

Estimated time per response: 2.5 hours (0.5 to 2.5 applicant; 0.5 to 2.5 hours contract time).

Total annual burden: 1,085 hours.

Needs and Uses: FCC 307 is used by licensees/permittees of broadcast stations to request an extension of time to construct a broadcast facility, or when applying for a construction permit to replace an expired permit. The application shall be filed at least 30 days prior to the expiration date of the construction permit if the facts supporting such application for extension are known to the applicant in time to permit such filing. In other cases, an application will be accepted upon a showing satisfactory to the FCC of sufficient reasons for filing within less than 30 days prior to the expiration date. The form and instructions to the form will be revised to clarify the information needed to obtain an extension or replacement of a construction permit. The data is used by FCC staff to ensure that permittees are making a conscientious effort to construct an authorized station in order to bring service to the public.

OMB Approval No.: 3060-XXXX.

Title: Price Cap Performance Review for Local Exchange Carriers, CC Docket No. 94-1.

Type of Review: New Collection.

Respondents: Businesses or other for profit, including small businesses.

Number of Respondents: 13.

Estimate Hour Per Response: 10 hours.

Total Annual Burden: 130 hours.

Needs and Uses: In the Third Report and Order issued in CC Docket 94-1, the Commission modified its filing requirement for incumbent price cap Local Exchange Carriers (LECs) who propose to offer new switched access services. We no longer require an incumbent LEC to introduce a new service by filing a waiver under Part 69 of the Commission's rules. Instead, incumbent LECs will be able to file a petition for the new service based on a public interest standard. The Commission also eliminated the lower service band indices in the proceeding. By doing so, an incumbent price cap LEC no longer has to file a waiver to set its rates below the lower service band indices, but may instead simply adjust its rates downward.

Federal Communications Commission.

William F. Caton,

Acting Secretary.

[FR Doc. 97-3068 Filed 2-6-97; 8:45 am]

BILLING CODE 6712-01-P

FEDERAL DEPOSIT INSURANCE CORPORATION

Sunshine Act Agency Meeting

Pursuant to the provisions of the "Government in the Sunshine Act" (5 U.S.C. 552b), notice is hereby given that at 11:00 a.m. on Tuesday, February 4, 1997, the Board of Directors of the Federal Deposit Insurance Corporation met in closed session to consider matters relating to the Corporation's supervisory activities.

In calling the meeting, the Board determined, on motion of Vice Chairman Andrew C. Hove, Jr., seconded by Director Joseph H. Neely (Appointive), concurred in by Director Eugene A. Ludwig (Comptroller of the Currency), Director Nicolas P. Retsinas (Director, Office of Thrift Supervision), and Chairman Ricki Helfer, that Corporation business required its consideration of the matters on less than seven days' notice to the public; that no earlier notice of the meeting was practicable; that the public interest did not require consideration of the matters in a meeting open to public observation; and that the matters could be considered in a closed meeting by authority of subsections (c)(4), (c)(6), (c)(8), and (c)(9)(A)(ii) of the "Government in the Sunshine Act" (5 U.S.C. 552b(c)(4), (c)(6), (c)(8), and (c)(9)(A)(ii)).

The meeting was held in the Board Room of the FDIC Building located at 550-17th Street, NW., Washington, DC.

Dated: February 5, 1997.

Federal Deposit Insurance Corporation.
Valerie J. Best,

Assistant Executive Secretary.

[FR Doc. 97-3244 Filed 2-5-97; 2:30 pm]

BILLING CODE 6714-01-M

FEDERAL HOUSING FINANCE BOARD

Hearings on Pilot Programs Recently Authorized To Be Established at the Federal Home Loan Banks (FHL Banks) of New York, Atlanta, and Chicago, and the Provisions in the Financial Management Policy (FMP) Governing Investments Supporting Housing and Community Development

AGENCY: Federal Housing Finance Board.

ACTION: Notice of public hearings.

SUMMARY: The Federal Housing Finance Board (Finance Board) is hereby announcing a public hearing on pilot programs recently authorized to be established at the Federal Home Loan Banks of New York, Atlanta, and

Chicago and the provisions of the FMP governing such activities.

DATES: The public hearing will be held on Monday, March 10, 1997, beginning at 9:00 a.m. Written requests to participate in the hearing must be received no later than Wednesday, February 19, 1997.

