

# Proposed Rules

Federal Register

Vol. 61, No. 184

Friday, September 20, 1996

This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

## FEDERAL DEPOSIT INSURANCE CORPORATION

### 12 CFR Part 338

RIN 3064-AB72

#### Fair Housing

**AGENCY:** Federal Deposit Insurance Corporation.

**ACTION:** Proposed rule.

**SUMMARY:** The FDIC is proposing to amend its fair housing regulation by clarifying certain nondiscriminatory advertising requirements with regard to placement and display of the Equal Housing Lender poster. The FDIC also proposes to offer insured state nonmember banks the option of displaying the Equal Housing Opportunity poster required by regulations of the U.S. Department of Housing and Urban Development and/or using the advertising slogan "Equal Opportunity Lender." The agency further proposes to remove its fair housing recordkeeping requirements that serve as a substitute monitoring program permitted by the Federal Reserve Board's Regulation B, which implements the Equal Credit Opportunity Act, and its requirement that insured state nonmember banks maintain and report a home loan application register in accordance with Regulation C, which implements the Home Mortgage Disclosure Act. Instead, the FDIC will simply cross-reference Regulations B and C and require recordation and reporting of loan denial reasons.

This action is being taken in accordance with section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994, which requires the federal bank and thrift regulatory agencies to review and streamline their regulations and policies in order to improve efficiency, reduce unnecessary costs, eliminate unwarranted constraints on credit availability, and remove inconsistencies and outmoded and duplicative requirements. The intended effect of

these amendments is to reduce burden on insured state nonmember banks and to conform the FDIC's fair housing regulation with those of the other federal bank and thrift regulatory agencies.

**DATES:** Comments must be received on or before November 19, 1996.

**ADDRESSES:** Written comments should be addressed to the Office of the Executive Secretary, FDIC, 550 17th Street, NW., Washington, DC 20429. Comments also may be hand delivered to Room 402, 1776 F Street, NW., Washington, DC between 8:30 a.m. and 5:00 p.m. on business days, or sent by facsimile transmission (202-898-3838) or by Internet (comments@fdic.gov). Comments received will be available for public inspection and photocopying at the FDIC Public Information Center, Room 100, 801 17th Street, NW., Washington, DC between 9 a.m. and 4:30 p.m. on business days.

**FOR FURTHER INFORMATION CONTACT:** Michael R. Evans, Fair Lending Analyst, Fair Lending Section, Division of Compliance and Consumer Affairs, (202) 942-3091; or Lori J. Sommerfeld, Attorney, Regulation and Legislation Section, Legal Division, (202) 898-8515; Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429.

#### SUPPLEMENTARY INFORMATION:

##### I. Background

The FDIC's fair housing regulation, 12 CFR part 338, contains two parts: nondiscriminatory advertising requirements (subpart A) and recordkeeping requirements (subpart B). Subpart A prohibits insured state nonmember banks from discriminating in home loan advertising and sets forth the text of the Equal Housing Lender poster that must be displayed on bank premises. The intent of subpart A is to prevent discrimination in connection with any residential real estate-related transaction on the basis of race, color, sex, religion, national origin, familial status or handicap. The regulation specifies that this requirement may be satisfied by including in written and visual advertisements a copy of the logotype with the Equal Housing Lender legend contained in the Equal Housing Lender poster or, in oral advertisements, by including a statement that the bank is an "Equal Housing Lender." The advertising requirements enforce section

805 of Title VIII of the Civil Rights Act of 1968 (the Fair Housing Act), as amended by the Fair Housing Amendments Act of 1988 (Pub. L. 100-430, 102 Stat. 1636).

