

1991. By implementing these regulations immediately, assistance can be provided to many needy farmers and ranchers who, without this assistance, would be in danger of losing their operations.

Background

The loan making, supervision and servicing of FmHA borrowers is governed primarily by the Consolidated Farm and Rural Development Act (CONACT) (7 U.S.C. 1921 et seq.). Specifically, 7 U.S.C. 1981(b) makes applicants for EM loans ineligible if crop insurance was available, but not obtained, for crops lost in the disaster. The purpose for revising the FmHA regulations at this time is to implement various provisions of the 1992 Supplemental Appropriations Act as it applies to EM loans. In particular, title XI, chapter I of the Act states, in part, that EM loans "made with respect to damage to an annual crop planted for harvest in 1992 and 1993 under Subtitle C of the Consolidated Farm and Rural Development Act shall be made available without regard to the purchase of crop insurance * * *"

Due to the urgent need of financial assistance for many farmers and ranchers, FmHA has expedited the implementation of these changes.

Changes

The existing EM loan regulations state that applicants will not be eligible for EM loans to cover damages and losses to any crop(s) harvested after December 31, 1986, which was not insured, but could have been insured with Federal Crop Insurance Corporation (FCIC) crop insurance or multi-peril crop insurance, unless the crop(s) could not be planted due to the declared/designated/authorized disaster(s). The FACT Act of 1990 suspended this requirement for farmers and ranchers who suffered severe crop production losses due to drought and other natural disasters in 1990 and who otherwise qualified for EM loan assistance due to crop production losses in 1990. The 1992 Supplemental Appropriations Act suspended this requirement for crop production losses in 1991. These exceptions are incorporated into existing EM loan regulations. The exceptions for crops planted for harvest in 1990 or 1991, however, are being deleted since any EM loan applications concerning these crops have already been processed. The 1992 Supplemental Act again suspended the crop insurance requirement for crops planted for harvest in 1992 and 1993. The EM loan regulations, therefore, are being revised accordingly.

List of Subjects in 7 CFR Part 1945

Agriculture, Disaster assistance.

Therefore, Chapter XVIII, title 7, Code of Federal Regulations, is amended as follows:

PART 1945—EMERGENCY

1. The authority citation for part 1945 continues to read as follows:

Authority: 7 U.S.C. 1989; 5 U.S.C. 301; 7 CFR 2.23; 7 CFR 2.70.

Subpart D—Emergency Loan Policies, Procedures and Authorizations

2. Section 1945.167 is amended by revising paragraph (a) to read as follows:

§ 1945.167 Loan limitations and special provisions.

(a) *EM loans are not authorized for losses to crops grown in areas where FCIC crop insurance or multi-peril crop insurance is available.* Applicants will not be eligible for EM loans to cover damages and losses to any crop(s) harvested after December 31, 1986, which was not insured, but could have been insured with FCIC crop insurance or multi-peril crop insurance. In such instances, applicants will not qualify for EM loans based on losses to those crops which could have been insured against the losses, unless the crop(s) could not be planted due to the declared/designated/authorized disaster(s). However, as a result of 1992 natural disasters, the Supplemental Appropriations, Transfers, and Rescissions Act provides for the waiver of this mandatory crop insurance requirement for crops planted for harvest in 1992 and 1993. Under these waiver provisions, disaster-related production losses sustained to crops planted for harvest in 1992 and 1993 will be counted in the eligibility calculation and the maximum EM loan entitlement determination, regardless of whether or not crop insurance was available to the applicant, or whether or not such insurance was purchased by the applicant. Planted for harvest in 1992 and 1993 means:

- (1) For annual crops, planted for harvest in 1992 and 1993; and
- (2) For perennial crops, planted in 1992 or earlier and producing an annual crop for harvest in 1992 and 1993.

* * * * *
Dated: October 6, 1992.

La Verne Ausman,
Administrator, Farmers Home
Administration.

