

§ 34.83 Disposition of real estate.

(a) *Disposition.* A national bank may comply with its obligation to dispose of real estate under 12 U.S.C. 29 in the following ways:

(1) With respect to OREO in general:

(i) By entering into a transaction that is a sale under generally accepted accounting principles;

(ii) By entering into a transaction that involves a loan guaranteed or insured by the United States government or by an agency of the United States government or a loan eligible for purchase by a Federally-sponsored instrumentality that purchases loans; or

(iii) By selling the property pursuant to a land contract or a contract for deed;

(2) With respect to DPC real estate, by retaining the property for its own use as bank premises or by transferring it to a subsidiary or affiliate for use in the business of the subsidiary or affiliate;

(3) With respect to a capitalized or operating lease, by obtaining an assignment or a coterminous sublease. If a national bank enters into a sublease that is not coterminous, the period during which the master lease must be divested will be suspended for the duration of the sublease, and will begin running again upon termination of the sublease. Should the OCC determine that a bank has entered into a lease for the purpose of real estate speculation in violation of 12 U.S.C. 29 and this part, the OCC will take appropriate measures to address the violation, including requiring the bank to take immediate steps to divest the lease; and

(4) With respect to a transaction that does not qualify as a disposition under paragraphs (a) (1) through (3) of this section, by receiving or accumulating from the purchaser an amount in cash, principal and interest payments, and private mortgage insurance totalling at least 10 percent of the sales price, as measured in accordance with generally accepted accounting principles.

(b) *Disposition efforts and documentation.* The national bank shall make diligent and ongoing efforts to dispose of each parcel of OREO, and shall maintain documentation adequate to reflect those efforts.

§ 34.84 Future bank expansion.

A national bank normally should use real estate acquired for future bank expansion within five years. After holding such real estate for one year, the bank shall state, by resolution of the board of directors or an appropriately authorized bank official or subcommittee of the board, definite plans for its use. The resolution or other official action must be available for inspection by national bank examiners.

§ 34.85 Appraisal requirements.

(a) *In general.* (1) Upon transfer to OREO, the national bank shall substantiate the parcel's market value by obtaining either:

(i) An appraisal in accordance with subpart C of this part; or

(ii) An appropriate evaluation when the recorded investment amount is equal to or less than the threshold amount in subpart C of this part.

(2) The national bank shall develop a prudent real estate collateral evaluation policy that allows the bank to monitor the value of each parcel of OREO in a manner consistent with prudent banking practice.

(b) *Exception.* If a national bank obtained, in accordance with subpart C of this part, a valid appraisal or an appropriate evaluation in connection with a real estate loan, then the bank need not obtain another appraisal or evaluation when it acquires ownership of the property. However, the bank shall continue to follow the prudent real estate collateral evaluation policy required in paragraph (a)(2) of this section.

(c) *Sales of OREO.* A national bank need not obtain a new appraisal or evaluation when selling OREO if the sale is consummated based on a valid appraisal or an appropriate evaluation.

§ 34.86 Additional expenditures and notification.

(a) *Additional expenditures on OREO.* For OREO that is a development or improvement project, a national bank may make advances to complete the project if the advances:

(1) Are reasonably calculated to reduce any shortfall between the parcel's market value and the bank's recorded investment amount;

(2) Are not made for the purpose of speculation in real estate; and

(3) Are consistent with safe and sound banking practices.

(b) *Notification procedures.* (1) A national bank shall notify the appropriate supervisory office at least 30 days before implementing a development or improvement plan for OREO when the sum of the plan's estimated cost, the bank's current recorded investment amount, and any unpaid prior liens on the property exceeds 10 percent of the bank's capital. A national bank need notify the OCC under this paragraph only once. A national bank need not notify the OCC that the bank intends to re-fit an existing building for new tenants or to make normal repairs and incur maintenance costs to protect the value of the collateral.

(2) The required notification must demonstrate that the additional expenditure is consistent with the conditions and limitations in paragraph (a) of this section.

(3) Unless informed otherwise, the bank may implement the proposed plan on the thirty-first day (or sooner, if notified by the OCC) following receipt by the OCC of the bank's notification, subject to any conditions imposed by the OCC.

§ 34.87 Accounting treatment.

OREO, and sales of OREO, are to be accounted for in accordance with the Instructions for the preparation of the Consolidated Reports of Condition and Income.

Dated: June 9, 1995.

Eugene A. Ludwig,

Comptroller of the Currency.

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ENVIRONMENTAL PROTECTION AGENCY**40 CFR Part 52**

[R17-1-5812; A-1-FRL-5226-3]

Approval and Promulgation of Air Quality Implementation Plans; Rhode Island Non-CTG RACT

AGENCY: Environmental Protection Agency (EPA).

ACTION: Proposed rule.

SUMMARY: Revisions to the State Implementation Plan (SIP) for the State of Rhode Island were received by the Environmental Protection Agency (EPA) on January 25, 1993 and November 1, 1994. The intended effect of the revisions was to change two regulations, both of which require the implementation of reasonably available control technology (RACT) for certain sources of volatile organic compounds (VOCs), as required by the Clean Air Act, as amended in 1990 (the Act). The EPA has evaluated these modifications to Rhode Island's regulations and by this notice is proposing to approve one of the revised regulations into the SIP. EPA is also proposing a limited approval/limited disapproval of one of the revised regulations. This action is being taken under Section 110(k)(3) of the Act.

DATES: Comments must be received on or before August 7, 1995. Public comments on this document are requested and will be considered before taking final action on this SIP revision.