The purpose of subpart B (recordkeeping requirements) is two-fold. First, it requires certain insured state nonmember banks to request and retain information regarding the race, national origin, sex, marital status and age of applicants for a home purchase loan. The purpose of collecting and retaining this information is to monitor an institution's compliance with the Equal Credit Opportunity Act of 1974 (ECOA) (15 U.S.C. 1691-91f). Subpart B also serves as a substitute monitoring program permitted by Regulation B of the Federal Reserve System. See 12 CFR 202.13(d). However, the data collection and retention requirements of subpart B go beyond the requirements of Regulation B. For example, insured state nonmember banks that have no office located in a primary metropolitan statistical area (PMSA) or a metropolitan statistical area (MSA), or that have total assets of \$10 million or less, are also required to request and retain information on the location (street address, city, state, and zip code) of the property to be purchased. Further, insured state nonmember banks that have an office located in a PMSA or an MSA and that have total assets exceeding \$10 million are required to request and retain essentially all of the information listed on the model Residential Loan Application Form contained in appendix B of Regulation B (see 12 CFR part 202, appendix B). This includes such data as employment history of the applicant, number of dependents, assets and liabilities, detailed characteristics of the subject property, and the loan request. Appendix B specifies that institutions may delete any information requested on the model form provided that appropriate notices concerning optional use of titles and disclosure of certain income information and limitations concerning marital status requests are provided. Thus, the other information on the model form is not required by Regulation B.

Second, subpart B notifies insured state nonmember banks of their duty to maintain and report a register of home loan applications, and to update the register on a timely basis, in accordance

with the Federal Reserve Board's Regulation C (12 CFR part 203), which implements the Home Mortgage Disclosure Act (HMDA). Institutions are subject to HMDA and Regulation C if their assets exceed \$10 million and they have offices located in a PMSA or MSA. Information collected under the provisions of this subpart must include the type of loan requested, the purpose of the loan, whether the loan was approved or denied (including an option for collecting denial reasons for disapproved loans), and information on the purchaser, if the loan was sold. This information is consistent with Regulation C.

Subpart B, however, goes beyond the data reporting requirements of Regulation C. Regulation C requires the collection and reporting of race, sex and income of applicants for home loans only for institutions with assets of \$30 million or more that have offices located in a PMSA or MSA. Additionally, Regulation C specifies that the loan register must be current within 30 calendar days after the end of each calendar quarter in which final action is taken. Subpart B extends the collection and reporting of the race, sex, and income of applicants for home loans to institution with assets between \$10 million and \$30 million and requires that an institution enter all required data onto the register within 30 calendar days after final disposition of the loan application.

On September 23, 1994, Congress passed the Riegle Community Development and Regulatory Improvement Act (Pub. L. 103-325, 108 Stat. 2160) (CDRIA). Section 303 of CDRIA requires the federal bank and thrift regulatory agencies to: (1) review and streamline their regulations and written policies in order to improve efficiency, reduce unnecessary cost, eliminate unwarranted constraints on credit availability and remove inconsistencies and outmoded and duplicative requirements; (2) work jointly with other federal banking regulators to make uniform all regulations and guidelines implementing common statutory or supervisory policies; and (3) submit a joint progress report to Congress, due two years from the date the legislation was enacted.

In response to the mandate of section 303 of CDRIA, the FDIC began a systematic review of its regulations and written policies. On December 6, 1995, the FDIC solicited public comment to assist the agency in identifying ways in which its regulations and written policies could be streamlined and made consistent with those of the other

federal bank and thrift regulatory agencies. See 60 *FR* 62345. As a result of the agency's internal review and public comments received, the FDIC has determined that it is appropriate to revise 12 CFR part 338 to clarify or eliminate certain provisions in order to reduce burden on insured state nonmember banks and to make the FDIC's fair housing regulation consistent with those of the other federal bank and thrift regulators.

## II. The Proposed Rule

### A. General

The FDIC is proposing to revise its fair housing regulation, 12 CFR part 338, by clarifying certain nondiscriminatory advertising requirements with regard to placement and display of the Equal Housing Lender poster. The FDIC also proposes to offer insured state nonmember banks the option of displaying the Equal Housing Opportunity poster required by the U. S. Department of Housing and Urban Development (HUD) and/or using the slogan "Equal Opportunity Lender." The agency further proposes to remove its fair housing recordkeeping requirements that serve as a substitute monitoring program permitted by the Federal Reserve Board's Regulation B, which implements ECOA. Finally, the agency proposes to remove its requirement that insured state nonmember banks maintain a home loan application register consistent with that required to be maintained by the Federal Reserve Board's Regulation C, which implements HMDA, and a requirement that those institutions report race, sex and income of applicants. Instead, the FDIC will simply cross-reference Regulations B and C and require recordation and reporting of loan denial reasons.

