Dated: August 25, 2026.

Charles Smith,

Director, Registration Division, Office of Pesticide Programs.

For the reasons stated in the preamble, 40 CFR chapter I is amended as follows:

PART 180—TOLERANCES AND EXEMPTIONS FOR PESTICIDE CHEMICAL RESIDUES IN FOOD

■ 1. The authority citation for part 180 continues to read as follows:

Authority: 21 U.S.C. 321(q), 346a and 371.

■ 2. Amend § 180.920, by adding an entry for ''Alpha-d-glucopyranoside, beta-d-fructofuranosyl, mixed palmitates and stearates (CAS Reg. No. 84066–95–5)'' in alphabetical order to Table 1 to read as follows:

§ 180.920 Inert ingredients used pre-harvest; exemptions from the requirement of a tolerance.

* * * * *

TABLE 1—TO § 180.920

Inert ingredients	Limits	Uses
* * *	* *	*
Alpha-d-glucopyranoside, beta-d-fructofuranosyl, mixed palmitates and stearates (CAS Reg. No. 84066–95–5).	No more than 12% of the final pesticide formulation ..	Surfactant.
* * *	* *	*

[FR Doc. 2026–17579 Filed 8–27–26; 8:45 am]

BILLING CODE 6560–50–P

DEPARTMENT OF TRANSPORTATION

Maritime Administration

46 CFR Part 298

[Docket Number MARAD–2026–1288]

RIN 2133–AC05

Vessel and Shipyard Financing, Regulatory Revision

AGENCY: Maritime Administration (MARAD), U.S. Department of Transportation (DOT).

ACTION: Interim final rule, request for comments.

SUMMARY: This interim final rule revises MARAD regulations implementing the Vessel and Shipyard Financing Program (Title XI Program or the Program) financial and programmatic requirements. Specifically, MARAD implements statutory changes, updates the vessel project and shipyard project financing requirements imposed on Title XI Program borrowers, aligns the Title XI Program with modern Federal credit best practices, corrects numerous legal citations, improves accessibility by modernizing text, and removes obsolete references. This rule also streamlines the MARAD Title XI regulations by removing 14 of 34 sections of the existing regulations.

DATES: This interim final rule is effective August 28, 2026. Comments must be submitted on or before October 27, 2026.

ADDRESSES: You may submit comments identified by DOT Docket Number MARAD–2026–1288 by any of the following methods:

- *Federal eRulemaking Portal: www.regulations.gov.* Search using the DOT Docket Number provided above and follow the instructions for submitting comments.
- *Mail/Hand-Delivery/Courier:* Docket Management Facility: U.S. Department of Transportation, 1200 New Jersey Avenue SE, Room W12–140, Washington, DC 20590. If you would like to know that your comments reached the facility, please enclose a stamped, self-addressed postcard or envelope. The Docket Management Facility is open 9:00 a.m. to 5:00 p.m., Monday through Friday, except on Federal holidays.

Note: We recommend that you include your name, mailing address, or an email address, and telephone number in the body of your document so that we can contact you if we have questions regarding your submission. If you submit your inputs by mail or hand-delivery, they must be submitted in an unbound format, no larger than 8 1/2 by 11 inches, single-sided, suitable for copying and electronic filing. All submissions received should include the agency name and docket number or Regulation Identifier Number (RIN) for this rulemaking.

Instructions: All comments received will be posted without change to the docket at *www.regulations.gov,* including any personal information provided. For detailed instructions on submitting comments and additional information on the rulemaking process, see the section entitled Public Participation.

FOR FURTHER INFORMATION CONTACT: David M. Gilmore, Director, Office of Marine Financing, (202) 366–5737 or via email at *marinefinancing@dot.gov.* For those who use a telecommunications device (TDD), please call the Federal Information Relay Service (FIRS) at 1–800–877–8339 to contact the above individual during business hours. The FIRS is available twenty-four hours a day, seven days a week, to leave a message or question. You will receive a reply during normal business hours. You may send mail to Mr. Gilmore at Department of Transportation, Maritime Administration, Office of Marine Financing, 1200 New Jersey Avenue SE, Washington, DC 20590. If you have questions about viewing the Docket, call Docket Operations, telephone: (800) 647–5527.

SUPPLEMENTARY INFORMATION:

Electronic Access and Filing

This document and all comments may be viewed online through the Federal eRulemaking portal at *www.regulations.gov.* An electronic copy of this document may also be downloaded by accessing the Office of the Federal Register's home page at: *www.federalregister.gov.*

Privacy Act: Anyone can search the electronic form of all comments received into any of our dockets by the name of the individual submitting the comment (or signing the comment, if submitted on behalf of an association, business, labor union, etc.). For information on DOT's compliance with the Privacy Act, please visit *https://www.transportation.gov/privacy.*

Background

Regulatory Review

Improvement of regulations is a continuous focus for DOT and MARAD. For that reason, DOT and MARAD regularly and deliberately review their rules in accordance with Executive Order (E.O.) 12866, Regulatory Planning and Review (Oct. 4, 1993), section 610 of the Regulatory Flexibility Act, 49 CFR part 5, and DOT Order 2100.6B, Policies and Procedures for Rulemakings. That process is summarized in Appendix D of DOT's semi-annual regulatory agenda. In addition, E.O. 14192, Unleashing Prosperity Through Deregulation (Feb. 6, 2025), and E.O. 14219, Ensuring Lawful Governance and Implementing the President's ''Department of Government Efficiency'' Deregulatory Initiative (Feb. 19, 2025), directed agencies to scrutinize their regulations to reduce unnecessary costs, clear barriers to emerging technology, and alleviate unnecessary regulatory burdens.

MARAD is evaluating the continued accuracy of its rules and determining whether they address current issues and provide the regulated public with sound guidance. Accordingly, MARAD has identified its Title XI Program regulations governing applications and administrative procedures for consideration.

Title XI Program

The Maritime Administrator is authorized to provide guarantees of debt (loan guarantees) to finance all types of U.S.-flagged vessel construction (except for fishing vessels) and shipyard modernization and improvement. The Title XI Program was established under Title XI of the Merchant Marine Act, 1936, Public Law 74–835, as amended, and codified at 46 U.S.C. ch. 537 (the Act). The Title XI Program provides for the full faith and credit guarantee of the United States, acting by and through the Maritime Administrator, for the payment of debt obligations to: (1) U.S. shipowners for the purpose of financing or refinancing U.S. flag vessels constructed, reconstructed, repaired, or reconditioned in U.S. shipyards; and (2) U.S. shipyards for the purpose of financing advanced shipbuilding technology and modern shipbuilding technology of a privately-owned shipyard facility located in the U.S. Because the Title XI Program guarantees full payment of the obligation's unpaid principal and interest in the event of a default by the borrower, both the statute and regulations contain several criteria and requirements intended to reduce the risk of a loan default.

This interim final rule revises the Title XI regulations found at 46 CFR part 298. To assist owners and operators of United States flagged vessels and shipyard owners, MARAD is revising the entire regulation, which has remained substantially unchanged since 1978. The rule modernizes the regulations and is intended to provide clarity to improve administrative efficiencies and result in net cost savings to the public and the Federal Government. A summary of the changes includes the following:

Revisions to correct numerous citations in accordance with the codification of the Act into 46 U.S.C. ch. 537, improve accessibility by modernizing text, remove obsolete references, improve processing times for projects, and provide a mechanism to prioritize applications for expedited application approval.

Updates to the Title XI Program regulations are intended to simplify application requirements and provide applicants and participants with a better understanding of MARAD expectations for program participation. The interim final rule eliminates 14 of the current rule's 34 sections. Moreover, the current rule does not conform to modern credit standards or accurately reflect the current process for evaluating applications. At the time the Title XI Program regulations were first promulgated in 1978, Federal credit standards for agencies did not exist. This interim final rule incorporates modern Office of Management and Budget (OMB) credit program requirements [1] that mitigate the U.S. Government's risk associated with a credit default.

