

PART 575—MUTUAL SAVINGS AND LOAN HOLDING COMPANIES

29. The authority citation for part 575 continues to read as follows:

Authority: 12 U.S.C. 1462, 1462a, 1463, 1464, 1467a, 1828, 2901.

ALTERNATIVE ONE

30. Section 575.9(a)(1) is revised to read as follows:

§ 575.9 Charters and bylaws for mutual holding companies and their savings association subsidiaries.

(a) * * * (1) *Charter.* The Federal mutual holding company charter may be found in the Application Processing Regulatory Handbook, available from any Regional Office of OTS. (See § 516.1(b) of this chapter). Each Federal mutual holding company's charter, including any amendments thereto, constitutes conditions imposed in writing by the agency in connection with the granting of an application and a written agreement entered into with the agency within the meaning of 12 U.S.C. 1818(b).

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ALTERNATIVE TWO

30a. Section 575.9 is amended by:

a. Removing, in Section 1 of the Charter in paragraph (a)(1), the phrase "hereby chartered";

b. Removing, in Section 5 of the Charter in paragraph (a)(1), the sixth, seventh, and eighth sentences in the last paragraph;

c. Removing, in Section 6 of the Charter in paragraph (a)(1), the word "OTS" in the second sentence, and by adding in lieu thereof the phrase "the Director of the Office or his or her delegate", and by removing the third, fourth and fifth sentences;

d. Revising Section 8 of the Charter in paragraph (a)(1);

e. Removing in paragraph (a)(2) the phrase "references to 'association' in the text of the mutual capital certificate charter provision in § 544.2(b)(4) shall be replaced with references to the 'Mutual Company,'" and

f. Removing the number "545.131" in paragraph (a)(5), and by adding in lieu thereof the number "544.8".

The revisions read as follows:

§ 575.9 Charters and bylaws for mutual holding companies and their savings association subsidiaries.

(a) Charters and bylaws for mutual holding companies—(1) *Charters.* * * *

CHARTER

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Section 8. Amendment. Adoption of any preapproved charter amendment shall be effective after such preapproved amendment

has been approved by the members at a legal meeting. Any other amendment, addition, change, or repeal of this charter must be approved by the Office prior to approval by the members at a legal meeting. Any amendment, addition, alteration, change, or repeal so acted upon and approved shall be effective upon filing with the Office in accordance with regulatory procedures.

Attest: _____

Secretary of the Association

By: _____

President or Chief Executive Officer of the Association

Attest: _____

Secretary of the Office of Thrift Supervision

By: _____

Director of the Office of Thrift Supervision

Effective Date: _____

* * * * *

Dated: May 31, 1996.

By the Office of Thrift Supervision.

Jonathan L. Fiechter,

Acting Director.

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Internal Revenue Service

26 CFR Part 1

[FI-59-94]

RIN 1545-AT08

Modifications of Bad Debts and Dealer Assignments of Notional Principal Contracts

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking by cross-reference to temporary regulations.

SUMMARY: In the Rules and Regulations section of this issue of the Federal Register, the IRS is issuing temporary regulations relating to the allowance of a deduction for a partially worthless debt when the terms of a debt instrument have been modified. The temporary regulations provide relief to certain taxpayers that are required to recognize gain as the result of modifying a debt instrument, when a portion of the gain is in part caused by a reduction of the debt's basis attributable to a bad debt deduction claimed in a prior taxable year. The temporary regulations provide guidance to taxpayers that modify the terms of a debt instrument after deducting an amount for partial worthlessness.

In the Rules and Regulations section of this issue of the Federal Register, the IRS is also issuing temporary regulations relating to certain assignments of notional principal contracts by dealers in those contracts.

The temporary regulations provide guidance to taxpayers relating to consequences of these assignments.

The text of those temporary regulations also serves as the text of these proposed regulations.

DATES: Written comments and requests for a public hearing must be received by September 23, 1996.

ADDRESSES: Send submissions to: CC:DOM:CORP:R (FI-59-94), room 5228, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. In the alternative, submissions may be hand delivered between the hours of 8 a.m. and 5 p.m. to: CC:DOM:CORP:R (FI-59-94), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue NW., Washington, D.C.

FOR FURTHER INFORMATION CONTACT: Craig R. Wojay, Office of Assistant Chief Counsel, Financial Institutions and Products, (202) 622-3920 (not a toll-free number) concerning the modifications of bad debts, and Thomas J. Kelly, Office of Assistant Chief Counsel, Financial Institutions and Products, (202) 622-3940 (not a toll-free number) concerning dealer assignments of notional principal contracts.

SUPPLEMENTARY INFORMATION:

Background

Temporary regulations in the Rules and Regulations section of this issue of the Federal Register amend the Income Tax Regulations (26 CFR part 1) relating to section 166. The temporary regulations contain rules relating to the requirement that a debt be charged off before a deduction on account of partial worthlessness is allowed. The rules apply to certain taxpayers who are required to recognize gain as the result of a significant modification of a debt instrument.

Temporary regulations in the Rules and Regulations section of this issue of the Federal Register amend the Income Tax Regulations (26 CFR part 1) relating to section 1001. The temporary regulations contain rules relating to certain assignments of notional principal contracts by dealers in those contracts.

The text of those temporary regulations also serves as the text of these proposed regulations. The preamble to the temporary regulations explains the temporary regulations.

