

be computed using the "lodgings-plus per diem system." This term is defined in section 300-3.1 of the Federal Travel Regulation to mean "[t]he method of computing per diem allowances for official travel in which the per diem allowance for each travel day is established on the basis of the actual amount the traveler pays for lodging, plus an allowance for meals and incidental expenses (M&IE), the total of which does not exceed the maximum per diem rate for the location concerned."

E.O. 12866, Regulatory Review

This rule has been reviewed by the Office of Management and Budget in accordance with E.O. 12866.

Regulatory Flexibility Act

I certify that these regulations would not have a significant impact on a substantial number of small entities because they would apply only to Federal agencies and employees.

List of Subjects in 5 CFR Part 550

Administrative practice and procedure, Claims, Government employees, Wages.

U.S. Office of Personnel Management

Janice R. Lachance,

Director.

Accordingly, OPM is proposing to amend subpart D of part 550 of title 5 of the Code of Federal Regulations as follows:

PART 550—PAY ADMINISTRATION (GENERAL)

Subpart D—Payments During Evacuation

1. The authority citation for subpart D of part 550 is revised to read as follows:

Authority: 5 U.S.C. 5527; E.O. 10982, 3 CFR, 1959-1963, Comp. p. 502.

2. In § 550.401, paragraph (a) is revised to read as follows:

§ 550.401 Purpose, applicability, authority, and administration.

(a) *Purpose.* This subpart provides regulations to administer subchapter III (except sections 5524a and 5525) of chapter 55 of title 5, United States Code. The regulations provide for Governmentwide uniformity in making payments during an evacuation to employees or their dependents, or both, who are evacuated in the United States because of natural disasters or for military or other reasons that create imminent danger to their lives.

* * * * *

3. In § 550.402, the definition of *United States area* is removed, and a

new definition of *United States* is added to read as follows:

§ 550.402 Definitions.

* * * * *

United States means the 50 States, the District of Columbia, the Commonwealths of Puerto Rico and the Northern Mariana Islands, and any territory or possession of the United States.

4. In section 550.405, paragraphs (a) and (b)(1) are revised to read as follows:

§ 550.405 Determination of special allowances.

* * * * *

(a) The travel expenses and per diem for an evacuated employee and the travel expenses for his or her dependents must be determined in accordance with the Federal Travel Regulation (FTR) and any applicable implementing agency regulations, whether or not the employee or dependents are actually covered by or subject to the FTR. In addition, per diem is authorized for dependents of an evacuated employee at a rate equal to the rate payable to the employee, as determined in accordance with the FTR (except that the rate for dependents under 12 years of age shall be one-half this rate), whether or not the employee or dependents are actually covered by or subject to the FTR. Per diem for an employee and his or her dependents is payable from the date of departure from the evacuated area through the date of arrival at the safe haven, including any period of delay en route that is beyond an evacuee's control or that may result from evacuation travel arrangements.

(b) * * *

(1) The applicable maximum per diem rate must be computed using the "lodgings-plus per diem system," as defined in the FTR, for the employee and each dependent who is 12 years of age or over. One half of such rate must be computed for each dependent under 12 years of age. These maximum rates may be paid for a period not to exceed the first 30 days of evacuation.

* * * * *

[FR Doc. 99-32461 Filed 12-14-99; 8:45 am]

BILLING CODE 6325-01-P

DEPARTMENT OF AGRICULTURE

Rural Utilities Service

7 CFR Part 1703

Rural Business-Cooperative Service

Rural Utilities Service

7 CFR Part 4280

RIN 0570-AA19

Rural Economic Development Loan and Grant Program

AGENCIES: Rural Business-Cooperative Service and Rural Utilities Service, USDA.

ACTION: Proposed rule.

SUMMARY: The Rural Business-Cooperative Service (RBS or Agency) is proposing to amend regulations for the Rural Economic Development Loan and Grant (REDLG) Program. This action is part of a reinvention laboratory initiative of the Department of Agriculture and RBS. It is written in a "Plain Language" format that is simpler and should improve ease of use by the public and program beneficiaries.

DATES: Written or e-mail comments must be received on or before February 14, 2000 to be assured of consideration. The comment period for information collections under the Paperwork Reduction Act of 1995 continues through February 14, 2000.

ADDRESSES: Submit written comments via the U.S. Postal Service, in duplicate, to the Regulations and Paperwork Management Branch, Attention: Cheryl Thompson, Rural Development, U.S. Department of Agriculture, Stop 0742, 1400 Independence Avenue, SW., Washington, DC 20250-0742. Submit written comments via commercial express carrier, in duplicate, to the Regulations and Paperwork Management Branch, Attention: Cheryl Thompson, USDA-Rural Development, 3rd Floor, 300 E. St., SW., Washington, DC 20546. Also, comments may be submitted via the Internet by addressing them to comments@rus.usda.gov and must contain the word "economic" in the subject line. All written comments will be available for public inspection during regular work hours at the 300 E. St., SW. address listed above.

FOR FURTHER INFORMATION CONTACT: Mark Wyatt, Specialty Lenders Division, Rural Business-Cooperative Service, U.S. Department of Agriculture, STOP 3225, 1400 Independence Ave. SW., Washington, DC 20250-3225, Telephone (202) 720-2383.

SUPPLEMENTARY INFORMATION:

Classification

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

Programs Affected

The Catalog of Federal Domestic Assistance number for the program impacted by this action is 10.854, Rural Economic Development Loans and Grants.

Paperwork Reduction Act

In accordance with the Paperwork Reduction Act of 1995, RBS announces its intention to seek OMB approval of the reporting and recordkeeping requirements associated with this proposed rule. The purpose of the REDLG program is to promote rural economic development and job creation projects. Loans are made to Rural Utilities Service (RUS) electric and telecommunications borrowers to finance a wide range of projects, including businesses. Grants are made to establish revolving loan funds. The information requirements contained within the regulation require information from loan and grant applicants and recipients. The information is vital for RBS to make prudent decisions regarding the eligibility of applicants, establish selection priority among competing applicants, ensure compliance with applicable laws and regulations, and evaluate the program. The requirements include information to allow RBS to determine that an applicant is a legally organized entity with authority to enter into contracts and carry out the proposed activities; provide for a description and scope of the proposed activities; include information to provide for evaluation of recipient accomplishments; and require information needed to ensure compliance with Executive Orders.

