Interested persons were invited to submit comments on the proposal by May 14, 1996, and comments on the agency's economic impact determination by May 14, 1996.

In response to the proposed monograph amendment, one trade association of OTC drug manufacturers submitted a comment. Copies of the comment received are on public display in the Dockets Management Branch (HFA–305), Food and Drug Administration, 12420 Parklawn Dr., rm. 1–23, Rockville, MD 20857, and may be seen between 9 a.m. and 4 p.m., Monday through Friday. Any additional information that has come to the agency's attention since publication of the proposed rule is also on public display in the Dockets Management Branch.

The agency has considered the comment in proceeding with this final rule. A summary of the comment with FDA's response follows.

II. Summary of the Comment Received

The comment supported the warning language proposed by the agency and requested a technical clarification of part of one sentence of the warning. The comment noted that in the preamble to the monograph amendment (61 FR 5918), the agency had stated a new sentence as "Do not use if you are allergic to any of the ingredients," while in proposed § 333.150(c)(3) (61 FR 5918 at 5920), the agency had included the words "this product" after the word "use" in this sentence. The comment stated that the words "this product" were implicitly understood in product labeling and that deletion of these words would conserve label space. The comment supported deletion of these two words and asked the agency to clarify this issue as soon as possible.

The agency concurs with the comment that the words "this product" are implicitly understood in product labeling. While the agency proposed to include these two words for completeness, the agency agrees that the words can be deleted without affecting the meaning of the sentence. Accordingly, § 333.150(c)(3) in this final rule does not include the words "this product."

III. The Agency's Final Conclusions

The agency concludes that addition of a warning statement about the possibility of allergic reactions to the labeling of topical antibiotic drug products containing bacitracin (zinc), neomycin (sulfate), and polymyxin B (sulfate) would benefit consumers who use these OTC drug products. The new warning is supportable based on the adverse event reports discussed in the proposal (61 FR 5918).

IV. Analysis of Impacts

FDA has examined the impacts of the final rule under Executive Order 12866 and the Regulatory Flexibility Act (5 U.S.C. 601–612). Executive Order 12866 directs agencies to assess all costs and benefits of available regulatory alternatives and, when regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety, and other advantages; distributive impacts; and equity). The agency believes that this final rule is consistent with the regulatory philosophy and principles identified in the Executive Order. In addition, the final rule is not a significant regulatory action as defined by the Executive Order and so is not subject to review under the Executive Order.

Under the Regulatory Flexibility Act, if a rule has a significant impact on a substantial number of small entities, an agency must analyze regulatory options that would minimize any significant impact of a rule on small entities. The final rule will generate a one-time label modification, which can be implemented at very little cost by manufacturers at the next printing of labels. The agency is providing 12 months for this revision to be made. Thus, this final rule will not impose a significant economic burden on affected entities. Therefore, under the Regulatory Flexibility Act (5 U.S.C. 605(b)), the Commissioner of Food and Drugs certifies that the final rule will not have a significant economic impact on a substantial number of small entities. No further analysis is required.

V. Paperwork Reduction Act of 1995

FDA concludes that the labeling requirement in this document is not subject to review by the Office of Management and Budget because it does not constitute a "collection of information" under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*). Rather, the warning statement is a "public disclosure of information originally supplied by the Federal government to the recipient for the purpose of disclosure to the public" (5 CFR 1320.3(c)(2)).

VI. Environmental Impact

The agency has determined under 21 CFR 25.24(c) (6) that this action is of a type that does not individually or cumulatively have a significant effect on the human environment. Therefore, neither an environmental assessment nor an environmental impact statement is required.

List of Subjects in 21 CFR Part 333

Labeling, Over-the-counter drugs.

Therefore, under the Federal Food, Drug, and Cosmetic Act and under authority delegated to the Commissioner of Food and Drugs, 21 CFR part 333 is amended as follows:

PART 333—TOPICAL ANTIMICROBIAL DRUG PRODUCTS FOR OVER-THE-COUNTER HUMAN USE

1. The authority citation for 21 CFR part 333 continues to read as follows:

Authority: Secs. 201, 501, 502, 503, 505, 510, 701 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321, 351, 352, 353, 355, 360, 371), unless otherwise noted.

