



OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT

NEWS RELEASE

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**OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT
(OFHEO)
ANNOUNCES INITIATIVE TO FORMALIZE AND ENHANCE
OFHEO'S REGULATORY STRUCTURE
IN ITS OVERSIGHT OF FANNIE MAE AND FREDDIE MAC**

WASHINGTON, D.C. – **Armando Falcon, Jr.**, Director of the Office of Federal Housing Enterprise Oversight (OFHEO), financial safety and soundness regulator of Fannie Mae and Freddie Mac (the Enterprises), today sent a notice to the *Federal Register* that outlines an initiative to formalize and enhance OFHEO's regulatory structure.

"This ongoing effort will help ensure the safety and soundness of the Enterprises, provide greater transparency and public understanding of the regulatory regime affecting the Enterprises, and provide a clear expression of the regulatory basis for OFHEO action in matters of supervisory concern," Falcon said.

"I believe that greater transparency of OFHEO's operations will increase public awareness of supervisory standards affecting the secondary mortgage market and will enhance the public and the markets' understanding of the financial state of the Enterprises," said Falcon.

The four broad areas OFHEO will be considering include: Agency Organization and Functions, Corporate Governance, Safety and Soundness, and Compliance Issues (see attached summary and language to be included in the *Federal Register*).

"This initiative will advance the development of OFHEO's regulatory infrastructure by formally putting in place a full range of regulations necessary for OFHEO to fulfill its statutory mission," said Falcon.

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OFHEO was established as an independent entity within the Department of Housing and Urban Development by the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (Title XIII of P.L. 102-550). OFHEO's primary mission is ensuring the capital adequacy and financial safety and soundness of Fannie Mae and Freddie Mac.

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OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT

Office of General Counsel Summary Overview of Regulatory Infrastructure Project

The following provides a framework for and preliminary summary and overview of rules that are anticipated to be promulgated subject to public notice and comment. The list identifies various broad areas for rulemaking and does not specify any particular rule. The promulgation of most such rules would formalize existing regulatory standards and practices.

Subject Areas

I. Agency Organization and Functions

Basic rules already exist. Additional rulemaking will address procedures for hearings, cease and desist orders and civil money penalties. Existing enforcement regulations regarding formal and informal sanctions may be revised.

II. Corporate Governance

Will address board of director and senior management responsibilities such as internal controls and reporting obligations.

III. Safety and Soundness

Will address risk management in terms of currently examined areas of assets, credit and interest rate risk and other oversight matters. Rules may address investment practices and disclosure requirements as well as the increasing role of technology and information systems. Existing minimum capital rule may be revised to compliment new risk based capital rule.

IV. Other Compliance Issues

Will address current executive compensation standards and agency review procedures as well as compliance with other statutory matters of general applicability.

(d) CCC may waive the accrual of interest and or damages if CCC determines that the cause of the erroneous determination was not due to any action of the bioenergy producer.

(e) Any producer or person engaged in an act prohibited by this section and any producer or person receiving payment under this part shall be jointly and severally liable for any refund due under this section and for related charges.

(f) The remedies provided in this part shall be in addition to other civil, criminal, or administrative remedies which may apply.

(g) Late payment interest shall be assessed on all refunds in accordance with the provisions of, and subject to the rates prescribed in, 7 CFR Part 1403.

§ 1424.14 OMB control numbers.

[The information collection requirements for the regulations will be submitted to OMB with the final rule.]

Signed in Washington, DC, on July 19, 2000.

Keith Kelly,

Executive Vice President, Commodity Credit Corporation.

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Federal Housing Enterprise Oversight

12 CFR Chapter XVII

Notice of Safety and Soundness Regulation

AGENCY: Office of Federal Housing Enterprise Oversight, HUD.

ACTION: Notice of regulatory project.

SUMMARY: Office of Federal Housing Enterprise Oversight (OFHEO) is issuing notice of a regulatory project designed to ensure the adoption and implementation of various written policies and procedures for the supervision of Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation (the "enterprises"). In accordance with OFHEO's supervisory mandate, as established in Title XIII of the Housing and Community Development Act of 1992, known as the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, OFHEO will formalize ongoing supervisory policies and procedures that are reflected in the agency's various examination guidelines and other supervisory pronouncements,

and update and revise its supervisory standards in light of market changes. The effect of this project is to enhance safety and soundness, to clarify interpretations of applicable laws and regulations, to provide greater transparency to and public understanding of the regulatory regime affecting the enterprises, and to provide a clear expression of the regulatory basis for OFHEO action in matters of supervisory concern.

FOR FURTHER INFORMATION CONTACT:

Alfred M. Pollard, General Counsel, or David W. Roderer, Deputy General Counsel, Office of Federal Housing Enterprise Oversight, 1700 G. Street, NW., Fourth Floor, Washington, DC 20552, telephone (202) 414-6924 (not a toll free number). The telephone number for the Telecommunications Device for the Deaf is: (800) 877-8339.

SUPPLEMENTARY INFORMATION: The Office of Federal Housing Enterprise Oversight (OFHEO) is charged by Congress with overseeing the business conduct and financial operations of the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation in order to, among other things, ensure that they are adequately capitalized and operating safely. In furtherance of its supervisory responsibilities, the agency is empowered to adopt safety and soundness standards, to conduct examinations monitoring compliance by the enterprises with such standards, and to enforce compliance with the standards it may establish.

OFHEO has since its inception in 1993 operated under a system largely without a full complement of promulgated regulatory standards or procedures. The agency relies primarily upon the strength of its examination staff, examination guidelines and procedures, and unpublished letters. Little public recognition exists of the prudential standards under which the enterprises successfully operate. The project will produce greater transparency of OFHEO's regulatory processes and the safeguards affecting the secondary market entities. The resulting increased public awareness of the supervisory standards applicable to this critical segment of housing finance should promote enhanced market understanding of the relative strengths and viability of the enterprises.

In accordance with OFHEO's supervisory mandate under Pub. L. No. 102-550, the agency is undertaking a regulatory project designed to ensure the adoption and implementation of written policies and procedures for the enterprises that address, among other

matters, (1) management responsibilities (addressing board and senior management roles and responsibilities, and minimum internal control standards for monitoring and reporting policies and procedures affecting specified subject areas); (2) risk management (formalizing quantitative and qualitative standards in appropriate areas including asset-related matters, credit risk, interest rate risk, and operational risks); (3) investments (addressing limits on types of investments and setting forth record keeping and disclosure requirements); (4) information systems security and integrity (formalizing standards and safeguards); (5) financial information disclosure (specifying applicable disclosure standards); (6) executive compensation (codifying procedures and standards for agency review of senior executive compensation and termination benefits); and, (7) enforcement policies and procedures (clarifying relevant procedures and formal and informal enforcement sanctions available to the agency).

Dated: July 20, 2000.

Armando Falcon, Jr.,

Director, Office of Federal Housing Enterprise Oversight.

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 2000-NM-179-AD]

RIN 2120-AA64

Airworthiness Directives; British Aerospace Model BAe 146 and Model Avro 146-RJ Series Airplanes

AGENCY: Federal Aviation Administration, DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: This document proposes the superseding of an existing airworthiness directive (AD), applicable to all British Aerospace Model BAe 146 and certain Model Avro 146-RJ series airplanes, that currently requires a one-time inspection for "drill marks" and corrosion on the underside of the wing top skin, and corrective actions, if necessary. This action would require a one-time inspection for "drill marks" and corrosion, and corrective actions, if necessary, in accordance with new procedures. For certain airplanes, this action would add a requirement for one-