Another purpose of the generic severe accident rulemaking, i.e., facilitation of design certification rulemaking, has been rendered moot by the experience gained in design certification rulemakings. The design certification rulemakings are completed for the General Electric Advanced Boiling Water Reactor and ABB–CE System 80+ and the only design currently under review is the Westinghouse AP600. The resolution of severe accident design specific requirements would be set forth in the AP600 design control document and approved in the AP600 design certification rulemaking.

While certain arguments in favor of generic rulemaking (i.e., promoting consistency and standardization in the resolution of severe accident issues and providing guidance to future LWR designers and applicants) continue to apply in varying degrees, practical aspects limit the need for such an activity. At this point, given the lack of any new potential plant or design applicants, the Commission believes that the benefits of generic rulemaking do not justify the allocation of resources to proceed with the development of new regulations addressing severe accidents.

Upon consideration of the potential value of a generic rule, the status of the review and design certification of future reactors, and the potential resource requirements, the Commission believes that the value in pursuing generic severe accident rulemaking does not warrant the resource expenditure. While the Commission does not perceive the need for generic rulemaking in the foreseeable future, should conditions change regarding potential applicants, the Commission would reassess the merits of rulemaking at that time.

For the reasons discussed, the Commission is withdrawing the ANPRM.

Dated at Rockville, Md. this 7th day of October, 1997.

For the Nuclear Regulatory Commission.

John C. Hoyle,

Secretary of the Commission.

[FR Doc. 97–27082 Filed 10–10–97; 8:45 am]

BILLING CODE 7590–01–P

FEDERAL HOUSING FINANCE BOARD

12 CFR Parts 933 and 935

[No. 97–60]

RIN 3069–AA69

Eligibility for Membership and Advances

AGENCY: Federal Housing Finance Board.

ACTION: Proposed rule.

SUMMARY: The Federal Housing Finance Board (Finance Board) is proposing to amend certain of its regulations relating to combination business or farm properties on which a residence is located. The amendments would eliminate the requirement that at least 50 percent of the value of such properties be attributable to the residential portion of the property (50 percent test). The amendments are intended to assist smaller depository institutions, particularly those located in rural areas, to qualify for Federal Home Loan Bank (Bank) membership and, once admitted, to provide the collateral necessary to obtain advances.

DATES: The Finance Board will accept comments on this proposed rule in writing on or before November 13, 1997.

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

FOR FURTHER INFORMATION CONTACT: Julie Paller, Senior Financial Analyst, Office of Policy, (202) 408–2842, or Neil R. Crowley, Associate General Counsel, Office of General Counsel, (202) 408–2990, Federal Housing Finance Board, 1777 F Street, N.W., Washington DC 20006.

SUPPLEMENTARY INFORMATION:

I. Statutory and Regulatory Background

Section 4(a) of the Federal Home Loan Bank Act (Bank Act), 12 U.S.C. 1424(a), establishes the eligibility criteria for depository institutions to become members of the Federal Home Loan Bank System (Bank System). Section 10(a) of the Bank Act, *id.* 1430(a), authorizes a Bank to make secured advances to its members and specifies the types of collateral that a Bank may accept when originating or renewing an advance. With respect to both membership criteria and eligible collateral, the regulations of the Finance Board permit the use of loans that are secured by business or farm properties on which there is a residence, but only if the value of the residential portion equals or exceeds 50 percent of the value of the entire parcel. The Finance Board is concerned that those regulations may be overly restrictive and therefore is proposing to amend them, as described below.

A. Membership

Section 4(a)(2) of the Bank Act requires, in part, that an insured depository institution have ''at least 10 percent of its total assets in residential mortgage loans'' in order to be eligible for membership. *Id.* 1424(a)(2). The Finance Board has defined ''residential mortgage loan'' to include, among other things, a ''home mortgage loan.'' 12 CFR 933.1(bb). The Finance Board has defined ''home mortgage loan'' to include, in part, a loan secured by a first lien on ''combination business or farm property where at least 50 percent of the total appraised value of the combined property is attributable to the residential portion of the property.'' *Id.* § 933.1(n)(1)(iii). The term ''combination business or farm property'' means real property for which the value is attributable to residential, and business or farm uses. *Id.* § 933.1(i).