Public Burden in 7 CFR Part 4280, Subpart A

At this time, RBS is requesting OMB clearance of the following burdens:

Section 4280.16(b). The Agency allows the loan recipient to request a deferment period. This involves a letter or telephone call.

Section 4280.16(d). A former RUS electric borrower that prepaid all their direct or insured electric program loans must provide an irrevocable letter of credit as security for the zero-interest loan because they no longer have property mortgaged to the Government.

Section 4280.20. A RUS borrower that receives a grant to operate a Revolving

Loan Fund would need to operate and administer the fund in accordance with its Revolving Loan Fund Plan. This involves reviewing loan applications, preparing loan documents, and disbursing funds.

Section 4280.36(a). RBS uses a copy of the reports prepared by the Rural Utilities Service for its borrowers to ensure compliance with certain laws and Executive Orders. RUS borrowers are required to provide information to the RUS field person to complete the narrative report.

Section 4280.39(a)(2). The RUS borrower must submit an acceptable resolution indicating their request for a loan or grant, agree to provisions of the regulation, etc.

Section 4280.39(a)(4). Assurance as required by 49 CFR 24.4(a). A signed form provides the required assurance statement that any relocations of persons or acquisitions of real property, as part of this completing this project, will be handled in accordance with the law.

Section 4280.39(a)(5). Certification For Contracts, Grants, and Loans is required by 31 U.S.C. 1352.

Section 4280.39(a)(8). Seismic Certification as required by 42 U.S.C. 7701.

Section 4280.39(b)(1) and (2). The narrative portion of the application describes the project, discusses how the project satisfies the selection factors specified in the regulation, and provides information to assist in conducting the environmental review of the project. It also includes a business and project plan and feasibility study.

Section 4280.39(b)(3). A Revolving Loan Fund Plan is required for grants to establish revolving loan funds. The plan governs the use of the funds for the life of the Revolving Loan Fund, how the Revolving Loan Fund will be administered by the RUS borrower, intended uses once the funds revolve and become non-Federal, and the review and approval of loans from the Revolving Loan Fund.

Section 4280.48(a) and (b). Agreements, promissory notes, and opinion of counsel. The recipient of a loan or grant is required to sign legal documents that contain the terms and conditions of the financing provided. For loans, the recipient is also required to execute a promissory note.

Section 4280.49. The RUS borrower is required to submit for approval copies of third party documents between the RUS borrower and the ultimate recipient to determine that the loan funds will be used for approved purposes and in accordance with the regulation. RBS must approve any

changes in the third-party documents. The RUS borrower must submit for approval any previously approved document that it wishes to revise. RBS ensures that the revised document is consistent with the approved use of funds and the regulation.

Section 4280.53. The RUS borrowers must submit payments through an electronic method set up to improve the efficiency of Government collections. This involves calling a bank on a touch-tone telephone and entering information.

Section 4280.55(a) and (b). These subsections provide for a list of expenditures for zero-interest loans to determine the proper use of the Government's loan funds. It also requires an itemized list and documentation from the ultimate recipient and record of itemized receipts. This provides a very workable method for the ultimate recipient to provide the RUS borrower with a list of the uses of the loan funds.

Section 4280.56(a). Form RD 4280-1, "Survey of Recipients of Rural Economic Development Loan and Grant Program." This form will record the success of the project that was financed with either a loan or grant. It provides RBS with information on the jobs actually created from the projects financed under this program, and other information that would indicate the success of the project and its impact on the rural economy.

Section 4280.56(b) and (c). For RUS borrowers with existing loans, RBS obtains from RUS a copy of the RUS borrower's audit. RUS borrowers without existing loans need to submit a copy of their audit to RBS. All audits must be conducted in accordance with Generally Accepted Government Auditing Standards. In addition, ultimate recipients may be required to send to RBS a copy of an audit conducted in accordance with 7 CFR part 3052, if the recipient is organized as a non-profit corporation, state government, or local government. Audits pursuant to 7 CFR part 3052 must be submitted only if the amount of federal funds an ultimate recipient spends in 1 year is \$300,000 or more. RBS gets a copy of the audit to verify that funds are used for approved purposes.

Section 4280.62. An applicant that receives an adverse decision may appeal the decision. This involves writing a letter requesting an appeal to the National Appeals Division of the United States Department of Agriculture.

Estimate of Burden: Public reporting burden for this collection of information

is estimated to average 3.4 hours per response.

Respondents: RUS borrowers.

Estimated Number of Respondents: 180.

Estimated Number of Responses per Respondent: 9.1.

Estimated Number of Responses: 1,632.

Estimated Total Annual Burden on Respondents: 5,509 hours.

Copies of this information collection may be obtained from Cheryl Thompson, Regulations and Paperwork Management Branch, Support Services Division, telephone 202-692-0043.

Comments: Comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of RBS, including whether the information will have practical utility; (b) the accuracy of RBS's estimate of the burden of the proposed collection of information including the validity of the methodology and assumptions used; (c) ways to enhance the quality, utility and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology. Comments should be submitted to the Desk Officer for Agriculture, Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503, and to Cheryl Thompson, Regulations and Paperwork Management Branch, Support Services Division, U.S. Department of Agriculture, Rural Development, STOP 0742, 1400 Independence Ave. SW, Washington, DC 20250-0742. All responses to this notice will be summarized, included in the request for OMB approval, and will become a matter of public record. A comment to OMB is best assured of having full effect if OMB receives it within 30 days of publication of this rule.

Intergovernmental Review

Rural Economic Development Loans and Grants are subject to the provisions of Executive Order 12372, which requires intergovernmental consultation with State and local officials. RBS will conduct intergovernmental consultation in the manner delineated in RD Instruction 1940-J, "Intergovernmental Review of Farmers Home Administration Programs and Activities," and in 7 CFR part 3015, subpart V.

Civil Justice Reform

This proposed rule has been reviewed under Executive Order 12988, Civil Justice Reform. In accordance with this rule: (1) All State and local laws and regulations that are in conflict with this rule will be preempted; (2) no retroactive effect will be given this rule; and (3) administrative proceedings in accordance with the regulations of the Department of Agriculture National Appeals Division (7 CFR part 11) must be exhausted before bringing suit in court challenging action taken under this rule unless those regulations specifically allow bringing suit at an earlier time.

