

who is not a member of a registered National securities association (e.g., The National Association of Securities Dealers, Inc.). For every associated person engaged directly or indirectly in securities activities for or on behalf of such non-member broker or dealer, before such person engages in any activities on behalf of such broker or dealer.

2. A filing fee of \$50 must accompany this form. A check should be made payable to the Securities and Exchange Commission and mailed along with one (1) copy of this form to the Office of the Comptroller.

3. Under sections 15(b), 17(a) and 23(a) of the act and the rules and regulations thereunder, the commission is authorized to solicit the information required to be supplied by this form from associated persons of non-member (SECO) broker-dealers. Although it is not required that Social Security numbers be disclosed, such voluntary disclosure will assist the commission in identifying applicants and in promptly processing the forms. Information supplied on this form shall be non-public but will be available to any person to whom the commission authorizes disclosure in the public interest. Routine uses of form U-4 are described on the reverse side of these special instructions.

4. A form which is not prepared and executed in compliance with applicable requirements may be returned as not acceptable for filing. Acceptance of this form, however, shall not constitute any finding that the information submitted is true, current, or complete. Intentional misstatements or omissions of fact constitute Federal criminal violations. (See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a)).

5. Applicants should note the provisions of sections 15(b) (7), (8) and (9) of the Securities Exchange Act of 1934 and the rules thereunder.

#### ROUTINE USES OF FORM U-4 SYSTEM

Form U-4 and the information contained in such Form may be used routinely for the following:

1. This system of records is routinely used in connection with the regulation by the Commission of non-member broker-dealers and persons associated with non-member broker-dealers pursuant to Section 15(b) of the Securities Exchange Act of 1934, 15 U.S.C. 78o(b).

2. By SEC personnel for purposes of investigating possible violations of the Federal securities laws.

3. Where there is an indication of a violation or potential violation of law, whether civil, criminal or regulatory in nature, and whether arising by general statute or particular program statute, or by regulation, rule or order issued pursuant thereto, the relevant records in the system of records may be referred, as a routine use, to the appropriate agency, whether Federal, State, local, foreign or a securities self-regulatory organization charged with the responsibility of investigating or prosecuting such violation or charged with enforcing or implementing the statute, or rule, regulation or order issued pursuant thereto.

4. In any proceeding where the Federal securities laws are in issue or in which the Commission or past or present members of

its staff is a party or otherwise involved in an official capacity.

5. A record from this system of records may be disclosed as a "routine use" to a Federal, State or local governmental authority maintaining civil, criminal or other relevant enforcement information or other pertinent information, such as current licenses, if necessary to obtain information relevant to an agency decision concerning the hiring or retention of an employee, the issuance of a security clearance, the letting of a contract, or the issuance of a license, grant or other benefit.

6. A record from this system of records may be disclosed to a Federal, State or local governmental authority, in response to its request, in connection with the hiring or retention of an employee, the issuance of a security clearance, the reporting of an investigation of an employee, the letting of a contract, or the issuance of a license, grant, or other benefit by the requesting agency, to the extent that the information is relevant and necessary to the requesting agency's decision on the matter.

7. To aid in responding to inquiries from Members of Congress, the press or the public regarding matters under the Commission's jurisdiction.

8. As a data source for management information for production of summary descriptive statistics and analytical studies in support of the function for which the records are collected and maintained or for related personnel management functions or manpower studies; may also be utilized to respond to general requests for statistical information (without personal identification of individuals) under the Freedom of Information Act or to locate specific individuals for personnel research or other personnel management functions.

Form U-4 is maintained under the authority of Title 15, United States Code, Section 78o(b) (17 CFR 240.15b8-1) and for the routine uses above-described as published in the FEDERAL REGISTER, Volume 40, No. 167, August 27, 1975, at p. 39288 thereof.

By the Commission.

[SEAL] GEORGE A. FITZSIMMONS,  
Secretary.

OCTOBER 15, 1975.

[FR Doc.75-28439 Filed 10-21-75;8:45 am]

#### Title 24—Housing and Urban Development CHAPTER X—FEDERAL INSURANCE ADMINISTRATION, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FI-736]

#### PART 1914—AREAS ELIGIBLE FOR THE SALE OF INSURANCE

##### Status of Participating Communities

The purpose of this notice is to list those communities wherein the sale of

flood insurance is authorized under the National Flood Insurance Program (42 U.S.C. 4001-4128).

Insurance policies can be obtained from any licensed property insurance agent or broker serving the eligible community, or from the National Flood Insurers Association servicing company for the state (addresses are published at 39 FR 26186-93). A list of servicing companies is also available from the Federal Insurance Administration (FIA), HUD, 451 Seventh Street, SW., Washington, D.C. 20410.

The Flood Disaster Protection Act of 1973 requires the purchase of flood insurance as a condition of receiving any form of Federal or Federally related financial assistance for acquisition or construction purposes in a flood plain area having special hazards within any community identified by the Secretary of Housing and Urban Development.

The requirement applies to all identified special flood hazard areas within the United States, and no such financial assistance can legally be provided for acquisition or construction in these areas unless the community has entered the program. Accordingly, for communities listed under this Part no such restriction exists, although insurance, if required, must be purchased.

The Federal Insurance Administrator finds that delayed effective dates would be contrary to the public interest. The Administrator also finds that notice and public procedure under 5 U.S.C. 553(b) are impracticable and unnecessary.

Section 1914.4 of Part 1914 of Subchapter B of Chapter X of Title 24 of the Code of Federal Regulations is amended by adding in alphabetical sequence new entries to the table. In each entry, a complete chronology of effective dates appears for each listed community. The date that appears in the fourth column of the table is provided in order to designate the effective date of the authorization of the sale of flood insurance in the area under the emergency or the regular flood insurance program. These dates serve notice only for the purposes of granting relief, and not for the application of sanctions, within the meaning of 5 U.S.C. 551. The entry reads as follows:



## § 1914.4 List of eligible communities.

State	County	Location	Effective date of authorization of sale of flood insurance for area	Hazard area identified	State map repository	Local map repository
Indiana	Kosciusko	Winona Lake, town of	Oct. 14, 1975, Emergency	May 3, 1974		
Kansas	Ness	Burine, city of	do	Nov. 22, 1974		
Massachusetts	Worcester	North Brookfield, town of	do	June 21, 1974		
New Hampshire	Merrimack	Northfield, town of	do	Mar. 22, 1974		
New Jersey	Mercer	Princeton, borough of	do			
New Mexico	Sandoval	Corrales, village of	do	Dec. 20, 1974		
North Dakota	Traill	Portland, city of	do	May 10, 1974		
Ohio	Fayette	Jeffersonville, village of	do	May 17, 1974		
Oklahoma	Muskogee	Oktaha, town of	do	Nov. 29, 1974		
Pennsylvania	Somerset	Benson, borough of	do	Oct. 18, 1974		
Do	Perry	Blair, borough of	do	do		
Do	Lehigh	Coplay, borough of	do	Nov. 22, 1974		
Do	Clinton	Greene, township of	do	Nov. 15, 1974		
Do	do	Logan, township of	do	Sept. 13, 1974		

State	County	Location	Effective date of authorization of sale of flood insurance for area	Hazard area identified	State map repository	Local map repository
California	Imperial	Unincorporated areas	Oct. 14, 1975, Emergency	Nov. 1, 1974		
Iowa	Chickasaw	Fredericksburg, city of	do	May 3, 1974		
Do	Fayette	Delwin, city of	do	July 20, 1974		
Michigan	Tuscola	Akron, township of	do	Oct. 18, 1974		
Missouri	Barton	Lamar, city of	do	Dec. 28, 1973		
Pennsylvania	Erie	Elgin, borough of	do	Jan. 24, 1975		
Do	Susquehanna	Hop Bottom, borough of	do	Nov. 1, 1974		
Do	Lycum	Mill Creek, township of	do	Apr. 11, 1975		
Do	Susquehanna	Oakland, borough of	do	Jan. 31, 1975		
Do	Huntingdon	Springfield, township of	do	Dec. 13, 1974		
Do	Luzerne	Sugar Notch, borough of	do	Nov. 22, 1974		
Do	Fulton	Taylor, township of	do	Dec. 20, 1975		
Wisconsin	Marquette	Wausaukee, village of	do	May 24, 1974		

State	County	Location	Effective date of authorization of sale of flood insurance for area	Hazard area identified	State map repository	Local map repository
Massachusetts	Worcester	Princeton, town of	Oct. 15, 1975, Emergency	Aug. 30, 1974		
New Hampshire	Rockingham	Raymond, town of	do	Aug. 9, 1974		
New York	Otsego	Middlefield, town of	do	Nov. 8, 1974		
Do	Genesee	Oakfield, town of	do	Oct. 28, 1975		
Do	Ulster	Rosendale, village of	do	Nov. 15, 1974		
Pennsylvania	Centre	Hoggs, township of	do	Sept. 13, 1974		
Do	Columbia	Centerville, borough of	do			
Do	Lackawanna	Clarke Green, borough of	do	July 18, 1975		
Do	Northumberland	East Chillisqueague, township of	do			
Do	Washington	Fallowfield, township of	do	Nov. 8, 1974		
Do	Wyoming	Forkston, township of	do	Nov. 29, 1974		
Do	Adams	Hamilton, township of	do	Feb. 21, 1975		
Do	Schuylkill	Hubley, township of	do	Nov. 22, 1974		
Do	Erie	LeBoeuf, township of	do	Jan. 10, 1975		
Do	Jefferson	McCalmont, township of	do	Jan. 24, 1975		
Do	Luzerne	Nuanga, borough of	do	Dec. 20, 1974		
Do	Huntingdon	Oriskany, borough of	Oct. 15, 1975, Emergency	Nov. 8, 1974		
Do	Chester	Penn, township of	do	do		
Do	Bradford	South Creek, township of	do	Sept. 13, 1974		
Do	Erie	Summit, township of	do	Apr. 11, 1975		
Do	Huntingdon	Tell, township of	do	Jan. 24, 1975		
Do	Susquehanna	Thompson, township of	do	Apr. 11, 1975		
Do	Northumberland	West Cameron, township of	do	Sept. 20, 1974		
Utah	Washington	Unincorporated areas	do			

State	County	Location	Effective date of authorization of sale of flood insurance for area	Hazard area identified	State map repository	Local map repository
Georgia	Oconee	Unincorporated areas	Oct. 16, 1975, Emergency			
Indiana	Clark	Charlestown, city of	do	Apr. 2, 1974		
Louisiana	Jefferson Davis	Unincorporated areas	do	Jan. 31, 1975		
New Jersey	Warren	Hope, township of	do	Aug. 9, 1974		
New Mexico	Grant	Hurley, town of	do	June 28, 1974		
New York	Tioga	Spencer, town of	do	Aug. 9, 1974		
Rhode Island	Washington	New Shoreham, town of	do	Jan. 3, 1975		
West Virginia	Tucker	Thomas, city of	do	Dec. 20, 1974		



State	County	Location	Effective date of authorization of sale of flood insurance for area	Hazard area identified	State map repository	Local map repository
Arkansas	Lafayette	Buckner, city of	Oct. 17, 1975. Emergency	Oct. 28, 1974		
Connecticut	Tolland	Hebron, town of	do	Nov. 29, 1974		
Illinois	Douglas	Tuscola, city of	do	Nov. 30, 1973		
Maine	Hancock	Bucksport, town of	do	Oct. 18, 1974		
New York	Schehera	Esperance, town of	do	do		
Do	Lewis	West Turin, town of	do	Sept. 13, 1974		
Pennsylvania	Mercer	Greene, township of	do	Jan. 31, 1975		
Do	Washington	North Bethlehem township of	do	Jan. 10, 1975		
Vermont	Addison	Hancock, town of	do	Sept. 30, 1974		
Do	Windsor	Pomfret, town of	do	Nov. 1, 1974		

(National Flood Insurance Act of 1968 (title XIII of the Housing and Urban Development Act of 1968); effective Jan. 28, 1969 (33 FR 17804, Nov. 28, 1968), as amended, 42 U.S.C. 4001-4128; and Secre-

tary's delegation of authority to Federal Insurance Administrator, 34 FR 2680, Feb. 27, 1969) as amended 39 FR 2787, Jan. 24, 1974.)

