must be fully amortized by December 31, 1998. 12 CFR 35.3(b).

The OCC proposes to remove 12 CFR part 35, effective January 1, 1999, obviating the need for regulatory action in the future. Prior to that date, an annotation to part 35 in title 12 of the Code of Federal Regulations would indicate the effective date for removal of the part.

Regulatory Flexibility Act

It is hereby certified that this regulation will not have a significant economic impact on a substantial number of small entities. Accordingly, a regulatory flexibility analysis is not required. This regulation has no material impact on national banks, regardless of size.

Executive Order 12866

The OCC has determined that this proposal is not a significant regulatory action under Executive Order 12866.

Paperwork Reduction Act

The collection of information contained in 12 CFR 35.7 has been approved by the Office of Management and Budget (OMB) under OMB Control Number 1557-0186. This proposal would remove as unnecessary, for the reasons set forth in the preamble, that collection of information effective January 1, 1999. Comments on the OCC's proposed elimination of this collection of information should be sent to the Office of Management and Budget, Paperwork Reduction Project (1557-0186), Washington, DC 20503, with a copy to the OCC's Legislative and Regulatory Activities Division (Attn: 1557-0186) at the OCC address previously specified.

List of Subjects in 12 CFR Part 35

Accounting, Agriculture, National banks, Reporting and recordkeeping requirements.

Authority and Issuance

For the reasons set out in the preamble, and under the authority of 12 U.S.C. 93a and 1823(j), chapter I of title 12 of the Code of Federal Regulations is proposed to be amended as follows:

PART 35—[REMOVED]

1. Part 35 is removed effective January 1, 1999.

Dated: February 3, 1995.

Eugene A. Ludwig,

Comptroller of the Currency.
[FR Doc. 95–3117 Filed 2–7–95; 8:45 am]
BILLING CODE 4810–33–P

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Federal Housing Enterprise Oversight

12 CFR Chapter XVII

RIN 2550-AA02

Risk-Based Capital

AGENCY: Office of Federal Housing Enterprise Oversight, HUD.

ACTION: Advance Notice of Proposed Rulemaking.

SUMMARY: Title XIII of the Housing and Community Development Act of 1992, known as the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, gives the Office of Federal Housing Enterprise Oversight (OFHEO) the responsibility for developing a risk-based capital regulation for the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation (collectively, the Enterprises). To discharge this responsibility, OFHEO must develop and implement a riskbased capital "stress test" that, when applied to the Enterprises, determines the amount of capital that an Enterprise must hold initially to maintain positive capital throughout a ten-year period of economic stress.

This Advance Notice of Proposed Rulemaking (ANPR) announces OFHEO's intention to develop and publish a risk-based capital regulation and solicits public comment on a variety of issues prior to the publication of a proposed rule. OFHEO requests comment from the public concerning issues set forth in the "Solicitation of Public Comment" subsection of the SUPPLEMENTARY INFORMATION section below.

DATES: Comments regarding the ANPR must be received in writing on or before May 9, 1995.

ADDRESSES: Send written comments to Anne E. Dewey, General Counsel, Office of General Counsel, Office of Federal Housing Enterprise Oversight, 1700 G Street, NW, Fourth Floor, Washington, D.C. 20552.

FOR FURTHER INFORMATION CONTACT:

David J. Pearl, Director, Research, Analysis and Capital Standards; or Gary L. Norton, Deputy General Counsel, Office of Federal Housing Enterprise Oversight, 1700 G Street, NW, Fourth Floor, Washington, D.C. 20552, telephone (202) 414–3800 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

Title XIII of the Housing and Community Development Act of 1992, Pub. L. No. 102-550, known as the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, 12 U.S.C. 4501 et seq. (Act), established the Office of Federal Housing Enterprise Oversight (OFHEO) as an independent office within the Department of Housing and Urban Development. OFHEO's primary function is to ensure the financial safety and soundness and the capital adequacy of the nation's two largest housing finance institutions—the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) (collectively, the Enterprises). Fannie Mae and Freddie Mac are

Government-sponsored enterprises that serve important public purposes and receive significant financial benefits, including exemption from state and local income taxes and special treatment of their securities in a variety of regulatory and transactional situations. Although the securities that they issue or guarantee are not backed by the full faith and credit of the United States,1 their status as Government-sponsored enterprises creates, in the view of financial market participants, an implicit Federal guarantee of those securities. Furthermore, the failure of either of the Enterprises would have serious consequences for the performance of the nation's housing markets, with a potentially disproportionate effect on low- and moderate-income families.

The Enterprises engage in two principal businesses. First, they maintain a portfolio of residential mortgages and, second, they issue and guarantee pools of residential mortgages—in the form of mortgagebacked securities (MBS)—that are held by investors. One of the Enterprises' principal financial risks stems from losses associated with defaults on mortgages that they hold or guarantee. The other financial risk stems from losses associated with changes in interest rates. Because the effective maturities of the Enterprises' assets and liabilities are not the same, interest rate changes could cause the margin between the average yield on assets and the average yield on liabilities to narrow or even become negative.

The Enterprises' capital serves as a cushion to absorb financial losses for a

¹ See section 306(h)(2), Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1455(h)(2)) and section 304(b), Federal National Mortgage Association Charter Act (12 U.S.C. 1719(b)).