Environmental Impact Statement

This document has been reviewed in accordance with 7 CFR part 1940, subpart G, "Environmental Program." RBS has determined that this proposed 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, 42 U.S.C. 4321-4374, an Environmental Impact Statement is not required.

Unfunded Mandates

Title II of the Unfunded Mandates 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, RBS 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 or 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 UMRA generally requires RBS 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, this rule is not subject to the requirements of sections 202 and 205 of UMRA.

Regulatory Flexibility Act

In compliance with the Regulatory Flexibility Act, RBS has determined that this action would not have a significant economic impact on a substantial number of small entities. This regulation only impacts those who

choose to participate in the loan and grant program. Small entity applicants will not be impacted to a greater extent than large entity applicants.

Background

The existing regulations for the Rural Economic Development Loan and Grant (REDLG) program are found at 7 CFR part 1703, subpart B, and will be removed upon publication of a final rule.

This action is part of a reinvention laboratory initiative of the Department of Agriculture and Rural Business-Cooperative Service. It is written in a "Plain Language" style. The proposed regulation is simpler and should improve ease of use by the public and program beneficiaries. The regulation is in a question and answer format from the perspective of questions from an applicant or recipient under this program.

The REDLG program was originally implemented in 1989 as part of the rural economic development program of Rural Electrification Administration, predecessor to the Rural Utilities Service (RUS). As a result of the United States Department of Agriculture reorganization, responsibility for this program was transferred to the Business Programs under RBS, which provides financing for rural areas. This program is administered at the State level through the Department of Agriculture's Rural Development State Offices.

Since its inception in 1989, this program has had a substantial impact on economic development in rural areas. As of September 30, 1998, it had provided \$106 million in loans and \$53 million in grants, leveraged \$914 million in private capital, and directly created approximately 23,000 new jobs for rural areas.

Under this program, loans and grants are provided to electric and telecommunications utilities that have borrowed funds from RUS. The purpose of the program is to encourage these electric and telecommunications utilities to promote rural economic development and job creation projects. The RUS utility can receive loans to help finance projects such as business start-up costs, business expansion, community development, and business incubator projects. The RUS utility uses the program loan funds to make a pass-through loan to an ultimate recipient such as a business. The RUS utility is responsible for fully repaying its loan to the government even if the ultimate recipient does not repay its loan. The RUS utility uses program grant funds, along with its required contribution, to create a revolving loan fund that it will

operate and administer. Loans are made from the revolving loan fund for a variety of community development projects.

The regulation proposes to simplify the application format, review and selection process, and recipient recordkeeping requirements. A section is proposed to be added covering the appeal of certain adverse decisions under this program.

This program will be available through the Rural Development Mission Area's Service Center Initiative.

List of Subjects

7 CFR Part 1703

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

7 CFR Part 4280

Business and industry, Community development, Economic development, Grant programs—housing and community development, Loan programs—housing and community development, Reporting and recordkeeping requirements, Rural areas.

Therefore, chapters XVII and XLII, title 7, Code of Federal Regulations, are proposed to be amended as follows:

CHAPTER XVII—RURAL UTILITIES SERVICE, DEPARTMENT OF AGRICULTURE

PART 1703—RURAL DEVELOPMENT

1. The authority citation for part 1703 continues to read as follows:

Authority: 7 U.S.C. 901, *et seq.* and 950aaa, *et seq.*

2. Subpart B of part 1703 is removed and reserved.

CHAPTER XLII—RURAL BUSINESS—COOPERATIVE SERVICE AND RURAL UTILITIES SERVICE, DEPARTMENT OF AGRICULTURE

3. A new part 4280, consisting only of subpart A (§§ 4280.1 through 4280.100), is added to chapter XLII to read as follows:

PART 4280—RURAL ECONOMIC DEVELOPMENT LOANS AND GRANTS

Subpart A—Rural Economic Development Loan and Grant Program

Sec.

Am I Eligible Under This Program?

4280.1 Point of reference.

4280.2 What is the Rural Economic Development Loan and Grant Program?

4280.3 Definitions.

4280.4–4280.12 [Reserved]

4280.13 Am I eligible to apply?

4280.14 [Reserved]

What Purposes Are Eligible for Loans?

4280.15 What type of projects may I finance with a zero-interest loan?

4280.16 What would be the terms of my zero-interest loan?

4280.17 If I receive a zero-interest loan, what happens if the ultimate recipient fails to repay me?

4280.18 What security do I need on the loan to the ultimate recipient?

What Purposes Are Eligible for Grants?

4280.19 What can I use a grant to fund?

4280.20 Do I operate and administer the fund?

4280.21 What types of projects may I finance with the initial loans I make from the grant funds I receive?

4280.22 [Reserved]

4280.23 What level of contribution must I make into the fund?

4280.24 How long must my contribution remain in the fund and what happens if the fund is terminated?

4280.25 What must I do in operating the fund?

4280.26 May I use grant funds to cover operating costs of the fund?

What Is Not Eligible for Either a Loan or Grant?

4280.27 What may I not do with program funds?

4280.28 [Reserved]

What Are the Other Terms and Conditions for Loans and Grants?

4280.29 Do I need supplemental financing?

4280.30 What other restrictions are there on the use of loan or grant funds?

4280.31–4280.35 [Reserved]

4280.36 What are some other laws that contain compliance requirements for this program?

How Do I Apply and How Much May I Request?

4280.37 How do I obtain and submit an application?

4280.38 What are the maximum and minimum amounts I may request for loans and grants?

4280.39 What must be included in my application for a loan or grant?

4280.40 [Reserved]

4280.41 What environmental review will be required after I submit my application?

How Are Applications Selected?

4280.42 How is my application evaluated and how are applications selected?

4280.43 Is there a possibility for discretionary points and how are they awarded?

4280.44 Are there limits on the number of loans or grants I may receive?

4280.45–4280.46 [Reserved]

4280.47 What if I am not selected?

What Must I do After Selection?