Issued: October 14, 1975.

J. ROBERT HUNTER,  
Acting Federal Insurance Administrator.

[FR Doc.75-28292 Filed 10-21-75;8:45 am]

[Docket No. FI-735]

# PART 1915—IDENTIFICATION OF SPECIAL HAZARD AREAS

## List of Communities With Special Hazard Areas

The purpose of this notice is the identification of communities with areas of special flood or mudslide or erosion hazards in accordance with Part 1915 of Title 24 of the Code of Federal Regulations as authorized by the National Flood Insurance Program (42 U.S.C. 4001-4128). The identification of such areas is to provide guidance so that communities may adopt appropriate flood plain management measures to minimize damage caused by flood losses and to guide future construction, where practicable, away from locations which are threatened by flood hazards.

The Flood Disaster Protection Act of 1973 requires the purchase of flood insurance on and after March 2, 1974, as a condition of receiving any form of Federal or Federally related financial assistance for acquisition or construction pur-

poses in an identified flood plain area having special flood hazards that is located within any community participating in the National Flood Insurance Program.

One year after the identification of the community as flood prone, the requirement applies to all identified special flood hazard areas within the United States, so that, after that date, no such financial assistance can legally be provided for acquisition and construction in these areas unless the community has entered the program. The prohibition, however, does not apply to loans by a Federally regulated, insured, supervised or approved bank prior to January 1, 1976, to finance the acquisition of a previously occupied residential dwelling.

The effective date of identification shall be November 21, 1975, or the date which appears in this notice, whichever is later.

This 30 day period does not supersede the statutory requirement that a community, whether or not participating in the program, be given the opportunity for a period of six months to establish

that it is not seriously flood prone or that such flood hazards as may have existed have been corrected by floodworks or other flood control methods. The six months period shall be considered to begin November 21, 1975 or the effective date of the Flood Hazard Boundary Map, whichever is later. Similarly, the one year period a community has to enter the program under Section 201(d) of the Flood Disaster Protection Act of 1973 shall be considered to begin November 21, 1975 or the effective date of the Flood Hazard Boundary Map, whichever is later.

Where several dates appear in the column set forth below marked Effective Date of Identification, the first date is the date of initial identification, and all other dates represent modification by additions or deletions to identified areas with special hazards.

Accordingly, § 1915.3 is amended by adding in alphabetical sequence a new entry to the table, which entry reads as follows:

§ 1915.3 List of communities with special hazard areas.

State	County	Location	Map No.	State map repository	Local map repository	Effective date of identification of areas which have special flood hazards
Arkansas	Benton	Siloam Springs, city of	II 050014A 01 through II 050014A 02	Division of Soil and Water Resources, State Department of Commerce, 1920 West Capitol Ave., Little Rock, Ark. 72201. Arkansas Insurance Department, 400 University Tower Bldg., Little Rock, Ark. 72204.	Mayor, City of Siloam Springs, City Hall, Siloam Springs, Ark. 72761.	May 10, 1974. Oct. 17, 1975.
Do	Columbia	Waldo, city of	II 050033A 01	do	Recorder/Treasurer, City Hall, Waldo, Ark. 71770.	Apr. 5, 1974. Oct. 17, 1975.
Do	Desha	Watson, city of	II 050072A 01	do	Mayor, City of Watson, City Hall, Watson, Ark. 71674.	Aug. 30, 1974. Oct. 17, 1975.
Do	Fulton	Mammoth Spring, city of	II 050082A 01	do	Mayor, City of Mammoth Spring, City Hall, Mammoth Spring, Ark. 72564.	Mar. 15, 1974. Oct. 17, 1975.
Do	Independence	Newark, city of	II 050092A 01	do	Mayor, City Hall, Newark, Ark. 72562.	Mar. 15, 1974. Oct. 17, 1975.
Do	Jefferson	Wabbaseka, city of	II 050111A 01	do	Mayor, City of Wabbaseka, City Hall, Wabbaseka, Ark. 72175.	May 10, 1974. Oct. 17, 1975.
Do	Lincoln	Gould, city of	II 050127A 01	do	Mayor, City of Gould, Gould, Ark. 71643.	May 8, 1974. Oct. 17, 1975.
Do	Mississippi	Luxora, city of	II 050148A 01	do	Mayor, City Hall, Luxora, Ark. 72388.	Oct. 12, 1973.



State	County	Location	Map No.	State map repository	Local map repository	Effective date of identification of areas which have special flood hazards
Do.	Montgomery	Norman, city of	H 050158A 01	do.	Mayor, City of Norman, City Hall, Norman, Ark. 71960.	Aug. 23, 1974.
Do.	Scott and Sebastian	Mansfield, city of	H 050202A 01	do.	Mayor, City Hall, Mansfield, Ark. 72944.	Oct. 17, 1973.
Do.	Sevier	DeQueen, city of	H 050204A 01 through H 050204A 02 H 050208A 01	do.	Mayor, City Hall, DeQueen, Ark. 71892.	Mar. 15, 1974. Oct. 17, 1973.
Do.	Union	Huttig, city of	H 050209A 01	do.	Mayor, City Hall, Huttig, Ark. 71747.	May 24, 1974. Oct. 17, 1973.
Do.	do.	Smackover, city of	H 050209A 01	do.	Mayor, City Hall, Smackover, Ark. 71762.	Oct. 26, 1973. Oct. 17, 1973.
California	Contra Costa	San Pablo, city of	H 060036A 01 through H 060036A 05	Department of Water Resources, P.O. Box 288, Sacramento, Calif. 95802.  California Insurance Department, 600 South Commonwealth Ave., Los Angeles, Calif. 90005.	Mayor, City Hall, 2021 Market Ave., San Pablo, Calif. 94806.	Mar. 15, 1974. Oct. 17, 1973.
Do.	Fresno	Coalinga, city of	H 060045A 01 through H 060045A 04	do.	Mayor, City of Coalinga, 6th and Elm Sts., City Hall, Coalinga, Calif. 93210.	Mar. 1, 1974. Oct. 17, 1973.
Do.	Kern	Delano, city of	H 060078A 01 through H 060078A 02 H 060163A 01 through H 060163A 03 H 060288A 01 through H 060288A 04 H 060303A 01 through H 060303A 02	do.	Mayor, City Hall, 1118 Jefferson St., Delano, Calif. 93215.	May 24, 1974.
Do.	Los Angeles	South Gate, city of	H 060163A 01 through H 060163A 03	do.	Director of Public Works, City Hall, South Gate, Calif. 90280.	June 28, 1974. Oct. 17, 1973.
Do.	San Diego	Del Mar, city of	H 060288A 01 through H 060288A 04	do.	Mayor, City Hall, 201 15th St., Del Mar, Calif. 92014.	Feb. 22, 1974. Oct. 17, 1973.
Do.	Stanislaus	Waterford, city of	H 060303A 01 through H 060303A 02	do.	Mayor, City Hall, 320 St., Waterford, Calif. 95386.	May 24, 1974. Oct. 17, 1973.
Connecticut	New Haven	Southbury, town of	H 060059A 01 through H 060059A 14	Department of Environmental Protection, Division of Water and Related Resources, Room 207, State Office Bldg., Hartford, Conn. 06115.  Connecticut Insurance Department, State Capitol Bldg., 163 Capitol Ave., Hartford, Conn. 06115.	Town Engineer, P.O. Box 348, Southbury, Conn. 06488.	Feb. 8, 1974. Oct. 17, 1973.
Georgia	White	Helen, city of	H 130192A 01	Department of Natural Resources, Office of Planning and Research, 270 Washington St. SW., Room 707, Atlanta, Ga. 30334.  Georgia Insurance Department, State Capitol, Atlanta, Ga. 30334.	Mayor, Box 146, Helen, Ga. 30346.	Sept. 6, 1974. Oct. 17, 1973.
Illinois	Clay	Clay City, village of	H 170012A 01	Governor's Task Force on Flood Control, 300 North State St., Room 1010, P.O. Box 475, Chicago, Ill. 60610.  Illinois Insurance Department, 525 West Jefferson St., Springfield, Ill. 62702.	Village President, Box 546, Clay City, Ill. 62824.	Mar. 22, 1974. Oct. 17, 1973.
Do.	Grundy	Carbon Hill, village of	H 170257A 01	do.	Village President, Village of Carbon Hill, Route 1, Coal City, Ill. 60416.	Mar. 8, 1974.
Do.	Lake	North Barrington, village of	H 170383A 01	do.	Village President, 269 Brookside, Village of North Barrington, Barrington, Ill. 60010.	Mar. 22, 1974. Oct. 17, 1973.
Do.	Moultrie	Sullivan, City of	H 170324A 01	do.	Mayor, city Building, Sullivan, Ill. 61951.	Sept. 20, 1974.
Indiana	Henry	Middletown, town of	H 180331A 01 through H 180331A 02	Division of Water, Department of Natural Resources, 608 State Office Bldg., Indianapolis, Ind. 46204.  Indiana Insurance Department, 500 State Office Bldg., Indianapolis, Ind. 46204.	Town Board President, City Building, Middletown, Ind. 47356.	Feb. 1, 1974. Oct. 17, 1973.
Kansas	Clark	Minneola, city of	H 200051A 01	Division of Water Resources, Kansas Department of Agriculture, 1720 South Topeka Ave., Topeka, Kans. 66612.  Kansas Insurance Department, 1st Floor, Statehouse, Topeka, Kans. 66612.	Mayor, City Hall, 126 Main Street, Minneola, Kans. 67865.	Feb. 5, 1974. Oct. 17, 1973.
Do.	Coffey	Waverly, city of	H 200068A 01	do.	Mayor, City Hall, Pearson Avenue, Waverly, Kans. 66871.	Feb. 15, 1974. Oct. 17, 1973.
Do.	Harper	Harper, city of	H 200129A 01	do.	Mayor, City Hall, 201 West Main, Harper, Kans. 67058.	Aug. 16, 1974. Oct. 17, 1973.
Do.	Johnson	Westwood, city of	H 200179A 01	do.	Mayor, City Hall, Westwood, Kans. 66206.	Aug. 16, 1974.
Do.	Phillips	Logan, city of	H 200255A 01	do.	Mayor, City Hall, Main Street, Logan, Kans. 67046.	July 19, 1974. Oct. 17, 1973.
Do.	Rawlins	Atwood, city of	H 200280A 01	do.	Mayor, City Hall, City of Atwood, 416 Main St., Atwood, Kans. 67730.	Feb. 15, 1974. Oct. 17, 1973.
Kentucky	Hancock	Lewisport, city of	H 210003A 01	Division of Water, Kentucky Department of Natural Resources, Capitol Plaza Office Tower, Frankfort, Ky. 40601.  Kentucky Insurance Department, Old Capitol Annex, Frankfort, Ky. 40601.	Mayor, Box 22, Lewisport, Ky. 42351.	Jan. 25, 1974. Feb. 1, 1974. Oct. 17, 1973.
Louisiana	Franklin Parish	Wisner, town of	H 220075A 01	State Department of Public Works, P.O. Box 44155, Capitol Station, Baton Rouge, La. 70804.  Louisiana Insurance Department, Box 44214, Capitol Station, Baton Rouge, La. 70804.	Mayor, Town of Wisner, Town Hall, Wisner, La. 71378.	Mar. 29, 1974. Oct. 17, 1973.
Do.	St. Landry Parish	Opelousas, city of	H 220173A 01 through H 220173A 03 H 220283A 01	do.	Mayor, City of Opelousas, City Hall, Opelousas, La. 70570.	June 14, 1974. Oct. 17, 1973.
Do.	Webster Parish	Cullen, town of	H 220283A 01	do.	Mayor, Town Hall, Cullen, La. 71021.	Apr. 12, 1974. Oct. 17, 1973.
Do.	do.	Doyline, village of	H 220283A 01	do.	Mayor, Village of Doyline, Village Hall, Doyline, La. 71023.	Apr. 5, 1974. Oct. 17, 1973.



