

FEDERAL DEPOSIT INSURANCE CORPORATION**Investment in Leeway Securities; Rescission of Statement of Policy**

AGENCY: Federal Deposit Insurance Corporation (FDIC).

ACTION: Rescission of Statement of Policy.

SUMMARY: As part of the FDIC's systematic review of its regulations and written policies under section 303(a) of the Riegle Community Development and Regulatory Improvement Act of 1994 (CDRI), the FDIC is rescinding its policy statement concerning bank investments under state leeway laws (Statement). The Statement indicates that the FDIC will not criticize investments of a civic or community nature if they meet reasonable limits set out in the Statement. The FDIC is rescinding the Statement because it is now outmoded. The rescission does not reflect any substantive change in the FDIC's supervisory attitude toward this type of investment.

EFFECTIVE DATE: This Statement is rescinded effective May 23, 1996.

FOR FURTHER INFORMATION CONTACT: Robert W. Walsh, Manager, Division of Supervision (202) 898-6911; Gerald J. Gervino, Senior Attorney, (202) 898-3723, Legal Division, FDIC, 550 17th Street, N.W., Washington, D.C. 20429.

SUPPLEMENTARY INFORMATION: The FDIC is conducting a systematic review of its regulations and written policies. Section 303(a) of the CDRI (12 U.S.C. 4803(a)) requires each federal banking agency to streamline and modify its regulations and written policies in order to improve efficiency, reduce unnecessary costs, and eliminate unwarranted constraints on credit availability. Section 303(a) also requires each federal banking agency to remove inconsistencies and outmoded and duplicative requirements from its regulations and written policies.

As part of this review, the FDIC has determined that the Statement is outmoded, and that the FDIC's written policies can be streamlined by its elimination.

The Statement was published on August 4, 1972, 37 FR 16228 and amended on March 7, 1974, 39 FR 8956. The Statement was designed to clarify the FDIC's position with regard to bank investments under state leeway laws. Leeway laws were adopted by many states to give depository institutions a way to make direct investments in civic or community related projects that would otherwise be prohibited under the standard bank or thrift charter. It

was felt that financial institutions were receiving inconsistent messages from their regulators. While community beneficial projects were encouraged by state agencies, the credit quality of the related investments was being criticized. The FDIC did not want to inhibit banks from making investments that were primarily of a civic or community nature. Therefore the Statement indicated that FDIC examiners would not criticize these leeway investments provided they were made within reasonable limits established by state law and aggregated no more than 10 percent of capital and surplus, whichever was less.

Section 24 of the Federal Deposit Insurance Act, 12 U.S.C. 1831a, prohibits equity investments by an insured state bank if the investment is not of a type and in an amount that is permissible for a national bank. 12 CFR part 362 implements this statutory provision. Both the statute and the regulation contain exceptions for investments as a limited partner in a partnership, the sole purpose of which is the acquisition, rehabilitation or new construction of qualified housing projects. In addition, the National Bank Act was amended since the last amendment to the Statement in 1974 to expressly provide authority for a national bank to make investments that are designed to primarily promote the public welfare. Such investments can be made up to a maximum of 10 percent of unimpaired capital and surplus. (12 U.S.C. 24 (Eleventh)). Finally, community welfare investments are encouraged under the FDIC's regulations implementing the Community Reinvestment Act which was enacted by Congress subsequent to the adoption of the agency's Statement. Consistent with that Act and the FDIC's regulations, the FDIC will generally not criticize commercially viable community welfare investment. Thus, the rescission of the Statement does not signal any change in the manner in which the FDIC evaluates investments which are the subject of the current Statement. In view of this current statutory and regulatory direction, the Statement is no longer necessary.

For the above reasons, the Statement is hereby rescinded.

By Order of the Board of Directors.

Dated at Washington, D.C., this 14th day of May, 1996.

Federal Deposit Insurance Corporation.

Robert E. Feldman,

Deputy Executive Secretary.

[FR Doc. 96-12927 Filed 5-22-96; 8:45 am]

BILLING CODE 6714-01-P

Capital Forbearance; Rescission of Policy Statement

AGENCY: Federal Deposit Insurance Corporation (FDIC).