MARAD loan agreements provide for a variety of applicants and projects and include a number of component documents. Terms and conditions found in the regulations are being removed and instead provided for in MARAD's published loan agreement documents. The application forms (MA–163 and MA–163A), and the borrower loan agreement documents are found on MARAD's website at *https://www.maritime.dot.gov/grants-finances/title-xi/title-xi-applications.*

Fee reductions have been made to encourage greater program participation. The current regulation has a $5,000 application fee. MARAD believes that a reduced application fee of $1,000 will lower barriers to entry for certain participants with limited resources for capital investment. In addition, changes in the rule include the restructuring of the former investigation fee (renamed the commitment fee), which will benefit applicants by eliminating unnecessarily high initial costs for larger projects.

Lastly, MARAD is removing text that is no longer supported by statutory authority. For example, MARAD no longer performs financing of eligible export vessels. Thus, the related regulatory text is being removed.

Immediate Effective Date and Request for Comment

MARAD has analyzed this rule under 5 U.S.C. 553(b)(B) and (d)(3) and determined that it has good cause to waive the prior opportunity for notice and comment and delayed effective date ordinarily prescribed by the Administrative Procedure Act (APA). MARAD nonetheless seeks comment on this interim final rule and will consider comments received in issuing any final rule.

Under the APA, 5 U.S.C. 553(b)(B), an agency may waive the requirements for notice and public procedure when it finds, for good cause, that such procedures are ''impracticable, unnecessary, or contrary to the public interest.'' MARAD finds that the notice and comment process is unnecessary in this instance. The revisions do not impose new, substantive requirements on the public; rather, they codify existing administrative processes, statutory updates, and established Federal fiscal practices. The changes largely involve:

- *Clarification and Modernization:* Relocating existing information to provide a more logical and accessible guide for program applicants.
- *Statutory Alignment:* Updating the rule to reflect legislative changes.
- *Fiscal Safeguards:* Incorporating standard OMB credit program requirements, which are necessary to mitigate the risk of default and protect the U.S. Government's interests. These standards represent universal best practices in Federal financing.

Because the rule merely conforms existing regulations to current statutory requirements and adopts standard Federal credit oversight practices, it does not represent a discretionary policy shift that would benefit from public input. These substantive policy choices, as the parameters of these updates, are driven by law and government-wide fiscal standards. Accordingly, MARAD finds that notice and comment are unnecessary and the application of the 5 U.S.C. 553(b)(B) ''good cause'' exception is warranted. For similar reasons, MARAD finds that good cause exists under 5 U.S.C. 553(d)(3) for this rule to take immediate effect.

Although this interim final rule is effective immediately, MARAD seeks comment in response to this interim final rule in determining how to proceed with any final rule. Any final rule may differ from today's rule in

[1] Office of Management and Budget, Circular No. A–129, Policies for Federal Credit Programs and Non-Tax Receivable (2025), available at: *https://www.whitehouse.gov/wp-content/uploads/2025/08/a129.pdf.*

response to comments received. Comments are solicited from interested members of the public on all aspects of the interim final rule. MARAD is interested in information concerning whether the rule will be comprehensive and effective at ensuring that all qualified vessel operators may overcome potential obstacles to admission.

Comments must be submitted on or before the date indicated in the **DATES** section at the beginning of this document. MARAD believes that the 60-day comment period will allow commenters sufficient time to address any issues raised by the interim final rule and still meet the national security demands contemplated. See ''Public Participation'' section below.

Public Participation

How long do I have to submit comments?

We are providing a 60-day comment period.

How do I prepare and submit comments?

To ensure that your comments are correctly filed in the docket, please include the docket number shown at the beginning of this document in your comments.

Comments may be submitted to the docket electronically by logging onto *http://www.regulations.gov.* Search using the docket number and follow the online instructions for submitting comments. Please submit your comments, including the attachments, following the instructions provided under the above-entitled heading **ADDRESSES**.

Please note that pursuant to the Data Quality Act, for substantive data to be relied upon and used by the agency, it must meet the information quality standards set forth in the OMB and DOT Data Quality Act guidelines. Accordingly, we encourage commenters to consult the guidelines in preparing your comments. OMB's guidelines may be accessed at *https://www.federalregister.gov/documents/2002/02/22/R2-59/guidelines-for-ensuring-and-maximizing-the-quality-objectivity-utility-and-integrity-of-information.* DOT's guidelines may be accessed at *https://www.transportation.gov/sites/dot.gov/files/docs/regulations/513/dot-information-quality-guidelines-2019.pdf.*

How can I be sure that my comments were received?

If you wish for the Docket Management Office to notify you upon its receipt of your comments, enclose a self-addressed, stamped postcard in the envelope containing your comments. Upon receiving your comments, the Docket Management Office will return the postcard by mail.

Will the agency consider late comments?

MARAD will consider all comments that the Docket Management Office receives before the close of business on the comment closing date indicated above under the **DATES** section of this rule. To the extent possible, MARAD will also consider comments received after that date. If the Docket Management Office receives a comment too late for MARAD to consider in developing this action, MARAD will consider that comment as an informal suggestion in future rulemaking actions.

How can I read the comments submitted by other people?

You may read the comments received by the Docket Management Office at the address given above under **ADDRESSES**. The hours of the Docket Management Office are indicated above in the same location. However, you may also see the comments posted on *http://www.regulations.gov.* Go to the website and follow the online instructions for accessing the dockets.

Please note that, even after the comment closing date, MARAD will continue to file relevant information in the docket as it becomes available. Further, some people may submit late comments. Accordingly, we recommend that you periodically check the docket for new material.

Summary of Changes to the Rule

MARAD is redesignating the section numbers and making updates to incorporate statutory changes; apply current credit lending best practices; and modernize regulatory language intended for simplicity, clarity, and brevity.

The interim final rule revises 46 CFR part 298 into 20 consecutive sections and removes subpart headings. Where noted, the rule identifies sections to be eliminated as obsolete or burdensome, or where MARAD no longer administers relevant statutory authority. In addition, static and duplicative language found in the regulations is removed and instead provided for in MARAD's published forms of application or as terms within the borrower loan agreement documents. The applications and the borrower loan agreement documents are found on MARAD's website at *https://www.maritime.dot.gov/grants/title-xi/closing-documents.*

Section 298.1 Purpose.

Identifies the purpose of the regulation for clarity and improved accessibility.

Section 298.3 Definitions.

Groups all definitions into one section to improve overall readability.

Section 298.5 General Credit Standards and Requirements. (Formerly, Section 298.3 Applications)

Identifies the credit standards and eligibility requirements for loan guarantee applications and summarizes the credit standards and eligibility requirements into one section for clarity and improved accessibility.

Section 298.7 Qualifications.

Consolidates qualification requirements (*e.g.,* citizenship requirements) for loan applications into one section for clarity and improved accessibility. Also details the requirements for applying for a Title XI loan guarantee.

Section 298.9 Prioritization of application.

Explicitly defines the prioritized application process for clarity and improved accessibility. Defines objectives of the program to clarify the intention of the statutory provision.

Section 298.11 Initial due diligence and approval

Defines MARAD's due diligence approval process for clarity and improved accessibility.

Section 298.13 Closings.

Defines loan closing requirements; consolidates loan closing language into one section for clarity and improved accessibility.

Section 298.15 Vessel project requirements.

Consolidates vessel project language into one section for clarity and improved accessibility.

Section 298.17 Shipyard projects requirements.

Consolidates shipyard project language into one section for clarity and improved accessibility.

Section 298.19 Actual Cost. (Formerly, Section 298.110 Citizenship).