2. Section 333.150 is amended by adding a heading to paragraph (c)(2) and by adding new paragraph (c)(3) to read as follows:

§ 333.150 Labeling of first aid antibiotic drug products.

* * * * *

(c) * * *

(2) *For products containing chlortetracycline hydrochloride or tetracycline hydrochloride.* * * *

(3) *For any product containing bacitracin, bacitracin zinc, neomycin, neomycin sulfate, polymyxin B, and/or polymyxin B sulfate.* "Stop use and consult a doctor if the condition persists or gets worse, or if a rash or other allergic reaction develops. Do not use if you are allergic to any of the ingredients. Do not use longer than 1 week unless directed by a doctor."

* * * * *

Dated: November 5, 1996.

William K. Hubbard,

Associate Commissioner for Policy Coordination.

[FR Doc. 96–29302 Filed 11–14–96; 8:45 am]

BILLING CODE 4160–01–F

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

24 CFR Part 3500

[Docket No. FR 4148–F–01]

Amendments to Regulation X, the Real Estate Settlement Procedures Act Regulation (Withdrawal of Employer-Employee and Computer Loan Origination Systems (CLOs) Exemptions); Final Rule

AGENCY: Office of the Assistant Secretary for Housing-Federal Housing Commissioner, HUD.

ACTION: Final rule.

SUMMARY: In this final rule, the Department is implementing portions of a final rule revising Regulation X that was published June 7, 1996, and corrected and revised on August 12, 1996. The Department had delayed the effectiveness of that rule based on the requirements of recent legislation. After carefully reviewing the legislation, however, the Department has determined that several portions of that rule are not affected by the legislative delay. Therefore, this final rule implements those portions of the previous rule. This rule also makes several technical revisions to Regulations X, some of which implement various provisions in the recent legislation.

EFFECTIVE DATE: January 14, 1997.

FOR FURTHER INFORMATION CONTACT: David Williamson, Director, Office of Consumer and Regulatory Affairs, Room 9146, telephone (202) 708–4560; or, for legal questions, Kenneth A. Markison, Assistant General Counsel for GSE/RESPA, Grant E. Mitchell, Senior Attorney for RESPA, or Richard S. Bennett, Attorney, Office of General Counsel, Room 9262, telephone (202) 708–1550. (The telephone numbers are not toll-free.) For hearing- or speech-impaired persons, these numbers may be accessed via TTY (text telephone) by calling the Federal Information Relay Service at 1–800–877–8339. The address for the above-listed persons is: Department of Housing and Urban Development, 451 Seventh Street, SW., Washington, DC 20410.

SUPPLEMENTARY INFORMATION:

Background

In the final rule published on June 7, 1996 (61 FR 29238) entitled "Amendments to Regulation X, the Real Estate Settlement Procedures Act: Withdrawal of Employer-Employee and Computer Loan Origination Systems (CLOs) Exemptions," the Department established an effective date for the rule of 120 days from publication: October 7, 1996. Subsequently, on August 12, 1996 (61 FR 41944), the Department published a revision to a document associated with that rule—Appendix D, the Controlled Business Arrangement (CBA) Disclosure Statement Format—in order to clarify the directions on completing the format.

Section 2103 of the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (Title II of the Omnibus Consolidated Appropriations Act, 1997, Pub. L. 104–208; approved September 30, 1996) (the Act) was signed by the President on September 30, 1996. The Act delays the effective date of the provisions of the June 7, 1996 final rule under the Real Estate Settlement Procedures Act (RESPA) (Pub. L. 92–533; 12 U.S.C. 2601 et seq.) concerning payments to employees by their employers. One such provision of the June 7 rule would have eliminated 24 CFR 3500.14(g)(1)(vii), which permits "[a]n employer's payment to its own employees for any referral activities." Section 2103 of the Act provides that this provision of the June 7 rule shall not take effect before July 31, 1997. The Act provides that the following provisions also shall not take effect before July 31, 1997: (1) The exemption for employer payments to managerial employees (§ 3500.14(g)(1)(viii) of the June 7 rule); (2) The exemption for employer payments to employees who do not perform settlement services in any transaction (§ 3500.14(g)(1)(ix) of the June 7 rule); and (3) The provision clarifying that "[a] payment by an employer to its own *bona fide* employee for generating business for that employer" is permissible (§ 3500.14(g)(1)(vii) of the June 7 rule).

