Federal reserve bank	Rate	Effective
Boston	2.25	October 8, 2008.
New York	2.25	October 8, 2008.
Philadelphia	2.25	October 8, 2008.
Cleveland	2.25	October 8, 2008.
Richmond	2.25	October 8, 2008.
Atlanta	2.25	October 8, 2008.
Chicago	2.25	October 8, 2008.
St. Louis	2.25	October 9, 2008.
Minneapolis	2.25	October 8, 2008.
Kansas City	2.25	October 8, 2008.
Dallas	2.25	October 8, 2008.
San Francisco	2.25	October 8, 2008.

* * * * *

By order of the Board of Governors of the Federal Reserve System,

Dated: October 9, 2008.

Jennifer J. Johnson,

Secretary of the Board.

[FR Doc. E8–24519 Filed 10–16–08; 8:45 am]

BILLING CODE 6210–01–P

FEDERAL DEPOSIT INSURANCE CORPORATION

12 CFR Part 330

RIN 3064–AD36

Deposit Insurance Regulations; Temporary Increase in Standard Coverage Amount; Mortgage Servicing Accounts

AGENCY: Federal Deposit Insurance Corporation (FDIC).

ACTION: Interim rule with request for comments.

SUMMARY: The FDIC is adopting an interim rule to amend its deposit insurance regulations to reflect Congress's recent action to temporarily increase the standard deposit insurance amount from $100,000 to $250,000 and to simplify the deposit insurance rules for funds maintained in mortgage servicing accounts.

The FDIC's main goals in revising its insurance rule on mortgage servicing accounts are to simplify a rule that has become increasingly complex in application due to developments in securitizations and to provide additional certainty with respect to the deposit insurance coverage of these accounts at a time of turmoil in the housing and financial markets. The FDIC believes this regulatory change will help improve public confidence in the banking system.

DATES: The effective date of the interim rule is October 10, 2008. Written comments must be received by the FDIC not later than December 16, 2008.

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

- *Agency Web Site: http://www.fdic.gov/regulations/laws/federal.* Follow instructions for submitting comments on the Agency Web Site.
- *E-mail: Comments@FDIC.gov.* Include ''Mortgage Servicing Accounts'' in the subject line of the message.
- *Mail:* Robert E. Feldman, Executive Secretary, Attention: Comments, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429.
- *Hand Delivery/Courier:* Guard station at the rear of the 550 17th Street Building (located on F Street) on business days between 7 a.m. and 5 p.m. (EST).
- *Federal eRulemaking Portal: http://www.regulations.gov.* Follow the instructions for submitting comments.

Public Inspection: All comments received will be posted without change to *http://www.fdic.gov/regulations/laws/federal* including any personal information provided. Paper copies of public comments may be ordered from the Public Information Center by telephone at (877) 275–3342 or (703) 562–2200.

FOR FURTHER INFORMATION CONTACT: Joseph A. DiNuzzo, Counsel, Legal Division (202) 898–7349 or Christopher Hencke, Counsel, Legal Division (202) 898–8839, Federal Deposit Insurance Corporation, Washington, DC 20429.

SUPPLEMENTARY INFORMATION:

I. Background

A. Temporary Increase in Insurance Coverage

The Emergency Economic Stabilization Act of 2008 temporarily increased the standard maximum deposit insurance amount (''SMDIA'') from $100,000 to $250,000, effective October 3, 2008, and ending December 31, 2009.[1] After that date, the SMDIA will, by law, return to $100,000. In the interim rule the FDIC is amending its deposit insurance regulations to reflect the temporary increase in the SMDIA.

B. Mortgage Servicing Accounts

The FDIC was established to maintain public confidence and stability in the United States banking system and protect insured depositors. The regulations governing deposit insurance coverage are codified at 12 CFR part 330, and they include specific rules on deposits of payments collected by mortgage servicers and placed into accounts at insured depository institutions. 12 CFR 330.7(d) (''mortgage servicing accounts''). Accounts maintained by a mortgage servicer, in a custodial or other fiduciary capacity, may include funds paid by mortgagors for principal, interest and escrowed amounts for taxes and insurance premiums. Principal and interest funds are insured for the interest of each owner (mortgagee, investor or security holder) in those accounts. Under section 330.7(d) funds maintained by a servicer, in a custodial or other fiduciary capacity, which represent payments by mortgagors of taxes and insurance premiums are added together and insured for the ownership interest of each mortgagor in those accounts.