State	County	Location	Map No.	State map repository	Local map repository	Effective date of identification of areas which have special flood hazards
Massachusetts	Worcester	Leominster, city of	H 250314A 01 through H 250314A 12	Division of Water Resources, Water Resources Commission, State Office Bldg., 100 Cambridge St., Boston, Mass. 02202. Massachusetts Division of Insurance, 100 Cambridge St., Boston, Mass. 02202.	City Solicitor, City of Leominster, 65 Pleasant St., Leominster, Mass. 01453.	Mar. 22, 1974. Oct. 17, 1975.
Michigan	Wayne	Dearborn Heights, city of	H 260221A 01 through H 260221A 06	Water Resources Commission, Bureau of Water Management, Stevens T. Mason Bldg., Lansing, Mich. 48926. Michigan Insurance Bureau, 111 North Hosmer St., Lansing, Mich. 48913.	Mayor, City Hall, Dearborn Heights, Mich.	July 19, 1974. Oct. 17, 1975.
Minnesota	Hennepin	Richfield, city of	H 270180A 01 through H 270180A 04	Division of Waters, Soils, and Minerals, Department of Natural Resources, Centennial Office Building, St. Paul, Minn. 55101. Minnesota Division of Insurance, R-210 State Office Bldg., St. Paul, Minn. 55101.	City Manager, 6700 Portland Ave., Richfield, Minn. 55423.	May 17, 1974. Oct. 17, 1975.
Do	Itasca	La Prairie, city of	H 270206A 01	do	Mayor, City of La Prairie, City Hall, Grand Rapids, Minn. 55744.	Aug. 23, 1974. Oct. 17, 1975.
Do	Ramsey	Lauderdale, city of	H 270376A 01	do	Mayor, City of Lauderdale, 1765 Carl St., St. Paul, Minn. 55113.	May 10, 1974. Oct. 17, 1975.
Mississippi	Hinds and Rankin	Jackson, city of	H 280072A 01 through H 280072A 25	Mississippi Research and Development Center, P.O. Drawer 2470, Jackson, Miss. 39205. Mississippi Insurance Department, 910 Woolfolk Bldg., P.O. Box 79, Jackson, Miss. 39205.	Mayor, City Hall, Jackson, Miss., no ZIP code.	Oct. 6, 1974. Oct. 17, 1975.
Missouri	Pike	Bowling Green, city of	H 290288A 01 through H 290288A 02	Department of Natural Resources, Division of Program and Policy Development, State of Missouri, 808 East High St., Jefferson City, Mo. 65101. Division of Insurance, P.O. Box 600, Jefferson City, Mo. 65101.	Mayor, City of Bowling Green, City Hall, Bowling Green, Mo. 63344.	Mar. 22, 1974. Oct. 17, 1975.
Do	Ripley	Doniphan, city of	H 290313A 01	do	Mayor, City Hall, 188 State St., Doniphan, Mo. 63035.	Mar. 1, 1974. Oct. 17, 1975.
Do	Wright	Mountain Grove, city of	H 290456A 01 through H 290456A 02	do	Mayor, City Hall, Mountain Grove, Mo. 65711.	Apr. 5, 1974. Oct. 17, 1975.
Montana	Cascade	Great Falls, city of	H 300010A 01 through H 300010A 06	Montana Department of Natural Resources and Conservation, Water Resources Division, 32 South Ewing St., Helena, Mont. 59601. Montana Insurance Department, Capitol Bldg., Helena, Mont. 59601.	Planner, Great Falls City-County Planning Board, Room 108, Civic Center Bldg., Great Falls, Mont. 59401.	June 28, 1974. Oct. 17, 1975.
Do	Mineral	Alberton, town of	H 300089A 01	do	Mayor, Town Hall, Alberton, Mont. 59820.	June 27, 1975.
New Jersey	Monmouth	Holmdel, township of	H 340300A 01 through H 340300A 06	Bureau of Water Control, Department of Environmental Protection, P.O. Box 1390, Trenton, N.J. 08625. New Jersey Department of Insurance, State House Annex, Trenton, N.J. 08625.	Mayor, Box 385, Holmdel, N.J. 07733.	Feb. 1, 1974. Oct. 17, 1975.
Do	Union	Winfield, township of	H 340479A 01	do	Mayor, 12 Gullstream Ave., Winfield, N.J. 07086.	Mar. 8, 1974.
Do	Warren	Mansfield, township of	H 340491A 01 through H 340491A 10	do	Mayor, Township of Mansfield, Municipal Bldg., Box 105, Port Murray, N.J. 07865.	Aug. 16, 1974. Oct. 17, 1975.
New York	Allegany	Wellsville, village of	H 360036A 01	New York State Department of Environmental Conservation, Division of Resources Management Services, Bureau of Water Management, Albany, N.Y. 12201. New York State Insurance Department, 2 World Trade Center, N.Y. 12201.	Mayor, Municipal Bldg., Wellsville, N.Y. 14895.	Nov. 9, 1973. Oct. 17, 1975.
Do	Broome	Binghamton, city of	H 360031A 01 through H 360031A 15	do	Mayor's Office, Binghamton, N.Y. 13901.	Apr. 12, 1974. Oct. 17, 1975.
Do	Cayuga	Union Springs, village of	H 360129A 01	do	Mayor, Box 99, Union Springs, N.Y. 13160.	Apr. 11, 1975. Oct. 17, 1975.
Do	Erie	Orchard Park, village of	H 360254A 01	do	Mayor, 8 426 South Buffalo St., Orchard Park, N.Y. 14127.	June 7, 1974.
Do	Jefferson	Lorraine, town of	H 360342A 01 through H 360342A 03	do	Town Supervisor, Lorraine, N.Y. 13659.	May 10, 1974. Oct. 17, 1975.
Do	St. Lawrence	Fowler, town of	H 360388A 01 through H 360388A 07	do	Town Supervisor, Town of Fowler, Halesboro, N.Y. 13645.	Nov. 1, 1974. Oct. 17, 1975.
Do	Saratoga	Malta, town of	H 360730A 01 through H 360730A 13	do	Supervisor, Town of Malta, Box 254, Town Hall, Round Lake, N.Y. 12151.	Oct. 18, 1974.
Do	Westchester	Mt. Pleasant, town of	H 360919A 01 through H 360919A 05	do	Town Supervisor, town of Mt. Pleasant, 49 Beerman Ave., North Tarrytown, N.Y. No ZIP code.	May 3, 1974. Oct. 17, 1975.
Do	Seneca	Tyre, town of	H 361206A 01 through H 361206A 10	do	Town Supervisors, town of Tyre, R.D. #1, Seneca Falls, N.Y. 13148.	Oct. 18, 1974. Oct. 17, 1975.
North Carolina	Buncombe	Woodfin, town of	H 370380A 01 through H 370380A 03	Division of Community Assistance, Department of Natural and Economic Resources, P.O. Box 27687, Raleigh, N.C. 27611. North Carolina Insurance Department, P.O. Box 26387, Raleigh, N.C. 27611.	Mayor, Box 3385, Woodfin, N.C. 28094.	July 25, 1975. Oct. 17, 1975.
Oregon	Cook	Powers, city of	H 410099A 01	Executive Department, State of Oregon, Salem, Oreg. 97310. Oregon Insurance Division, Department of Commerce, 158 12th St. N.E., Salem, Oreg. 97310.	Mayor, City Hall, P.O. Box 250, Powers, Oreg. 97466.	Nov. 23, 1973.



State	County	Location	Map No.	State map repository	Local map repository	Effective date of identification of areas which have special flood hazards
Pennsylvania	Bucks	Middletown, township of	H 420193A 01 through H 420193A 10	Department of Community Affairs, Commonwealth of Pennsylvania, Harrisburg, Pa. 17120. Pennsylvania Insurance Department, 108 Finance Bldg., Harrisburg, Pa. 17120.	Township Manager, township of Middletown, 700 New Rodgers Rd., Levittown, Pa. 19056.	May 31, 1974. Oct. 17, 1975.
Do	Westmoreland	New Alexandria, borough of.	H 420889A 01 through H 420889A 02	do.	Mayor, Pleasant Vue Dr., New Alexandria, Pa. 15670.	June 28, 1974. Oct. 17, 1975.
Do	York	Seven Valleys, borough of.	H 420936A 01	do.	Mayor, 73 Church St., Seven Valleys, Pa. 17360.	May 3, 1974. Oct. 1, 1975.
Do	Delaware	Darby, township of.	H 421603A 01 through H 421603A 03	do.	Township Commissioners, President, 1430 Forrester Ave., township of Darby, Sharon Hill, Pa. 19079.	Aug. 30, 1974. Oct. 17, 1975.
Do	Lancaster	Mt. Joy, township of.	H 421776A 01 through H 421776A 11	do.	Township Supervisors, Chairman, R.D. #1, township of Mt. Joy, Elizabethtown, Pa. 17022.	Dec. 27, 1974. Oct. 17, 1975.
Do	Lehigh	Heidelberg, township of.	H 421809A 01 through H 421809A 02	do.	Township Board of Supervisors, R.D. #2, township of Heidelberg, Slatington, Pa. 18080.	Dec. 27, 1974. Oct. 17, 1975.
Do	York	West Manchester, township of.	H 422233A 01 through H 422233A 12	do.	Township Board of Supervisors, Chairman, 2309 Monroe St., York, Pa. 17404.	Nov. 15, 1974. Oct. 17, 1975.
South Carolina	Hampton	Yemassee, town of.	H 450103A 01 through H 450103A 02	South Carolina Water Resources Commission, P.O. Box 4515, Columbia, S.C. 29204. South Carolina Insurance Department, 2711 Middleburg St., Columbia, S.C. 29204.	Mayor, Box 114, Yemassee, S.C. 29945.	June 21, 1974. Oct. 17, 1975.
Texas	Atascosa	Pleasanton, city of.	H 480015A 01 through H 480015A 05	Texas Water Development Board, P.O. Box 13087, Capitol Station, Austin, Tex. 78711. Texas Insurance Department, 1110 San Jacinto St., Austin, Tex. 78701.	City Secretary, City Hall, Pleasanton, Tex. 75064.	June 21, 1974. Oct. 17, 1975.
Do	Liberty	Cleveland, city of.	H 480430A 01 through H 480430A 04	do.	City Manager, City Hall, Cleveland, Tex. 77427.	Mar. 8, 1974.
Virginia	Henry	Ridgeway, town of.	H 510079A 01	Bureau of Water Control Management, State Water Control Board, P.O. Box 1143, Richmond, Va. 23230. Virginia Insurance Department, 700 Blanton Bldg., P.O. Box 1187, Richmond, Va. 23009.	Mayor, Ridgeway, Va. 24148.	June 28, 1974. Oct. 17, 1975.
West Virginia	Kanawha	Nitro, city of.	H 540081A 01 through H 540081A 02	Office of Federal-State Relations, Division of Planning and Development, Capitol Bldg., Room 150, Charleston, W. Va. 25305. West Virginia Insurance Commission, 1800 Washington St., Building #3, Room 643, Charleston, W. Va. 25305.	Mayor, Box 515, Nitro, W. Va. 26143.	Mar. 15, 1974. Oct. 17, 1975.
Do	McDowell	War, town of.	H 540122A 01 through H 540122A 03	do.	Mayor, Box 365, War, W. Va. 24992.	May 31, 1974.
Do	Putnam	Buffalo, town of.	H 540166A 01 through H 540166A 02	do.	Mayor, Town Hall, Box 217, Buffalo, W. Va. 25633.	Feb. 1, 1974. Oct. 17, 1975.
Do	Upshur	Buckhannon, city of.	H 540190A 01 through H 540190A 05	do.	Mayor, City Hall, Buckhannon, W. Va. 26201.	June 28, 1974.
Do	Wood	Williamstown, city of.	H 540216A 01 through H 540216A 04	do.	Mayor, City Bldg., Williamstown, W. Va. 26187.	May 17, 1974. Oct. 17, 1975.
Wisconsin	Lowa	Dodgeville, city of.	H 550177A 01 through H 550177A 02	Department of Natural Resources, P.O. Box 450, Madison, Wis. 53701. Wisconsin Insurance Department, 201 East Washington Ave., Madison, Wis. 53703.	Mayor, City Hall, Dodgeville, Wis. 53533.	Sept. 20, 1974. Oct. 17, 1975.
Do	Outagamie	Kimberly, village of.	H 550306A 01	do.	Village President, 515 West Kimberly Ave., Kimberly, Wis. 54136.	June 14, 1974. Oct. 17, 1975.

