conference call. If you would like to have the TAP consider a written statement, please call 1–888–912–1227 or 718–488–3557, or write to Marisa Knispel, TAP Office, 10 Metro Tech Center, 625 Fulton Street, Brooklyn, NY 11201. Due to limited conference lines, notification of intent to participate in the telephone conference call meeting must be made with Marisa Knispel. Ms. Knispel can be reached at 1–888–912–1227 or 718–488–3557, or post comments to the Web site: *http://www.improveirs.org.*

The agenda will include the following: Various IRS issues.

Dated: April 5, 2006.

Bernard E. Coston,

Director, Taxpayer Advocacy Panel.

[FR Doc. E6–5346 Filed 4–11–06; 8:45 am]

BILLING CODE 4830–01–P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

Open Meeting of the Taxpayer Assistance Center Committee of the Taxpayer Advocacy Panel

AGENCY: Internal Revenue Service (IRS) Treasury.

ACTION: Notice.

SUMMARY: An open meeting of the Taxpayer Assistance Center Committee of the Taxpayer Advocacy Panel will be conducted in Denver, Colorado. The Taxpayer Advocacy Panel (TAP) is soliciting public comments, ideas, and suggestions on improving customer service at the Internal Revenue Service.

DATES: The meeting will be held Thursday, May 4, 2006, Friday, May 5, 2006 and Saturday, May 6, 2006.

FOR FURTHER INFORMATION CONTACT: Dave Coffman at 1–888–912–1227, or 206–220–6096.

SUPPLEMENTARY INFORMATION: Notice is hereby given pursuant to Section 10(a)(2) of the Federal Advisory Committee Act, 5 U.S.C. App. (1988) that an open meeting of the Taxpayer Assistance Center Committee of the Taxpayer Advocacy Panel will be held Thursday, May 4, 2006 from 1 p.m. Mountain Time to 4:30 p.m. Mountain Time; Friday, May 5, 2006 from 8:30 a.m. Mountain Time to 4:30 p.m. Mountain Time; and Saturday, May 6, 2006 from 8:30 a.m. Mountain Time to 11:30 a.m. Mountain Time at 1672 Lawrence Street, Denver, Colorado. If you would like to have the TAP consider a written statement, please call 1–888–912–1227 or 206–220–6096, or write to Dave Coffman, TAP Office, 915 2nd Avenue, MS W–406, Seattle, WA 98174 or you can contact us at *http://www.improveirs.org.* Due to limited space, notification of intent to participate in the meeting must be made with Dave Coffman. Mr. Coffman can be reached at 1–888–912–1227 or 206–220–6096.

The agenda will include the following: Various IRS issues.

Dated: April 5, 2006.

Bernard Coston,

Director, Taxpayer Advocacy Panel.

[FR Doc. E6–5347 Filed 4–11–06; 8:45 am]

BILLING CODE 4830–01–P

DEPARTMENT OF THE TREASURY

Office of Thrift Supervision

[No. 2006–17]

Community Reinvestment Act; Questions and Answers Regarding Community Reinvestment; Notice

AGENCY: Office of Thrift Supervision (OTS).

ACTION: Notice and request for comment.

SUMMARY: This proposal would revise OTS guidance relating to the Community Reinvestment Act (CRA). Accompanying this proposal and published in the Rules and Regulations portion of today's **Federal Register**, is a Final Rule revising the definition of ''community development'' in OTS's CRA rule. This proposal addresses topics related to that Final Rule among others. Public comment is invited on the proposed guidance, as well as any other community reinvestment issues.

DATE: Comments on the proposed questions and answers are requested by June 12, 2006.

ADDRESSES: You may submit comments, identified by No. 2006–17, by any of the following methods:

- Federal eRulemaking Portal: *http://www.regulations.gov.* Follow the instructions for submitting comments.
- E-mail address: *regs.comments@ots.treas.gov.* Please include No. 2006–17 in the subject line of the message and include your name and telephone number in the message.
- Fax: (202) 906–6518.
- Mail: Regulation Comments, Chief Counsel's Office, Office of Thrift Supervision, 1700 G Street, NW., Washington, DC 20552, Attention: No. 2006–17.
- Hand Delivery/Courier: Guard's Desk, East Lobby Entrance, 1700 G Street, NW., from 9 a.m. to 4 p.m. on business days, Attention: Regulation Comments, Chief Counsel's Office, Attention: No. 2006–17.

Instructions: All submissions received must include the agency name and docket number for this rulemaking. All comments received will be posted without change to the OTS Internet Site at *http://www.ots.treas.gov/pagehtml.cfm?catNumber=67&an=1,* including any personal information provided.