### B. Subpart A—Nondiscriminatory Advertising

The FDIC proposes to revise subpart A to clarify certain nondiscriminatory advertising requirements that currently reference HUD's regulations, to allow the FDIC's Equal Housing Lender poster or HUD's Equal Housing Opportunity poster to be displayed by insured state nonmember institutions, as well as to allow the option of using either the slogan "Equal Housing Lender" or "Equal Opportunity Lender" in oral advertisements, and to clarify the display of the Equal Housing Lender poster.

As a result of HUD's regulatory review in accordance with President Clinton's March 4, 1995, executive memorandum directing all federal agencies to simplify

their regulations, HUD recently removed part 109 (Fair Housing Advertising) from its regulations (24 CFR part 109) and intends to relegate the information contained in the former part 109 to other non-codified guidance. See 61 *FR* 14378 (April 1, 1996). Accordingly, the FDIC is proposing to revise § 338.1 to eliminate a reference to part 109. Section 338.1 is also proposed to be revised to reflect the proposed changes to §§ 338.3 and 338.4 discussed below. The FDIC proposes to add a new section to § 338.3 advising all insured state nonmember banks to refer to HUD for further guidance concerning fair housing advertising beyond that set forth in § 338.3. No changes are proposed for § 338.2, Definitions.

The FDIC proposes to revise the nondiscriminatory advertising requirements set forth in § 338.3. Currently, insured state nonmember banks are required to include in all written and visual advertisements a copy of the Equal Housing Lender logotype and legend contained in the Equal Housing Lender poster prescribed in § 338.4, or, with respect to oral advertisements, a statement that the bank is an "Equal Housing Lender." Under the proposed revision to § 338.3, insured state nonmember banks will have the option of using a copy of the Equal Housing Opportunity logotype and legend contained in the Equal Housing Opportunity poster as prescribed in § 110.25(a) of HUD's rules and regulations (24 CFR 110.25(a)) in written and visual advertisements. With respect to oral advertisements, insured state nonmember banks will also have the option of using the slogan "Equal Opportunity Lender" in lieu of the slogan "Equal Housing Lender." The optional use of either poster or slogan is designed to provide flexibility for institutions that offer a broader array of loan products than mortgage loans (e.g., auto, consumer, and credit card extensions of credit). Comments from a trade organization, which were received in response to the FDIC's December 6, 1995, solicitation of comments, also suggest that the use of "Equal Opportunity Lender" is more understandable within the banking industry.

The FDIC considered eliminating its Equal Housing Lender poster. However, eliminating the FDIC's poster requirement would result in all insured state nonmember banks having to replace existing FDIC posters and display instead the Equal Housing Opportunity poster prescribed by HUD. Pursuant to § 110.10(c) of HUD's regulations (24 CFR 110.10(c)), lenders that engage in residential real estate-

related transactions must post and maintain a fair housing poster at all of their places of business which participate in covered activities. Failure to display a fair housing poster is deemed *prima facie* evidence of a discriminatory housing practice under § 110.30 of HUD's regulations (24 CFR 110.30). To eliminate the FDIC's poster would place an undue burden on those institutions that currently display the FDIC poster since they would be required to replace those posters with the HUD poster. Consequently, the FDIC believes that the most prudent and least burdensome course of action is to offer insured state nonmember banks the option of displaying either fair housing poster. However, the FDIC seeks comments on this issue.

The proposed rule would also clarify display of the poster. Currently, § 338.4 requires the poster to be conspicuously displayed, "\* \* \* in any public lobby and area within the bank where deposits are received or where such loans are made in a manner clearly visible to the general public entering such areas." This has created some confusion regarding whether multiple posters must be displayed and whether the posters should be displayed only in the lobby or public area in the vicinity of where loans are made or also in the individual office of the loan officer. In order to create consistency and eliminate confusion among insured state nonmember banks, the proposed revision to § 338.4 will allow either poster, as discussed above, to be displayed in a single central location within the bank where deposits are received or where such home loans are made. Regardless of which poster a bank chooses to display, the poster must be displayed in a manner clearly visible to the general public entering the area, either where deposits are received or where home loans are made, where the poster is displayed.

### C. Subpart B—Recordkeeping Requirements

The FDIC is proposing to revise subpart B to reduce data collection and reporting burden on insured state nonmember banks and to make the FDIC's recordkeeping and reporting requirements consistent with those of the other federal bank and thrift regulatory agencies. Specifically, the proposed revision will eliminate all recordkeeping and reporting requirements that exceed the recordkeeping and reporting requirements of Regulations B and C. However, the proposal will require that insured state nonmember banks and other lenders that are required to report

HMDA data to the FDIC pursuant to Regulation C also report reasons for denial of home loan applications. This data is currently optional under Regulation C.