Defines actual cost for vessels and shipyards to improve clarity and accessibility.

Section 298.21 Foreign components. (Formerly, Section 298.11 Vessel Requirements).

Transfers the foreign component reporting and waiver requirements into a separate section for clarity and improved accessibility and inserts modern language for conformity to the statute. Also, to ensure that guarantee approvals are not delayed pending the review of waivers, the new regulation provides that a foreign component waiver may be granted post approval.

Section 298.23 Fees. (Formerly, Section 298.12 Applicant and operator's qualifications).

Consolidates all fees into one section. The commitment fee replaces the investigation fee. It also aligns the guarantee fee with the credit subsidy fee, both of which are calculated the same way.

Section 298.25 Dual-use CCF. (Formerly, Section 298.13 Financial requirements).

Sets forth the dual-use Capital Construction Fund (CCF) as a standalone section for clarity and improved accessibility.

Section 298.27 Refinancing. (Formerly, Section 298.14 Economic soundness).

Modernizes language for clarity and improved accessibility.

Section 298.29 Financing a vessel more than a year after delivery. (Formerly, Section 298.15 Investigation fee).

Modernizes language for clarity and improved accessibility.

Section 298.31 Advances. (Formerly, Section 298.16 Substitution of participants).

Makes minor and non-substantive revisions for clarity.

Section 298.33 Recourse against parties. (Formerly, Section 298.17 Evaluation of applications).

Incorporates language from the statute within one section for clarity and improved accessibility.

Section 298.35 Mortgage. (Formerly, Section 298.18 Financing Shipyard Projects).

Modernizes language for clarity and improved accessibility.

Section 298.37 Vessels of national interest. (Formerly, Section 298.19 Financing Eligible Export Vessels).

Defines vessels of national interest for conformity to the statute.

Section 298.39 Default and liquidation. (Formerly, Section 298.20 Term, redemptions, and interest rate).

Consolidates default and liquidation language into one section for clarity and improved accessibility.

Rationale for Eliminated Sections

Former Section 298.21 Limits.

Cost basis requirements were transferred to section 298.3 for ease of readability and accessibility.

Former Section 298.22 Amortization of obligations.

Certain requirements were transferred to section 298.3 for ease of readability and accessibility.

Former Section 298.23 Refinancing.

The rule moves refinancing language to section 298.14.

Former Section 298.24 Financing a vessel more than a year after delivery.

Section eliminated because language pertaining to financing a vessel more than one year after delivery was relocated to section 298.15.

Former Section 298.25 Excess interest or other consideration.

Text is obsolete, outdated, and does not conform to current Title XI Program general credit standards and Federal Financing Bank (FFB) lending requirements. Risk premium language has been added to the rule's definition of interest stated within section 298.2.

Former Section 298.26 Lease payments.

Lease payment language relocated to the borrower loan agreement.

Former Section 298.27 Advances.

Language pertaining to advances relocated to section 298.16.

Former Section 298.30 Nature and content of obligations.

Text is obsolete and unnecessary because lease payment language is in the borrower loan agreement. Additionally, the Title XI Program uses FFB as the preferred lender.

Former Section 298.31 Mortgage.

The rule transfers mortgage language to section 298.35.

Former Section 298.32 Required provisions in documentation.

Required provisions are found in the borrower loan agreement.

Former Section 298.33 Escrow fund.

Escrow fund language is in the borrower loan agreement.

Former Section 298.34 [Reserved].

Removes all sections titled ''Reserved'' throughout text for simplicity and brevity.

Former Section 298.35 Title XI Reserve Fund and Financial Agreement.

Title XI Reserve Fund and Financial Agreement language is found in the borrower loan agreement.

Former Section 298.36 Guarantee fee.

Removed obsolete language and redundancy. Within the rule, all Title XI Program fee language is consolidated into section 298.12 for clarity and improved accessibility. The fee language aligns the guarantee fee with the credit subsidy fee; both calculated using similar methodology.

Former Section 298.37 Examination and audit.

The examination and audit language is found in the Title XI Program loan agreement.

Former Section 298.38 Partnership agreements and limited liability company agreements.

Language pertaining to partnerships and limited liability companies has been partly relocated to section 298.7 and partly incorporated into the Title XI Program loan agreement.

Former Section 298.39 Exemptions.

Current text language is outdated and unnecessary.

Former Section 298.40 Defaults.

Loan default language is transferred to section 298.20.

Former Section 298.41 Remedies after default.

The ''remedies after default language'' is found in the borrower loan agreement.

Former Section 298.42 Reporting requirements-financial statements.

Reporting requirements pertaining to the financial statements are found in the borrower loan agreement.

Former Section 298.43 Applicability of the regulations.

Text was deleted as obsolete and unnecessary.

Rulemaking Analysis and Notices

Executive Order 12866

This interim final rule is a significant regulatory action under E.O. 12866, and therefore the rule was reviewed by the OMB. The rule is not considered a major rule for purposes of congressional review under the Congressional Review Act. This rule is limited to updating administrative criteria, conforming to statutory requirements, updating citations, addresses, and modernizing text.

Need for the Regulation

A complete revision of the regulations is necessary to address the effects of time for an implementing regulation that has remained substantially unchanged for 40 years. Through this proposed revision, MARAD also incorporates changes to reflect statutory changes from the National Defense Authorization Act for fiscal year 2020 (NDAA 2020). Specifically, the NDAA 2020 repealed 46 U.S.C. 53732, removing eligible export vessels from Title XI participation. The NDAA 2020 also added 46 U.S.C. 53719, which established the use of best practices. In addition, the NDAA 2020 updated 46 U.S.C. 53703(c)(1)(C) and (D) to require MARAD to recommend that certain financial covenants or financial ratios are met by applicants. These updates represent important changes that will better reflect how MARAD administers the program in the modern era.

Baseline

Under the no action baseline, applicants may overlook the Title XI program as a financing option because the existing regulations are out of step with typical Federal credit programs.

Costs

The revised rule does not impose any new or additional compliance requirements or costs. The rule will not create new substantive requirements. Many of the revisions are intended to conform with statutory updates and some are simply incorporating best business practices. The revised rule will apply current credit lending best practices and use modern regulatory language intended for simplicity, clarity, and brevity. Improvements are expected to result in administrative efficiencies and welcomed parity with other Federal credit programs which together should build applicant confidence in the program.

Benefits

Improved administrative efficiency and modern best practices will make the rule and the program more accessible and attractive to industry. As a result, the Title XI program should garner better prepared program participants that can best use the program for the benefit of the maritime sector.

Transfers

This rule will reduce application fees from $5,000 to $1,000. These application fees are transfer payments and are not classified as benefits or costs.

Executive Order 14192

E.O. 14192 requires that for ''each new [E.O. 14192 regulatory action] issued, at least ten prior regulations be identified for elimination.'' Implementation guidance for E.O. 14192, issued by OMB (Memorandum M–25–20, March 26, 2025), defines an E.O. 14192 deregulatory action as ''an action that has been finalized and has total costs less than zero.'' This rule is a *de minimis* action and is therefore neither regulatory nor deregulatory under E.O. 14192.

Executive Order 13132

MARAD analyzed this rulemaking in accordance with the principles and criteria contained in E.O. 13132, *Federalism,* and has determined that it has no substantial effect on the States, on the current Federal-State relationship, or on the current distribution of power and responsibilities among the various local officials. Nothing in this document preempts any State law or regulation. Therefore, MARAD did not consult with State and local officials on this rulemaking and did not prepare a Federalism summary impact statement.

Executive Order 13175

This rulemaking, in which MARAD revises its regulations implementing the Title XI Program financial and programmatic requirements to implement statutory changes and update the existing financial requirements imposed on Title XI Program participants, will not significantly or uniquely affect the communities of Indian Tribal governments when analyzed under the principles and criteria contained in E.O. 13175, *Consultation and Coordination with Indian Tribal Governments.* Therefore, the funding and consultation requirements of E.O. 13175 do not apply.

