offset to packaged products moved to that plant for disposition to consumers for consumption in fluid form. Also, such products received from an other order plant should not be allocated to Class I pursuant to § 1125.46 (a)(2).

PROPOSAL No. 23

In § 1125.46(a)(3), provide specifically for the subtraction of milk excluded pursuant to § 1125.11(e).

PROPOSAL No. 24

In § 1125.46(a)(3)(vi), delete the provision allocating overage to other source receipts.

PROPOSAL No. 25

Provide that the Class I price for other source milk, when adjusted for location, shall be not less than the Class III price.

PROPOSAL No. 26

In § 1125.66(b), consider rules for determining the order under which a supply plant shall be regulated when it meets the pooling qualifications of more than one order.

PROPOSAL No. 27

Amend § 1125.70, and other appropriate provisions, to provide that fluid milk products received at a pool plant from an unregulated supply plant or from a partially regulated distributing plant, which have previously been priced as Class I milk under a Federal milk order, will not be subject to additional charges under Order No. 125.

PROPOSAL No. 28

Revise the format of order provisions to provide for a more appropriate and simplified arrangement.

PROPOSAL No. 29

Make such changes as may be necessary to make the entire marketing agreement and the order conform with any amendments thereto that may result from this hearing.

Copies of this notice of hearing and the order may be procured from the market administrator, Nicholas L. Keyock, 16 West Harrison Street, Seattle, WA 98119, or from the Hearing Clerk, Room 112-A, Administration Building, U.S. Department of Agriculture, Washington, D.C. 20250, or may be there inspected.

Signed at Washington, D.C., on April 6, 1972.

JOHN C. BLUM,
Deputy Administrator,
Regulatory Programs.

[FR Doc.72-5542 Filed 4-11-72;8:46 am]

Notices

DEPARTMENT OF THE TREASURY

Bureau of Customs

PIG IRON FROM BRAZIL

Antidumping Proceeding Notice

On March 6, 1972, information was received in proper form pursuant to §§ 153.26 and 153.27, Customs Regulations (19 CFR 153.26, 153.27), indicating a possibility that pig iron from Brazil is being, or is likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended (19 U.S.C. 160 et seq.).

There is evidence on record concerning injury to or likelihood of injury to or prevention of establishment of an industry in the United States.

Having conducted a summary investigation as required by § 153.29 of the Customs Regulations (19 CFR 153.29) and having determined as a result thereof that there are grounds for so doing, the Bureau of Customs is instituting and inquiry to verify the information submitted and to obtain the facts necessary to enable the Secretary of the Treasury to reach a determination as to the fact or likelihood of sales at less than fair value.

A summary of information received from all sources is as follows:

The information received tends to indicate that the prices of the merchandise sold for exportation to the United States are less than the prices for home consumption.

This notice is published pursuant to § 153.30 of the Customs Regulations (19 CFR 153.30).

[SEAL] EDWIN F. RAINS,
Acting Commissioner of Customs.

Approved: April 7, 1972.

EUGENE T. ROSSIDES,
Assistant Secretary of the Treasury.

[FR Doc.72-5613 Filed 4-11-72;8:50 am]

DEPARTMENT OF THE INTERIOR

Fish and Wildlife Service

OREGON ISLANDS NATIONAL WILDLIFE REFUGE

Notice of Public Hearing Regarding Wilderness Proposal

Notice is hereby given in accordance with provisions of the Wilderness Act of September 3, 1964 (Public Law 88-577; 78 Stat. 890-896; 16 U.S.C. 1131-1136), that a public hearing will be held beginning at 9 a.m. on June 10, 1972, at the Marine Science Center Auditorium, Oregon State University, Marine Center Drive, Newport, Lincoln County, OR, on a proposal leading to a recommendation to be made to the President of the United States by the Secretary of the Interior, regarding the desirability of including the Oregon Islands Wilderness within the National Wilderness Preservation System. The wilderness proposal consists of approximately 459 acres of the Oregon Islands National Wildlife Refuge, which is located in Clatsop, Coos, Curry, Lane, Lincoln, and Tillamook Counties, State of Oregon.

A brochure containing a map and information about the Oregon Islands Wilderness proposal may be obtained from the Refuge Manager, William L. Finley National Wildlife Refuge, Route 2, Box 208, Corvallis, OR 97330, or the Regional Director, Bureau of Sport Fisheries and Wildlife, Post Office Box 3737, Portland, OR 97208.

Individuals or organizations may express their oral or written views by appearing at this hearing, or they may submit written comments for inclusion in the official record of the hearing to the Regional Director at the above address by July 10, 1972.

SPENCER H. SMITH,
Acting Director, Bureau of Sport Fisheries and Wildlife.

APRIL 5, 1972.

[FR Doc.72-5563 Filed 4-11-72;8:48 am]

Office of the Secretary

[INT DES 72-36]

PROPOSED GOLDEN GATE NATIONAL RECREATION AREA, SAN FRANCISCO AND MARIN COUNTIES, CALIF.

Notice of Availability of Draft Environmental Statement

Pursuant to section 102(2)(C) of the National Environmental Policy Act of 1969, the Department of the Interior has prepared a draft environmental statement for a proposed Golden Gate National Recreation Area, Calif., and invites written comment within thirty (30) days of this notice.

Written comments should be sent to the Director, Western Region, National Park Service, 450 Golden Gate Avenue, Box 36063, San Francisco, CA 94102; copies of the environmental statement are available from or for inspection at this office.

The environmental statement considers the establishment of a Golden Gate National Recreation Area in San Francisco and Marin Counties, Calif., consisting of approximately 24,000 acres of State, Federal, county, and privately owned land, for the purposes of public recreation and preservation of open spaces and recreational values.

Dated: March 30, 1972.

W. W. LYONS,
Deputy Assistant Secretary of the Interior.

[FR Doc.72-5615 Filed 4-11-72;8:50 am]

DEPARTMENT OF AGRICULTURE

Forest Service

PORT OF CASCADE LOCKS, AERIAL TRAMWAY

Notice of Availability of Draft Environmental Statement

Pursuant to section 102(2)(C) of the National Environmental Policy Act of 1969, the Forest Service, Department of Agriculture has prepared a draft environmental statement for the Port of Cascade Locks, Aerial Tramway, Oreg., USDA-FS-DES(Adm) 72-29.

The environmental statement concerns the proposed construction by the Port of Cascade Locks of an aerial passenger tramway to the rim of the Columbia River Gorge.

This draft environmental statement was filed with CEQ on April 3, 1972.

Copies are available for inspection during regular working hours at the following locations:

USDA, Forest Service, South Agriculture Building, Room 3230, 12th Street and Independence Avenue SW., Washington, DC 20250.

USDA, Forest Service, Pacific Northwest Region, 319 Southwest Pine Street, Portland, OR 97208.

Mt. Hood National Forest, Supervisor's Office, 340 Northeast 122d Avenue, Portland, OR 97216.

A limited number of single copies are available upon request to Rexford A. Resler, Regional Forester, Post Office Box 3623, Portland, OR 97208.

Copies are also available from the National Technical Information Service, U.S. Department of Commerce, Springfield, Va. 22151 for $3 each. Please refer to the name and number of environmental statement above when ordering.

Copies of the environmental statement have been sent to various Federal, State, and local agencies as outlined in the Council on Environmental Quality Guidelines.

Comments are invited from the public and from State and local agencies which are authorized to develop and enforce environmental standards, and from Federal agencies having jurisdiction by law or special expertise with respect to any environmental impact for which comments have not been requested specifically.

Comments concerning the proposed action and requests for additional information should be addressed to Mr. Rexford A. Resler, U.S. Forest Service, Post Office Box 3623, Portland, OR 97208.

Comments must be received within 50 days of the date of publication of this notice in order to be considered in the preparation of the final environmental statement.

THOMAS C. NELSON,
Deputy Chief, Forest Service.

APRIL 7, 1972.

[FR Doc.72-5575 Filed 4-11-72;8:49 am]

DEPARTMENT OF COMMERCE

Office of Import Programs

CORNELL UNIVERSITY

Notice of Decision on Application for Duty-Free Entry of Scientific Article

The following is a decision on an application for duty-free entry of a scientific article pursuant to section 6(c) of the Educational, Scientific, and Cultural Materials Importation Act of 1966 (Public Law 89-651, 80 Stat. 897) and the regulations issued thereunder as amended (37 F.R. 3892 et seq.).

A copy of the record pertaining to this decision is available for public review during ordinary business hours of the Department of Commerce, at the Office of Import Programs, Department of Commerce, Washington, D.C.

Docket No. 71-00208-61-77030. Applicant: Cornell University, New York State College of Agriculture, Ithaca, N.Y. 14850. Article: NMR Spectrometer, Model JNM-MH-60-II. Manufacturer: Japan Electron Optics Laboratory Co., Ltd., Japan. Intended use of article: Representative current research in which the article is intended to be used includes:

(1) Determination of the structure of metabolites isolated from a variety of insecticides and herbicides.

(2) Analysis of hydrocarbon type in leaf waxes and seed oil; studies of the degree of unsaturation vs. saturation, etc.

(3) N.m.r. studies on material fractionated or isolated from soil organic matter, plant material and other natural sources.

(4) N.m.r. studies on organometallic compounds found in our environment e.g. organoselenium, mercury, lead, etc. compounds.

(5) Routine monitoring of crude reaction mixtures, both during and after syntheses, to determine the extent of reaction.

(6) Conformational equilibria studies in the carbohydrate field.

(7) Study of the stereochemistry and stability of substituted 2,4-hexadienedioic acids. Stability rearrangement studies will use the variable temperature accessory.

(8) Structural assignments to substituted 4-carboxymethylene but 2-enolides including utilization of the Nuclear Overhauser effect to confirm configurational assignments.

(9) Double reasonance studies associated with the uses listed above. The article will also be used in teaching the basic principles of NMR spectroscopy and instrumentation in graduate level courses.

Comments: Comments were received from one domestic manufacturer, Varian Associates, which states inter alia that its Model T-60XS nuclear magnetic resonance spectrometer (NMR) is of equivalent scientific value to the foreign article for the purposes for which the article is intended to be used. (Letter from Varian dated December 2, 1970.)

Decision: Application approved. No instrument or apparatus of equivalent scientific value to the foreign article, for such purposes as this article is intended to be used, is being manufactured in the United States.

Reasons: The captioned application is a resubmission of Docket No. 70-00285-61-77030 which was denied without prejudice to resubmission due to informational deficiencies. The foreign article provides both internal and external lock in the same instrument. The Varian Model T-60XS provides both internal lock and unlocked modes of operation but does not provide both an internal and external lock in the same instrument. We are advised by the National Bureau of Standards (NBS) in its memorandum dated March 11, 1971 that (1) for the applicant's precision studies of chemical shifts as well as spin tickling and Nuclear Overhauser effects the internal lock is pertinent, (2) for instructional use for relatively inexperienced users, to avoid problems of locking on where overlapping resonance signal in a spectrum are separated by changing either the sample concentration or the solvents, the external lock facility is considered pertinent and (3) neither the T-60 nor the T-60XS provides both an external and an internal lock facility in the same instrument as required by the applicant. We, therefore, find that neither the T-60 nor T-60XS is of equivalent scientific value to the foreign article for such purposes as the article is intended to be used.

The Department of Commerce knows of no other instrument or apparatus of equivalent scientific value to the foreign article, for the purposes for which such article is intended to be used, which is being manufactured in the United States.

SETH M. BODNER,
Director,
Office of Import Programs.

[FR Doc.72-5572 Filed 4-11-72;8:49 am]

UNIVERSITY OF COLORADO MEDICAL CENTER

Notice of Decision on Application for Duty-Free Entry of Scientific Article

The following is a decision on an application for duty-free entry of a scientific article pursuant to section 6(c) of the Educational, Scientific, and Cultural Materials Importation Act of 1966 (Public Law 89-651, 80 Stat. 897) and the regulations issued thereunder as amended (37 F.R. 3892 et seq.).

A copy of the record pertaining to this decision is available for public review during ordinary business hours of the Department of Commerce, at the Office of Import Programs, Department of Commerce, Washington, D.C.

Docket No. 71-00264-33-01110. Applicant: University of Colorado Medical Center, 4200 East Ninth Avenue, Denver, CO 80220. Article: Amino acid analyzer, Model JLC-5AH. Manufacturer: Japan Electron Optics Laboratory Co., Ltd., Japan. Intended use of article: The article will be used to analyze the amino acid composition of insulin and insulin peptides purified from single normal and diabetic pancreata. Studies concern the nature of the molecular difference between biologically abnormal diabetic insulins and the normal.

Comments: Comments were received from one domestic manufacturer, Beckman Instruments, Inc. (Beckman), which stated inter alia that "the instrument considered to be a scientific equivalent to the foreign article is the Beckman Model 121 Automatic Amino Acid Analyzer."

Decision: Application approved. No instrument or apparatus of equivalent scientific value to the foreign article, for such purposes as this article is intended to be used, is being manufactured in the United States.

Reasons: The captioned application is a resubmission of Docket No. 70-00548-33-01110 which was denied without prejudice to resubmission on August 18, 1970, for informational deficiencies. The foreign article provides a detection sensitivity of one nanomole. The Department of Health, Education, and Welfare (HEW) advises in its memorandum dated November 19, 1971, that the most closely comparable domestic instrument is the Beckman Model 121 which provides a detection sensitivity of two nanomoles. HEW also advises further that the greater detection sensivity of the article is pertinent to the study of the amino acid composition of insulin from the pancreas of diabetics. Beckman's comments include a publication entitled "Increased Sensitivity of Accelerated Amino Acid Ion-Exchange Chromatography" by R. W. Hubbard and D. M. Kremen published in Analytical Biochemistry, Volume 12, No. 3, September 1965. Beckman alleges that, "* * * This paper verifies that [with a modified Beckman Model 120] 1 nanomole levels of amino acids have been measured with ±3% accuracy and precision (p. 600)." The portion of the text to which Beckman refers reads: "In some instances, 0.441-umole [nanomole] levels can be measured with the usual ±3% accuracy and precision. This is dependent upon the overall instrument noise level, which cannot be clearly defined nor predicted as yet." The underscored qualifying phrases indicate that it is not apparent that sensitivity better than 2 nanomoles can be expected without further instrument development. We note that

Beckman's comments contain the statement: "[Using the Model 121] the amount of sample that can be detected reliably and accurately by the analyzer is 0.002 micromole [i.e., 2 nanomole] using the expanded range."

We therefore, find that the Model 121 is not of equivalent scientific value to the foreign article for such purposes as this article is intended to be used.

The Department of Commerce knows of no other instrument or apparatus of equivalent scientific value to the foreign article, for such purposes as this article is intended to be used, which is being manufactured in the United States.

SETH M. BODNER,
Director,
Office of Import Programs.

[FR Doc.72-5573 Filed 4-11-72;8:49 am]

UNIVERSITY OF MAINE

Notice of Decision on Application for Duty-Free Entry of Scientific Article

The following is a decision on an application for duty-free entry of a scientific article pursuant to section 6(c) of the Educational, Scientific, and Cultural Materials Importation Act of 1966 (Public Law 89-651, 80 Stat. 897) and the regulations issued thereunder as amended (37 F.R. 3892 et seq.). A copy of the record pertaining to this decision is available for public review during ordinary business hours of the Department of Commerce, at the Office of Import Programs, Department of Commerce, Washington, D.C.

Docket No. 72-00032-36-46070. Applicant: University of Maine, Orono, Maine 04473. Article: Scanning electron microscope, Model S4. Manufacturer: Kent Cambridge Scientific, Inc., United Kingdom. Intended use of article: The article will be used to study (1) morphology of wood fibers; (2) phase distribution and fracture characteristics of mixed polymer films formed on solvent removal from a common solution; (3) interface conversion for adhesion and grafting of polymers to surface; (4) ultrastructure of Coelenterate Polyps; (5) identifying Streptomyces Spores; and (6) the structure and development of Echinoderms. The educational uses consist of instruction for students in operating and applying scanning electron microscopy in pulp and paper technology, materials engineering, forestry, zoology, botany, entomology, geological sciences, and chemistry.

Comments: No comments have been received with respect to this application. Letter dated December 9, 1971, from Advanced Metals Research Corp. (AMR) (received after the expiration of the comment period) is being treated as additional information in accordance with § 701.10(a) of the regulations to the extent that it contains factual information.

Decision: Application approved. No instrument or apparatus of equivalent scientific value to the foreign article, for such purposes as this article is intended to be used, is being manufactured in the United States.

Reasons: The applicant's intended uses of the foreign article include the examining of live or semiarid specimens in studies of animal fertilization, ultrastructure of polyps, infected plant tissue, etc. The Department of Health, Education, and Welfare (HEW) in a memorandum dated January 28, 1972, advises that these intended uses will require independent vacuum systems which assures the maintenance of column vacuum independent of specimen chamber vacuum and permits complete flexibility in the specimen chamber pumping rate. Independent vacuum systems then are pertinent specifications within the meaning of § 701.2(n). The foreign article satisfies this pertinent specification by providing two independent pumping (i.e., vacuum) systems. Moreover, HEW cites as a precedent its prior recommendation relating to Docket No. 71-00294-33-46070 which conforms in certain particulars to the captioned application. In its prior recommendation HEW advises that it knows of no domestic scanning electron microscope capable of providing equivalent independently maintained vacuum in the column and specimen chamber. The Department of Commerce knows of no other instrument or apparatus of equivalent scientific value to the foreign article, for such purposes as this article is intended to be used, which is being manufactured in the United States.