Docket: For access to the docket to read background documents or comments received, go to *http://www.ots.treas.gov/pagehtml.cfm?catNumber=67&an=1.*

In addition, you may inspect comments at the Public Reading Room, 1700 G Street, NW., by appointment. To make an appointment for access, call (202) 906–5922, send an e-mail to *public.info@ots.treas.gov,* or send a facsimile transmission to (202) 906–7755. (Prior notice identifying the materials you will be requesting will assist us in serving you.) We schedule appointments on business days between 10 a.m. and 4 p.m. In most cases, appointments will be available the next business day following the date we receive a request.

FOR FURTHER INFORMATION CONTACT: Celeste Anderson, Senior Program Manager, Operation Risk, (202) 906–7990; Richard Bennett, Counsel, Regulations and Legislation Division, (202) 906–7409, Office of Thrift Supervision, 1700 G Street, NW., Washington, DC 20552.

SUPPLEMENTARY INFORMATION:

I. Background

Elsewhere in today's **Federal Register**, OTS is publishing a final rule revising its CRA rule effective immediately. That final rule revises the definition of ''community development'' to include activities to revitalize and stabilize distressed or underserved, nonmetropolitan middle-income areas and designated disaster areas. It also makes a technical change to the lettering of the definitions in the CRA rule to conform to that used in the CRA rules of the other Federal banking agencies.

To help savings associations meet their responsibilities under the CRA and to increase public understanding of the CRA regulations, OTS, the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve (Board), and the Federal Deposit Insurance Corporation (FDIC) have previously published guidance in the form of questions and answers about the CRA regulations. That guidance is intended to provide the informal views of agency staff for use by examiners and other agency personnel, financial institutions, and the public, and is supplemented periodically. *See* Interagency Questions and Answers Regarding Community Reinvestment, 66 FR 36620 (July 12, 2001) (2001 Interagency Q&As).

Today, OTS is issuing proposed questions and answers to provide additional guidance for savings associations. All of this additional proposed guidance is substantively identical to final guidance jointly issued by the OCC, Board, and FDIC on March 10, 2006 (71 FR 12424). However, OTS's proposal only includes questions and answers that pertain to its revised definition of ''community development'' and certain other provisions of the CRA rule that are common to all four agencies. It does not include questions and answers that pertain to additional revisions the OCC, Board, and FDIC made to their CRA rules in their August 2, 2005 rulemaking (70 FR 44256), since OTS has not adopted those revisions to date.

Just as in the 2001 Interagency Q&As, the proposed questions and answers are grouped by the provision of the CRA regulations that they discuss and are presented in the same order as the regulatory provisions. As a result of technical changes made to the four federal banking agencies' CRA rules (70 FR 15570 (March 28, 2005)) and the recent revisions, some of the numbering in the 2001 Interagency Q&As no longer corresponds to the appropriate sections of the revised regulation. However, in the proposed questions and answers, if a reference is made to an existing question and answer, the number of the existing question and answer, as published in the 2001 Interagency Q&As, is given, even if the old reference does not accurately describe the current provision in the regulations. When the proposed questions and answers are adopted as final and the rest of the questions and answers are updated, the references in the questions and answers will be updated.

II. Proposed New Questions and Answers

OTS believes new questions and answers addressing its CRA regulation would be helpful. Therefore, it is publishing for comment ten new questions and answers.

A. New Questions and Answers on Revised ''Community Development'' Definition

Of the ten proposed new questions and answers, eight address the revised definition of ''community development,'' which includes activities that revitalize or stabilize a distressed or underserved, nonmetropolitan middle-income geography or a designated disaster area. Each of these questions and answers is discussed in the order that it appears in the text of OTS's proposed revisions.

1. *Is the same definition of community development applicable to all savings associations? (§ 563e.12(g)(4)–1)* The proposed guidance clarifies that the same definition of ''community development,'' which OTS is revising today, applies to all savings associations.

OTS's proposed guidance is worded somewhat differently from that used by the other federal banking agencies. The question that the other federal banking agencies used is, ''Is the revised definition of community development, effective September 1, 2005, applicable to all banks or only to intermediate small banks?'' OTS's revised definition becomes effective today, not September 1, 2005. Also, OTS has not, to date, adopted the intermediate small bank test and thus does not use that term. Further, OTS is concerned that using the term ''revised'' when referring to the definition of community development will cause confusion in future years once the revisions are no longer new. Instead, OTS focuses the question and answer on whether the same definition of community development applies to all savings associations.

2. *Will activities that provide housing for middle-income and upper-income persons qualify for favorable consideration as community development activities when they help to revitalize or stabilize a distressed or underserved, nonmetropolitan middle-income geography or designated disaster areas? (§ 563e.12(g)(4)–2)* The proposed guidance clarifies that an activity that provides housing for middle-or upper-income individuals qualifies as an activity that revitalizes or stabilizes a distressed nonmetropolitan middle-income geography or a designated disaster area if the housing directly helps to revitalize or stabilize the community by attracting new, or retaining existing, businesses or residents and, in the case of a designated disaster area, is related to disaster recovery.

