

**§ 702.103 [Amended]**

■ 2. Amend § 702.103 by removing the words “one hundred million dollars (\$100,000,000)” and adding in their place “five hundred million dollars (\$500,000,000).”

[FR Doc. 2018–24171 Filed 11–5–18; 8:45 am]

BILLING CODE 7535–01–P

**SMALL BUSINESS ADMINISTRATION****13 CFR Part 120****Maximum Allowable 7(a) Fixed Interest Rates**

**AGENCY:** U.S. Small Business Administration.

**ACTION:** Notification announcing the maximum allowable fixed interest rates.

**SUMMARY:** This document announces the maximum allowable fixed interest rates for 7(a) guaranteed loans.

**DATES:** This announcement of interest rates is effective November 6, 2018.

**FOR FURTHER INFORMATION CONTACT:** Robert Carpenter, Acting Chief, 7(a) Loan Program and Policy Branch, Office of Financial Assistance, U.S. Small Business Administration, 409 Third Street SW, Washington, DC 20416; telephone: (202) 205–7654; email: [robert.carpenter@sba.gov](mailto:robert.carpenter@sba.gov); or the Lender Relations Specialist in the local Small Business Administration (SBA) District Office. The local SBA District Office may be found at <https://www.sba.gov/tools/local-assistance/districtoffices>.

**SUPPLEMENTARY INFORMATION:**

Agency regulations at 13 CFR 120.213(a), Fixed Rates for Guaranteed Loans, state that “[a] loan may have a reasonable fixed interest rate. SBA periodically publishes the maximum allowable rate in the **Federal Register**.”

On September 30, 2009, SBA published a **Federal Register** Notice (74 FR 50263) establishing the use of the London Interbank Offered Rate (LIBOR) (as defined in 13 CFR 120.214(c)), plus 300 basis points, plus the average of the 5-year and 10-year LIBOR swap rates, as the SBA “Fixed Base Rate.” According to the September 30, 2009 Notice, the maximum allowable fixed interest rate for 7(a) loans (other than SBA Express and Export Express loans) was the Fixed Base Rate, plus a maximum allowable spread based on the term of the loan, plus an additional spread for very small loans.

On July 27, 2017, the U.K. Financial Conduct Authority announced that it would phase-out LIBOR by the end of 2021. No generally accepted replacement for LIBOR has been

identified. To address the approaching sunset of LIBOR and the need for a new benchmark for the calculation of the maximum allowable fixed interest rate for a 7(a) loan, SBA will use the prime rate (Prime), as described in 13 CFR 120.214(c), as the base rate for determining the maximum allowable fixed interest rate for 7(a) loans (including SBA Express and Export Express loans).

SBA reviewed and compared the interest rate difference between the Fixed Base Rate and Prime from October 1, 2009 through August 1, 2018. The Fixed Base Rate was, on average, approximately 200 basis points higher than Prime during this period and, as of August 2018, the Fixed Base Rate was approximately 300 basis points higher than Prime. To address this difference, SBA is increasing the maximum allowable spread as follows: For 7(a) fixed rate loans of \$250,000 or less, SBA is setting the maximum allowable spread over Prime at 6% (plus the additional spread permitted under 13 CFR 120.215 for very small loans). For 7(a) fixed rate loans over \$250,000, SBA is setting the maximum allowable spread over Prime at 5%. The maximum allowable spread will no longer depend on the term of the loan.

The increase in the maximum allowable spread neutralizes the impact of replacing the Fixed Base Rate with Prime. A new fixed rate maximum also provides greater opportunity for Lenders to make loans using fixed rates and may offset the cost of underwriting, disbursing, and servicing loans of \$250,000 or less. SBA notes that the higher maximum interest rates permitted under 13 CFR 120.215 for very small loans (*i.e.*, loans under \$50,000) continue to apply.

The interest rates set forth in this Notice are applicable to all 7(a) fixed rate loans (including fixed rate SBA Express and Export Express loans<sup>1</sup>), with the exception of the Export Working Capital Program<sup>2</sup> (EWCP) loans and Community Advantage loans. This Notice does not affect the allowable base rates used for variable

<sup>1</sup> It should be noted that SBA’s recently published proposed rule for the Express loan programs contemplates certain maximum fixed interest rates for SBA Express and Export Express loans. See 83 FR 49001 (September 28, 2018). Notwithstanding the proposed rule, today’s Notice regarding Maximum Allowable 7(a) Fixed Interest Rates sets the maximum allowable fixed interest rates for SBA Express and Export Express loans at the same levels as the maximum fixed rates allowable for 7(a) loans generally. SBA will reflect any necessary changes when it finalizes the proposed rule.

