Present allocation (service)	Number of channels allocated	Number of channels used	Number of channels available for general access
SAN FRANCISCO, CHANNEL 16			
Public safety	34	19	15
Reserv pool A	6	0	6
Power and telephone maintenance	5	0	5
Special industrial	9	5	4
Reserve pool B	6	0	6
Business	22	22	0
Taxicab	4	0	4
RR/MC/AE	14	14	0
Pet./F.P./Mfr	8	0	8
Total	108	60	48
SAN FRANCISCO, CHANNEL 17			
Public safety	34	20	14
Reserve pool A	6	0	6
Power and telephone maintenance	5	0	5
Special industrial	9	9	0
Reserve pool B	6	0	6
Business	22	22	0
Taxicab	4	0	4
RR/MC/AE	14	7	7
Pet./F.P./mfr	8	4	4
Total	108	62	42
WASHINGTON, CHANNEL 17			
Public safety	34	0	34
Reserve pool A	6	0	6
Power and telephone maintenance	5	0	5
Special industrial	9	0	9
Reserve pool B	6	0	6
Business	22	1	21
Taxicab	4	0	4
RR/MC/AE	14	0	14
Pet./F.P./Mfr	8	0	8
Total	108	1	107
WASHINGTON, CHANNEL 18			
Reserve pool C	9	0	9
Public safety	45	45	0
Reserve pool A	6	0	6
Power and telephone maintenance	2	0	2
Special industrial	4	3	1
Reserve pool B	6	0	6
Business	22	21	1
Taxicab	3	0	3
RR/MC/AE	7	7	0
Pet./F.P./Mfr	4	0	4
Total	108	76	32

[FR Doc.76-27756 Filed 9-22-76;8:45 am]

LEGAL SERVICES CORPORATION

[45 CFR Part 1617]

CLASS ACTIONS

Proposed Rulemaking

The Legal Services Corporation was established pursuant to the Legal Services Corporation Act of 1974, Pub. L. 93-355, 88 Stat. 378, 42 U.S.C. 2996-2996*l* ("the Act"). Section 1006(d)(5) of the Act, 42 U.S.C. 2996e(d)(5), requires class action litigation undertaken by a recipient to be approved by the project director in accordance with policies established by the governing board. Section 1007(a)(3), 42 U.S.C. 2996f(a)(3), requires the Corporation to insure that legal assistance is rendered in the most economical and effective manner, and section 1007(a)(1), 42 U.S.C. 2996f(a)(1), requires the Corporation to protect against impairing the integrity of the adversary process.

Pursuant to section 1008(e) of the Act, the Corporation hereby affords notice and publishes for comment the following proposed regulations concerning class actions. Public comment will be received by the Corporation at its headquarters office, Suite 700, 733 15th Street, NW., Washington, D.C. 20005 on or before October 26, 1976. Comments must be in writing and may be accompanied by a memorandum or brief in support thereof. Comments received may be seen at the above offices during business hours Monday through Friday.

Final regulations will be issued by the Corporation after review and consideration of public comments received pursuant to this notice.

COMMENT

Section 1006(d)(5) of the Act requires class action litigation undertaken by a recipient to be approved by the project director in accordance with policies established by the governing board. The legislative history of the section makes it clear that Congress did not intend to discourage use of class actions, but did want to insure that class action litigation would be undertaken according to standards established by persons accountable for the overall performance of the legal services program.

Neither the Act nor relevant American Bar Association Ethics Opinions permits a governing body to review class action litigation on a case-by-case basis. What is contemplated is the establishment by a governing body of broad policies that are consistent with its resource allocation priorities, and with the need to protect the rights of an individual client and similarly situated clients. The class action policy adopted by a governing body should not interfere with an attorney's independent judgment or duty to a client. See sections 1006(a)(3); 1007(a)(1); ABA Committee on Ethics and Professional Responsibility, Formal Opinion 334.

Because a class action may be a useful way of avoiding duplicative and repetitive actions, the mandate of section 1007(a)(3) that legal assistance be rendered in "the most economical and effective" manner, as well as the prohibition in section 1007(a)(1) against impairing the integrity of the adversary process, preclude a recipient from adopting policies that would prevent class actions in appropriate cases.

Part 1617 is added in proposed form as follows:

PART 1617—CLASS ACTIONS

Sec.
1617.1 Purpose.
1617.2 Definition.
1617.3 Approval Required.
1617.4 Standards for Approval.