OTS generally will consider all activities that revitalize or stabilize a distressed nonmetropolitan middle-income geography or designated disaster area, but will give greater weight to those activities that are most responsive to community needs, including needs of low-or moderate-income individuals or neighborhoods. For example, a loan solely for middle-or upper-income housing in a community in need of financing for low- and moderate-income housing would be given very little weight if there is only a short-term benefit to low- and moderate-income individuals in the community through the creation of temporary construction jobs. OTS will presume that an activity revitalizes or stabilizes such a geography or area if the activity is consistent with a bona fide government revitalization or stabilization plan or disaster recovery plan.

3. *What is a ''designated disaster area'' and how long does the designation last? (§ 563e.12(g)(4)(ii)–1)* The proposed guidance explains that the term ''designated disaster area'' refers to federally designated disaster areas. State disasters or emergencies are usually declared as a prerequisite for Federal disaster assistance. Thus, restricting the term to federally designated disaster areas would not appear to meaningfully limit the scope of that term.

Some Federal disaster area designations are solely for the purpose of providing short-term public assistance to address debris removal or emergency protective measures immediately following an incident—specifically, Federal Emergency Management Agency (FEMA) Public Assistance Emergency Work Category A (Debris Removal) and Category B (Emergency Protective Measures). OTS believes that designations for these purposes may not exhibit the type of conditions that would require sustained disaster recovery-related revitalization or stabilization activities.

Therefore, the proposed guidance states that a ''designated disaster area'' is a major disaster area designated by the Federal government. Such disaster designations include, in particular, Major Disaster Declarations administered by FEMA, but exclude counties designated to receive only FEMA Public Assistance Emergency Work Category A (Debris Removal) and/or Category B (Emergency Protective Measures).

Although FEMA makes a public announcement of a disaster designation, FEMA generally does not announce an expiration of the disaster designation. Nor do its regulations provide for the designation's expiration. FEMA's regulations and practices entail different stages relevant to a disaster designation period, such as the incident period, the application period, the work completion deadlines, and the period that a joint field office is open, but these periods may vary from incident to incident, and may not be relevant to all designated disasters. FEMA's regulations establish a requirement that permanent public assistance work relating to a major disaster must be completed within 18 months of the disaster designation (44 CFR 206.204(c)) unless FEMA grants an extension.

Accordingly, the proposed guidance states that OTS will consider disaster recovery-related activities that help to revitalize or stabilize a designated disaster area for 36 months following the date of designation by the Federal government. OTS proposes providing a uniform 36-month period following disaster designation to provide an adequate time period to address the variety of community revitalization or stabilization needs that may arise depending on the nature, extent, and severity of the particular disaster. Where there is a demonstrable community need to extend the period for recognizing revitalization or stabilization activities in a particular disaster area to assist in long-term recovery efforts, this time period could be extended.

Finally, OTS would plan to extend substantially the time periods for recovery-related activities in the Gulf Coast areas designated as disaster areas because of Hurricanes Katrina and Rita. The extension beyond 36 months from the dates of the disaster designations would be because of the demonstrated community need for long-term involvement by financial institutions in helping to address the widespread devastation caused by these hurricanes.

4. *What activities are considered to ''revitalize or stabilize'' a designated disaster area, and how are those activities considered? (§ 563e.12(g)(4)(ii)–2)* The proposed guidance states that OTS generally will consider an activity to revitalize or stabilize a designated disaster area if it helps to attract new, or retain existing, businesses or residents and is related to disaster recovery. An activity will be presumed to revitalize or stabilize the area if the activity is consistent with a *bona fide* government revitalization and stabilization plan or disaster recovery plan. OTS generally will consider all activities related to disaster recovery that revitalize or stabilize a designated disaster area, but will give greater weight to those activities that are most responsive to community needs, including needs of low-or moderate-income individuals or neighborhoods.

The proposed guidance provides several examples of activities that will be considered to revitalize or stabilize a designated disaster area. Qualifying activities may include, for example, providing financing to help retain businesses in the area that employ local residents, including low- and moderate-income individuals; providing financing to attract a major new employer that will create long-term job opportunities, including for low- and moderate-income individuals; activities that provide financing or other assistance for essential community-wide infrastructure, community services, and rebuilding needs; and activities that provide housing, financial assistance, and services to individuals in designated disaster areas and to individuals who have been displaced from those areas, including low- and moderate-income individuals.