Section 338.6 currently contains five definitions relevant to subpart B: "application", "bank", "dwelling", "home improvement loan", and "home purchase loan". The FDIC proposes to revise § 338.6 by eliminating the definitions for application, dwelling, home improvement loan, and home purchase loan. These definitions have created some confusion within the industry since Regulations B and C contain similar, but not always identical, definitions. For example, the term *dwelling* as defined in § 338.6 includes, but is not limited to, an individual condominium, cooperative unit, or mobile or manufactured home. However, the term *dwelling* as defined in Regulation B further limits the term to a structure containing one to four units. Another example is the definition of *home improvement loan*. Section 338.6 states, in part, that the borrower must state that the loan is to be used "for the purpose of repairing, rehabilitating, or remodeling a dwelling", while Regulation C requires the borrower to use the loan for "the purpose, in whole or in part, of repairing, rehabilitating, remodeling or improving a dwelling or the real property on which it is located." A statement by the borrower is not a determining factor under Regulation C. Eliminating the definitions in part 338 will automatically subject insured state nonmember banks to the relevant definitions in Regulations B and C and create consistency.

The FDIC also proposes to revise § 338.6 to include a definition for *controlled entity*, a term that is found in § 338.9. Although part 338 contained a definition for "controlled entity" when the regulation was first promulgated in 1978, the definition was inadvertently dropped when part 338 was last amended in 1991. That definition, which is "a corporation, partnership, association, or other business entity with respect to which a bank possesses, directly or indirectly, the power to direct or cause the direction of management and policies, whether through the ownership of voting securities, by contract, or otherwise," is being reinstated.

Under the current provisions of § 338.7, all insured state nonmember banks are required to collect data on the race or national origin, sex, age, and marital status of applicants for a home purchase loan in order to monitor an institution's compliance with the ECOA.

However, the data collection and retention requirements of § 338.7 go beyond the requirements of Regulation B. For example, institutions that have no office located in a PMSA or MSA, or which have total assets of \$10 million or less, are also required to request and retain information on the location (street address, city, state, and zip code) of the property to be purchased. Further, insured state nonmember banks that have an office located in a PMSA or MSA and that have total assets exceeding \$10 million are required to request and retain essentially all of the information listed on the model Residential Loan Application Form contained in Appendix B of Regulation B (See 12 CFR part 202, appendix B). This includes such data as employment history of the applicant, number of dependents, assets and liabilities, detailed characteristics of the subject property, and the loan request. Appendix B of Regulation B provides that creditors may delete any of the information requested provided the appropriate notices concerning the optional use of courtesy titles, disclosure of certain income, and limitations concerning marital status are included.

Comments received from the community bankers in response to the FDIC's December 6, 1995, general solicitation of comments indicate that the most difficult problems with the documentation come from the additional data required by the current provisions of § 338.7. The proposed revisions to § 338.7 would require all insured state nonmember banks to collect only the fair housing data (age, sex, marital status and race or national origin) that is already required by Regulation B. The mandatory collection of the additional data currently required by § 338.7 is considered unnecessary as collection of these, or similar data, is standard industry practice. Under the proposal, the burden of collecting the required additional information will be eliminated. The FDIC considered the complete removal of § 338.7 because, absent a specific requirement by the FDIC in part 338, all insured state nonmember banks would still be required by Regulation B to collect information about the applicant's race and other personal characteristics in applications for certain dwelling-related loans even without this section. However, the FDIC has opted in this proposal to provide a cross-reference to put insured state nonmember banks on notice of the need to comply with the Regulation B requirements. The FDIC

solicits comments on the necessity and usefulness of this cross-reference.

Section 338.8 currently requires insured state nonmember banks with assets exceeding \$10 million that have offices located in a PMSA or an MSA to collect data regarding applications for, and originations and purchases of, home purchase loans and home improvement loans for each calendar year. Section 338.8 also requires insured state nonmember banks to update the HMDA home loan application register within 30 days of final action on each application. Further, § 338.8 requires that all institutions subject to Regulation C report data on the sex, race or national origin, and income of applicants. Such data are optional under Regulation C for institutions with assets between \$10 million and \$30 million.

