

Rules and Regulations

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DEPARTMENT OF AGRICULTURE

Rural Utilities Service

7 CFR Part 1714

Pre-Loan Policies and Procedures for Insured Electric Loans

AGENCY: Rural Utilities Service, USDA.

ACTION: Final rule.

SUMMARY: This final rule revises the manner in which the Rural Utilities Service (RUS) notifies Borrowers of the schedule of interest rates for municipal rate loans. RUS will post the quarterly interest rates for municipal rate loans on the RUS website at the beginning of each calendar quarter to allow for a quicker notification of the municipal interest rates to RUS Borrowers.

EFFECTIVE DATE: April 9, 2002.

FOR FURTHER INFORMATION CONTACT: Gail P. Salgado, Management Analyst, Policy Analysis and Loan Management Staff, Rural Utilities Service, U.S. Department of Agriculture, STOP 1560, 1400 Independence Ave., SW., Washington, DC 20250-1522.

SUPPLEMENTARY INFORMATION: The Rural Utilities Service is making this change to the Electric Program's procedure for publishing interest rates for municipal rate loans to minimize the administrative burden and allow for a quicker notification of the municipal interest rates to RUS Borrowers.

Since formulation of procedures for municipal rate loans, RUS has published the interest rates for municipal rate loans quarterly in the **Federal Register**, and more recently in both the **Federal Register** and on the RUS website. Electronic notification of the interest rates for municipal rate loans allows RUS Borrowers immediate access to the quarterly municipal loan interest rates. RUS municipal loan interest rates can be found on the RUS

Web site, <http://www.usda.gov/rus/electric/>.

The administrative changes being made will enable RUS to post interest rates for municipal rate loans on the RUS website, Electric Program HomePage, not later than the beginning of each calendar quarter.

This rule relates to agency procedures and, therefore, pursuant to 5 U.S.C. 553, notice of proposed rule making and opportunity for comment are not required. Further, since this rule relates to agency procedures, it is exempt from the provisions of Executive Order Nos. 12866 and 12988. This action will not have an effect on a substantial number of small businesses and thus, is exempt from the provisions of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*).

List of Subjects in 7 CFR Part 1714

Electric power, Loan programs-energy, Rural areas.

For the reasons set forth in the preamble, chapter XVII of title 7 of the Code of Federal Regulations, is amended as follows:

PART 1714—GENERAL INFORMATION

1. The authority citation for part 1714 is revised to read as follows:

Authority: 7 U.S.C. 901 *et seq.*; 1921 *et seq.*; and 6941 *et seq.*

Subpart A—General

2. Amend § 1714.5 by revising the first sentence in paragraph (a) to read as follows:

§ 1714.5 Determination of interest rates on municipal rate loans.

(a) RUS will post on the RUS website, Electric Program HomePage, a schedule of interest rates for municipal rate loans at the beginning of each calendar quarter.* * *

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Dated: March 13, 2002.

Hilda Gay Legg,

Administrator, Rural Utilities Service.

[FR Doc. 02-8546 Filed 4-8-02; 8:45 am]

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Federal Register

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DEPARTMENT OF AGRICULTURE

Rural Housing Service

7 CFR Part 3565

RIN 0575-AC26

Guaranteed Rural Rental Housing Program

AGENCY: Rural Housing Service, USDA.

ACTION: Final rule.

SUMMARY: The Rural Housing Service (RHS) is amending its regulations for the Guaranteed Rural Rental Housing Program (GRRHP). The Housing Act of 1949, which authorizes RHS to administer GRRHP, was amended on December 27, 2000. The intended effect of this final rule change is limited to the implementation of five statutory changes. The revisions range from adding a definition of an "Indian tribe" to authorizing loans to be made for 25 years with an amortization of 40 years (*i.e.*, balloon payments).

EFFECTIVE DATE: May 9, 2002.

FOR FURTHER INFORMATION CONTACT: Douglas H. MacDowell, Senior Loan Specialist, Multi-Family Housing Processing Division, Rural Housing Service, U.S. Department of Agriculture, STOP 0781, 1400 Independence Avenue SW., Washington, DC 20250-0781, Telephone (202) 720-1604.

SUPPLEMENTARY INFORMATION:

Classification

This rule has been determined to be not significant for purposes of Executive Order 12866 and therefore has not been reviewed by the Office of Management and Budget (OMB).

Paperwork Reduction Act

The information collection requirements contained in this regulation have been previously approved by OMB under the provisions of 44 U.S.C. chapter 35 and this regulation has been assigned OMB control number 0575-0174, in accordance with the Paperwork Reduction Act of 1995. This rule does not impose any new information collection requirements from those approved by OMB.

Civil Justice Reform

This rule has been reviewed under Executive Order 12988, Civil Justice

Reform. In accordance with this Executive Order: (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 to this rule; and (3) administrative proceedings in accordance with 7 CFR part 11 must be exhausted before bringing suit in court challenging action taken under this rule.

