

repayment of loan guarantees, HUD's calculation of the credit subsidy cost must acknowledge the possibility of future defaults if those CDBG funds were not available. The fee of 0.58 percent of the principal amount of the loan will offset the expected cost to the Federal Government due to default, financing costs, and other relevant factors. To arrive at this measure, HUD analyzed data on comparable municipal debt over an extended period. The estimated rate is based on the default and recovery rates for general purpose municipal debt and industrial development bonds. The cumulative default rates on industrial development bonds were higher than the default rates on general purpose municipal debt during the period from which the data were taken. These two subsectors of municipal debt were chosen because their purposes and loan terms most closely resemble those of Section 108 guaranteed loans.

In this regard, Section 108 guaranteed loans can be broken down into two categories: (1) loans that finance public infrastructure and activities to support subsidized housing (other than financing new construction) and (2) other development projects (e.g., retail, commercial, industrial). The 0.58 percent fee was derived by combining the default and recovery data for general purpose municipal debt and the data for industrial development bonds according to the expected composition of the Section 108 portfolio by corresponding project type. Based on the dollar amount of Section 108 loan guarantee commitments awarded from FY 2020 through FY 2024, HUD expects that 61.2 percent of the Section 108 portfolio will be similar to general purpose municipal debt and 38.8 percent of the portfolio will be similar to industrial development bonds. In setting the fee at 0.58 percent of the principal amount of the guaranteed loan, HUD expects that the amount generated will fully offset the cost to the Federal Government associated with making guarantee commitments awarded in FY 2026. Note that the fee decreased from 0.82 percent in FY 2025 to 0.58 percent in FY 2026, a decrease of 0.24 percent in the level of fee charged.

This document establishes a statutorily required fiscal requirement in the form of a fee based on rate and cost determinations that does not constitute a development decision that affects the physical condition of specific project areas or building sites. Accordingly, under 24 CFR 50.19(c)(6), this document is categorically excluded from environmental review under the

National Environmental Policy Act of 1969 (42 U.S.C. 4321).

Bryan W. Horn,

Acting Principal Deputy Assistant Secretary for Community Planning and Development.

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POSTAL SERVICE

39 CFR Part 601

Purchasing of Property and Services

AGENCY: Postal Service.

ACTION: Final rule.

SUMMARY: The Postal Service is revising its purchasing regulations governing debarment, suspension, and ineligibility from contracting to provide improved organization and clarity, updates to definitions and processes to better reflect actual practice, and alternatives in lieu of suspension and debarment.

DATES: Effective November 19, 2025.

FOR FURTHER INFORMATION CONTACT:

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SUPPLEMENTARY INFORMATION: The following updates to 39 CFR 601.113 are being included:

- Section 601.113 is now titled *“Debarment, Suspension, and Ineligibility from Contracting.”*

- *Paragraph (a): General* was augmented to further describe the purpose of the Postal Service's suspension and debarment process, and clarify that suspension and debarment are separate from the procedures under § 601.105;

- *Paragraph (b): Definitions* was revised to clarify all prior definitions, and add the following new definitions: Administrative Compliance Agreement, concurrence, contract, Debarment Official, excluded party, party, and voluntary exclusion;

- *Paragraph (c): Debarment* now consolidates the procedures and grounds for debarment, which were previously included in paragraphs (h) through (k);

- *Paragraph (c)(1): Procedures* (previously located at paragraph (k)) was expanded to more clearly define the processes and standards used to initiate and conduct debarment proceedings;

- *Paragraph (c)(2): Grounds* (previously titled *“Causes for debarment”* and located at paragraph (h)) was revised for clarity, including confirming that a violation of federal ethics law or principles is grounds for debarment;

- *Paragraph (c)(3): Mitigation* (previously located at paragraph (i)) received minor modifications for clarity;

- *Paragraph (c)(4): Period of Debarment* (previously located at paragraph (j)) was revised to increase the standard period of debarment from 3 years to 5 years, confirm that the Debarment Official may debar a party for longer than 5 years, and clarify the process for a party to later seek a reduction of the debarment period;

- *Paragraph (c)(5): Alternative remedies* is a new paragraph confirming the ability of a party to enter into an Administrative Compliance Agreement or agree to a voluntary exclusion in lieu of debarment;

- *Paragraph (d): Suspension* consolidated the procedures for suspension, grounds for suspension, and period of suspension, which were previously located at paragraphs (e) through (g);