SETH M. BODNER,
Director,
Office of Import Programs.

[FR Doc.72-5574 Filed 4-11-72;8:49 am]

Office of the Secretary

ESTIMATES OF VOTING AGE POPULATION

In accordance with the requirements of section 104(a)(5) of the Federal Election Campaign Act of 1971 (Public Law 92-225), I hereby certify:

(1) That in no case is the estimated voting age population in the geographical area known to be included or likely to be included in any congressional district for the 93d Congress in excess of 500,000; and

(2) That the estimated voting age population (resident population, 18 years of age and older) on July 1, 1971, for each State (including the District of Columbia and the Commonwealth of Puerto Rico) is:

State	*Voting age population (in thousands)*
Alabama	2,259
Alaska	187
Arizona	1,189
Arkansas	1,296
California	13,586
Colorado	1,492
Connecticut	2,056
Delaware	360
District of Columbia	523
Florida	4,891
Georgia	3,020
Hawaii	512
Idaho	468
Illinois	7,413
Indiana	3,433
Iowa	1,884
Kansas	1,523
Kentucky	2,167
Louisiana	2,302
Maine	661
Maryland	2,610
Massachusetts	3,883
Michigan	5,750
Minnesota	2,493
Mississippi	1,397
Missouri	3,193
Montana	455
Nebraska	1,003
Nevada	332
New Hampshire	503
New Jersey	4,899
New Mexico	627
New York	12,563
North Carolina	3,397
North Dakota	401
Ohio	7,052
Oklahoma	1,770
Oregon	1,452
Pennsylvania	8,065
Rhode Island	660
South Carolina	1,682
South Dakota	432
Tennessee	2,668
Texas	7,434
Utah	668
Vermont	299
Virginia	3,126
Washington	2,294
West Virginia	1,186
Wisconsin	2,894
Wyoming	220
Puerto Rico	1,581

PETER G. PETERSON,
Secretary of Commerce.

[FR Doc.72-5571 Filed 4-11-72;8:48 am]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of the Secretary

HEALTH SERVICES AND MENTAL HEALTH ADMINISTRATION

Regional Health Directors; Delegation of Authority

Delegation No. 9 to the Regional Health Directors is amended to include also (1) authority to review and approve applications for grants for developing comprehensive mental health service programs in urban and rural poverty catchment areas under section 224(b) of the Community Mental Health Centers Act of 1963, as amended; and (2) authority to review and approve applications for grants for initial staffing costs of professional and technical personnel to provide comprehensive programs of mental health services for children under section 271 of the Act. (See items (c) and (f) below.) The delegation of authority is effective immediately and is amended to read as follows:

Delegation of authority. (9) The administration of the following functions under the Community Mental Health Centers Act of 1963 (Public Law 88-164), as amended (42 U.S.C. 2681 et seq.): (a)

Review and approval of State plans for the construction of community mental health centers under section 204; (b) approval of State requests for funds for administration of such State plans under section 403(c); (c) review and approval of applications for grants for developing comprehensive mental health service programs in urban or rural poverty catchment areas under section 224(b); (d) review and approval of applications for grants for the construction of community mental health centers under section 205; (e) review and approval of applications for grants for initial staffing costs of professional and technical personnel of such centers under section 220; (f) review and approval of applications for grants for initial staffing costs of professional and technical personnel to provide comprehensive programs of mental health services for children under section 271; and (g) the commitment of funds, within authorized limits, for grants covered above; provided, however, than such grants shall be made only upon recommendation of the National Advisory Mental Health Council. Recommendation of the National Advisory Mental Health Council is not legally required for grants under section 224(b) of the Act but is administratively desirable.

VERNON E. WILSON,
Administration.

MARCH 31, 1972.

[FR Doc.72-5541 Filed 4-11-72;8:46 am]

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. D-72-165]

ACTING AREA DIRECTOR, MANCHESTER AREA OFFICE

Designation

The listed officials are designated to serve as Acting Area Director, Manchester Area Office, in the order named, during the absence of the Area Director, with all the powers, functions, and duties redelegated or assigned to the Area Director: *Provided*, That no official here listed is authorized to serve as Acting Area Director unless and until all the officials listed before him in this designation are unable to act by reason of absence:

1. William H. Hernandez, Jr., Acting Deputy Area Director.
2. Director, Operations Division.
3. Director, Housing Management Division.
4. Area Counsel.

(The authority for this designation is set forth in 36 F.R. 3389, Feb. 23, 1971, sec. B.1; sec. 7(d), Department of HUD Act, 42 U.S.C. 3535(d))

Effective date. This designation is effective for the period March 20, 1972, through July 18, 1972.

CREELEY S. BUCHANAN,
Area Director,
Manchester Area Office, N.H.

[FR Doc.72-5545 Filed 4-11-72;8:46 am]

ATOMIC ENERGY COMMISSION

[Docket No. 50-293]

BOSTON EDISON CO.

Notice of Reconstitution of Board

In the matter of Boston Edison Co. (Pilgrim Nuclear Power Station), Docket No. 50-293.

Mr. Nathaniel H. Goodrich was Chairman of the Atomic Safety and Licensing Board established to consider the above application. Mr. Goodrich is unable to continue in his duties as Chairman of this Board.

Accordingly, the Commission has designated Mr. Charles A. Haskins, a member qualified in the conduct of administrative proceedings, as Chairman of the Board. Reconstitution of the Board in this manner is in accordance with § 2.704(d) of the rules of practice.

Dated at: Washington, D.C., this 6th day of April 1972.

JAMES R. YORE,
Executive Secretary, Atomic Safety and Licensing Board Panel.

[FR Doc.72-5547 Filed 4-11-72;8:46 am]

[Docket No. 50-219]

JERSEY CENTRAL POWER AND LIGHT CO.

Notice of Availability of Applicant's Environmental Report

Pursuant to the National Environmental Policy Act of 1969 and the Atomic Energy Commission's regulations in Appendix D to 10 CFR Part 50, notice is hereby given that a report entitled "Applicant's Environmental Report-Full-Term Operating License stage, March 6, 1972," for the Oyster Creek Nuclear Generating Station, Unit I, submitted by the Jersey Central Power and Light Co. has been placed in the Commission's Public Document Room at 1717 H Street NW., Washington, DC. The report is also being made available to the public at the Division of State and Regional Planning, Department of Community Affairs, Post Office Box 1978, Trenton, NJ 08625, and at the Ocean County Planning Board, Courthouse Square, Toms River, N.J. 08753.

This report discusses environmental considerations related to the proposed issuance of a full-term operating license for the Oyster Creek Nuclear Generating Station, Unit I, located in Lacey Township, Ocean County, N.J.

After the report has been analyzed by the Commission's Director of Regulation or his designee, a draft statement of environmental considerations related to the proposed action will be prepared. Upon preparation of the draft detailed statement, the Commission will, among other things, cause to be published in the FEDERAL REGISTER a summary notice of availability of the draft detailed statement. The summary notice will request comments from interested persons on the proposed action and on the draft statement. The summary notice will also contain a statement to the effect that the comments of Federal agencies and State and local officials thereon will be available when received.

Dated at Bethesda, Md., this 28th day of March 1972.

For the Atomic Energy Commission.

DONALD J. SKOVHOLT,
Assistant Director for Reactor Operations, Division of Reactor Licensing.

[FR Doc.72-5548 Filed 4-11-72;8:46 am]

[Docket No. 50-395A]

SOUTH CAROLINA ELECTRIC & GAS CO.

Notice of Receipt of Attorney General's Advice and Time for Filing of Petitions to Intervene on Antitrust Matters

The Commission has received, pursuant to section 105c of the Atomic Energy Act of 1954, as amended, a letter of advice from the Attorney General of the United States, dated March 31, 1972, a copy of which is attached below.

Any person whose interest may be affected by this proceeding may, pursuant to § 2.714 of the Commission's Rules of Practice, 10 CFR Part 2, file a petition for leave to intervene and request a hearing on the antitrust aspects of the application. Petitions for leave to intervene and requests for hearing shall be filed within thirty (30) days after publication of this notice in the FEDERAL REGISTER, either (1) by delivery to the AEC Public Document Room at 1717 H Street NW., Washington, DC, or (2) by mail or telegram addressed to the Secretary, U.S. Atomic Energy Commission, Washington, D.C., 20545, Attention: Chief, Public Proceedings Branch.

For the Atomic Energy Commission.

LYALL JOHNSON,
Director, Division of State and Licensee Relations.

[AEC Docket No. 50-395A; Department of Justice File 60-415-47]

SOUTH CAROLINA ELECTRIC & GAS CO.

VIRGIL C. SUMMER NUCLEAR STATION UNIT 1

MARCH 31, 1972.

You have requested our advice pursuant to the provisions of section 105 of the Atomic Energy Act of 1954, 68 Stat. 919, 42 U.S.C. 2011-2296, as amended by Public Law 91-560, 84 Stat. 1472, in regard to the above cited application.

Introduction. The Summer nuclear generating station, unit No. 1, to be built by South Carolina Electric & Gas Co. (SCEG), is scheduled for completion and commercial operation early in 1977. Rated at a net dependable capacity of 900 mw., the facility will be located in Fairfield County, S.C., near the northwestern limits of the applicant's service area. The total cost of the unit, including associated transmission facilities and nuclear fuel inventor for the first core, is estimated at $271,229,000. Construction will be financed as an integral part of the applicant's total construction program for

the years 1971–1976, with approximately 21 percent provided internally by depreciation and retained earnings and the remainder from the yield of new debt and equity securities offered in appropriate proportions.

The applicant. SCEG, headquartered in Columbia, S.C., is an operating public utility principally engaged in the production, transmission, distribution and sale of electricity, and the purchase, transmission, distribution and sale of natural gas. It also renders urban bus service in the cities of Columbia and Charleston. In calendar year 1970 electric business provided 77 percent of operating revenues, gas business 21 percent and coach business 2 percent.

Applicant's electric service territory is essentially based on the broad northwestward corridor from Charleston to Columbia (the two largest cities in the State) which SCEG serves at retail. Its service area extends south and west from this corridor to the Georgia State line, covering in total more than 12,000 square miles in the central, southern, and southwestern portions of South Carolina. This comprises about one-half of the State, with an estimated population in excess of 900,000.

Applicant is a fully integrated electric utility with steam, hydro, and gas turbine generation which, with a comparatively small amount of firm purchased power, amounted to 2,049 mw. of dependable capacity in 1971. The system's peak load that year was 1,571 mw. It operates an extensive transmission network with lines ranging up to 230 kv. and totalling over 2,200 circuit miles. It also has a distribution system of some 10,000 pole miles to serve over 271,000 retail customers. Operating electric revenues in 1970 totaled $101,188,000, of which 42.36 percent was derived from residential sales, 24.72 percent commercial sales, 19.70 percent industrial sales, and 13.22 percent from other sources.

Relations with other utilities. In terms of generating capacity and system load, SCEG is by far the smallest of the major investor-owned utilities in its general area. These are Carolina Power & Light Co. to the north, Duke Power Co. to the northwest, and Georgia Power Co., a part of The Southern Co. holding company system, to the south and southwest. It is, however, more than double the size of the South Carolina Public Service Authority, a State-owned fully integrated electric utility (popularly known as Santee-Cooper) whose territory is mainly to the northeast along the coast. SCEG is interconnected with each of these utilities.

The applicant has been a member of the Carolinas-Virginia Power Pool (CARVA), along with Duke, Carolina Power, and Virginia Electric & Power Co. Though the CARVA Pool was formally terminated in 1970, its members continue to share reserves through 1972 under the termination agreement. Also, by two letter agreements the other members agreed through the mid-1970's to take specified percentages of SCEG's new Wateree No. 2 generating unit and to furnish specified amounts of backstand capacity for SCEG's new Williams generating unit.

In the main, however, the CARVA arrangements have been superseded by SCEG's bilateral contracts with Duke and Carolina Power covering interconnection, coordination of scheduled maintenance, spinning reserves and purchase and sale of interchange power, limited term power and energy and short-term power and energy. SCEG also has interchange and coordinating agreements with Georgia Power and its affiliates and with Santee-Cooper. In addition, to augment the reliability of bulk power supply systems in the area it is a party to the Virginia-Carolinas Reliability Agreement and a member in the Virginia-Carolinas subregion of FPC's South Eastern Reliability Council. Other participants are Yadkin, Inc., the Interior Department's Southeastern Power Administration (SEPA), Santee-Cooper and the former members of the CARVA Pool.

Aside from its coordination with major utilities, the applicant is also a supplier of bulk power at wholesale to certain municipalities and cooperatives. There are four municipal utilities within its territory, and it provides full-requirement service to three (two of which are quite small). Of some 12 distribution cooperatives wholly or partly within its territory, SCEG provides a portion of the power needs of only four. It also sells a small supply of power to a wholesale cooperative in the area under a short-term contract, for use by one of the latter's member distribution cooperatives. SCEG's wholesale business, however, accounts for only about 5 percent of its total current system load.

Competitive considerations. In its service area the applicant faces strong competition in bulk power sales and, until recently, in retail distribution. The principal competitive alternatives for bulk power open to municipals and co-ops in the area are SEPA and Santee-Cooper. Output from the Government's Clark Hill hydro facilities on the Savannah River is marketed by SEPA to cooperatives as preference customers under the Flood Control Act of 1944, and wheeled to those in the eastern two-thirds of South Carolina by transmission facilities owned or controlled by Santee-Cooper.[1] This State agency, which began operations in 1942 after completion of the Santee-Cooper hydro facility, is now a fully integrated electric utility with hydro, steam and gas turbine generation and a transmission system interconnected with both SCEG and SEPA. Under leasing contracts it also operates the steam generating plant and transmission network of Central Electric Cooperative, Inc., a wholesale cooperative owned by 15 South Carolina distribution co-ops. The present generating capacity operated by Santee-Cooper amounts to 860,000 kw., while the combined transmission system, covering the eastern two-thirds of the State with lines ranging from 34 to 115 kv., totals some 2,200 circuit miles.[2]

Although the majority of Santee-Cooper's retail distribution is to the northeast of the applicant's territory as previously noted, its transmission network makes possible a considerable amount of bulk power sales within that territory. Thus Santee-Cooper serves at wholesale one municipality, the Central co-op (nine of whose 15 members are within the area) and the Berkeley co-op which is not a member of Central. In general, these wholesale customers obtain about 80 percent of their power requirements from Santee-Cooper and 20 percent from SEPA. In the case of three cooperatives—Palmetto, Berkeley and Coastal (through Central)—these supplies are supplemented by wholesale contracts with SCEG.

In summary then, the applicant provides the full bulk power requirements of three of the four municipal utilities in its service area and (directly or indirectly) a lesser portion of the requirements of five of the area's 12 distribution co-ops. All but one of these wholesale contracts, mostly entered in the late 1940's and early 1950's and continued from year to year, contain one or more provisions which on their face impose anti-competitive restraints on the customer. These are of three general kinds: (1) provisions giving SCEG an absolute veto power over the customer's using the purchased power in conjunction with any other source of power; (2) provisions imposing restrictions against resale of purchased power to another electric entity; and (3) provisions making territorial allocations between the parties in retail distribution. In effect, these provisions give SCEG extensive control over its wholesale customers' access to alternative bulk power coordination arrangements which would involve sales to or coordination with other systems. They also restrain the customers' ability to compete with SCEG at retail.

The impact of these restraints on retail competition has been affected to some extent, however, by 1969 amendments to South Carolina law dealing with the rights of investor-owned utilities and cooperatives to territorial service areas outside municipalities.[3] These amendments impose broad restrictions on competition in retail distribution. In relevant part, these provisions generally grant each utility exclusive rights to a corridor extending 300 feet outward on both sides of all its existing distribution lines and later extensions thereof, except where these corridors overlap another utility's corridor or service area. In addition, the South Carolina Public Service Commission is to demarcate each utility's exclusive retail service area boundaries, giving due regard to the corridors so established.[4]

Conclusions. No competing utility has indicated to us any antitrust objection to licensing the Summer nuclear facility. Santee-Cooper is presently negotiating with SCEG for participation in a substantial share of the plant's output, either on an ownership or a purchase basis, and we are advised that negotiations are proceeding smoothly. Central is definitely interested in obtaining the benefits of a share in the Summer facility, but because of its contractual relations with Santee-Cooper is awaiting the outcome of the negotiations between the latter and SCEG. I has no plans to intervene in this proceeding.

With the comparatively large number of distribution coops scattered throughout SCEG's service area, there has been considerable scope for retail competition in the past. This will be seriously curtailed in future, but only as a result of the change in South Carolina law. To the extent that retail competition is still permitted, the cooperatives should be effective competitors with SCEG since they are not dependent upon it for bulk power supply. In wholesale purchasing, the power output of Santee-Cooper, as supplemented by SEPA and made available by the Central-Santee-Cooper transmission system, provides a competitive alternative to SCEG. Aside from the pending negotiations concerning the Summer facility, Santee-Cooper also has independent generation expansion plans. Thus it would appear that competing utilities in the area will have an adequate alternative in bulk power supply

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[1] The SEPA entitlements of Broad River and Little River, two small co-ops at the northwestern border of SCEG's service area, are wheeled to them by Duke which also provides most of their remaining requirements. SCEG bulk power sales to them account respectively for about 7.5 percent and 25 percent of their needs.

[2] About the same total number of circuit miles as SCEG's system, a major portion overlaps the latter system. Within its service area, however, SCEG has both more circuit miles and more higher voltage lines.