The FDIC's rules for mortgage servicing accounts were adopted in 1990, after the Financial Services Reform, Recovery, and Enforcement Act of 1989, abolished the Federal Savings and Loan Insurance Corporation (''FSLIC'') and transferred the insurance of savings association deposits to the FDIC. Prior to that time, the FDIC did not have specific rules for mortgage servicing accounts, and the FSLIC's rules provided insurance coverage for principal and interest funds based on the interest of each mortgagor.[2]

As described above, under section 330.7(d), funds representing payments of principal and interest are insurable on a pass-through basis to each mortgagee, investor or security holder. In contrast, funds representing payments of taxes and insurance are insurable on a pass-through basis to each mortgagor or borrower. When the FDIC adopted these rules in 1990, it focused largely on the fact that principal and interest funds are owned by the investors, on whose behalf the servicer, as agent, accepts the principal and interest payments, and are not owned by the borrowers. By contrast, under the current rule, taxes and insurance funds are insured to the mortgagors or borrowers on the theory that the borrower still owns the funds until the tax and insurance bills are actually paid by the servicer.

Over the past several years, securitization methods and vehicles for mortgages have become more layered and complex. The FDIC believes that it has become much more difficult and time-consuming for a servicer to identify and determine the share of any investor in a securitization and in the principal and interest funds on deposit at an insured depository institution.

Under the current regulation, in the event of the failure of an FDIC-insured depository institution, the FDIC is concerned that there could be unexpected loss to securitization investors of principal and interest payments deposited at the institution by

[1] Public Law 110–343 (October 3, 2008).

[2] 12 CFR 564.3(b)(2)(1989).

a securitization servicer. As noted above, these accounts may involve multi-layered securitization structures, and it may prove difficult for the servicer holding a deposit account in the institution to identify every security holder in the securitization and determine his or her share. In addition, some investor holdings may far exceed the current $250,000 per-depositor insurance limit.[3] Application of the current rule under these circumstances could result in delays in the servicer receiving the insured amounts and in losses for amounts that, because of the complexity of the securitization agreements, cannot be attributed to the particular investors to whom the funds belong. This outcome could increase losses to otherwise insured depositors, lead to withdrawal of deposits for principal and interest payments from depository institutions, and unnecessarily reduce liquidity for such institutions.

II. The Interim Rule (for Mortgage Servicing Accounts)

Explanation

The FDIC's goals in this rulemaking are twofold. First, the FDIC seeks to make the coverage rules for mortgage servicing accounts easy to understand and easy to apply (in determining the applicable coverage amount). Second, the FDIC recognizes that, at any one time, billions of dollars in principal and interest funds may be on deposit at insured depository institutions, providing a significant source of liquidity for the institution and credit to the institution's community. The FDIC seeks to avoid any uncertainty as to the extent of deposit insurance coverage that could have inadvertent adverse consequences.

Because it may be difficult for a servicer to identify all investors and their individual interests in a securitization following the failure of an insured depository institution, the coverage under the interim rule will be determined on a per-mortgagor (or borrower) basis. Moreover, servicers will be able to identify mortgagors more quickly than investors, thus per-mortgagor coverage will enable the FDIC to pay deposit insurance more quickly.

Under the interim rule, the coverage afforded in connection with a mortgage servicing account will be based on each mortgagor's payments of principal and interest into the mortgage servicing account, up to standard maximum deposit insurance amount (currently, through December 31, 2009, $250,000) per mortgagor. In effect, coverage will be provided to the mortgagees/investors, as a collective group, based on the cumulative amount of the mortgagors' payments of principal and interest into the account. This insurance coverage afforded in connection with principal and interest payments in mortgage servicing accounts will not be aggregated with or otherwise affect the coverage provided to mortgagors in connection with other accounts the mortgagors might maintain at the same insured depository institution. As under the current insurance rules, under the interim rule amounts in a mortgage servicing account constituting payments of taxes and insurance premiums will be insured on a *pass-through* basis as the funds of each respective mortgagor. Such funds will be added to other individually owned funds held by each such mortgagor at the same insured institution and insured to the applicable limit.