Regulatory Flexibility Act

Under the Regulatory Flexibility Act, 5 U.S.C. 601, *et seq.,* rules that are exempt from notice and comment under the APA are also exempt from the RFA analytical requirements, including conducting a regulatory flexibility analysis. See 5 U.S.C. 603(a). Because, as discussed above, this rule is exempt from the APA notice and comment requirements, MARAD is not required to conduct a regulatory flexibility analysis.

Privacy Impact Assessment

Section 522(a)(5) of the Transportation, Treasury, Independent Agencies, and General Government Appropriations Act, 2005 (Pub. L. 108–447, div. H, 118 Stat. 2809 at 3268) requires DOT and certain other Federal agencies to conduct a privacy impact assessment of each rule that will affect the privacy of individuals. This rulemaking improves participation by incorporating modern credit best practices, defining Program participation fees, and reducing the application fee. It does not result in personally identifiable information (PII) being collected or maintained in a Government-run website or IT system. Therefore, MARAD did not conduct a Privacy Impact Assessment.

Unfunded Mandates Reform Act of 1995

The Unfunded Mandates Reform Act of 1995 (UMRA) requires agencies to evaluate whether an agency action would result in the expenditure by State, local, and Tribal governments, in the aggregate, or by the private sector, of $206 million or more (as adjusted for inflation in 2025) in any one year, and if so, to take steps to minimize these unfunded mandates. This action will not result in additional expenditures by State, local, or tribal governments or by any members of the private sector. Therefore, the Agency has not prepared an assessment pursuant to the Unfunded Mandates Reform Act.

Regulation Identifier Number (RIN)

A regulation identifier number (RIN) is assigned to each regulatory action listed in the Unified Agenda of Federal Regulations. The Regulatory Information Service Center publishes the Unified Agenda in April and October of each year. The RIN number contained in the heading of this document can be used to cross-reference this action with the Unified Agenda.

Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520) (PRA) requires that DOT consider the impact of paperwork and other information collection burdens imposed on the public. The regulation provides Title XI Program applicants with a restructured regulation with modernized language for clarity to improve administrative efficiencies for both the applicant and Title XI Program staff, resulting in net cost savings to the public and the Government.

MARAD believes the interim final rule reduces an applicant's paperwork burden by: (1) eliminating obsolete application submission requirements; (2) providing updated language that organizes and clarifies the text of both the vessel and shipyard applications to mitigate the risk of an incomplete or erroneous application submission; and (3) including the expedited application approval process for applicants wishing to receive prioritization of an application. MARAD collects Title XI Program applicant data using a vessel application (MA–163) and shipyard application (MA–163A) when performing the OMB approved information collection. The applications were most recently approved in April 2025 (OMB Control Number 2133–0018 [Title XI Program Obligation Guarantees—46 CFR part 298]; expiration Apr. 30, 2028). During FY 2024, MARAD modernized the application language and modernized the data collection process by incorporating electronic submission capability. Information submitted by applicants to the Program will continue to be used to evaluate an applicant's project and capabilities, make the required determinations, and administer any agreements executed upon approval of loan guarantees. Therefore, the rulemaking relies on the existing information collected under OMB control number 2133–0018.

Notwithstanding any other provision of law, a person is not required to respond to a collection of information by a Federal agency unless the collection displays a valid OMB control number.

List of Subjects in 46 CFR Part 298

Loan guarantees, loan monitoring, vessel financing, shipyard financing, loan programs—transportation, maritime carriers, mortgages, reporting and recordkeeping requirements, vessels.

■ For the reasons described in the preamble, MARAD revises 46 CFR part 298 as set forth below:

PART 298–VESSEL AND SHIPYARD FINANCING

Sec.

Authority: 46 U.S.C. ch. 537; 49 CFR 1.93.

§ 298.1 Purpose.

The Vessel and Shipyard Financing Program supports new vessel construction, vessel reconstruction, reconditioning, and repair, and shipyard modernization in the United States through financing guarantees.

§ 298.3 Definitions.

Act means ch. 537 of title 46 of the U.S. Code (46 U.S.C. 53701–53735), as amended from time to time.

Actual Cost of a Vessel Project or Shipyard Project means the sum of all amounts for a Vessel Project or Shipyard Project paid by the Borrower (or related Person), as well as all amounts that MARAD determines the Borrower will become obligated to pay under these regulations.

Applicant means the Person applying for financing with the Program (the prospective Borrower).

Application means the information contained in form MA–163 or MA–163A for use by Applicants to apply for financing with the Program.

Borrower means any Person primarily liable for payment of principal of and/or interest on any Note.

Capital Construction Fund (CCF) means the program authorized by ch. 535 of title 46 of the U.S. Code.

Citizen of the United States or U.S. Citizen means any Person who is a United States citizen, or any entity organized under the laws of any state that meets the requirements of 46 U.S.C. 50501.

Construction, Reconstruction, Reconditioning, or Repair means designing, engineering, constructing, inspecting, outfitting, and equipping processes performed during a Vessel Project.

Depository means the U.S. Department of Treasury, acting in its capacity under 46 U.S.C. 53716.

Escrow Fund means any monies held as security under section 53715 of the Act.

Federal Financing Bank (FFB) means the corporate body and instrumentality of the United States of America, authorized by the Federal Financing Bank Act of 1973, as amended (12 U.S.C. ch. 24), under the general supervision and direction of the Secretary of the Treasury.

Financing Documents means all documents related to the collateral securing repayment of any Note and all other assurances, undertakings, and contractual arrangements associated with financing through the Program.

Financing Documents Closing means the execution and release of the Financing Documents and other related documents.

Generally Accepted Accounting Principles (GAAP) means the body of conventions, rules, and procedures that define accepted accounting practices, as promulgated by the Financial Accounting Standards Board (FASB) and other authoritative sources recognized as setting standards for the accounting profession in the United States. GAAP includes not only broad guidelines of general application but also detailed practices and procedures that constitute standards by which financial presentations are evaluated.

Guarantee means a parent or affiliate guarantor's contractual promise to repay indebtedness if a Borrower fails to repay as agreed.

Guarantee Fee means the fee payable to MARAD as consideration for guaranteeing a Note. *MARAD* means the Maritime Administration, an agency and operating administration of the U.S. Department of Transportation.

MARAD Guarantee means the contractual commitment of the United States of America, represented by MARAD, to make payment to FFB, upon demand, of the unpaid principal and interest of such Note, including interest accruing between the date of default and the date of payment.

Mortgage means a Preferred Mortgage on any Vessel with respect to a Vessel Project or a mortgage with respect to a Shipyard Project.

Note means a promissory note from the Borrower to FFB, which is issued simultaneously with a MARAD guarantee of such promissory note to FFB.

Note Closing means the execution of a Note or other evidence of indebtedness and the related Note documents that are also either agreed upon or executed.

Paying Agent means any Person appointed by the Borrower to pay the principal or interest on a Note on behalf of the Borrower.

Person means any individual, estate, foundation, corporation, partnership, limited partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or other acceptable legal business entity, government, or any agency or political subdivision thereof.

Preferred Mortgage means a mortgage as defined at 46 U.S.C. 31322.

Program means the Vessel and Shipyard Financing Program authorized by the Act.

Project means a Vessel Project or Shipyard Project.

Refinancing means newer debt that either replaces older debt or reimburses an Applicant for previous expenditures.

Related Party means that term as defined by GAAP outlined in paragraph 24 of Statement of Financial Accounting Standards No. 57, Related Party Disclosures, as may be amended or its successor statement if repealed and replaced.

Shipyard Project means a project that consists of either Advanced Shipbuilding Technology or Modern Shipbuilding Technology, each as defined in the Act, or both unless otherwise specified.

