description of and, where feasible, an estimate of the number of small entities to which the proposed rule will apply. The proposal will apply to all depository institutions regardless of size.

The amendments are burden-reducing. Therefore, the Board believes that the amendments will not have a significant adverse economic impact on a substantial number of small entities.

Paperwork Reduction Act

In accordance with the Paperwork Reduction Act notice of 1995 (44 U.S.C. Ch. 3506; 5 CFR Part 1320, Appendix A.1), the Board has reviewed the rule under the authority delegated to the Board by the Office of Management and Budget. No collection of information pursuant to the Paperwork Reduction Act is contained in the rule.

List of Subjects in 12 CFR Part 204

Banks, banking, Federal Reserve System, Reporting and recordkeeping requirements.

Authority and Issuance

For the reasons set forth in the preamble, the Board proposes to amend part 204 of chapter II of title 12 as follows:

## PART 204—RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS (REGULATION D)

1. The authority citation for part 204 continues to read as follows:

Authority: 12 U.S.C. 248(a), 248(c), 371a, 461, 601, 611, and 3105.

2. Section 204.2 is amended as follows:

a. Paragraphs (b)(2) and (b)(3)(ii)(A) are amended by removing ''paragraph (d)(2) of this section'' and adding in its place ''paragraph (d) of this section''.

b. Paragraph (d) is revised.

c. In the introductory text of paragraph (e) and in paragraphs (e)(2), (e)(3), and (e)(4), all references to ''paragraph (d)(2) of this section'' are revised to read ''paragraph (d) of this section''.

d. Paragraph (e)(4) is further amended by removing ''another account of the depositor at the same institution (including *transaction account*)'' and adding in its place ''another account of the depositor (including a *transaction account*)'', and by removing the third and fourth sentences in their entirety. The revision reads as follows:

**§ 204.2 Definitions.**

* * * * *

(d)(1) *Savings deposit* means a deposit or account—

(i) With respect to which the depositor may be (but is not ordinarily) required by the depository institution to give written notice of an intended withdrawal not less than seven days before withdrawal is made;

(ii) That is not payable on a specified date, or after a specified period of time after the date of deposit;

(iii) From which the depositor is limited to no more than six transfers per month (or similar period of at least four weeks) to another account (including a transaction account) of the depositor or to a third party, by means of a preauthorized transfer, a telephone or data transmission order, or a check, draft, debit card, or similar order to the depository institution whether given directly to the depository institution by the depositor or delivered to the depository institution through and payable to third parties; and

(iv) From which no more than three of such six transfers may be made by check, draft, debit card, or similar order to the depository institution by the depositor delivered to the depository institution through and payable to third parties.[4]

(2) The limitations in paragraph (d)(1) of this section do not apply to:

(i) Transfers from a savings account for the purpose of repaying loans (other than overdrafts on a transaction account) and associated expenses at the same depository institution (as originator or servicer);

(ii) Transfers of funds from a savings account to another account of the same depositor at the same institution when the transfers are requested by mail, by messenger (not in the employ of or acting as agent of the depository institution), at an automated teller machine, or in person at an office of the depository institution;

(iii) Withdrawals from a savings account when such withdrawals are requested by mail, by messenger (not in the employ of, or acting as agent of, the depository institution), or at an automated teller machine, or in person at an office of the depository institution; or

(iv) Withdrawals requested by telephone or data transmission and paid by means of a check mailed to the depositor.

(3)(i) A *preauthorized transfer* means any transfer from the account of the depositor by the depository institution to pay a third party:

(A) Upon written or oral instruction to the institution (including any order received through an automated clearing house (ACH)); or

(B) At a predetermined time or on a fixed schedule.

(ii) A *withdrawal* means any payment to the depositor.

(4) *Savings deposit* does not include funds deposited to the credit of the depository institution's own trust department where the funds involved are utilized to cover checks or drafts. Such funds are *transaction accounts*.

* * * * *

By order of the Board of Governors of the Federal Reserve System, December 24, 1996.

William W. Wiles,

*Secretary of the Board*.

[FR Doc. 96–33159 Filed 12–30–96; 8:45 am]

BILLING CODE 6210–01–P

[4] In order to ensure that no more than the permitted number of withdrawals or transfers are made, for an account to come within the definition in paragraph (d) of this section, a depository institution must either:

(a) Prevent withdrawals or transfers of funds from this account that are in excess of the limits established by paragraph (d) of this section, or

(b) Adopt procedures to monitor those transfers on an *ex post* basis and contact customers who exceed the established limits on more than an occasional basis.