<sup>2</sup> In accordance with 13 CFR 120.344(c), “SBA does not prescribe the interest rates for the EWCP, but will monitor these rates for reasonableness.”

rate loans as described in 13 CFR 120.214(c). SBA will address the variable rate bases, including a replacement for the LIBOR base rate, in a future rulemaking.

Effective November 6, 2018, for any complete 7(a) loan application received by SBA or any request for an SBA Loan Number submitted by a Lender with delegated authority (including fixed rate SBA Express and Export Express loans and excluding EWCP loans and Community Advantage loans), the maximum allowable fixed interest rate will be the Prime rate in effect on the first business day of the month plus:

- (i) 600 basis points for loans of \$25,000 or less, plus the 200 basis points permitted by 13 CFR 120.215;
- (ii) 600 basis points for loans over \$25,000 but not exceeding \$50,000, plus the 100 basis points permitted by 13 CFR 120.215;
- (iii) 600 basis points for loans greater than \$50,000, up to and including \$250,000; or
- (iv) 500 basis points for loans over \$250,000.

The following examples compare the maximum fixed rate that was in effect during August 2018 with the maximum fixed rate established by this Notice, had it been in effect at that time:

*Example 1:* For a 7(a) loan (other than SBA Express or Export Express) in the amount of \$200,000 with a 7-year maturity, the maximum allowable fixed interest rate was 10.88% [8.13% (SBA Fixed Base Rate for August 2018 based on LIBOR) + 2.75% (SBA maximum spread for loans over \$50,000 with a maturity of 7 years or longer)].

The new maximum allowable fixed rate for the same loan would be 11.00% [5.00% (Prime rate for August 2018) + 6.00% (maximum spread over Prime for a fixed rate loan greater than \$50,000, but less than \$250,000, regardless of the maturity)].

*Example 2:* For an SBA Express or Export Express loan in the amount of \$200,000, the maximum allowable fixed interest rate was 9.5% [5.00% (Prime rate for August 2018) + 4.5% (maximum spread over Prime for an SBA Express or Export Express loan over \$50,000, regardless of maturity)].

The new maximum allowable fixed rate for the same loan would be 11.00% [5.00% (Prime rate for August 2018) + 6.00% (maximum spread over Prime for a fixed rate loan greater than \$50,000, but less than \$250,000, regardless of the maturity)].

*Example 3:* For a 7(a) loan (other than SBA Express or Export Express) in the amount of \$350,000 with less than a 7-year maturity, the maximum allowable fixed interest rate was 10.38% [8.13%

(SBA Fixed Base Rate for August 2018 based on LIBOR) + 2.25% (maximum spread for loans over \$50,000 with a maturity less than 7 years)].

The new maximum allowable fixed rate for the same loan would be 10.00% [5.00% (Prime rate for August 2018) + 5.00% (maximum spread over Prime for a fixed rate loan greater than \$250,000, regardless of the maturity)].

*Example 4:* For an SBA Express or Export Express loan in the amount of \$35,000, the maximum allowable fixed interest rate was 11.5% [5.00% (Prime rate for August 2018) + 6.5% (maximum spread over Prime for an SBA Express or Export Express loan of \$50,000 or less, regardless of maturity)].

The new maximum allowable fixed rate for the same loan would be 12% [5.00% (Prime rate for August 2018) + 7.00% (maximum spread over Prime for a fixed rate loan greater than \$25,000, but less than \$50,000, regardless of the maturity)].

The maximum allowable fixed interest rate for 7(a) guaranteed loans will be published periodically by SBA in the **Federal Register** and posted monthly on SBA's website at [https://caweb.sba.gov/cls/dsp\\_login.cfm](https://caweb.sba.gov/cls/dsp_login.cfm).

**Authority:** 15 U.S.C. 636(a)(4)(A) and 13 CFR 120.213.

**William M. Manger,**

*Associate Administrator, Office of Capital Access.*

[FR Doc. 2018-24258 Filed 11-5-18; 8:45 am]

**BILLING CODE 8025-01-P**

## DEPARTMENT OF TRANSPORTATION

### Federal Aviation Administration

#### 14 CFR Part 71

[Docket No. FAA-2018-0770; Amendment No. 71-50]

RIN 2120-AA66

#### Airspace Designations; Incorporation by Reference Amendments

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

**ACTION:** Final rule, administrative correction.

**SUMMARY:** This action incorporates certain airspace designation amendments into FAA Order 7400.11C, dated August 13, 2018, and effective September 15, 2018, for incorporation by reference.