The FDIC proposes to revise § 338.8 to require institutions to comply only with the provisions of the Federal Reserve Board's Regulation C. For calendar year 1995, the FDIC had 3,052 institutions report data pursuant to § 338.8. This revision would eliminate the requirement for reporting data on the sex, race or national origin, and income of applicants for approximately 500 institutions that have assets between \$10 million and \$30 million.

The FDIC is also proposing to revise § 338.8 to require those institutions that are subject to Regulation C to collect and report the reasons for denial of each loan application. The reporting of denial reasons is currently optional under Regulation C. By requiring this data to be mandatory, § 338.8 would impact all of the 3,052 institutions that currently report HMDA data to the FDIC. However, a review of the 1995 HMDA data indicates that, while these data are optional, 2,171 of the FDIC's 3,052 reporting institutions opted to report denial reasons on at least some of their applications for 1995. Requiring the reporting of the denial reasons will make the FDIC's reporting requirements consistent with the Office of the Thrift Supervision and the Office of the Comptroller of the Currency, which also requires the reporting of the denial reasons.

See 12 CFR 528.6 and 12 CFR 27.3(a)(1). While the mandatory reporting of denial reasons is a new requirement for insured state nonmember banks, the FDIC believes the burden is offset by the amount of required data being eliminated under the revised provisions of § 338.7 and elimination of the reporting requirement of sex, race or national origin, and income of home loan applicants for institutions having assets between \$10 million and \$30 million that are subject

to Regulation C. We further believe that the reporting of denial reasons are data that are extremely useful in preventing and detecting unlawful discriminatory lending practices.

By requiring institutions to follow only Regulation C, the proposed revision will require the loan application register to be updated within 30 days of the end of each quarter in which final action is taken. This will also make the FDIC consistent with the regulations of the Office of Thrift Supervision and the Office of the Comptroller of the Currency.

The FDIC also proposes to revise § 338.5, which describes the purpose of subpart B, to reflect the changes to §§ 338.6, 338.7, 338.8 and 338.9.

#### Regulatory Flexibility Act

The Board of Directors, in accordance with the Regulatory Flexibility Act (5 U.S.C. 606(b)), has reviewed and approved this proposed rule, and in so doing, certifies that this rule will not have a significant economic impact on a substantial number of small entities. This proposed rule primarily streamlines part 338 by clarifying or removing unnecessary provisions. The Board of Directors invites comment on this matter.

#### Paperwork Reduction Act

The proposed regulation contains two collections of information subject to approval by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1980 (44 U.S.C. 3504(h)).

The collection of information requirements in this proposed regulation are contained in 12 CFR 338.7 and 338.8 and concern information on certain home loan applications. This information is required in order to monitor institutions compliance with the Equal Credit Opportunity Act of 1974 (ECOA) and the Fair Housing Act of 1968, as amended by the Fair Housing Act of 1988. The respondents/recordkeepers are for-profit financial institutions, including small businesses.

The first collection, 12 CFR 338.7, is imposed on insured state nonmember banks by the Federal Reserve Board's Regulation B (Equal Credit Opportunity). This recordkeeping requirement, found at § 338.7, has been approved through October 31, 1998, by the OMB in accordance with the Paperwork Reduction Act under control number 3064-0085.

As explained in the preamble, subpart B of part 338 currently requires insured state nonmember banks to collect information about a home loan

applicant's race and other personal characteristics in order to comply with Regulation B (specifically, 12 CFR 202.13). Section 338.7 of the FDIC's current regulations serves as a substitute monitoring program permitted by Regulation B, which implements ECOA. However, the current requirements go beyond those of Regulation B by imposing additional data collection requirements upon certain insured state nonmember banks. Nevertheless, the proposed revisions will not affect the annual burden per respondent/recordkeeper as the required data being eliminated are data that are collected, with some variances, pursuant to standard industry practice. Accordingly, the estimated 305,300 approved annual burden hours, which was based on 6500 respondents, under the current requirements are only reduced because fewer insured state nonmember banks are in existence now than at the time of the last burden estimate. Thus, the total annual burden hours for the current 6500 respondents are estimated to be 279,500 hours or 43 hours per respondent.