Useful Life means the period during which project property will, as determined by MARAD, remain economically productive.

Vessel means a vessel as defined at 1 U.S.C. 3 and 46 U.S.C. 53701(14).

Vessel Project means a project that consists of the Construction, Reconstruction, Reconditioning, or Repair of one or more Vessels.

Vessels of National Interest means Vessels determined under § 298.37 of this part to be of importance for the support of U.S. shipyards and the U.S. Merchant Marine.

§ 298.5 General credit standards and requirements.

(a) *Principal.* Unless explicitly stated otherwise in these regulations or applicable statutes, the amount of any financing may not exceed the maximum percent of Actual Cost, as such term is described in § 298.19 of this part; provided that MARAD may approve an amount that is less than the maximum percent of Actual Cost, in accordance with its credit determination.

(b) *Term.* The maturity date of the Note must be satisfactory to MARAD and must not exceed the anticipated physical and economic life of the Project. In addition, the maturity date of the note may be less than but no more than:

(1) Twenty-five years from the date of delivery from the shipbuilder of a single new Vessel that is to be security for the MARAD Guarantee;

(2) Twenty-five years from the date of delivery from the shipyard of the last of multiple Vessels that are to be security for the MARAD Guarantee. The amount of the MARAD Guarantee will relate to the amount of the depreciated Actual Cost of the multiple Vessels as of the Financing Documents Closing;

(3) The earlier of twenty-five years from the date of original delivery of a Reconstructed, or Reconditioned Vessel that is to be security for the MARAD Guarantee, or the expiration of the remaining Useful Life of the Vessel, as determined in MARAD's sole discretion; or

(4) The earlier of five years from the date of original delivery of a Repaired Vessel that is to be security for the MARAD Guarantee, or at the expiration of the remaining Useful Life of the Vessel, as determined in MARAD's sole discretion;

(5) The earlier of five years from the date of delivery from the shipyard of the last of multiple Repaired Vessels that are to be security for the MARAD Guarantee, or at the expiration of the remaining Useful Life of the collective assets that comprise the Vessel Project, as determined in MARAD's sole discretion. The amount of the MARAD Guarantee will relate to the amount of the depreciated Actual Cost of the multiple Vessels as of the Financing Documents Closing;

(6) Twenty-five years from the date of completion of construction of the Shipyard Project that is to be security for the MARAD Guarantee or at the expiration of the estimated technological life of the property that is the Shipyard Project, as determined in MARAD's sole discretion.

(c) *Interest rate.* The interest rate for each financing will be at a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the current average yield on outstanding marketable obligations of the United States of comparable maturity at the time of funds disbursement together with any risk premium that may be assessed by MARAD for the project. MARAD will determine the reasonableness of the interest rate of a Note, considering the range of interest rates prevailing in the private market for similar loans and their associated credit risks.

(d) *Ability and experience requirements.* An Applicant, through the majority of its principals or management, must demonstrate the ability, experience, resources, character, reputation, and other qualifications MARAD deems necessary for successfully operating the Project property and protecting MARAD's interest in the Project. For the purposes of this requirement, MARAD will consider the requirements of § 298.15 of this regulation for Vessel Projects and § 298.17 of this part for Shipyard Projects.

(e) *Lending restrictions.* Unless an Applicant can document that unique or extraordinary circumstances exist, MARAD will not provide financing:

(1) For antiquated, experimental, or scientifically unproven technology; or

(2) To an Applicant who cannot document successful commercial maritime industry ability and experience of a duration, degree, and nature that MARAD deems necessary to repay the requested financing successfully.

(f) *Income and expense projections.* The Applicant, using appropriate income and expense projections for the Project property's operation, must show that projected net earnings can service all debt, properly maintain the Project property, and protect MARAD's interest against risks of loss, including the industry's cyclical economics. MARAD will consider a totality of factors, such as charters, draft or pro forma charters, letters of intent, or other similar commercial arrangements to demonstrate projected income.

(g) *Working capital.* The Applicant must show that a Project has sufficient initial working capital to achieve net earnings projections, fund all foreseeable near-term contingencies, and protect MARAD's interest in the Project.

(h) Audited financial statements. MARAD will require audited financial statements in accordance with GAAP for any Borrower.

(i) *Professional services.* MARAD may require an Applicant to pay for expert third-party services to assist with assessment of a Project, including its legal, economic, technical, or financial feasibility. The costs of any expert fees paid by Applicant will be credited against the cost of the Commitment Fee as described in § 298.23 of this part.

(j) *Inspections.* MARAD requires adequate condition and valuation inspections of all property used as collateral as the basis for assessing the property's worth and suitability during the life of the financing.

(k) *Collateral.* Unless other collateral is determined to be satisfactory as part of its credit determination, MARAD will have a first lien on all primary Project property pledged as collateral. MARAD, at its discretion, may request additional collateral and will consider any additional collateral in its credit determinations.

(l) *No additional liens.* All primary Project property pledged as collateral, including any additional collateral, must be free of additional liens, unless MARAD, at the request of the Applicant, expressly waives this requirement in writing.

(m) *Program credit standards apply.* Unless explicitly stated otherwise in this part, all Program lending is subject to the above general credit standards and requirements found in this part. MARAD may adjust collateral, guarantee, and other requirements to reflect individual credit risks.

(n) *Adverse legal proceedings.* MARAD, at its sole discretion, may decline or hold in abeyance any financing approval or disbursement(s) to any Applicant found to have outstanding lawsuits, citations, hearings, liabilities, appeals, sanctions, or other pending actions whose negative outcome could materially impact, in the opinion of MARAD, the financial circumstances of the Applicant.

(o) *Required redemptions.* Where multiple Project assets are used as security for the MARAD Guarantee, MARAD may require payments of principal prior to maturity (redemptions) regarding all related Notes, as MARAD determines necessary to maintain adequate security for the MARAD Guarantee.

§ 298.7 Qualifications.

(a) The Applicant must provide the information contained in Form MA–163 or 163A, available on MARAD's website, submit a complete application, pay the application fee, and meet the following criteria:

(1) Be a U.S. Citizen and eligible to document a Vessel with the U.S. registry, if the Application is for a Vessel Project, or be an entity formed in

the U.S., if the Application is for a Shipyard Project;

(2) Be the legal title holder of Project property, or its parent company (or the lessee of an appropriate long-term lease); and

(3) Show that the majority of its principals or officers generally have the ability, experience, resources, character, reputation, and other qualifications necessary for successfully operating, utilizing, or carrying out the Project and protecting MARAD's interest.

(b) [Reserved]

§ 298.9 Prioritization of applications.

MARAD will prioritize processing Applications for Vessels determined by the Secretary of War as suitable for service as a United States naval or military auxiliary in time of war or national emergency and that meet a shortfall in sealift capacity or capability, followed by Vessels designated as Vessels of National Interest pursuant to § 298.37 of this part.

§ 298.11 Initial due diligence and approval.

(a) MARAD will undertake a due diligence investigation of every Application it receives to determine if, in MARAD's sole judgment, an Application is both:

(1) Qualified for financing because the Vessel Project or Shipyard Project is deemed an acceptable credit risk (the Applicant's ability to repay a Note will be the primary basis for MARAD's approval); and

(2) Eligible for financing because it meets applicable requirements, including statutory requirements for economic soundness, and in these regulations for Vessel Projects in § 298.15, and Shipyard Projects in § 298.17 of this part.

(b) MARAD will approve eligible and qualified Applicants by evaluating the information obtained during the Application and due diligence process.

(c) MARAD, at its sole discretion, may decline or delay approval of any financing or disbursement to any Applicant found to have pending legal actions or unresolved claims.

(d) MARAD may require any terms and conditions on approvals that MARAD, in its sole discretion, believes to be necessary and appropriate.