**DATES:** Effective date 0901 UTC November 6, 2018. The Director of the Federal Register approves this incorporation by reference action under

Title 14 CFR part 51, subject to the annual revision of FAA Order 7400.11 and publication of conforming amendments.

**ADDRESSES:** FAA Order 7400.11C, Airspace Designations and Reporting Points, and subsequent amendments can be viewed on line at <http://www.faa.gov/airtraffic/publications/>. For further information, you can contact the Airspace Policy Group, Federal Aviation Administration, 800 Independence Avenue SW, Washington, DC 20591; telephone: (202) 267-8783. The Order is also available for inspection at the National Archives and Records Administration (NARA). For information on the availability of FAA Order 7400.11C at NARA, call (202) 741-6030, or go to <https://www.archives.gov/federal-register/cfr/ibr-locations.html>.

FAA Order 7400.11, Airspace Designations and Reporting Points, is published yearly and effective on September 15.

#### FOR FURTHER INFORMATION CONTACT:

Sarah A. Combs, Airspace Policy Group, Office of Airspace Services, Federal Aviation Administration, 800 Independence Avenue SW, Washington, DC 20591; telephone: (202) 267-8783.

#### SUPPLEMENTARY INFORMATION

##### Authority for This Rulemaking

The FAA's authority to issue rules regarding aviation safety is found in Title 49 of the United States Code. Subtitle I, Section 106 describes the authority of the FAA Administrator. Subtitle VII, Aviation Programs, describes in more detail the scope of the agency's authority. This rulemaking is promulgated under the authority described in Subtitle VII, Part A, Subpart I, Section 40103. Under that section, the FAA is charged with prescribing regulations to assign the use of the airspace necessary to ensure the safety of aircraft and the efficient use of airspace. This regulation is within the scope of that authority as it makes the necessary updates for airspace areas within the National Airspace System.

##### History

Federal Aviation Administration Airspace Order 7400.11, Airspace Designations and Reporting Points, incorporated by reference in 14 CFR 71.1, is published yearly. Amendments referred to as "effective date straddling amendments" were published under Order 7400.11B (dated August 3, 2017, and effective September 15, 2017), but became effective under Order 7400.11C (dated August 13, 2018, and effective September 15, 2018). This action

incorporates these rules into the current FAA Order 7400.11C.

Accordingly, as this is an administrative correction to update final rule amendments into FAA Order 7400.11C, notice and public procedure under 5 U.S.C. 553(b) are unnecessary. Also, to bring these rules and legal descriptions current, I find that good cause exists, under 5 U.S.C. 553(d), for making this amendment effective in less than 30 days.

#### Availability and Summary of Documents for Incorporation by Reference

This document amends FAA Order 7400.11C, Airspace Designations and Reporting Points, dated August 13, 2018, and effective September 15, 2018. FAA Order 7400.11C is publicly available as listed in the **ADDRESSES** section of this document. FAA Order 7400.11C lists Class A, B, C, D, and E airspace areas, air traffic service routes, and reporting points.

#### The Rule

This action amends title 14 Code of Federal Regulations (14 CFR) part 71 by incorporating certain final rules into the current FAA Order 7400.11C, Airspace Designations and Reporting Points, dated August 13, 2018, and effective September 15, 2018, which are depicted on aeronautical charts.

#### Regulatory Notices and Analyses

The FAA has determined that this regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. It, therefore: (1) Is not a "significant regulatory action" under Executive Order 12866; (2) is not a "significant rule" under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979); and (3) does not warrant preparation of a regulatory evaluation as the anticipated impact is so minimal. Since this is a routine matter that only affects air traffic procedures and air navigation, it is certified that this rule, when promulgated, does not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

#### Corrections

- 1. For Docket No. FAA-2018-0291; Airspace Docket No. 18-AGL-10 (83 FR 35540; July 27, 2018)

##### Correction

- a. On page 35540, column 1, line 32, and line 45, under **ADDRESSES**, ". . . FAA Order 7400.11B . . ." is corrected