Although not required by the Act, on October 4, 1996 (61 FR 51782), the Department announced its determination to delay temporarily the effective date of the entire June 7 final rule, as corrected and revised on August 12, and to continue the prior provisions relating to employer-employee payments (as in effect on May 1, 1996, as required by the Act). The reason for the delay was to provide the Department with an opportunity to analyze the Act and develop an appropriate time schedule for establishing the effective dates of the various provisions of the June 7 rule, as revised August 12. The October 4 notice stated that within 30 days of publication of that notice, the Department would publish further information on this time schedule. That notice was published in the Federal Register on November 4, 1996 (61 FR 56624).

The Department has reviewed the Act and has determined that certain portions of the June 7 final rule and the August 12 technical revisions to Appendix D that are not delayed by the Act should be made effective, subject to further technical revisions. The Department is issuing this final rule to make these provisions effective on January 14, 1997, for the reasons stated in the preambles to the June 7 final rule and August 12 technical revision, to the extent applicable. With respect to the other provisions of the June 7 final rule, the Department intends to act in accordance with the notice published November 4, 1996.

Provisions Made Effective by This Final Rule

One portion of the June 7 final rule that this rule puts into effect deals with Computer Loan Origination (CLO) Systems. Specifically, this rule makes effective the withdrawal of the CLO exemption at 24 CFR 3500.14(g)(1)(viii). It also makes effective the elimination of the CLO Fee Disclosure form, which previously was codified as Appendix E to 24 CFR part 3500. By making these provisions of the June 7 rule effective, the guidance contained in "Statement of Policy 1996–1, Computer Loan Origination Systems (CLOs)," concerning the applicability of RESPA to CLOs, that was also published June 7, 1996 (61 FR 29255), is more fully effective. The guidance in that statement of policy is effective except to the limited extent that it interprets provisions that are not yet effective, such as those provisions in the June 7 final rule changing the employer-employee exemption.

Today's rule also puts into effect the revised Appendix D to part 3500 as published August 12, 1996. Appendix D contains what was formerly known as the "Controlled Business Arrangement Disclosure Statement Format," and which, for the reasons explained below, is redesignated by this rule as the "Affiliated Business Arrangement Disclosure Statement Format." Persons should refer to the preamble of the August 12 technical revision for general guidance and background information. Finally, today's rule will make effective conforming changes to § 3500.17 that are necessary because of the redesignation of Appendix F as Appendix E.

Technical Revisions and Corrections

This final rule also makes several technical revisions and corrections to Regulation X. The first revision is required by an amendment to RESPA in section 2103(c) of the Act. Section 2103(c) redesignated "Controlled Business Arrangements" as "Affiliated Business Arrangements" or "AfBAs." This rule makes conforming revisions throughout the RESPA regulations and appendices in part 3500, wherever the term "Controlled Business Arrangement" appears, including in Appendix D, which is redesignated by this rule as the "Affiliated Business Arrangement Disclosure Statement Format."

The second revision also conforms the regulation to the Act. Section 2103(b) of the Act requires the Department, in

prescribing regulations under RESPA, to conform the exemption of business, commercial, or agricultural loans under RESPA to the exemption of such loans under the Truth In Lending Act (TILA) (15 U.S.C. 1601 et seq.). The primary effect of this legislative requirement is to eliminate RESPA coverage for 1- to 4-family residential properties used by individuals for rental purposes. Accordingly, this final rule amends § 3500.5(b) to delete the sentence providing that the exemption to RESPA for business purpose loans "does not include any loan to one or more persons acting in an individual capacity (natural persons) to acquire, refinance, improve, or maintain 1- to 4-family residential property used, or to be used, to rent to other persons." By deleting this sentence, Regulation X, with respect to the coverage of business, commercial, or agricultural loans under RESPA now conforms to the coverage of such loans under TILA, as required. Section 3500.5(b), as revised by this rule, defers to TILA for interpretation of the coverage of business purpose loans.