[3] Code of Laws of South Carolina, 1962, section 24–13 through 24–18.

[4] The Public Service Commission has required that the investor-owned utilities negotiate individually with each cooperative in or adjacent to its area on mutually agreed retail service boundaries. The parties are then to submit such agreement to the Commission for approval. So far, SCEG has completed boundary negotiations with only one co-op, an arrangement not yet approved by the Commission.

to enable them to compete with SCEG for load growth in terms of cost and power supply reliability.

Accordingly, but for the unnecessarily restrictive provisions in the applicant's wholesale contracts with its municipal and cooperative customers we would see no need for an antitrust hearing on this licensing application. We have had discussions with the applicant on this point, however, and it has agreed to negotiate with its wholesale customers the appropriate amendment or deletion of the questioned provisions as set forth in the attached letter. SCEG's commitment to change its General Terms and Conditions eliminates the unnecessarily restrictive and arbitrary veto power over a customer's use of purchased power in conjunction with an outside source of power supply. The new provisions permits such use, providing only for prior notice and agreement between the parties on any technical measures which may be needed to insure against possible damage to the interconnected systems from the customer's use of outside power. The remaining amendments delete entirely or in relevant part contractual provisions restricting use or resale of purchased power or allocating retail areas between the parties.

Therefore, so long as SCEG proceeds promptly in the manner in which it has represented and files appropriately amended contracts with the Federal Power Commission and the South Carolina Public Service Commission within 90 days, we conclude that no antitrust hearing by the Atomic Energy Commission will be required with respect to the application.

SOUTH CAROLINA ELECTRIC & GAS COMPANY

MR. JOSEPH A. MULLIN,
Attorney, Antitrust Division,
Department of Justice,
Washington, D.C. 30530.

MARCH 24, 1972.

DEAR MR. MULLIN: Following is a report on the status of the commitments made to you in your office on March 15, 1972 concerning the General Terms and Conditions of this Company and certain wholesale contracts. We will list the actions in the order as the matters were discussed at our conference.

1. The General Terms and Conditions have been changed by action of the South Carolina Public Service Commission on March 21, 1972 under Order No. E-1159 and Docket No. 16073 in that Item 5.(g) was deleted and the new Item 5.(g) is as follows:

Single Source of Supply;

Electricity supplied by the Company shall not be electrically connected with any other source of electricity without reasonable written notice to the Company and agreement by the parties on such measures or conditions, if any, as may be required for reliability of both systems.

2. March 17, 1972 we wrote to The Honorable W. E. Haslett, Mayor, town of Winnsboro, and suggested a change in the contract between the town of Winnsboro and this Company dated July 21, 1955, so that a period would be inserted after the word "Town" on the seventh line of Article 1 and the deletion of the remainder of the Article not previously deleted by modification of the contract dated August 3, 1965. We also suggested in that communication the deletion in its entirety of Article 7.

I discussed the matter of the changes in the contract with Mayor Haslett and he said that it is now being considered by the town's Attorney.

3. We wrote to The Honorable E. O. Pendarvis, Mayor, city of Orangeburg, on March 17, 1972, and suggested that the contract between the city of Orangeburg and this Company dated July 27, 1964, be changed by the insertion of a period after the word "requirements" on the third line of the second paragraph and the following phrase be deleted "for resale to both its current and future customers of electric energy in the city and its environs:".

We have discussed the suggested changes with Mr. Alan McC. Johnstone, Manager of the Department of Public Utilities, city of Orangeburg, and he said that the Mayor and Council will take action on the changes at the next meeting of the Council which will be held within the next 10 days.

4. We wrote to Chairman J. W. Fooshe, Commissioners of Public Works, town of McCormick, on March 17, 1972, and suggested a change in the contract between town of McCormick and this Company dated May 2, 1951, to amend Article 12 by the insertion of a period after "customer" in the third line from the bottom and the deletion of "for the operation of electric lights, motors, and appliances in the town of McCormick, S.C."

I discussed this change with Mr. Paul R. Brown, who for many, many years was Chairman of Commissioners of Public Works and who signed the original contract, and he told me he would have Mr. Fooshe sign my letter accepting the change and return it to us at an early date.

5. We wrote to Mr. C. M. Keiffer, President, Palmetto Electric Cooperative, Inc., on March 17, 1972, and suggested a change in the contract between that Cooperative and our Company dated October 25, 1946, by the deletion of Items 14, 15, and 16.

Mr. Keiffer signed our letter in the space captioned "Accepted" and returned it to us. This letter together with the others will be filed with the Federal Power Commission as soon as they are received by us.

6. We wrote to Mr. J. Elmer Branyon, President of Little River Electric Cooperative, Inc., on March 17, 1972 and suggested a change in the contract between that Cooperative and our Company dated November 3, 1948, by the deletion of Items 14, 15, and 16.

7. We wrote to Mr. W. G. Strozier, President, Berkeley Electric Cooperative, Inc., on March 17, 1972, and suggested a change in the contracts between that Cooperative and our Company as follows:

We suggested the deletion of Items 14, 15, and 16 in contract dated July 11, 1950, and the two contracts dated October 11, 1950, which cover the service points of Awendaw, S.C.; Mount Pleasant, S.C., and Johns Island, S.C., respectively.

8. We wrote to Mr. Carlisle Hart, President, Broad River Electric Cooperative, Inc., on March 17, 1972, and suggested a change in the contract between that Cooperative and our Company dated March 1, 1949 by the deletion of Items 17, 18, and 19 and the second and third paragraphs of the attachment identified as Electric Rate Schedule No. 10—Resale Service to Nonprofit Electric Cooperatives.

As soon as we have received acceptance of the changes agreed to in our conference and covered by our communications to the several wholesale customers, we will file the changes to our contracts with the Federal Power Commission and at the same time furnish you with the information filed.

Sincerely,

ALLAN C. MUSTARD.

[FR Doc.72-5549 Filed 4-11-72;8:47 am]

[Dockets Nos. 50-250, 50-251]

FLORIDA POWER & LIGHT CO.

Establishment of Atomic Safety and Licensing Board

In the matter of Florida Power & Light Co. (Turkey Point Units 3 and 4), Dockets Nos. 50-250, 50-251.

On April 4, 1972, the Commission published in the FEDERAL REGISTER (37 F.R. 6777) a notice of hearing concerning the application for operating licenses for two pressurized water reactors filed by the Florida Power and Light Co. That notice indicated the Safety and Licensing Board for this proceeding would be designated at a later date, and the notice of its membership would be published in the FEDERAL REGISTER.

Pursuant to the Atomic Energy Act of 1954, as amended, the regulations in Title 10, Code of Federal Regulations, Part 2 (Rules of Practice) and the notice of hearing referred to above, notice is hereby given that the Safety and Licensing Board in this proceeding will consist of Dr. A. Dixon Callihan, Dr. Cadet H. Hand, Jr., and Mr. Samuel W. Jensch, Chairman. Dr. Emmeth A. Luebke has been designated as a technically qualified alternate and Mr. Jerome Garfinkel has been designated as an alternate qualified in the conduct of administrative proceedings.

The date and place of a prehearing conference and of a hearing will be set by the Board. Notice as to the dates and places of the prehearing conference and the hearing will be published in the FEDERAL REGISTER.

Dated at: Washington, D.C., this 10th day of April 1972.

JAMES R. YORE,
Executive Secretary, Atomic Safety and Licensing Board Panel.

[FR Doc.72-5645 Filed 4-11-72;8:50 am]

[Dockets Nos. 50-250, 50-251]

FLORIDA POWER & LIGHT CO.

Notice and Order for Prehearing Conference and Evidentiary Hearing

In the matter of Florida Power & Light Co. (Turkey Point Nuclear Generating Units No. 3 and No. 4), Dockets Nos. 50-250, 50-251.

The Atomic Energy Commission, by its memorandum and order and notice of hearing, provided that the dates of a prehearing conference and the evidentiary hearing be designated by the Atomic Safety and Licensing Board. The order and memorandum of the Commission stated that the issue for consideration at the conference and hearing will be the steam line safety valve header failure incident referred to in the petition seeking a hearing filed by Paul Siegel of Miami.

Wherefore, it is ordered, In accordance with the Atomic Energy Act, as amended, and the rules of practice of the Commission, a prehearing conference in this proceeding shall convene at 1 p.m., on Wednesday, May 10, 1972, at Executive Conference Room 208, Federal Office Building, 50 Southwest First Avenue, Miami, FL. At that prehearing conference in accordance with the notice of hearing issued by the Commission on March 30, 1972, the date of the evidentiary hearing in this proceeding will be designated to be May 11, 1972, and the evidentiary hearing shall convene in this

proceeding at 9:30 a.m., on May 11, 1972, in Executive Conference Room 208, Federal Office Building, 50 Southwest First Avenue, Miami, FL.

Issued: April 10, 1972, Germantown, Md.

ATOMIC SAFETY AND LICENSING BOARD,
SAMUEL W. JENSCH,
Chairman.

[FR Doc.72-5669 Filed 4-11-72;9:27 am]

CIVIL AERONAUTICS BOARD

[Dockets Nos. 20993 etc.; Order 72-3-105]

INTERNATIONAL AIR TRANSPORT ASSOCIATION

Order Regarding Passenger Fare, Cargo Rate, and Related Transpacific Far East Matters

Adopted by the Civil Aeronautics Board at its office in Washington, D.C., on the 30th day of March 1972.

Agreements adopted by the Traffic Conferences of the International Air Transport Association relating to passenger fare, cargo rate, and related transpacific and Far East matters, Docket 20993; Agreement CAB 22332, R-24; Docket 22628: Agreement CAB 22628; Docket 23333: Agreements CAB 22332, R-53; 22460; [1] 22689; 22742; 22821; and 22900; [2] Docket 23486: Agreements CAB 22663; [3] 22823; 22854; and 22900.[2]

Agreements have been filed with the Board, pursuant to section 412(a) of the Federal Aviation Act of 1958 (the Act) and Part 261 of the Board's Economic Regulations, between various air carriers, foreign air carriers, and other carriers, embodied in the resolutions of the International Air Transport Association. Insofar as they are of significance in air transportation as defined by the Act, the agreements, which have been assigned the above-designated CAB agreement numbers, comprise the overall worldwide fare structures generally intended for effectiveness from April 1, 1972, and cargo rate structures in the Western Hemisphere and South Pacific.

By Order 72-2-33, dated February 10, 1972, procedural dates were established by the Board for the receipt of carrier data and justification, comments, objections, and replies with respect to the agreements on file with the Board. Data and comments have been received from numerous persons and the matter is now ready for the Board's decision. This order will deal with North/Central and South Pacifics fare and rate matters and other orders issued contemporaneously herewith will deal with other areas.

The agreements. The agreements represent a slight modification of last year's transpacific fare and rate structure and are comprised generally of increases in a majority of fares, reductions in other fares, and the introduction of a new promotional fare in the South Pacific. The proposed cargo rates between the West Coast and the South Pacific generally reflect increases in the minimum charges, the elimination of general cargo rate levels at the 200 kilogram weight-break, and various adjustments, cancellations, and additions, within the specific commodity rate structure. Appendix A [3a] sets forth a comparison in principal markets of present and proposed fares and rates, and percentage changes.

Carrier justification. The U.S. carriers urge approval of the agreements and have furnished statements and data in support of their views. In general, they contend that the agreed fares and rates are fully justified by higher costs of service, including new charges levied by various governments for enroute facilities and by the devaluation of the U.S. dollar in relation to other currencies. The carriers' forecasts of their revenues, expenses, and earnings under the agreed fares are summarized in Appendix B, [3a] Table I.

Support for the Pacific agreements has also been advanced by Japan Air Lines Company, Ltd. (JAL). JAL urges prompt approval of the agreements, stating that since December 1, 1971, the carriers serving Japan have suffered a revenue loss of 4.73 percent on more than half of their total traffic due to currency revaluation, and that the increases embodied in the agreements would not provide full recovery of these losses.

Comments and objections. The only opposition to the North/Central Pacific fare agreement is expressed by the Aviation Consumer Action Project (ACAP). ACAP alleges that the agreements are not supported by adequate conference documents; the Board in ex parte meetings with the carriers made the carriers aware of its tentative views on these fares; the Board lacks the legal authority to ascertain the fairness and reasonableness of international air fares and is therefore not competent to approve the proposed fares; the proposed 1972 fares are higher than those available in 1962; the proposed fares are unreasonable; the U.S. airlines' participation in IATA is not justifiable; the disparity between transatlantic and transpacific fares is untenable; and the IATA directional fares are adverse to the public interest and in any event IATA has no jurisdiction to prescribe proportional fares. ACAP requests rejection of the agreements. However, if the Board decides in favor of approval, ACAP contends that it should avoid making any findings as to the reasonableness of the fares embraced by the agreements.

Replies. Both Pan American and Northwest Airlines, Inc. (Northwest) allege that ACAP has made numerous miscalculations and has failed to demonstrate in what was the agreement encompassing North/Central Pacific fares is contrary to the public interest. Specifically, the carrier respondents contend that the procedures undertaken in connection with the North/Central Pacific fares were not contrary to the Federal Aviation Act; that the comparison made between 1972 and 1962 fares is laden with errors and omissions; that ACAP has failed to prove its allegations of unreasonableness; that its comparison of transatlantic with transpacific fares is incorrect; that directional fares are in the public interest; and that the proportional fares are in the public interest and IATA does not fix fares for local travel between U.S. domestic points.

Findings. West Coast-Tokyo fares for the most part are to be increased from 1 to 13 percent, except for two fare categories (westbound basic season group inclusive tour fares and fares for affinity groups of 70) which are reduced by 4 and 11 percent, respectively. Fares from the West Coast to other Far Eastern points reflect increases of 7 percent, except basic season group inclusive tour fares and fares for affinity groups of 70 which are decreased by 1 to 2 percent. Between the West Coast and Australia, fares are generally proposed to be increased from 6 to 11 percent, while affinity group fares provide reductions of 12 percent from present fares. In addition, new low-level group inclusive tour fares are introduced in the South Pacific. Between the West Coast and Tahiti, fares are generally increased 6 percent (excursion fares are up 10 percent), while affinity group fares are reduced by 12 percent. The cargo rates agreed upon between the West Coast and the South Pacific generally provide for increases in minimum charges, and the elimination of a 200-kilogram weight break in the general rate structure. Additionally, related specific commodity rates are agreed to be increased and others to be canceled. The finally agreed fare and rate structures represent a composite of separate agreements reached by the carriers.

One agreement revised the fare structure to and from Japan by increasing normal economy, excursion, affinity groups of 25, and individual inclusive tour fares in amounts ranging from $30 to $40, round trip. First-class fares remained unchanged, while group inclusive tour fares and affinity group fares for 70 or more were reduced by $30 to $75. These changes were made to cover new costs arising from the imposition of enroute facilities charges by the Government of Japan, and to partially offset increased costs incurred as a consequence of the fluctuating relationship between the dollar and the yen. Fares agreed to points in the Far East other than Japan were not at that point changed, except for reductions in basic season group inclusive tour fares and fares for affinity groups of 70 or more. First-class, economy, and excursion fares between the West Coast and

[1] Agreement CAB 22460, R-32; R-33; R-38; R-39; R-42 through R-46; R-48; R-52; R-55; R-58; R-59; R-63; and R-65.

[2] Agreement CAB 22900, R-1 through R-11.

[3] Agreement CAB 22663, R-32; R-34; R-36 through R-39; R-41 through R-43; R-60 through R-62; R-64; R-66 through R-68; R-71; R-73 through R-75; R-77; R-78; R-80; R-81; R-83; R-86; R-87; R-91; R-93; R-95 through R-99; R-102; R-105; R-106; R-113; R-114; R-189; R-255 through R-258; R-260 through R-267; R-274; R-275; R-277 through R-287; R-289; and R-290.

[3a] Filed as a part of the original document.

Australia were increased from $30 to $60, whereas affinity group fares were decreased by $121. A subsequent agreement raised all the North and Central Pacific fares by 7 percent and South Pacific fares by 6 percent to offset the higher costs of doing business resulting from the devaluation of the dollar in relation to other currencies. The agreed South Pacific cargo rates were likewise raised by 6 percent for the same reason.

In response to Board Order 72–2–33, the carriers furnished detailed forecasts of traffic, capacity, revenue, costs, investment, and rate of return on the basis of the present and the proposed fares. Appendix B, tables I and II summarize the carriers' submissions.

Pan American, the U.S. combination carrier serving both the North/Central and the South Pacific routes states in its justification to the Board requesting approval of the agreements that its seat-load factor will increase from 49.8 percent in 1971 to 51.2 percent in 1972, reflecting available seat-mile increases of 22.9 percent, with revenue passenger miles expected to increase by 26.5 percent. Associated with the projected increase in traffic under the proposed structures is an increase of $12.5 million in revenues which is in large part offset by increased costs stemming from the impact of currency revaluation, the imposition of en route facilities charges, and increased fuel and other costs representing $12.4 million. The carrier alleges that the overall impact of the package now before us would be a submarginal return on investment of 3.18 percent—substantially below the 12 percent return which the Board found to be reasonable for domestic transportation. In the event of Board disapproval of the agreements, Pan American estimates its return on investment in transpacific services at 0.55 percent.