(National Flood Insurance Act of 1968 (title XIII of the Housing and Urban Development Act of 1968), effective Jan. 28, 1969 (33 FR 17804, Nov. 28, 1968), as amended (secs. 408-410, Public Law 91-152,

Dec. 24, 1969), 42 U.S.C. 4001-4127; and Secretary's delegation of authority to Federal Insurance Administrator, 34 FR 2680, Feb. 27, 1969.)

Issued: October 14, 1975.

[FR Doc.75-28293 Filed 10-21-75; 8:45 am]

J. ROBERT HUNTER,  
Acting Federal Insurance Administrator.

#### CHAPTER IV—OFFICE OF ASSISTANT SECRETARY FOR HOUSING MANAGEMENT

[Docket No. R-75-314]

##### PART 403—LOCAL RENT CONTROL

The Department of Housing and Urban Development published an interim rule on February 26, 1975, (40 FR 8189) adding a new Part 403, designated "Local Rent Control", to Chapter IV of Title 24, which was amended by interim rule on May 8, 1975 (40 FR 20081). The interim

rule prescribes the conditions under which the Department will assert exclusive jurisdiction or will preempt rent regulation by local rent control boards acting pursuant to state or local law.

Interested persons were given the opportunity to participate in the final rule making process through the submission of data, views and comments on the interim rules. The Department received 577 responses, of which 544 were form letters from tenants in one state protesting the

implementation of the rule. Each of the remaining 33 responses contained several comments, some of which pertained to substantive matters while others pertained to technical changes.

Since we have added a new Subpart A designated "General Provisions" in the final rule, which subpart is further described below, Subparts A, B and C of the interim rule are hereinafter referred to as Subparts B, C and D, respectively. In addition, the section numbers in the final



rule have been changed because of the new subpart and all section numbers used in this preamble refer to the final rule.

Several suggestions were made that projects within the scope of Subparts C and D be handled on a case-by-case basis which would be consistent with Subpart B. There were contrary suggestions that rent regulation of projects covered by Subpart B be preempted in the same manner as projects falling within Subparts C and D. The Department has determined that the situation is more urgent and that there is a greater need to preserve the continued viability of subsidized insured projects as a housing resource for low-income families and to protect the Department's economic interests in the subsidized insured and HUD-owned projects than in the non-subsidized insured projects. Consequently, a case-by-case approach would not be feasible for projects falling under Subparts C and D, nor is preemption of the entire field of local rent control essential for Subpart B projects.

Some comments contained statements that preemption was not necessary to protect the mortgagor from increases in expenses because local rent control ordinances permit an annual increase and also provide for hardship increases. However, we also received several comments that the annual increase percentages were arbitrary and bore no relationship to the actual costs incurred by a mortgagor in operating and maintaining a residential rental property. In addition, it was stated that the procedures necessary for a mortgagor to obtain a hardship increase from a local rent control board were so cumbersome and took so long that, when the increase was approved, if it were approved, it was often too late to prevent the project from going into default.

There were a few comments to the effect that public hearings should be held. The Department provided interested persons 60 days in lieu of the usual 30 days in which to comment on the interim rule. In addition, 30 days were provided for interested persons to submit their comments on the clarification to the interim rule published on May 8, 1975, at 40 FR 20081. The Department is satisfied that ample opportunity was given for persons to comment on the interim rules. All comments received by the Department were reviewed and seriously considered before the adoption of this final rule. Therefore, we consider that no useful purpose would be served by providing a public hearing on this matter.

Several persons commented that the Department did not have the authority nor was there Congressional intent for HUD to issue regulations preempting local rent control boards. The Department of Housing and Urban Development Act authorizes the Secretary to issue regulations to carry out the purposes of the National Housing Act, U.S. Housing Act of 1937 and Housing Act of 1959 which provide for the regulation of rents. Such authorization is an expression of Con-

gressional intent for the Department to take the necessary action to carry out the Congressional mandate to provide assistance for housing.

There were several comments to the effect that mortgage defaults were not precipitated by local rent control ordinances, but by many other factors, such as desire on the part of landlords for excessive returns, tax structures, high utility costs, poor maintenance and poor management. The Department is aware that there are many factors which contribute to mortgage defaults and does not consider local rent control ordinances as the sole factor, but rather as a significant factor in causing owners of FHA projects, especially subsidized projects, to default on their mortgage payments and to lose interest in project ownership. The Department continuously reviews methods of improving management procedures in an effort to aid mortgagors to achieve economies in operation. The Department has no control over some of the other factors contributing to mortgage defaults, such as tax structures and high utility costs.

Many persons stated that preemption by the Department of a local rent control board's right to determine rents would result in higher rents without any participation by tenants of subsidized projects in determination of rent increases. The Department is aware of this concern by tenants and on September 11, 1974, published an interim rule designated as "Part 401—Notice to Tenants and Consideration of their Comments in Effecting Rent Increases" which permits tenants of subsidized projects to participate in the Department's rent increase procedure. On July 10, 1975, the Department published its final rule for this procedure at 40 FR 29073.

We have made several changes in the interim rules as a result of comments received or because of reconsideration of some of our policy decisions. All of the modifications were intended to make the final rule clearer and to more effectively accomplish the Department's purpose of providing housing at reasonable rents and at levels sufficient to cover mortgage payments and reasonable expenses of operation of the project. The basic concepts of the interim rules have been retained in the final rule. The following changes have been made to the interim rules to elaborate on the procedures of the interim rules and not to implement new concepts.

A new Subpart A has been added to set forth the scope and effect of these regulations. Section 403.1(b) provides that any state or local law, ordinance, or regulation is without force and effect insofar as it purports to regulate rents of projects for which HUD has made a determination of preemption in accordance with Subpart B, or projects coming within the scope of Subpart C or D. Compliance with any such law, ordinance, or regulation shall not be required as a condition for bringing an eviction action against a tenant. Section 403.1(c) states that the purpose of these regulations is

to preempt all actions of a local rent control board that would impede the implementation of the HUD approved rents or interfere with the collection of the rental charges approved by HUD. Section 403.1(d) confers a right on owners, mortgagors or managing agents to offer these regulations as a defense in a proceeding brought by someone who seeks to interfere with the collection of rental charges approved by HUD.

The reference to "Part 401 of this Chapter" in Subpart B was erroneously placed there and has been removed in the final rule. Section 403.6(a) pertains to unsubsidized housing and Part 401 of this Chapter pertains to rent increases in subsidized projects. Reference to Part 401 is now included in the appropriate section of Subpart C.

The phrase "increases in rental charges" has been substituted for the phrase "maximum permissible rents" in § 403.6(a) to make it clear that HUD processes a request for increases in rental charges to determine the minimum rents necessary to assure payment of debt service, return on investment (if other than a nonprofit mortgagor) and operating expenses.

A requirement has been added to § 403.6(a) for the mortgagor to notify the local rent control board that it has also submitted an application to HUD for approval of rent increases which may be affected by these regulations. The local rent control board will then be on notice that if it approves a lesser increase than HUD or fails to make a decision within 30 days of receiving the application, HUD will preempt local rent controls as to that project if the Office of Loan Management in Central Office determines that the Department's economic interest will be jeopardized and makes a certification to that effect, pursuant to § 403.6(e). A new paragraph (f) has been added to § 403.6 which states when the mortgagor may implement the HUD approved rents.

The necessary procedures for a mortgagor and HUD to follow in the application and processing of a rent increase for a subsidized project have been expanded as set forth in § 403.10 of Subpart C. The mortgagor does not submit an application to the local rent control board, but under paragraph (b), HUD shall notify the local rent control board that it is processing an application submitted by the mortgagor for an increase in rental charges and that HUD has preempted the field of local rent regulations as it affects the mortgagor's project. Section 403.10(c) provides that the mortgagor may effect collection of the HUD approved rents in accordance with Part 401 of this Chapter, and is required to furnish the local rent control board a copy of the HUD approved rent schedule after the new rents have become effective. This section also contains a statement that the notice to the local rent control board of the approved increases does not confer upon the board a right to approve or disapprove the Department's action or to exercise jurisdiction



over the implementation of approved rent increases by the mortgagor.

We have added a provision to § 403.13 (a) of Subpart D for the local HUD office to notify the local rent control board that it is considering approval of rent increases for a project and that the Department has exclusive jurisdiction over the rents for the project. Section 403.13 (b) provides for the local HUD office to furnish the local rent control board with a schedule of the increased rents after they have become effective. This section also contains the same statement, negating any conferral upon the board of a right to approve or disapprove of the Department's action, as is found in § 403.10 (c) of Subpart C.

The new Subpart A was added, and the changes in Subparts B, C and D were made, in order that the Department's procedures in the area of rent regulation would be clear and the Department's position unequivocal. The changes also provide for notice to the rent control board of mortgagors' applications for rent increases and of HUD's action with respect to the applications. The purpose of the notices is to keep the local rent control board apprised of the lawful rents for projects covered by these subparts.

The provisions of this part apply to any project which falls within the scope of Subpart B, C, or D for which a rent increase was approved by HUD on or after February 26, 1975.

The Department has determined that this final rule will not have a substantial impact upon the quality of the environment as defined in HUD Handbook 1390.1. The Finding of Inapplicability prepared in connection with the interim rule is applicable to this final rule and a copy of such Finding is on file with the Rules Docket Clerk, Office of General Counsel, Room 10245, 451 Seventh Street, SW., Washington, D.C. 20410.

Accordingly, the interim rule, adding Part 403 to Chapter IV of Title 24, published in the FEDERAL REGISTER on February 26, 1975 (40 FR 8189) as amended on May 8, 1975 (40 FR 20081) is hereby amended and adopted as a final rule as follows:

#### Subpart A—General Provisions

Sec.  
403.1 Scope and effect of regulations.

#### Subpart B—Unsubsidized Insured Projects

403.4 Applicability.  
403.5 Rental charges.  
403.6 Procedures.

#### Subpart C—Subsidized Insured Projects

403.8 Applicability.  
403.9 Rental charges.  
403.10 Procedures.

#### Subpart D—HUD-Owned Projects

403.12 Rental charges.  
403.13 Procedures.

#### Subpart A—General Provisions

§ 403.1 Scope and effect of regulations.

(a) The regulation of rents for a project coming within the scope of "Subpart

B—Unsubsidized Insured Projects" is preempted under these regulations only when the Department determines that the delay or decision of the local rent control board, or other authority regulating rents pursuant to state or local law (hereinafter referred to as board) jeopardizes the Department's economic interest in a project covered by that subpart. The regulation of rents for projects coming within the scope of "Subpart C—Subsidized Insured Projects" is preempted in its entirety by the promulgation of these regulations. The regulation of rents for projects coming within the scope of "Subpart D—HUD-Owned Projects" rests within the exclusive jurisdiction of the Department.

(b) Any state or local law, ordinance, or regulation is without force and effect insofar as it purports to regulate rents of (i) projects for which a determination of preemption has been made pursuant to Subpart B, or (ii) projects coming within the scope of Subpart C or D. Compliance with such law, ordinance, or regulation shall not be required as a condition of, or prerequisite to, the remedy of eviction, and any law, ordinance, or regulation which purports to require such compliance is similarly without force and effect.

(c) It is the purpose of the Department that these regulations shall bar all actions of a board that would in any way frustrate the purpose or effect of these regulations or that would in any way delay, prevent or interfere with the implementation of any increase in rental charges approved by HUD.

(d) These regulations may be offered as a defense to a proceeding by whomsoever initiated, which may be brought or threatened to be brought against any owner, mortgagor or managing agent of a project subject to these regulations who demands, receives or retains, or seeks to demand, receive or retain, rental charges approved by HUD, or as a basis for declaratory, injunctive or other relief against any person or agency, public or private, who attempts to enforce, or threatens to enforce, any state or local law, ordinance, or regulation which is without force and effect by reason of this regulation.