ADDRESSES: The hearing will be held at the Office of Thrift Supervision Amphitheater, 1700 G Street, N.W., Washington, D.C. 20552. Send requests to participate in the hearing, written statements of hearing participants, or other written comments to Elaine L. Baker, Executive Secretariat, Federal Housing Finance Board, 1777 F Street, N.W., Washington, D.C. 20006. The submission may be mailed, hand delivered, or sent by facsimile transmission to (202) 408-2895. Submissions must be received by 5:00 p.m. on the day they are due in order to be considered by the Finance Board. Late filed, misaddressed, or misidentified submissions may affect eligibility to participate in the hearing.

FOR FURTHER INFORMATION CONTACT: Kerrie Ann Sullivan, External Affairs Specialist at (202) 408-2515 or John K. Hardage, Deputy Director of Congressional Affairs at (202) 408-2980, Federal Housing Finance Board, 1777 F Street, N.W., Washington, D.C. 20006.

SUPPLEMENTARY INFORMATION: The Finance Board is interested in the views of System members, community groups, trade associations, federal or state agencies and departments, elected officials and others on the pilot programs recently authorized to be established at the Federal Home Loan Banks of New York, Atlanta, and Chicago, and the provisions of the FMP governing such activities. A summary follows:.

In General

As provided by the Financial Management Policy (FMP) of the Finance Board, the FHLBanks may invest in housing and community development assets, provided that prior to entering into such investments, the FHLBank:

(a) Ensures the appropriate levels of expertise, establishes policies, procedures, and controls, and provides for any reserves required to effectively limit and manage risk exposure and preserve the FHLBank's and the System's triple-A rating;

(b) Ensures that its involvement in such investment activity assists in providing housing and community development financing that is not generally available, or that is available

at lower levels or under less attractive terms;

(c) Ensures that such investment activity promotes (or at the very least, does not detract from) the cooperative nature of the System;

(d) Provides a complete description of the contemplated investment activity (including a comprehensive analysis of how the above three requirements are fulfilled) to the Finance Board; and

(e) Receives written confirmation from the Finance Board, prior to entering into such investments, that the above investment eligibility standards and requirements have been satisfied.

New York

The Federal Home Loan Bank (FHLBank) of New York has been authorized to establish a \$250 million Community Mortgage Asset Activities pilot program. Under the program, the FHLBank will purchase from members participation interests in one-to-four family residential, multifamily, construction, and community development mortgage loans that would benefit families and neighborhoods meeting the income targets established for the Community Investment Program (CIP)—that is, housing for families whose incomes do not exceed 115 percent of median income for the area, and loans to finance community and economic development projects in neighborhoods where 50 percent of the residents earn at or below 80 percent of the area median income.

The FHLBank's objective is to enhance the capacity of its members to meet underserved community financing needs, and to strengthen the commitment of the FHLBank to its housing finance mission. The FHLBank has indicated that the loans-to-one-borrower regulatory limit often caps the ability of highly capitalized members, who are skilled in such lending, to bid on affordable housing and community and economic development projects. By committing to participate in the funding of such projects with members, the FHLBank would reduce a member's loans-to-one-borrower level by the amount of its participation, thereby facilitating the flow of funds to housing and community development projects that might not otherwise be funded. The FHLBank also contemplates offering shares of its participation interests in such loans to other FHLBank of New York members who would not otherwise be able, due to their size and the size of the project, to engage in such lending.

The Finance Board's Office of General Counsel (OGC) has reviewed the FHLBank of New York proposal and has

determined that the FHLBank may purchase such loans and participation interests pursuant to its authority, under subsections 11(h) and 16(a) of the Federal Home Loan Bank Act (FHL Bank Act), to invest "in such securities as fiduciary and trust funds may be invested in under the laws of the state in which the (FHLBank) is located." The FHLBank of New York has provided a legal opinion from outside counsel stating that fiduciary and trust funds may invest prudently in such loans and participation interests under the laws of the State of New York.

The Finance Board has determined that the pilot program satisfies the three criteria established by the Finance Board for considering and approving new mission-related investment activities: (1) the program's targeting, and the positive impact the program would have on the loans-to-one-borrower limits of members specializing in such targeted lending, would facilitate the provision of credit in areas of the community where funding might not, without FHLBank involvement, otherwise be available; (2) in facilitating such targeted originations by certain members, and in facilitating the participation of other members who might not otherwise be able to engage in such lending, the program acts to promote the cooperative nature of the Federal Home Loan Bank System (FHLBank System); and (3) the FHLBank's in-house expertise, the involvement of its board and senior management in the development of the program's business plan, policies, underwriting guidelines, and monitoring and reporting requirements, the intended establishment of reserves appropriate to risk, and the level of program oversight contemplated, should ensure preservation of the triple-A rating of the FHLBank and the System. Program implementation will be contingent upon conformation by the Finance Board's Office of Supervision that appropriate program policies, procedures, controls and reserves have been established.