(e) *Credit decision and approval.* (1) MARAD will inform Applicants that it is willing to approve an application by issuing a summary of business terms or term sheet that describes the terms and conditions of the financing for a Project. Such terms and conditions are at MARAD's sole discretion and will be incorporated in the Financing Documents. Non-acceptance of any terms and conditions may result in denial of the Application.

(2) Any Application MARAD determines is ineligible will be denied.

(3) Upon acceptance of the term sheet by the Applicant, MARAD will issue a letter to the Applicant advising that the Project is approved subject to the availability of appropriations.

§ 298.13 Closings.

(a) *Financing Documents Closing.* All financings guaranteed by MARAD must utilize the Financing Documents and incorporate the terms and conditions set forth in the term sheet agreed to by the Applicant. Funding for a Project will not be obligated until the Financing Documents are executed.

(b) *Note Closing.* All funding for financing through the Program is provided through the issuance of a Note by the Applicant that is purchased by FFB and guaranteed by MARAD. The Note, the Note Purchase Agreement, and all associated documents are standard form templates required by FFB.

(c) *Delivery Closing.* Unless otherwise agreed to and alternate collateral that is satisfactory to MARAD is provided, MARAD will not guarantee any Note until MARAD receives satisfactory evidence that it holds a Mortgage on one or more Vessels in a Vessel Project or a Mortgage or other security interest in a Shipyard Project as required by § 298.35 of this part. During construction of any new Vessel or any Shipyard Project, a security interest may be perfected by a filing under the Uniform Commercial Code.

(d) *Closing schedules.* A closing for the execution of the Financing Documents, a Note Closing, and a Delivery Closing may occur simultaneously or separately. FFB requires at least twenty business days' notice for a Note Closing.

§ 298.15 Vessel project requirements.

For a Vessel Project to receive financing for Construction, Reconstruction, Reconditioning, or Repair the following criteria must be met:

(a) *Vessel construction requirements.* The Vessel must:

(1) Be assembled or repaired in a shipyard geographically located within the United States;

(2) Be U.S. flagged; and

(3) Meet all applicable United States Coast Guard requirements.

(b) *Class, condition, and operation.* The Vessel must be constructed, maintained, and operated to meet the highest classification, certification, rating, and inspection standards for Vessels of the same age and type imposed by:

(1) The American Bureau of Shipping (ABS) or another classification society that also meets the inspection standards of the United States Coast Guard with respect to the documentation of U.S.-flag Vessels; or

(2) If unclassed, built to ABS or other acceptable classification standards and subject to regular inspection and condition surveys conducted by marine surveyors acceptable to MARAD; and

(3) The Vessel must be in compliance with all applicable United States laws, rules, and regulations for operations in the intended trade.

(c) *Documentation.* The Vessel must be documented under the laws of the United States or the laws of any individual state.

(d) *Reconstruction or reconditioning.* Repairs necessary for the Vessel to meet the classification standards approved by MARAD or any regulatory body, or for previous inadequate maintenance and repair, will not constitute Reconstruction or Reconditioning within the meaning of this paragraph (d).

(e) *Condition survey.* If an Application involves a Reconstructed, Reconditioned, or Repaired Vessel, the Vessel must be available at a time and place acceptable to MARAD to conduct a condition survey. An Applicant must:

(1) Pay the cost of the condition survey;

(2) Ensure that the scope and extent of the condition survey will not be less effective than that required by the last classification society special survey completed (if the Vessel is classified), next due, or overdue, whichever date is nearest in accordance with the Vessel's age;

(3) Ensure that the Vessel meets the standard of the survey necessary for retention of class (if the Vessel is classified); and

(4) Ensure that the operating records of the Vessel reflect normal operation of the Vessel's main propulsion and other machinery and equipment, consistent with accepted commercial experience and practice.

(f) *Metric usage.* The preferred system of measurement and weights for Vessels is the metric system.

(g) *Operator's qualifications.* The bareboat charterer, or other person identified in the Application as the operator of the Vessel Project must possess the necessary experience, ability, and other qualifications to operate and maintain properly the Vessel(s) that serve as security for the financing. For newly formed entities, MARAD will evaluate the performance of affiliates and/or companies associated with the management or principals (where the management or principals have a significant degree of control) in determining the Applicant's operating ability.

(h) Vessel horsepower. If minimum horsepower of the main engine is a requirement for determining the maximum eligible percentage of financing of the Actual Cost, the standard for the horsepower will be continuously rated horsepower.

§ 298.17 Shipyard projects requirements.

(a) For a Shipyard Project to receive financing, the Shipyard Project must result in a Shipyard modernization, or the financing must support increased productivity and meet the following requirements:

(1) The term for the financing will not exceed the reasonable economic useful life of the collective assets that comprise the Shipyard Project;

(2) There is sufficient collateral to secure the financing; and

(3) The persons identified within the Application including the shipyard owner, the operator of the shipyard, or other person identified in the application possess the necessary experience, ability, and other qualifications to operate properly the assets that comprise the Shipyard Project and will serve as security for the financing. For newly formed entities, MARAD will evaluate the performance of affiliates and/or companies associated with the management or principals (where the management or principals have a significant degree of control) in determining the Applicant's operating ability.

(b) [Reserved]

§ 298.19 Actual Cost.

(a) *Approval of Actual Cost required.* MARAD must approve the estimated Actual Cost for the Project as a condition for financing. The Applicant must submit this information in the format required in the Application. The estimated cost of the Project may include escalation for the anticipated construction period of the project.

(1) *Submission of certain cost information.* For a Vessel Project, MARAD may contact the shipyard directly and may require an Applicant to have the shipyard that has contracted to build the Vessel submit additional technical data, backup cost details, and any other evidence. For a Shipyard Project, MARAD may contact the general contractor or manufacturer of the equipment for technical data, backup cost details, and any other evidence.

(2) *Costs incurred by written contracts.* If any of the Project costs have been incurred by written contracts, such as a shipyard contract, management or operating agreement, the Applicant is required to forward signed copies as part of the Application.

(3) *Additional Project costs.* A detailed statement must be provided showing any other costs associated with the Project that were not included in paragraph (a)(2) of this section, such as:

(i) Legal and accounting fees;

(ii) Vessel insurance;

(iii) Fees to a Related Party; and

(vi) Other capitalizable fees.

(b) *Actual Cost basis.* The amount of the MARAD Guarantee may be less than but not more than whichever percentage is applicable under the Act with respect to the Actual Cost of the Vessel or Vessels or Shipyard Project asset(s). Where refinancing existing debt, the number of new Notes issued for the existing debt may not exceed the lesser of:

(1) The amount of outstanding debt being refinanced (whether or not receiving assistance under Title XI); or

(2) Whichever percentage is applicable under the Act with respect to the depreciated Actual Cost of the Vessel, Vessels, or Shipyard Project with respect to which the new Notes are being issued.

(c) *Actual Cost items.* Actual Cost is comprised essentially of those items that would customarily be capitalized as Project construction costs such as designing, engineering, constructing (including performance bond premiums that MARAD approves), inspecting, outfitting and equipping.

(1) Cost items include those items usually specified in Vessel or Shipyard Project construction contracts, *e.g.,* changes and extras, cost of owner furnished equipment, shoreside spare parts, and MARAD commitment fees and interest on the notes or other borrowings incurred during the construction period (excluding interest paid on subordinated debt considered to be equity), and less income realized from investment of escrow fund deposits during the construction period.

(2) Applicant may include Guarantee Fees determined in accordance with the provisions of section 53714 of the Act as an item of Actual Cost.

(3) In approving an item of Actual Cost, MARAD will consider all pertinent factors.