Unfunded Mandates Reform Act

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, RHS 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, 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 the UMRA generally requires RHS 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. Therefore, this rule is not subject to the requirements of sections 202 and 205 of the UMRA.

Executive Order 13132, Federalism

The policies contained in this rule do not have any substantial direct effect on states, on the relationship between the national government and the states, or on the distribution of power and responsibilities among the various levels of government. Nor does this rule impose substantial direct compliance costs on state and local governments. Therefore, consultation with the states is not required.

Programs Affected

The affected program is listed in the Catalog of Federal Domestic Assistance under Number 10.438, section 538 Rural Rental Housing Guaranteed Loans.

Intergovernmental Consultation

For the reasons contained in the notice related to 7 CFR part 3015, subpart V this program is not subject to Executive Order 12372 which requires intergovernmental consultation with state and local officials.

Environmental Impact Statement

This document has been reviewed in accordance with 7 CFR part 1940, subpart G, "Environmental Program." It is the determination of RHS that this 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, Pub. L. 91-190, an Environmental Impact Statement is not required.

Regulatory Flexibility Act

This rule has been reviewed with regard to the requirements of the Regulatory Flexibility Act (5 U.S.C. 601-612). The undersigned has determined and certified by signature of this document that this rule will not have a significant economic impact on a substantial number of small entities since this rulemaking action does not involve a new or expanded program nor does it require any more action on the part of a small business than a large entity.

Background

GRRHP has been designed to increase the availability of affordable multifamily housing in rural areas. Qualified lenders are authorized to originate, underwrite, and close loans for multifamily housing projects guaranteed under this program. Projects may be for new construction or acquisition with substantial rehabilitation of at least \$15,000 per unit. RHS guarantees such loans upon review of the lender's underwriting package, appraisal report, appropriate certifications, project information, and satisfactory completion of the appropriate level of environmental review by the Agency. Lenders are expected to provide servicing or contract for servicing of each loan it underwrites. Loans which are guaranteed may not exceed 90% of the total development cost of a project. This leaves 10% of the total development cost that must be provided from other sources. The guarantee itself is then limited to 90% of the loan amount.

GRRHP is a relatively new program which was operated as a pilot program by RHS in 1996 and 1997 and as a permanent program since. During the early stages of the program, RHS identified barriers in the program's authorizing statute (section 538 of the Housing Act of 1949) that limited the success of the program.

Congress subsequently addressed these barriers in the American Homeownership and Economic Act of 2000 (Pub. L. 106-569). This regulation incorporates those statutory changes by

(1) defining "Indian tribe", (2) outlining how to handle loan defaults on reservations, (3) authorizing guaranteed loans with repayment terms of not less than 25 nor greater than 40 years, and (4) removes the restriction on releasing borrowers from liability.

Procedural Background

This final rule is limited to the implementation of the statutory changes made on December 27, 2000. The Agency has no discretion implementing these changes. Notice and public comment, therefore, are impractical, unnecessary, and contrary to the public interest.

List of Subjects in 7 CFR Part 3565

Banks, Conflict of interests, Credit, Environmental impact statements, Fair housing, Hearing and appeal procedures, Low and moderate income housing, Mortgages, Real property acquisition.

Therefore, chapter XXXV, title 7, Code of Federal Regulations, part 3565 is amended as follows:

PART 3565—GUARANTEED RURAL RENTAL HOUSING PROGRAM

1. The authority citation for part 3565 continues to read as follows:

Authority: 5 U.S.C. 301; 7 U.S.C. 1989; 42 U.S.C. 1480.

Subpart A—General Provisions

2. Section 3565.3 is amended by adding, in alphabetical order, a definition of "Indian tribe."

§ 3565.3 Definitions.

* * * * * *Indian tribe.* Any Indian tribe, band, nation, or other organized group or community of Indians, including any Alaska Native village or regional or village corporation, as defined by or established pursuant to the Alaska Native Claims Settlement Act (43 U.S.C. 1601 *et seq.*), that is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians pursuant to the Indian Self-Determination and Education Assistance Act of 1975 (25 U.S.C. 450 *et seq.*); or any entity established by the governing body of an Indian tribe, as described in this definition, for the purpose of financing economic development.

* * * * *

Subpart E—Loan Requirements

3. Section 3565.209 is revised to read as follows:

§ 3565.209 Loan amortization.

Each guaranteed loan shall be made for a period of not less than 25 nor greater than 40 years from the date the loan was made and may provide for amortization of the loan over a period of not to exceed 40 years with a final payment of the balance due at the end of the loan term.

§ 3565.214 [Removed and Reserved]

4. Section 3565.214 is removed and reserved.

Subpart I—Servicing Requirements**§ 3565.403 [Amended]**

5. Section 3565.403(b)(2) is amended by removing the last sentence.

Subpart J—Assignment, Conveyance, and Claims

6. Section 3565.452 is revised to read as follows:

§ 3565.452 Decision to liquidate.