The following conditions apply to the New York pilot program:

(a) The subject loans shall meet the income targets established for CIP advances.

(b) The purchase of such loans shall not count toward satisfaction of the FHLBank's CIP requirements.

(c) The FHLBank shall ensure that the originator of the loan maintains at least a 20 percent interest in the loan participated, with higher minimum retention levels required where appropriate.

(d) The FHLBank shall limit participations in construction loans to an amount no greater than 10 percent of the pilot program authorization.

(e) The FHLBank shall make an effort to share its participation interests in such loans with FHLBank members, ensuring that such members understand their responsibility to undertake due diligence separate and apart from that performed by the FHLBank.

(f) The board of the FHLBank shall ensure, and certify to, the existence of appropriate expertise, policies, procedures, and controls prior to program implementation.

(g) The board of the FHLBank shall establish adequate reserves prior to program implementation and on an on-going basis.

(h) The board of the FHLBank shall take appropriate precautions, in structuring program oversight, to avoid the appearance of a conflict of interest for board directors with direct responsibility for approving transactions under the program.

(i) The board of the FHLBank shall require monthly program progress reports from management during the first year of the program (and at least quarterly reports thereafter), shall file written evaluations of such reports, and shall provide copies of its evaluations and the management reports to the Finance Board.

Atlanta

The FHLBank of Atlanta (FHLBank) has been authorized to establish a \$50 million Affordable Multi-family Participation Program (AMPP) on a pilot basis. The pilot would involve the acquisition by the FHLBank of financial interests in low- and moderate-income multi-family loans originated by the Community Investment Corporation of North Carolina (CICNC). The FHLBank proposes to purchase existing participation interests from FHLBank members, as well as participation interests in newly-originated multi-family loans. The idea for the program emanated from CICNC's membership who indicated that their ability to continue participating in new CICNC projects can only occur if they are able to participate out some of their current holdings.

The CICNC, created by the Community Bankers Association of North Carolina in 1990, is an affordable housing loan consortium whose sole purpose is to facilitate the availability of long-term permanent financing for the development of low- and moderate-income housing across the state. CICNC membership consists of 90 financial institutions (thrifts and commercial

banks) with \$310 billion in assets, 78 of which are currently members of the FHLBank of Atlanta. Membership consists primarily of smaller financial institutions; a majority (77 percent) of consortium members have assets of under \$250 million. Most of the banks and thrifts located in North Carolina are members of CICNC.

The consortium provides construction/rehabilitation bridge financing and long-term funding for low- and moderate-income multi-family projects. Over the past six years CICNC has funded or committed to fund approximately \$45 million for 53 housing developments, producing 2,645 units of affordable housing. To be considered for a CICNC loan, at least 51 percent of the units in a project must provide housing for individuals earning no more than 60 percent of the median income in urban areas and 80 percent of median income in rural areas. (In practice, all of CICNC's developments have a majority of occupants earning no more than 60 percent of area median income, regardless of whether the project is located in an urban or rural area.) CICNC has reported no delinquent loans and only two late payments in its six-year history.

The FHLBank has opined that it has the legal authority to invest in financial interests through the AMPP pilot. The Finance Board's Office of General Counsel has reviewed the AMPP pilot proposal and has concluded that the Finance Board has authority under the Federal Home Loan Bank Act to approve the FHLBank's proposal.

The Finance Board has determined that Atlanta's proposed AMPP pilot program satisfies the three criteria established by the Finance Board for considering and approving of new mission-related activities: (1) the FHLBank will ensure the appropriate levels of expertise, establish policies, procedures, and controls, and provide for any reserves required to effectively limit and manage risk exposure and preserve the FHLBank's and the FHLBank System's triple-A rating; (2) the FHLBank's participation will provide long-term affordable multi-family housing finance that might not otherwise be available, particularly in rural areas, due to limitations on members' financial capacity to participate in CICNC projects; and (3) the program will promote the cooperative nature of the System by enhancing the liquidity and marketability of member CICNC participation interests, which will enable these institutions to participate in additional multi-family lending projects. Program implementation is

contingent upon confirmation by the Finance Board's Office of Supervision that appropriate program policies, procedures, controls and reserves have been established by the FHLBank.