AUTHORITY: Secs. 1006(d)(5), 1007(a)(1), 1007(a)(3), 1006 (e) (42 U.S.C. 2996e(d)(5), 2996f(a)(1), 2996f(a)(3), 2996g(e)).

§ 1617.1 Purpose.

This part is intended to promote responsible, efficient, and effective use of Corporation resources. It does not apply to any case or matter in which assistance is not being rendered with funds provided under the Act.

§ 1617.2 Definition.

"Class action" means a class suit, class action, appeal, or amicus curiae class action, as defined by statute or the rules of civil procedure of the court in which an action is filed.

§ 1617.3 Approval required.

No class action may be undertaken by a staff attorney without the express approval of the director of the recipient, acting in accordance with policies established by the governing board.

§ 1617.4 Standards for approval.

The governing body of a recipient shall adopt policies to guide the director of the recipient in determining whether to approve class action litigation. The policies adopted

(a) Shall not prohibit class action litigation when appropriate to provide effective representation to a client or a group of similarly situated clients;

(b) Shall not require case-by-case approval of class action litigation by the governing body;

(c) Shall give appropriate consideration to priorities in resource allocation adopted by the governing body, or required by the Act or Corporation regulations; and

(d) Shall not interfere with the professional responsibilities of an attorney to a client.

THOMAS EHRLICH,
President,
Legal Services Corporation.

[FR Doc.76-27860 Filed 9-22-76;8:45 am]

[45 CFR Part 1618]

ENFORCEMENT PROCEDURES

Proposed Rulemaking

The Legal Services Corporation was established pursuant to the Legal Services Corporation Act of 1974, Pub. L. 93-355, 88 Stat. 378, 42 U.S.C. 2996-2996*l* ("the Act"). Sections of the Act, including sections 1006(b)(1), 1006(b)(5), and 1007(d), 42 U.S.C. 2996e(b)(1), 29996e(b)(5), 2996f(d), provide that the Corporation shall have the authority to enforce, and to monitor and evaluate programs to insure, compliance with the Act and Corporation rules, regulations, and guidelines. Section 1006(b)(2), 42 U.S.C. 2996e(b)(2), requires recipients to insure compliance by their employees with the Act and Corporation rules, regulations, and guidelines.

Pursuant to section 1008(e) of the Act, the Corporation hereby affords notice and publishes for comment the following proposed regulations concerning enforcement procedures. Public comment will be received by the Corporation at its headquarters offices, Suite 700, 733 15th Street, NW., Washington, D.C. 20006 on or before October 26, 1976. Comments must be in writing and may be accompanied by a memorandum or brief in support thereof. Comments received may be seen at the above offices during business hours Monday through Friday.

Final regulations will be issued by the Corporation after review and consideration of public comments received pursuant to this notice.

COMMENT

Congress conferred upon the Corporation the dual responsibility of insuring compliance by recipients and their employees with the provisions of the Act and Corporation rules, regulations, and guidelines, and of insuring "the protection of the integrity of the adversary process from any impairment in furnishing legal assistance" to eligible clients. (Sections 1006(b)(1) and 1007(a)(1)). The enforcement procedure established by this Part attempts to satisfy both these goals.

The Corporation's authority to enforce the Act is found in sections 1006(b)(1) and 1007(d). The Act specifically mentions only termination of financial support to recipients as a means of general enforcement, but such a severe remedy probably would be unwarranted in most instances. It was necessary, therefore, to provide other methods of enforcement. Cf. section 1006(b)(5), that does contemplate other remedies for violations of its provisions. The Congressional intention that the Corporation should have authority to create other remedies is specifically stated in the Conference Report:

> The conferees intend that remedial measures short of termination be utilized prior to termination. S. Conf. Rep. 93-845, 93rd Cong., 2nd sess., 21 (1974).

To allow maximum latitude for informal resolution of violations, this Part does not specify what kind of remedial action, short of suspension or termination, should be taken when the Corporation finds a violation of the Act. It is anticipated that some initial violations may be due to uncertainty about the proper interpretation of the Act. In such instances, it should be sufficient to notify the recipient that its interpretation of the Act is erroneous. In other cases, the Corporation may instruct the recipient to remedy the matter according to its own procedures. It is expected that the Corporation will take formal action to remedy a violation only after other means have failed.