The second collection, found at § 338.8, has been approved through July 31, 1997, by the OMB in accordance with the requirements of the Paperwork Reduction Act under control number 3064-0046. The FDIC is eliminating in this proposal its requirement that insured state nonmember banks (except those that are exempt from HMDA and Regulation C) maintain a loan application register identical to that prescribed by Regulation C. The proposed rule would eliminate the FDIC's separate recordkeeping and reporting requirements contained in § 338.8 and rely instead upon Regulation C. However, Regulation C currently makes reporting of home loan denial reasons optional. The FDIC would require insured state nonmember banks that are subject to HMDA and Regulation C to retain and report such data. However, the estimated annual burden hours, currently 45.36 hours per respondent or 145,833 annual burden hours, are not affected by the proposed changes since optional data are included in the estimated annual burden hours. Nevertheless, the estimated annual burden hours are affected both by a reduction in respondents (currently 3,052 versus the previous 3,215) and a reduction in the number of loan entries (currently 1,500,000 versus the previous 1,750,000). The 3052 institutions currently subject to this collection are expected to use the HMDA loan application register to report data on 1.5

million loans and applications annually. It takes five minutes to complete an entry on one loan. Thus, the total annual burden is 125,000 burden hours or 40.96 hours per respondent.

Comments on the collection of information should be sent to the Office of Management and Budget, Paperwork Reduction Project, Washington, DC 20503, with copies of such comments to be sent to Steven F. Hanft, Office of the Executive Secretary, Room F-453, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429.

#### List of Subjects in 12 CFR Part 338

Advertising, Banks, Banking, Civil rights, Credit, Fair housing, Mortgages, Reporting and recordkeeping requirements, Signs and symbols.

For the reasons explained in the preamble, the Federal Deposit Insurance Corporation proposes to amend 12 CFR part 338 as set forth below.

1. The table of contents for part 338 is revised to read as follows:

### PART 338—FAIR HOUSING

#### Subpart A—Advertising

Sec.

338.1 Purpose.

338.2 Definitions applicable to subpart A of this part.

338.3 Nondiscriminatory advertising.

338.4 Fair housing poster.

#### Subpart B—Recordkeeping

338.5 Purpose.

338.6 Definitions applicable to subpart B of this part.

338.7 Recordkeeping requirements.

338.8 Compilation of loan data in register format.

338.9 Mortgage lending of a controlled entity.

2. The authority citation for part 338 continues to read as follows:

Authority: 12 U.S.C. 1817, 1818, 1819, 1820(b); 12 U.S.C. 2801 et seq.; 15 U.S.C. 1691 et seq.; 42 U.S.C. 3605, 3608; 12 CFR part 202; 12 CFR part 203; 24 CFR part 110.

3. Section 338.1 is revised to read as follows:

#### § 338.1 Purpose.

The purpose of this subpart A is to prohibit insured state nonmember banks from engaging in discriminatory advertising with regard to residential real estate-related transactions. Subpart A also requires insured state nonmember banks to publicly display either the Equal Housing Lender poster set forth in § 338.4 or the Equal Housing Opportunity poster prescribed by part 110 of the rules and regulations of the United States Department of Housing and Urban Development (HUD) (24 CFR

part 110). This subpart A enforces section 805 of title VIII of the Civil Rights Act of 1968, 42 U.S.C. 3601–19 (Fair Housing Act), as amended by the Fair Housing Amendments Act of 1988.

4. Section 338.3 is amended by revising paragraphs (a)(1) and (a)(2) and by adding a new paragraph (c) to read as follows:

#### § 338.3 Nondiscriminatory advertising.

(a) \* \* \*

(1) With respect to written and visual advertisements, this requirement may be satisfied by including in the advertisement a copy of the logotype with the Equal Housing Lender legend contained in the Equal Housing Lender poster prescribed in § 338.4(b) or a copy of the logotype with the Equal Housing Opportunity legend contained in the Equal Housing Opportunity poster prescribed in § 110.25(a) of the United States Department of Housing and Urban Development's rules and regulations. (24 CFR 110.25(a)).

(2) With respect to oral advertisements, this requirement may be satisfied by a statement, in the spoken text of the advertisement, that the bank is an "Equal Housing Lender" or an "Equal Opportunity Lender."