For customers who continue to violate those limits after they have been contacted by the depository institution, the depository institution must either close the account and place the funds in another account that the depositor is eligible to maintain, or take away the transfer and draft capacities of the account.

An account that authorizes withdrawals or transfers in excess of the permitted number is a transaction account regardless of whether the authorized number of transactions are actually made. For accounts described in paragraph (d) of this section, the institution at its option may use, on a consistent basis, either the date on the check, draft, or similar item, or the date the item is paid in applying the limits imposed by that section.

## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## 12 CFR Part 226

**[Regulation Z; Docket No. R–0954]**

## 24 CFR Part 3500

**[Regulation X; Docket No. FR–4184–P–01]**

**RIN 2502–AG86**

## Advance Notice of Proposed Rulemaking on Improvement of Disclosures Under the Real Estate Settlement Procedures Act and the Truth in Lending Act

**AGENCIES:** Office of the Assistant Secretary for Housing—Federal Housing Commissioner (HUD); Board of Governors of the Federal Reserve System (the Board) (collectively, the agencies).

**ACTION:** Advance notice of proposed rulemaking.

**SUMMARY:** This notice is issued jointly by HUD and the Board to initiate fact finding that will assist the agencies in revising disclosures to consumers under the Real Estate Settlement Procedures Act (RESPA) and the Truth in Lending Act (TILA). The Economic Growth and Regulatory Paperwork Reduction Act of 1996 requires the agencies to simplify and improve these disclosures where possible, and to provide a single format satisfying the requirements of RESPA and TILA. To ensure that these disclosures meet the consumer protection goals of the statutes with minimal compliance burdens, HUD and the Board are soliciting comments from the public on what specific regulatory or legislative changes might achieve these goals. Following the consideration of the public comments and the agencies' own reviews, HUD and the Board plan to publish proposed amendments to their respective regulations, as appropriate, by March 1997.

**DATES:** Comments are due January 30, 1997.

**ADDRESSES:** Comments regarding this advance notice of proposed rulemaking may be sent to either agency.

*HUD:* Comments to HUD should be addressed to the Rules Docket Clerk, Office of General Counsel, Room 10276, Department of Housing and Urban Development, 451 Seventh Street, SW, Washington, DC 20410–0500. Communications should refer to the above docket number and title. Facsimile (FAX) comments are not acceptable. A copy of comments received will be available for public inspection and copying between 7:30 a.m. and 5:30 p.m. weekdays at the above address.

*Board:* Comments to the Board should refer to Docket No. R–0954, and may be mailed to William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, N.W., Washington, D.C. 20551. Comments also may be delivered to Room B–2222 of the Eccles Building between 8:45 a.m. and 5:15 p.m. weekdays, or to the guard station in the Eccles Building courtyard on 20th Street, N.W. (between Constitution Avenue and C Street) at any time. When possible, comment letters should use a standard Courier typeface with a type size of 10 or 12 characters per inch. This will enable the Board to convert the text into machine-readable form through electronic scanning, and will facilitate automated retrieval of comments for review. Also, if accompanied by an original document in paper form, comments may be submitted on 3½ inch or 5¼ inch computer diskettes in any IBM-compatible DOS-based format. Comments received will be available for inspection in Room MP–500 of the Martin Building between 9:00 a.m. and 5:00 p.m. weekdays, except as provided in 12 CFR 261.8 of the Board's rules regarding availability of information.

**FOR FURTHER INFORMATION CONTACT:**

*HUD:* David R. 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 Rodrigo J. Alba, Attorney, Office of General Counsel, Room 9262, telephone (202) 708–1550. For hearing- and 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, S.W., Washington, DC 20410.

*Board:* Sheilah A. Goodman or Manley Williams, Staff Attorneys, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, at (202) 452–3667 or (202) 452–2412; for the hearing impaired only, Dorothea Thompson, Telecommunications Device for the Deaf, at (202) 452–3544. The telephone numbers for the agencies are not toll-free.