#### Subpart B—Unsubsidized Insured Projects

§ 403.4 Applicability.

This subpart applies to all projects with mortgages insured or held by HUD, except those to which Subpart C applies.

§ 403.5 Rental charges.

The Department will generally not interfere in the regulation by a local rent control board (hereinafter referred to as board) of rents for unsubsidized projects with mortgages insured or held by HUD. However, HUD will preempt the regulation of rents for such a project when the Department determines that the delay or decision of a board, or other authority regulating rents pursuant to state or local law, jeopardizes the Department's economic interest in the project.

#### § 403.6 Procedures.

(a) The mortgagor shall file its application for approval of increases in rental charges with the appropriate local office of HUD, and simultaneously therewith file an application for approval of those increases with any board in the area in which the project is located. The mortgagor shall also notify the board in writing that it has submitted an application to HUD for approval of the increases which may be affected by the provisions of the regulations in this subpart.

(b) The local HUD office will process the application for increases in rental charges in accordance with HUD's instructions and procedures promulgated in accordance with the authority contained in the National Housing Act.

(c) The mortgagor shall inform the local HUD office if the rents approved for the project by the board are lower than those approved by HUD, or if the board fails to render a decision on the mortgagor's application for increases in rental charges within a period of thirty (30) days following the filing of the application. The mortgagor shall furnish the local HUD office with any data supplied to the board not previously furnished to the local HUD office, and, if the mortgagor considers that the economic interest in the project is jeopardized by the decision or delay of the board, a statement to that effect together with the reasons therefor.

(d) The local HUD office will review the information submitted by the mortgagor, together with the decision of the board, if any, and shall make a report if it deems the delay or decision of the board jeopardizes the Department's economic interest in the project and the board will not modify its position to the satisfaction of the local HUD office. The report shall be sent to the Office of Loan Management in the Central Office (hereinafter referred to as Office of Loan Management) and shall include appropriate recommendations concerning the action that should be taken by HUD. A copy of the report and recommendations shall be furnished the Regional Office.

(e) The Office of Loan Management will review the report and will consider whether to approve rents higher than those approved by the board, or to approve a rent increase notwithstanding the failure of the board to reach a decision on the application. If the decision of the Office of Loan Management is to approve (1) rents higher than those approved by the board, or (2) a rent increase notwithstanding the delay of the board in reaching a decision, it shall issue a formal certification that it has preempted local rent controls as to such rents in order to protect the Department's economic interest in the project. Copies of the certification shall be transmitted to the mortgagor, the local HUD office, the Regional Office, and the board.

(f) The mortgagor may effect collection of the HUD approved rents after



the expiration of 30 days notice to the tenants, subject to whatever rights a tenant may have under his lease.

**Subpart C—Subsidized Insured Projects**

**§ 403.8 Applicability.**

This subpart applies to all projects with mortgages insured or held by HUD, which receive a subsidy in the form of: (a) interest reduction payments pursuant to Section 236 of the National Housing Act; (b) below-market interest rates pursuant to Section 221(d) (3) and (5) of the National Housing Act; (c) direct loans at below-market interest rates pursuant to Section 202 of the Housing Act of 1959; or (d) rent supplement payments pursuant to Section 101 of the Housing and Urban Development Act of 1965 and/or housing assistance payments pursuant to (1) Section 8 of the United States Housing Act of 1937, or (2) Section 23 of the United States Housing Act of 1937 in effect prior to January 1, 1975, if 10 percent or more of the units in a project receive either rent supplement payments or housing assistance payments.

**§ 403.9 Rental charges.**

The Department finds that it is necessary and desirable to minimize defaults by the mortgagor in its financial obligations with regard to projects covered by this subpart, and to assist mortgagors to preserve the continued viability of those projects as a housing resource for low-income families. The Department also finds that it is necessary and desirable to protect the substantial economic interest of the Federal Government in those projects. Therefore, the Department concludes that it is in the national interest to preempt, and it does hereby preempt, the entire field of rent regulation by local rent control boards, (hereinafter referred to as board), or other authority, acting pursuant to state or local law as it affects projects covered by this subpart.

**§ 403.10 Procedures.**

(a) The mortgagor shall file its application for approval of increases in rental charges with the appropriate local office of HUD.

(b) The local HUD office will process the application for increases in rental charges in accordance with HUD's regulations, including Part 401 of this chapter, and instructions and procedures, all adopted pursuant to the statutory authority described in Section 403.8, and shall notify in writing any board in the area in which the project is located that it is processing the application and, that, pursuant to this subpart, HUD has preempted the entire field of rent regulation by a board acting pursuant to state or local law as it affects the project.

(c) The mortgagor may effect collection of the new rents in accordance with the procedures described in Part 401 of this chapter. The mortgagor shall furnish the board a schedule of any new rents approved by HUD within ten (10) days after the approved rents have become effective. Notice to the board of the

approved increases in rents does not confer upon the board a right to approve or disapprove the Department's action or to exercise jurisdiction over the implementation of the rent increases by the mortgagor. The sole purpose of the notice is to inform the board of the lawful rents that may be charged for projects covered by this subpart.

**Subpart D—HUD-Owned Projects**

**§ 403.12 Rental charges.**

The Department has exclusive jurisdiction over the rents of all projects which it owns, irrespective of the existence, or the provisions, of any State or local rent control law or ordinance.

**§ 403.13 Procedures.**

(a) The local HUD office will notify in writing any local rent control board (hereinafter referred to as board) in the area in which the project is located that it is considering increasing the rents for a project within the scope of this subpart, and that the increases are expected to become effective after the expiration of thirty (30) days notice to the tenants, subject to whatever rights a tenant may have under a lease. The local HUD office will also notify the board that, pursuant to this subpart, the Department has exclusive jurisdiction over the rents for the project.

(b) After the increases have become effective, the local HUD office will furnish the board a schedule of the new rents that are being charged by HUD. Notice to the board of the increased rents does not confer upon the board a right to approve or disapprove of the Department's action, or to exercise jurisdiction over the implementation of the rent increases by the Department. The sole purpose of the notice is to inform the board of the lawful rents that may be charged for projects covered by this subpart.

(Section 7(d), Department of Housing and Urban Development Act; 42 U.S.C. 3535(d).)

**Effective date.** This amendment will be effective October 22, 1975.

It is hereby certified that the economic and inflationary impacts of this final rule have been carefully evaluated in accordance with OMB Circular A-107.

H. R. CRAWFORD,  
Assistant Secretary  
for Housing Management.

[FR Doc. 75-28494 Filed 10-21-75; 8:45 am]

**Title 26—Internal Revenue**  
**CHAPTER I—INTERNAL REVENUE SERVICE, DEPARTMENT OF THE TREASURY**  
(T.D. 7384)

**Determination of Interest Rates**

By a notice of proposed rule making appearing in the FEDERAL REGISTER on August 20, 1975 (40 FR 36366) amendments to the Income Tax Regulations (26 CFR Part 1), the Estate Tax Regulations (26 CFR Part 20), the Gift Tax Regulations (26 CFR Part 25), and the

Regulations on Procedure and Administration (26 CFR Part 301) were proposed in order to conform such regulations to the changes made by section 7 of the Act of January 3, 1975 (Pub. L. 93-625, 88 Stat. 2115). The proposed amendments to the regulations are adopted by this document without change.

The Act increased the rate of interest payable on underpayments and overpayments of tax and increased the additions to tax for failure to pay the estimated tax. The rate shall be 9 percent per annum on amounts outstanding on July 1, 1975, or arising thereafter. The Act also provides for future adjustments of the rate. The first such adjustment may be made effective February 1, 1976.

Pursuant to paragraph 4(a) of Treasury Order 221 published in the Federal Register for June 10, 1972 (37 FR 11696), certain regulations of the Internal Revenue Service continue in effect as regulations of the Bureau of Alcohol, Tobacco and Firearms until superseded or revised. The regulations amended by this Treasury decision are among those that continue to apply for purposes of the laws administered by the Bureau in addition to applying for purposes of the laws administered by the Internal Revenue Service. The Director, Bureau of Alcohol, Tobacco and Firearms has, for this reason, joined as a signatory to this Treasury decision.

**Adoption of amendments to the regulations.** Based on the foregoing, the Income Tax Regulations (26 CFR Part 1), the Estate Tax Regulations (26 CFR Part 20), the Gift Tax Regulations (26 CFR Part 25), and the Regulations on Procedure and Administration (26 CFR Part 301) are hereby amended by adopting the proposed rules.

(Section 7805, Internal Revenue Code of 1954 (68A Stat. 917; 26 U.S.C. 7805).)

REN D. DAVIS,  
Director, Bureau of  
Alcohol, Tobacco and Firearms.  
DONALD C. ALEXANDER,  
Commissioner of Internal Revenue.

Approved: October 14, 1975.

CHARLES M. WALTER,  
Assistant Secretary of the  
Treasury.

**PART 1—INCOME TAX; TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1953**

PARAGRAPH 1. Section 1.115-1 is amended by revising paragraph (a) (4) to read as follows:

**§ 1.115-1 Bridges to be acquired by State or political subdivisions.**

(a) \* \* \*

(4) A statement, verified by a written declaration that it is made under the penalties of perjury, made by or on behalf of the taxpayer that the taxpayer thereby joins with and concurs in the request of the State or political subdivision thereof that a refund of an amount equal to all or a portion of the tax previously paid by such taxpayer be made to such State or political subdivision, that



the taxpayer agrees to receive the amounts refunded from the State or political subdivision to which it is paid and immediately to apply the entire amount of such refund in part payment for the acquisition of such bridge, and that if for any reason the contract which is the basis of the claim for refund is not fully executed and performed, the taxpayer will repay to the United States upon its demand the entire amount of the refund with interest at the annual rate referred to in the regulations under section 6621 from the date the refund is made without seeking or claiming the benefit of any statute of limitations which prior thereto may have run against the United States.

PAR. 2. Section 1.514(b) is amended by revising section 514(b)(3)(D) and the historical note to read as follows:

**§ 1.514(b) Statutory provisions; unrelated debt-financed income; definition of debt-financed property.**

Sec. 514. *Unrelated debt-financed income.* \* \* \*

(b) *Definition of debt-financed property.* \* \* \*

(3) *Special rules when land is acquired for exempt use within 10 years.* \* \* \*

(D) *Refund of taxes when subparagraph (B) applies.* If an organization for any taxable year has not used land in the manner to satisfy the actual use condition of subparagraph (B) before the time prescribed by law (including extensions thereof) for filing the return for such taxable year, the tax for such year shall be computed without regard to the application of subparagraph (B), but if and when such use condition is satisfied, the provisions of subparagraph (B) shall then be applied to such taxable year. If the actual use condition of subparagraph (B) is satisfied for any taxable year after such time for filing the return, and if credit or refund of any overpayment for the taxable year resulting from the satisfaction of such use condition is prevented at the close of the taxable year in which the use condition is satisfied, by the operation of any law or rule of law (other than chapter 74, relating to closing agreements and compromises), credit or refund of such overpayment may nevertheless be allowed or made if claim therefor is filed before the expiration of 1 year after the close of the taxable year in which the use condition is satisfied.

(Sec. 514(b) as amended by sec. 121(d), Tax Reform Act 1969 (83 Stat. 543; sec. 7(b)(2), Act of Jan. 3, 1975 (Pub. L. 93-625, 88 Stat. 2115))

PAR. 3. Section 1.514(b)-1 is amended by revising paragraph (d)(4)(i) to read as follows:

**§ 1.514(b)-1 Definition of debt-financed property.**

(d) *Property acquired for prospective exempt use.* \* \* \*

(4) *Refund of taxes.* (i) If an organization has not satisfied the actual use condition of subparagraph (2) of this paragraph or paragraph (e)(3) of this section before the date prescribed by law (including extensions) for filing the re-

turn for the taxable year, the tax for such year shall be computed without regard to the application of such actual use condition. However, if—

(a) A credit or refund of any overpayment of taxes is allowable for a prior taxable year as a result of the satisfaction of such actual use condition, and

(b) Such credit or refund is prevented by the operation of any law or rule of law (other than chapter 74, relating to closing agreements and compromises), such credit or refund may nevertheless be allowed or made, if a claim is filed within 1 year after the close of the taxable year in which such actual use condition is satisfied. For a special rule with respect to the payment of interest at the rate of 4 percent per annum, see section 514(b)(3)(D), prior to its amendment by section 7(b) of the Act of January 3, 1975 (Pub. L. 93-625, 88 Stat. 2115).