4280.48 If I am selected, what documents must I execute?

4280.49 What documents must I submit for approval before I can receive my funds?

4280.50 How do I obtain the approved loan or grant funds?

4280.51–4280.52 [Reserved]

4280.53 How do I make loan payments?

4280.54 Do I have to follow certain construction procurement requirements?

4280.55 What are my responsibilities to monitor and review the project?

4280.56 What reports or audits must I and ultimate recipients submit?

4280.57–4280.61 [Reserved]

4280.62 How may I appeal an adverse decision?

4280.63 Exception authority.

4280.64–4280.99 [Reserved]

4280.100 OMB control number. [Reserved]

Authority: 5 U.S.C. 301; 7 U.S.C. 940c; 7 CFR 2.17(a)(21).

Subpart A—Rural Economic Development Loan and Grant Program

Am I Eligible Under This Program?

§ 4280.1 Point of reference.

This subpart is written from the perspective of questions from an RUS borrower, the applicant under this program. Therefore, “I”, “My”, and “Me” in the question and “You” and “Your” in the answer refer to the RUS borrower. “Our”, “Us” and “We” in the answer refer to the Agency.

§ 4280.2 What is the Rural Economic Development Loan and Grant Program?

This program provides financing to Rural Utilities Service (RUS) electric or telecommunications borrowers to promote rural economic development and job creation projects.

(a) *Loans.* Zero-interest loans are made to you, the RUS borrower, which you, in turn, relend at a zero interest rate to ultimate recipients. You transmit ultimate recipient repayments of the loan to the U.S. Treasury.

(b) *Grants.* Grants are made to you, the RUS borrower, to establish revolving loan funds and to finance specific projects. You use the grant funds to make zero-interest loans to ultimate recipients to finance the approved projects. The repaid principal on these loans is retained in your revolving loan fund to finance other rural economic development projects.

§ 4280.3 Definitions.

The following definitions are applicable to this subpart:

Advanced telecommunications. Using communications equipment for purposes, such as the simultaneous transmission of images and voice or the electronic transmission of data between multiple sites, that do not consist primarily of providing local exchange voice communications. It does not include providing only local exchange

voice telephone service. Providing the local exchange voice telephone service for an area is not an eligible purpose for funding under this program.

Agency. The Rural Business-Cooperative Service (RBS), an agency of the United States Department of Agriculture, or a successor agency. Agency is referred to in this subpart as “we”, “our”, and “us”.

Agricultural production. The cultivation, production, growing, raising, feeding, housing, breeding, hatching, or managing of crops, plants, animals, or birds, either for fiber, food for human consumption, or livestock feed.

Business incubator. A facility in which small businesses can share premises, support staff, computers, software or hardware, telecommunications terminal equipment, machinery, janitorial services, utilities, or other overhead expenses, and where such businesses can receive technical assistance, financial advice, business planning services or other support.

Conflict of interest. A situation in which your officers, manager, board of directors, their spouses, or children, have a financial interest in the project, including its construction or development.

Cushion of credit payment. A voluntary unsecured payment made by you pursuant to 7 U.S.C. 940c.

Fund. A revolving loan fund that is created in part with grant funds under this program that makes loans and uses the loan repayments to make subsequent loans until the fund is terminated.

Grant. A transfer of monies from the Agency to the borrower under the program other than a loan.

Independent provider. An entity other than the RUS borrower that is not owned by a subsidiary or an affiliate of the RUS borrower.

Loan. A zero-interest loan made to the RUS borrower under the program.

Program. The Rural Economic Development Loan and Grant Program.

Project. The facility, equipment, or other assistance funded under this program, which is authorized by 7 U.S.C. 940c(b)(2).

Revolving Loan Fund Plan. A plan developed by the RUS borrower that governs the use of the fund established with grants, including how the fund will be administered by the RUS borrower, intended uses once the funds are repaid by the ultimate recipient, and the review and approval of loans from the fund.

Rural area. Any area of the United States not included within the boundaries of any urban area, as defined

by the United States Bureau of the Census.

Rural Utilities Service (RUS). The Rural Utilities Service, an agency of the United States Department of Agriculture, or a successor agency.

RUS Borrower. An entity that has borrowed funds under the Rural Electrification Act of 1936. RUS borrower is referred to as “you” or “your” in the answers and “I”, “me” and “my” in the questions.

State. Any of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of Palau, the Federated States of Micronesia, and the Republic of the Marshall Islands.

Technical assistance. Managerial, financial and operational analysis and consultation by independent providers to assist project owners in identifying and evaluating problems or potential problems and to provide training that enable project owners to successfully implement, manage, operate and maintain viable projects.

Ultimate recipient. An entity that receives a loan from you and which may be a sole proprietorship, corporation, cooperative, political subdivision of a state or locality, and a Federally recognized Indian tribe.

Uniform Act. The Uniform Relocation Assistance and Real Property Acquisition Act of 1970 (42 U.S.C. 4601–4655).

USDA. The United States Department of Agriculture.

§§ 4280.4–4280.12 [Reserved]

§ 4280.13 Am I eligible to apply?

You are eligible to apply if you are:

- (a) A RUS borrower that currently has an outstanding electric or telephone program debt; or
- (b) A former RUS electric borrower that prepaid its direct or insured electric program loans.

§ 4280.14 [Reserved]

What Purposes Are Eligible for Loans?

§ 4280.15 What type of projects may I finance with a zero-interest loan?

You may use zero-interest loans to finance the following types of economic development or job creation projects for residents of rural areas:

- (a) Start-up costs, including business start-up costs;
- (b) Business expansion;
- (c) Business incubator projects;
- (d) Technical assistance;
- (e) Project feasibility studies;

(f) Advanced telecommunications services and computer networks for medical, educational, and job training services; or

(g) Other rural economic development projects that we approve.

§ 4280.16 What would be the terms of my zero-interest loan?

(a) The maximum term of your zero-interest loan is 10 years, including any principal deferment period.

(b) Deferments will automatically be granted on your request as follows:

- (1) A deferment of principal of up to 1 year for projects involving a business expansion or established operation; or
- (2) A deferment of principal of up to 2 years for projects involving a start-up venture.

(c) You must provide the ultimate recipient the same repayment terms you receive from us.

(d) If you are a former RUS electric borrower that prepaid all your direct or insured electric program loans, you must provide an irrevocable letter of credit or other security, satisfactory to us, for the term of the loan as security for our zero-interest loan.

§ 4280.17 If I receive a zero-interest loan, what happens if the ultimate recipient fails to repay me?