The procedure established by this Part is consistent with the Congressional intention that a recipient should have the initial responsibility for insuring that its employees comply with the Act. Section 1006(b)(2).

PRIMARY JURISDICTION

To insure uniform and consistent interpretation and application of the Act, every alleged violation should be dealt with in the manner prescribed by this part. Use of this procedure will also protect the integrity of the adversary process by insuring that questions of compliance with the Act will not become ancillary issues in cases undertaken by attorneys employed by recipients. The most common situation in which a question of compliance arises is when an opposing party in a lawsuit challenges a client's eligibility for representation by a legal services attorney. Several courts confronted with that issue have held that it is not a proper one for judicial determination. *Ingram* v. *Justice Court*, 69 Cal. 2d 832, 447 P. 2d 650 (1968); *Budget Finance Plan, Inc.* v. *Staley*, Civil No. GS 19245-65 (D.C. Ct. Gen. Sess., June 9, 1966); *Florida ex rel T.J.M.* v. *Carlton*, No. 75-245 (Fla. Dist. Ct. App., June, 1975) 9 Clearinghouse Rev. 209 (July, 1975); *Brednenner* v. *Brednenner*, (Penn. C.P. Luzerne Co., June 10, 1975) 9 Clearinghouse Rev. 277 (August, 1975).

In both *Carlton* and *Brednenner*, the courts specifically recognized the issue as being one for administrative resolution. In *Carlton*, the Court said:

> No authorization, either state or federal, permits judicial inquiry into a client's eligibility for representation in a Florida Court by an attorney who is a member of the Florida Bar in good standing who has been designated by the client. Where the federal government makes legal services available under congressional authority, eligibility for rendering and receiving such legal services is a matter [to be resolved] by the federal agencies which make such services available. Slip Opinion at 2-3.

The approach taken by these courts is consistent with the one adopted here, which assumes that the Corporation has primary jurisdiction to enforce compliance with the Act. The primary jurisdiction doctrine requires a party to exhaust an available administrative procedure before seeking judicial resolution of a dispute subject to an agency's jurisdiction. The rationale for the doctrine supports its application to questions of compliance with the Legal Services Corporation Act. As explained by Professor Kenneth Davis, the doctrine is based on

> * * * recognition of the need for orderly and sensible coordination of the work of agencies and of courts. Whether the agency happens to be expert or not, a court should not act upon subject matter that is peculiarly within the agency's specialized field without taking into account what the agency has to offer, for otherwise parties who are subject to the agency's continuous regulation may become the victims of uncoordinated and conflicting requirements. 3 Davis Administrative Law § 1901, at 5 (Footnote omitted).

Where appropriate, the primary jurisdiction doctrine applies even in the absence of a specific statutory provision requiring it, as shown by the decision in *"Andrews* v. *Louisville & Nashville R.R. Co.,"* 406 U.S. 320 (1972). Commenting on *Andrews*, Professor Davis said:

> * * * perhaps the case stands for the broad proposition that establishment of federal administrative machinery to take care of a class of controversies indicates legislative intent to require prior resort to that machinery, even through the legislative body said nothing about such prior resort. Davis Administrative Law, 1976 Supplement, § 19.03 at 438.

The legislative history of the Legal Services Corporation Act supports the view that Congress intended the Corporation to have primary jurisdiction to enforce compliance with the Act. The original legal services bill, S. 1815, 93rd Cong. 1st Sess. (May 15, 1973) and H.R. 7824, *Id.*, contained a provision that would have given private citizens the right to seek enforcement of the Act in federal court. The provision was deleted, and in the Senate debates it was specifically noted by Senator Nelson that "Any violation of the bill's restrictions [is] to be enforced by the Corporation." 120 Cong. 12923 (Daily Ed., July 18, 1974).

Support for application of the primary jurisdiction doctrine is found in the provisions of the Act itself. Section 1006(b)(1) gives the Corporation the authority, and section 1007(d) gives it the obligation to enforce the Act. Moreover, the Act's restrictions are cast in terms that refer to the relation between the Corporation and a recipient: Section 1007(a) requires the Corporation to "insure" that certain restrictions are observed, and section 1007(b) prohibits certain use of "funds made available by the Corporation." Both provisions support the view that an alleged violation of the Act is, at least in the first instance, a matter to be resolved by the Corporation.