Northwest Airlines alleges that the transpacific fare agreements will only partially recover added expenses flowing primarily from currency revaluation and en route facility costs. Northwest projects increased revenues of $6.2 million which are offset by anticipated increases in fuel costs, en route facility charges and costs related solely to currency revaluation totaling $5.4 million. Not included in the carrier's estimates are contractual labor cost increases and anticipated increased costs of vendor supplies. In the event of Board approval of the fare agreements, Northwest anticipates a return on investment in 1972 of 7.54 percent compared with a return of 5.19 percent at existing fares. The carrier estimates a passenger-load factor of 35.7 percent in 1972, reflecting an increase over 1971's 29 percent. Passenger-miles and seat-miles are forecast to grow by 37 and 18 percent, respectively. The carrier contends that the projected modest increase in fares will have only a slight impact on traffic.

American Airlines, serving the South Pacific, projects load-factor improvements of 10.8 points (from 26.8 to 37.6) and an increase in net revenues of approximately $700,000 in the event the fare agreement is approved as compared with revenues estimated at current fares. A portion of the revenue increase is intended to cover increased expenses arising from currency revaluations—$157,000. This carrier estimates that it would realize a return on investment of 7.3 percent in the event of Board approval; however, if the Board were to disapprove the subject agreements its return (excluding MAC operations) would be only 1 percent.

Trans World Airlines, Inc. (TWA), which serves only the Central Pacific to points other than Japan, projects an operating loss of close to $9 million under the proposed fares; in the event of disapproval by the Board, the carrier estimates an operating loss of about $10 million. TWA projects a slight decline in revenue passenger miles attributable to the proposed fare increases. However, the carrier estimates it would realize an improvement of 1.5 points in its return on investment, but would still be in a negative earnings position. Increased revenues stemming from the fare package are estimated at $890,000, as compared with revenues at existing fares, with increased costs attributed to currency revaluation estimated at $1,337,000—well in excess of the anticipated revenue increase.

The Board has reviewed the carrier data and has made certain adjustments to reflect somewhat higher load factors and to delete projected cost increases which do not appear to arise from contractural obligations. The adjustments parallel those made to the carrier's forecasts for transatlantic services. The details of these adjustments are shown in appendix B, table III.

Pan American and Northwest, which together account for the bulk of U.S.-flag carrier transpacific services, project for 1972 substantial increases in passenger traffic over 1971 volumes, amounting to 27 and 37 percent, respectively. Notwithstanding the already comparatively low load factors experienced in 1971, each carrier forecasts large capacity increases, 23 percent for Pan American and 13 percent for Northwest. The resulting passenger load factors for 1972 are only 51 percent for Pan American and 36 percent for Northwest. The latter carrier attempts to justify its low load factor in terms of its being required to operate transpacific flights from both Los Angeles and San Francisco. We know of no requirement, however, that Northwest operate three of its four transpacific flights with B–747 aircraft instead of the pattern of two B–707 flights and two B–747 flights operated last year, and we can find no basis to charge the ratepayers for the excess capacity resulting from such operations. Disallowance of the capacity attributed to the substitution of one B–747 for one B–707 flight reduces allowable seat-miles by nearly 20 percent and produces a load factor of 44 percent. While this load factor appears somewhat low, we have decided to recognize such load factor herein for present purposes in view of the nature and circumstances of Northwest's transpacific services. Acceptance of the indicated load factors involve a substantial element of judgment and we have not had an opportunity to make a more thorough review of the capacity requirements in the various markets affected by these agreements. Our conclusions, therefore, are applicable solely to the instant resolutions and are without prejudice to a reevaluation of this entire question in dealing with future agreements.

For the Pacific, Pan American's forecast, unlike its forecast for the transatlantic area, shows a substantial increase in seat-miles, largely offsetting the traffic growth it anticipates, despite the fact that its 1971 load factor was only 50 percent. In our opinion, an increase of capacity of the magnitude proposed (23 percent) is not required by, and therefore should not be charged to, the traveling public. We will recognize for rate-making purposes, however, an increase in capacity of 15 percent which, coupled with the 27 percent traffic increase, results in a passenger load factor of 55 percent.[4]

We have also reviewed the carriers' estimates of operating expenses and adjustments have been made to Pan American's projections consistent with the adjustments and disallowances from its transatlantic forecast. Operating expenses have also been disallowed for both Pan American and Northwest to reflect the capacity adjustments discussed above.

On an adjusted basis, the projected 1972 return on investment after taxes for each of the four U.S.-flag carriers is as follows:

American	1.3%
Northwest	13.5
Pan American	[5]6.5
TWA	−14.1

Three of the four earnings' figures are well below the 12 percent standard established by the Board in Phase 8 of the Domestic Passenger Fare Investigation, for domestic U.S. services.[6] The earnings of the U.S. transpacific operators have declined sharply in the last 2 years from the extremely high level that prevailed earlier,[7] and are forecast to remain at much more moderate levels through the current year. The decline does not appear to be entirely or largely due to cyclical factors but is also due, we believe, to modifications in carrier route structures and competitive patterns, and carrier costs of operation. Therefore, we do not believe the carriers very favorable earnings of several years past require us to disapprove the instant agreements which embody numerous

[4] American and TWA operate relatively new and less dense routes in the Pacific which appears to justify their estimated load factors of 38 and 42 percent, respectively.

[5] For the reasons set forth in our contemporaneous order concerning transatlantic IATA agreements, we give relatively little weight to Pan American's indicated earnings.

[6] Domestic Passenger-Fare Investigation, Docket 21866–8, Order 71–4–58, April 9, 1971.

[7] Appendix B, page 5, table IV.

price increases in both the passenger- and cargo-rate structures. By the same token, future traffic growth, rising load factors, and effective cost control programs should enable the carriers to achieve reasonable earnings.

Moreover, as we discussed at some length in our transatlantic order, the bulk of the agreed increases flows from the adjustment to reflect the devaluation of the U.S. dollar in relation to other currencies. As shown in appendix B, the U.S. carrier earnings would be measurably less favorable if the currency adjustment is not made, and it is likely that the situation of foreign air carriers would be worse. Yet the increased costs of doing business resulting from the dollar devaluation incurred by the industry as a whole are beyond the control of the carriers. On the basis of the facts before us, the carriers' 7-percent adjustment to North and Central Pacific fares and 6 percent to South Pacific fares and rates appear reasonable and justified.

The fare structure modifications inherent in the instant agreements similarly appear to be reasonable. The carriers apparently intend to rely more on the group inclusive tour fare as a basis for increased tourist travel in the area. For North and Central Pacific services the maximum GIT discounts are in the range of 37–42 percent from normal economy fares. A similar fare is being introduced on South Pacific routes at moderately greater discounts. We continue to believe that more emphasis should be given to promoting new individual travel than seems to be accomplished by the existing structure but will not withhold approval now on that basis.

The adjustments in the South Pacific cargo rate structure appear to be reasonable and likely to improve the economics of the cargo services.[8] We perceive no basis to disapprove the cancellation of the 200 kg. weight break or the cancellation of various specific commodity rates. We have historically viewed weight breaks and commodity rates as promotional services and have permitted carriers substantial flexibility with respect to them with a view to optimizing the economics of the cargo services.

ACAP's comments submitted in connection with the pending transpacific fare agreements are similar in many respects to its comments on the transatlantic fare agreement,[9] and to that extent we have disposed of these comments in our transatlantic order.[10] Other comments go to the merits of the instant agreements. As elsewhere discussed in detail in this order we have carefully reviewed the fare agreement on the merits and have concluded to approve it. ACAP also urges the Board not to approve, without further inquiry the resolutions dealing with seating configurations, routing control, conditions of service, and baggage allowance. These matters are clearly an integral part of the fare structure, and ACAP has submitted no evidence or basis to withhold approval. Finally, ACAP contends that the U.S. carriers should not be permitted to participate in IATA. Such participation has long been permitted by the policies of this Government. In any event, this matter is irrelevant to the issues presented by the instant agreements.

The Board, acting pursuant to sections 102, 204(a), and 412 of the Act, makes the following findings:

1. It is not found that those resolutions and agreements set forth in Appendix C[11] are adverse to the public interest or in violation of the Act;

2. It is not found that those resolutions set forth in Appendix D[11] are adverse to the public interest or in violation of the Act, provided that approval is subject to conditions previously imposed by the Board;

3. It is not found that those resolutions and agreements set forth in Appendix E[11] are adverse to the public interest or in violation of the Act, provided that approval is subject to conditions stated therein; and

4. It is not found that those resolutions set forth in Appendix F,[11] which are indirectly applicable in air transportation as defined by the Act, are adverse to the public interest or in violation of the Act.

Accordingly, it is ordered, That:

1. Those portions of Agreements C.A.B. 22663, 22460, 22900, 22628, 22689, and 22742 set forth in Appendix C, as well as Agreements C.A.B. 22823 and 22854, be and hereby are approved;

2. Those portions of Agreements C.A.B. 22663 and 22460 set forth in Appendix D are approved subject to previous conditions imposed by the Board;

3. Those portions of Agreements C.A.B. 22663 and 22460 set forth in Appendix E, as well as Agreements C.A.B. 22333, R–24 and R–53, and 22821, be and hereby are approved subject to the conditions set forth in Appendix E; and

4. Those portions of Agreement C.A.B. 22460 set forth in Appendix F be and hereby are approved.

This order will be published in the FEDERAL REGISTER.

By the Civil Aeronautics Board.[12]

[SEAL] HARRY J. ZINK,
Secretary.

[FR Doc.72–5569 Filed 4–11–72;8:49 am]

[8] We are, however, conditioning approval of Resolution 511, Rates for Live Animals, to preclude high minimum charges for this type of traffic above the level of those established for consignments of a general nature. No justification has been submitted by the carriers as to why such traffic should take a surcharge. We are also conditioning the resolution so as to apply past Board policy with respect to baby poultry, monkeys, and primates uniformly to all areas of air transportation as defined by the Act.

[9] For example, the ACAP contentions that the documentation and justification submitted by the carriers are inadequate; that the Board should refrain from deciding the reasonableness of the agreed fares; that IATA has no authority to agree on proportional fares; and that the Board engaged in an ex parte meeting with the U.S. IATA carriers on the basis of which it issued a policy statement on fares, have all been disposed of in the transatlantic order. Moreover, without conceding that any meeting between the Board and U.S. IATA carriers is improper, it can be stated that none was held on the subject of transpacific fares at any time prior or subsequent to the Miami Traffic Conference.

[10] ACAP's comments regarding the directional character of the Pacific GIT fares were rejected by Order 71–12–140.

[11] Filed as a part of the original document.

[12] A joint partial statement filed by Member Minetti and Murphy will be issued later.

FEDERAL POWER COMMISSION

[Docket No. R–371, etc.]

RICHTER OIL CO., ET AL.

Order Granting Special Relief and Terminating Proceedings

APRIL 6, 1972.

Area rates for the Appalachian and Illinois basin areas, Docket No. R–371; Richter Oil Co., et al. v. Pennzoil United, Inc., Docket No. RI71–436, etc.[1]

On October 30, 1970, Richter Oil Co. (Richter) filed a petition for reconsideration of the Commission's Order No. 411, issued October 2, 1970, and for special relief thereunder.[2] By Order No. 411, the Commission added new §§ 154.107 and 154.108, and new paragraphs (e) and (f) to § 157.40, of its regulations under the Natural Gas Act. The new provisions of the regulations set forth maximum and minimum just and reasonable rates for the Appalachian and Illinois basin area.

Richter, a small producer, filed its petition for special relief under that section of Order No. 411 which fixed a minimum rate of 20 cents per Mcf at 15.325 p.s.i.a. to be paid producers of natural gas in the Appalachian basin area. However, Richter requests that the Commission grant to it a minimum rate of 25 cents per Mcf for sales of natural gas by it to Pennzoil United, Inc. (Pennzoil). Pennzoil transports and resells the gas to Consolidated Gas Supply Corp. (Consolidated).

For reasons stated in Order No. 411–B, we determined that the sales by Richter to Pennzoil were not sales to a pipeline purchaser, or "an affiliate of the same", as that phrase is used in Order No. 411, and thus were not entitled to the minimum rate prescribed therein. We stated in Order No. 411, however, that:

* * * (i)f there are instances where a producer should receive some relief from unreasonably low contract prices for a sale to an independent intermediate buyer such situations should be brought to our attention through a petition for special relief.

Thus, Richter's petition for special relief has properly been filed, even though it

[1] The names of the other petitioners, and the respective docket numbers are set forth below.

[2] By Order No. 411–B, order denying petitions for reconsideration, applications for rehearing and stay, issued November 7, 1970, the Commission, inter alia, denied Richter's petition for reconsideration, 44 FPC 1112, 1334 and 1487.

requests a rate above the minimum rate we established in Order No. 411.

Subsequently, 42 other small producers—who sell gas to Pennzoil which is resold to Consolidated—also filed petitions for special relief in which each asked for a minimum rate of 25 cents per Mcf.

Richter, and each of the petitioners (Richter et al.), aver that Pennzoil pays 12 and 15 cents per Mcf for gas sold under contracts which do not provide for any price redetermination. Each of the petitioners filed exhibits and appendices to its petition which show, inter alia, that it has sustained, and is sustaining a net operating loss in its natural gas business, or that it is receiving so low a revenue from current operations that it cannot continue in the natural gas business.

Initially, Pennzoil opposed each of the petitions for special relief, because, it averred, the rate it was charging and collecting from Consolidated for such gas did not permit it to pay petitioners any more for their gas without confiscation. Subsequently, however, Pennzoil filed, on July 14, 1971, an amendment to its contract with Consolidated which provided, inter alia, that it would increase its rate to Consolidated from 25 cents to 29.58 cents per Mcf at 15.025 p.s.i.a. at 50° F.,[2] and would increase the rate it paid to its producer-suppliers a commensurate amount. Pennzoil's contract amendment, and related notice of change in rate, under its FPC Gas Rate Schedule No. 10, were accepted by the Commission effective as of July 15, 1971. Consequently, Richter et al., received an approximate 5-cent increase per Mcf for their sales of natural gas to Pennzoil at that time.

Simultaneous with the filing of its contract amendment and proposed increase in rate, Pennzoil filed its petition for special relief in Docket No. R–371, requesting that it be granted authority to increase its rate to Consolidated from 29.58 cents to 35 cents per Mcf at 15.025 p.s.i.a. at 50° F.[2] In support of its petition, Pennzoil cited the Commission's statement in its Order No. 411, 44 FPC 1112, at 1123:

> * * * it is proper to include a gathering allowance for all sales as part of the ceiling rate as we have done here. Such allowance should adequately recompense the producers for whatever gathering services, if any, they perform. However, in the event the gathering performed by an individual producer in this area is of such magnitude that special consideration is required, then that producer may file a request for special relief.

And it tendered a cost of service exhibit which shows that its unit cost of gathering the subject gas for sale to Consolidated is 13.81 cents per Mcf. Pennzoil's exhibit shows that it owns and operates over 100 separate, unconnected gathering systems to gather the gas it delivers to Consolidated; that it purchases such gas at more than 400 meter points, and that its gathering system consists, in the aggregate, of approximately 1,800 miles of lines ranging in size from 2 inches to 10 inches. Further, Pennzoil shows that much of the gas it purchases, gathers, and sells to Consolidated must be compressed by it prior to delivery to Consolidated at 116 delivery points. No answer, objection or response was filed by any party to Pennzoil's petition.

Consideration and examination by us of Pennzoil's cost of service exhibit and its statements in support thereof show that its gathering functions with which we are concerned are not of the character which we had under consideration when we determined in our Order No. 411 that it was not feasible to limit the ceiling rates to wellhead sales, ibid, p. 1123. Consequently, we find that Pennzoil has demonstrated that its gathering functions are of such magnitude as to require special consideration, and we shall grant it the relief requested.

In its petition, Pennzoil stated that it had advised the producers from whom it purchases gas that as of the effective date of the increase which it seeks herein, it will increase the price Pennzoil pays to them by a like amount. Therefore, our allowance of Pennzoil increasing its rate to Consolidated from 29.58 cents to 35 cents per Mcf at 15.025 p.s.i.a. at 50° F., means that it will increase the price it pays to Richter et al., and other producers from whom it may purchase gas for resale to Consolidated, by a like amount. Consequently, by granting Pennzoil's petition, we have in effect granted the petitions for special relief filed by Richter et al., because each of them will be receiving at or about 25 cents per Mcf at 15.025 at 50° F. for gas sold to Pennzoil. Thus, their petitions for special relief are rendered moot by our action herein, and we shall terminate those proceedings.

The Commission finds:

(1) The public interest requires and good cause has been shown to grant the petition for special relief filed by Pennzoil in Docket No. R–371 on July 14, 1971, and to permit it to make appropriate rate filings to implement the same.

(2) The proceedings in Docket No. RI71–436, and those set forth below should be terminated.

The Commission orders:

(A) The petition for special relief filed herein by Pennzoil on July 14, 1971, is granted to the extent that a rate of 35 cents per Mcf at 15.025 p.s.i.a. at 50° F., shall apply to its sales of natural gas to Consolidated Gas Supply Corp. under Pennzoil's FPC Gas Rate Schedule No. 10, effective as of the date of this order upon compliance with the provisions of ordering paragraph (B) hereof. As provided in its petition for special relief, Pennzoil shall increase the price it pays to the producers from whom it purchases gas for resale to Consolidated effective as of the date of this order commensurate with the increase granted Pennzoil herein.

(B) Within 30 days of the issuance of this order, Pennzoil shall file a notice of change in rate to the rate level authorized in ordering paragraph (A) above.

(C) The proceedings in Docket No. RI71–436, and those set forth below, are terminated.

By the Commission.

