

section 5(b)(1)(C) of the Home Owners' Loan Act (HOLA).⁵ We disagree. Section 5(b)(1)(C) of the HOLA provides that a "Federal savings association may require not less than 14 days notice * * * if the charter of the savings association or the regulations of the Director so provide." By its terms, this statutory provision applies only to withdrawal notice requirements that equal or exceed 14 days. The provision does not affect the ability of savings associations to impose notice requirements of shorter duration.

Moreover, the seven-day notice requirement that currently appears in OTS's regulations is unrelated to, and does not implement, section 5(b)(1)(C) of the HOLA. Section 545.15(a) was meant to mirror the requirements under the Federal Reserve Board's Regulation D for savings accounts.⁶ Regulation D defines a savings deposit for reserve purposes as a deposit or account where a depository institution may require at least seven days advance notice of withdrawal.⁷ The OTS is removing section 545.15(a) because it is duplicative of Regulation D. Savings associations will, of course, still be required to comply with Regulation D.

Because section 545.15(a) does not implement HOLA section 5(b)(1)(C), its removal will not adversely affect the ability of savings associations to impose notice requirements of 14 days or more. Associations that wish to do so may continue, as under current law, to include an authorizing provision in their charters and appropriate terms in their savings account contracts.

The same commenter requested that OTS retain paragraph (c) of section 545.15. That paragraph states that, when computing earnings due on deposit accounts at the end of a business period, a Federal savings association may elect to disregard amounts withdrawn from accounts in the last three days of any business period—thereby effectively paying depositors slightly more interest than they might be entitled to under the terms of their deposit contracts. The commenter stated that the three-day grace period should be retained because it may have operational significance for small institutions without adequate technology to make computations on all of their accounts on one day at the end of the period. Removal of paragraph (c) will not adversely affect the flexibility of savings associations in computing interest on their deposit accounts. Institutions that wish to compute interest without reference to

withdrawals made during the last three days of a business period may continue to do so. A regulation is not needed to authorize this practice.

The same commenter asked that section 556.15 be retained because it delineates the specific services that may and may not be performed at drive-in and pedestrian facilities. Under § 545.92(g), Federal savings associations are authorized to establish such facilities without prior OTS approval, subject to certain restrictions. The services provided at such facilities are limited to those "ordinary functions" provided at teller windows at branch offices. Section 556.15 defines what constitutes services "ordinarily" provided at teller windows. This definition is outdated and unduly restrictive. Elimination of § 556.15 will allow more flexibility in defining the scope of services that can be offered from drive-in and pedestrian facilities.

One commenter stated that it would prefer that § 545.31(a) (Election regarding classification of loans or investments) not be removed unless it would be included in its entirety in the regulatory handbook. The OTS notes that the proposal did not suggest the deletion of that section and that it is not anticipated that OTS's regulatory review of its lending regulations will propose deleting that section.

One commenter requested that the OTS review the documentation and recordkeeping requirements in §§ 563.41 (Loans and other transactions with affiliates and subsidiaries) and 563.42 (Additional standards applicable to transactions with affiliates and subsidiaries) because they are too cumbersome. The commenter also requested that certain clarifications be made to these regulations. On the same subject, another commenter requested that the term "affiliated person" in the OTS's regulations be replaced by the term "insider" as defined in the regulations of the other Federal banking agencies. The OTS will address these comments in a subsequent notice of proposed rulemaking, during the phase of regulatory review dealing with OTS's regulations on subsidiaries and related entities.

Finally, one commenter suggested that the OTS consider reviewing its manufactured home financing regulation at section 545.45 so that savings associations may more fairly compete with other lenders in the market. The OTS will address this comment in the phase of regulatory review addressing the OTS's lending regulations.

III. Description of Final Rule

The final rule issued today implements all of the proposed revisions and modifications contained in the August 28, 1995 proposal, except for the proposed revision to § 567.1's definition of an OECD-based country, which will be addressed in a later final rule.

The following parts and sections are being removed:

| Part or section No. | Title |
|---------------------|--|
| Part 504 | National security information. |
| § 510.1 | Ex parte communications. |
| § 510.3 | Coordination of sub-chapters. |
| Part 515 | Use of penalty mail in the location and recovery of missing children. |
| Part 529 | Nondiscrimination in federally assisted programs. |
| Part 533 | Electronic funds transfers. |
| § 543.12 | Bank Insurance Fund-insured Federal savings banks. |
| § 543.13 | Notice to FDIC. |
| § 545.15 | Withdrawal requests. |
| § 545.18 | Issuance of mutual capital certificates. |
| § 545.19 | Issuance of net worth certificates. |
| § 545.20 | Borrowing, issuing obligations and giving security. |
| § 545.44 | Mortgage transactions with the Federal Home Loan Mortgage Corporation. |
| § 545.122 | Employment contracts. |
| § 545.136 | Financial futures transactions. |
| § 545.137 | Financial options transactions. |
| § 552.2-4 | Limitation on transaction of business. |
| § 556.4 | Insurance. |
| § 556.6 | Savings accounts. |
| § 556.8 | Suretyship. |
| § 556.9 | Imposition of late charges and due on sale clauses. |
| § 556.11 | Prepayment penalty on mortgage loans. |
| § 556.14 | Chief executive officer of a branch office. |
| § 556.15 | Drive-in and pedestrian facilities. |
| § 562.3 | Statements of Condition. |
| § 563.8 | Negotiable order of withdrawal accounts authorized. |
| § 563.49 | Membership in a Federal Home Loan Bank. |
| § 563.72 | Form, return, and maturity of securities. |
| § 563d.200-30 | Delegation of authority to the Chief Counsel. |
| § 563g.22 | Delegation of authority to the Chief Counsel. |
| § 584.3 | Transactions with affiliates. |
| § 584.6 | Penalty for loss of QTL status. |
| § 584.11 | Hearings. |

⁵ 12 U.S.C. 1464(b)(1)(C).

⁶ See 12 CFR Part 204.

⁷ 12 CFR 204.2(d)(1).