5. *What criteria are used to identify distressed or underserved, nonmetropolitan middle-income geographies? (§ 563e.12(g)(4)(iii)–1)* The proposed guidance explains the criteria OTS will use to designate nonmetropolitan middle-income geographies that are distressed or underserved. Data source information along with the list of designated census tracts is published on the Federal Financial Institutions Examination Council (FFIEC) Web site (*http://www.ffiec.gov*).

6. *How often will the list of designated distressed or underserved, nonmetropolitan middle-income geographies be updated? (§ 563e.12(g)(4)(iii)–2*) The proposed guidance states that the list of designated distressed or underserved nonmetropolitan middle-income geographies will be updated annually and will be published on the FFIEC Web site (*http://www.ffiec.gov*). It also proposes a twelve-month lag period immediately after a census tract is reclassified as no longer distressed or underserved. During the lag period, revitalization and stabilization activities will receive consideration as community development if the activities would have been considered to have a primary purpose of community development if the census tract in which they were located were still designated as distressed or underserved.

The list will be updated annually based on annual changes in source data and published continuously on the FFIEC Web site. The list will indicate which designated census tracts are in their lag periods.

OTS's proposed guidance contains an editorial, nonsubstantive difference from the final guidance of the other federal banking agencies. Whereas the other agencies use the terms ''twelve-month'' and ''one year'' interchangeably when referring to the duration of the lag period, OTS uses the term ''twelve-month'' throughout for consistency.

7. *What activities are considered to ''revitalize or stabilize'' a distressed nonmetropolitan middle-income geography, and how are those activities evaluated? (§ 563e.12(g)(4)(iii)–3*) The proposed guidance explains how revitalization and stabilization activities in designated distressed nonmetropolitan middle-income geographies will be evaluated. It is consistent with the similar proposed guidance applicable to savings associations' revitalization and stabilization activities in designated disaster areas. *See* proposed Q&A § 563e.12(g)(4)(ii)–2. The proposed guidance specifically states that examiners will give greater weight to those activities that are most responsive to community needs, including the needs of low-or moderate-income individuals or neighborhoods.

8. *What activities are considered to ''revitalize or stabilize'' an underserved nonmetropolitan middle-income geography, and how are those activities evaluated? (§ 563e.12(g)(4)(iii)–4)* The proposed guidance includes a restatement of the standard that appears in the regulations, that is, that activities revitalize or stabilize an underserved nonmetropolitan middle-income geography if they help to meet essential community needs, including the needs of low-or moderate-income individuals. Activities such as financing for the construction, expansion, improvement, maintenance, or operation of essential infrastructure or facilities for health services, education, public safety, public services, industrial parks, or affordable housing, will be evaluated under these criteria to determine if they qualify for revitalization or stabilization consideration.

B. Other New Questions and Answers

Two new questions and answers address consideration of prior-period qualified investments and treatment of small savings associations' affiliates' activities. Each of these questions and answers is discussed in the order that it appears in the text of OTS's proposed revisions.

1. *When evaluating a qualified investment, what consideration will be given for prior-period investments? (§ 563e.12(t)–1)* The proposed guidance would explain that examiners consider qualified investments that were made during the prior evaluation period but that are still outstanding during the current evaluation period. This guidance would apply to savings associations of all sizes.

Qualitative factors affect the weight given to both current period and outstanding prior-period qualified investments. Although prior-period investments may receive consideration in a savings association's current evaluation, examiners typically distinguish between current-period and prior-period investments when listing the amounts of a savings association's investments in the institution's performance evaluation. Further, examiners use qualitative factors to determine how much consideration a savings association receives for any given qualified investment. Greater weight is given to investments that are responsive to community needs, innovative, or complex.

2. *When evaluating a small savings association's performance, will examiners consider, at the institution's request, retail and community development loans originated or purchased by affiliates, qualified investments made by affiliates, or community development services provided by affiliates? (§ 563e.26–1)* The proposed guidance would clarify that any small savings association may request that activities of an affiliate in the small savings association's assessment area(s) be considered in its performance evaluation. Those activities will be considered in the small savings association's performance evaluation subject to the same constraints that apply to large institutions' affiliate activities, including that the activities have not also been considered in the CRA evaluation of another institution.

OTS's proposed question is worded differently from the comparable question in the other federal banking agencies' final guidance. Their question refers to a ''small or intermediate small bank's performance.'' Since OTS has not, to date, adopted the intermediate small bank test, OTS's proposed question does not use that term.

III. Revisions to Existing Guidance

Proposed revisions to two existing questions and answers would address community development services and qualified investments. Each of these questions and answers is discussed in the order that it appears in the text of OTS's proposed revisions.

A. *What are examples of community development services? (§ 563e.12(i)–3)* The proposed guidance would revise the existing guidance from the 2001 Interagency Q&As (§ 563e.12(i)–3), which lists examples of community development services, to add two new examples. The first new example would state that providing financial services to low-or moderate-income individuals through branches and other facilities in low-or moderate-income areas is a community development service (unless the provision of such services has been considered in the evaluation of a savings association's retail banking services under § ____.24(d)).