B. Collateral for Advances

Section 10(a)(1) of the Bank Act requires a Bank making or renewing an advance to its members to maintain a security interest in certain specified types of collateral, among which are ''first mortgages on improved residential property.'' 12 U.S.C. 1430(a)(1). The Finance Board has defined ''improved residential real property'' to mean ''residential real property excluding real property to be improved, or in the process of being improved, by the construction of dwelling units.'' 12 CFR 935.1. The Finance Board has defined ''residential real property'' to include, among other things, ''combination business or farm property, provided that at least 50 percent of the total appraised value of the combined property is attributable to the residential portion of the property.'' *Id.* The term ''combination business or farm property'' means ''real property for which the total appraised value is attributable to the combination of residential, and business or farm uses.'' *Id.*

II. Analysis of the Proposed Rule

The Finance Board believes that community depository institutions, particularly those located in rural areas, often are essential to the housing finance activities and the broader economic well-being of the communities they serve. Such institutions may have less demand for conventional single and multi-family mortgage credit and their service areas may be characterized by low population density and a low level of economic activity. In such circumstances, those institutions may not be able to originate a substantial number of residential first mortgage loans. Moreover, many loans originated by rural banks may be made on the security of family farms, which

are in part residential but which often cannot meet the 50 percent test.

The existing regulations preclude a Bank from recognizing or accepting a first mortgage loan on combination property unless the value of the residential portion equals or exceeds 50 percent of the total value of the property. That requirement may hinder the ability of community depository institutions, particularly those in rural areas, to become members of the Bank System or, for those that are able to join, to take full advantage of the opportunity to obtain advances. The Finance Board believes that the membership and advances regulations should recognize the unique aspects of the lending practices of such institutions, and has determined that it is appropriate to reconsider whether to retain the 50 percent test in either the membership or collateral regulation.

There is nothing in the Bank Act that mandates that the residential portion of such combination properties constitute a specified percentage of the property's total appraised value. With respect to eligibility for membership, the only statutory mandate is that the loan must be secured by real estate on which there is a residence. 12 U.S.C. 1422 (5), (6). With respect to the use of whole first mortgages as collateral for advances, the only statutory mandate is that they attach to real property that previously has been improved. Id. 1430(a)(1). Subject to those requirements, the Finance Board has the authority to determine what types of combination property may be considered to be ''residential'' for purposes of the ''residential mortgage loan'' aspect of the eligibility requirements and for the ''residential real property'' aspect of the collateral requirements. Because the 50 percent test is more restrictive than the Bank Act requires, and may well exclude from consideration a significant number of loans that are secured, at least in part, by a home, the Finance Board is proposing to eliminate the ''50 percent'' requirement in both regulations.

The proposed rule would amend the definition of ''home mortgage loan'' in the membership regulations to allow a loan secured by a combination property to be considered a ''home mortgage loan'' if a permanent structure is located on the property and it actually is used as a residence. See 12 CFR 933.1(n)(1)(iii). The proposed rule would make the same changes to the definition of ''residential real property'' in the collateral provisions of the advances regulation. See id. § 935.1. Eliminating the 50 percent requirement should allow a greater number of loans secured by combined use assets to be considered ''residential mortgage loans'' or ''improved residential property,'' thus easing the membership eligibility and collateral requirements, respectively. The definitions would exclude any farm or business property that only occasionally is used for residential purposes, such as temporary, migrant, or seasonal housing, because such properties lack the characteristics of permanence and regular residential use generally associated with typical combination properties, such as a family farm or a family business.

The Finance Board believes that any additional risks that might arise if such mortgage loans are used as collateral for advances should be adequately managed in accordance with the current provisions of the advances regulation. Among other things, the advances regulation requires the Banks to establish written procedures for determining the value of collateral, and to follow those procedures in ascertaining the value of a particular asset offered as collateral. The regulation also permits the Banks to require a member to support the valuation of any collateral with an appraisal or other investigation of the collateral as the Bank deems necessary. Id. § 935.12. Rural lending often requires collateral valuation practices that may differ significantly from those typically employed in lending on the security of one-to-four family homes. The Finance Board expects that if the proposed amendments are adopted as a final rule each Bank will review its collateral valuation procedures, and will amend them as necessary to reflect the changes made by the amendments, before accepting as collateral any newly authorized combination properties. The Finance Board also expects that the Banks, as a matter of practice, will conduct careful review and, if necessary, require an appraisal of such collateral, taking into account the additional risks inherent in rural lending and each Bank's own capability to evaluate those risks.