You are responsible for fully repaying the zero-interest loan to us even if the ultimate recipient does not repay you.

§ 4280.18 What security do I need on the loan to the ultimate recipient?

You determine an adequate level of security on your loan to the ultimate recipient to ensure recovery of funds in the event of nonpayment of the loan.

What Purposes Are Eligible for Grants?

§ 4280.19 What can I use a grant to fund?

You use a program grant to partially finance the fund that you will operate and administer. Grants are subject to 7 CFR parts 3015 and 3016, as applicable, and any conflicts between 7 CFR parts 3015 and 3016 and this part will be resolved in favor of the applicable provision of 7 CFR parts 3015 and 3016.

§ 4280.20 Do I operate and administer the fund?

Yes, you operate and administer the fund. You may contract for the daily administration of the fund. However, you must permanently retain all project review and approval authority.

§ 4280.21 What types of projects may I finance with the initial loans I make from the grant funds I receive?

You may make initial loans from the fund only to:

- (a) Non-profit entities or public bodies for community development projects

that will create or save employment (but not for projects that are for-profit businesses). Community facilities must serve a wide area of beneficiaries in rural areas and must be owned by the non-profit entity or public body receiving the loan;

(b) Non-profit or for-profit entities, or public bodies for facilities and equipment to provide education and training to residents of rural areas that will facilitate economic development;

(c) Non-profit or for-profit entities, or public bodies for facilities and equipment to provide medical care to residents of rural areas. Equipment and facilities may be funded to enable eligible entities to provide medical training and related professional health care skills to rural health care providers;

(d) Non-profit or for-profit entities, or public bodies for projects which utilize advanced telecommunications or computer networks to facilitate medical or educational services or job training;

(e) Non-profit entities or public bodies for business incubators; or

(f) Non-profit or for-profit entities, or public bodies for project feasibility studies and technical assistance. An independent provider must perform feasibility studies. Qualified entities independent of you and the project owner must provide technical assistance.

§ 4280.22 [Reserved]

§ 4280.23 What level of contribution must I make into the fund?

You must contribute from your funds an amount equal to 20 percent of the amount of our funds. The contribution may not be provided from other federal loans or grants. For example, if you receive a program grant of \$200,000, you must deposit \$40,000 of your funds into the fund.

§ 4280.24 How long must my contribution remain in the fund and what happens if the fund is terminated?

Your contribution must remain until the fund is terminated. Until the total amount in the fund has been loaned, all loans must be for the purposes contained in § 4280.21. After the total amount in the fund has been loaned for the purposes of § 4280.21, you may make loans from the repayments and any additional amounts you contribute to the fund for any rural economic development purpose eligible under this program in accordance with the Revolving Loan Fund Plan. We may terminate the fund and require repayment of our grant funds if funds being re-lent are not being used according to the Revolving Loan Fund Plan. Termination will be in accordance

with 7 CFR part 3015 or 3016, as applicable.

§ 4280.25 What must I do in operating the fund?

Your Revolving Loan Fund Plan must specify that:

(a) The initial loans made from the fund using our funds must carry an interest rate of zero percent and have a maximum term of 10 years;

(b) Loans made from your contribution to the fund and from loan repayments may carry an interest rate greater than zero percent but less than, or equal to, the prime rate. You determine the other repayment terms on these loans;

(c) Until all our funds have been loaned, each loan from the fund will consist of your contribution and our contribution in the ratio of the respective contributions to the fund. The interest rate for our contribution will be at zero percent and the interest rate on your contribution will be based on paragraph (b) of this section. Whether or not multiple projects are involved, the percent of your funds in a loan cannot be less than the percent you have contributed in accordance with § 4280.23. Loan security and recovery of loan losses must provide for the pro rata recovery and distribution between you and us based on the respective amounts of each contribution to the total loan amount for the project;

(d) Loans made from repayments of the initial and subsequent loans may be used for any rural economic development purpose eligible under this program in accordance with the Revolving Loan Fund Plan. These loans may carry an interest rate greater than zero percent. The maximum interest rate is the prime rate; and

(e) Once you have provided assistance with project loans in an amount equal to the grant monies provided by us, future loans from the fund shall not be considered as being derived from federal funds.

§ 4280.26 May I use grant funds to cover operating costs of the fund?

Yes, up to 10 percent of our grant funds may be applied toward operating expenses of the fund. Operating expenses include the costs of administering the fund and technical assistance provided to project owners by independent entities.

What Is Not Eligible for Either a Loan or Grant?

§ 4280.27 What may I not do with program funds?

You may not use zero-interest loans and grants:

(a) For any costs incurred on the project prior to our receipt of your completed application;

(b) For activities that would adversely affect the environment, or activities that limit the choice of reasonable alternatives prior to satisfying our environmental requirements;

(c) To pay off or refinance your existing indebtedness incurred prior to our receipt of your completed application unless approved by us;

(d) For any electric or telephone purpose; or for your electric or telephone operations or other affiliated operations except those purposes contained in § 4280.15(f);

(e) To pay the salaries of your employees or those of your owner, its subsidiaries, or affiliates except for salaries incurred in administering a fund established under this program;

(f) For community antenna television systems or facilities;

(g) For residential purposes such as residential dwellings and land sites; facilities to provide entertainment television; or personal, non-business related vehicles;

(h) Where you have a conflict of interest in the project;

(i) For any purpose when receipt of loan funds is conditioned upon the requirement that the ultimate recipient acquire electric or telephone service from you;

(j) For an otherwise eligible project when any of the revenues of the project are derived from a gambling activity;

(k) For a project that would result in the transfer of existing employment or business activity more than 25 miles from its existing location;

(l) For proposed projects located in areas covered by the Coastal Barrier Resources Act (16 U.S.C. 3501-3510);

(m) For any illegal activity or any activity involving prostitution; or

(n) For agricultural production.

§ 4280.28 [Reserved]

What Are the Other Terms and Conditions for Loans and Grants?

§ 4280.29 Do I need supplemental financing?

(a) *Is supplemental financing for the project required?* Yes, the ultimate recipient must have supplemental financing at least equal to 20 percent of the zero interest loan and grant.

(b) *What are possible sources?* The owner of the project, banks, other governmental sources, the RUS borrower, or other appropriate sources may provide the supplemental funds.