The second new example of a community development service would be providing international remittance services that increase access to financial services by low- and moderate-income persons (for example, by offering reasonably priced international remittance services in connection with a low-cost account). This example is consistent with guidance the four federal banking agencies previously provided in a letter responding to a question from a member of Congress.

B. *What are examples of qualified investments? (§ 563e.12(t)–4)* The proposed revision would change a bullet to the existing guidance from the 2001 Interagency Q&As that provides examples of qualified investments (§ 563e.12(r)–4). The revised bullet would indicate that an example of a qualified investment includes savings associations' investments in Rural Business Investment Companies (RBICs). The Rural Business Investment Program (RBIP), which is a joint initiative between the U.S. Small Business Administration and the U.S. Department of Agriculture, is intended to promote economic development by financing small businesses located primarily in rural areas. OTS reminds savings associations that they may establish and invest in RBICs or entities established to invest solely in RBICs so long as those investments do not exceed five percent of the capital and surplus of the association. 7 U.S.C. 2009cc–9.

IV. General Comments

Public comment is invited on the proposed new and revised questions and answers. Public comment is also invited on a continuing basis on any issues raised by the CRA and the Interagency Q&As. If, after reading this proposed guidance and the existing Interagency Q&As, financial institutions, examiners, community organizations, or other interested parties have unanswered questions or comments about OTS's community reinvestment regulations, they should submit them to OTS. OTS will consider addressing such questions in future guidance.

Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA)

Section 212 of SBREFA, 5 U.S.C. 601 note, requires for each rule for which an agency prepares a final regulatory flexibility analysis, that the agency publish one or more compliance guides to help small entities understand how to comply with the rule. Pursuant to section 605(b) of the Regulatory Flexibility Act, OTS certified that its proposed CRA rule would not have a significant economic impact on a substantial number of small entities. 69 FR 68257, 68265 (November 24, 2004). Likewise, OTS certified that its final rule published in today's **Federal Register** would not have a significant impact on a substantial number of small entities.

Nonetheless, as part of OTS's continuing efforts to provide clear, understandable regulations, the four Federal banking agencies have compiled the Interagency Q&As and OTS has compiled these proposed revisions. These materials serve the same purpose as the compliance guide described in the SBREFA by providing guidance on a variety of issues of particular concern to small institutions.

The text of OTS's proposed revisions to the Interagency Questions and Answers Regarding Community Reinvestment follows:

Section 563e.12(g)(4) Activities That Revitalize or Stabilize

Section 563e.12(g)(4)—1: Is the same definition of community development applicable to all savings associations?

Yes, one definition of community development is applicable to all savings associations.

Section 563e.12(g)(4)—2: Will activities that provide housing for middle-income and upper-income persons qualify for favorable consideration as community development activities when they help to revitalize or stabilize a distressed or underserved, nonmetropolitan middle-income geography or designated disaster areas?

An activity that provides housing for middle-or upper-income individuals qualifies as an activity that revitalizes or stabilizes a distressed nonmetropolitan middle-income geography or a designated disaster area if the housing directly helps to revitalize or stabilize the community by attracting new, or retaining existing, businesses or residents and, in the case of a designated disaster area, is related to disaster recovery. OTS generally will consider all activities that revitalize or stabilize a distressed nonmetropolitan middle-income geography or designated disaster area, but will give greater weight to those activities that are most responsive to community needs, including needs of low-or moderate-income individuals or neighborhoods. For example, a loan solely to develop middle-or upper-income housing in a community in need of low- and moderate-income housing would be given very little weight if there is only a short-term benefit to low- and moderate-income individuals in the community through the creation of temporary construction jobs. (A housing-related loan is not evaluated as a ''community development loan'' if it has been reported or collected by the institution or its affiliate as a home mortgage loan, unless it is a multifamily dwelling loan. *See* 12 CFR 563e.12(h)(2)(i) and Q&A §§ ____.12(i) & 563e.12(h)—2.) OTS will presume that an activity revitalizes or stabilizes such a geography or area if the activity is consistent with a bona fide government revitalization or stabilization plan or disaster recovery plan. *See* Q&As §§ ____.12(h)(4) & 563e.12(g)(4)—1 and §§ ____.12(i) & 563e.12(h)'4.

In *underserved* nonmetropolitan middle-income geographies, activities that provide housing for middle- and upper-income individuals may qualify as activities that revitalize or stabilize such underserved areas if the activities also provide housing for low-or moderate-income individuals. For example, a loan to build a mixed-income housing development that provides housing for middle- and upper-income individuals in an underserved nonmetropolitan middle-income geography would receive positive consideration if it also provides housing for low-or moderate-income individuals.