\* \* \* \* \*

(c) For further guidance, the United States Department of Housing and Urban Development should be consulted. Contact the Deputy Assistant Secretary for Enforcement and Investigations, Department of Housing and Urban Development, 451 Seventh Street, S.W., Washington, D.C. 20410.

5. Section 338.4 is amended by revising the section heading and paragraph (a) to read as follows:

#### § 338.4 Fair housing poster.

(a) Each bank engaged in extending loans for the purpose of purchasing, constructing, improving, repairing, or maintaining a dwelling or any loan secured by a dwelling shall conspicuously display either the Equal Housing Lender poster set forth in § 338.4 or the Equal Housing Opportunity poster prescribed by § 110.25(a) of the United States Department of Housing and Urban Development's rules and regulations (24 CFR 110.25(a)), in a central location within the bank where deposits are received or where such loans are made in a manner clearly visible to the general public entering the area, where the poster is displayed.

\* \* \* \* \*

6. Subpart B is amended by revising the subpart heading to read as follows:

#### Subpart B—Recordkeeping

7. Section 338.5 is revised to read as follows:

#### § 338.5 Purpose.

The purpose of this subpart B is two-fold. First, subpart B requires all insured state nonmember banks to collect information about a home loan applicant's race and other personal characteristics in order to monitor an institution's compliance with the Equal Credit Opportunity Act of 1974 (15 U.S.C. 1691–91f), as implemented by Regulation B of the Board of Governors of the Federal Reserve System (12 CFR part 202). Second, subpart B notifies certain insured state nonmember banks of their duty to maintain a register of home loan applications pursuant to Regulation C of the Board of Governors of the Federal Reserve System (12 CFR part 203), which implements the Home Mortgage Disclosure Act (12 U.S.C. 2801 et seq.), and to report the reasons for denial of any home loan application that would be reportable under Regulation C.

8. Section 338.6 is revised to read as follows:

#### § 338.6 Definitions applicable to subpart B of this part.

For purposes of subpart B of this part—

(a) *Bank* means an insured state nonmember bank as defined in section 3 of the Federal Deposit Insurance Act.

(b) *Controlled entity* means a corporation, partnership, association, or other business entity with respect to which a bank possesses, directly or indirectly, the power to direct or cause the direction of management and policies, whether through the ownership of voting securities, by contract, or otherwise.

9. Section 338.7 is revised to read as follows:

#### § 338.7 Recordkeeping requirements.

All banks that receive an application for credit primarily for the purchase or refinancing of a dwelling occupied or to be occupied by the applicant as a principal residence, where the extension of credit will be secured by the dwelling, shall request and retain the monitoring information required by Regulation B of the Board of Governors of the Federal Reserve System (12 CFR part 202).

10. Section 338.8 is revised to read as follows:

#### § 338.8 Compilation of loan data in register format.

Banks and other lenders required to file a Home Mortgage Disclosure Act Loan Application Register with the

Federal Deposit Insurance Corporation in accordance with Regulation C of the Board of Governors of the Federal Reserve System (12 CFR part 203) must enter the reason for denial, using the codes provided in 12 CFR part 203, with respect to all loan denials.

11. Appendices A and B to Part 338 are removed.

By order of the Board of Directors.

Dated at Washington, D.C., this 10th day of September, 1996.

Federal Deposit Insurance Corporation.

Jerry L. Langley,

*Executive Secretary.*

[FR Doc. 96-24083 Filed 9-19-96; 8:45 am]

BILLING CODE 6714-01-P

## DEPARTMENT OF TRANSPORTATION

### Federal Aviation Administration

#### 14 CFR Part 71

[Airspace Docket No. 96-ANM-25]

#### Proposed Amendment to Class E Airspace, Pullman, Washington

**AGENCY:** Federal Aviation Administration (FAA), DOT.

**ACTION:** Notice of proposed rulemaking (NPRM).

**SUMMARY:** This proposed rule would amend the Pullman, Washington, Class E airspace to accommodate a new Standard Instrument Approach Procedure (SIAP) to Pullman/Moscow Regional Airport. The area would be depicted on aeronautical charts for pilot reference.

**DATES:** Comments must be received on or before November 15, 1996.

**ADDRESSES:** Send comments on the proposal in triplicate to: Manager, Operations Branch, ANM-530, Federal Aviation Administration, Docket No. 96-ANM-25, 1601 Lind Avenue S.W., Renton, Washington 98055-4056.