(c) *What are the timeframes for supplying these funds?* Only supplemental funds that are provided to

the project after we receive your completed application may be used to meet this requirement.

(d) *When must I obtain commitments for the supplemental funds?* The funds must be committed in writing to the project before we will advance any funds to you.

§ 4280.30 What other restrictions are there on the use of loan or grant funds?

(a) You must not own or manage any ultimate recipient project, unless the project is acquired as a result of servicing a loan made from the fund.

(b) You may charge reasonable loan servicing fees, which are limited to one percent of the principal amount outstanding on the loan, reasonable professional service fees that are customary for the service being provided and in accordance with any standard fee schedules that have been established for the service, and expenses you have incurred from independent providers.

(c) Any interest earned on advances of our loan or grant funds must be returned to the Agency.

§§ 4280.31—4280.35 [Reserved]

§ 4280.36 What are some other laws that contain compliance requirements for this program?

(a) *Equal opportunity and nondiscrimination requirements.* All loans and grants made under this subpart are subject to the nondiscrimination provisions of title VI of the Civil Rights Act of 1964, (42 U.S.C. 2000(d)); section 504 of the Rehabilitation Act of 1973, (29 U.S.C. 794); and the Age Discrimination Act of 1975, (42 U.S.C. 6101–6107).

(b) *Architectural barriers.* All facilities financed with zero-interest loans or grants that are open to the public or in which persons may be employed or reside must be designed, constructed, or altered to be readily accessible to, and usable by disabled persons. Standards for these facilities must comply with the Architectural Barriers Act of 1968, (42 U.S.C. 4151–4157) and the “Uniform Federal Accessibility Standards”, (41 CFR part 101.19, subpart 101–19.6, Appendix A).

(c) *Uniform relocation assistance.* Relocations in connection with this program are subject to 49 CFR part 24 as referenced by 7 CFR part 21, “Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally Assisted Programs,” except that the provisions in title III, “Uniform Real Property Acquisition Policy,” of the Uniform Act do not apply to this program.

(d) *Drug-free workplace.* Grants made under this program are subject to the requirements contained in 7 CFR part 3017, subpart F, “Drug-Free Workplace Requirements (Grants)”, which implements the Drug-Free Workplace Act of 1988 (41 U.S.C. 701–706). A borrower requesting a grant will be required to certify that it will establish and make a good faith effort to maintain a drug-free workplace program.

(e) *Debarment and suspension.* The requirements of 7 CFR part 3017, subparts A through E, regarding Governmentwide debarment and suspension (nonprocurement) are applicable to this program.

(f) *Intergovernmental review of Federal programs.* This program is subject to the requirements of Executive Order 12372, “Intergovernmental Review of Federal Programs” (3 CFR 1982 Comp., p. 197) and 7 CFR part 3015, subpart V, “Intergovernmental Review of Department of Agriculture Programs and Activities,” which implements Executive Order 12372. Proposed projects are subject to the state and local government review process contained in 7 CFR part 3015.

(g) *Restrictions on lobbying.* The restrictions and requirements imposed by 31 U.S.C. 1352, entitled “Limitation on Use of Appropriated Funds to Influence Certain Federal Contracting and Financial Transactions” and the implementing regulation, 7 CFR part 3018, “New Restrictions on Lobbying,” are applicable to this program.

(h) *Earthquake hazards.* This program is subject to the seismic requirements of the Earthquake Hazards Reduction Act of 1977 (42 U.S.C. 7701–7706).

(i) *Environmental requirements.* The requirements of 7 CFR part 1940, subpart G, are applicable to the program and the loans made from the revolving loan fund using our funds.

(j) *Affirmative fair housing.* If applicable, the RUS borrower will be required to comply with the Affirmative Fair Housing Act (42 U.S.C. 3601–3631)

How Do I Apply and How Much May I Request?

§ 4280.37 How do I obtain and submit an application?

(a) You may obtain forms that supplement the written narrative sections of your application from the USDA Rural Development State Office for the state where the project is located.

(b) You need to file an original only of your application with the USDA Rural Development State Office on any official working day.

§ 4280.38 What are the maximum and minimum amounts I may request for loans and grants?

During a fiscal year:

(a) The maximum amount of a single loan application is 3 percent of the available fiscal year loan funds, or \$200,000, whichever is greater. This is a limit on the maximum amount of an application, not the number of applications.

(b) The maximum amount of a single grant application is 3 percent of the available fiscal year grant funds. This is a limit on the maximum amount of an application, not the number of applications.

(c) We will publish a notice of available fiscal year loan and grant funds and the maximum loan and grant amounts per application in the **Federal Register** on an annual basis.

(d) The minimum loan or grant amount to you is \$20,000.

§ 4280.39 What must be included in my application for a loan or grant?

Your application for a loan and a grant must contain the following:

(a) Required forms and certifications:

- (1) “Application for Federal Assistance,” signed by you;
- (2) A board resolution certified by your board secretary. The board resolution must indicate whether you are requesting a loan or grant, agree to the provisions of this subpart and loan or grant agreement, and that you have the legal authority to enter in a loan or grant agreement under this program;
- (3) “Certification Regarding Debarment, Suspension, and Other Responsibility Matters—Primary Covered Transactions,” and “Ineligibility and Voluntary Exclusion—Lower Tier Covered Transactions”;
- (4) Assurance statement for the Uniform Act signed by the ultimate recipient. This statement provides us with the required assurance statement that any relocations of persons or acquisitions of real property, as part of completing this project, will be handled in accordance with this statute;
- (5) “Certification for Contracts, Grants and Loans” (If your loan is greater than \$150,000 or your grant is greater than \$100,000);

(6) “Disclosure of Lobbying Activities,” (If you engage in lobbying activities);

(7) “Certification Regarding Drug-Free Workplace Requirements (Grants),” for grants only;

(8) Seismic certification if construction of a building is proposed. The project owner certifies that any building constructed will comply with standards that reduce the damage caused by earthquakes; and

(9) "Request for Environmental Information".
 (b) Your written narrative section of the application must consist of the following:

- (1) Project description, including the work to be performed with our funds;
- (2) A discussion of how the project meets each selection factor in § 4280.42(b);
- (3) A Revolving Loan Fund Plan. A plan is required if you apply for a grant to establish a fund.

§ 4280.40 [Reserved]

§ 4280.41 What environmental review will be required after I submit my application?

