



DEPARTMENT OF AGRICULTURE

Rural Housing Service

Rural Business-Cooperative Service

Rural Utilities Service

Farm Service Agency

7 CFR Part 1902

RIN: 0575-AC94

Federal Deposit Insurance Corporation Limit Change

AGENCY: Rural Housing Service, Rural Business-Cooperative Service, Rural utilities Service and Farm Service Agency, USDA.

ACTION: Direct final rule.

SUMMARY: Rural Development is amending its regulations to address the change in the standard maximum deposit insurance amount under the Federal Deposit Insurance Corporation (FDIC).

DATES: This rule is effective without further action [INSERT DATE 75 DAYS FROM DATE OF PUBLICATION IN THE FEDERAL REGISTER] unless we receive written adverse comments on or before [INSERT DATE 60 DAYS FROM DATE OF PUBLICATION IN THE FEDERAL REGISTER]. If adverse comment is received, we will publish a timely withdrawal of the rule in the Federal Register.

ADDRESSES: You may submit comments to this rule by any of the following methods:

- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.
- Mail: Submit written comments via the U.S. Postal Service to the Branch Chief, Regulations and Paperwork Management Branch, U.S. Department of Agriculture, STOP 0742, 1400 Independence Avenue, SW, Washington, D.C. 20250-0742.
- Hand Delivery/Courier: Submit written comments via Federal Express Mail or other courier service requiring a street address to the Branch Chief, Regulations and Paperwork Management Branch, U.S. Department of Agriculture, 300 7th Street, SW, 7th Floor, Washington, D.C. 20024.

All written comments will be available for public inspection during regular work hours at 300 7th Street, SW., 7th Floor address listed above.

FOR FURTHER INFORMATION CONTACT: Ms. Linda Price, Rural Development, U.S. Department of Agriculture, 1400 Independence Avenue, SW., Stop 0786, Washington, DC 20250-

0786; e-mail: linda.price@wdc.usda.gov; telephone (202) 690-2151.

SUPPLEMENTARY INFORMATION:

Executive Order 12866 - Classification

This rule has been determined to be not significant for purposes of Executive Order 12866 and has not been reviewed by the Office of Management and Budget (OMB).

Programs Affected

The programs described by this rule are listed in the Catalog of Federal Domestic Assistance Programs under number(s) 10.405 Farm Labor Housing Loans and Grants, 10.410 Very Low to Moderate Income Housing Loans, 10.411 Rural Housing Site Loans and Self-Help Housing Land Development Loans, 10.415 Rural Rental Housing Loans, 10.417 Very Low-Income Housing Repair Loans and Grants, 10.420 Rural Self-Help Housing Technical Assistance, 10.427 Rural Rental Assistance Payments, 10.433 Rural Housing Preservation Grants, 10.444 Direct Housing-Natural Disaster Loans and Grants, 10.446 Rural Community Development Initiative, 10.447 The Rural Development Multi-Family Housing Revitalization Demonstration Program, 10.448 Rural

Development Multi-Family Housing Voucher Demonstration Program, 10.759 Part 1774 Special Evaluation Assistance for Rural Communities and Household Programs (SEARCH), 10.760 Water and Waste Disposal Systems for Rural Communities, 10.761 Technical Assistance and Training Grants, 10.762 Solid Waste Management Grants, 10.763 Emergency Community Water Assistance Grants, 10.766 Community Facilities Loans and Grants, 10.770 Water and Waste Disposal Loans and Grants (section 306C), 10.780 Community Facilities Loans and Grants, 10.781 Water and Waste Disposal Systems for Rural Communities -ARRA, 10.788 Very low to Moderate Income Housing Loans - Direct, 10.864 Grant Program to Establish a Fund for Financing Water and Wastewater Projects.

Non-Discrimination Statement

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because of all or part of an individual's income is derived from any

public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint or discrimination, write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9419, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider, employer, and lender.

Civil Rights Impact Statement

No major civil rights impact is likely to result from the announcement of this Notice. It will not have a negative civil rights impact on very-low income, low-income, moderate income and minority populations.

Environmental Impact Statement

This document has been reviewed in accordance with 7 CFR part 1940, subpart G, "Environmental Program." Rural Development has determined that this action does not constitute a major Federal action significantly affecting the quality of the human environment and, in accordance

with the National Environmental Policy Act (NEPA) of 1969, 42 U.S.C. 4321 et seq., an Environmental Impact Statement is not required.

Executive Order 12372, Intergovernmental consultation

The program is subject to the provisions of Executive Order 12372, which requires intergovernmental consultation with State and local officials. Consultation will be completed at the time of the action performed.

Executive Order 12988, Civil Justice

This rule has been reviewed under Executive Order 12988, Civil Justice Reform. The Agency has determined that this rule meets the applicable standards provided in section 3 of the Executive Order. Additionally, (1) all State and local laws and regulations that are in conflict with this rule will be preempted; (2) no retroactive effect will be given to the rule; and (3) administrative appeal procedures, if any, must be exhausted before litigation against the Department or its Agencies may be initiated, in accordance with the regulations of the National Appeals Division of USDA at 7 CFR part 11.