Effective Date of the Interim Rule

The interim rule applies to all existing and future mortgage servicing accounts as of October 10, 2008, the date on which the FDIC Board of Directors approved the interim rule. October 10, 2008 also is the date the interim rule was filed for public inspection with the Office of the **Federal Register**. In this regard, the FDIC invokes the *good cause* exception to the requirements in the Administrative Procedure Act[4] (''APA'') that, before a rulemaking can be finalized, it must first be issued for public comment and, once finalized, must have a delayed effective date of thirty days from the publication date. The FDIC believes good cause exists for making the interim rule effectively immediately. Under the current rules, the complexity of determining the actual interest of each investor in a securitization could delay significantly the payment of insurance coverage and, potentially, could result in a determination of uninsured funds because investors and their interests cannot be identified. The interim rule simplifies the coverage rules for mortgage servicing accounts to address those issues, while recognizing the continued relationship of the principal and interest payments and taxes and insurance payments to the mortgagor. As a result, the interim rule will provide greater certainty to depositors, servicers, mortgagees, investors, and other security holders, depository institutions, and other parties involved in the securitization of mortgages about the extent to which those accounts are insured.

For these reasons, the FDIC has determined that the public notice and participation that ordinarily are required by the APA before a regulation may take effect would, in this case, be contrary to the public interest and that good cause exists for waiving the customary 30-day delayed effective date. Nevertheless, the FDIC desires to have the benefit of public comment before adopting a permanent final rule and thus invites interested parties to submit comments during a 60-day comment period. In adopting the final regulation, the FDIC will revise the interim rule, if appropriate, in light of the comments received on the interim rule.

III. Request for Comments

The FDIC requests comments on all aspects of this interim rule.

IV. Paperwork Reduction Act

The interim rule will revise the FDIC's deposit insurance regulations. It will not involve any new collections of information pursuant to the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*). Consequently, no information collection has been submitted to the Office of Management and Budget for review.

V. Regulatory Flexibility Act

The Regulatory Flexibility Act requires an agency that is issuing a final rule to prepare and make available a regulatory flexibility analysis that describes the impact of the final rule on small entities. 5 U.S.C. 603(a). The Regulatory Flexibility Act provides that an agency is not required to prepare and publish a regulatory flexibility analysis if the agency certifies that the final rule will not have a significant economic impact on a substantial number of small entities.

Pursuant to section 605(b) of the Regulatory Flexibility Act, the FDIC certifies that the interim rule will not have a significant impact on a substantial number of small entities. The interim rule implements the temporary increase in the SMDIA and simplifies the coverage rules for mortgage servicing accounts.

VI. The Treasury and General Government Appropriations Act, 1999—Assessment of Federal Regulations and Policies on Families

The FDIC has determined that the interim rule will not affect family well-being within the meaning of section 654

[3] As noted above, the Emergency Economic Stabilization Act of 2008 temporarily increased the standard maximum deposit insurance amount from $100,000 to $250,000, effective October 3, 2008, and ending on December 31, 2009. After that date, the insurance coverage limit will, by law, return to $100,000.

[4] 5 U.S.C. 553.

of the Treasury and General Government Appropriations Act, enacted as part of the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 (Pub. L. 105–277, 112 Stat. 2681).

The interim rule should have a positive effect on families by clarifying the coverage rules for mortgage servicing accounts, which contain, for some period of time, the mortgage payments from borrowers.

VII. Small Business Regulatory Enforcement Fairness Act

The Office of Management and Budget has determined that the interim rule is not a ''major rule'' within the meaning of the relevant sections of the Small Business Regulatory Enforcement Act of l996 (''SBREFA'') (5 U.S.C. 801 *et seq.*). As required by SBREFA, the FDIC will file the appropriate reports with Congress and the General Accounting Office so that the interim rule may be reviewed.

List of Subjects in 12 CFR Part 330

Bank deposit insurance, Banks, banking, Reporting and recordkeeping requirements, Savings and loan associations, Trusts and trustees.

■ For the reasons stated above, the Board of Directors of the Federal Deposit Insurance Corporation amends part 330 of chapter III of title 12 of the Code of Federal Regulations as follows:

PART 330—DEPOSIT INSURANCE COVERAGE

■ 1. The authority citation for part 330 continues to read as follows:

Authority: 12 U.S.C. 1813(l), 1813(m), 1817(i), 1818(q), 1819 (Tenth), 1820(f), 1821(a), 1822(c).

■ 2. In § 330.1, paragraph (n) is revised to read as follows:

§ 330.1 Definitions.

* * * * *

(n) *Standard maximum deposit insurance amount*, referred to as the ''SMDIA'' hereafter, means $250,000 from October 3, 2008, until December 31, 2009. Effective January 1, 2010, the SMDIA means $100,000 adjusted pursuant to subparagraph (F) of section 11(a)(1) of the FDI Act (12 U.S.C. 1821(a)(1)(F)). All examples in this part use $100,000 as the SMDIA.