- (a) We will conduct a review of the environmental impact of the project in your application and inform you of any additional information we need and any environmental requirements for the project.
- (b) We will conduct all necessary environmental reviews as prescribed in

7 CFR part 1940, subpart G. These reviews must be completed before your application can be considered for approval.

How Are Applications Selected?

§ 4280.42 How is my application evaluated and how are applications selected?

- (a) We will evaluate your application and score it based on the selection factors in this section. All applications will be ranked on a nationwide basis based on the total points scored.
- (b) Your application will be evaluated and scored using the information provided in accordance with § 4280.39(b)(2). Points will be awarded based on the following:
 - (1) *Nature of your project.* We will award points based on whether your project:
 - (i) Is a for-profit business start-up or expansion, business incubator, industrial building or park, or infrastructure necessary to connect only

- for-profit businesses to existing infrastructure—20 points;
 - (ii) Provides technical assistance to rural businesses or rural residents, or educates or provides medical care to rural residents—20 points;
 - (iii) Will enhance rural economic development by providing advanced telecommunications services and computer networks for medical, educational, and job training services. This review will be based on your application's telecommunications design—20 points.
- (2) *Number of full-time jobs.*

If the number of direct full-time rural jobs either created or saved per \$100,000 of total project costs is	Then we will award
(i) Greater than five	25 points;
(ii) From one to five	15 points.

(3) *Supplemental funds for your project.* Points will be based on a calculation of the amount of supplemental funds to be provided to the project. Supplemental funds must be provided on a pro rata basis to the project within a 12 month period that begins on the day our funds are provided to the project. All supplemental funds used in the following calculation must be disbursed to the project between the date of our receipt of your application and 1 year after our first advance of funds:

If supplemental funds as a percentage of the Agency loan or grant to be provided to the project are	Then we will award	If supplemental funds as a percentage of the Agency loan or grant to be provided to the project are	Then we will award	If supplemental funds as a percentage of the Agency loan or grant to be provided to the project are	Then we will award
(i) Greater than 200%	20 points;	(ii) From 100% to 200% ...	10 points;	(iii) From 50% to less than 100%.	5 points.

(4) *Unemployment rate for the county(ies) where your project is located.* We will compare the unemployment rate(s) in the county(ies) to the state and national unemployment rates, as follows:

If the unemployment rate(s) in the county(ies) where your project will be located	Then we will award	If the unemployment rate(s) in the county(ies) where your project will be located	Then we will award	If the unemployment rate(s) in the county(ies) where your project will be located	Then we will award
(i) Exceeds the national unemployment rate by 30% or more.	15 points;	(ii) Is greater than the national unemployment rate, but is less than 130% of the national unemployment rate.	5 points;	(iii) Exceeds the state unemployment rate by 30% or more.	10 points;
				(iv) Is greater than the state unemployment rate but is less than 130% of the state unemployment rate.	5 points.

(5) *Median household income for the county(ies) where your project is located.* We will compare the median household income in the county(ies) where your project will be located to the national and state median household income levels, as follows:

If the median household income level in the county(ies) is:	Then we will award	If the median household income level in the county(ies) is:	Then we will award	If the median household income level in the county(ies) is:	Then we will award
(i) Less than or equal to 90% national level.	15 points;	(ii) Between 90 and 100% of the national level.	5 points;	(iii) Less than or equal to 90% state level.	10 points;
				(iv) Between 90 and 100% of the state level.	5 points.

(6) *Decline in population for the county(ies) where your project is located.* If there has been a long-term decline in population in the county(ies) where your project will be located over the time period covered by the three most recent decennial censuses of the United States to the present—10 points.

(7) *Cushion of credit payments.* We will determine the level of your cushion of credit payments, as follows:

If your cushion of credit account level is	Then we will award
(i) In excess of \$300,000, or a dollar amount in excess of three percent of your total assets, whichever is less.	15 points;
(ii) Within the range of \$100,000 to less than \$300,000, or a dollar amount that is within the range of one percent to less than three percent of your total assets, whichever is less.	10 points;
(iii) Within the range of \$10,000 to less than \$100,000, or a dollar amount that is within the range of 0.5 percent to less than one percent of your total assets, whichever is less.	5 points.

(8) *Initial loan and grant.* If your loan application would be the first loan awarded to you under this program or the grant application is the first grant awarded to you under this program—10 points.

(9) *County participation.* If your project would be the first project this program financed in the county where your project is to be located—10 points.

(10) *Ultimate recipient's plan.* We will evaluate the ultimate recipient's business plan or telecommunications design that would include the following:

(i) A description of the business or project plans and, if applicable, its products and operating plans. (For applications for advanced telecommunications, the business plan we evaluate would be the application's telecommunications and engineering design)—15 points; and

(ii) An appropriate financial plan, including a feasibility study with projected balance sheets, income

statements and cash flow statements for the term of the loan—20 points.

§ 4280.43 Is there a possibility for discretionary points and how are they awarded?

Yes, the Administrator, based on the State Director's recommendation, has the discretion to designate up to 25 points based on whether your project:

(a) Is located in a Rural Empowerment Zone, Rural Enterprise Community, or Champion Community;

(b) Is located in a county that has experienced the loss, removal, or closing of a major source or sources of employment in the last 3 years which causes an increase of 2 percentage points or more in the county's most recent unemployment rate compared with the period immediately before the dislocation;

(c) Is located in a county that has experienced chronic or long-term economic deterioration;

(d) Utilizes advanced telecommunications or computer networks to facilitate medical or educational services or job training;

(e) Is located in a county that was designated a disaster area by the President of the United States or Secretary of Agriculture that significantly affected rural economic development and job creation. The county must have been designated within 3 years prior to your applying to us; or

(f) Is consistent with the Rural Development State Office's approved strategic plan and mission area objectives.

§ 4280.44 Are there limits on the number of loans or grants I may receive?

Yes, depending on the amount of funds available, we may limit you to one selected grant application and two selected loan applications in a fiscal year.

§§ 4280.45–4280.46 [Reserved]

§ 4280.47 What if I am not selected?

(a) If you are not selected, you may elect to have your application reconsidered.

(b) Your application will be considered for a total of four of our selection competitions. You may reapply if the application is revised and be considered for another four selection competitions.

What Must I do After Selection?

