

# Proposed Rules

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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

## DEPARTMENT OF AGRICULTURE

### Rural Housing Service

### Rural Business-Cooperative Service

### Rural Utilities Service

### Farm Service Agency

### 7 CFR Part 1951

RIN 0572-AB23

### Servicing of Community and Insured Business Programs Loans and Grants

**AGENCIES:** Rural Housing Service; Rural-Business Cooperative Service; Rural Utilities Service; and Farm Service Agency, USDA.

**ACTION:** Proposed rule.

**SUMMARY:** The Rural Utilities Service (RUS) hereby proposes to amend the regulations utilized to service loans and grants. The proposed rule will permit loan reamortization with interest rate adjustment for eligible delinquent borrowers. The proposed rule will provide debt relief to troubled borrowers and encourage these organizations to remain in operation and resume scheduled loan payments. The proposed rule will also provide RUS greater flexibility to service problem loans and permit a viable, cost effective alternative to debt write-offs.

**DATES:** Comments must be submitted on or before August 1, 1997.

**ADDRESSES:** Submit written comments in duplicate to the Branch Chief, Regulations and Paperwork Management Branch, Rural Development, U.S. Department of Agriculture, Stop 0743, Room 6345-S, 1400 Independence Ave. SW, Washington, DC 20250. Comments may also be submitted via the Internet by addressing them to "comments@rus.usda.gov" and must contain "reamortization" in the Subject. All comments made pursuant to this notice will be made available for public inspection during regular work hours at the above address.

**FOR FURTHER INFORMATION CONTACT:** John Purcell, Rural Utilities Service, Stop 1570, 1400 Independence Ave. SW, Washington, DC 20250, telephone (202) 720-9634.

### SUPPLEMENTARY INFORMATION:

#### Classification

This rule has been determined to be significant and was reviewed by the Office of Management and Budget under Executive Order 12866.

#### Regulatory Flexibility Act

Pursuant to section 605 (b) of the Regulatory Flexibility Act, 5 U.S.C. 605 (b), the head of the Agencies certify that this rule will not have a significant economic impact on a substantial number of small entities.

#### Intergovernmental Review

This program is listed in the Catalog of Federal Domestic Assistance under number 10.760, Water and Waste Disposal Systems for Rural Communities, subject to the provisions of Executive Order 12372 which requires intergovernmental consultation with State and local officials.

#### Environmental Impact Statement

This action has been reviewed in accordance with 7 CFR part 1940, subpart G, "Environmental Program." It has been determined that the action does not constitute a major Federal action significantly affecting the quality of the human environment and in accordance with the National Environmental Policy Act of 1969, Public Law 91-190, an Environmental Impact Statement is not required.

#### Civil Justice Reform

This proposed rule has been reviewed under Executive Order 12998, Civil Justice Reform. If this proposed rule is adopted: (1) unless otherwise specifically provided all state and local laws and regulations that are in conflict with this rule will be preempted; (2) no retroactive effect will be given to this rule except as specifically prescribed in the rule; and (3) administrative proceedings of the National Appeals Division (7 CFR Part 11) must be exhausted before bringing suit.

#### Paperwork Reduction Act

In accordance with the Paperwork Reduction Act (44 U.S.C. 3507), the information collection requirements

included in this rule have been approved through 7 CFR part 1951, subpart E. The assigned OMB number is 0575-0066. This rule does not revise or impose any new information collection or recordkeeping requirements from those approved by the Office of Management and Budget.

#### National Performance Review

This regulatory action is being taken as part of the National Performance Review program to eliminate unnecessary regulations and improve those that remain in force.

#### Unfunded Mandate Reform Act

Title II of the Unfunded Mandate Reform Act of 1995 (UMRA), Public Law 104-4, establishes requirements for Federal agencies to assess the effects of their regulatory actions on State, local, and tribal governments and the private sector. Under section 202 of the UMRA, the Agency generally must prepare a written statement, including a cost-benefit analysis, for proposed and final rules with "Federal Mandates" that may result in expenditures to State, local, and tribal governments, in the aggregate, or to the private sector, of \$100 million or more in any one year. When such a statement is needed for a rule, section 205 of the UMRA generally requires the Agency to identify and consider a reasonable number of regulatory alternatives and adopt the least costly, more cost-effective or least burdensome alternative that achieves the objectives of the rule.

This rule contains no Federal mandates (under the regulatory provisions of Title II of the UMRA) for State, local, and tribal governments or the private sector. Thus today's rule is not subject to the requirements of sections 202 and 205 of the UMRA.

#### Discussion

The Rural Utilities Service is the result of a reorganization of programs administered by the former Farmers Home Administration and the former Rural Development Administration. As currently written, 7 CFR part 1951, subpart E does not permit loan reamortization with interest rate adjustment on outstanding loans. Accordingly, RUS is unable to provide debt relief to borrowers that become seriously delinquent on their loan payments. The proposed rule will provide debt relief to troubled

borrowers and encourage these organizations to remain in operation and resume scheduled loan payments. The proposed rule will also provide RUS greater flexibility to service problem loans and permit a viable, cost effective alternative to debt write-offs.

#### List of Subjects in 7 CFR Part 1951

Accounting, Grant programs—housing and community development, Reporting and recordkeeping requirements, Rural areas.