The following conditions apply to the Atlanta pilot program:

(a) The FHLBank shall ensure that CICNC members retain at least a 20 percent interest in the loan participated, with higher minimum retention levels required where appropriate.

(b) The majority of interest purchased shall be from FHLBank members.

(c) To the extent FHLBank members are interested in purchasing interests in CICNC participations, the FHLBank shall make an effort to share its participation interest with such members, ensuring that such members understand their responsibility to undertake due diligence separate and apart from that performed by the FHLBank.

(d) The FHLBank shall attempt to ensure that members selling participation interests to the FHLBank use the proceeds to finance new instruments in CICNC projects.

(e) The board of the FHLBank shall ensure, and certify to, the existence of appropriate expertise, policies, procedures, and controls prior to program implementation.

(f) The board of the FHLBank shall establish, prior to program implementation and on an on-going basis, adequate reserves.

(g) The board of the FHLBank shall take appropriate precautions, in structuring its program oversight, to avoid the appearance of a conflict of interest for board directors with direct responsibility for approving transactions under the program.

(h) The board of the FHLBank shall require monthly program progress reports from management during the first year of the program (and at least quarterly reports thereafter), shall file written evaluations of such reports, and shall provide copies of its evaluations and the management reports to the Board.

Chicago

The FHLBank of Chicago (FHLBank) has been authorized to establish a \$750 million Mortgage Partnership Finance (MPF) pilot program. The objective of the pilot program is to unbundle the risks associated with home mortgage lending and allocate the individual risk components between the FHLBank of Chicago and its members in a manner that uses the cooperative structure of the FHLBank System to maximize their respective core competencies.

When financial depositories currently engaged in home mortgage lending pool loans they originate for sale into the secondary market, pay a guarantee fee, and portfolio the MBS created, the risk components associated with home mortgage lending are misaligned. The depository institution retains responsibility for marketing and servicing, but relinquishes control over what it does best—underwriting and managing credit risk—to the securitizer while it retains risks it is less well-equipped to manage—liquidity, interest rate, and options risk associated with funding the MBS. To the extent that the loans are sold outright, the member divests itself of the interest rate and options risk, but also of any compensation for managing the credit risk.

MPF envisions providing members with a strategic alternative to holding loans in portfolio or selling/securitizing them in the secondary market. The member would continue to be responsible for functions involving the customer relationship, including all aspects of mortgage marketing and origination. The novel feature of the MPF is that the FHLBank would fund and retain in portfolio home mortgage loans originated, serviced and credit-enhanced by its members. The member would receive compensation for managing the customer relationship and the credit risk while the FHLBank would retain the risks it has the most expertise in managing—liquidity, interest rate and portions risk. The FHLBank would hold mission-related mortgage assets on its books.

The FHLBank is proposing to fund the home mortgages originated through its members rather than purchase the loans from member institutions so that participating institutions may receive a more favorable risk-based capital treatment than if the member funded and sold the loans to the FHLBank with recourse.

The FHLBank of Chicago will not fund home mortgages with principal balances above the conforming loan limits applicable to the secondary market housing GSEs. Loan originations would result from member credit decisions within the context of MPF underwriting guidelines and credit enhancement requirements. It is anticipated that a substantial proportion of MPF originations will meet the CIP single-family eligibility standards (115 percent of area median income or below).

The Finance Board's Office of General Counsel (OGC) has reviewed the Chicago proposal. OGC has determined that MPF is a method of channeling

funds into residential housing finance—the statutory mission of the FHLBank System—in a manner that is similar to, but functionally more sophisticated than, that which occurs when a FHLBank makes an advance to a member. OGC has concluded, therefore, that it is reasonable for the Finance Board to authorize the undertaking of the MPF program by the FHLBank of Chicago as an activity incidental to a FHLBank's express statutory authority.

The MPF is designed to insulate the FHLBank from virtually all the credit risk associated with investing in home mortgages. First loss credit protection for the MPF loan program would be provided by a reserve fund established by the FHLBank, to be funded by a share of the mortgage loan cash flows. The excess spread account would be established in an amount at least equal to the historical loss experience on the types of MPF loans originated by the members (based on historical data over the past five years, this first loss coverage is likely to range from two to five basis points of mortgage loan principal).