Special Analyses

It has been determined that this notice of proposed rulemaking is not a significant regulatory action as defined in EO 12866. Therefore, a regulatory assessment is not required. It also has

been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) and the Regulatory Flexibility Act (5 U.S.C. chapter 6) do not apply to these regulations, and, therefore, a Regulatory Flexibility Analysis is not required. Pursuant to section 7805(f) of the Internal Revenue Code, this notice of proposed rulemaking will be submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

Comments and Requests for a Public Hearing

Before these proposed regulations are adopted as final regulations, consideration will be given to any written comments (a signed original and eight (8) copies) that are submitted timely to the IRS. All comments will be available for public inspection and copying. A public hearing may be scheduled if requested in writing by any person that timely submits written comments. If a public hearing is scheduled, notice of the date, time, and place for the hearing will be published in the Federal Register.

Drafting Information

The principal author of the regulations concerning the modifications of bad debts is Craig R. Wojay, Office of Assistant Chief Counsel (Financial Institutions and Products), IRS. The principal author of the regulations concerning dealer assignments of notional principal contracts is Thomas J. Kelly, Office of Assistant Chief Counsel (Financial Institutions and Products), IRS. However, other personnel from the IRS and Treasury Department participated in their development.

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

Proposed Amendments to the Regulations

Accordingly, 26 CFR part 1 is proposed to be amended as follows:

PART 1—INCOME TAXES

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

Authority: 26 U.S.C. 7805 * * *

Par. 2. Section 1.166-3 is amended by adding paragraph (a)(3) to read as follows:

§ 1.166-3 Partial or total worthlessness.

(The text of proposed paragraph (a)(3) is the same as the text of § 1.166-

3T(a)(3) published elsewhere in this issue of the Federal Register).

Par. 3. Section 1.1001-4 is added to read as follows:

§ 1.1001-4 Modifications of notional principal contracts.

(The text of proposed section 1.1001-4 is the same as the text of § 1.1001-4T published elsewhere in this issue of the Federal Register).

Margaret Milner Richardson,

Commissioner of Internal Revenue,

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ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 59

[AD-FRL-5526-3]

National Volatile Organic Compounds Emission Standards for Architectural Coatings

AGENCY: Environmental Protection Agency (EPA).

ACTION: Proposed rule and notice of public hearing.

SUMMARY: The proposed standards would reduce emissions of volatile organic compounds (VOC) from architectural coatings. The proposed standards implement Section 183(e) of the Clean Air Act (CAA), as amended in 1990, which requires the Administrator to control VOC emissions from certain categories of consumer and commercial products.

Exposure to ozone is associated with a wide variety of human health effects, agricultural crop loss, and damage to forests and ecosystems. As required by Section 183(e), the Administrator conducted a study to determine the potential of VOC emissions from consumer and commercial products to contribute to ozone levels that violate the National Ambient Air Quality Standards (NAAQS) for ozone and established a list of product categories to be regulated. Based on the criteria described in the study and accompanying report, the EPA determined that VOC emissions from architectural coatings should be reduced. Therefore, the EPA is proposing standards to reduce ozone-causing VOC emissions from these coatings. The proposed standards would reduce annual emissions of VOC by 106,000 tons representing a 20 percent reduction from 1990 levels.

The proposed rule is centered around requiring VOC content levels for 55 individual architectural coating

categories. When promulgated these requirements on manufacturers and importers of architectural coatings are anticipated to take effect on April 1, 1997. This rulemaking is on an expedited schedule, with a relatively short public comment period.

Following proposal of this rule, the EPA plans to participate in a joint study with the architectural coatings industry. This study will focus on the feasibility of adopting more stringent VOC requirements in the future.

DATES: *Comments.* Comments pertaining to the proposed rule must be received on or before August 30, 1996.

Public Hearing. A public hearing will be held, if requested, to provide interested persons an opportunity for oral presentation of data, views, or arguments concerning the proposed standards for architectural coatings. If anyone contacts the EPA requesting to speak at a public hearing concerning this proposed rule by July 18, 1996, a public hearing will be held on July 30, 1996, beginning at 10:00 a.m. Persons interested in attending the hearing should notify Ms. Kim Teal, (919) 541-5580 by July 18, 1996, to verify that a hearing will occur and for notification of the location of the hearing. The record for the public hearing will remain open for 30 days after completion of the hearing to provide an opportunity for the submission of rebuttal and supplementary information.

Persons wishing to present oral testimony concerning this proposed rule must contact Ms. Kim Teal at the EPA by July 18, 1996. Ms. Teal may be contacted at the following address: Coatings and Consumer Products Group (MD-13), U.S. Environmental Protection Agency, Research Triangle Park, North Carolina 27711, telephone number (919) 541-5580, FAX number (919) 541-5689.

ADDRESSES: *Comments.* Comments should be submitted (in duplicate) to: Air and Radiation Docket and Information Center (6102), Attention: Docket No. A-92-18, U.S. Environmental Protection Agency, 401 M Street SW, Washington, DC 20460. Comments and data may also be submitted electronically by sending electronic mail (e-mail) to: a-and-r-docket@epamail.epa.gov. Electronic comments must be submitted as an ASCII file avoiding the use of special characters and any form of encryption. Comments and data will also be accepted on disks in WordPerfect in 5.1 file format or ASCII file format. All comments and data in electronic form must be identified by the docket number A-92-18. No Confidential Business