With respect to the advances regulation, the Finance Board requests comments on whether elimination of the percentage requirement might expose the Banks to any undue risk of loss should a Bank need to liquidate the mortgage loans it holds as collateral. For example, the value of a mortgage on a farm property, even one on which there is a residence, may be more volatile than the value of a mortgage on a one-to-four family home, reflecting the greater volatility of the value of the underlying property. In addition, a mortgage on a combination property may be less liquid than a mortgage on a one-to-four family home. The Finance Board solicits comments on whether it should address these issues through regulation, such as by retaining a percentage of value requirement for collateral purposes, albeit at a level less than the 50 percent test. The Finance Board also solicits comments on whether there are apt to be any practical difficulties in implementing the proposed definitions. For example, will a member's loan files for a loan secured by farm property necessarily indicate whether the farm property also includes a residential structure and, if so, whether it actually is used as a residence?

The proposed rule also would amend § 933.1(bb) by adding a new paragraph (8) that would include as ''residential mortgage loans'' for membership purposes any loans that, if made by a member, would satisfy the statutory and regulatory requirements for loans made under the Community Investment Program (CIP) or under the community investment cash advance provisions of the Bank Act. The community investment cash advance program is a cash advance program that may be established by the Banks under section 10(j)(10) of the Bank Act, and includes the CIP, a program of ''community-oriented mortgage lending'' required by section 10(i) of the Bank Act. 12 U.S.C. 1430 (i), (j)(10). ''Community-oriented mortgage lending'' is defined as lending for homeownership, multifamily housing and commercial and economic development that benefits certain targeted populations or neighborhoods. *Id.* 1430(i). Under this provision, if the purpose of a loan were to meet the statutory standards, including any future regulatory standards, for these loan programs, the loan could be considered for purposes of the membership criteria. The amendment would not require that the transaction also result in a loan that is eligible for collateral under the advances regulation. The effect of this provision would be to allow such assets to be considered as residential mortgage loans for purposes of eligibility for membership, and would conform the membership regulation more closely to the advances regulation, which already includes loans financed by CIP advances within the definition of ''residential housing finance assets.'' See 12 CFR 935.1.

III. Regulatory Flexibility Act

The proposed rule would not impose any additional reporting, recordkeeping, or compliance requirements on prospective or current Bank members.

Although the Finance Board anticipates that the proposed rule will be of benefit primarily to small depository institutions, it will not have a disproportionate impact on small entities. Therefore, in accordance with the Regulatory Flexibility Act, the Finance Board hereby certifies that this proposed rule, if promulgated as a final rule, will not have a significant economic impact on a substantial number of small entities. 5 U.S.C. 605(b).

IV. Paperwork Reduction Act

The proposed rule does not contain any collections of information, as defined by the Paperwork Reduction Act of 1995. See 44 U.S.C. 3501 *et seq.* Consequently, the Finance Board has not submitted any information to the Office of Management and Budget for review.

List of Subjects

12 CFR Part 933

Federal home loan banks, Reporting and recordkeeping requirements.

12 CFR Part 935

Credit, Federal home loan banks, Reporting and recordkeeping requirements.

Accordingly, the Federal Housing Finance Board hereby proposes to amend title 12, chapter IX, parts 933 and 935 of the Code of Federal Regulations as follows:

PART 933—MEMBERS OF THE BANKS

1. The authority citation for part 933 continues to read as follows:

Authority: 12 U.S.C. 1422a, 1422b, 1424, 1426, 1430, 1442.

2. Amend § 933.1 by revising paragraph (n)(1)(iii), removing ''or'' at the end of paragraph (bb)(6)(iii), removing the period at the end of paragraph (bb)(7) and adding ''; or'' in its place, and adding paragraph (bb)(8) to read as follows:

§ 933.1 Definitions.