- *Paragraph (e): Imputation of Conduct* was restructured as a stand-alone paragraph (previously located at paragraph (h)(4) and (h)(5)) and revised to confirm that the conduct of a party's affiliate may be imputed to that party;

- *Paragraph (f): Suspension, debarment, and ineligible list* (previously located at paragraph (c)) was revised to clarify the Postal Service's use of the General Services Administration's System for Award Management (SAM.gov) in reporting debarments and suspensions, and confirm that contracting officers must review the database before making any contract award;

- *Paragraph (g): Treatment of debarred, suspended, or ineligible parties* (previously titled *“Treatment of suppliers included in the SAM Exclusions database”* and located at paragraph (d)) was augmented to further define how debarred, suspended, or ineligible parties will be treated with regards to contracting with or performing any services for the Postal Service; and

- *Paragraph (h): Notices* was added to identify how all notices from the Debarment Official under this section must be sent.

List of Subjects in 39 CFR Part 601

Administrative practice and procedure, Government procurement, Postal Service.

Accordingly, the Postal Service amends 39 CFR part 601 as follows:

PART 601—PURCHASING OF PROPERTY AND SERVICES

■ 1. The authority citation for 39 CFR part 601 continues to read as follows:

Authority: 39 U.S.C. 401, 404, 410, 411, 2008, 5001–5605.

■ 2. Section 601.113 is revised to read as follows:

§ 601.113 Debarment, suspension, and ineligibility from contracting.

(a) *General.* The Postal Service's suspension and debarment process protects the Postal Service and other federal government entities from doing business with parties that engage in improper conduct. Except as provided otherwise in this part, the Postal Service may not solicit proposals from, or award new contracts to, parties that are excluded from federal contracting. Postal Service suppliers are also prohibited from awarding subcontracts to excluded parties, or employing excluded parties as key personnel or in positions that require access to Postal Service data, mail or facilities. Debarment, suspension and ineligibility under the procedures described in this section are separate from the procedures for declining to accept proposals under § 601.105.

(b) *Definitions—(1) Administrative Compliance Agreement.* An agreement between the Postal Service Debarment Official and another party used to resolve suspension or debarment proceedings, or potential suspension or debarment proceedings.

(2) *Affiliate.* A business, organization, person, or individual connected by the fact that one controls or has the power to control the other, or by the fact that a third party controls or has the power to control both. Indications of control include, but are not limited to, interlocking management or ownership, identity of interests among family members, shared facilities and equipment, contractual relationships, common use of employees, or a business entity organized following the suspension, debarment, ineligibility or proposed debarment of a supplier which has the same or similar management, ownership, or principal employees as the supplier that was suspended, debarred, ineligible or proposed for debarment. Franchise agreements are not conclusive evidence of affiliation if the franchisee has a right to profit in proportion to its ownership and bears the risk of loss or failure.

(3) *Concurrence.* Written confirmation from the General Counsel that the conduct in question satisfies the legal requirements for suspension or debarment of a party, and advice on whether suspension or debarment is in the best interests of the Postal Service.

(4) *Contract.* Any agreement entered into between the Postal Service and another party under the authority

delegated pursuant to § 601.104 or other delegated authority.

(5) *Debarment.* An exclusion from Postal Service and Federal Government contracting and subcontracting for a reasonable, specified period of time commensurate with the seriousness of the offense, failure, or inadequacy of performance.

(6) *Debarment Official.* The Postal Service's vice president, Supply Management, or his or her designee under a written delegation of authority.

(7) *Excluded party.* An individual or business entity that is ineligible to be awarded a Postal Service or other Federal contract as a result of the suspension and debarment process or by voluntary self-exclusion by the party. An excluded party may include a current or former Postal Service supplier or subcontractor; a current or former Postal Service employee; or an employee of a current or former supplier or subcontractor. Customers, strategic alliance partners, and other actual or former business associates of the Postal Service may also be excluded through this process.

(8) *General Counsel.* This includes both the General Counsel and the General Counsel's authorized representatives in the Law Department assigned to advise the Debarment Official.

(9) *Indictment.* Indictment for a criminal offense. An information or other filing by a competent authority charging a criminal offense is given the same effect as an indictment.

(10) *Ineligible.* An exclusion from contracting or subcontracting by an entity other than the Postal Service under statutes, executive orders, or regulations, such as the Davis–Bacon Act, the Service Contract Act, the Equal Employment Opportunity Act, the Walsh–Healy Public Contracts Act, the National Environmental Protection Act, and similar laws authorizing exclusion. As a matter of policy, the Postal Service does not do business with excluded parties, even if the exclusion did not arise under a Postal Service-specific law.