Accordingly, chapter XVIII of title 7 of the Code of Federal Regulations is proposed to be amended as follows:

#### PART 1951—SERVICING AND COLLECTIONS

1. The authority citation for part 1951 is revised to read as follows:

**Authority:** 5 U.S.C. 301; 7 U.S.C. 1981, 1989; 31 U.S.C. 3711; 42 U.S.C. 1480.

#### Subpart E—Servicing of Community and Insured Business Programs Loans and Grants

2. Section 1951.223(d) is added to read as follows:

##### §1951.223 Reamortization.

\* \* \* \* \*

(d) *Reamortization with interest rate adjustment—water and waste borrowers only.* A borrower that is seriously delinquent in loan payments may be eligible for loan reamortization with interest rate adjustment. The purpose of loan reamortization with interest rate adjustment is to provide relief for a borrower that is unable to service the outstanding loan in accordance with its existing terms and to enhance recovery on the loan. A borrower must meet the conditions of this subpart to be considered eligible for this provision.

(1) *Eligibility determination.* The State Director, Rural Development, may submit to the Administrator for approval an adjustment in the rate of interest charged on outstanding loans only for those borrowers who meet the following requirements:

- (i) The borrower has exhausted all other servicing provisions contained in this subpart;
- (ii) The borrower is experiencing severe financial problems;
- (iii) Any management deficiencies must have been corrected or the borrower must submit a plan acceptable to the State office to correct any deficiencies before an interest rate adjustment may be considered;
- (iv) Borrower user rates must be comparable to similar systems. In addition, the operating expenses reported by the borrower must appear

reasonable in relation to similar system expenses;

(v) The borrower has cooperated with Rural Development in exploring alternative servicing options and has acted in good faith with regard to eliminating the delinquency and complying with its loan agreements and agency regulations; and

(vi) The borrower's account must be delinquent at least one annual debt payment for 180 days.

(2) *Conditions of approval.* All borrowers approved for an adjustment in the rate of interest by the Administrator shall agree to the following conditions:

(i) The borrower shall agree not to maintain cash or cash reserves beyond what is reasonable at the time of interest rate adjustment to meet debt service, operating, and reserve requirements.

(ii) A review of the borrower's management and business operations may be required at the discretion of the State Director. This review shall be performed by an independent expert who has been recommended by the State Director and approved by the National Office. The borrower must agree to implement all recommendations made by the State Director as a result of the review.

(iii) If requested, a copy of the latest audited financial statements or management report must be submitted to the Administrator.

(3) *Reamortization.* At the discretion of the Administrator, the interest rate charged on outstanding loans of eligible borrowers may be adjusted to no less than the poverty interest rate and the term of the loans may be extended up to a new 40 year term or the remaining useful life of the facility, whichever is less.

Dated: May 15, 1997.

**Jill Long Thompson,**

*Under Secretary, Rural Development.*

[FR Doc. 97-13930 Filed 5-30-97; 8:45 am]

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#### DEPARTMENT OF TRANSPORTATION

#### Federal Aviation Administration

#### 14 CFR Part 71

[Airspace Docket No. 95-AWP-6]

#### Proposed Realignment of VOR Federal Airway V-485; San Jose, CA

**AGENCY:** Federal Aviation Administration (FAA), DOT.

**ACTION:** Supplemental notice of proposed rulemaking (SNPRM).

**SUMMARY:** On July 18, 1995, the FAA proposed to alter VOR Federal Airway V-485 (V-485) from the Priest, CA, Very High Frequency Omnidirectional Range/Tactical Air Navigation (VORTAC) to the San Jose, CA, Very High Frequency Omnidirectional Range/Distance Measuring Equipment (VOR/DME). In the Notice of Proposed Rulemaking (NPRM), a portion of the legal description for V-485 was inadvertently omitted. The intended effect of this SNPRM is to correct the legal description.

**DATES:** Comments must be received on or before July 11, 1997.

**ADDRESSES:** Send comments on the proposal in triplicate to: Manager, Air Traffic Division, AWP-500, Docket No. 95-AWP-6, Federal Aviation Administration, P.O. Box 92007, Worldway Postal Center, Los Angeles, CA 90009.

The official docket may be examined in the Rules Docket, Office of the Chief Counsel, Room 916, 800 Independence Avenue, SW., Washington, DC, weekdays, except Federal holidays, between 8:30 a.m. and 5:00 p.m.

An informal docket may also be examined during normal business hours at the office of the Regional Air Traffic Division.

**FOR FURTHER INFORMATION CONTACT:** William C. Nelson, Airspace and Rules Division, ATA-400, Office of Air Traffic Airspace Management, Federal Aviation Administration, 800 Independence Avenue, SW., Washington, DC 20591; telephone: (202) 267-8783.

#### SUPPLEMENTARY INFORMATION:

#### Comments Invited

Interested parties are invited to participate in this proposed rulemaking by submitting such written data, views, or arguments as they may desire. Comments that provide the factual basis supporting the views and suggestions presented are particularly helpful in developing reasoned regulatory decisions on the proposal. Comments are specifically invited on the overall regulatory, aeronautical, economic, environmental, and energy-related aspects of the proposal. Communications should identify the airspace docket number and be submitted in triplicate to the address listed above. Commenters wishing the FAA to acknowledge receipt of their comments on this notice must submit with those comments a self-addressed, stamped postcard on which the following statement is made: "Comments to Airspace Docket No. 95-AWP-6." The postcard will be date/time stamped and returned to the