**SUPPLEMENTARY INFORMATION:**

## I. Background

On September 30, 1996, the President approved the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (Title II of the Omnibus Consolidated Appropriations Act, 1997) (Pub. L. 104–208, 110 Stat. 3009) (the 1996 Act). Section 2101 of the 1996 Act requires the Board and HUD to simplify and improve the disclosures given in a mortgage transaction subject to TILA and RESPA, and to create a single disclosure that will satisfy the requirements of both statutes. The 1996 Act imposes a six-month deadline for the publication of any proposed regulations necessary to carry out the required changes within the context of the existing statutes. If legislation is necessary to accomplish the purpose of section 2101, the Board and HUD are required to submit legislative recommendations to the Congress.

### *A. The Real Estate Settlement Procedures Act*

The Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2601 *et seq.*) was enacted in large measure to ensure that the home-buying public is afforded timely and effective information about costs of settlement in mortgage transactions. To achieve this goal, RESPA mandates disclosures at various points in the home financing process for transactions involving ''federally related mortgage loans,'' which include most financial transactions creating a lien on owner-occupied residential structures. RESPA is implemented by HUD's Regulation X (24 CFR part 3500).

Section 5 of RESPA (12 U.S.C. 2604) and §§ 3500.6 and 3500.7 of Regulation X, require that no later than three days after loan application, potential borrowers be provided with a Special Information Booklet and a good faith estimate of charges that they are likely to incur in connection with the settlement. If the lender requires the use of a particular settlement service provider and imposes any part of the cost on the borrower, the lender must provide an additional disclosure informing the borrower of the required use and identifying the designated provider and its relationship to the lender, along with an estimate of the charges imposed by the provider.

Section 6 of RESPA (12 U.S.C. 2605) requires that borrowers be provided with disclosures regarding the possibility of mortgage servicing transfers. These disclosure requirements are subject to the same delivery requirements as the good faith estimate.

Section 4 of RESPA (12 U.S.C. 2603) and § 3500.8 of Regulation X provide that, at or before closing, the borrower must receive a HUD-prescribed settlement statement, the HUD–1 form, or in transactions where there is no seller (refinancings, home equity loans and lines of credit), either the HUD–1 or the HUD–1A form. Under section 4, the forms must itemize all costs imposed on the borrower and the seller in connection with the settlement. Under § 3500.10 of Regulation X, the person conducting the settlement must, if requested, provide the borrower with a preliminary settlement statement one day prior to settlement.

Section 8 of RESPA (12 U.S.C. 2607) and § 3500.15 of Regulation X set forth additional disclosure requirements for referrals among related business entities. Specifically, RESPA creates an exemption providing that referrals to affiliates do not violate section 8 so long as certain conditions are satisfied. This provision's disclosure component provides that the business arrangement must be disclosed and a written estimate of the charges or range of charges generally made by the provider

must be supplied to the person being referred.

For purposes of this fact finding effort, the agencies are focusing on those disclosures for which consolidation between RESPA and TILA is possible. RESPA and Regulation X impose other disclosure requirements in the mortgage finance process, including initial and annual escrow account statements (12 U.S.C. 2609(c); 24 CFR 3500.17(g)–(i)) and notice of transfer of servicing (12 U.S.C. 2605(b); 24 CFR 3500.21(d)). Since these two areas of RESPA do not seem amenable to consolidation, however, the agencies do not contemplate any joint action regarding them at this time.

*B. The Truth in Lending Act*

The purpose of the Truth in Lending Act (TILA) (15 U.S.C. 1601 *et seq.*) is to promote the informed use of consumer credit by requiring disclosures about credit terms and costs. The TILA requires creditors to disclose the cost of credit as a dollar amount (the finance charge) and as an annual percentage rate (the APR). Uniformity in creditors' disclosures is intended to assist consumers in comparison shopping. The TILA requires additional disclosures for a loan secured by a consumer's home and permits consumers to rescind certain transactions that involve their principal dwelling. The act is implemented by the Board's Regulation Z (12 CFR part 226). An official staff commentary interprets the regulation.

The disclosure rules that creditors must follow depend upon the type of credit the creditor is offering. For example, Subpart B of Regulation Z (§§ 226.5 through 226.16) concerns open-end credit, such as home equity lines of credit. Subpart C (§§ 226.17 through 226.24), sets forth the provisions for closed-end credit, including purchase-money and refinance mortgage transactions.