Section 563e.12(g)(4)(ii) Activities That Revitalize or Stabilize Designated Disaster Areas

Section 563e.12(g)(4)(ii)—1: What is a ''designated disaster area'' and how long does the designation last?

A ''designated disaster area'' is a major disaster area designated by the Federal Government. Such disaster designations include, in particular, Major Disaster Declarations administered by the Federal Emergency Management Agency (FEMA) (*http://www.fema.gov*), but exclude counties designated to receive only FEMA Public Assistance Emergency Work Category A (Debris Removal) and/or Category B (Emergency Protective Measures).

Examiners will consider savings association activities related to disaster recovery that revitalize or stabilize a designated disaster area for 36 months following the date of designation. Where there is a demonstrable community need to extend the period for recognizing revitalization or stabilization activities in a particular disaster area to assist in long-term recovery efforts, this period may be extended.

Section 563e.12(g)(4)(ii)—2: What activities are considered to ''revitalize or stabilize'' a designated disaster area, and how are those activities considered?

OTS generally will consider an activity to revitalize or stabilize a designated disaster area if it helps to attract new, or retain existing, businesses or residents and is related to disaster recovery. An activity will be presumed to revitalize or stabilize the area if the activity is consistent with a *bona fide* government revitalization or stabilization plan or disaster recovery plan. OTS generally will consider all activities relating to disaster recovery that revitalize or stabilize a designated disaster area, but will give greater weight to those activities that are most responsive to community needs, including the needs of low-or moderate-income individuals or neighborhoods. Qualifying activities may include, for example, providing financing to help retain businesses in the area that employs local residents, including low- and moderate-income individuals; providing financing to attract a major new employer that will create long-term job opportunities, including for low- and moderate-income individuals; providing financing or other assistance for essential community-wide infrastructure, community services, and rebuilding needs; and activities that provide housing, financial assistance, and services to individuals in designated disaster areas and to individuals who have been displaced from those areas, including low- and moderate-income individuals (see, e.g., Q&As §§ ____.12(j) & 563e.12(i)'' 3; §§ ____.12(s) & 563e.12(r)'4; § ____.22(b)(2) &(3)—4; § ____.22(b)(2) &(3)—5; and § ____.24(d)(3)—1).

Section 563e.12(g)(4)(iii) Activities That Revitalize or Stabilize Distressed or Underserved, Nonmetropolitan Middle-income Geographies

Section 563e.12(g)(4)(iii)—1: What criteria are used to identify distressed or underserved, nonmetropolitan middle-income geographies?

Eligible nonmetropolitan middle-income geographies are those designated by OTS as being in distress or that could have difficulty meeting essential community needs (underserved). A particular geography could be designated as both distressed and underserved. As defined in § 563e.12(k), a geography is a census tract delineated by the United States Bureau of the Census.

A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) An unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20 percent or more, or (3) a population loss of ten percent or more between the previous and most recent decennial census or a net migration loss of five percent or more over the five-year period preceding the most recent census.

A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs. OTS will use as the basis for these designations the ''urban influence codes,'' numbered ''7,'' ''10,'' ''11,'' and ''12,'' maintained by the Economic Research Service of the United States Department of Agriculture.

Data source information along with the list of eligible nonmetropolitan census tracts will be published on the Federal Financial Institutions Examination Council Web site (*http://www.ffiec.gov*).

Section 563e.12(g)(4)(iii)—2: How often will the list of designated distressed or underserved, nonmetropolitan middle-income geographies be updated?

The list will be reviewed and updated annually, as needed. The list will be published on the Federal Financial Institutions Examination Council Web site (*http://www.ffiec.gov*).

To the extent that changes to the designated census tracts occur, OTS has determined to adopt a twelve-month lag period. This lag period will be in effect for the twelve months immediately following the date when a census tract that was designated as distressed or underserved is removed from the designated list. Revitalization or stabilization activities undertaken during the lag period will receive consideration as community development activities if they would have been considered to have a primary purpose of community development if the census tract in which they were located were still designated as distressed or underserved.

Section 563e.12(g)(4)(iii)—3: What activities are considered to ''revitalize or stabilize'' a distressed nonmetropolitan middle-income geography, and how are those activities evaluated?

An activity revitalizes or stabilizes a distressed nonmetropolitan middle-income geography if it helps to attract new, or retain existing, businesses or residents. An activity will be presumed to revitalize or stabilize the area if the activity is consistent with a *bona fide* government revitalization or stabilization plan. OTS generally will consider all activities that revitalize or stabilize a distressed nonmetropolitan middle-income geography, but will give greater weight to those activities that are most responsive to community needs, including needs of low-or moderate-income individuals or neighborhoods. Qualifying activities may include, for example, providing financing to attract a major new employer that will create long-term job opportunities, including for low- and moderate-income individuals, and activities that provide financing or other assistance for essential infrastructure or facilities necessary to attract or retain businesses or residents. *See* Q&As §§ ____.12(h)(4) & 563e.12(g)(4)—1 and §§ ____.12(i) & 563e.12(h)—4.