(d) *Items excludible from Actual Cost.* Actual Cost may not include the following:

(1) Legal and accounting fees or expenses;

(2) Bank commitment fees or interest other than those specifically allowed;

(3) Fees, commissions, or charges for granting or arranging for financing;

(4) Fees or charges for preparing and filing an Application for MARAD guaranteed financing and supporting documents, for services rendered to obtain approval of the Application, and for preparing and processing documents relating to the Application for MARAD guaranteed financing;

(5) Underwriting fees;

(6) Taxes, user fees, or other governmental charges;

(7) Predelivery Vessel operating expenses, Vessel insurance premiums, and other items that may not be properly capitalized by the owner as costs of the Vessel under GAAP;

(8) The cost of the condition survey required by § 298.15(e) and all work necessary to meet the standards set forth in § 298.15(e);

(9) The cost to the shipowner of a Vessel that is to be Reconstructed, or Reconditioned, *e.g.,* cost of acquisition;

(10) Generally, any amount payable to the shipyard for early delivery of the Vessel; generally, any amount payable to the manufacturer or contractor for early delivery of the equipment to or early completion of a Shipyard Project at a General Shipyard Facility;

(11) Predelivery Shipyard Project expenses that may not be properly capitalized by the General Shipyard Facility as costs of the Shipyard Project under GAAP; and

(12) The cost of major foreign components and other foreign components for which there is no waiver and their assembly when comprising any part of the hull and superstructure of a Vessel.

(e) *Substantiation of Actual Cost.* (1) Before MARAD will make a distribution from the escrow fund or authorize a draw on a Note, and prior to the final actual cost determination for each Project, a Borrower must submit documents substantiating all claimed costs eligible under paragraph (b) of this section or, alternatively, appropriate certification of such costs by an agent who has received MARAD's approval.

(2) These documents may include copies of invoices, change orders, subcontracts, and where MARAD requires, statements from independent certified or independent licensed public accountants that the costs for which a Borrower seeks payment or reimbursement were actually paid or are payable for the construction of a Vessel or Shipyard Project.

(3) The Borrower must summarize, index and arrange these documents according to cost categories by following the directions contained in the application forms.

(f) *Escalation as part of Actual Cost.* Escalation clauses in construction contracts are subject to MARAD approval. After a review of the base contract price and the escalation clauses, MARAD may add to the approved base contract price the amount of estimated escalation. MARAD must subsequently approve the amount of escalation cost claimed as a component of Actual Cost.

(g) *Monies received with respect to construction.* (1) Borrower must give MARAD written notice each time an Applicant, or any person acting on an Applicant's behalf, receives monies due for construction of a Project (described in the Financing Documents) from the shipbuilder, guarantors, sureties, or other Persons.

(2) Unless a payment default has occurred, a Borrower or other recipient must promptly deposit these monies with MARAD to be held by the Depository in accordance with the Financing Documents.

(3) MARAD will determine the extent to which Actual Cost will be reduced by these monies.

(4) In no event may Actual Cost be reduced with respect to payments by the shipyard to a Vessel or Shipyard Project owner of liquidated damages for late delivery of the Vessel or Shipyard Project.

(5) If MARAD has paid the MARAD Guarantee, the Borrower or other recipient must promptly pay these monies, including any liquidated damages, to MARAD for deposit into the appropriate account.

(h) *Depreciated Actual Cost.* The applicable percentage of the depreciated Actual Cost of the Vessel Project will be determined after a Vessel has been delivered or redelivered.

§ 298.21 Foreign components.

(a) A foreign component waiver will not delay review and may even be granted post Project approval consistent with the following:

(1) *Costs excluded.* If an Application proposes using foreign components in the Actual Cost, the cost of the foreign components and services will be excluded from the Actual Cost of the Project, unless MARAD grants a waiver for each such component and service.

(i) MARAD will not grant a waiver for major foreign components in the hull and superstructure for a Vessel Project.

(ii) If an Application does not include foreign components in the Actual Cost, no waiver is required, and the Application will be processed accordingly.

(2) *Waiver requests.* An Applicant may request a waiver for inclusion of the cost of foreign components and services in the Actual Cost of a Project. The Applicant must submit this request in the format required for the Application. Any waiver request must include a certification for each foreign component or service, stating one or more of the following as a basis:

(i) The item or service is not available in the United States on a timely basis;

(ii) The item or service is not available in the United States on a price-competitive basis; or

(iii) The domestic item or service is not of sufficient quality.

(3) *Contingent Approvals.* MARAD will process and approve an Application during the pendency of a waiver request pursuant to paragraph (a)(2) of this section.

(i) If the waiver is approved, the cost of the foreign-sourced components will be included in the Actual Cost of the Project.

(ii) If the waiver is not approved, the cost of the foreign-sourced content will not be included in the Actual Cost of the Project, consistent with paragraph (a)(1) of this section.

(4) *Costs as owner-furnished equipment.* Although excluded from Actual Cost, foreign components of the hull and superstructure can be regarded as owner-furnished equipment that may be used in satisfying an Applicant's minimum equity requirements for a Vessel Project.

§ 298.23 Fees.

(a) *Application fee.* A non-refundable $1,000 filing fee is required to be submitted with an Application.

(b) *Commitment fee.* A non-refundable commitment fee is a fee due in advance of the execution of the Financing Documents. Before MARAD executes any Financing Documents, an Applicant must pay a commitment fee based on the amount of the Note to be guaranteed by MARAD calculated as follows:

(1) one-quarter (¼) of one percent of the amount of the Note approved for a MARAD Guarantee, or $250,000, whichever is less, minus -

(2) the cost of any professional services fees required to be paid by the Applicant as part of the due diligence process in § 298.11 of this part.

(c) *Guarantee Fee.* A Guarantee Fee will be due and payable at the Note Closing and will be based on the repayment provisions for the Note. The Guarantee Fee is fully payable when due and will not be refunded. The minimum and maximum range of rates for the Guarantee Fee are set forth in section 53714(b)(S) of the Act with the specific rate for the Applicant determined based on the credit risk at the time of the Nate Closing and calculated as follows:

(1) *Generally.* The Guarantee Fee rate will be based on the entity MARAD considers to be the primary source of creditworthiness (the Ultimate Credit) for a Project, including:

(i) A long-term time charter (where the charter hire represents the primary source of payment of interest and principal with respect to the Note),

(ii) A parent or affiliate guarantee of the Note,

(iii) The Borrower, or

(iv) The bareboat charterer.

(2) *Adjustments.* MARAD may make such adjustments to its computation of creditworthiness of the Ultimate Credit considered necessary to reflect more accurately the financial condition of the ultimate credit.

(3) *Rating determination.* MARAD will determine creditworthiness of the Ultimate Credit using information, forms, statements, and reports on file with MARAD prior to the date on which the Guarantee Fee is to be paid. Utilizing this data, MARAD will assign an internal designation for the credit risk of the Ultimate Credit, *e.g.,* higher risk, medium risk, or lower risk.

(4) *Calculation of the Guarantee Fee.* The Guarantee Fee is calculated using the average principal amount of the Note estimated to be outstanding for each fiscal year during the expected amortization period of the Note. In calculating the present value used in determining the amount of the Guarantee Fee to be paid, MARAD uses a discount rate contained in the President's most recently submitted budget that MARAD converts to a bond equivalent rate.

(5) *Proration of Guarantee Fee.* The Guarantee Fee will be prorated where a Project delivery is scheduled to occur during the annual period with respect to which payment of said Guarantee Fee is being made, as follows:

(i) *Undelivered project.* If the Guarantee Fee relates to an undelivered Project, the predelivery rate is applicable to the average outstanding principal amount of the Note for the period from the date of the Note Closing to the delivery date, and the delivered rate is applicable for the balance of the annual period in which the delivery occurs.