In return for a fee, MPF participating members would provide second loss credit enhancement at least equal to the level of subordination afforded double-A rated mortgage-backed securities. The FHLBank will determine the amount of the required credit enhancement based on the characteristics of the mortgages and rating agency modeling methodology. A recent analysis has shown that over an eight-year period, investments in mortgage pools rated double-A had zero losses.

Participating members will benefit from their ability to provide home mortgage loans to more customers on more flexible terms while realizing fees for mortgage origination, credit enhancement, and servicing. The FHLBank and its shareholders will be compensated for managing the interest rate and options risk associated with funding MPF loans. This cooperative venture could result in increased competition in the home mortgage loan market.

The Finance Board has determined that the proposed pilot program satisfies the three criteria established by the Finance Board for considering and approving new mission-related activities: (1) the FHLBank's in-house expertise, the involvement of its board and senior management in the development of the program's business plan, policies, underwriting guidelines, and monitoring and reporting requirements, the intended establishment of reserves and member secondary credit enhancements appropriate to risk, the FHLBank's

experience in managing the interest rate and options risk associated with home mortgages, and the level of program oversight contemplated, should ensure preservation of the triple-A rating of the FHLBanks and the FHLBank System; (2) the financial advantages of the program relative to other funding alternatives available to members, the capital treatment which will allow the members to more effectively leverage their equity, and the program's underwriting standards, which are expected to be more flexible than those used to originate home mortgage loans on more flexible and attractive terms; and (3) in providing members with a strategic alternative that will allow them to compete more effectively in the housing finance market, the program acts to promote the cooperative nature of the FHLBank System. Program implementation is contingent upon confirmation by the Finance Board's Office of Supervision that appropriate program policies, procedures, controls and reserves have been established by the FHLBank.

The following conditions apply to the Chicago Pilot Program:

(a) The original principal balances of the subject loans shall fall within the conforming loan limits applicable to the secondary market housing GSEs.

(b) The FHLBank shall employ pricing methodology in an attempt to direct a portion of the program's funding to low- and moderate-income households.

(c) The board of the FHLBank shall ensure, and certify to, the existence of appropriate expertise, policies, procedures, and controls prior to program implementation.

(d) The board of the FHLBank shall evaluate the need for and establish, prior to program implementation, and on an on-going basis, any appropriate reserves.

(e) The board of the FHLBank shall take appropriate precautions, in structuring its program, to avoid conflicts of interest, or any appearance thereof, for board directors.

(f) The board of the FHLBank shall require at each regular board meeting program progress reports from management during the first year of the program (and at least quarterly reports thereafter), and shall provide quarterly evaluations of the progress of the pilot program to the Finance Board.

Persons wishing to participate in the hearings should send a written request to the address listed in the ADDRESSES portion of this notice, to be received no later than Wednesday, February 19, 1997. A request to participate in the hearing must include the following information:

(A) The name, title, address, business telephone and fax number of the participant; and

(B) The entity or entities that the participant will be representing.

Depending on the number of requests received, participants may be limited in the length of their oral presentations. All submissions will be included as part of the record, including written testimony not presented orally, although extraneous material may be deleted from the printed record to reduce printing costs. The Finance Board will notify those selected to make oral presentations and provide an approximate time. The Finance Board reserves the right to limit the number of participants and to select, at its discretion, those persons who may make oral presentations if more requests are received for participation than may be accommodated in the time available.

Participants will be required to submit written statements in advance of the hearing date. These written statements should incorporate the major points to be presented at the hearings and should be accompanied by an executive summary of no more than two pages. Written statements must be received no later than March 3, 1997, and should be sent to the address listed in the ADDRESSES portion of this notice. Anyone selected for an oral presentation whose testimony has not been received by March 3, 1997, may not testify except by special permission of the Finance Board.

By the Federal Housing Finance Board.
Bruce A. Morrison,
Chairman.

[FR Doc. 97-3191 Filed 2-6-97; 8:45 am]
BILLING CODE 6725-01-M

FEDERAL RESERVE SYSTEM

Change in Bank Control Notices; Acquisitions of Shares of Banks or Bank Holding Companies

The notificants listed below have applied under the Change in Bank Control Act (12 U.S.C. 1817(j)) and § 225.41 of the Board's Regulation Y (12 CFR 225.41) to acquire a bank or bank holding company. The factors that are considered in acting on the notices are set forth in paragraph 7 of the Act (12 U.S.C. 1817(j)(7)).

The notices are available for immediate inspection at the Federal Reserve Bank indicated. Once the notices have been accepted for processing, they will also be available for inspection at the offices of the Board of Governors. Interested persons may