

when conveyed to VA unless someone properly in possession by virtue of a redemption period occupies it or VA otherwise directs the holder. This document also withdraws the proposal to amend the loan guaranty regulations that was published in the **Federal Register** on March 2, 1994 (59 FR 9944). In the March 2, 1994 document, we proposed to change the regulations by requiring that the mortgage holder provide notice to VA when refusing to accept partial payment on a loan in default and to clarify when a veteran is liable to VA for a loss due to a loan default. We are reconsidering the issues raised in both proposed rules in light of changes that have occurred in the industry since the proposals were promulgated. These issues may be the subject of a future rulemaking proceeding.

**FOR FURTHER INFORMATION CONTACT:** Mr. Richard Fyne, Assistant Director for Loan Management (261), Loan Guaranty Service, Veterans Benefits Administration, Department of Veterans Affairs, 810 Vermont Avenue, NW., Washington, DC 20420, phone (202) 273-7380. (This is not a toll-free number.)

Approved: February 15, 2001.

**Anthony J. Principi,**  
*Secretary of Veterans Affairs.*  
[FR Doc. 01-11745 Filed 5-9-01; 8:45 am]  
**BILLING CODE 8320-01-P**

## ENVIRONMENTAL PROTECTION AGENCY

### 40 CFR Part 62

[Region 2 Docket No. NY46-217b, FRL-6977-3]

### Approval and Promulgation of State Plans For Designated Facilities; New York

**AGENCY:** Environmental Protection Agency (EPA)

**ACTION:** Proposed rule.

**SUMMARY:** EPA is proposing to approve the New York supplementary submittal for meeting EPA's conditional approval of the New York State Plan for regulating existing Municipal Solid Waste Landfills. The supplemental submittal documents that, except for two landfills, all are in compliance. A Title V permit containing a compliance schedule with all five federally enforceable increments of progress has been provided for one landfill and the other landfill is undergoing an applicability determination. In the "Rules and Regulations" section of this

**Federal Register**, EPA is approving the State's State Plan submittal, as a direct final rule without prior proposal because the Agency views this as a noncontroversial submittal and anticipates no adverse comments. A detailed rationale for the approval is set forth in the direct final rule. If EPA receives no adverse comments, EPA will not take further action on this proposed rule. If EPA receives adverse comments, EPA will withdraw the direct final rule and it will not take effect. EPA will address all public comments in a subsequent final rule based on this proposed rule. The EPA will not institute a second comment period on this action. Any parties interested in commenting on this action should do so at this time.

**DATES:** Written comments must be received on or before June 11, 2001.

**ADDRESSES:** All comments should be addressed to: Raymond Werner, Chief, Air Programs Branch, Environmental Protection Agency, Region 2 Office, 290 Broadway, New York, New York 10007-1866.

Copies of the State submittal are available at the following addresses for inspection during normal business hours:

Environmental Protection Agency,  
Region 2 Office, 290 Broadway, 25th  
Floor, New York, New York 10007-  
1866.

New York State Department of  
Environmental Conservation, Division  
of Air Resources, 50 Wolf Road,  
Albany, New York 12233.

**FOR FURTHER INFORMATION CONTACT:**  
Craig Flamm, Air Programs Branch,  
Environmental Protection Agency, 290  
Broadway, 25th Floor, New York, New  
York 10278, (212) 637-4021.

**SUPPLEMENTARY INFORMATION:** For additional information see the direct final rule which is located in the Rules Section of this **Federal Register**.

Dated: April 19, 2001.

**William J. Muszynski,**  
*Acting Regional Administrator Region 2.*  
[FR Doc. 01-11830 Filed 5-9-01; 8:45 am]  
**BILLING CODE 6560-50-P**

## FEDERAL EMERGENCY MANAGEMENT AGENCY

### 44 CFR Part 62

RIN 3067-AD23

### National Flood Insurance Program; Assistance to Private Sector Property Insurers

**AGENCY:** Federal Emergency Management Agency (FEMA).

**ACTION:** Proposed rule.

**SUMMARY:** Based on recent cost information, we (FEMA) propose to adjust the expense allowance under the Financial Assistance/Subsidy Arrangement between the Federal Insurance Administrator and the private sector insurers that sell and service flood insurance.

**DATES:** Comments on this proposed rule should be received on or before June 11, 2001.

**ADDRESSES:** Please submit any written comments to the Rules Docket Clerk, Office of the General Counsel, Federal Emergency Management Agency, 500 C Street, SW., room 840, Washington, DC 20472, (facsimile) 202-646-4536, or (email) [rules@fema.gov](mailto:rules@fema.gov).