Part 1618 is added in proposed form as follows:

PART 1618—ENFORCEMENT PROCEDURES

AUTHORITY: Sec. 1006(b)(1), 1006(b)(2), 1006(b)(5), 1007(d), 1006(e) (42 U.S.C. 2996

•(b)(1), 2996(e)(b)(2), 2996e (b)(5), 2996f (d), 2996g(e)).

§ 1618.1 Purpose.

In order to insure uniform and consistent interpretation and application of the Act, and to prevent a question of whether the Act has been violated from becoming an ancillary issue in any case undertaken by a recipient, this part establishes a systematic procedure for enforcing compliance with the Act.

§ 1618.2 Definition.

As used in this part, "Act" means the Legal Services Corporation Act or the rules and regulations issued by the Corporation.

§ 1618.3 Complaints.

A complaint of a violation of the Act by a recipient or an employee may be made to the recipient, the State Advisory Council, or the Corporation.

§ 1618.4 Duties of recipients.

A recipient shall (a) Advise its employees of their responsibilities under the Act; and

(b) Establish procedures, consistent with the notice and hearing requirements of section 1011 of the Act, for determining whether an employee has violated a prohibition of the Act; and shall establish a policy for determining the appropriate sanction to be imposed for a violation, including

(1) Administrative reprimand if a violation is found to be minor and unintentional, or otherwise affected by mitigating circumstances;

(2) Suspension and termination of employment; and

(3) Other sanctions appropriate for enforcement of the Act; but

(c) Before suspending or terminating the employment of any person for violating a prohibition of the Act, a recipient shall consult the Corporation to insure that its interpretation of the Act is consistent with Corporation policy.

§ 1618.5 Duties of the Corporation.

(a) Whenever there is reason to believe that a recipient or an employee may have violated the Act, or failed to comply with a term of its Corporation grant or contract, the Corporation shall investigate the matter promptly and attempt to resolve it through informal consultation with the recipient.

(b) Whenever there is substantial reason to believe that a recipient has persistently or intentionally violated the Act, or, after notice, has failed to take appropriate remedial or disciplinary action to insure compliance by its employees with the Act, and attempts at informal resolution have been unsuccessful, the Corporation may proceed to suspend or terminate financial support of the recipient pursuant to the procedures set forth in Part 1612 of this chapter, or may take other action to enforce compliance with the Act.

THOMAS EHRLICH,
President,
Legal Services Corporation.

[FR Doc.76-27861 Filed 9-22-76;8:45 am]

[45 CFR Part 1619]

PUBLIC DISCLOSURE OF RECIPIENT POLICIES

Proposed Rulemaking

The Legal Services Corporation was established pursuant to the Legal Services Corporation Act of 1974, Pub. L. 93-355, 88 Stat. 378, 42 U.S.C. 2966-2996l ("the Act"). Section 1005(g) of the Act, 42 U.S.C. 2996d(g), provides that the Corporation shall be subject to the provisions of the Freedom of Information Act, 5 U.S.C. 552.

Pursuant to section 1008(e) of the Act, the Corporation hereby affords notice and publishes for comment the following proposed regulations concerning public disclosure of recipient policies. Public comment will be received by the Corporation at its headquarters offices, Suite 700, 733 15th Street, NW., Washington, D.C. 20005 on or before October 26, 1976. Comments must be in writing and may be accompanied by a memorandum or brief in support thereof. Comments received may be seen at the above offices during business hours Monday through Friday.

Final regulations will be issued by the Corporation after review and consideration of public comments received pursuant to this notice.

COMMENT

The Act does not apply the Freedom of Information Act to recipients, but there are sound reasons for requiring a recipient to make Corporation regulations, and many of its own records available to the public. The Congressional purpose in applying the FOIA to the Corporation would be furthered by imposing a public-disclosure requirement on recipients, and the requirement is consistent with § 1607.4 of the regulations issued by the Corporation, which requires all meetings of the governing body of a recipient to be open to the public.

The draft regulation presented here is adopted from Part 1602, governing public disclosure of Corporation records, with appropriate changes to protect confidential information and to avoid unnecessary interference with legal assistance activities.

Part 1619 is added in proposed form as follows:

PART 1619—PUBLIC DISCLOSURE OF RECIPIENT POLICIES

Sec.
1619.1 Purpose.
1619.2 Definitions.
1619.3 Procedure.
1619.4 Exemptions.
1619.5 Denials.
1619.6 Appeals of Denials.

AUTHORITY: Secs. 1005(g), 1008(e) (42 U.S.C. 2996d(g), 2996g(e)).