§ 4280.48 If I am selected, what documents must I execute?

We will notify you in writing if your application is selected. The documents to be executed will include:

(a) *Loan.* (1) A Letter of Agreement with specific terms and conditions;

(2) A loan agreement with general terms and conditions;

(3) A note covering the repayment terms of the loan; and

(4) A legal opinion concerning your authority to engage in the project.

(b) *Grant.* (1) A Letter of Agreement with project specific terms and conditions;

(2) A grant agreement with general terms and conditions; and

(3) A legal opinion concerning your authority to participate in the project.

§ 4280.49 What documents must I submit for approval before I can receive my funds?

We must approve any agreements or changes in agreements between you and the ultimate recipient. We must also approve agreements involved in any multi-step financial transaction that involves lending our funds to any intermediate entities, which will subsequently lend the funds to the ultimate recipient.

§ 4280.50 How do I obtain the approved loan or grant funds?

(a) We will disburse zero-interest loan funds to you in accordance with the terms of the executed loan agreement. All loan funds will be disbursed in

advance to you at one time once you have complied with our requirements.

(b) We will disburse grant funds to you in accordance with 7 CFR parts 3015 and 3016, as applicable. Specifically, we will disburse the grant funds in advance if the following requirements are met:

(1) You have demonstrated to us the willingness and ability to establish written procedures that will minimize the time elapsing between the transfer of funds from us and their disbursement to the ultimate recipient;

(2) Your financial management system meets the requirements of 7 CFR parts 3015 and 3016, as applicable;

(3) All necessary supplemental funds for the project have been obligated or committed to the project; and

(4) Your request for cash advances from us are limited to the minimum amounts needed and timed to be in accordance with the actual, immediate cash needs of carrying out the project.

(c) You must provide to the ultimate recipient all loan funds that we have disbursed to you within 6 months of your receiving them.

§§ 4280.51–4280.52 [Reserved]

§ 4280.53 How do I make loan payments?

You must make all loan payments to us by electronic funds transfer or other means as specified in the loan documents.

§ 4280.54 Do I have to follow certain construction procurement requirements?

Yes, construction, including bidding and awarding of contracts, must be conducted in a manner that provides maximum open and free competition.

§ 4280.55 What are my responsibilities to monitor and review the project?

(a) If you receive a loan or grant, you must monitor the project to the extent necessary to ensure that:

(1) Funds are used only for approved purposes;

(2) Disbursements and expenditures of funds are properly supported with certifications, invoices, contracts, bills of sale, or other forms of evidence, which are maintained on your premises;

(3) Project time schedules are being met, projected work by time periods is being accomplished, and other performance objectives are being achieved; and

(4) The project is in compliance with all applicable regulations.

(b) We may inspect and copy your records and documents that pertain to the project which you must retain for the term of the project loan plus 2 years. In addition, we may also perform project site visits and reviews of the use of loan or grant proceeds.

(c) We will review and monitor grants in accordance with appropriate United States Department of Agriculture regulations at 7 CFR parts 3015, 3016, 3017, 3018, and 3052.

§ 4280.56 What reports or audits must I and ultimate recipients submit?

(a) If you receive a loan or grant, you must submit the following report:

(1) *Loan*. You must submit the “Survey of Recipients of Rural Economic Development Loan and Grant Program,” to us on an annual basis until the project is completed.

(2) *Revolving Loan Fund (Grant)*. You must submit the “Survey of Recipients of Rural Economic Development Loan and Grant Program,” to us on an annual basis until the projects financed with our proceeds are completed and, thereafter, on a triennial basis until the fund is terminated.

(b) If you have an outstanding loan with RUS, we will obtain a copy of your audit from RUS. If you do not have an existing loan with RUS, you will need to submit a copy of your annual audit to us. All audits must be conducted in accordance with Generally Accepted Government Auditing Standards and/or Generally Accepted Accounting Principles.

(c) We may require ultimate recipients of grant funds provided under this program to submit annual audits to comply with federal audit regulations. In accordance with 7 CFR part 3052, if an ultimate recipient spends \$300,000 or more of Federal funds in one year and they are a nonprofit entity, or a State or local government, then they may be required to submit an audit.

§§ 4280.57–4280.61 [Reserved]

§ 4280.62 How may I appeal an adverse decision?

You may appeal any appealable adverse decision we make that affects you in accordance with 7 CFR part 11.

§ 4280.63 Exception authority.

The Administrator of the Agency may, in individual cases, grant an exception to any non-statutory requirement or provision of this subpart, provided the Administrator determines in writing that the application of the requirement or provision would adversely affect USDA’s interest.

§§ 4280.64–4280.99 [Reserved]

§ 4280.100 OMB control number. [Reserved]

Dated: December 3, 1999.

Jill Long Thompson,

Under Secretary, Rural Development.

[FR Doc. 99–32009 Filed 12–14–99; 8:45 am]

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DEPARTMENT OF AGRICULTURE

Rural Utilities Service

7 CFR Part 1744

RIN 0572–AB53

Post-Loan Policies and Procedures Common to Guaranteed and Insured Loans

AGENCY: Rural Utilities Service, USDA.

ACTION: Proposed rule.

SUMMARY: Recent changes in the telecommunications industry, including deregulation and technological developments, have caused Rural Utilities Service (RUS) borrowers and other organizations providing telecommunications services to consider undertaking projects that provide new telecommunications services and other telecommunications services not ordinarily financed by RUS. The ability of telecommunications providers to compete in an expanding number of telecommunications services may be critical to their financial strength and stability. Although some of these services may not be eligible for financing under the Rural Electrification Act of 1936 (RE Act), these services may nevertheless advance RE Act objectives where the borrower obtains financing from private lenders. Rural subscribers will be the beneficiaries of these services and, overall, the borrowers’ financial strength and the assurance of repayment of outstanding Government debt will be improved as a result of providing such telecommunications services. To facilitate the financing of those services, RUS is willing to consider accommodating the Government’s lien on telecommunications borrowers’ systems or subordinating the Government’s lien on after-acquired property of telecommunications borrowers.

DATES: Written comments on this proposed rule must be received by RUS or carry a postmark or equivalent by February 14, 2000.

ADDRESSES: Written comments should be addressed to Roberta D. Purcell, Assistant Administrator, Telecommunications Program, Rural