[SEAL] KENNETH F. PLUMB, *Secretary.*

Docket No.	*Name*
RI71–565	C. G. Krebs, agent.
RI71–566	Do.
RI71–567	Sweetland, Burns & Lockwood.
RI71–568	Gibbs Gas Co.
RI71–569	Sweetland Land and Mineral Co., a corporation.
RI71–570	R. H. Adkins, trustee for AM&S.
RI71–571	Brooks Gas Co.
RI71–572	Marval Gas Co.
RI71–573	The Curry Gas Co.
RI71–574	Riverhead Gas Co., a corporation.
RI71–575	Mud River Gas Co., a corporation.
RI71–576	Empire State Gas Co.
RI71–577	A. F. Morris, trustee for SPB&M.
RI71–578	Six Mile Gas Co.
RI71–579	A. F. Morris, factor.
RI71–580	Russell Gas Co., a corporation.
RI71–582	Martin Gas Co.
RI71–583	Sue Gas Co.
RI71–584	Swann Gas Co.
RI71–585	Emery Gas Co.
RI71–586	Templeton Gas Co.
RI71–587	Elkins Branch Gas Co.
RI71–588	Juda Gas Co.
RI71–589	Wolf Pen Gas Co.
RI71–590	Cooper Gas Co.
RI71–591	Toms Creek Gas Co.
RI71–592	David Gas Co., a corporation.
RI71–593	Trace Creek Gas Co.
RI71–594	Stinson Gas Co.
RI71–595	Bee Branch Gas Co.
RI71–596	R. H. Adkins, trustee for McComas et al.
RI71–597	Parsner Gas Co.
RI71–598	Vernon Gas Co., a corporation.
RI71–599	Caldwell Gas Co.
RI71–600	Pridemore & Adkins.
RI71–601	Harmon Gas Co.
RI71–602	Huffman Gas Co.
RI71–603	Hamlin Natural Gas Co., a corporation.
RI71–604	Randolph Gas Co.
RI71–605	J. S. Pridemore & R. H. Adkins.

[FR Doc.72–5531 Filed 4–11–72;8:45 am]

[Docket No. CP72–234]

NORTHERN NATURAL GAS CO.

Notice of Application

APRIL 5, 1972.

Take notice that on March 29, 1972, Northern Natural Gas Co. (applicant), 2223 Dodge Street, Omaha, NE 68102, filed in Docket No. CP72–234 an application pursuant to section 7(b) of the Natural Gas Act for permission for and approval of the abandonment of certain natural gas facilities in Sarpy County, Nebr., all as more fully set forth in the application which is on file with the Commission and open to public inspection.

[2] The rate, pressure base and temperature shown are in accordance with Pennzoil's FPC Gas Rate Schedule No. 10 for the subject sale to Consolidated. The applicable State pressure base is 15.325 p.s.i.a. at 60° F.

Applicant proposes to abandon its Omaha TBS No. 2 metering and regulating station in Sarpy County, Nebr., which was used to sell and deliver volumes of natural gas to Metropolitan Utilities District (Metropolitan) for resale to the Foxley & Co. Feedlot (Foxley). Metropolitan has advised applicant that it has discontinued service to Foxley and that Foxley has discontinued operations.

Applicant estimates the cost of removing the Omaha TBS No. 2 metering and regulating station at $100.

Any person desiring to be heard or to make any protest with reference to said application should on or before April 28, 1972, file with the Federal Power Commission, Washington, D.C. 20426, a petition to intervene or a protest in accordance with the requirements of the Commission's rules of practice and procedure (18 CFR 1.8 or 1.10) and the regulations under the Natural Gas Act (18 CFR 157.10). All protests filed with the Commission will be considered by it in determining the appropriate action to be taken but will not serve to make the protestants parties to the proceeding. Any person wishing to become a party to a proceeding or to participate as a party in any hearing therein must file a petition to intervene in accordance with the Commission's rules.

Take further notice that, pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by sections 7 and 15 of the Natural Gas Act and the Commission's rules of practice and procedure, a hearing will be held without further notice before the Commission on this application if no petition to intervene is filed within the time required herein, if the Commission on its own review of the matter finds that permission and approval for the proposed abandonment are required by the public convenience and necessity. If a petition for leave to intervene is timely filed, or if the Commission on its own motion believes that a formal hearing is required, further notice of such hearing will be duly given.

Under the procedure herein provided for, unless otherwise advised, it will be unnecessary for applicant to appear or be represented at the hearing.

KENNETH F. PLUMB,
Secretary.

[FR Doc.72-5533 Filed 4-11-72;8:45 am]

FEDERAL RESERVE SYSTEM

DEPOSITORS CORP.

Acquisition of Bank

Depositors Corp., Augusta, Maine, has applied for the Board's approval under section 3(a)(3) of the Bank Holding Company Act (12 U.S.C. 1842(a)(3)) to acquire 51 percent or more of the voting shares of Depositors Trust Company of Portland, Portland, Maine. The factors that are considered in acting on the application are set forth in section 3(c) of the Act (12 U.S.C. 1842(c)).

The application may be inspected at the office of the Board of Governors or at the Federal Reserve Bank of Boston. Any person wishing to comment on the application should submit his views in writing to the Reserve Bank to be received not later than May 1, 1972.

Board of Governors of the Federal Reserve System, April 6, 1972.

[SEAL] MICHAEL A. GREENSPAN,
Assistant Secretary.

[FR Doc.72-5551 Filed 4-11-72;8:47 am]

JACOBUS CO. AND INLAND FINANCIAL CORP.

The Jacobus Co., Milwaukee, Wis., and its subsidiary Inland Financial Corp., Milwaukee, Wis., have applied for the Board's approval under section 3(a)(3) of the Bank Holding Company Act (12 U.S.C. 1842(a)(3) for Inland Financial Corp. to acquire indirectly, and the Jacobus Co. to acquire indirectly, 56.3 percent or more of the voting shares of Heritage Bank of Milwaukee, Milwaukee, Wis. The factors that are considered in acting on the applications are set forth in section 3(c) of the Act (12 U.S.C. 1842(c)).

The applications may be inspected at the office of the Board of Governors or at the Federal Reserve Bank of Chicago. Any person wishing to comment on the applications should submit his views in writing to the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, to be received not later than April 24, 1972.

Board of Governors of the Federal Reserve System, April 5, 1972.

[SEAL] MICHAEL GREENSPAN,
Assistant Secretary.

[FR Doc.72-5550 Filed 4-11-72;8:47 am]

KANSAS BANK CORP.

Formation of One-Bank Holding Company

Kansas Bank Corp., Liberal, Kans., has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. 1842(a)(1)) to become a bank holding company through acquisition of 80 percent or more of the voting shares of The First National Bank of Liberal, Liberal, Kans. The factors that are considered in acting on the application are set forth in section 3(c) of the Act (12 U.S.C. 1842(c)).

The application may be inspected at the office of the Board of Governors or at the Federal Reserve Bank of Kansas City. Any person wishing to comment on the application should submit his views in writing to the Reserve Bank to be received not later than May 1, 1972.

Board of Governors of the Federal Reserve System, April 6, 1972.

[SEAL] MICHAEL A. GREENSPAN,
Assistant Secretary.

[FR Doc.72-5554 Filed 4-11-72;8:47 am]

MANUFACTURERS HANOVER CORP.

Acquisition of Bank

Manufacturers Hanover Corp., New York, N.Y., has applied for the Board's approval under section 3(a)(3) of the Bank Holding Company Act (12 U.S.C. 1842(a)(3)) to acquire 100 percent (less directors' qualifying shares) of the voting shares of the successor by merger to First National Bank of Bay Shore, Bay Shore, N.Y. The factors that are considered in acting on the application are set forth in section 3(c) of the Act (12 U.S.C. 1842(c)).

The application may be inspected at the Office of the Board of Governors or at the Federal Reserve Bank of New York. Any person wishing to comment on the application should submit his views in writing to the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, to be received not later than April 27, 1972.

Board of Governors of the Federal Reserve System, April 6, 1972.

[SEAL] MICHAEL A. GREENSPAN,
Assistant Secretary.

[FR Doc.72-5552 Filed 4-11-72;8:47 am]

NCNB CORP.

Proposed Acquisition of Trust Company of Florida

NCNB Corp., Charlotte, N.C., has applied, pursuant to section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. 1843(c)(8)) and § 225.4(b)(2) of the Board's Regulation Y, for permission to acquire voting shares of Trust Company of Florida, Orlando, Fla. Notice of the application was published on February 15, 1972, in the Orlando Sentinel and the Orlando Evening Star, newspapers circulated in Orlando, Fla.

Applicant states that the proposed subsidiary would engage in the activities that may be carried on by a trust company (including activities of a fiduciary, agency, or custodial nature; acting as an investment and financial adviser, manager, and counselor; investing, reinvesting, and generally managing the funds entrusted to it in its fiduciary or advisory capacity, and performing such other incidental activities necessary to conduct a trust company business), in the manner authorized by the laws of the State of Florida, but not accepting demand deposits or making commercial loans. The activities that the proposed subsidiary would engage in have been specified by the Board in § 225.4(a) of Regulation Y as permissible for bank holding companies, subject to Board approval of individual proposals in accordance with the procedures of § 225.4(b).

Interested persons may express their views on the question whether consummation of the proposal can "reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects such as undue concentration of

resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." Any request for a hearing on this question should be accompanied by a statement summarizing the evidence the person requesting the hearing proposes to submit or to elicit at the hearing and a statement of the reasons why this matter should not be resolved without a hearing.

The application may be inspected at the offices of the Board of Governors or at the Federal Reserve Bank of Richmond.

Any views or requests for hearing should be submitted in writing and received by the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, not later than May 5, 1972.

Board of Governors of the Federal Reserve System, April 6, 1972.

[SEAL] MICHAEL A. GREENSPAN,
Assistant Secretary.

[FR Doc.72-5553 Filed 4-11-72;8:47 am]

SAVANNAH BANK & TRUST COMPANY OF SAVANNAH

Order Approving Application for Acquisition of Assets and Assumption of Liabilites

Savannah Bank & Trust Company of Savannah, Savannah, Ga. (Savannah Bank), a member State bank of the Federal Reserve System, has applied for the Board's approval pursuant to the Bank Merger Act (12 U.S.C. 1828(c)) of the merger of that bank with Chatham Savings Bank, Savannah, Ga. (Chatham Bank), by means of the purchase of assets and assumption of liabilities of the Chatham Bank. As an incident to the merger, the present office of Chatham Bank would become a branch of Savannah Bank.

As required by the Act, notice of the proposed merger, in form approved by the Board, has been published, and the Board has requested reports on competitive factors from the Attorney General, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation.

The Board has considered the application and all comments and reports received in the light of the factors set forth in the Act, and finds that:

Savannah Bank, with deposits of approximately $101 million, is the seventh largest banking organization in Georgia, holding 1.3 percent of total commercial bank deposits in the State.[1] Chatham Bank ($3.4 million in deposits) is a small savings institution prohibited from accepting demand deposits under Georgia law. Approval of this merger would minimally affect statewide concentration figures.

Savannah Bank, located 95 feet from Chatham Bank, competes directly with that bank for time and savings deposits and real estate loans in Chatham County, the relevant geographic market. In Chatham County, Savannah Bank is the second largest commercial banking organization in that market. Savannah Bank holds 15.4 percent of time and savings deposits held by all financial institutions in the relevant market, and Chatham Bank holds 1.2 percent. After the merger, Savannah Bank would continue to rank third in the market for time and savings deposits with 16.6 percent of the market total. In view of the facts of record, the Board concludes that the proposed merger would result in the elimination of some direct competition and that the effect on competition would be adverse. However, the Board is required to consider whether other aspects of the instant proposal are such that approval would be in the public interest.

Chatham Bank, over the past 5 years, has been experiencing a decline in deposits, and its net current earnings have been lower than the average for similar size Georgia banks. Furthermore, within the past 2 years Chatham Bank's president and vice president have died; now that financial institution's only active officer is approaching retirement age. Chatham Bank does not have a stock option plan, profit sharing plan or retirement system. In view of the above, Chatham Bank does not appear capable of attracting the type of individual who would be able to stimulate its growth. The likelihood of Chatham Bank's converting to a full service commercial bank as other savings banks have done is remote as the individuals who own control of this bank live over 100 miles from Savannah and the record indicates they are not interested in such a conversion. Thus, the potential for substantial increased competition developing between Savannah Bank and Chatham Bank is not likely. From the record, it appears that Savannah Bank is the only financial institution that has shown any interest in acquiring Chatham Bank and Savannah Bank's interest has arisen previously because of the latter institution's ownership of real estate near Savannah Bank's main office which it desires for future expansion purposes.

In the light of Chatham Bank's serious management succession problem, there is no assurance that capable management can be attracted to the Bank in the absence of approval of the proposed transaction. Consequently, the financial and managerial factors lend substantial weight for approval of this application, and the convenience and needs aspects outweigh the adverse competitive consequences of this proposed merger. Based upon the foregoing, it is the Board's judgment that consummation of the proposal would be in the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be consummated (a) before the 30th calendar day following the date of this order or (b) later than 3 months after the date of this order, unless such period is extended for good cause by the Board, or by the Federal Reserve Bank of Atlanta pursuant to delegated authority.

By order of the Board of Governors,[2] April 6, 1972.

[SEAL] TYNAN SMITH,
Secretary of the Board.

[FR Doc.72-5555 Filed 4-11-72;8:47 am]

[1] All banking data are as of June 30, 1971, except data concerning Chatham County banking market which are as of June 30, 1970.

[2] Voting for this action: Chairman Burns and Governors Robertson, Daane, Maisel, Brimmer, and Sheehan. Absent and not voting: Governor Mitchell.

SECURITIES AND EXCHANGE COMMISSION

[812-2045]

GREAT LAKES FUND, INC.

Notice of Filing of Application Declaring That Company Has Ceased To Be an Investment Company

APRIL 6, 1972.

Notice is hereby given that Great Lakes Fund, Inc., 810 Ford Building, Detroit, Mich. 48226 (Applicant), a Delaware corporation registered as an open-end, diversified investment company under the Investment Company Act of 1940 (Act), has filed an application pursuant to section 8(f) of the Act for an order of the Commision declaring that Applicant has ceased to be an investment company as defined in the Act. All interested persons are referred to the application on file with the Commission for a statement of the representations set forth therein, which are summarized below.

Applicant was organized on December 22, 1969, as a Delaware corporation with assets totaling $1,098 cash held in a commercial checking account. The Applicant originally issued 100 shares common capital stock, $1 par value, to one shareholder. Since the date of organization no other shares of any type have been issued and the one shareholder has retained all the shares originally issued to him. No investments have been made at any time and the assets totaling $1,098 continue to be held in cash in a commercial checking account. Applicant represents that it has never become an operating investment company and will not assume such status.

The Commission's records indicate that Applicant registered under the Act by filing a Notification of Registration on Form N-8A on March 16, 1970, and a Registration Statement on Form N-8B-1 on October 8, 1970. On May 4, 1971, a Registration Statement on Form S-5 was filed with the Commission under the Securities Act of 1933; that Registration Statement has not been made effective and Applicant's request for withdrawal of the Registration Statement was granted on March 17, 1972.

Section 3(c)(1) of the Act excepts from the definition of investment company any issuer whose outstanding securities are beneficially owned by not

more than 100 persons, and which is not making and does not presently propose to make a public offering of its securities.

Section 8(f) of the Act provides, in pertinent part, that when the Commission, upon application, finds that a registered investment company has ceased to be an investment company, it shall so declare by order, and upon the taking effect of such order, the registration of such company shall cease to be in effect.

Notice is further given that any interested person may, not later than April 27, 1972, at 5:30 p.m., submit to the Commission in writing a request for a hearing on the matter accompanied by a statement as to the nature of his interest, the reason for such request and the issue, if any, of fact or law proposed to be controverted or he may request he be notified if the Commission should order a hearing thereon. Any such communication should be addressed: Secretary, Securities and Exchange Commission, Washington, D.C. 20549. A copy of such request shall be served personally or by mail (airmail if the person being served is located more than 500 miles from the point of mailing) upon Applicant at the address stated above. Proof of such service (by affidavit or in the case of an attorney at law by certificate) shall be filed contemporaneously with the request. At any time after said date as provided by Rule 0-5 of the rules and regulations promulgated under the Act, an order disposing of the application herein may be issued by the Commission upon the basis of the information stated in said application, unless an order for hearing upon said application shall be issued upon request or upon the Commission's own motion. Persons who request a hearing, or advice as to whether a hearing is ordered, will receive notice of further developments in this matter, including the date of the hearing (if ordered) and any postponements thereof.

For the Commission, by the Division of Corporate Regulation, pursuant to delegated authority.

[SEAL] RONALD F. HUNT,
Secretary.

[FR Doc.72-5565 Filed 4-11-72;8:48 am]

[File 500-1]

TOPPER CORP.

Order Suspending Trading

APRIL 6, 1972.

The common stock, $1 par value, of Topper Corp., being traded on the American Stock Exchange, pursuant to provisions of the Securities Exchange Act of 1934, and all other securities of Topper Corp., being traded otherwise than on a national securities exchange; and

It appearing to the Securities and Exchange Commission that the summary suspension of trading in such securities on such exchange and otherwise than on a national securities exchange is required in the public interest and for the protection of investors;

It is ordered, Pursuant to sections 19(a)(4) and 15(c)(5) of the Securities Exchange Act of 1934, that trading in such securities on the above mentioned exchange and otherwise than on a national securities exchange be summarily suspended, this order to be effective for the period April 9, 1972 through April 18, 1972.