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DEPARTMENT OF THE TREASURY

Office of the Comptroller of the
Currency

12 CFR Part 34

FEDERAL RESERVE SYSTEM

12 CFR Parts 208 and 225

**FEDERAL DEPOSIT INSURANCE
CORPORATION**

12 CFR Part 323

DEPARTMENT OF THE TREASURY

Office of Thrift Supervision

12 CFR Part 564

**NATIONAL CREDIT UNION
ADMINISTRATION**

12 CFR Part 722

**Real Estate Appraisal Exceptions in
Major Disaster Areas**

AGENCIES: Office of the Comptroller of the Currency, Treasury; Board of Governors of the Federal Reserve System; Federal Deposit Insurance Corporation; Office of Thrift Supervision, Treasury; and National Credit Union Administration.

ACTION: Statement and Order; Temporary exceptions.

SUMMARY: Section 2 of the Depository Institutions Disaster Relief Act of 1992 (DIDRA), signed by the President on October 23, 1992, authorizes the agencies to make exceptions to statutory and regulatory requirements relating to appraisals for certain transactions. The exceptions are available for transactions that involve real property in major disaster areas when the exceptions would facilitate recovery from the disaster and would not be inconsistent with safety and soundness. Any such exceptions would expire no later than three years after the disaster is declared by the President. The specific expiration dates are set out in **SUPPLEMENTARY INFORMATION.**

DATES: This order is effective on November 17, 1992, and expires for specific areas on the dates listed in **SUPPLEMENTARY INFORMATION.**

FOR FURTHER INFORMATION CONTACT:

Office of the Comptroller of the
Currency (OCC)

Thomas E. Watson, National Bank
Examiner, (202) 874-5350, or William C.

Kerr, National Bank Examiner, (202) 874-5170, Office of the Chief National Bank Examiner; or Horace G. Sneed, Senior Attorney (202) 874-5310, Bank Operations and Assets Division, 250 E Street, SW., Washington, DC 20218.

Office of Thrift Supervision (OTS)

Robert Fishman, Program Manager, Credit Risk, (202) 906-5672; Deirdre Kvarnunas, Program Analyst, (202) 906-7933; Diana Garmus, Deputy Assistant Director, Corporate Activities, (202) 906-5683; Ellen J. Sazzman, Attorney, Regulations and Legislation Division, Chief Counsel's Office, (202) 907-7133; 1700 G Street, NW., Washington, DC 20552.

Board of Governors of the Federal Reserve System (Board)

Rhoger H Pugh, Assistant Director, (202) 728-5883, Stanley B. Rediger, Supervisory Financial Analyst, (202) 452-2629, or Virginia M. Gibbs, Senior Financial Analyst, (202) 452-2521, Division of Banking Supervision and Regulation; or Christopher Bellini, Attorney, (202) 452-3269, Legal Division; 20th and Constitution Avenue, NW., Washington, DC 20551.

Federal Deposit Insurance Corporation (FDIC)

Robert F. Miallovich, Associate Director, (202) 696-6918, James D. Leitner, Examination Specialist, (202) 696-6790, Division of Supervision; or Walter P. Doyle, Counsel, (202) 696-3662, Legal Division, 550 17th Street, NW., Washington, DC 20429.

National Credit Union Administration (NCUA)

Michael J. McKenna, Office of General Counsel, (202) 682-9630, or Alonzo Swann, Office of Examination and Insurance, (202) 682-9640; 1776 G Street NW., Washington, DC 20456.

SUPPLEMENTARY INFORMATION:

Statement

Section 2 of DIDRA authorizes the agencies to make exceptions to existing appraisal requirements to facilitate recovery in designated major disaster areas, so long as safety and soundness are not compromised. This has the effect of excluding transactions to which the exceptions apply from the definition of "federally related transaction." Such exceptions expire not later than three years after the disaster is declared by the President.