§ 1619.1 Purpose.

This part is designed to insure that the public will have access to records of a recipient to the fullest extent consistent with operating efficiency and the protection of confidential or privileged information.

§ 1619.2 Definition.

"Records" means books, papers, or other documentary materials, regardless of physical form or characteristics, made or received by a recipient in connection with the transaction of its business and preserved by the recipient as evidence of the organization, functions, policies, decisions, procedures, rules, regulations, guidelines, operations, or other activities of the recipient or the Corporation, or because of the informational value of data in them. The term does not include books, magazines, or other materials acquired solely for library purposes.

§ 1619.3 Procedure.

(a) Every recipent shall designate an employee to act as Records Officer, with the responsibility for responding to requests to inspect recipient records.

(b) Any member of the public who wishes to inspect or copy records regularly maintained by a recipient may secure access to them at the office of the recipient during business hours. Advance notice or appointment may be required when it would be difficult for a recipient to produce the records requested on short notice.

(c) A request shall identify a record with sufficient specificity to enable the recipient to locate it with a reasonable amount of effort, and without unduly burdening staff or materially interfering with legal assistance activities. If it is determined that a request does not adequately describe the record sought, the response denying the request on that ground shall state how the request failed to meet the requirements of this paragraph, and shall extend to the requesting party an opportunity to confer with recipient personnel in order to attempt to reformulate the request in an acceptable manner.

(d) A recipient is not required to create a record to satisfy a request for information. When the information requested exists in the form of several records at several locations, the requesting party should be referred to those sources only if gathering the information would unduly burden or materially interfere with operations of the recipient.

(e) The Records Officer shall make an initial determination whether to comply with a request for records, and shall notify the requesting party of the determination within ten working days after receipt of the request. In unusual circumstances, the time limit may be extended for no more than an additional ten working days. As used herein, "unusual circumstances" includes

(1) The need to search for and collect the requested records from field facilities or other establishments that are separate from the office to which the request was made;

(2) The need to search for, collect, and appropriately examine a voluminous amount of separate and distinct records that are included in a single request; or

(3) The need for consultation with another entity having a substantial in-

terest in the determination of the request.

(f) If no determination has been made at the end of the ten-day period, or the last extension thereof, the requesting party may deem the request denied, and appeal, pursuant to § 1619.6. When no determination can be made within the applicable time limit, the Records Officer shall nevertheless continue to process the request, and upon expiration of the time limit shall inform the requesting party of the reason for the delay, of the date on which a determination may be expected to be made, and of the right to treat the delay as a denial and to appeal to the Director of the recipient pursuant to § 1619.6, or to forego appeal until a determination is made.

(g) After it has been determined that a request will be granted, the recipient shall provide a substantive response promptly.

§ 1619.4 Exemptions.

(a) Nothing in this part shall require disclosure of

(1) Any information furnished to a recipient by a client;

(2) The work product of an attorney or paralegal;

(3) Any material used by a recipient in providing representation to clients;

(4) Any matter that is related solely to the internal personnel rules and practices of the recipient; or

(5) Personnel, medical, or similar files, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

(b) If one or more of the above exemptions applies, any reasonably segregable portion of a record shall be provided to the requesting party after deletion of the portions that are exempt. In appropriate circumstances, subject to the discretion of the recipient, a requesting party may be provided with

(1) A summary of information in the exempt portion of a record, or

(2) An oral description of the exempt portion of a record.

§ 1619.5 Denials.

Whenever a recipient denies a request for a record or deletes part of a record, the requesting party shall be provided with a written statement including

(a) A reference to the applicable exemption or exemptions in § 1619.3 upon which the denial or deletion is based;

(b) An explanation of how the exemption applies to the requested records;

(c) A statement explaining why it is deemed unreasonable to provide segregable portions of the record after deleting the exempt portions;

(d) The name and title of the person or persons responsible for denying the request; and

(e) An explanation of the right to appeal the denial or deletion and of the procedure for submitting an appeal.

§ 1619.6 Appeals of denials.

(a) Any person whose request to inspect a record has been denied in whole or in part may appeal to the Director of the recipient by written request made within thirty days after denial. An appeal should identify the requested record and the employee who issued the denial, and state the date on which the denial was issued.

(b) No personal appearance, oral argument, or hearing will ordinarily be permitted on appeal of a denial, but upon request and a showing of special circumstances, an informal conference may be arranged with the Director or the Director's designee.