Section 226.5a sets forth general disclosure requirements for home equity lines of credit, including format and timing rules. Section 226.17 contains the general disclosure requirements for closed-end credit, including format and timing rules. Section 226.18 provides the specific disclosures that must be given in all closed-end credit transactions, such as the APR, finance charge, and payment schedule. Section 226.19 provides that in purchase-money mortgage transactions subject to RESPA, good faith estimates of the disclosures required under § 226.18 must be provided within three days of application. That section also describes the special disclosures required for variable-rate transactions secured by the consumer's principal dwelling.

Disclosure requirements for assumptions, refinancings, and variable-rate adjustments are set forth in § 226.20. The requirements for transactions subject to the right of rescission appear in § 226.23. The agencies are focusing only on those disclosures where consolidation seems possible. Since the disclosures related to variable-rate adjustments and the right of rescission do not seem to be ones which could be consolidated, the Board does not contemplate any changes to these disclosures at this time.

Subpart E (§§ 226.31 through 226.33) contains the disclosure requirements for particular types of home mortgage transactions. Section 226.31 sets forth general disclosure requirements for these transactions, including format and timing rules. Section 226.32 contains the disclosure requirements for certain closed-end home mortgages with an annual percentage rate or points and fees above a certain level. Section 226.33 sets out the disclosure requirements for reverse mortgages.

II. The Simplification Process

HUD and the Board have begun a review of Regulations X and Z to simplify, improve, and unify the disclosure requirements under RESPA and TILA as those statutes currently exist. The following table illustrates certain disclosures that may be relevant to this simplification process—most of which are mandated by the statutes.

| Timing | TILA 12 CFR 226 | RESPA 24 CFR 3500 |
|---|---|---|
| At or before referral | | Affiliated business arrangement disclosure (3500.15). |
| At or before application | Home equity line of credit booklet and disclosure (226.5a).<br>Adjustable rate booklet and disclosure (226.19b). | |
| Within three days of application | TILA disclosure (including APR and finance charge) (226.19a). | Special information booklet (3500.6).<br>Good faith estimate (3500.7).<br>Required providers (3500.7).<br>Initial transfer of servicing disclosure (3500.21). |
| Three days before closing/consummation. | Section 32 disclosures (226.32).<br>Reverse mortgage disclosures (226.33). | |
| One day before closing/consummation. | | Right to inspect HUD–1 or HUD–1A (3500.10). |
| At closing/consummation | TILA disclosure (226.18)<br>Rescission notice (226.23) | HUD–1 or HUD–1A (3500.8).<br>Initial escrow account statement (within 45 days of closing) (3500.17). |

*A. Past Efforts*

During the past several years, the agencies have been actively working together to try to ensure that TILA and RESPA regulations are as consistent as possible. Much of this was addressed in 1994 by HUD when it amended Regulation X to cover subordinate lien loans, and subsequently by the Board in updates to the Regulation Z commentary. For example, the regulations now use similar definitions for the terms ''assumption,'' ''refinance,'' ''business day,'' and ''business purpose.''

Where possible, the agencies also have worked to streamline disclosure requirements. For example, Regulation Z permits creditors to substitute both the good faith estimate and the settlement statement required under RESPA for the itemization of the ''amount financed'' under TILA. Similarly, Regulation X permits Regulation Z's disclosure for home equity lines of credit to substitute for RESPA disclosures.

Where the requirements of the statutes do not overlap but are related, the agencies have provided guidance on

compliance issues. For example, the Regulation Z commentary has been revised to avoid conflict between the RESPA escrow accounting rules and TILA's rules on calculating prepaid finance charges, such as private mortgage insurance.

HUD and the Board recognize that this revision process requires a careful balancing of competing interests. Consumers need timely and accurate information in order to make decisions, but too much information may confuse or intimidate the consumer, and thus may be counterproductive. Creditors need clear and workable rules that do not unnecessarily drive up compliance costs, which could lead to higher settlement costs for consumers. Therefore, the benefits of improvements to the regulations will be weighed against the cost of implementing and complying with those changes.

*B. Issues for Comment*

HUD and the Board request public comment on specific ways to simplify and improve the present disclosure scheme. To the extent possible, comments should be clearly separated into two parts: (1) Those that entail regulatory changes within the existing statutory framework, and (2) Those that require legislative change. The agencies request:

1. Specific recommendations on how disclosures presently required under RESPA and TILA can be made more consistent (including how the disclosures can be combined, simplified, or improved); and how the timing and format of such disclosures can be made more compatible.

2. Recommendations about ways to enhance the educational value for consumers of any of the present disclosures, including suggestions as to alternative methods of disclosure.