(11) *Party.* In this section, includes any individual, corporation, or similar businesses organization, any supplier as defined in paragraph (b)(13) of this section, or any customer or other legal entity that may do business with the Postal Service or be the subject of a suspension or debarment proceeding.

(12) *Suspension.* An exclusion from contracting and subcontracting for a reasonable period of time due to the pendency of a debarment proceeding or for other specified reasons.

(13) *Supplier.* For the purposes of this part, a supplier is any individual or other legal entity that:

(i) Directly or indirectly (e.g., through an affiliate) submits offers for, is awarded, or reasonably may be expected to submit offers for or be awarded, a Postal Service contract or ordering agreement, including a contract for carriage under Postal Service or commercial bills of lading, or a subcontract under a Postal Service contract; or

(ii) Conducts business or reasonably may be expected to conduct business with the Postal Service as a subcontractor, an agent, or a representative of another supplier.

(14) *Voluntary exclusion.* Voluntary exclusion results from a supplier's written agreement to be excluded for a period of time under the terms of a settlement between the supplier and the Debarment Official of the Postal Service or another Federal agency.

(c) *Debarment—(1) Procedures.* (i) A debarment proceeding is initiated by submitting a written request to the Debarment Official. The request should identify all parties who are proposed for debarment and describe the factual or legal grounds upon which the request is made. The request should also include any pertinent supporting documentation.

(ii) After reviewing the basis for a debarment request and obtaining concurrence from the General Counsel, the Debarment Official may initiate debarment proceedings by sending the party proposed for debarment a written notice of proposed debarment. The notice will state that debarment is being considered; the reasons for the proposed debarment; the anticipated period of debarment and the proposed effective date; and that, within 30 days of the notice, the party, individually or through a representative, may submit in writing information in opposition to the proposed debarment. In the event a party does not submit information in opposition to the proposed debarment to the Debarment Official within the time allowed, the debarment will become final with no further review or appeal.

(iii) If there is any question of material fact involving the debarment allegations, the Debarment Official may seek additional information from the party or other persons. In establishing such material fact(s), the Debarment Official may in his or her discretion request the Judicial Officer to hold a fact-finding hearing on such matters. The hearing will be governed by the rules of procedure at 39 CFR part 955. The Debarment Official must consider

but may reject any findings of fact, in whole or in part. Questions of fact to be resolved by a hearing before the Judicial Officer will be based on a preponderance of the evidence.

(iv) After consideration of the circumstances and any information and argument submitted by the party, the Debarment Official, with the concurrence of the General Counsel, will issue a written decision regarding whether the party is debarred, and, if so, the period of debarment. The decision will be final and binding, unless the decision was procured by fraud or other criminal misconduct, or the decision was obtained in violation of the regulations contained in this part or an applicable public law enacted by Congress.

(v) If the party enters into any agreement regarding improper conduct whereby the party states that it will not contest any debarment on the grounds of the improper conduct, the Debarment Official is not required to comply with the requirements of this paragraph (c)(1) and, with the concurrence of the General Counsel, may proceed to immediately debar the party by providing a written decision stating that the party is debarred effective immediately and identifying the period of debarment.

(2) *Grounds.* (i) The Debarment Official, with the concurrence of the General Counsel, may debar a party, including any of its affiliates, for engaging in improper conduct such as the following:

(A) Indictment or charging of a criminal offense incidental to obtaining or attempting to obtain contracts or subcontracts, or in the performance of a contract or subcontract.

(B) Violation of a Federal antitrust statute arising out of the submission of bids or proposals.

(C) Commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, receiving stolen property, or any other criminal offense of moral turpitude.

(D) Misconduct involving theft or abuse of mail, narcotics trafficking, willful disregard of applicable laws or safety standards, or other conduct demonstrating a lack of honesty or responsibility.

(E) Breach of a Postal Service contract so severe as to justify debarment, including, but not limited to, willful failure to perform a Postal Service contract in accordance with the specifications or within the time limit(s) provided in the contract; repeated failures to perform or unsatisfactory performance in accordance with the

terms of one or more Postal Service contracts; violation of a contractual provision against contingent fees; or acceptance of a contingent fee paid in violation of a contractual provision against contingent fees.

(F) Violation of, or aiding any Postal Service employee or agent in the violation of, any federal ethics laws or principles.

(G) Any other offense indicating a lack of business integrity or business honesty.

