

DEPARTMENT OF THE TREASURY**Office of the Comptroller of the Currency****12 CFR Part 25**

[Docket No. 95-07]

RIN 1557-AB32

FEDERAL RESERVE SYSTEM**12 CFR Part 228**

[Regulation BB; Docket No. R-0822]

FEDERAL DEPOSIT INSURANCE CORPORATION**12 CFR Part 345**

RIN 3064-AB27

DEPARTMENT OF THE TREASURY**Office of Thrift Supervision****12 CFR Part 563e**

[Docket No. 95-203]

RIN 1550-AA93

Community Reinvestment Act Regulations

AGENCIES: Office of the Comptroller of the Currency, Treasury (OCC); Board of Governors of the Federal Reserve System (Board); Federal Deposit Insurance Corporation (FDIC); Office of Thrift Supervision, Treasury (OTS).

ACTION: Joint final rule.

SUMMARY: The OCC, Board, FDIC, and OTS, (collectively, the Federal financial supervisory agencies or agencies) are issuing this final rule to make technical corrections and clarifications to their regulations concerning the Community Reinvestment Act (CRA). Since the publication of the agencies' joint CRA regulations, financial institutions and others have alerted the agencies that two errors exist and that the transition rules are confusing. This final rule is intended to correct the errors and clarify the transition rules.

EFFECTIVE DATE: January 1, 1996.

FOR FURTHER INFORMATION CONTACT:

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Board: Glenn E. Loney, Associate Director, Division of Consumer and Community Affairs, (202) 452-3585; Robert deV. Frierson, Assistant General

Counsel, Legal Division, (202) 452-3711; or Leonard N. Chanin, Managing Counsel, Division of Consumer and Community Affairs, (202) 452-3667, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue NW., Washington, DC 20551.

FDIC: Bobbie Jean Norris, Chief, Fair Lending Section, Division of Compliance and Consumer Affairs, (202) 942-3090; Robert W. Mooney, Fair Lending Specialist, Division of Compliance and Consumer Affairs, (202) 942-3092; or Ann Hume Loikow, Counsel, Regulation and Legislation Section, Legal Division, (202) 898-3796, Federal Deposit Insurance Corporation, 550 17th Street NW., Washington, DC 20429.

OTS: Timothy R. Burniston, Assistant Director for Compliance Policy, (202) 906-5629; Theresa A. Stark, Program Analyst, Compliance Policy, (202) 906-7054; or John Flannery, Attorney, Regulations and Legislation Division, Chief Counsel's Office, (202) 906-7293, Office of Thrift Supervision, 1700 G Street NW., Washington, DC 20552.

SUPPLEMENTARY INFORMATION:**Introduction**

The Federal financial supervisory agencies jointly are amending their regulations implementing the CRA (12 U.S.C. 2901 *et seq.*). This final rule makes technical corrections and clarifications to the agencies' joint CRA regulations, 12 CFR parts 25, 228, 345, and 563e. Those regulations establish the framework and criteria by which the agencies assess an institution's record of helping to meet the credit needs of its community, including low- and moderate-income neighborhoods, consistent with safe and sound operations, and provide that the agencies will take those assessments into account in reviewing certain applications.

Background

The agencies published a joint notice of proposed rulemaking to amend their CRA regulations on December 21, 1993 (58 FR 67466). In response to over 6,700 comments received, the agencies published a second joint notice of proposed rulemaking on October 7, 1994 (59 FR 51232). After considering over 7,200 comments received in response to the second joint proposed rule, the agencies adopted a joint final rule on May 4, 1995 (60 FR 22156) (1995 Rule).

Need for Final Rule

The agencies are amending their recently adopted CRA regulations to

correct two technical errors and to clarify the transition rules. Since the publication of the 1995 Rule, a number of financial institutions have expressed confusion about the transition rules.

The agencies find that notice and public procedure concerning this joint final rule are impracticable, unnecessary, and contrary to the public interest under 5 U.S.C. § 553(b)(B). The agencies make this finding because: (1) This joint final rule involves only technical corrections and clarifications to the recently adopted 1995 Rule, which was subject to public notice and comment; (2) some institutions will be subject to the performance tests and standards of the 1995 Rule beginning on January 1, 1996, so it is in the public interest that the joint final rule be effective at that time; and (3) this joint final rule makes no substantive change to the 1995 Rule, rather it makes corrections and eliminates ambiguities associated with the transition requirements.

Furthermore, under 5 U.S.C. § 553(d)(3), the agencies have determined to make this joint final rule effective with less than 30 days prior publication. The agencies find that there is good cause for shortened notice due to the minor nature of the changes, the fact that some institutions will be subject to the performance tests and standards of the 1995 Rule beginning January 1, 1996, and for other reasons previously discussed.

Corrections

The agencies' 1995 Rule contains two errors. First, an internal cross reference is incorrect. The cross reference is found in the discussions about how an institution may amend its strategic plan, found at 12 CFR 25.27(h), 228.27(h), 345.27(h), and 563e.27(h). These identical sections incorrectly state that the amendment process must be done in accordance with the public participation requirements of "paragraph (c) of this section." The correct cross reference is "paragraph (d) of this section." The agencies are amending their respective regulations to reflect the correct cross reference.

Second, an external cross reference is incorrect. In their joint preamble to the final rule, the agencies discussed the definition of "community development" contained in the regulations. In the preamble, the agencies stated that "[t]he section of the definition that discusses activities that promote economic development by financing small business and farms refers to 13 CFR 121.802(a)(2), the size limitations for the Small Business Administration's (SBA's) Small Business Investment