* * * * *

■ 3. In § 330.7, paragraph (d) is revised to read as follows:

§ 330.7 Account held by an agent, nominee, guardian, custodian or conservator.

* * * * *

(d) *Mortgage servicing accounts.* Accounts maintained by a mortgage servicer, in a custodial or other fiduciary capacity, which are comprised of payments by mortgagors of principal and interest, shall be insured for the cumulative balance paid into the account by the mortgagors, up to a limit of the SMDIA per mortgagor. Accounts maintained by a mortgage servicer, in a custodial or other fiduciary capacity, which are comprised of payments by mortgagors of taxes and insurance premiums shall be added together and insured in accordance with paragraph (a) of this section for the ownership interest of each mortgagor in such accounts. This provision is effective as of October 10, 2008, for all existing and future mortgage servicing account.

* * * * *

By order of the Board of Directors.

Dated at Washington DC., this 10th day of October 2008.

Federal Deposit Insurance Corporation.

Valerie J. Best,

Assistant Executive Secretary.

[FR Doc. E8–24626 Filed 10–16–08; 8:45 am]

BILLING CODE 6714–01–P

FEDERAL HOUSING FINANCE BOARD

12 CFR Part 951

FEDERAL HOUSING FINANCE AGENCY

12 CFR Part 1291

RIN 2590–AA04

Affordable Housing Program Amendments: Federal Home Loan Bank Mortgage Refinancing Authority

AGENCY: Federal Housing Finance Agency.

ACTION: Interim final rule with request for comments.

SUMMARY: The Federal Housing Finance Agency (FHFA) is issuing and seeking comment on an interim final rule to implement section 1218 of the Housing and Economic Recovery Act of 2008 (Recovery Act), which requires the FHFA to allow the Federal Home Loan Banks (Banks) until July 30, 2010, to use Affordable Housing Program (AHP) homeownership set-aside funds to refinance low- or moderate-income households' mortgage loans. This rulemaking relocates the AHP regulation to the FHFA rules, and adds new provisions that allow the Banks to use AHP set-aside funds to provide direct subsidies to low- or moderate-income households who qualify for refinancing assistance under the HOPE for Homeowners Program established by the Federal Housing Administration (FHA) under Title IV of the Recovery Act.

ADDRESSES: This interim final rule is effective October 17, 2008. The FHFA will accept written comments on the interim final rule on or before December 16, 2008.

Comments: Submit comments to the FHFA using any *one* of the following methods:

E-mail: comments@fhfb.gov. Please include RIN 2590–AA04 in the subject line of the message.

Fax: 202–408–2580.

Mail/Hand Delivery: Federal Housing Finance Board, 1625 Eye Street, NW., Washington, DC 20006, *Attention:* Public Comments/RIN 2590–AA04.

Federal eRulemaking Portal: http://www.regulations.gov. Follow the instructions for submitting comments. If you submit your comment to the Federal eRulemaking Portal, please also send it by e-mail to the FHFA at *comments@fhfb.gov* to ensure timely receipt by the agency. Include the following information in the subject line of your submission: Federal Housing Finance Agency. Interim Final Rule: Affordable Housing Program Amendments: Federal Home Loan Bank Mortgage Refinancing Authority. RIN 2590–AA04.

We will post all public comments we receive without change, including any personal information you provide, such as your name and address, on the FHFA Web site at *http://www.fhfb.gov/Default.aspx?Page=93&Top=93.*

FOR FURTHER INFORMATION CONTACT: Sylvia Martinez, Senior Policy Analyst, 202–408–2825, *martinezs@fhfb.gov;* or Amy Bogdon, Senior Advisor, 202–408–2546, *bogdona@fhfb.gov.* For legal questions: Sharon B. Like, Senior Attorney-Advisor, 202–408–2930, *likes@fhfb.gov.* You can send regular mail to the Federal Housing Finance Board, 1625 Eye Street, NW., Washington, DC 20006.

SUPPLEMENTARY INFORMATION:

I. Background

A. Federal Housing Finance Regulatory Reform Act of 2008

Effective July 30, 2008, Division A of the Housing and Economic Recovery Act of 2008, Public Law No. 110–289, 122 Stat. 2654 (2008), titled the Federal Housing Finance Regulatory Reform Act of 2008 (Reform Act), created the Federal Housing Finance Agency (FHFA) as an independent agency of the federal government. The Reform Act