(c) The decision of the Director shall be in writing and, if the denial is upheld in whole or in part, shall state the reasons for denial. The decision shall be dispatched to the requesting party within twenty working days after receipt of the appeal, unless an additional period is justified pursuant to § 1619.3(e).

THOMAS EHRLICH,
President,
Legal Services Corporation.

[FR Doc.76-27862 Filed 9-22-76;8:45 am]

NATIONAL CREDIT UNION ADMINISTRATION

[12 CFR Part 704]

CORPORATE CENTRAL FEDERAL CREDIT UNIONS

Proposed Rulemaking

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, and section 209, 84 Stat. 1014, 12 U.S.C. 1789, proposes to establish a regulation on corporate central Federal credit unions, such regulation to be designated as Part 704 (12 CFR Part 704).

The proposed regulation recognizes that a central Federal credit union that is operated for the primary purpose of serving corporate accounts should be classified as a corporate central Federal credit union (CCFCU), as that term is defined in the regulation, and that the reserving requirements for a CCFCU should be modified to more accurately reflect the lower risk involved in granting loans to corporate accounts, i.e., loans to credit unions. The proposed regulation would establish a reserving requirement for a CCFCU which would differ from that delineated in § 702.2 (12 CFR 702.2) by clarifying risk assets as defined in § 700.1 (12 CFR 700.1), and by creating a "corporate central reserve" (CCR). A CCFCU will be required to transfer to the regular reserve amounts as set forth in § 702.2 (12 CFR 702.2), except that in computing the amount that must be maintained in the regular reserve pursuant to § 702.2 (12 CFR 702.2), loans made to credit unions by a CCFCU under authority of section 107 (5) and 107(8)(A) of the Act (12 U.S.C. 1757(5) and (8)(A)) will now be classified in the same category as loans presently made to other credit unions under authority of 107(8)(C) of the Act (12 U.S.C. 1757(8)(C)), that is, as nonrisk assets. To cover any potential loss on loans to corporate accounts, a CCFCU would be required to establish and maintain a CCR as set forth below.

Interested persons are invited to submit written comments, suggestions, or objections regarding the proposed regulations to the Administrator, National Credit Union Administration, 2025 M Street, NW, Washington, DC 20456. Comments received prior to November 16, 1976, will be considered before final action is taken on this proposal. Copies of all written comments received will be available for public inspection during normal business hours at the foregoing address.

C. AUSTIN MONTGOMERY,
Acting Administrator.

SEPTEMBER 15, 1976.

Sec.
704.0 Scope.
704.1 Definitions.
704.2 Corporate Central Reserve.

AUTHORITY: Sec. 120, 73 Stat. 635 (12 U.S.C. 1766) and Sec. 209, 84 Stat. 1014 (12 U.S.C. 1789).

§ 704.0 Scope.

Part 702 of this chapter sets forth the reserving requirements for Federal credit unions. As concerns corporate central Federal credit unions, this part modifies the existing regular reserve structure by eliminating from outstanding loans and risk assets, when computing the amount that must be maintained in the regular reserve, loans to member credit unions (loans to other credit unions are presently excepted from risk assets by § 700.1(j)(4)), and by creating a corporate central reserve.

§ 704.1 Definitions.

(a) "Corporate central Federal credit union" means a Federal credit union operated for the primary purpose of serving corporate accounts. A Federal credit union will be deemed to be a corporate central Federal credit union when its total dollar amount of outstanding corporate loans plus corporate shareholdings is equal to or in excess of 75 per centum of its total outstanding loans plus shareholdings.

(b) Risk assets of a corporate central Federal credit union shall be as defined in § 700.1 of this chapter, except, however, loans made under authority of section 107(5) and 107(8)(A) of the Act by a CCFCU to credit unions shall not be considered risk assets.

§ 704.2 Corporate Central Reserve.

(a) In addition to the Regular Reserve required by § 702.2 of this chapter, a corporate central Federal credit union shall establish and maintain a Corporate Central Reserve as described in this section.

(b) Immediately before the payment of each dividend, the treasurer shall determine the gross earnings, as defined in § 702.2 of this chapter, of the corporate central Federal credit union. From this amount there shall be transferred to a reserve to be known as the Corporate Central Reserve, as of the end of each dividend period, 2 per centum of gross earnings until the Corporate Central Reserve shall equal 1½ per