The agencies have determined that recovery from Hurricanes Andrew and Iniki and from the Los Angeles civil unrest in May 1992 would be facilitated by excepting transactions involving real

estate located in the areas directly affected by those disasters from the real estate appraisal requirements of title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) and the regulations promulgated pursuant to title XI of FIRREA. Disruption of real estate markets in the affected areas interferes with the ability of regulated institutions to obtain appraisals that comply with statutory and regulatory requirements. The order issued with this statement removes that impediment to depository institutions making loans and engaging in other transactions that would help to finance reconstruction and rehabilitation of such areas.

The agencies also have determined that safety and soundness would not be adversely affected by such exceptions so long as the institution's records relating to any such excepted transaction clearly indicate either that the property involved was directly affected by the disaster or that the transaction would facilitate recovery from the disaster. In addition, the transaction must continue to be subject to review by management and by the agencies in the course of examination of the institution under normal supervisory standards relating to safety and soundness, though the transactions need not comply with the specific requirements of title XI of FIRREA and the agencies' existing appraisal regulations.

Expiration Dates

Exceptions for Florida and Louisiana counties affected by Hurricane Andrew expire August 23, 1995, and August 25, 1995, respectively. Exceptions for Hawaii counties affected by Hurricane Iniki expire September 11, 1995. Exceptions for Los Angeles County expire May 1, 1995.

Order

In accordance with section 2 of DIDRA, relief is hereby granted from the provisions of title XI of FIRREA and the agencies' appraisal regulations promulgated thereunder,¹ for any real estate-related financial transaction that requires an appraisal under those provisions; provided that the transaction involves real property located in an area designated eligible for Federal assistance by the Federal Emergency Management Agency as a result of

¹ 12 CFR part 34, subpart C (OCC); 12 CFR parts 206 and 226, subpart G (Board); 12 CFR part 323 (FDIC); 12 CFR part 564 (OTS); 12 CFR part 722 (NCUA).

Hurricanes Andrew² or Iniki³ or of the Los Angeles civil unrest in May 1992;⁴

Provided

The real property involved was directly affected by the major disaster; or

The real property involved was not directly affected by the major disaster but the institution's records explain how the transaction would facilitate recovery from the disaster;

And further provided

There is a binding commitment to fund a transaction that is made within three years after the date the major disaster was declared by the President; and

The regulated institution retains in its files, for examiner review, appropriate documentation supporting the property's valuation.

Dated: November 2, 1992.
Department of the Treasury, Office of the Comptroller of the Currency.
Stephen R. Steinbrink,
Acting Comptroller of the Currency.

Dated: November 5, 1992.
Board of Governors of the Federal Reserve System.
William W. Wiles,
Secretary of the Board.

Dated: November 4, 1992
Federal Deposit Insurance Corporation.
Robert E. Feldman,
Deputy Executive Secretary.

Dated: November 6, 1992.
Department of the Treasury, Office of Thrift Supervision.
Jonathan L. Flechter,
Acting Director.

Dated: November 2, 1992.
National Credit Union Administration.
Becky Baker,
Secretary of the Board.

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6720-01-02; and 7930-01-02

² Florida counties: Broward, Collier, Dade, Monroe.

Louisiana parishes: Acadia, Allen, Ascension, Assumption, Avoyelles, Calcasieu, Cameron, East Baton Rouge, East Feliciana, Evangeline, Iberia, Iberville, Jefferson, Jefferson Davis, Lafayette, Lafourche, Livingston, Orleans, Plaquemines, Pointe Coupee, Rapides, St. Bernard, St. Charles, St. Helena, St. James, St. John the Baptist, St. Landry, St. Martin, St. Mary, St. Tammany, Tangipahoa, Terrebonne, Vermilion, Washington, West Baton Rouge, West Feliciana.

³ Hawaiian counties: Hawaii, Kahoolawe, Kauai, Lanai, Maui, Molokai, Niihau, Oahu.

⁴ Los Angeles County.