**FOR FURTHER INFORMATION CONTACT:**  
Edward L. Connor, Federal Emergency Management Agency, Federal Insurance Administration, 500 C Street SW., Washington, DC 20472, 202-646-3443, (facsimile) 202-646-3445, (email) [Edward.Connor@fema.gov](mailto:Edward.Connor@fema.gov).

**SUPPLEMENTARY INFORMATION:** Under the Financial Assistance/Subsidy Arrangement between the Federal Insurance Administrator and the private sector insurers that sell and service flood insurance under the Write Your Own (WYO) program, participating insurers are entitled to an expense allowance—a portion of the flood premiums from the policies that the insurers sell. The expense allowance is based on data for the property/casualty industry published, as of March 15 of the prior Arrangement year, in Part III of the Insurance Expense Exhibit in A.M. Best Company's Aggregates and Averages for five property coverages.

Based on our analysis of recent expense information from the companies, we conclude that we should increase the current expense allowance under the Arrangement. We are therefore proposing a change in the expense allowance to reflect this new cost information.

### National Environmental Policy Act (NEPA)

NEPA imposes requirements for considering the environmental impacts of agency decisions. It requires that an agency prepare an Environmental Impact Statement (EIS) for "major federal actions significantly affecting the quality of the human environment." If an action may or may not have a significant impact, the agency must prepare an environmental assessment (EA). If, as a result of this study, the agency makes a Finding of No Significant Impact (FONSI), no further

action is necessary. If it will have a significant effect, then the agency uses the EA to develop an EIS.

**Categorical Exclusions.** Agencies can categorically identify actions (for example, repair of a building damaged by a disaster) that do not normally have a significant impact on the environment. The purpose of this proposed rule is to adjust the expense allowance under the Financial Assistance/Subsidy Arrangement between the Federal Insurance Administrator and the private sector insurers that sell and service flood insurance.

Accordingly, we have determined that this rule is excluded from the preparation of an environmental assessment or environmental impact statement under 44 CFR 10.8(d)(2)(ii), where the rule is related to actions that qualify for categorical exclusion under 44 CFR 10.8(d)(2)(i), which addresses the preparation, revision, and adoption of regulations, directives, and other guidance documents related to actions that qualify for categorical exclusions. We have not prepared an environmental assessment or environmental impact statement as defined by NEPA.

#### **Executive Order 12866, Regulatory Planning and Review**

We have prepared and reviewed this proposed rule under the provisions of E.O. 12866, Regulatory Planning and Review. Under Executive Order 12866, 58 FR 51735, October 4, 1993, a significant regulatory action is subject to OMB review and the requirements of the Executive Order. The Executive Order defines "significant regulatory action" as one that is likely to result in a rule that may:

(1) Have an annual effect on the economy of \$100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities;

(2) Create a serious inconsistency or otherwise interfere with an action taken or planned by another agency;

(3) Materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or

(4) Raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in the Executive Order.

For the reasons that follow we have concluded that the proposed rule is neither an economically significant nor a significant regulatory action under the Executive Order. The rule would adjust the expense allowance under the

Financial Assistance/Subsidy Arrangement between the Federal Insurance Administrator and the private sector insurers that sell and service flood insurance. The adjustment would increase by approximately \$14 million the expense allowance paid to the WYO private sector insurers. It would not have an annual effect on the economy of \$100 million or more or adversely affect in a material way the economy, the insurance sector, competition, or other sectors of the economy. It would create no serious inconsistency or otherwise interfere with an action taken or planned by another agency. It would not materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof. Nor does it raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in the Executive Order.

The Office of Management and Budget has not reviewed this proposed rule under the principles of Executive Order 12866.

#### **Paperwork Reduction Act**

This rule does not contain a collection of information and is therefore not subject to the provisions of the Paperwork Reduction Act.

#### **Regulatory Flexibility Act**

Under the Regulatory Flexibility Act agencies must consider the impact of their rulemakings on "small entities" (small businesses, small organizations and local governments). When 5 U.S.C. 553 requires an agency to publish a notice of proposed rulemaking, the Act requires a regulatory flexibility analysis for both the proposed rule and the final rule if the rulemaking could "have a significant economic impact on a substantial number of small entities." The Act also provides that if a regulatory flexibility analysis is not required, the agency must certify in the rulemaking document that the rulemaking will not "have a significant economic impact on a substantial number of small entities."