3. Any reports, documents, articles or other material that will assist the agencies in the present task.

After consideration of the public comments on this advance notice of proposed rulemaking and the agencies' own review, HUD and the Board will coordinate the publication of proposed amendments to their regulations to simplify and improve the present disclosure scheme, to the extent that the current statutory framework permits. Subsequently, the agencies also may submit recommendations to the Congress for legislative changes necessary to improve disclosure requirements.

By order of the Board of Governors of the Federal Reserve System, December 26, 1996.

William W. Wiles,

*Secretary of the Board.*

Dated: December 23, 1996.

Nicolas P. Retsinas,

*Assistant Secretary for Housing—Federal Housing Commissioner.*

[FR Doc. 96–33299 Filed 12–30–96; 8:45 am]

BILLING CODE 4210–27–P

## DEPARTMENT OF LABOR

## Occupational Safety and Health Administration

## 29 CFR Part 1915

**[Docket No. S–051]**

**RIN No. 1218–AB51**

## Safety Standards for Fire Protection for Shipyard Employment

**AGENCY:** Occupational Safety and Health Administration (OSHA), U.S. Department of Labor.

**ACTION:** Notice of public meeting.

**SUMMARY:** The Occupational Safety and Health Administration is announcing the second public meeting of the Fire Protection for Shipyard Employment Negotiated Rulemaking Advisory Committee.

**DATES:** The public meeting will be held on February 4 through February 6, 1997. The sessions will run from 9:00 a.m. to approximately 4:00 p.m. each day.

Membership for this Committee has been drawn from shipyard operators, labor, professional associations, public interests and government agencies. Members of the Committee represent the interests of all groups interested in, or significantly affected by, the outcome of the rulemaking.

**ADDRESSES:** The public meeting will be in Jacksonville, Florida, at the Holiday Inn, 1617 North First Street, Jacksonville, Florida 32250; telephone numbers (904) 249–9071 and (800) 590–4767.

Any written comments in response to this notice should be sent, in quadruplicate, to the following address: Docket Office, Docket S–051, Room N–2625, 200 Constitution Ave., N.W., Washington, D.C. 20210; Telephone (202) 219–7894.

**FOR FURTHER INFORMATION CONTACT:** OSHA, U.S. Department of Labor, Office of Information and Consumer Affairs, Room N–3647, 200 Constitution Avenue, N.W., Washington, D.C. 20210; Telephone: (202) 219–8151.

**SUPPLEMENTARY INFORMATION:**

I. Background

Fire protection in shipyard employment has been regulated by OSHA'S general industry standards for fire protection, 29 CFR 1910.155 through 1910.165, Subpart L. In enforcement activities, OSHA has also used Section (5)(a)(1) of the Occupational Safety Health Act (''the Act''), the General Duty Clause, which requires each employer to,

> furnish to each of his employees employment and a place of employment which are free from recognized hazards causing or likely to cause death or serious physical harm.

The general industry standards, which address fire brigades, portable fire extinguishers, standpipe and hose systems, automatic sprinkler systems, fixed extinguishing systems, fire detection systems, and employee alarm systems, cover primarily landside shipyard operations. Fire hazards on board vessels are not covered by the general industry standards. Moreover, the general industry standards are in need of review and revision and do not completely address hazards that are unique to shipyard employment. The Agency believes a standard promulgated under § 6(b) of the Act will more effectively reduce the risks of fire in the shipyard and on board vessels.

OSHA is using the negotiated rulemaking (Neg/Reg) process to develop a proposed standard for fire protection covering all shipyard employment. The shipyard stakeholders from all sectors strongly support consensual rulemaking efforts like negotiated rulemaking. OSHA believes this process will result in a proposed standard whose provisions will effectively protect employees working throughout the shipyard. (See OSHA's Notice of Intent to Form a Negotiated Rulemaking Committee to Develop a Proposed Rule on Fire Protection in Shipyard Employment, 61 FR 28824, June 6, 1996, for a detailed explanation of why OSHA is using negotiated rulemaking to develop its proposed standard and for general information on the negotiated rulemaking process). The goal of this negotiated rulemaking is a proposed rule and supporting documentation that is acceptable to all members.

The first meeting of this Advisory Committee took place in Portland, Oregon, October 15–17, 1996. The Members were introduced and the negotiated rulemaking process and the legal requirements for OSHA rulemaking were explained to them. Following discussion, the Members