This final rule also withdraws RESPA Interpretive Rule 1995–1, published in the Federal Register on February 27, 1995 (60 FR 10762). That interpretive rule had reaffirmed the determination set forth in the Department's RESPA rule, published on February 10, 1994 (59 FR 6505), and amended on March 30, 1994 (59 FR 14748), that transactions by individuals involving 1- to 4-family residential rental properties are covered by RESPA. This interpretation does not survive the statutory amendment and no longer represents the Department's position.

The third revision also relates to the Act. It revises § 3500.15(b)(1) to make reference to section 8(c)(4)(A) of RESPA, which was amended by section 2103(d) of the Act. Section 2103(d) of the Act amends section 8(c)(4)(A) to establish special procedures for disclosures of affiliated business arrangements in conjunction with referrals where the telephone or electronic media are used in marketing. This rule makes clear that the provisions of § 3500.15(b)(1) shall not apply to the extent they are inconsistent with the legislative amendment. The Department will conduct further rulemaking to implement section 2103(d) of the Act.

This rule also makes two technical revisions and corrections that are unrelated to the June 7 rule and the new Act. This rule revises the definition of "Federally related mortgage loan" in § 3500.2. In the March 26, 1996 streamlining rule (61 FR 29238), the Department promulgated a streamlined definition of this term that incorporated the statutory language in section 3(1) of RESPA (Pub. L. 93–533; 12 U.S.C. 2602(1)). Consistent with the preamble of the March 26 rule, the Department had not intended to make any substantive change in the definition. Nonetheless, adoption of the streamlined definition caused some confusion about RESPA's applicability. Since the former definition had pertained for decades, the Department has determined that the best way to eliminate the confusion is to revert to the definition that applied under Regulation X prior to the streamlining rule, with minor technical clarifications, most notably, indicating that the term is used interchangeably with the term "mortgage loan" in the regulation.

The other technical correction removes Appendix N. The preamble of the March 26 streamlining rule explained that, as part of that streamlining, the Department was removing certain appendices from codification. The appendices to be removed included Appendix N, "HUD–1 Aggregate Accounting Adjustment Example." Because of an error in the amendatory instructions of that rule and the April 29, 1996 correction to that rule (61 FR 18674), the instruction to remove Appendix N, as specified in the preamble to the March 26 rule, was omitted. This final rule includes those instructions and removes Appendix N from codification. The appendices that have been removed, including Appendix N, are available from the Department as Public Guidance Documents.

Persons should refer to the preamble of the June 7 rule and August 12 technical revision, both for general guidance and for additional background on provisions that are being made effective by today's rule. The only portions of the June 7 rule that are affected by the Act concerning a delay in the effective date are those provisions identified as § 3500.14(g)(1) (vii)–(ix), for which the effective date has been delayed.

Justification for Final Rulemaking

The Department generally publishes a rule for public comment before issuing a rule for effect, in accordance with its regulations on rulemaking in 24 CFR part 10. Part 10 provides for exceptions from this general rule, however, when the agency finds good cause to omit advance notice and public participation. The good cause requirement is satisfied when prior public procedure is "impracticable, unnecessary, or contrary to the public interest" (24 CFR 10.1).

This final rule establishes the effective date for certain provisions in the June 7, 1996 final rule, for which the Department has already solicited public comments. This rule also makes several technical revisions or clarifications to the RESPA regulations that strictly conform with the requirements of the Act; the Department is not exercising any new regulatory discretion. Therefore, the Department finds that good cause exists to publish this rule for effect without first soliciting public comments, in that prior public procedure would be unnecessary.

Findings and Certifications

Paperwork Reduction Act

The regulations implementing the statutory requirement for a disclosure regarding "affiliated" business arrangements are in 24 CFR 3500.15(b). In accordance with the emergency processing procedures in 5 CFR 1320.13, the information collection requirements in § 3500.15(b) have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520), and assigned OMB control number 2502–0516. The Department provided notice of the estimate of the average burden of the collection, and solicited public comments on this estimate, on August 12, 1996 (61 FR 44990). The Department is in the process of seeking OMB approval of the information collection requirements through the regular processing procedures in 5 CFR part 1320; the regular approval number, when assigned, will be announced by separate notice in the Federal Register. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a valid control number.