Section 563e.12(g)(4)(iii)—4: What activities are considered to ''revitalize or stabilize'' an underserved nonmetropolitan middle-income geography, and how are those activities evaluated?

The regulation provides that activities revitalize or stabilize an underserved nonmetropolitan middle-income geography if they help to meet essential community needs, including needs of low-or moderate-income individuals. Activities such as financing for the construction, expansion, improvement, maintenance, or operation of essential infrastructure or facilities for health services, education, public safety, public services, industrial parks, or affordable housing, will be evaluated under these criteria to determine if they qualify for revitalization or stabilization consideration. Examples of the types of projects that qualify as meeting essential community needs, including needs of low-or moderate-income individuals, would be a new or expanded hospital that serves the entire county, including low- and moderate-income residents; an industrial park for businesses whose employees include low-or moderate-income individuals; a new or rehabilitated sewer line that serves community residents, including low-or moderate-income residents; a mixed-income housing development that includes affordable housing for low- and moderate-income families; or a renovated elementary school that serves children from the community, including children from low- and moderate-income families. Other activities in the area, such as financing a project to build a sewer line spur that connects services to a middle-or upper-income housing development while bypassing a low-or moderate-income development that also needs the sewer services, generally would not qualify for revitalization or stabilization consideration in geographies designated as underserved. However, if an underserved geography is also designated as distressed or a disaster area, additional activities may be considered to revitalize or stabilize the geography, as explained in Q&As §§ 563e.12(g)(4)(ii)—2 and 563e.12(g)(4)(iii)—3.

Section 563e.12(i) Community Development Service

§ 563e.12(i)—3: What are examples of community development services?

[*proposed revision to existing answer]:* Examples of community development services include, but are not limited to, the following:

- Providing financial services to low- and moderate-income individuals through branches and other facilities located in low- and moderate-income areas, unless the provision of such services has been considered in the evaluation of a saving association's retail banking services under § 563e.24(d);
- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving low- and moderate-income housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations, including organizations and individuals who apply for loans or grants under the Federal Home Loan Banks' Affordable Housing Program;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home-buyer and home-maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs and developing or teaching financial education curricula for low-or moderate-income individuals;
- Providing electronic benefits transfer and point of sale terminal systems to improve access to financial services, such as by decreasing costs, for low-or moderate-income individuals;
- Providing international remittance services that increase access to financial services by low- and moderate-income persons (for example, by offering reasonably priced international remittance services in connection with a low-cost account); and
- Providing other financial services with the primary purpose of community development, such as low-cost bank accounts, including ''Electronic Transfer Accounts'' provided pursuant to the Debt Collection Improvement Act of 1996, or free government check cashing that increases access to financial services for low-or moderate-income individuals.

Examples of technical assistance activities that might be provided to community development organizations include:

- Serving on a loan review committee;
- Developing loan application and underwriting standards;
- Developing loan processing systems;
- Developing secondary market vehicles or programs;
- Assisting in marketing financial services, including development of advertising and promotions, publications, workshops and conferences;
- Furnishing financial services training for staff and management;
- Contributing accounting/ bookkeeping services; and
- Assisting in fund raising, including soliciting or arranging investments.

Section 563e.12(t) Qualified Investment

Section 563e.12(t)—1: When evaluating a qualified investment, what consideration will be given for prior-period investments?

When evaluating a savings association's qualified investment record, examiners will consider investments that were made prior to the current examination, but that are still outstanding. Qualitative factors will affect the weighting given to both current period and outstanding prior-period qualified investments. For example, a prior-period outstanding investment with a multi-year impact that addresses assessment area community development needs may receive more consideration than a current period investment of a comparable amount that is less responsive to area community development needs.

Section 563e.12(t)—4: What are examples of qualified investments?