ACTION: Rescission of policy statement.

SUMMARY: As part of the FDIC's systematic review of its regulations and written policies under section 303(a) of the Riegle Community Development and Regulatory Improvement Act of 1994 (CDRI), the FDIC is rescinding its Guidelines for Implementing a Policy of Capital Forbearance (Policy Statement). The Policy Statement provided guidelines for certain well-managed viable banks to apply to the FDIC for capital forbearance. The FDIC is rescinding the Policy Statement because it is now outmoded.

EFFECTIVE DATE: This Policy Statement is rescinded May 23, 1996.

FOR FURTHER INFORMATION CONTACT: Robert W. Walsh, Manager, (202) 898-6911, Division of Supervision; Jamey Basham, Counsel, (202) 898-7265, Legal Division, FDIC, 550 17th Street, N.W., Washington, D.C. 20429.

SUPPLEMENTARY INFORMATION: The FDIC is conducting a systematic review of its regulations and written policies. Section 303(a) of the CDRI (12 U.S.C. 4803(a)) requires each federal banking agency to streamline and modify its regulations and written policies in order to improve efficiency, reduce unnecessary costs, and eliminate unwarranted constraints on credit availability. Section 303(a) also requires each federal banking agency to remove inconsistencies and outmoded and duplicative requirements from its regulations and written policies.

As part of this review, the FDIC has determined that the Policy Statement is outmoded, and that the FDIC's written policies can be streamlined by its elimination.

The FDIC adopted the Policy Statement on July 7, 1987, 52 FR 26182 (July 13, 1987). The Policy Statement provided guidelines under which certain banks, which were well-managed, solvent and viable but were having difficulty raising needed capital because they served an inadequately diversified economic sector caught in a severe downturn, could apply to the FDIC for capital forbearance. Since all capital improvement plans established under the Policy Statement were required by the Policy Statement's terms to assure capital restoration by January 1, 1995, the Policy Statement serves no further purpose.

Moreover, as part of the Federal Deposit Insurance Corporation

Improvement Act of 1991, Pub. L. 102-242, 105 Stat. 2236, 2253, Congress adopted the prompt corrective action provisions codified in section 38 of the Federal Deposit Insurance Act, 12 U.S.C. 1831o, establishing a statutory structure for addressing insured depository institutions with declining capital. This statutory structure does not allow capital forbearance as contemplated in the Policy Statement.

For the above reasons, the Policy Statement is hereby rescinded.

By Order of the Board of Directors.

Dated at Washington, D.C., this 14th day of May, 1996.

Federal Deposit Insurance Corporation.

Robert E. Feldman,

Deputy Executive Secretary.

[FR Doc. 96-12926 Filed 5-22-96; 8:45 am]

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FEDERAL EMERGENCY MANAGEMENT AGENCY

[FEMA-1105-DR]

Montana; Amendment to Notice of a Major Disaster Declaration

AGENCY: Federal Emergency
Management Agency (FEMA).

ACTION: Notice.

SUMMARY: This notice amends the notice of a major disaster for the State of Montana (FEMA-1105-DR), dated February 23, 1996, and related determinations.

EFFECTIVE DATE: May 7, 1996.

FOR FURTHER INFORMATION CONTACT: Pauline C. Campbell, Response and Recovery Directorate, Federal Emergency Management Agency, Washington, DC 20472, (202) 646-3606.

SUPPLEMENTARY INFORMATION: Notice is hereby given that the incident period for this disaster is closed effective February 29, 1996.

(Catalog of Federal Domestic Assistance No. 83.516, Disaster Assistance)

Dennis H. Kwiatkowski,

Deputy Associate Director, Response and Recovery Directorate.

[FR Doc. 96-13038 Filed 5-22-96; 8:45 am]

BILLING CODE 6718-02-P

[FEMA-1112-DR]

Illinois; Major Disaster and Related Determinations

AGENCY: Federal Emergency
Management Agency (FEMA).

ACTION: Notice.

SUMMARY: This is a notice of the Presidential declaration of a major

disaster for the State of Illinois (FEMA-1112-DR), dated May 6, 1996, and related determinations.