This final rule does not impose additional information collection requirements, nor does it substantively change the information collection requirements in § 3500.15(b) issued in the June 7, 1996 final rule (61 FR 29238), and corrected and revised on August 12, 1996 (61 FR 41944). The only effect of this rule upon the information collection requirements is to redesignate the term "controlled business arrangements" as "affiliated business arrangements," in accordance with section 2103(c) of the Act.

Environmental Impact

A finding of no significant impact with respect to the environment was made at the time of the development of the June 7, 1996 final rule (61 FR 29238), in accordance with HUD regulations in 24 CFR part 50

implementing section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332). That finding continues to apply to this final rule, and is available for public inspection during regular business hours in the Office of General Counsel, the Rules Docket Clerk, room 10276, 451 Seventh Street, SW, Washington, DC 20410–0500.

Regulatory Flexibility Act

The Secretary, in accordance with the Regulatory Flexibility Act (5 U.S.C. 605(b)), has reviewed this rule before publication and by approving it certifies that this rule does not have a significant economic impact on a substantial number of small entities, other than those impacts specifically required to be applied universally by the RESPA statute.

Executive Order 12612, Federalism

The General Counsel, as the Designated Official under section 6(a) of Executive Order 12612, Federalism, has determined that the policies contained in this final rule will not have substantial direct effects on States or their political subdivisions, or the relationship between the Federal government and the States, or on the distribution of power and responsibilities among the various levels of government. As a result, the rule is not subject to review under the Order. Promulgation of this rule amends the applicable regulatory requirements pursuant to statutory direction.

Executive Order 12606, the Family

The General Counsel, as the Designated Official under Executive Order 12606, The Family, has determined that this final rule does not have potential for significant impact on family formation, maintenance, and general well-being, and thus, is not subject to review under the order. No significant change in existing HUD policies or programs will result from promulgation of this rule, as those policies and programs relate to family concerns.

Unfunded Mandates Reform Act

Title II of the Unfunded Mandates Reform Act of 1995 (Pub. L. 104–4; approved March 22, 1995) (UMRA) establishes requirements for Federal agencies to assess the effects of their regulatory actions on State, local, and tribal governments, and the private sector. This rule does not impose any Federal mandates on any State, local, or tribal governments, or on the private sector, within the meaning of the UMRA.

List of Subjects in 24 CFR Part 3500

Consumer protection, Condominiums, Housing, Mortgages, Mortgage servicing, Reporting and recordkeeping requirements.

Accordingly, for the reasons set out in the preamble, Interpretive Rule 1995–1, published in the Federal Register on February 27, 1995 (60 FR 10762), is removed; and part 3500 of title 24 of the Code of Federal Regulations is amended as follows:

PART 3500—REAL ESTATE SETTLEMENT PROCEDURES ACT

1. The authority citation for 24 CFR part 3500 is revised to read as follows:

Authority: 12 U.S.C. 2601 *et seq.*; 28 U.S.C. 2461 note; 42 U.S.C. 3535(d).

2. In § 3500.2, paragraph (b) is amended by revising the definition of "*Federally related mortgage loan*" to read as follows:

§ 3500.2 Definitions.

* * * * *

Federally related mortgage loan or *mortgage loan* means as follows:

(1) Any loan (other than temporary financing, such as a construction loan):

(i) That is secured by a first or subordinate lien on residential real property, including a refinancing of any secured loan on residential real property upon which there is either:

(A) Located or, following settlement, will be constructed using proceeds of the loan, a structure or structures designed principally for occupancy of from one to four families (including individual units of condominiums and cooperatives and including any related interests, such as a share in the cooperative or right to occupancy of the unit); or

(B) Located or, following settlement, will be placed using proceeds of the loan, a manufactured home; and

(ii) For which one of the following paragraphs applies. The loan:

(A) Is made in whole or in part by any lender that is either regulated by or whose deposits or accounts are insured by any agency of the Federal Government;

(B) Is made in whole or in part, or is insured, guaranteed, supplemented, or assisted in any way:

(*1*) By the Secretary or any other officer or agency of the Federal Government; or

(*2*) Under or in connection with a housing or urban development program administered by the Secretary or a housing or related program administered by any other officer or agency of the Federal Government;

(C) Is intended to be sold by the originating lender to the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation (or its successors), or a financial institution from which the loan is to be purchased by the Federal Home Loan Mortgage Corporation (or its successors);