By the Commission.

[SEAL] RONALD F. HUNT,
Secretary.

[FR Doc.72-5566 Filed 4-11-72;8:48 am]

SMALL BUSINESS ADMINISTRATION

[License No. 05/15-5025]

POOLED RESOURCES INVESTING IN MINORITY ENTERPRISES, INC.

Notice of Filing of Application for Approval of Conflict of Interest Transaction

Notice is hereby given that Pooled Resources Investing in Minority Enterprises, Inc. (PRIME), 2990 W. Grand Boulevard, Suite M-15, Detroit, Mich. 48202, a Federal licensee under the Small Business Investment Act of 1958, as amended (Act), has filed an application with the Small Business Administration (SBA), pursuant to Section 312 of the Act and covered by § 107.1004 of the SBA Rules and Regulations governing Small Business Investment Companies (13 CFR 107.1004(1971)), for approval of a conflict of interest transaction falling within the scope of the above sections of the Act and Regulations.

Subject to such approval, PRIME proposes to invest in Geriatrics Consultants, Inc. (GCI). Approximately 19 percent of the funds needed by GCI will be obtained from PRIME, and will be used as a portion of the downpayment for the assumption of an outstanding land contract.

The proposed investment is brought within the purview of § 107.1004 of the regulations because Mr. Louis F. Simmons, Jr., Vice President-Secretary and owner (with his wife) of 37.5 percent of the stock of GCI, is a partner in the law firm of Simmons and Fuller, Professional Corp., and Mr. Alfonso C. Fuller (the other partner) is a member of the Board of Directors of PRIME, but has no affiliation with GCI either as an officer, director, or stockholder.

The application represents the following:

1. The transaction is fair and reasonable to all parties concerned.

2. The investment does not represent financing of a company which controls the licensee, nor is under common control with the licensee.

Notice is hereby given that any interested person may, not later than 15 days from the date of publication of this notice, submit to SBA, in writing, relevant comments on the proposed transaction. Any such communication should be addressed to the Associate Administrator for Investment, Small Business Administration, 1441 L Street NW., Washington, D.C. 20416. After expiration of the 15 days, SBA may dispose of this application on the basis of the information contained in the application, the comments (if any) which are received, and other relevant data.

Dated: April 5, 1972.

A. H. SINGER,
Associate Administrator for Investment.

[FR Doc.72-5567 Filed 4-11-72;8:48 am]

TARIFF COMMISSION

[TEA-F-39 and TEA-W-139]

DUCHESS FOOTWEAR CORP.

Firm and Workers' Petition for Determinations; Notice of Investigation

On the basis of petitions filed under section 301(a)(2) of the Trade Expansion Act of 1962 on behalf of the Duchess Footwear Corp., Salem, Mass., and its workers, the United States Tariff Commission, on April 7, 1972, instituted investigations under sections 301(c)(1) and 301(c)(2) of the said Act to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with footwear for women and misses (of the types provided for in item 700.43, item 700.45 and item 700.55 of the Tariff Schedules of the United States) produced by the aforementioned firm, are being imported into the United States in such increased quantities as to cause, or threaten to cause, serious injury to such firm, and/or the unemployment or underemployment of a significant number or proportion of the workers of the firm, or an appropriate subdivision thereof.

A public hearing in connection with this investigation will be held beginning at 10 a.m., e.d.s.t., on May 9, 1972, in the hearing room, U.S. Tariff Commission Building, 8th and E Streets NW., Washington, D.C. Appearances at the hearing should be entered in accordance with § 201.13 of the Tariff Commission's rules of practice and procedure.

The petitions filed in this case are available for inspection at the Office of the Secretary, U.S. Tariff Commission, 8th and E Streets NW., Washington, D.C., and at the New York City office of the Tariff Commission located in room 437 of the customhouse.

Issued: April 7, 1972.

By order of the Commission.

[SEAL] KENNETH R. MASON,
Secretary.

[FR Doc.72-5570 Filed 4-11-72;8:48 am]

INTERSTATE COMMERCE COMMISSION

ASSIGNMENT OF HEARINGS

APRIL 7, 1972.

Cases assigned for hearing, postponement, cancellation or oral argument appear below and will be published only once. This list contains prospective assignments only and does not include cases previously assigned hearing dates. The hearings will be on the issues as presently reflected in the Official Docket of the Commission. An attempt will be made to publish notices of cancellation of hearings as promptly as possible, but interested parties should take appropriate steps to insure that they are notified of cancellation or postponements of hearings in which they are interested.

MC-FC-72239, Denny Truck Lines, Inc. Transferee and Stevens Truck Lines, Inc., (Internal Revenue Service-Successor in Interest), Transferor, MC-F-11167, H. C. Gabler, Inc.—Purchase (Portion)—Stevens Truck Lines, Inc. (Internal Revenue Service, Successor in Interest), MC-F-11197, Rogers Transfer, Inc.—Purchase (Portion)—Stevens Truck Lines, Inc. (Internal Revenue Service Successor in Interest), MC-F-11199, Mercury Motor Express, Inc.—Purchase (Portion)—Stevens Truck Lines, Inc. (Internal Revenue Service Successor in Interest), MC-F-11230, Bowen Trucking, Inc.—Purchase (Portion)—Stevens Truck Lines, Inc. (Internal Revenue Service, Successor in Interest), MC-F-11231, Davis & Randall, Inc.—Purchase (Portion)—Stevens Truck Lines, Inc. (Internal Revenue Service, Successor in Interest), MC-F-11266, Redwing Refrigerated, Inc.—Purchase (Portion)—Stevens Truck Lines, Inc. (Internal Revenue Service, Successor in Interest), and MC 135454 Sub 3, Denny Truck Lines, Inc., now assigned April 18, 1972, at Washington, D.C., postponed to April 19, 1972, at the Offices of the Interstate Commerce Commission, Washington, D.C.

FF-211S-4, Shulman Air Freight, Inc., Dismissed application requested Burstein for applicant.

MC-136048 Sub-1, Neil J. Newland, doing business as Newland's Garage, application dismissed.

MC 2835 Sub 36, Adirondack Transit Lines, Inc., and MC 116165 Sub 5, Murray Hill Limousine Service, Ltd., now being assigned for a prehearing conference on May 18, 1972, at the Offices of the Interstate Commerce Commission, Washington, D.C.

W-406 Sub 11, Ohio Barge Line, Inc., now being assigned for a prehearing conference on May 26, 1972, at the Offices of the Interstate Commerce Commission, Washington, D.C.

[SEAL] ROBERT L. OSWALD,
Secretary.

[FR Doc.72-5584 Filed 4-11-72;8:50 am]

[Notice 10]

MOTOR CARRIER ALTERNATE ROUTE DEVIATION NOTICES

APRIL 7, 1972.

The following letter-notices of proposals to operate over deviation routes for operating convenience only have been filed with the Interstate Commerce Commission under the Commission's revised deviation rules-motor carriers of property, 1969 (49 CFR 1042.4(d)(11)) and notice thereof to all interested persons is hereby given as provided in such rules (49 CFR 1042.4(d)(11)).

Protests against the use of any proposed deviation route herein described may be filed with the Interstate Commerce Commission in the manner and form provided in such rules (49 CFR 1042.4(d)(12)) at any time, but will not operate to stay commencement of the proposed operations unless filed within 30 days from the date of publication.

Successively filed letter-notices of the same carrier under the Commission's revised deviation rules-motor carriers of property, 1969, will be numbered consecutively for convenience in identification and protests, if any, should refer to such letter-notices by number.

MOTOR CARRIERS OF PROPERTY

No. MC-76032 (Deviation No. 25), NAVAJO FREIGHT LINES, INC., 1205 South Platte River Drive, Denver, CO 80223, filed March 27, 1972. Carrier proposes to operate as a *common carrier*, by motor vehicle, of *general commodities*, with certain exceptions, over a deviation route as follows: From junction U.S. Highway 50 and Interstate Highway 580, near Tracy, Calif., over Interstate Highway 580 to junction Interstate Highway 5, thence over Interstate Highway 5 to junction California Highway 58, thence over California Highway 58 to Bakersfield, Calif., and return over the same route, for operating convenience only. The notice indicates that the carrier is presently authorized to transport the same commodities, over a pertinent service route as follows: From Barstow, Calif., over California Highway 58 to Bakersfield, Calif., thence over California Highway 99 to junction California Highway 120 near Manteca, Calif., thence over California Highway 120 via Manteca, Calif., to junction U.S. Highway 50, thence over U.S. Highway 50 via Oakland, Calif., to San Francisco, Calif., and return over the same route.

By the Commission.

[SEAL] ROBERT L. OSWALD,
Secretary.

[FR Doc.72-5579 Filed 4-11-72;8:49 am]

[Notice 27]

MOTOR CARRIER APPLICATIONS AND CERTAIN OTHER PROCEEDINGS

APRIL 7, 1972.

The following publications are governed by the new § 1.247 of the Commission's rules of practice, published in the FEDERAL REGISTER, issue of December 3, 1963, which became effective January 1, 1964.

The publications hereinafter set forth reflect the scope of the applications as filed by applicant, and may include descriptions, restrictions, or limitations which are not in a form acceptable to the Commission. Authority which ultimately may be granted as a result of the applications here noticed will not necessarily reflect the phraseology set forth in the application as filed, but also will eliminate any restrictions which are not acceptable to the Commission.

MOTOR CARRIERS OF PROPERTY

No. MC 808 (Sub-No. 45) (Republication), filed July 12, 1971, published in the FEDERAL REGISTER issue of August 26, 1971, and republished this issue. Applicant: ANCHOR MOTOR FREIGHT, INC., 21111 Chagrin Boulevard, Cleveland, OH 44122. Applicant's representative: J. A. Kundtz, 1100 National City Bank Building, Cleveland, Ohio 44114. An order of the Commission, operating rights board, dated February 16, 1972, and served March 28, 1972, finds, That operation by applicant, in interstate or foreign commerce, as a contract carrier by motor vehicle, over irregular routes, of automobiles, trucks, and buses, as described in *Descriptions in Motor Carrier Certificates*, 61 M.C.C. 209 and 766, in initial movements, in truckaway service, (1) from the plantsites of General Motors Corp. at Detroit, Willow Run, Pontiac, Flint, and Lansing, Mich., to Linden, N.J., and Wilmington, Del., and (2) from the plantsites of General Motors Corp. at Detroit, Willow Run, Pontiac, Flint, and Lansing, Mich., to points in Connecticut, Delaware, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, and the District of Columbia, restricted in (2) above to the transportation of traffic moving through Linden, N.J., or Wilmington, Del.; that applicant is fit, willing, and able properly to perform such service and to conform to the requirements of the Interstate Commerce Act and the Commission's rules and regulations thereunder; and that an appropriate permit should be issued, subject to the conditions described in (a) and (b) as follows: (a) That the holding by applicant of the permit authorized to be issued in this proceeding, and the holding of certificates by the other jointly held motor carriers, will be consistent with the public interest and the national transportation policy, subject to the right of the Commission, which is hereby expressly reserved, to impose such terms, conditions, and limitations in the future as it may find necessary in order to insure that applicant's operations shall not be contrary to the provisions of section 210 of the Act. (b) That because it is possible that other parties who have relied upon the notice of the application as published, may have an interest in and would be prejudiced by the lack of proper notice of the authority described in the findings in this order, a notice of the authority actually granted will be published in the FEDERAL REGISTER and issuance of a permit in this proceeding will be withheld for a period of 30 days from the date of such publication, during which period any proper party in interest may file an appropriate petition for leave to intervene in this proceeding setting forth in detail the precise manner in which it has been so prejudiced.

No. MC 60470 (Sub-No. 20) (Republication), filed September 27, 1971, published in the FEDERAL REGISTER issue of October 29, 1971, and republished this issue. Applicant: MOTORCAR TRANSPORT COMPANY, a corporation, 1280 Joslyn Avenue, Pontiac, MI 48055. Applicant's representative: Eugene E. Ewald, Suite 1700, One Woodward Avenue, Detroit, MI 48226. An order of the Commission, operating rights board, dated March 14, 1972, and served April 4, 1972, finds, that the present and future public convenience and necessity require operation by applicant, in interstate or foreign commerce, as a common carrier by motor vehicle, over irregular routes, of automobiles, trucks, and buses as described in *Descriptions in Motor Carrier Certificates*, 61 M.C.C. 209 and 766, in initial movements, in truckaway service, (1) from the plantsites of the General Motors Corp. at Linden, N.J., and Wilmington, Del., to Pontiac, Mich., and (2) from the plantsites of the General Motors Corp. at Linden, N.J., and Wilmington, Del., to points in Illinois, Indiana, Michigan, Ohio, and Wisconsin, restricted in (2) above to the transportation of traffic moving through Pontiac, Mich. Because it is possible that other parties who have relied upon the notice of the application as published, may have an interest in and would be prejudiced by the lack of proper notice of the authority described in the findings in this order, a notice of the authority actually granted will be published in the FEDERAL REGISTER and issuance of a certificate in this proceeding will be withheld for a period of 30 days from the date of such publication, during which period any proper party in interest may file an appropriate petition for leave to intervene in this proceeding setting forth in detail the precise manner in which it has been so prejudiced.

No. MC 113298 (Sub-No. 1) (Republication), filed May 28, 1971, published in the FEDERAL REGISTER issue of July 1, 1971, and August 26, 1971, and republished this issue. Applicant: WEST END TRANSFER, INC., 1508 Jefferson Street, Bluefield, WV. Applicant's representative: S. Harrison Kahn, Suite 733 Investment Building, Washington, D.C. 20005. An order of the Commission, operating rights board, dated February 11, 1972, and served March 28, 1972, finds that the present and future public convenience and necessity require operation by applicant in interstate or foreign commerce, as a common carrier by motor vehicle, over irregular routes, of rock dust and gravel, from points in Tazewell County, Va., and Mercer County, W. Va., to points in Pike, Letcher, Harlan, Knott, and Martin Counties, Ky.; Logan, Mingo, Kanawha, McDowell, Mercer, Summers, Raleigh, Boone, Greenbrier, Fayette, and Wyoming Counties, W. Va.; and Bland, Tazewell, Russell, Wise, Giles, Buchanan, Dickerson, Lee, and Scott Counties, Va.; that applicant is fit, willing and able properly to perform such service and to conform to the requirements of the Interstate Commerce Act and that Commission's rules and regulations thereunder and that an appropriate certificate should be issued. Because it is possible that other parties, who have relied upon the notice of the application as published, may have an interest in and would be prejudiced by the lack of proper notice of the authority described in the findings in this order, a notice of the authority actually granted will be published in the FEDERAL REGISTER and issuance of a certificate in this proceeding will be withheld for a period of 30 days from the date of such publication, during which period any proper party in interest may file and appropriate pleading setting forth in precise detail the manner in which it has been so prejudiced.

No. MC 124841 (Sub-No. 7) (Notice of Filing of Petition to Add Additional Shippers) (Republication), filed September 24, 1970, published in the FEDERAL REGISTER issue of October 21, 1970, and republished this issue. Petitioner: D. D. JACOBS, INC., Walla Walla, Wash. 99362. Petitioner's representative: George R. LaBissoniere, 1424 Washington Building, Seattle, Wash. 98101. A supplemental order of the Commission, operating rights board, dated May 7, 1972, and served March 23, 1972, finds, that petitioner's permit No. MC 124841 (Sub-No. 7), issued May 24, 1971, should be modified as follows: "That operation by petitioner, in interstate or foreign commerce, as a contract carrier by motor vehicle, over irregular routes, of malt beverages and wine from points in California to Pendleton, Oreg., and Kennewick and Walla Walla, Wash., under a continuing contract with Pendleton Distribution Co., and Granger Distributing Co., of Kennewick, Wash., and Dee Dee Distributing Co. of Walla Walla, Wash., will be consistent with the public interest and the national transportation policy; that applicant is fit, willing, and able properly to perform such service and to conform to the requirements of the Interstate Commerce Act and the Commission's rules and regulations thereunder." That because it is possible that other parties, who have relied upon the notice of the application as published, may have an interest in and would be prejudiced by the lack of proper notice of the authority described in the findings in this order, a notice of the authority actually granted will be published in the FEDERAL REGISTER and issuance of a permit in this proceeding will be withheld for a period of 30 days from the date of such publication, during which period any proper party in interest may file an appropriate pleading setting forth in precise detail the manner in which it has been so prejudiced.

No. MC 125952 (Sub-No. 14) (Republication), filed August 19, 1971, published in the FEDERAL REGISTER issue of October 15, 1971, and republished this issue. Applicant: INTERSTATE DISTRIBUTING CO., a corporation, 8311 Durango Street SW., Tacoma, WA 98499. Applicant's representative: George R. LaBissoniere, 1424 Washington Building, Seattle, Wash. 98101. An order of the Commission, operating rights board, dated March 8, 1972, and served March 31, 1972, finds, (1) That operation by applicant, in interstate or foreign commerce, as a contract carrier by motor vehicle, over irregular routes, of industrial chemicals, in containers, from Reno, Calado, Gabbs, and Luming, Nev., and points in California to points in Washington, under a continuing contract, or contracts with Van Walters and Rogers, Seattle, Wash., will be consistent with the public interest and the national transportation policy; that applicant is fit, willing, and able properly to perform such service and to conform to the requirements of the Interstate Commerce Act and the Commission's rules and regulations thereunder; and (2) that the holding by applicant of the permit authorized to be issued in this proceeding and the holding by applicant of the certificate heretofore issued in No. MC–117201 will be consistent with the public interest and the national transportation policy, subject to the condition that the permit granted herein shall be subject to the right of the Commission, which is hereby expressly reserved, to impose such terms, conditions, or limitations in the future as it may find necessary in order to insure that applicant's operations conform to the provisions of section 210 of the Interstate Commerce Act. Because it is possible that other parties, who have relied upon the notice of the application as published, may have an interest in and would be prejudiced by the lack of proper notice of the authority described in the findings in this order, a notice of the authority actually granted will be published in the FEDERAL REGISTER and issuance of a permit in this proceeding will be withheld for a period of 30 days from the date of such publication, during which period any proper party in interest may file an appropriate protest or other pleading.