(H) Any other cause of a serious and compelling nature for which debarment is warranted.

(ii) The existence of any of the causes for debarment in this section can be established by a preponderance of the evidence, as determined by the Debarment Official.

(3) *Mitigation.* (i) The decision to debar is within the discretion of the Debarment Official, with the concurrence of the General Counsel, and must be made in the best interests of the Postal Service. The Debarment Official may consider the following mitigating factors in deciding whether debarment is warranted, and even if warranted, the period of debarment established:

(A) Whether the party had, or was in the process of establishing, written standards of conduct and published internal control systems at the time of the improper conduct, or adopted such procedures prior to any Postal Service investigation of the activity cited that constitutes the grounds for debarment.

(B) Whether the party promptly brought the improper conduct to the attention of the Postal Service.

(C) Whether the party promptly and fully investigated the circumstances involving the grounds for debarment and, if so, made the full results of the investigation available to the Postal Service.

(D) Whether the party cooperated fully with the Postal Service during its investigation into the circumstances involving debarment.

(E) Whether the party paid or agreed to pay all criminal, civil and administrative penalties or liability, and any other costs arising out of the improper conduct, including any investigative or administrative costs incurred by the Postal Service.

(F) Whether the party took appropriate disciplinary action against the individual(s) responsible for the improper conduct.

(G) Whether the party implemented and/or agreed to implement remedial measures, including those identified by the Postal Service.

(H) Whether the party instituted and/or agreed to institute new and/or revised

review and control procedures and ethics programs.

(I) Whether the party had adequate time to eliminate circumstances within the party's organization that could lead to debarment.

(J) Whether the party's senior officers and mid-level management recognize and understand the seriousness of the misconduct giving rise to debarment.

(ii) The existence or nonexistence of mitigating factors or remedial measures such as those listed in paragraph (c)(3)(i) of this section is not determinative of whether or not a party should be debarred. The party has the burden of demonstrating, to the satisfaction of the Debarment Official, that debarment is not warranted or necessary, or that the period of debarment should be reduced.

(4) *Period of debarment.* (i) When an applicable statute, executive order, or controlling regulation of another agency provides a specific period of debarment, that period applies. In other cases, debarment by the Postal Service shall be for a reasonable, definite, stated period of time, commensurate with the seriousness of the offense or the failure or inadequacy of performance. While generally a period of debarment should not exceed 5 years, the Debarment Official may, in his or her discretion, debar a party for longer than 5 years in cases of severe improper conduct.

(ii) Except as precluded by an applicable statute, Executive order, or controlling regulation of another agency, a debarred party may submit a request to the Debarment Official to remove the debarment or reduce the period of debarment. The party must support the request with a reasonable justification, such as newly discovered material evidence, acquittal or reversal of a conviction, bona fide change of ownership or management, or the elimination of the causes for which debarment was imposed. The Debarment Official may, in his or her discretion, approve or deny any such request by written decision.

(5) *Alternative remedies—(i)* *Administrative Compliance Agreement.* After considering the improper conduct and any mitigating factors, as well as any information submitted by the party proposed for debarment, the Debarment Official may determine, in his or her discretion, with concurrence from the General Counsel, that it is in the best interests of the Postal Service to forgo debarring or suspending a party, but only if the party agrees to undertake certain remedial measures. In such cases, the Debarment Official may, after consultation with the General Counsel, enter into an Administrative

Compliance Agreement with the party on such terms and conditions as the Debarment Official and the party may agree.

(ii) *Voluntary exclusion.* After considering the improper conduct and any mitigating factors, as well as any information submitted by the party proposed for debarment, the Debarment Official may determine, in his or her discretion, that it is in the best interests of the Postal Service to forgo debarring or suspending a party, provided that the party agrees not to submit proposals for new Postal Service business for a specified period of time.

(d) *Suspension—(1) Procedures.* (i) For a suspension pursuant to paragraph (d)(2)(i) or (ii) of this section, or any extension of a suspension, the Debarment Official will notify the party of a suspension or an extension of a suspension and the reason(s) therefor.

(ii) For a suspension pursuant to paragraph (d)(2)(iii) of this section, the suspension is effective upon issuance of the notice of proposed debarment and for the period stated in the notice, unless superseded by the party's debarment.

(iii) Within 30 days of notice of suspension or any extension, a party may submit to the Debarment Official, in writing, any information or reason(s) the party believes makes a suspension or an extension inappropriate. The Debarment Official, after consultation with the General Counsel, will consider the party's submission and, in his or her discretion, may revoke a suspension or an extension of a suspension by written decision.