(D) Is made in whole or in part by a "creditor", as defined in section 103(f) of the Consumer Credit Protection Act (15 U.S.C. 1602(f)), that makes or invests in residential real estate loans aggregating more than $1,000,000 per year. For purposes of this definition, the term "creditor" does not include any agency or instrumentality of any State, and the term "residential real estate loan" means any loan secured by residential real property, including single-family and multifamily residential property;

(E) Is originated either by a dealer or, if the obligation is to be assigned to any maker of mortgage loans specified in paragraphs (1)(ii) (A) through (D) of this definition, by a mortgage broker; or

(F) Is the subject of a home equity conversion mortgage, also frequently called a "reverse mortgage," issued by any maker of mortgage loans specified in paragraphs (1)(ii) (A) through (D) of this definition.

(2) Any installment sales contract, land contract, or contract for deed on otherwise qualifying residential property is a federally related mortgage loan if the contract is funded in whole or in part by proceeds of a loan made by any maker of mortgage loans specified in paragraphs (1)(ii) (A) through (D) of this definition.

(3) If the residential real property securing a mortgage loan is not located in a State, the loan is not a federally related mortgage loan.

* * * * *

§ 3500.5 [Amended]

3. Section 3500.5 is amended by revising paragraph (b)(2) to read as follows:

§ 3500.5 Coverage of RESPA.

* * * * *

(b) * * *

(2) *Business purpose loans.* An extension of credit primarily for a business, commercial, or agricultural purpose, as defined by Regulation Z, 12 CFR 226.3(a)(1). Persons may rely on Regulation Z in determining whether the exemption applies.

* * * * *

§ 3500.7 [Amended]

4. In § 3500.7, paragraph (e)(3) is amended by removing the phrase "a controlled", and by adding in its place the phrase "an affiliated".

§ 3500.8 [Amended]

5. In § 3500.8, the fourth sentence of paragraph (c)(2) is amended by removing the reference "Appendix F", and by adding in its place the reference "Appendix E".

§ 3500.13 [Amended]

6. In § 3500.13, paragraph (b)(2) is amended by removing the word "controlled" wherever it appears, and by adding in its place the word "affiliated".

§ 3500.14 [Amended]

7. In § 3500.14, paragraph (g) is amended by removing paragraph (g)(1)(viii); by adding the word "or" at the end of paragraph (g)(1)(vi); and by removing the phrase "; or" at the end of paragraph (g)(1)(vii), and by adding in its place a period.

8. Section 3500.15 is amended as follows:

a. The section heading is revised as set forth below;

b. Paragraph (a) is amended by removing the phrase "A controlled", and by adding in its place the phrase "An affiliated";

c. The first sentence of the introductory text of paragraph (b)(1) is amended by removing the word "Controlled", and by adding in its place the word "Affiliated";

d. Paragraph (b)(3)(i) is amended by removing the phrase "a controlled" and adding in its place the phrase "an affiliated"; and

e. The introductory text of paragraph (b) is amended by removing the phrase "A controlled", and by adding in its place the phrase "An affiliated"; and is further amended by adding a new sentence at the end of the introductory text, to read as follows:

§ 3500.15 Affiliated business arrangements.

* * * * *

(b) * * * Paragraph (b)(1) of this section shall not apply to the extent it is inconsistent with section 8(c)(4)(A) of RESPA (12 U.S.C. 2607(c)(4)(A)).

* * * * *

§ 3500.17 [Amended]

9. Section 3500.17 is amended as follows:

a. In paragraph (b), the last sentence of the definition of "*Aggregate (or) composite analysis*" and the last sentence of the definition of "*Single-item analysis*" are amended by removing the references "Appendix F", and by adding in their place the references "Appendix E";

b. In paragraph (c)(1)(i), the second sentence is amended by removing the reference "appendix F", and by adding in its place the reference "Appendix E"; and

c. In paragraph (d)(1)(ii), the last sentence is amended by removing the reference "Appendix F", and by adding in its place the reference "Appendix E".