No. MC 135280 (Sub-No. 3) (Republication), filed July 26, 1971, published in the FEDERAL REGISTER issue of September 2, 1971, and republished this issue. Applicant: PEP LINES TRUCKING CO., a corporation, 15120 Third Avenue, Highland Park, MI 48203. Applicant's representative: J. A. Kundtz, 1100 National City Bank Building, Cleveland, Ohio 44114. An order of the Commission, operating rights board, dated February 16, 1972, and served March 28, 1972, finds, (1) that operation by applicant, in interstate or foreign commerce, as a contract carrier by motor vehicle, over irregular routes, of (A) such merchandise as is dealt in by mail order and chain retail department stores, and in connection therewith, materials and supplies used in the conduct of such business (except commodities in bulk), (1) from the stores and other places of business of Montgomery Ward & Co., Inc., located at Norfolk, Portsmouth, Newport News, Hampton, Virginia Beach, Suffolk, and Williamsburg, Va., on the one hand, and, on the other, points in Virginia and North Carolina, (2) from the stores and other places of business of Montgomery Ward & Co., Inc., located in Frederick County, Md., to points in Maryland, Pennsylvania, and West Virginia, (3)

from the stores and other places of business of Montgomery Ward & Co., Inc., located in Hartford County, Md., to points in Maryland, Delaware, and Pennsylvania, and (4) from the stores and other places of business of Montgomery Ward & Co., Inc., located in Landover, Md., to points in Maryland, Pennsylvania, and West Virginia; and

(B) Returned shipments of such merchandise as is dealt in by mail order and chain retail department stores from the above specified destination areas to the respective origins described above, under a continuing contract with Montgomery Ward & Co., Inc., of Baltimore, Md., will be consistent with the public interest and the national transportation policy; that applicant is fit, willing, and able properly to perform such service and to conform to the requirements of the Interstate Commerce Act and the Commission's rules and regulations thereunder. (2) That the holding by applicant of the permit authorized to be issued in this proceeding and the holding by applicant of certificates heretofore issued in No. MC–120184 and sub numbers thereunder will be consistent with the public interest and the national transportation policy, subject to the condition that the permit granted herein shall be subject to the right of the Commission, which is hereby expressly reserved, to impose such terms, conditions, or limitations in the future as it may find necessary in order to insure that applicant's operations conform to the provisions of section 210 of the Interstate Commerce Act. Because it is possible that other parties who have relied upon the notice in the FEDERAL REGISTER of the application as originally published may have an interest in and would be prejudiced by the lack of proper notice of the grant of authority in the findings herein, a notice of the authority actually granted will be published in the FEDERAL REGISTER and issuance of the permit in this proceeding will be withheld for a period of 30 days from the date of such publication, during which period any proper party in interest in the proceeding setting forth in detail the precise manner in which it has been prejudiced.

No. MC 135821 (Republication), filed July 8, 1971, published in the FEDERAL REGISTER issue of August 12, 1971, and republished this issue. Applicant: MADELINE MILESTONE, 4233 Leiper Street, Philadelphia, PA 19124. Applicant's representative: John W. Frame, Box 626, 2207 Old Gettysburg Road, Camp Hill, PA 17011. A supplemental order of the Commission, Operating Rights Board, dated February 7, 1972, and served March 30, 1972, finds, that operation by applicant, in interstate or foreign commerce, as a contract carrier by motor vehicle, over irregular routes, of such merchandise as is dealt in by wholesale or retail department stores, between points located in that portion of New York on and south of a line beginning at the New York-Pennsylvania State line at or near Hale Eddy, N.Y., thence southeastward along New York Highway 17 to the junction of New York Highway 17 and Interstate Highway 84, thence eastward along Interstate Highway 84 to the New York-Connecticut State line; and those points in that portion of Connecticut on and south of a line beginning at the New York-Connecticut State line, thence eastward along Interstate Highway 84 to the junction of Interstate Highway 84 and Connecticut Highway 34 at or near Sandy Hook, Conn., thence southeastward along Connecticut Highway 34 to New Haven, Conn., and points in Pennsylvania on and east of a line beginning on the New York-Pennsylvania State line at its junction with U.S. Highway 15 at or near Lawrenceville, Pa., thence southward along U.S. Highway 15 to the junction of U.S. Highways 15 and 11, at or near Sunbury, Pa., thence southward along combined U.S. Highways 11 and 15 to the junction of combined U.S. Highway 11 and 15 and separate U.S. Highway 11 and U.S. Highway 15, at or near Camp Hill, Pa., thence southwestward along U.S. Highway 11 to the Pennsylvania-Maryland State line;

And those points in Maryland on and east of a line beginning on the Pennsylvania-Maryland State line, southward along U.S. Highway 15 to the junction of U.S. Highways 15 and 240, at or near Frederick, Md., thence along U.S. Highway 240 to the District of Columbia-Maryland boundary line, and points in Charles County, Md., and points in New Jersey, Delaware, and the District of Columbia; restricted to the transportation of traffic moving from or to the stores and facilities of Lionel Leisure, Inc., under a continuing contract with Lionel Leisure, Inc., of New York, N.Y., will be consistent with the public interest and the national transportation policy; that applicant is fit, willing, and able properly to perform such service and to conform to the requirements of the Interstate Commerce Act and the Commission's rules and regulations thereunder. Because it is possible that other parties, who have relied upon the notice of the application as published, may have an interest in and would be prejudiced by the lack of proper notice of the authority described in the findings in this order, a notice of the authority actually granted will be published in the FEDERAL REGISTER and issuance of a permit in this proceeding will be withheld for a period of 30 days from the date of publication, during which period any proper party in interest may file an appropriate petition for leave to intervene in this proceeding setting forth in detail the precise manner in which it has been so prejudiced.

MOTOR CARRIER OF PASSENGERS

No. MC 96007 (Sub-No. 27) (Republication), filed August 12, 1971, published in the FEDERAL REGISTER issue of September 23, 1971, and republished this issue. Applicant: KENNETH HUDSON, INC., doing business as HUDSON BUS LINES, 70 Union Street, Medford, MA 02155. Applicant's representative: Mary E. Kelley, 11 Riverside Avenue, Medford, MA 02155. An order of the Commission, operating rights board, dated March 8, 1972, and served March 30, 1972, finds, that the present and future public convenience and necessity require operation by applicant, in interstate or foreign commerce, as a common carrier by motor vehicle, over irregular routes (1) of passengers and their baggage, in special operations, and (2) of general commodities (except classes A and B explosives, household goods as defined by the Commission, commodities in bulk and commodities requiring special equipment) restricted (a) to the transportation of said traffic in the same vehicle with passengers, and (b) against the transportation of shipments weighing more than 100 pounds in the aggregate from one consignor at one location to the consignee at one location during a single day, between Logan International Airport at Boston, Mass., on the one hand, and on the other, points in Belknap County, N.H., to points in that part of Hillsboro County, N.H., east of U.S. Highway 202 (except Manchester and Nashua), points in that part of Merrimack County, N.H., a line beginning at the Hillsboro County line and extending along U.S. Highway 202 to Henniker, thence along New Hampshire Highway 114 to junction New Hampshire Highway 11, thence along New Hampshire 11 to junction U.S. Highway 4 and thence along U.S. Highway 4 to the Grafton County line (except Concord and Andover), points in that part of Grafton County, N.H., east of a line beginning at the Merrimack County line and extending along U.S. Highway 4 to Canaan, thence along New Hampshire Highway 118 to North Woodstock, thence along U.S. Highway 3 to the Coos County line (except Concord and Andover), and points in that part of Rockingham County, N.H., on and west of New Hampshire Highway 28 (except Perry and Salem); Because it is possible that other parties, who have relied upon the notice of the application as published, may have an interest in and would be prejudiced by the lack of proper notice of the authority described in the findings of this order, a notice of the authority actually granted will be published in the FEDERAL REGISTER and issuance of a certificate in this proceeding will be withheld for a period of 30 days from the date of such publication, during which period any proper party in interest may file an appropriate petition for leave to intervene in this proceeding, setting forth in detail the precise manner in which it has been so prejudiced.

NOTICE OF FILING OF PETITION

No. MC–113678 (Sub-No. 133) (Notice of Filing of Petition for Modification of Certificate), filed March 20, 1972. Petitioner: CURTIS, INC., Denver, Colo. Petitioner's representative: Richard A. Peterson, 521 South 14th Street, Post Office Box 80806, Lincoln, NE 68501. Petitioner holds certificate No. MC–113678 (Sub-No. 133), issued September 20, 1968, authorizing the transportation, over irregular routes (1) food products (except liquids, in bulk), in vehicles equipped with mechanical refrigeration, from

points in the New York, N.Y., commercial zone, as defined by the Commission, and points in Union County, N.J., to points in Colorado, Indiana, Illinois, Iowa, Kentucky, Michigan, Minnesota, Missouri, Ohio, and West Virginia; (2) food products (except frozen foods, and liquids in bulk), in vehicles equipped with mechanical refrigeration, from points in the New York, N.Y., commercial zone as defined by the Commission, and points in Union County, N.J., to points in Kansas; (3) food products (except liquids, in bulk), from points in Union County, N.J., to points in Nebraska; and (4) advertising materials, supplies, display materials, and premiums, when moving at the same time and in the same vehicle with the commodities described hereinabove, from points in the origin territory described above, to their respective destination points subject to certain conditions. Petitioner requests modification of the above-described certificate in order to add fresh meats to the commodity description. Petitioner asserts that the authority reflected by the certificate was granted as a result of support from fresh meat shippers, that it seeks this modification because of a subsequent decision in *Hilt Truck Lines, Inc., Petition for Interpretation*, 113 M.C.C. 784 (1971) wherein it was held that fresh meats cannot be transported under authority to transport food products, and that unless the concerned certificate is modified to include fresh meats, the Hilt decision will cause a reduction in authority contrary to the evidence of record in the matter. Any interested person desiring to participate may file an original and six copies of his written representations, views, or arguments, in support of, or against the petition within 30 days from the date of this publication in the FEDERAL REGISTER.

APPLICATIONS UNDER SECTIONS 5(a) AND 210a(b)

The following applications are governed by the Interstate Commerce Commission's special rules governing notice of filing of applications by motor carriers of property or passengers under sections 5(a) and 210a(b) of the Interstate Commerce Act and certain other proceedings with respect thereto. (49 CFR 1.240)

MOTOR CARRIERS OF PROPERTY

No. MC–F–11492 (MUSTANG TRANSPORTATION, INC.—Purchase (Portion)—COMMERCIAL TRANSPORTATION, INC.), published in the March 29, 1972, issue of the FEDERAL REGISTER on page 6439. Application filed March 30, 1972, for temporary authority under section 210a(b).

No. MC–F–11504. Authority sought for control and merger by INDIANHEAD TRUCK LINE, INC., 1947 West County Road, C, St. Paul, MN 55113, of the operating rights and property of (1) DUNDEE MOTOR EXPRESS, INC., a noncarrier, (2) DUNDEE TRUCK LINE, INC., (3) C. H. RUMPF AND SONS TRUCK LINE, INC., and (4) MODERN MOTOR EXPRESS, INC., all of 6006 Stickney Avenue, Toledo, OH 43612, and for acquisition by LESTER A. WILSEY, JR., 1178 Tiller Lane, St. Paul, MN 55113, of control of such rights and property through the transaction. Applicants' representative: William L. Alvey, 1947 West County Road, C, St. Paul, MN 55113. Operating rights sought to be controlled and merged: (2) *General commodities*, with certain specified exceptions, and numerous other specified commodities, as a *common carrier*, over regular and irregular routes, from, to, and between specified points in the States of Michigan, Ohio, and Indiana, with certain restrictions, serving various intermediate and off-route points, as more specifically described in Docket No. MC–109914 and subnumbers thereunder. This notice does not purport to be a complete description of all of the operating rights of the carrier involved. The foregoing summary is believed to be sufficient for purposes of public notice regarding the nature and extent of this carrier's operating rights, without stating, in full, the entirety, thereof. (3) *general commodities* excepting among others, dangerous explosives, household goods and commodities in bulk, over regular routes, between Sturgis, Mich., and Toledo, Ohio, between points, in Michigan, service is authorized to and from all intermediate points on the above-specified routes; and on the off-route points within 5 miles of said route; *screens, screen doors, chairs and lawn furniture, window frames, and wood stock*, over irregular routes, from Adrian, Mich., to points and places in Ohio; *general commodities*, excepting among others, classes A and B explosives, household goods and commodities in bulk, between points in Monroe County, Mich., on the one hand, and, on the other, points in Lucas County, Ohio, between points in Monroe County, Mich. and (4) under a certificate of registration, in Docket No. MC–58116 Sub 4, covering the transportation of property, as a common carrier, in interstate commerce, within the State of Ohio. INDIANHEAD TRUCK LINE, INC., is authorized to operate as a *common carrier* in Wisconsin, Minnesota, Iowa, South Dakota, North Dakota, Illinois, Montana, Nebraska, Missouri, Indiana, Kansas, Oklahoma, Michigan, Kentucky, Ohio, Arkansas, Colorado, Wyoming, Texas, Tennessee, New Jersey, and West Virginia. Application has been filed for temporary authority under section 210a(b).

No. MC–F–11505. Authority sought for purchase by ABBOTT TRUCKING, INC., Route 3, Delta, Ohio 43515, of the operating rights of JOHN H. SMITH, INC., 11145 Suffolk Drive, Southgate, MI 48195, and for acquisition by WILLIAM F. ABBOTT, Route 3, Delta, Ohio 43515, of control of such rights through the purchase. Applicants' attorney: A. Charles Tell, 100 East Broad Street, Columbus, OH 43215. Operating rights sought to be transferred: *Coal and coal briquets*, in bulk, in dump vehicles as a *common carrier* over irregular routes, from Detroit, Mich., to points in Indiana and a described area of Ohio; *coal and coke*, in bulk, in dump vehicles, from points in Indiana and a described area of Ohio, to Detroit, Mich.; *coal, coke, and briquets*, between points in that part of Michigan on and south of U.S. Highway 10, on the one hand, and, on the other points in a defined area of Ohio and points in Indiana; *coal tar pitch*, in dump vehicles, from Detroit, Mich., to points in a defined area of Ohio; *coal tar pitch*, in bulk, in dump vehicles, from Detroit, Mich., to Niagara Falls, N.Y.; *coal briquets*, in bulk, in dump vehicles, from the plantsite of Johnson Coal Cubing Co., at Detroit, Mich., to points in Fulton County, Ohio, points in those parts of Wood and Sandusky Counties, Ohio, on and south of U.S. Highway 6, and Elmore, Marblehead, Oakharbor and Whitehouse, Ohio; *coke*, in bulk, in dump vehicles, from Toledo, Ohio, to the plantsite of Johnson Coal Cubing Co., at Detroit, Mich. Vendee is authorized to operate as a *common carrier* in Ohio, Michigan, Indiana, New York, Pennsylvania, West Virginia, Illinois, and Wisconsin. Application has not been filed for temporary authority under section 210a(b).

No. MC–F–11506. Authority sought for purchase by ORSCHELN BROS. TRUCK LINES, INC., Highway 24 East, Post Office Box 658, Moberly, MO 65270, of the operating rights of AURORA MOTOR EXPRESS, INC., LEONARD M. SPIRA, Assignee for the Benefit of Creditors, 257 Stuart Avenue, Aurora, IL, and for acquisition by E. C. ORSCHELN, ELMER ORSCHELN, and GEORGE A. VITT, all of Moberly, Mo. 65270, and FRANCIS ORSCHELN, 601 Shumate Street, Moberly, MO 65270, of control of such rights through the purchase. Applicants' attorney: Carl L. Steiner, 39 South La Salle Street, Chicago, IL 60603. Operating rights sought to be transferred: *General commodities*, excepting among others, class A and B explosives, household goods and commodities in bulk, as a *common carrier* over regular routes, between Chicago, and Oswego, Ill., serving the intermediate point of Aurora, Ill., with restriction, and under a certificate of registration in Docket No. MC–36469 Sub. 3, covering the transportation of general commodities, as a common carrier, in interstate commerce, within the State of Illinois. Vendee is authorized to operate as a *common carrier* in Missouri, Illinois, Iowa, Kansas, Arkansas, Indiana, Michigan, Minnesota, Nebraska, North Dakota, Oklahoma, South Dakota, Texas, and Wisconsin. Application has been filed for authority under section 210a(b). NOTE: MC–49387 Sub. 40, is a matter directly related.