PAR. 4. Section 1.6654 is amended by revising section 6654 (a) and the historical note to read as follows:

**§ 1.6654 Statutory provisions; failure by individual to pay estimated income tax.**

Sec. 6654. *Failure by individual to pay estimated income tax.*—(a) *Addition to the tax.* In the case of any underpayment of estimated tax by an individual, except as provided in subsection (d), there shall be added to the tax under chapter 1 and the tax under chapter 2 for the taxable year an amount determined at an annual rate established under section 6621 upon the amount of the underpayment (determined under subsection (b) for the period of the underpayment (determined under subsection (c))).

(Sec. 6654 as amended by sec. 1(a)(4), Act of Sept. 25, 1962 (Pub. L. 87-682, 76 Stat. 575); sec. 102(b)(1), (2), (3), and 103(a), Tax Adjustment Act 1966 (80 Stat. 62, 64); sec. 301(b)(13), Tax Reform Act 1969 (83 Stat. 588); sec. 203(b)(7), Act of Mar. 17, 1971 (Pub. L. 92-5, 85 Stat. 7); sec. 203(b)(7), Act of July 1, 1972 (Pub. L. 92-836, 86 Stat. 420); sec. 203(b)(7) and (d), Act of July 9, 1973 (Pub. L. 93-66, 87 Stat. 153); sec. 5(b)(7), Act of Dec. 31, 1973 (Pub. L. 93-233, 87 Stat. 954); sec. 7(c), Act of Jan. 3, 1975 (Pub. L. 93-625, 88 Stat. 2115))

PAR. 5. Section 1.6654-1 is amended by revising the first sentence of paragraph (a)(2) to read as follows:

**§ 1.6654-1 Addition to the tax in the case of an individual.**

(a) *In general.* \* \* \*

(2) The amount of the addition is determined at the annual rate referred to in the regulations under section 6621 upon the underpayment of any installment of estimated tax for the period from the date such installment is required to be paid until the 15th day of the fourth month following the close of the taxable year, or the date such underpayment is paid, whichever is earlier. \* \* \*

PAR. 6. Section 1.6655 is amended by revising sections 6655 (a) and (g)(1) and the historical note to read as follows:

**§ 1.6655 Statutory provisions; failure by corporation to pay estimated income tax.**

Sec. 6655. *Failure by corporation to pay estimated income tax.*—(a) *Addition to the tax.* In case of any underpayment of estimated tax by a corporation, except as provided in subsection (d), there shall be added to the tax under chapter 1 for the taxable year an amount determined at an annual rate established under section 6621 upon the amount of the underpayment (determined under subsection (b)) for the period of the underpayment (determined under subsection (c)).

(g) *Excessive adjustment under section 6425.*—(1) *Addition to tax.* If the amount of an adjustment under section 6425 made before the 15th day of the third month following the close of the taxable year is excessive, there shall be added to the tax under chapter 1 for the taxable year an amount determined at an annual rate established under section 6621 upon the excessive amount from the date on which the credit is allowed or the refund is paid to such 15th day.

(Sec. 6655 as amended by sec. 122(c), Rev. Act 1964 (78 Stat. 28); sec. 103 (c), (d), (e), Revenue and Expenditure Control Act 1968 (82 Stat. 264); sec. 7(c), Act of January 3, 1975 (Pub. L. 93-625, 88 Stat. 2115))

PAR. 7. Section 1.6655-1 is amended by revising the first sentence of paragraph (a)(2) to read as follows:

**§ 1.6655-1 Addition to the tax in the case of a corporation.**

(a) *In general.* \* \* \*

(2) The amount of the addition is determined at the annual rate referred to in the regulations under section 6621 upon the underpayment of any installment of estimated tax for the period from the date such installment is required to be paid until the 15th day of the third month following the close of the taxable year, or the date such underpayment is paid, whichever is earlier. \* \* \*

PAR. 8. Section 1.6655-5 is amended by revising paragraph (a)(2) to read as follows:

**§ 1.6655-5 Addition to tax on account of excessive adjustment under section 6425.**

(a) *In general.* \* \* \*

(2) If the amount of an adjustment under section 6425 is excessive, there shall be added to the tax under chapter 1 for the taxable year an amount determined at the annual rate referred to in the regulations under section 6621 upon the excessive amount from the date on which the credit is allowed or the refund paid to the 15th day of the third month following the close of the taxable year. A refund is paid on the date it is allowed under section 6407.



**PART 20—ESTATE TAX; ESTATES OF DECEDENTS DYING AFTER AUGUST 16, 1954**

**§ 20.6161-1 [Amended]**

PAR. 9. Section 20.6161-1 is amended by deleting example (5) of paragraph (a) (1).

PAR. 10. Section 20.6163 is amended by revising section 6163(c) and the historical note to read as follows:

**§ 20.6163** Statutory provisions; extension of time for payment of estate tax on value of reversionary or remainder interest in property.

Sec. 6163. Extension of time for payment of estate tax on value of reversionary or remainder interest in property. \* \* \*

(c) *Cross reference.* For authority of the Secretary or his delegate to require security in the case of such extension, see section 6165.

(Sec. 6163 as amended by sec. 66(b)(1), Technical Amendments Act 1958 (72 Stat. 1658); sec. 240(a), Revenue Act 1964 (78 Stat. 129); sec. 7(d)(1), Act of Jan. 3, 1975 (Pub. L. 93-625, 88 Stat. 2115))

PAR. 11. Section 20.6163-1 is amended by revising the first sentence of paragraph (d) to read as follows:

**§ 20.6163-1** Extension of time for payment of estate tax on value of reversionary or remainder interest in property.

(d) For provisions requiring the payment of interest during the period of the extension occurring before July 1, 1975, see section 6601(b) prior to its amendment by section 7(d)(1) of the Act of Jan. 3, 1975 (Pub. L. 93-625, 88 Stat. 2115).

PAR. 12. Section 20.6166 is amended by revising sections 6166 (g) and (k) and the historical note to read as follows:

**§ 20.6166** Statutory provisions; extension of time for payment of estate tax where estate consists largely of interest in closely held business.

Sec. 6166. Extension of time for payment of estate tax where estate consists largely of interest in closely held business. \* \* \*

(g) *Time for payment of interest.* If the time for payment of any amount of tax has been extended under this section, interest payable under section 6601 on any unpaid portion of such amount shall be paid annually at the same time as, and as a part of, each installment payment of the tax. Interest, on that part of a deficiency prorated under this section to any installment the date for payment of which has not arrived, for the period before the date fixed for the last installment preceding the assessment of the deficiency, shall be paid upon notice and demand from the Secretary or his delegate.

(k) *Cross references.*—(1) *Security.* For authority of the Secretary or his delegate to require security in the case of an extension under this section, see section 6165.

(2) *Period of limitation.* For extension of the period of limitation in the case of an extension under this section, see section 6503 (d).

(Sec. 6166 as added by sec. 206(a) Small Business Tax Revision Act 1958 (72 Stat. 1681);

as amended by sec. 7(d)(2), Act of Jan. 3, 1975 (Pub. L. 93-625, 88 Stat. 2115))

PAR. 13. Section 20.6166-1 is amended by revising the first sentence of paragraph (f) to read as follows:

**§ 20.6166-1** Extension of time for payment of estate tax where estate consists largely of interest in closely held business.

(f) *Time for paying interest.* Under the provisions of section 6601, interest at the annual rate referred to in the regulations under section 6621 shall be paid on the unpaid balance of the estate tax which the executor has elected to pay in installments, and on the unpaid balance of any deficiency prorated to the installments.

PAR. 14. Section 20.6601 is amended to read as follows:

**§ 20.6601** Statutory provisions; interest on underpayment, nonpayment, or extensions of time for payment, of tax.

Sec. 6601. Interest on underpayment, nonpayment, or extensions of time for payment, of tax—(a) *General rule.* If any amount of tax imposed by this title (whether required to be shown on a return, or to be paid by stamp or by some other method) is not paid on or before the last date prescribed for payment, interest on such amount at an annual rate established under section 6621 shall be paid for the period from such last date to the date paid.

(Sec. 6601(a) as amended by sec. 7(a)(2), Act of Jan. 3, 1975 (Pub. L. 93-625, 88 Stat. 2115))

**PART 25—GIFT TAX; GIFTS MADE AFTER DECEMBER 31, 1954**

PAR. 15. Section 25.6601 is amended to read as follows:

**§ 25.6601** Statutory provisions; interest on underpayment, nonpayment, or extension of time for payment, of tax.

Sec. 6601. Interest on underpayment, nonpayment, or extensions of time for payment, of tax—(a) *General rule.* If any amount of tax imposed by this title (whether required to be shown on a return, or to be paid by stamp or by some other method) is not paid on or before the last date prescribed for payment, interest on such amount at an annual rate established under section 6621 shall be paid for the period from such last date to the date paid.

(Sec. 6601(a) as amended by sec. 7(a)(2), Act of Jan. 3, 1975 (Pub. L. 93-625, 88 Stat. 2115))

**PART 301—PROCEDURE AND ADMINISTRATION**

PAR. 16. Section 301.6163 is amended by revising section 6163(c) and the historical note to read as follows:

**§ 301.6163** Statutory provisions; extension of time for payment of estate tax on value of reversionary or remainder interest in property.

Sec. 6163. Extension of time for payment of estate tax on value of reversionary or remainder interest in property. \* \* \*

(c) *Cross reference.* For authority of the Secretary or his delegate to require security in the case of such extension, see section 6165.

(Sec. 6163 as amended by sec. 66(b)(1), Technical Amendments Act 1958 (72 Stat. 1658); sec. 240(a), Revenue Act 1964 (78 Stat. 129); sec. 7(d)(1), Act of Jan. 3, 1975 (Pub. L. 93-625, 88 Stat. 2115))

PAR. 17. Section 301.6166 is amended by revising sections 6166 (g) and (k) and the historical note to read as follows:

**§ 301.6166** Statutory provisions; extension of time for payment of estate tax where estate consists largely of interest in closely held business.

Sec. 6166. Extension of time for payment of estate tax where estate consists largely of interest in closely held business. \* \* \*

(g) *Time for payment of interest.* If the time for payment of an amount of tax has been extended under this section, interest payable under section 6601 on any unpaid portion of such amount shall be paid annually at the same time as, and as a part of, each installment payment of the tax. Interest, on that part of a deficiency prorated under this section to any installment the date for payment of which has not arrived, for the period before the date fixed for the last installment preceding the assessment of the deficiency, shall be paid upon notice and demand from the Secretary or his delegate.

(k) *Cross references.*—(1) *Security.* For authority of the Secretary or his delegate to require security in the case of an extension under this section, see section 6165.

(2) *Period of limitation.* For extension of the period of limitation in the case of an extension under this section, see section 6503 (d).

(Sec. 6166 as added by sec. 206(a), Small Business Tax Revision Act 1958 (72 Stat. 1681); as amended by sec. 7(d)(2), Act of Jan. 3, 1975 (Pub. L. 93-625, 88 Stat. 2115))

PAR. 18. Section 301.6332 is amended by revising section 6332(c)(1) and the historical note to read as follows:

**§ 301.6332** Statutory provisions; surrender of property subject to levy.

Sec. 6332. Surrender of property subject to levy. \* \* \*

(c) *Enforcement of levy.*—(1) *Extent of personal liability.* Any person who fails or refuses to surrender any property or rights to property, subject to levy, upon demand by the Secretary or his delegate, shall be liable in his own person and estate to the United States in a sum equal to the value of the property or rights not so surrendered, but not exceeding the amount of taxes for the collection of which such levy has been made, together with costs and interest on such sum at an annual rate established under section 6621 from the date of such levy. Any amount (other than costs) recovered under this paragraph shall be credited against the tax liability for the collection of which such levy was made.