Appendix B to Part 3500 [Amended]

10. Appendix B to part 3500 is amended as follows:

a. In Illustration 7, "Comments", the first sentence is amended by removing the phrase "a controlled," and by adding in its place the phrase "an affiliated"; and the third and last sentences are amended by removing the word "controlled", and by adding in its place the word "affiliated";

b. In Illustration 8, "Comments", the first sentence is amended by removing the word "CBA", and by adding in its place the phrase "affiliated business arrangement";

c. In Illustration 9, "Comments", the first sentence is amended by removing the phrase "a controlled", and by adding in its place the phrase "an affiliated";

d. In Illustration 10, "Comments", the first and second sentences are amended by removing the phrase "a controlled", and by adding in its place the phrase "an affiliated"; and the second sentence is further amended by removing the phrase "the controlled", and by adding in its place the phrase "the affiliated"; and

e. In Illustration 11, "Facts", the last sentence is amended by removing the phrase "a controlled", and by adding in its place the phrase "an affiliated"; and in Illustration 11, "Comments", the second sentence is amended by removing the word "controlled", and by adding in its place the word "affiliated".

11. Appendix D to part 3500 is revised to read as follows:

BILLING CODE 4210–27–C

APPENDIX D TO PART 3500

Affiliated Business Arrangement Disclosure Statement Format

Notice

To: _____ Property: _____

From: _____ Date: _____
(Entity Making Statement]

This is to give you notice that ___[referring party]___ has a business relationship with __[settlement services provider(s)]___. [Describe the nature of the relationship between the referring party and the provider(s), including percentage of ownership interest, if applicable.] Because of this relationship, this referral may provide _____[referring party]_____ a financial or other benefit.

[A.] Set forth below is the estimated charge or range of charges for the settlement services listed. You are NOT required to use the listed provider(s) as a condition for [settlement of your loan on] [or] [purchase, sale, or refinance of] the subject property. THERE ARE FREQUENTLY OTHER SETTLEMENT SERVICE PROVIDERS AVAILABLE WITH SIMILAR SERVICES. YOU ARE FREE TO SHOP AROUND TO DETERMINE THAT YOU ARE RECEIVING THE BEST SERVICES AND THE BEST RATE FOR THESE SERVICES.

[provider and settlement service]	[charge or range of charges]

[B.] Set forth below is the estimated charge or range of charges for the settlement services of an attorney, credit reporting agency, or real estate appraiser that we, as your lender, will require you to use, as a condition of your loan on this property, to represent our interests in the transaction.

[provider and settlement service]	[charge or range of charges]

ACKNOWLEDGMENT

I/we have read this disclosure form, and understand that ___[referring party]___ is referring me/us to purchase the above-described settlement service(s) and may receive a financial or other benefit as the result of this referral.

_____
Signature

[INSTRUCTIONS TO PREPARER:] [Use paragraph A for referrals other than those by a lender to an attorney, a credit reporting agency, or a real estate appraiser that a lender is requiring a borrower to use to represent the lender's interests in the transaction. Use paragraph B for those referrals to an attorney, credit reporting agency, or real estate appraiser that a lender is requiring a borrower to use to represent the lender's interests in the transaction. When applicable, use both paragraphs. Specific timing rules for delivery of the affiliated business disclosure statement are set forth in 24 CFR 3500.15(b)(1) of Regulation X). These INSTRUCTIONS TO PREPARER should not appear on the statement.]

Appendix E to part 3500 [Removed]

12. Appendix E to part 3500 is removed.

Appendix F to part 3500 [Redesignated]

13. Appendix F to part 3500 is redesignated as Appendix E to part 3500.

Appendix N to part 3500 [Removed]

14. Appendix N to part 3500 is removed.

Dated: November 8, 1996.

Nicolas P. Retsinas,

Assistant Secretary for Housing-Federal Housing Commissioner

[FR Doc. 96–29278 Filed 11–14–96; 8:45 am]

BILLING CODE 4210–27–M

PENSION BENEFIT GUARANTY CORPORATION

29 CFR Part 4044

Allocation of Assets in Single-Employer Plans; Interest Assumptions for Valuing Benefits

AGENCY: Pension Benefit Guaranty Corporation.

ACTION: Final rule.

SUMMARY: The Pension Benefit Guaranty Corporation's regulation on Allocation of Assets in Single-Employer Plans prescribes interest assumptions for valuing benefits under terminating single-employer plans. This final rule amends the regulation to adopt interest assumptions for plans with valuation dates in December 1996.