No. MC–F–11507. Authority sought for merger into HUSBAND TRANSPORT LIMITED, 10 Centre Street, London, ON. Canada, of the operating rights of SCOBIE'S TRANSPORT, LIMITED, 10 Centre Street, London, ON. Canada, and for acquisition by CANADIAN NATIONAL TRANSPORTATION LTD., 159 Bay Street, Toronto 116, ON. Canada, of control of such rights through the transaction. Applicants' attorney: S. Harrison Kahn, Suite 733, Investment Building, Washington, D.C. 20005. Operating rights sought to be merged: *General*

commodities, excepting among others, classes A and B explosives, household goods and commodities in bulk, as a *common carrier* over irregular routes, between ports of entry on the United States-Canada boundary line at Buffalo and Niagara Falls, N.Y., on the one hand, and, on the other, Buffalo and Niagara Falls, N.Y., solely for the purpose of interchanging traffic with connecting carriers, with restriction. HUSBAND TRANSPORT LIMITED, operated solely within Canada. However, it is controlled by CANADIAN NATIONAL TRANSPORTATION LTD., which is controlled by CANADIAN NATIONAL RAILWAY COMPANY, which controls other rail carriers operating in the United States. Application has been filed for temporary authority under section 210a(b).

By the Commission.

[SEAL] ROBERT L. OSWALD,
Secretary.

[FR Doc.72-5580 Filed 4-11-72;8:49 am]

[Notice 44]

MOTOR CARRIER TRANSFER PROCEEDINGS

Synopses of orders entered pursuant to section 212(b) of the Interstate Commerce Act, and rules and regulations prescribed thereunder (49 CFR Part 1132), appear below:

As provided in the Commission's special rules of practice any interested person may file a petition seeking reconsideration of the following numbered proceedings within 20 days from the date of publication of this notice. Pursuant to section 17(8) of the Interstate Commerce Act, the filing of such a petition will postpone the effective date of the order in that proceeding pending its disposition. The matters relied upon by petitioners must be specified in their petitions with particularity.

No. MC-FC-73513. By order of April 4, 1972, the Motor Carrier Board approved the transfer to Gager's Express, Inc., Wildwood, N.J., of a portion of certificate No. MC-2263, issued March 14, 1967, to Laurel Transportation Corp., Rio Grande, N.J., authorizing the transportation of: Household goods as defined by the Commission, between Philadelphia, Pa., and 20 miles, on the one hand, and, on the other, points in a described area of New Jersey. Alan Kahn, attorney, 1920 Two Penn Center Plaza, Philadelphia, PA 19102.

No. MC-FC-73571. By order of April 4, 1972, the Motor Carrier Board approved the transfer to Bestway Express, a corporation, Columbia, S.C., of certificate of registration No. MC-99769 (Sub-No. 1), issued February 13, 1964, to H. W. Bischoff Transportation Co., a corporation, Charleston, S.C., evidencing a right to engage in interstate or foreign commerce in the transportation of: Property, solely within the State of South Carolina. John H. Caldwell, attorney, 914 Washington Building, Washington, D.C. 20005.

No. MC-FC-73582. By order of April 4, 1972, the Motor Carrier Board approved the transfer to Joseph Petrella, doing business as Petrella's Express, Downingtown, Pa., of certificate No. MC-42043, issued December 9, 1964, to Francis Petrella and Joseph Petrella, doing business as Petrella's Express, Downingtown, Pa., authorizing the transportation of: Paper and paper products, between Downingtown, Pa., and Camden, N.J., serving the intermediate points in Philadelphia, Pa., from Downingtown over U.S. Highway 30 to Camden and return over the same route. G. Donald Bullock, practitioner, 128 Greenwood Avenue, Wyncote, PA 19095.

No. MC-FC-73584. By order entered April 4, 1972, the Motor Carrier Board approved the transfer to Albert Fillmore, doing business as Fillmore Transportation, Bloomfield, Conn., of that portion of the operating rights set forth in certificate No. MC-40006, issued October 7, 1949, to Bert Hill's Express, Inc., Springfield, Mass., authorizing the transportation of: Monumental stone, funeral equipment, dental and surgical supplies, electrical household appliances, newspapers, and packinghouse products, over irregular routes, between Springfield, Mass., on the one hand, and, on the other, points and places in Hartford and Tolland Counties, Conn. Hugh M. Joseloff, 410 Asylum Street, Hartford, CT 06103, attorney for applicants.

No. MC-FC-73585. By order of April 4, 1972, the Motor Carrier Board approved the transfer to Horace Sharp Trucking, Inc., Phoenix, Ariz., of permit No. MC-119340 issued August 8, 1965, to Neoma Sharp Hart, doing business as Horace Sharp Trucking, Phoenix, Ariz., authorizing the transportation of: Foodstuffs, soaps, bleaches, washing and cleaning compounds, detergents, and fruits and vegetables, when in the same vehicle, from points in California to points in Arizona. A. Michael Bernstein, attorney, 1327 United Bank Building, Phoenix, Ariz. 85012.

No. MC-FC-73592. By order of April 5, 1972, the Motor Carrier Board approved the transfer to Eagle Bus Lines Limited, St. Boniface, MB, Canada, of certificate No. MC-108222 issued October 7, 1947, to Beaver Bus Lines, Ltd., Winnipeg, MB, Canada, authorizing the transportation of: Passengers, and their baggage, in charter operations, from points on the international boundary line between the United States and Canada in North Dakota and Minnesota, to points in Minnesota, North Dakota, Wisconsin, Michigan, and Illinois, and return. Gene P. Johnson, attorney, 514 First National Bank, Fargo, N. Dak. 58102.

No. MC-FC-73598. By order of April 4, 1972, the Motor Carrier Board approved the transfer to Rajor, Inc., Southgate, Calif., of the operating rights as set forth in permit No. MC-128988, issued May 14, 1969, to Jo/Kel, Inc., Los Angeles, Calif., authorizing the transportation of: Plumbing fixtures and supplies and air-conditioning and heating units (except articles which, because of size, shape or weight, require the use of special equipment or special handling), from St. Louis, Mo., Port Huron, Mich., Philadelphia, Greensburg, and York, Pa., Braintree, Mass., Houston, Tex., East St. Louis, Ill., and Fort Smith, Ark., to points in Arizona, California, and Nevada; and returned shipments of the above-specified commodities, from points in Arizona, California, and Nevada, to St. Louis, Mo., Port Huron, Mich., Philadelphia, Greensburg, and York, Pa., Braintree, Mass., Houston, Tex., East St. Louis, Ill., and Fort Smith, Ark.; plumbing fixtures and supplies, from Kohler, Wis., Spartanburg, S.C., and Camden, N.J., to points in Arizona, California, and Nevada; air-conditioning units, from Maspeth, Long Island, N.Y., to points in Arizona, California, and Nevada, restricted to operations to be performed under a continuing contract, or contracts with Pacific Cast Iron Pipe and Fitting Co. and York Division of Borg-Warner. Earl H. Scudder, Jr., Post Office Box 82028, Lincoln, NE 68501, attorney for applicants.

[SEAL] ROBERT L. OSWALD,
Secretary.

[FR Doc.72-5581 Filed 4-11-72;8:49 am]

[Notice 44-A]

MOTOR CARRIER TRANSFER PROCEEDINGS

APRIL 7, 1972.

Application filed for temporary authority under section 210a(b) in connection with transfer application under section 212(b) and Transfer Rules, 49 CFR Part 1132:

No. MC-FC-73651. By application filed April 5, 1972, BANNING TRANSPORTATION, INC., 3002 South Douglas Boulevard, Oklahoma City, OK 73150, seeks temporary authority to lease the operating rights of MOBILE HOME EXPRESS, LTD., 1915 F Avenue, Lawton, OK 73501, under section 210a(b). The transfer to BANNING TRANSPORTATION, INC., of the operating rights of MOBILE HOME EXPRESS, LTD., is presently pending.

By the Commission.

[SEAL] ROBERT L. OSWALD,
Secretary.

[FR Doc.72-5582 Filed 4-11-72;8:49 am]

NOTICE OF FILING OF MOTOR CARRIER INTRASTATE APPLICATIONS

APRIL 7, 1972.

The following applications for motor common carrier authority to operate in intrastate commerce seek concurrent motor carrier authorization in interstate or foreign commerce within the limits of the intrastate authority sought, pursuant to section 206(a)(6) of the Interstate Commerce Act, as amended October 15, 1962. These applications are governed by Special Rule 1.245 of the Commission's rules of practice, published in the FEDERAL REGISTER, issue of April 11, 1963,

page 3533, which provides, among other things, that protests and requests for information concerning the time and place of State Commission hearings or other proceedings, any subsequent changes therein, any other related matters shall be directed to the State Commission with which the application is filed and shall not be addressed to or filed with the Interstate Commerce Commission.

Alaska Docket No. 72–53–MF/P, filed February 7, 1972. Applicant: JOHN W. & JOANNE C. HOOGLAND, doing business as CITY EXPRESS, Box 305, Seward, AK 99664. Applicant's representative: Roger A. McShea, Suite 300, 425 G Street, Anchorage, AK 99501. Certificate of public convenience and necessity sought to operate a freight service over a regular route as follows: Transportation of *general commodities* (except classes A and B explosives; commodities of unusual value; household goods; commodities in bulk and commodities, which because of unusual size, weight, or shape require the use of special equipment), from Seward, Alaska, to Anchorage, Alaska, over Alaska Highway 9 to its junction with Alaska Highway 1, thence over Alaska Highway 1 to Anchorage, Alaska, and return over the same route serving all intermediate points in both directions and all off-route points within 10 miles of either side of this route. Both intrastate and interstate authority sought.

HEARING: Date, time, and place unknown. Requests for procedural information including the time for filing protests concerning this application should be addressed to the State of Alaska Department of Commerce, Alaska Transportation Commission, 750 Mackay Building, 338 Denali Street, Anchorage, AK 99501, and should not be directed to the Interstate Commerce Commission.

Louisiana Docket No. 12051, filed March 28, 1972. Applicant: TRUCK TRANSPORT, INC., Post Office Box 1658, Morgan City, LA. Applicant's representative: F. A. Maraist, 1610 Cedar Street, Morgan City, LA. Certificate of public convenience and necessity sought to operate a freight service as follows: Transportation of lumber and oilfield materials, from, to, and between all points in the State of Louisiana. Both intrastate and interstate authority sought.

HEARING: Date, time, and place unknown. Requests for procedural information including the time for filing protests concerning this application should be addressed to the State of Louisiana, Louisiana Public Service Commission, Baton Rouge, La. 70804, and should not be directed to the Interstate Commerce Commission.

Louisiana Docket No. 12060, filed March 23, 1972. Applicant: OZONE MOTOR LINE, INC., 4552 North Villere Street, New Orleans, LA. Applicant's representative: John Schwab, 617 North Boulevard, Baton Rouge, LA. Certificate of public convenience and necessity sought to operate a freight service as follows: Transportation of general commodities (1) Intrastate: Pursuant to proposed amendments to Certificates of Public Convenience and Necessity Nos. 275–J, 275–K, and 275–L, copies of which are shown below as follows: No. 275–K amended to authorize operations as follows: To operate upon and over the regular (or irregular) route and (or) between fixed terminals as follows: From La Place over U.S. Highway 51 to Ponchatoula, for operating convenience; thence over U.S. Highway 51 from Ponchatoula to Hammond, La.; thence over U.S. Highway 190 to Baton Rouge; in both directions serving all intermediate points. Paragraph 7 of No. 275–J amended to read: From Hammond over U.S. Highway No. 190 to its intersection with U.S. Highway 61, thence over U.S. Highway No. 61 to its intersection with Louisiana Highway No. 964 near Zee, La., in both directions. (Cancels and replaces certificate No. 275–F (Amended).) No. 275–L amended to authorize operation as follows: To operate upon and over the regular (or irregular) route and (or) between fixed terminal as follows: Common carrier motor freight service of general commodities in both directions, between Baton Rouge, La., and St. Francisville, La., over U.S. Highway 61, serving all intermediate points and all points within 5 miles of U.S. Highway 61 between Baton Rouge, La., and St. Francisville, La., and the off-route point of Zee, La.; and

(2) Interstate: Pursuant to proposed amendments to Certificate of Public Convenience and Necessity Nos. MC–77594 (Sub-No. 11) and MC–77594 (Sub-No. 12), copies of which are shown below as follows: MC–77594 (Sub-No. 11) amended to authorize transportation of general commodities: From La Place over U.S. Highway 51 to Ponchatoula, for operating convenience; thence over U.S. Highway 51 from Ponchatoula to Hammond, La.; thence over U.S. Highway 190 to Baton Rouge; in both directions serving all intermediate points. MC–77594 (Sub-No. 12) amended to authorize transportation of general commodities: * * * general commodities in both directions, between Baton Rouge, La., and St. Francisville, La., over U.S. Highway 61, serving all intermediate points and all points within 5 miles of U.S. Highway 61 between Baton Rouge, La., and St. Francisville, La., and the off-route point of Zee, La. Both intrastate authority sought.

HEARING: Date, time, and place unknown. Requests for procedural information including the time for filing protests concerning this applicatoin should be addressed to the State of Louisiana, Louisiana Public Service Commission, Baton Rouge, La. 70804, and should not be directed to the Interstate Commerce Commission.

California Docket No. 53231, filed March 27, 1972. Applicant: DONALD TOBENER, doing business as GOLDEN GATE TRUCKING, Post Office Box 2285, South San Francisco, CA 94080. Applicant's representative: Eldon M. Johnson, 105 Montgomery Street, Suite 1100, San Francisco, CA 94104. Certificate of public convenience and necessity sought to operate a freight service as follows: Transportation of *General commodities*, except as follows: (1) Classes A and B explosives; (2) petroleum and petroleum products in bulk or in tank vehicles; (3) commodities of unusual or extraordinary value; (4) uncrated household goods and personal effects; (5) automobiles, trucks, and buses, viz: New and used, finished or unfinished passenger automobiles (including jeeps), ambulances, hearses, and taxis; freight automobiles, automobile chassis, trucks, truck chassis, truck trailers, trucks, and trailers combined, buses and bus chassis; (6) livestock, viz: Bucks, bulls, calves, cattle, cows, dairy cattle, ewes, goats, hogs, horses, kids, lambs, oxen, pigs, sheep, sheep camp outfits, sows, steers, stags, or swine; (7) liquids, compressed gases, commodities in semiplastic form and commodities in suspension in liquids in bulk, in tank trucks, tank trailers, tank semitrailers, or a combination of such highway vehicles; (8) commodities when transported in bulk in dump trucks or in hopper-type trucks; (9) commodities when transported in motor vehicles equipped for mechanical mixing in transit; (10) cement; and (11) logs. *The San Francisco Territory:* Between points in California (including the city of San Jose) within an area bounded by a line beginning at the point the San Francisco-San Mateo County boundary line meets the Pacific Ocean; thence easterly along said boundary line to a point 1 mile west of U.S. Highway 101; southerly along an imaginary line 1 mile west of and paralleling U.S. Highway 101 to its intersection with Southern Pacific Co. right of way at Arastradero Road; southeasterly along the Southern Pacific Co. right of way to Pollard Road, including industries served by the Southern Pacific Co. spur line extending approximately 2 miles southwest from Simla to Permanente; easterly along Pollard Road to West Parr Avenue;

Easterly along west Parr Avenue to Capri Drive; southerly along Capri Drive to east Parr Avenue; easterly along east Parr Avenue to the Southern Pacific Co. right-of-way; southerly along the Southern Pacific Co. right-of-way to the Campbell-Los Gatos city limits; easterly along said limits and the prolongation thereof to the San Jose-Los Gatos Road; northeasterly along San Jose-Los Gatos Road to Foxworthy Avenue; easterly along Foxworthy Avenue to Almaden Road; southerly along Almaden Road to Hillsdale Avenue; easterly along Hillsdale Avenue to U.S. Highway 101; northwesterly along U.S. Highway 101 to Tully Road; northeasterly along Tully Road to White Road; northwesterly along White Road to McKee Road southwesterly along McKee Road to Capitol Avenue; northwesterly along Capitol Avenue to State Highway 17 (Oakland Road); northerly along State Highway 17 to Warm Springs; northerly along the unnumbered highway over Mission San Jose and Niles to Hayward; northerly along Foothill Boulevard to Seminary Avenue; easterly along Seminary Avenue to Mountain Boulevard; northerly along Mountain Boulevard and

Moraga Avenue to Estates Drive; westerly along Estates Drive, Harbord Drive and Broadway Terrace to College Avenue; northerly along College Avenue to Dwight Way; easterly along Dwight Way to the Berkeley-Oakland boundary line; northerly along said boundary line to the campus boundary of the University of California; northerly and westerly along the campus boundary of the University of California to Euclid Avenue;

Northerly along Euclid Avenue to Marin Avenue; westerly along Marin Avenue to Arlington Avenue; northerly along Arlington Avenue to U.S. Highway 40 (San Pablo Avenue); northerly along U.S. Highway 40 to and including the city of Richmond; southwesterly along the highway extending from the city of Richmond to Point Richmond; southerly along an imaginary line from Point Richmond to the San Francisco Waterfront at the foot of Market Street; westerly along said waterfront and shoreline to the Pacific Ocean; southerly along the shoreline of the Pacific Ocean to point of beginning. Both intrastate and interstate authority sought.

HEARING: Date, time, and place unknown. Requests for procedural information including the time for filing protests concerning this application should be addressed to the Public Utilities Commission, State of California, State Building, Civic Center, 455 Golden Gate Avenue, San Francisco, CA 94102 and should not be directed to the Interstate Commerce Commission.

By the Commission.

[SEAL] ROBERT L. OSWALD,
Secretary.

[FR Doc.72-5583 Filed 4-11-72;8:50 am]

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