[proposed revision to existing answer]: Examples of qualified investments include, but are not limited to, investments, grants, deposits, or shares in or to:

• Financial intermediaries (including, Community Development Financial Institutions (CDFIs), Community Development Corporations (CDCs), minority- and women-owned financial institutions, community loan funds, and low-income or community development credit unions) that primarily lend or facilitate lending in low-or moderate-income areas or to low- and moderate-income individuals in order to promote community development, such as a CDFI that promotes economic development on an Indian reservation;
• Organizations engaged in affordable housing rehabilitation and construction, including multifamily rental housing;
• Organizations, including for example, Small Business Investment Companies (SBICs), specialized SBICs, and Rural Business Investment Companies (RBICs), that promote economic development by financing small businesses or small farms;
• Facilities that promote community development in low- and moderate-income areas for low- and moderate-income individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women's centers, and alcohol and drug recovery centers;
• Projects eligible for low-income housing tax credits;
• State and municipal obligations, such as revenue bonds, that specifically support affordable housing or other community development;
• Not-for-profit organizations serving low- and moderate-income housing or other community development needs, such as counseling for credit, home-ownership, home maintenance, and other financial services education; and
• Organizations supporting activities essential to the capacity of low- and moderate-income individuals or geographies to utilize credit or to sustain economic development, such as, for example, day care operations and job training programs that enable people to work.

Section 563e.26 Small Savings Association Performance Standards

Section 563e.26—1: When evaluating a small savings association's performance, will examiners consider, at the institution's request, retail and community development loans originated or purchased by affiliates, qualified investments of affiliates, or community development services of affiliates?

Yes. However, a small institution that elects to have examiners consider affiliate activities must maintain sufficient information that the examiners may evaluate these activities under the appropriate performance criteria and ensure that the activities are not claimed by another institution. The constraints applicable to affiliate activities claimed by large institutions also apply to small institutions. *See* Q&A § ____.22(c)(2) and related guidance provided to large institutions regarding affiliate activities. Examiners will not include affiliate lending in calculating the percentage of loans and, as appropriate, other lending-related activities located in a savings association's assessment area.

This concludes the text of OTS's proposed revisions to the Interagency Questions and Answers Regarding Community Reinvestment.

Dated: March 31, 2006.

By the Office of Thrift Supervision.

John M. Reich,

Director.

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DEPARTMENT OF VETERANS AFFAIRS

Notice of Funds Availability (NOFA): Inviting Applications for Section 601 Loan Guarantees for Multifamily Transitional Housing

AGENCY: Department of Veterans Affairs (VA).

ACTION: Notice.

SUMMARY: This NOFA announces the availability, submission requirements, and deadlines to submit applications for the VA Multifamily Transitional Housing Loan Guarantee Program. This is a pilot program, which authorizes VA to guarantee up to 15 loans with an aggregate value of $100 million to develop or implement housing and supportive services for homeless veterans. This Notice describes the commitment of program dollars, application process, eligibility requirements, minimum underwriting criteria, and evaluation criteria that VA will employ to select applications to receive a guarantee under the program. The program is authorized under Title 38 U.S.C. 2051, *et. seq*.

A detailed manual outlining the standard operating procedures for the program and other program information can be found on the VA Web site: *http://www1.va.gov/homeless/page.cfm?pg=8*.

DATES: Applications will be accepted on an ongoing basis throughout the year until all funds available under the program have been committed. The application process is a two-staged process commencing with the submission of a Stage 1 application. After review and analysis of each Stage 1 application received, VA will invite those applicants who have demonstrated both eligible and feasible projects to submit the Stage 2 application.

VA will not accept facsimile or postage-due applications. VA recommends delivery by overnight carrier.

For the purposes of this NOFA, words used in the singular may include the plural, and the plural may include the singular. VA reserves the right to cancel or withdraw this NOFA at any time.

For a Copy of the Application Package: Stage 1 and 2 applications may be downloaded from the VA Multifamily Transitional Housing Loan Guarantee Program Web site at *http://www1.va.gov/homeless/page.cfm?pg=8*. Hard copies may be obtained from VA by calling the program hotline at (202) 273–7462 (This is not a toll free number) or e-mailing *Multifamily.Loan@va.gov*.

VA will be holding free informational sessions to inform the public of the program periodically throughout 2006. Details regarding the sessions can be found on the VA Multifamily Transitional Housing Loan Guarantee Program Web site at *http://www1.va.gov/homeless/page.cfm?pg=8*. Applications may also be obtained at these events.

Submission of Application: Applicants must submit an original completed and collated Stage 1 application plus four copies to the following address: Office of Mental Health Services (116E), Department of Veterans Affairs, 810 Vermont Avenue, NW., Washington, DC 20420.

VA will invite applicants with eligible and feasible proposals to submit Stage 2 applications.

FOR FURTHER INFORMATION CONTACT: The Department of Veterans Affairs will be holding free informational sessions to introduce its new Loan Guarantee Program for Multifamily Transitional Housing. The program offers a 100 percent loan guarantee on program funds financed through the Federal Financing Bank (FFB). Loan proceeds can be used for combination construction and permanent financing or a permanent loan. Informational sessions are being held on the following days: Chicago, IL—May 11, 2006; Washington DC—June 2006. Register by calling (202) 273–7462 today or by e-mail at *Multifamily.Loan@va.gov*. For more information about the Program, access the VA Program Web site