EFFECTIVE DATE: December 1, 1996.

FOR FURTHER INFORMATION CONTACT: Harold J. Ashner, Assistant General Counsel, Office of the General Counsel, Pension Benefit Guaranty Corporation, 1200 K Street, NW., Washington, DC 20005, 202–326–4024 (202–326–4179 for TTY and TDD).

SUPPLEMENTARY INFORMATION: The PBGC's regulation on Allocation of Assets in Single-Employer Plans (29 CFR part 4044) prescribes actuarial assumptions for valuing plan benefits of terminating single-employer plans covered by title IV of the Employee Retirement Income Security Act of 1974.

Among the actuarial assumptions prescribed in part 4044 are interest assumptions. These interest assumptions are intended to reflect current conditions in the financial and annuity markets.

Two sets of interest assumptions are prescribed, one set for the valuation of benefits to be paid as annuities and one set for the valuation of benefits to be paid as lump sums. This amendment adds to appendix B to part 4044 the annuity and lump sum interest assumptions for valuing benefits in plans with valuation dates during December 1996.

For annuity benefits, the interest assumptions will be 6.00 percent for the first 20 years following the valuation date and 4.75 percent thereafter. For benefits to be paid as lump sums, the interest assumptions to be used by the PBGC will be 4.75 percent for the period during which a benefit is in pay status, 4.00 percent during the seven-year period directly preceding the benefit's placement in pay status, and 4.00 percent during any other years preceding the benefit's placement in pay status. The above annuity interest assumptions represent a decrease (from those in effect for November 1996) of .20 percent for the first 20 years following the valuation date and are otherwise unchanged. The lump sum interest assumptions represent a decrease (from those in effect for November 1996) of .25 percent for the period during which a benefit is in pay status and for the seven years directly preceding that period; they are otherwise unchanged.

The PBGC has determined that notice and public comment on this amendment are impracticable and contrary to the public interest. This finding is based on the need to determine and issue new interest assumptions promptly so that the assumptions can reflect, as accurately as possible, current market conditions.

Because of the need to provide immediate guidance for the valuation of benefits in plans with valuation dates during December 1996, the PBGC finds that good cause exists for making the assumptions set forth in this amendment effective less than 30 days after publication.

The PBGC has determined that this action is not a "significant regulatory action" under the criteria set forth in Executive Order 12866.

Because no general notice of proposed rulemaking is required for this amendment, the Regulatory Flexibility Act of 1980 does not apply. See 5 U.S.C. 601(2).

List of Subjects in 29 CFR Part 4044

Pension insurance, Pensions.

In consideration of the foregoing, 29 CFR part 4044 is hereby amended as follows:

PART 4044—[AMENDED]

1. The authority citation for part 4044 continues to read as follows:

Authority: 29 U.S.C. 1301(a), 1302(b)(3), 1341, 1344, 1362.

Appendix B to Part 4044—[Amended]

2. In appendix B, a new entry is added to Table I, and Rate Set 38 is added to Table II, as set forth below. The introductory text of each table is republished for the convenience of the reader and remains unchanged.

Appendix B to Part 4044—Interest Rates Used to Value Annuities and Lump Sums—Table I.—Annuity Valuations

[This table sets forth, for each indicated calendar month, the interest rates (denoted by i_1, i_2, * * *, and referred to generally as i_t) assumed to be in effect between specified anniversaries of a valuation date that occurs within that calendar month; those anniversaries are specified in the columns adjacent to the rates. The last listed rate is assumed to be in effect after the last listed anniversary date.]

For valuation dates occurring in the month—	The values of i_t are:					
	i_t	For t=	i_t	For t=	i_t	For t=
* * *	*		*		*	
December 1996	.0600	1–20	.0475	>20	N/A	N/A

Table II.—Lump Sum Valuations

[In using this table: (1) For benefits for which the participant or beneficiary is entitled to be in pay status on the valuation date, the immediate annuity rate shall apply; (2) For benefits for which the deferral period is y years (where y is an integer and $0<y\leq n_1$), interest rate i_1 shall apply from the valuation date for a period of y years, and thereafter the immediate annuity