(Sec. 6332 as amended by sec. 104(b), Federal Tax Lien Act of 1966 (80 Stat. 1135); sec. 7(a)(2), Act of Jan. 3, 1975 (Pub. L. 93-625, 88 Stat. 2115))

PAR. 19. Section 301.6332-1 is amended by revising paragraph (b) (1) to read as follows:



# **§ 301.6332-1 Surrender of property subject to levy.**

(b) *Enforcement of levy*—(1) *Extent of personal liability.* Any person who, upon demand of the district director, fails or refuses to surrender any property or right to property subject to levy is liable under the provisions of section 6332(c) (1) in his own person and estate to the United States in a sum equal to the value of the property or rights not so surrendered, but not exceeding the amount of the taxes for the collection of which the levy has been made, together with costs and interest on such sum from the date of the levy at the annual rate referred to in the regulations under section 6621. Any amount, other than costs, recovered under section 6332(c) (1) shall be credited against the tax liability for the collection of which the levy was made.

PAR. 20. Section 301.6504 is amended by revising section 6504(15) and the historical note to read as follows:

# **§ 301.6504 Statutory provisions; cross references.**

Sec. 6504. *Cross references.*

(15) Assessment and collection of interest, see section 6601(g).

(Sec. 6504 as amended by sec. 4(d), Act of Apr. 2, 1956 (Pub. L. 466, 84th Cong., 70 Stat. 91); sec. 208(e) (5), Highway Rev. Act 1956 (70 Stat. 397); sec. 84(b), Technical Amendments Act 1958 (72 Stat. 1664); sec. 112(d), Rev. Act 1964 (78 Stat. 24); sec. 213(c), Tax Reform Act 1969 (83 Stat. 572); sec. 101 (d) (2), Excise, Estate, and Gift Tax Adjustment Act 1970 (84 Stat. 1837); sec. 7(d) (4), Act of Jan. 3, 1975 (Pub. L. 93-625, 88 Stat. 2115))

PAR. 21. Section 301.6601 is amended by deleting sections 6601 (b) and (j), by redesignating sections 6601 (c), (d), (e), (f), (g), (h), (i), (k), and (l) as sections 6601 (b), (c), (d), (e), (f), (g), (h), (i), and (j) respectively, and by revising section 6601(a) and the historical note to read as follows:

# **§ 301.6601 Statutory provisions; interest on underpayment, nonpayment, or extensions of time for payment, of tax.**

Sec. 6601. *Interest on underpayment, nonpayment, or extensions of time for payment, of tax*—(a) *General rule.* If any amount of tax imposed by this title (whether required to be shown on a return, or to be paid by stamp or by some other method) is not paid on or before the last date prescribed for payment, interest on such amount at an annual rate established under section 6621 shall be paid for the period from such last date to the date paid.

(Sec. 6601 as amended by sec. 66(c), 83(a) (1), 84(a), Technical Amendments Act 1958 (72 Stat. 1658, 1663, 1664); sec. 206(e), Small Business Tax Revision Act 1958 (72 Stat. 1685); sec. 203(c) (2), Federal-Aid Highway Act 1961 (75 Stat. 126); sec. 2(e) (3), Rev. Act 1962 (76 Stat. 972); sec. 3(d), Act of Sept. 2, 1964 (Pub. L. 88-571, 78 Stat. 857); sec. 1(f), Act of Apr. 8, 1966 (Pub. L. 89-384, 80 Stat. 104); sec. 2(e), Act of Dec. 27, 1967 (Pub. L.

90-225, 81 Stat. 731); sec. 2(e), Act of Aug. 7, 1969 (Pub. L. 91-53, 83 Stat. 92); sec. 512 (e) (3), Tax Reform Act 1969 (83 Stat. 641); sec. 601(d) (3), Rev. Act 1971 (85 Stat. 558); sec. 7(a) (2), Act of Jan. 3, 1975 (Pub. L. 93-625, 88 Stat. 2115))

PAR. 22. Section 301.6601-1 is amended by revising paragraph (a), so much of paragraph (b) as precedes Example (1) of paragraph (b) (1), paragraph (c) (1), the last sentence of paragraph (c) (2) (1), paragraphs (e) (1) and (2), and by deleting paragraph (b) (2). The amended provisions read as follows:

# **§ 301.6601-1 Interest on underpayments.**

(a) *General rule.* (1) Interest at the annual rate referred to in the regulations under section 6621 shall be paid on any unpaid amount of tax from the last date prescribed for payment of the tax (determined without regard to any extension of time for payment) to the date on which payment is received.

(2) For provisions requiring the payment of interest during the period occurring before July 1, 1975, see section 6601(a) prior to its amendment by section 7 of the Act of Jan. 3, 1975 (Pub. L. 93-625, 88 Stat. 2115).

(b) *Satisfaction by credits made after December 31, 1957*—(1) *In general.* If any portion of a tax is satisfied by the credit of an overpayment after December 31, 1957, interest shall not be imposed under section 6601 on such portion of the tax for any period during which interest on the overpayment would have been allowable if the overpayment had been refunded.

(2) *Examples.* The provisions of this paragraph may be illustrated by the following examples:

# **(c) Last date prescribed for payment.**

(1) In determining the last date prescribed for payment, any extension of time granted for payment of tax (including any postponement elected under section 6163(a)) shall be disregarded. The granting of an extension of time for the payment of tax does not relieve the taxpayer from liability for the payment of interest thereon during the period of the extension. Thus, except as provided in paragraph (b) of this section, interest at the annual rate referred to in the regulations under section 6621 is payable on any unpaid portion of the tax for the period during which such portion remains unpaid by reason of an extension of time for the payment thereof.

(2) \* \* \*

(1) \* \* \* But see section 6601(e) (4).

# **(e) Income tax reduced by carryback.**

(1) The carryback of a net operating loss, net capital loss, investment credit, or a work incentive program (WIN) credit shall not affect the computation of interest on any income tax for the period commencing with the last day prescribed for the payment of such tax and ending with the last day of the taxable year in which the loss or credit arises. For ex-

ample, if the carryback of a net operating loss, a net capital loss, an investment credit, or a WIN credit to a prior taxable period eliminates or reduces a deficiency in income tax for that period, the full amount of the deficiency will nevertheless bear interest at the annual rate referred to in the regulations under section 6621 from the last date prescribed for payment of such tax until the last day of the taxable year in which the loss or credit arose. Interest will continue to run beyond such last day on any portion of the deficiency which is not eliminated by the carryback. With respect to any portion of an investment credit carryback or a WIN credit carryback from a taxable year attributable to a net operating loss carryback or a capital loss carryback from a subsequent taxable year, such investment credit carryback or WIN credit carryback shall not affect the computation of interest on any income tax for the period commencing with the last day prescribed for the payment of such tax and ending with the last day of such subsequent taxable year.

(2) Where an extension of time for payment of income tax has been granted under section 6164 to a corporation expecting a net operating loss carryback or a net capital loss carryback, interest is payable at the annual rate established under section 6621 on the amount of such unpaid tax from the last date prescribed for payment thereof without regard to such extension.

PAR. 23. Section 301.6602 is amended to read as follows:

# **§ 301.6602 Statutory provisions; interest on erroneous refund recoverable by suit.**

Sec. 6602. *Interest on erroneous refund recoverable by suit.* Any portion of an internal revenue tax (or any interest, assessable penalty, additional amount, or addition to tax) which has been erroneously refunded, and which is recoverable by suit pursuant to section 7405, shall bear interest at an annual rate established under section 6621 from the date of the payment of the refund.

(Sec. 6602 as amended by sec. 7(a) (2), Act of Jan. 3, 1975 (Pub. L. 93-625, 88 Stat. 2115))

PAR. 24. Section 301.6602-1 is amended to read as follows:

# **§ 301.6602-1 Interest on erroneous refund recoverable by suit.**

Any portion of an internal revenue tax (or any interest, assessable penalty, additional amount, or addition to tax) which has been erroneously refunded, and which is recoverable by a civil action pursuant to section 7405, shall bear interest at the annual rate referred to in the regulations under section 6621 from the date of the payment of the refund.

PAR. 25. Section 301.6611 is amended by revising section 6611(a) and the historical note to read as follows:

# **§ 301.6611 Statutory provisions; interest on overpayments.**

Sec. 6611. *Interest on overpayments*—(a) *Rate.* Interest shall be allowed and paid upon



any overpayment in respect of any internal revenue tax at an annual rate established under section 6621.

(Sec. 6611 as amended by secs. 42(b) and 83 (b) and (c), Technical Amendments Act 1958 (72 Stat. 1640, 1644); sec. 2(e)(4), Rev. Act. 1962 (76 Stat. 972); sec. 3(e), Act of Sept. 2, 1964 (Pub. L. 88-571, 78 Stat. 858); sec. 1(a), Act of Nov. 2, 1966 (Pub. L. 89-721, 80 Stat. 1150); sec. 2(f), Act of Dec. 27, 1967 (Pub. L. 90-225, 81 Stat. 732); sec. 512(e)(4), Tax Reform Act 1969 (83 Stat. 641); sec. 601 (d)(4), Rev. Act 1971 (85 Stat. 559); sec. 7 (a)(2), Act of Jan. 3, 1975 (Pub. L. 93-625, 88 Stat. 2115))

PAR. 26. Section 301.6611-1 is amended by revising paragraph (a) to read as follows:

**§ 301.6611-1 Interest on overpayments.**

(a) *General rule.* Except as otherwise provided, interest shall be allowed on any overpayment of any tax at the annual rate referred to in the regulations under section 6621 from the date of overpayment of the tax.

PAR. 27. The following is inserted immediately after § 301.6612.

**DETERMINATION OF INTEREST RATE**

**§ 301.6621 Statutory provisions; determination of interest rate.**

Sec. 6621. *Determination of rate of interest.*—(a) *In general.* The rate of interest under sections 6601(a), 6602, 6611(a), 6332 (c)(1), and 7426(g) of this title, and under section 2411(a) of title 28 is 9 percent per annum, or such adjusted rate as is established by the Secretary or his delegate under subsection (b).

(b) *Adjustment of interest rate.* The Secretary or his delegate shall establish an adjusted rate of interest for the purpose of subsection (a) not later than October 15 of any year if the adjusted prime rate charged by banks during September of that year, rounded to the nearest full percent, is at least a full percentage point more or less than the interest rate which is then in effect. Any such adjusted rate of interest shall be equal to the adjusted prime rate charged by banks, rounded to the nearest full percent, and shall become effective on February 1 of the immediately succeeding year. An adjustment provided for under this subsection may not be made prior to the expiration of 23 months following the date of any preceding adjustment under this subsection which changes the rate of interest.

(c) *Definition of prime rate.* For purposes of subsection (b), the term "adjusted prime rate charged by banks" means 90 percent of the average predominant prime rate quoted by commercial banks to large businesses, as determined by the Board of Governors of the Federal Reserve System.

(Sec. 6621 as added by sec. 7(a)(1), Act of Jan. 3, 1975 (Pub. L. 93-625, 88 Stat. 2115))

**§ 301.6621-1 Interest rate.**

(a) *In general.* For purposes of sections 6601(a), 6602, 6611(a), 6332(c)(1), and 7426(g) and the regulations thereunder, and section 2411(a) of Title 28 of the United States Code, the interest rate under section 6621 shall be—

(1) On amounts outstanding before July 1, 1975, 6 percent per annum (or

4 percent in the case of certain extensions of time for payment of taxes as provided in sections 6601 (b) and (j) prior to amendment by section 7(b) of the Act of Jan. 3, 1975 (Pub. L. 93-625, 88 Stat. 2115), and certain overpayments of the unrelated business income tax as provided in section 514(b)(3)(D), prior to its amendment by such Act).

(2) On amounts outstanding on or after July 1, 1975, 9 percent per annum, or, if an adjusted rate is established by the Commissioner under paragraph (b) of this section, such adjusted rate.