(a) A decision to liquidate shall be made when it is determined that the default cannot be cured through actions contained in § 3565.403 of subpart I or it has been determined that it is in the best interest of the Agency and the lender to liquidate.

(b) In the event of a default involving a loan to an Indian tribe or tribal corporation made under this section which is secured by an interest in land within such tribe's reservation (as determined by the Secretary of the Interior), including a community in Alaska incorporated by the Secretary of the Interior pursuant to the Indian Reorganization Act (25 U.S.C. 461 *et seq.*), the lender shall only pursue liquidation after offering to transfer the account to an eligible tribal member, the tribe, or the Indian housing authority serving the tribe. If the lender subsequently proceeds to liquidate the account, the lender shall not sell, transfer, or otherwise dispose of or alienate the property except to one of the entities described in the preceding sentence.

Dated: April 3, 2002.

Arthur A. Garcia,

Administrator, Rural Housing Service.

[FR Doc. 02-8528 Filed 4-8-02; 8:45 am]

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DEPARTMENT OF THE TREASURY**Office of the Comptroller of the Currency****12 CFR Part 3**

[Docket No. 02-04]

RIN 1557-AB14

FEDERAL RESERVE SYSTEM**12 CFR Parts 208 and 225**

[Regulations H and Y; Docket No. R-1085]

FEDERAL DEPOSIT INSURANCE CORPORATION**12 CFR Part 325**

RIN 3064-AC17

DEPARTMENT OF THE TREASURY**Office of Thrift Supervision****12 CFR Part 567**

[No. 2002-5]

RIN 1550-AB11

Risk-Based Capital Standards: Claims on Securities Firms

AGENCIES: Office of the Comptroller of the Currency, Treasury (OCC); Board of Governors of the Federal Reserve System (Board); Federal Deposit Insurance Corporation (FDIC); and Office of Thrift Supervision, Treasury (OTS).

ACTION: Final rule.

SUMMARY: The OCC, Board, FDIC, and OTS (collectively, the Agencies) are amending their respective risk-based capital standards for banks, bank holding companies, and savings associations (collectively, institutions or banking organizations) with regard to the risk weighting of claims on, and claims guaranteed by, qualifying securities firms. This rule reduces the risk weight applied to certain claims on, and claims guaranteed by, qualifying securities firms incorporated in the United States and in other countries that are members of the Organization for Economic Cooperation and Development (OECD) from 100 percent to 20 percent under the Agencies' risk-based capital rules. In addition, consistent with the existing rules of the FRB and the OCC, the FDIC and OTS are amending their risk-based capital standards to permit a zero percent risk weight for certain claims on qualifying securities firms that are collateralized by cash on deposit in the lending

institution or by securities issued or guaranteed by the United States or other OECD central governments.

DATES: This final rule is effective on July 1, 2002. The Agencies will not object if an institution wishes to apply the provisions of this final rule beginning on the date it is published in the *Federal Register*.

FOR FURTHER INFORMATION CONTACT:

OCC: Margot Schwadron, Risk Expert (202/874-5070), Capital Policy Division; or Ron Shimabukuro, Counsel (202/874-5090), Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, 250 E Street, SW., Washington, DC 20219.

Board: Norah Barger, Deputy Associate Director (202/452-2402), Barbara Bouchard, Assistant Director (202-452-3072), or John F. Connolly, Supervisory Financial Analyst (202/452-3621), Division of Banking Supervision and Regulation; or Mark E. Van Der Weide, Counsel (202/452-2263), Legal Division, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW., Washington, DC 20551. For users of Telecommunications Device for the Deaf ("TDD") only, contact 202/263-4869.

FDIC: For supervisory issues, Stephen G. Pfeifer, Examination Specialist (202/898-8904), Accounting Section, Division of Supervision; for legal issues, Leslie Sallberg, Counsel, (202/898-8876), Legal Division, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429.

OTS: David W. Riley, Project Manager, (202/906-6669), Supervision Policy; Teresa A. Scott, Counsel, Banking and Finance (202/906-6478), Regulations and Legislation Division, Office of the Chief Counsel, Office of Thrift Supervision, 1700 G Street, NW., Washington, DC 20552.

SUPPLEMENTARY INFORMATION: The Agencies' risk-based capital standards are based upon principles contained in the July 1988 agreement entitled "International Convergence of Capital Measurement and Capital Standards" (Basel Accord or Accord). The Basel Accord was developed by the Basel Committee on Banking Supervision (Basel Committee) and endorsed by the central bank governors of the Group of Ten (G-10) countries.¹ The Basel Accord provides a framework for

¹ The G-10 countries are Belgium, Canada, France, Germany, Italy, Japan, Netherlands, Sweden, Switzerland, the United Kingdom, and the United States. The Basel Committee is comprised of representatives of the central banks and supervisory authorities from the G-10 countries, Luxembourg, and Spain.