(2) *Grounds.* The Debarment Official, after consultation with the General Counsel, may suspend any party, including any of its affiliates, for the following:

(i) If the party commits, is indicted for, or is charged with any of the offenses identified in paragraph (c)(2)(i) of this section and the Debarment Official determines not to institute debarment proceedings until the conclusion of any judicial or administrative proceedings related thereto;

(ii) For any other cause of such serious and compelling nature that suspension is warranted; or

(iii) If the Postal Service has notified a party of its proposed debarment under this part.

(3) *Period of suspension.* A suspension shall generally not exceed 1 year in duration, except that the Debarment Official may extend a suspension for reasonable periods of time beyond 1 year. The termination of a suspension will not prejudice the

Postal Service's position in any debarment proceeding. A suspension is superseded by a decision rendered by the Debarment Official to debar a party.

(e) *Imputation of conduct.* (1) The improper conduct of an individual may be imputed to the firm with which he or she is or has been connected when the grounds for debarment or impropriety were committed. Likewise, when a firm is involved in criminal, fraudulent, or other improper conduct, any person who participated in, knew of, or had reason to know of the impropriety may be debarred.

(2) The improper conduct of one party participating in a joint venture or similar arrangement may be imputed to other participating parties if the conduct occurred for or on behalf of the joint venture or similar arrangement, or with the knowledge, approval, or acquiescence of the other parties. Acceptance of the benefits derived from the conduct will be evidence of such knowledge, approval, or acquiescence.

(3) The improper conduct of a party may be imputed to an affiliate, and the improper conduct of an affiliate may be imputed to a party.

(f) *Debarment, suspension, and ineligible list.* (1) The Postal Service uses the General Services Administration's System for Award Management (SAM.gov) to determine if parties are debarred, suspended, proposed for debarment, or ineligible. Inquiries concerning listed parties should be directed to the agency or other authority that took the action.

(2) Through a representative, the Debarment Official will use SAM.gov to report Postal Service debarments, suspensions, proposed debarments, and changes in status.

(3) Contracting officers must review the SAM.gov Exclusions Database before making any contract award.

(g) *Treatment of debarred, suspended, or ineligible parties.* (1) Parties that are debarred, suspended, or ineligible are excluded from the following:

(i) Being awarded any contract with the Postal Service;

(ii) Receiving any subcontract to provide property or services under any Postal Service contract;

(iii) Submitting proposals or offers of any manner to the Postal Service in an attempt to obtain an award of a contract;

(iv) Providing property or services to other persons or entities for resale, in whole or part, to the Postal Service;

(v) Being employed and performing as designated key personnel under a Postal Service contract or subcontract; or

(vi) Having access to mail, Postal Service data, or Postal Service facilities

under a Postal Service contract or subcontract.

(2) The debarment, suspension, or ineligibility of a party does not, of itself, affect the rights and obligations of the parties to any valid, pre-existing contract. The Postal Service may terminate for default a contract with a party that becomes debarred, suspended, or ineligible during the contract's period of performance. Contracting officers may not add new work to any contract with a party that is debarred, suspended, or ineligible by supplemental agreement, by exercise of any option, or otherwise (unless the work is classified as an insignificant or significant minor service change to a mail transportation contract).

(3) All parties doing business with the Postal Service are obligated to review the database identified in paragraph (f) of this section in order to exclude debarred, suspended, or ineligible parties from performing any part of a Postal Service contract.

(4) Notwithstanding paragraphs (g)(1) through (3) of this section, and in his or her discretion, the Debarment Official may approve a deviation from any part of this paragraph (g) if, after consultation with the General Counsel, it is determined to be in the best interests of the Postal Service.

(h) *Notices.* Any decision by or notice from the Debarment Official to a party under this section shall be sent by any method that provides evidence of receipt, with a copy furnished to the USPS Office of the Inspector General.

Colleen Hibbert-Kapler,
Attorney, Ethics and Legal Compliance.
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ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52

[EPA-R09-OAR-2025-0303; FRL-12838-02-R9]

Air Plan Approval; Arizona; Maricopa County Air Quality Department; Petroleum Solvent Dry Cleaning

AGENCY: Environmental Protection Agency (EPA).

ACTION: Final rule.

SUMMARY: The Environmental Protection Agency (EPA) is taking final action to approve a revision to the Maricopa County Air Quality Department (MCAQD) portion of the Arizona State Implementation Plan (SIP). This revision concerns emissions of volatile