The official docket may be examined at the same address.

An informal docket may also be examined during normal business hours at the address listed above.

**FOR FURTHER INFORMATION CONTACT:** James D. Lambert, ANM-532.3, Federal Aviation Administration, Docket No. 96-ANM-25, 1601 Lind Avenue S.W., Renton, Washington 98055-4056; telephone number: (206) 227-2538.

#### SUPPLEMENTARY INFORMATION:

Comments Invited

Interested parties are invited to participate in this proposed rulemaking by submitting such written data, views,

or arguments as they may desire. Comments that provide the factual basis supporting the views and suggestions presented are particularly helpful in developing reasoned regulatory decisions on the proposal. Comments are specifically invited on the overall regulatory, aeronautical, economic, environmental, and energy related aspects of the proposal.

Communications should identify the airspace docket number and be submitted in triplicate to the address listed above. Commenters wishing the FAA to acknowledge receipt of their comments on this notice must submit with those comments a self-addressed, stamped postcard on which the following statement is made: "Comments to Airspace Docket No. 96-ANM-25." The postcard will be date/time stamped and returned to the commenter. All communications received on or before the specified closing date for comments will be considered before taking action on the proposed rule. The proposal contained in this notice may be changed in the light of comments received. All comments submitted will be available for examination at the address listed above both before and after the closing date for comments. A report summarizing each substantive public contact with FAA personnel concerned with this rulemaking will be filed in the docket.

#### Availability of NPRM's

Any person may obtain a copy of this NPRM by submitting a request to the Federal Aviation Administration, Operations Branch, ANM-530, 1601 Lind Avenue SW., Renton, Washington 98055-4056. Communications must identify the notice number of this NPRM. Persons interested in being placed on a mailing list for future NPRM's should also request a copy of Advisory Circular No. 11-2A, which describes the application procedure.

#### The Proposal

The FAA is considering an amendment to part 71 of the Federal Aviation Regulations (14 CFR part 71) to amend Class E airspace at Pullman, Washington, to accommodate a new SIAP at Pullman/Moscow Regional Airport. The area would be depicted on aeronautical charts for pilot reference. The coordinates for this airspace docket are based on North American Datum 83. Class E airspace areas extending upward from 700 feet or more above the surface of the earth are published in Paragraph 6005 of FAA Order 7400.9D dated September 4, 1996, and effective September 16, 1996, which is

incorporated by reference in 14 CFR 71.1. The Class E airspace designation listed in this document would be published subsequently in the Order.

The FAA has determined that this proposed regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. It, therefore, (1) is not a "significant regulatory action" under Executive Order 12866; (2) is not a "significant rule" under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979); and (3) does not warrant preparation of a regulatory evaluation as the anticipated impact is so minimal. Since this is a routine matter that will only affect air traffic procedures and air navigation, it is certified that this rule, when promulgated, will not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

#### List of Subjects in 14 CFR Part 71

Airspace, Incorporation by reference, Navigation (air).

#### The Proposed Amendment

In consideration of the foregoing, the Federal Aviation Administration proposes to amend 14 CFR part 71 as follows:

#### PART 71—[AMENDED]

1. The authority citation for 14 CFR part 71 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40103, 40113, 40120; E.O. 10854, 24 FR 9565, 3 CFR, 1959-1963 Comp., p. 389; 14 CFR 11.69.

#### § 71.1 [Amended]

2. The incorporation by reference in 14 CFR 71.1 of the Federal Aviation Administration Order 7400.9C, Airspace Designations and Reporting Points, dated September 4, 1996, and effective September 16, 1996, is amended as follows:

*Paragraph 6005 Class E airspace areas extending upward from 700 feet or more above the surface of the earth.*

\* \* \* \* \*

ANM WA E5 Pullman, WA [Revised]  
Pullman/Moscow Regional airport, WA  
(Lat. 46°44'38"N, long. 117°06'35"W)  
Pullman VOR/DME  
(Lat. 46°40'28"N, long. 117°13'25"W)

That airspace extending upward from 700 feet above the surface within a 4-mile radius of the Pullman/Moscow Regional Airport, and within 1.7 miles each side of the Pullman VOR/DME 232° and 047° radials extending from the 4-mile radius to 7 miles southwest of the VOR/DME, and the airspace