EFFECTIVE DATE: May 6, 1996.

FOR FURTHER INFORMATION CONTACT: Pauline C. Campbell, Response and Recovery Directorate, Federal Emergency Management Agency, Washington, DC 20472, (202) 646-3606.

SUPPLEMENTARY INFORMATION: Notice is hereby given that, in a letter dated May 6, 1996, the President declared a major disaster under the authority of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 *et seq.*), as follows:

I have determined that the damage in certain areas of the State of Illinois, resulting from severe storms and flooding on April 28, 1996 and continuing, is of sufficient severity and magnitude to warrant a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act ("the Stafford Act"). I, therefore, declare that such a major disaster exists in the State of Illinois.

In order to provide Federal assistance, you are hereby authorized to allocate from funds available for these purposes, such amounts as you find necessary for Federal disaster assistance and administrative expenses.

You are authorized to provide Individual Assistance, Public Assistance, and Hazard Mitigation in the designated areas. Consistent with the requirement that Federal assistance be supplemental, any Federal funds provided under the Stafford Act for Public Assistance or Hazard Mitigation will be limited to 75 percent of the total eligible costs.

The time period prescribed for the implementation of section 310(a), Priority to Certain Applications for Public Facility and Public Housing Assistance, 42 U.S.C. 5153, shall be for a period not to exceed six months after the date of this declaration.

Notice is hereby given that pursuant to the authority vested in the Director of the Federal Emergency Management Agency under Executive Order 12148, I hereby appoint Ron Sherman of the Federal Emergency Management Agency to act as the Federal Coordinating Officer for this declared disaster.

I do hereby determine the following areas of the State of Illinois to have been affected adversely by this declared major disaster:

Franklin and St. Clair Counties for Individual Assistance, Public Assistance, and Hazard Mitigation.

(Catalog of Federal Domestic Assistance No. 83.516, Disaster Assistance)

James L. Witt,
Director.

[FR Doc. 96-13014 Filed 5-22-96; 8:45 am]

BILLING CODE 6718-02-P

[FEMA-1112-DR]

Illinois; Amendment to Notice of a Major Disaster Declaration

AGENCY: Federal Emergency
Management Agency (FEMA).

ACTION: Notice.

SUMMARY: This notice amends the notice of a major disaster for the State of Illinois, (FEMA-1112-DR), dated May 6, 1996, and related determinations.

EFFECTIVE DATE: May 10, 1996.

FOR FURTHER INFORMATION CONTACT: Pauline C. Campbell, Response and Recovery Directorate, Federal Emergency Management Agency, Washington, DC 20472, (202) 646-3606.

SUPPLEMENTARY INFORMATION: The notice of a major disaster for the State of Illinois, is hereby amended to include the following area among those areas determined to have been adversely affected by the catastrophe declared a major disaster by the President in his declaration of May 6, 1996:

Lawrence County for Individual Assistance.

(Catalog of Federal Domestic Assistance No. 83.516, Disaster Assistance)

William C. Tidball,

Associate Director, Response and Recovery Directorate.

[FR Doc. 96-13015 Filed 5-22-96; 8:45 am]

BILLING CODE 6718-02-P

[FEMA-1112-DR]

Illinois; Amendment to Notice of a Major Disaster Declaration

AGENCY: Federal Emergency
Management Agency (FEMA).

ACTION: Notice.

SUMMARY: This notice amends the notice of a major disaster for the State of Illinois, (FEMA-1112-DR), dated May 6, 1996, and related determinations.

EFFECTIVE DATE: May 9, 1996.

FOR FURTHER INFORMATION CONTACT: Pauline C. Campbell, Response and Recovery Directorate, Federal Emergency Management Agency, Washington, DC 20472, (202) 646-3606.

SUPPLEMENTARY INFORMATION: The notice of a major disaster for the State of Illinois, is hereby amended to include the following areas among those areas determined to have been adversely affected by the catastrophe declared a major disaster by the President in his declaration of May 6, 1996:

Madison and Monroe Counties for Individual Assistance, Public Assistance, and Hazard Mitigation.