Executive Order 13132, Federalism

The policies contained in this rule do not have any substantial direct effect on States, on the relationship between the National Government and the States, or on the distribution of power and responsibilities among the various levels of government. Nor does this final rule impose substantial direct compliance costs on State and local Governments. Therefore, consultation with States is not required.

Regulatory Flexibility Act Certification

Under section 605(b) of the Regulatory Flexibility Act, 5 U.S.C. 605(b), the Agency certifies that this rule will not have a significant economic impact on a substantial number of small entities. The Agency made this determination based on the fact that this regulation only impacts those who choose to participate in the program. Small entity applicants will not be impacted to a greater extent than large entity applicants.

Unfunded Mandates

This rule contains no Federal mandates (under the regulatory provisions of Title II of the Unfunded Mandates Reform Act of 1995) for State, local, and tribal

Governments or the private sector. Thus, this rule is not subject to the requirements of sections 202 and 205 of the Unfunded Mandates Reform Act of 1995.

Executive Order 13175, Consultation and Coordination with Indian Tribal Governments

This executive order imposes requirements on Rural Development in the development of regulatory policies that have tribal implications or preempt tribal laws. Rural Development has determined that the final rule does not have a substantial direct effect on one or more Indian tribe(s) or on either the relationship or the distribution of powers and responsibilities between the Federal Government and Indian tribes. Thus, this final rule is not subject to the requirements of Executive Order 13175. If a tribe determines that this rule has implications of which Rural Development is not aware and would like to engage with Rural Development on this rule, please contact Rural Development's Native American Coordinator at AIAN@wdc.usda.gov.

Paperwork Reduction Act

This rule contains no new reporting or recordkeeping burdens under OMB control number 0575-0158 that would

require approval under the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35).

E-Government Act Compliance

Rural Development is committed to complying with the E-Government Act, to promote the use of the Internet and other information technologies, to provide increased opportunities for citizens to access Government information and services electronically.

I. Background

Section 335(a), of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L 111-203, July 21, 2010) ("Act") increased the standard maximum deposit insurance amount to \$250,000 under the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(1)(E)). This change is also reflected in FDIC's regulations at 12 CFR 330.1(o). The change made under the Act was in response to the instability of the financial markets. The permanent increase from \$100,000 to \$250,000 took a measure of insecurity out of the market. Rural Development funds, disbursed to a financial institution on behalf of a Rural Development borrower, are now protected up to \$250,000. Similar to what is currently stated in 7 CFR 1902.6 and

1902.7, anything above the FDIC maximum insured amount will be required to be secured by pledging collateral.

II. Discussion of Change

The Agency is revising 7 CFR 1902.6 (d) and 1902.7 (a), to reflect the FDIC's change in the standard maximum deposit insurance amount. Accordingly, the Agency is revising the above referenced regulations in this final rule to change the reference from \$100,000 to a more general reference of the maximum amount insurable by the Federal government. By making this change, Rural Development's regulations will remain consistent with the FDIC regulations even if the FDIC limit is revised again or the authority for deposit insurance is transferred to another Federal government entity.

List of Subjects for 7 CFR Part 1902

Accounting; Banks, banking; Grant programs - Housing and community development; Loan programs - Agriculture; Loan programs - Housing and community development.

For the reasons set forth in the preamble, chapter XVIII, title 7, of the Code of Federal Regulations is amended as follows:

CHAPTER XVIII—RURAL HOUSING SERVICE, RURAL BUSINESS-
COOPERATIVE SERVICE, RURAL UTILITIES SERVICE, AND FARM
SERVICE AGENCY DEPARTMENT OF AGRICULTURE

PART 1902—SUPERVISED BANK ACCOUNTS

1. The authority citation for part 1902 continues to read as follows:

Authority: 5 U.S.C. 301; 7 U.S.C. 1989; 7 U.S.C. 6991, et seq.; 42 U.S.C. 1480; Reorganization Plan No. 2 of 1953 (5 U.S.C. App.).

Subpart A - Supervised Bank Accounts of Loan, Grant, and Other Funds

2. Paragraph (d) § 1902.6 is revised to read as follows.

§ 1902.6 Establishing supervised bank accounts.

* * * * *

(d) For each borrower, if the amount of any loan and grant funds, plus any borrower contributions and funds from other sources to be deposited in the supervised bank account will exceed the maximum amount insurable by the Federal government, the financial institution will be

required to pledge collateral for the excess over that limit before the deposit is made (see § 1902.7 of this subpart). If the supervised bank account is a joint account, any amount over the maximum amount insurable by the federal government must be collateralized.

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3. Paragraph (a) of § 1902.7 is revised to read as follows:

§ 1902.7, Pledging collateral for deposit of funds in supervised bank accounts.

(a) Funds in excess of the maximum amount insurable by the Federal government, per financial institution, deposited for borrowers in supervised bank accounts, must be secured by pledging acceptable collateral with the Federal Reserve Bank (FRB) in an amount not less than the excess. If the supervised bank account is a joint account, any amount over the maximum amount insurable by the federal government must be collateralized.

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Dallas Tonsager
Under Secretary
Rural Development

June 8, 2012

Date

Michael T. Scuse
Under Secretary
Farm and Foreign Agriculture Services

June 1, 2012

Date

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