This proposed rule revises the NFIP regulations to adjust the expense allowance under the Financial Assistance/Subsidy Arrangement between the Federal Insurance Administrator and the private sector insurers that sell and service flood insurance. Therefore, I certify that a regulatory flexibility analysis is not required for this rule because it would not have a significant economic impact on a substantial number of small entities.

#### **Executive Order 13132, Federalism**

Executive Order 13132 sets forth principles and criteria that agencies must adhere to in formulating and implementing policies that have federalism implications, that is, regulations that have substantial direct effects on the States, or on the distribution of power and responsibilities among the various levels of government. Federal agencies must closely examine the statutory authority supporting any action that would limit the policymaking discretion of the States, and to the extent practicable, must consult with State and local officials before implementing any such action.

We have reviewed this proposed rule under E.O.13132 and have determined that the rule does not have federalism implications as defined by the Executive Order. The rule would adjust the expense allowance under the Financial Assistance/Subsidy Arrangement between the Federal Insurance Administrator and the private sector insurers that sell and service flood insurance. The rule in no way that we foresee affects the distribution of power and responsibilities among the various levels of government or limits the policymaking discretion of the States.

#### **List of Subjects in 44 CFR Part 62**

Flood insurance.

Accordingly, amend 44 CFR Part 62 as follows:

#### **PART 62—INSURANCE COVERAGE AND RATES**

1. The authority citation for part 62 continues to read as follows:

**Authority:** 42 U.S.C. 4001 *et seq.*; Reorganization Plan No. 3 of 1978, 43 FR 41943, 3 CFR, 1978 Comp., p. 329; E.O. 12127 of Mar. 31, 1979, 44 FR 19367, 3 CFR, 1979 Comp., p. 376.

2. Revise Article III.B of appendix A to part 62 to read as follows:

#### **Appendix A to Part 62—Federal Emergency Management Agency, Federal Insurance Administration, Financial Assistance/Subsidy Arrangement**

\* \* \* \* \*

#### **Article III—Loss Costs, Expenses, Expense Reimbursement, and Premium Refunds**

\* \* \* \* \*

B. The Company may withhold as operating and administrative expenses, other than agents' or brokers' commissions, an amount from the Company's written premium on the policies covered by this Arrangement in reimbursement of all of the Company's marketing, operating, and administrative expenses, except for allocated

and unallocated loss adjustment expenses described in C. of this article. This amount will equal the sum of the average of industry expense ratios for "Other Acq.", "Gen. Exp.", and "Taxes" calculated by aggregating premiums and expense amounts for each of five property coverages using direct premium and expense information to derive weighted average expense ratios. For this purpose, we (the Federal Insurance Administration) will use data for the property/casualty industry published, as of March 15 of the prior Arrangement year, in Part III of the Insurance Expense Exhibit in A.M. Best Company's *Aggregates and Averages* for the following five property coverages: Fire, Allied Lines, Farmowners Multiple Peril, Homeowners Multiple Peril, and Commercial Multiple Peril (non-liability portion). In addition, this amount will be increased by one percentage point to reimburse expenses beyond regular property/casualty expenses.

The Company may retain fifteen percent (15%) of the Company's written premium on the policies covered by this Arrangement as the commission allowance to meet commissions or salaries of their insurance agents, brokers, or other entities producing qualified flood insurance applications and other related expenses.

The amount of expense allowance retained by the Company may increase a maximum of two percentage points, depending on the extent to which the Company meets the marketing goals for the Arrangement year contained in marketing guidelines established pursuant to Article II.G. We will pay the company the amount of any increase after the end of the Arrangement year.

The Company, with the consent of the Administrator as to terms and costs, may use the services of a national rating organization, licensed under state law, to help us undertake and carry out such studies and

investigations on a community or individual risk basis, and to determine equitable and accurate estimates of flood insurance risk premium rates as authorized under the National Flood Insurance Act of 1968, as amended. We will reimburse the Company for the charges or fees for such services under the provisions of the WYO Accounting Procedures Manual.

\* \* \* \* \*

(Catalog of Federal Domestic Assistance No. 83.100, "Flood Insurance")

Dated: May 1, 2001.

**Howard Leikin,**

*Acting Administrator, Federal Insurance Administration.*

[FR Doc. 01-11365 Filed 5-9-01; 8:45 am]

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