* * * * *

(n) *Home mortgage loan* * * *

(1) * * *

(iii) Combination business or farm property, on which is located a permanent structure actually used as a residence, other than for temporary or seasonal housing; or

* * * * *

(bb) *Residential mortgage loan* * * *

(8) Loans that finance properties or activities that, if made by a member, would satisfy the statutory requirements for the Community Investment Program established under section 10(i) of the Bank Act, or the regulatory requirements established for any community investment cash advance program authorized by section 10(j)(10) of the Bank Act.

* * * * *

PART 935—ADVANCES

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

Authority: 12 U.S.C. 1422a(a)(3), 1422b(a)(1), 1426, 1429, 1430, 1430b, and 1431.

2. Amend § 935.1 by revising paragraph (1)(v) in the definition of ''Residential real property'' to read as follows:

§ 935.1 Definitions.

* * * * *

Residential real property * * *

(1) * * *

(v) Combination business or farm property, on which is located a permanent structure actually used as a residence, other than for temporary or seasonal housing.

* * * * *

Dated: September 10, 1997.

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

Bruce A. Morrison,

Chairperson.

[FR Doc. 97–26893 Filed 10–10–97; 8:45 am]

BILLING CODE 6725–01–U

SMALL BUSINESS ADMINISTRATION

13 CFR Part 107

Small Business Investment Companies

AGENCY: Small Business Administration.

ACTION: Proposed rule.

SUMMARY: Title II of Public Law 104–208 (September 30, 1996), entitled the ''Small Business Programs Improvement Act of 1996'', made a number of changes to the Small Business Investment Act of 1958, as amended. For the Small Business Investment Company program, these changes include provisions affecting capital requirements, Leverage eligibility and fees, and the status of Section 301(d) Licensees. This proposed rule would implement the statutory provisions; in addition, it would make various technical corrections and clarifications, as well as changes intended to improve the fairness and flexibility of the regulations.

DATES: Comments must be submitted on or before November 13, 1997.

ADDRESSES: Written comments should be addressed to Don A. Christensen, Associate Administrator for Investment, U.S. Small Business Administration, 409 3rd Street, S.W., Suite 6300, Washington, D.C. 20416.

FOR FURTHER INFORMATION CONTACT: Leonard W. Fagan, Investment Division, at (202) 205–7583.

SUPPLEMENTARY INFORMATION: This proposed rule would implement the provisions of Title II of Public Law 104–208 (September 30, 1996) which relate to small businesses investment companies (SBICs). This rule would also make certain other substantive changes, clarifications and technical corrections to the regulations governing SBICs, including those concerning portfolio diversification, Cost of Money, and the computation of distributions to be made by SBICs that have issued Participating Securities.

Section 301(d) Licensees

Prior to October 1, 1996, an SBIC program applicant could be licensed under either section 301(c) or section 301(d) of the Small Business Investment Act of 1958, as amended (Act). A Section 301(d) Licensee, also known as a ''specialized SBIC'' or ''SSBIC'', agreed to invest only in businesses owned and controlled by socially or economically disadvantaged individuals. In return, a Section 301(d) Licensee received certain benefits not available to other SBICs, such as eligibility for certain types of subsidized Leverage (as defined in § 107.50).

Effective October 1, 1996, section 208(b)(3) of Public Law 104–208 repealed section 301(d) of the Act. However, the repeal provision was accompanied by the following language: ''The repeal * * * shall not be construed to require the Administrator to cancel, revoke, withdraw, or modify any license issued under section 301(d) of the Small Business Investment Act of 1958 before the date of enactment of this Act.''

This proposed rule would revise several sections in part 107 to implement this statutory change. The revisions would eliminate provisions relating to the licensing of new SSBICs while retaining rules governing the operations of existing SSBICs.

Thus, in § 107.50, a ''Section 301(d) Licensee'' would be defined as ''a company licensed prior to October 1, 1996 under section 301(d) of the Act as in effect on the date of licensing, that may provide Assistance only to Disadvantaged Businesses.'' Current § 107.110, which deals with organization of a section 301(d) license applicant, would be removed. Similarly, § 107.120 would be revised by