(b) *Adjustment of interest rate.*—(1) *In general.* The Commissioner shall establish, not later than October 15 of any year, an adjusted rate of interest which shall become effective on February 1 of the immediately succeeding year. Such adjusted interest rate will equal the adjusted prime rate charged by banks (as defined in paragraph (b)(2) of this section) during September of such year rounded to the nearest full percent. However, no adjustment may be made to the interest rate unless—

(i) The adjusted prime rate charged by banks rounded to the nearest full percent during September of such year is at least a full percent more or less than the interest rate then in effect, and

(ii) Not less than 23 months will have expired between the date of the last previous adjustment in the interest rate pursuant to this paragraph and February 1 of the next succeeding year.

(2) *Definition of adjusted prime rate charged by banks.* For purposes of this section, the adjusted prime rate charged by banks is 90 percent of the average predominant prime rate quoted by banks to large businesses as determined by the Board of Governors of the Federal Reserve System.

(c) *Applicability of interest rate.*—(1) *Computation.* Interest and additions to tax on any amount outstanding on a specific day shall be computed at the rate applicable on such day.

(2) *Addition to tax.* The addition to tax under sections 6654 and 6655 shall be computed at the same rate per annum as the interest rate set forth under paragraph (a) of this section.

(d) *Examples.* The provisions of this section may be illustrated by the following examples:

*Example (1).* A, an individual, files an income tax return for the calendar year 1974, on April 15, 1975, showing a tax due of \$1,000. A pays the \$1,000 on September 1, 1975. Pursuant to section 6601(a), interest on the underpayment of \$1,000 is computed at the rate of 6 percent per annum from April 15, 1975, to June 30, 1975, a total of 76 days. Interest for 63 days, from June 30, 1975, to September 1, 1975, shall be computed at the rate of 9 percent per annum.

*Example (2).* An executor of an estate is granted, in accordance with section 6161(a) (2)(A), a two-year extension of time for payment of the estate tax shown on the estate tax return, which tax was otherwise due on January 15, 1974. The tax is paid on January 15, 1976. Interest on the underpayment shall be computed at the rate of 4 percent per annum from January 15, 1974, to June 30, 1975, and at the rate of 9 percent

per annum from June 30, 1975, to January 15, 1976.

*Example (3).* X, a corporation, files its 1973 corporate income tax return, on March 15, 1974, and pays the balance of tax due shown thereon. On August 1, 1975, an assessment of a deficiency is made against X with respect to such tax. The deficiency is paid on October 1, 1975. Interest at the rate of 6 percent per annum is due on the deficiency from March 15, 1974, the due date of the return, to June 30, 1975, and at the rate of 9 percent per annum from June 30, 1975, to October 1, 1975.

*Example (4).* Y, an individual, files an amended individual income tax return, on October 1, 1975, for the refund of an overpayment of income tax Y made on April 15, 1975. Interest is allowed on the overpayment to December 1, 1975. Pursuant to section 6611(a), interest is computed at the rate of 6 percent per annum from April 15, 1975, the date of overpayment, to June 30, 1975. Interest from June 30, 1975 to December 1, 1975 shall be computed at the rate of 9 percent per annum.

*Example (5).* A, an individual, is liable for an addition to tax under section 6654 for the underpayment of estimated tax from April 15, 1975 until January 15, 1976. The addition to tax shall be computed at the annual rate of 6 percent per annum from April 15, 1975 to June 30, 1975 and at the annual rate of 9 percent per annum from June 30, 1975 to January 15, 1976.

PAR. 28. Section 301.6863-1 is amended by revising the last sentence of paragraph (b) to read as follows:

**§ 301.6863-1 Stay of collection of jeopardy assessments; bond to stay collection.**

(b) *Additional conditions applicable to income, estate, and gift tax assessments.* \* \* \* If the bond is given before the taxpayer has filed his petition with the Tax Court, it must contain a further condition that if a petition is not filed before the expiration of the period provided in section 6213(a) for the filing of such petition the amount stayed by the bond will be paid upon notice and demand at any time after the expiration of such period, together with interest thereon at the annual rate referred to in the regulations under section 6621 from the date of the jeopardy notice and demand to the date of the notice and demand made after the expiration of the period for filing petition with the Tax Court.

PAR. 29. Section 301.7426 is amended by revising so much of section 7426(g) as proceeds section 7426(g)(1), and the historical note to read as follows:

**§ 301.7426 Statutory provisions; civil actions by persons other than taxpayers.**

Sec. 7426. *Civil actions by persons other than taxpayers.* \* \* \*

(g) *Interest.* Interest shall be allowed at an annual rate established under section 6621—

(Sec. 7426 as added by sec. 110(a), Federal Tax Lien Act 1966 (80 Stat. 1142); as amended by sec. 7(a)(2), Act of Jan. 3, 1975 (Pub. L. 93-625, 88 Stat. 2115))

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**PART 11—TEMPORARY INCOME TAX REGULATIONS UNDER THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974**

**Temporary Regulations Relating to Qualified Joint and Survivor Annuities, Treasury Decision 7379; Correction**

On Friday, October 3, 1975, Treasury decision 7379 was published in the FEDERAL REGISTER (40 FR 45810). The following corrections are made to the temporary regulations:

(1) In line 6 of subparagraph (2) of § 11.401(a)-11(e) (page 45812), the reference to (d) (2) should be redesignated "(d) (3)".

(2) In line 3 of paragraph (f) of § 11.401(a)-11 (page 45812), the reference to (d) (2) should be redesignated "(d) (3)".

(3) In line 8 of paragraph (f) of § 11.401(a)-11 (page 45812), the reference to (d) (2) should be redesignated "(d) (3)".

ROBERT A. BLEY,  
Acting Director,  
Legislation and Regulations Division.

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**Title 33—Navigation and Navigable Waters**

**CHAPTER 1—COAST GUARD,  
DEPARTMENT OF TRANSPORTATION**

[CGD 75-098]

**PART 2—GENERAL DUTIES AND  
JURISDICTION**

**PART 100—SAFETY OF LIFE ON  
NAVIGABLE WATERS**

**Jurisdiction and Navigable Waters**

These amendments delete superfluous and misleading material and update definitions of jurisdictional terms used by the Coast Guard under Part 2 and Part 100 of Title 33, Code of Federal Regulations.

Sections 2.01-1 and 2.01-5 have been deleted to eliminate any reference to Coast Guard statutory functions and responsibilities, since the new subpart 2 will only concern Coast Guard jurisdiction.

Section 2.01-10 has been deleted. All regulations relating to civil penalty procedures are now found in 33 CFR Subpart 1.07.

Subpart 2.05 has been deleted in its entirety, since it merely repeated statutory provisions. The Coast Guard's functions and powers greatly exceed those listed in subpart 2.05, making that subpart misleading.

Subpart 2.10 is replaced by new subpart 2.05. Subpart 2.05 now includes updated definitions of jurisdictional terms, as currently utilized by the Coast Guard. The definition of "State waters" has been deleted, since the statute utilizing that term has been repealed.

Subpart 2.15 has been deleted and replaced by new subpart 2.10. The procedures for making jurisdictional decisions respecting navigable waters of the United States and waters subject to the jurisdiction of the United States will be set forth

in a detailed internal agency instruction, which will be available to the public in accordance with paragraph (b) of § 1.10-5 of this chapter. A list of jurisdictional decisions will be available in the district office whose area includes the waters in question, in accordance with new subpart 2.10.

Subpart 2.20 has been deleted. Section 2.20-1 referred to lists which are being deleted by this amendment; these lists will now be maintained in the district offices in accordance with subpart 2.10. The material in § 2.20-5 is either included in new § 2.05-30 or deleted as being merely repetitive of statutes.

Subparts 2.21 through 2.99 have been deleted. These subparts listed specific determinations, by the Commandant, that certain waters were or were not navigable waters of the United States, for the purpose of Coast Guard jurisdiction. These lists served no public or agency purpose and were misleading, in that Coast Guard jurisdictional decisions, other than Commandant's determinations, did not appear in the regulations. The Coast Guard processes over 200 jurisdictional decisions annually, only a small number of which are made by the Commandant. Publication of all these decisions in the Code of Federal Regulations and the FEDERAL REGISTER would be an unwarranted and costly administrative exercise.

Public access to this material will be maintained through district offices, in accordance with new subpart 2.10. By making information available through the district offices, the Coast Guard will be better able to provide the public with accurate, up to date information than that which was possible under the former Code of Federal Regulations publication system, since the Code of Federal Regulations lists were only reprinted annually.

Section 100.05(b) of Part 100 has been deleted in conformance with the changes made in Part 2. The definition of "navigable waters of the United States" is now found in § 2.05-25.

Since these amendments concern only general statements of policy, interpretations, and rules of agency procedure, they are exempt from the notice requirements in 5 U.S.C. 553(b).

In consideration of the foregoing, 33 CFR Part 2 and Part 100 are amended as follows:

The heading and the text of Part 2 are revised as follows:

**PART 2—JURISDICTION**

**Subpart 2.01—Purpose**

- |  |  |
|--|--|
| Sec.   |  |
| 2.01-1   | Purpose.   |
| Subpart 2.05—Definitions of Jurisdictional Terms |  |
| 2.05-1   | High seas.   |
| 2.05-5   | Territorial seas.  |
| 2.05-10  | Territorial sea baseline.  |
| 2.05-15  | Contiguous zone.   |
| 2.05-20  | Internal waters and inland waters.   |
| 2.05-25  | Navigable waters of the United States; Navigable Waters; Territorial Waters. |

Sec.  
2.05-30 Waters subject to the jurisdiction of the United States; waters over which the United States has jurisdiction.

**Subpart 2.10—Availability of Jurisdictional Decisions**

- |         |  |
|---------|--|
| 2.10-1  | Maintenance of decisions.                    |
| 2.10-5  | Availability of lists and charts.            |
| 2.10-10 | Decisions subject to change or modification. |

**Subpart 2.01—Purpose**

**§ 2.01-1 Purpose.**

The purpose of this part is to inform the public of the definitions which the Coast Guard uses to examine waters to determine whether the Coast Guard has jurisdiction on those waters under particular U.S. laws.

**Subpart 2.05—Definitions of Jurisdictional Terms**

**§ 2.05-1 High seas.**

(a) Except as provided in paragraphs (b) and (c) of this section, "high seas" means all waters which are neither territorial seas nor internal waters of the United States or of any foreign country.<sup>1</sup>

(b) "High seas", as used in 18 U.S.C. 7(1), means the Great Lakes and waters seaward of the low water line along the coast, except waters within harbors or narrow coastal indentations enclosed by promontories.<sup>1</sup>

(c) "High seas", as used in section 2 of the Act of February 19, 1895, as amended, 33 U.S.C. 151, and all laws referring thereto, means the waters seaward of the lines described in Part 82 of this chapter.

**§ 2.05-5 Territorial seas.**

(a) With respect to the United States, "territorial seas" means the waters within the belt, 3 nautical miles wide, that is adjacent to its coast and seaward of the territorial sea baseline.

(b) With respect to any foreign country, "territorial seas" means the waters within the belt that is adjacent to its

<sup>1</sup> It should be noted that under 14 U.S.C. 89 the Coast Guard is authorized to enforce the laws of the United States upon the "high seas" and waters over which the United States has jurisdiction. Certain of the criminal laws of the United States are based on its special maritime and territorial jurisdiction, one of whose components is the "high seas", as defined in paragraph (b). However, this definition of "high seas" does not apply to the use of "high seas" found in 14 U.S.C. 89, to which the definition in paragraph (a) applies. A clear distinction should be maintained between the Coast Guard's authority under 14 U.S.C. 89 and the jurisdictional base of the criminal laws which apply to the special maritime and territorial jurisdiction. For example, while assault (18 U.S.C. 113) committed seaward of the territorial sea could be committed on the "high seas" for both purposes, an assault committed within the territorial sea could be committed on the "high seas" to bring it within the special maritime and territorial jurisdiction and at the same time be committed on waters over which the United States has jurisdiction (not the "high seas") for purposes of the Coast Guard's authority to undertake enforcement action.