

maintain competitive equality between national and state banks, and that the determination as to whether a facility was a branch must be based on the convenience of the customer, rather than on the technical or legal relationship between the customer and the bank. In later cases addressing automated teller machines, the courts generally have rejected arguments that money is lent at the time and place where a loan or line of credit is approved, and instead found that money is lent for the purposes of the McFadden Act when the customer actually receives the funds and interest begins to run on the loan. See, e.g., *IBAA v. Smith*, 534 F.2d 921 (D.C. Cir. 1976).

(c) *Interpretation.* The Board previously had determined that an office engaged in preliminary or servicing functions is not lending money and therefore is not a "branch" for the purposes of the McFadden Act if the loans originated by the office are approved and the funds disbursed at the main office or an approved branch of the bank. See 12 CFR 250.141. Whether a loan production office should be considered to be a branch if loans originated by the office are approved at locations other than the main office or a branch of the bank depends on whether the location where loan approval takes place enhances the convenience to the customer and therefore provides a competitive advantage to the bank. Back office facilities that are not accessible to the public are not visited by customers and do not appear to provide customers of the bank with any greater level of convenience. From the point of view of a customer whose loan has been originated at a loan production office, there does not appear to be any difference in the convenience based on whether the loan is approved at the back office facility or at a branch of a bank, as it is unlikely that the customer will visit either location. Based on this analysis, the Board has concluded that a state member bank may establish a back office facility without such a facility being considered to be a branch for the purposes of the McFadden Act. The Board also has determined that loans originated by a loan production office may be approved at a back office location, rather than at the main office or a branch of the bank, without the loan production office being considered to be a branch, provided that the proceeds of loans originated by the loan production office are received by the customer at locations other than a loan production office or back office facility. This interpretation supersedes the

Board's prior interpretation, published at 12 CFR 250.141, as it applies to loan production offices.

By order of the Board of Governors of the Federal Reserve System, March 31, 1995.

**Barbara R. Lowrey,**

*Associate Secretary of the Board.*

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## SMALL BUSINESS ADMINISTRATION

### 13 CFR Part 107

#### Small Business Investment Companies; Accounting and Financial Reporting Standards

**AGENCY:** Small Business Administration.

**ACTION:** Interim final rule; reopening of comment period.

**SUMMARY:** On February 7, 1995, the Small Business Administration (SBA) published an interim final rule which updated the standards for accounting and financial reporting by Small Business Investment Companies (SBICs), as well as the guidelines for independent public accountants performing audits of SBIC financial statements. The interim final rule established a final date for comments to be submitted to SBA of March 9, 1995. SBA is reopening that comment period until April 30, 1995.

**DATES:** Written comments must be received on or before April 30, 1995.

**ADDRESSES:** Written comments should be sent to Robert D. Stillman, Associate Administrator for Investment, Small Business Administration, Suite 6300, 409 3rd Street SW., 6th floor, Washington, DC 20416.

**FOR FURTHER INFORMATION CONTACT:** Carol Fender, Office of Program Support; telephone no. (202) 205-7559.

**SUPPLEMENTARY INFORMATION:** SBA published an interim final rule on February 7, 1995 (60 FR 7392) which updated and reorganized the accounting standards for the SBIC program. The purpose of the revisions was to reflect recent changes in the SBIC program mandated by the Small Business Investment Act of 1958, as amended, as well as changes in generally accepted accounting principles.

The publication of the interim final rule took place at a time when many SBICs were in the midst of preparing their audited year end financial statements. Thus, a number of SBICs and their independent public accountants may not have had sufficient time to review the rule and to prepare and submit comments to SBA.

Therefore, the comment period is hereby reopened and SBA will accept comments on the interim final rule until April 30, 1995.

Dated: March 31, 1995.

**Philip Lader,**

*Administrator.*

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## DEPARTMENT OF TRANSPORTATION

### Federal Aviation Administration

#### 14 CFR Part 39

[Docket No. 95-NM-32-AD; Amendment 39-9185; AD 95-06-51]

#### Airworthiness Directives; Lockheed Model L-1011-385 Series Airplanes

**AGENCY:** Federal Aviation Administration, DOT.

**ACTION:** Final rule; request for comments.

**SUMMARY:** This document publishes in the **Federal Register** an amendment adopting Airworthiness Directive (AD) T95-06-51 that was sent previously to all known U.S. owners and operators of Lockheed Model L-1011-385 series airplanes by individual telegrams. This AD requires inspection to detect corrosion, severed braided strands, or fuel leakage of the fuel feed line hose assembly on engine number two; and subsequent inspection or replacement of the fuel hose with a serviceable part, if necessary. This AD also requires treatment of the ends of the fuel hose and modification of the heat-shrunk plastic cover and steel identification band area. This amendment is prompted by a report of failure of an aluminum-braided flexible fuel hose on a Model L-1011-385 series airplane due to corrosion. The actions specified by this AD are intended to prevent failure of a flexible fuel hose, which could result in failure of an engine, loss of fuel, and a resultant fire.

**DATES:** Effective April 21, 1995, to all persons except those persons to whom it was made immediately effective by telegraphic AD T95-06-51, issued March 9, 1995, which contained the requirements of this amendment.

The incorporation by reference of certain publications listed in the regulations is approved by the Director of the Federal Register as of April 21, 1995.

Comments for inclusion in the Rules Docket must be received on or before June 6, 1995.