(ii) *Multiple Vessels.* If the Guarantee Fee relates to more than one Vessel, the amount of the outstanding Note will be allocated to each Vessel proportionately based on the Actual Cost of each Vessel with the amount for each Vessel determined by using the rate that is applicable under paragraph (c)(2) or (3) of this section. The Guarantee Fee will be the aggregate of the amounts calculated for each Vessel.

(d) *Modification, assumption, or substitution fee.* A non-refundable fee is due and payable by the Borrower at the time of the request to MARAD to approve the modification or assumption of a financing or the substitution of a Borrower. The fee is one quarter (¼) of one percent of the outstanding principal balance of the Note at the time of the request. MARAD may waive all or some of the modification or assumption fee when the primary purpose of the modification or assumption will benefit the United States.

(e) *Monitoring Fee.* An annual monitoring fee may be charged by MARAD for Borrowers that requires additional monitoring for program compliance including regular review of more complex financing covenants.

§ 298.25 Dual-use CCF.

MARAD may require the pledge of a CCF account or annual deposits of some portion of the Project property's net income into a dual-use CCF. A dual-use CCF provides the normal CCF tax-deferral benefits, but also gives MARAD control of CCF withdrawals, recourse against CCF deposits, ensures an emergency refurbishing reserve (tax-deferred) for Project property, and provides additional collateral.

§ 298.27 Refinancing.

(a) MARAD may approve the issuance of a MARAD Guarantee of a Note to refinance existing program debt for a Vessel Project and existing non-program debt for a Vessel Project, so long as the existing debt has been previously issued for one of the purposes set forth in the Act and the issuance of the MARAD Guarantee would otherwise satisfy the requirements of the program and the regulations in this part.

(b) Any security lien on the Vessel(s) must be discharged immediately before MARAD places a mortgage or other security interest on any of the above assets. An Applicant must satisfy all necessary eligibility requirements as set forth in these regulations, including economic soundness.

(c) The amount of a new Note issued for the existing debt may not exceed the lesser of:

(1) The amount of outstanding debt being refinanced (whether or not financed through the Program); or

(2) Whichever percentage is applicable under the provisions of the Act with respect to the depreciated Actual Cost of the Vessel Project for which the new Note is being issued.

§ 298.29 Financing a vessel more than a year after delivery.

(a) MARAD may approve a MARAD Guarantee of a Note for a Vessel that has been delivered (or redelivered in the case of Reconstruction or Reconditioning of a Vessel) more than one year prior to the issuance of a MARAD Guarantee of a Note for one of the purposes set forth in the Act only if the purpose of the Note issuance for financing such existing Vessel is to facilitate financing of:

(1) The Construction, Reconstruction, or Reconditioning of a different Vessel within one year of that Vessel's delivery or redelivery; or

(2) Facilities or equipment pertaining to marine operations. Such facilities or equipment must be of a specialized nature, used principally for servicing Vessels and in handling waterborne cargo in the proximity of the berthing area, excluding over-the-road equipment (other than chassis and containers), permanent or semi-permanent structures and real estate, as well as new or less than one year old.

(b) At the Note Closing covered by this section, an Applicant must deposit any proceeds of the Note into an escrow fund established to pay for the cost unless such Applicant demonstrates to MARAD's satisfaction that all such costs have been paid.

§ 298.31 Advances.

(a) *In general.* MARAD has the discretion to make or commit to make an advance or payment of funds to, or on behalf of the owner, or operator or directly to any other person or entity for items, such as principal, interest, and Vessel-related expenses or fees.

(1) MARAD will make advances or payments only to protect, preserve or improve the collateral held as our security for program debt.

(2) When requesting an advance, a Borrower must demonstrate that:

(i) The issues are short term (less than two years) by using market and cash flow analysis and other projections;

(ii) An advance(s), would assist with temporary difficulties; and

(iii) There is adequate collateral for the advance.

(b) *Request requirements.* A Borrower must apply for an advance or other payment as early as is reasonably possible. Any requests for advances must be accompanied by supporting data regarding:

(1) Need for the advance;

(2) Financial assistance sought from other sources;

(3) Measures that have been taken to alleviate the situation;

(4) Financial projections;

(5) Proposed term of the repayment;

(6) Current and projected market conditions;

(7) Information on other available collateral;

(8) Liens and other creditor information; and

(9) Any other information MARAD may request.

§ 298.33 Recourse against parties.

(a) *Form.* Recourse against Borrowers or guarantors may be by a guarantee, irrevocable letter of credit, additional tangible or intangible collateral, or another form acceptable to MARAD.

(b) *Principal accountability.* The principal parties in interest, who ultimately stand most to benefit from a Project, will be held financially accountable for a Project's performance. MARAD may require recourse against:

(1) All major shareholders of a closely held corporate Borrower;

(2) The parent corporation of a subsidiary corporate Borrower;

(3) The related business entities of the Borrower if MARAD determines that the Borrower lacks substantial pledged assets other than the Project property or is otherwise lacking in any credit factor required to approve the Application;

(4) Any or all major limited partners; and

(5) Against any others interest it believes is necessary to protect.

(c) *Recourse against parties.* Should MARAD determine that a secondary means of repayment from other sources is necessary (including the net worth of parties other than the Borrower), MARAD may require secured or unsecured recourse against any such secondary repayment sources.

(d) *Recourse unavailable.* Where appropriate recourse is unavailable, the conservatively projected net liquidating value of the Borrower's assets (as such assets are pledged to MARAD) must, in MARAD's sole judgment, substantially exceed all projected exposure or other risks of loss to MARAD.

§ 298.35 Mortgage.

(a) *Ensuring validity of security interest.* The Borrower must obtain and provide legal opinions from independent, outside legal counsel, which must be satisfactory to MARAD and state, among other things, that the Mortgage or other security interest(s) are valid and enforceable.

(b) *Alternative forms of security.* In the case where a Mortgage or security interest on the financed assets may not be available, enforceable, or requested, MARAD will require alternative forms of security with satisfactory legal opinions opining as to the validity of such security interest.

(c) *Mortgage in MARAD's favor.* Upon delivery of a new Vessel or upon final completion of the Shipyard Project, or at the time a Note is guaranteed by MARAD with respect to an existing Vessel or Shipyard Project, a Mortgage on the Vessel and a Mortgage or other security interest on the Shipyard Project will be executed in MARAD's favor, unless MARAD determines that a Mortgage or a security interest is not available, enforceable, or required in accordance with paragraph (b) of this section.

(d) *Filing.* A Borrower must file a Mortgage, a security interest, or both with the proper authorities. After a Borrower has recorded the Mortgage, the recorded Mortgage or evidence of the filing of the security interest must be provided to MARAD.

(e) *Mortgage secured by multiple Vessels.* (1) When MARAD has a security interest in two or more Vessels, the Financing Documents may provide that one Mortgage relating to all the Vessels (Fleet Mortgage) be executed, perfected, and delivered to MARAD by the Borrower.

(2) If the Fleet Mortgage relates to undelivered Vessels, the Fleet Mortgage will be executed upon delivery of the first Vessel. At the time of each subsequent Vessel delivery, the Borrower must execute a supplement to the Fleet Mortgage that makes that Vessel subject to MARAD's mortgage lien.

(3) The Fleet Mortgage must provide that payment by the Borrower of the entire amount of the Note(s) guaranteed by MARAD will be required to discharge the Fleet Mortgage, regardless of the amount of the Note(s) issued and outstanding at the time of execution and delivery of the Fleet Mortgage or the number of Vessels covered by the Fleet Mortgage.

(4) The discharge date of the Fleet Mortgage will be the maturity date of the Note. MARAD may require, as authorized by the Act, such payments of principal prior to maturity (redemptions), regarding all related notes, as deemed necessary to maintain adequate security for the Note.

(5) Each Fleet Mortgage must provide that in the event of constructive total loss, requisition of title or sale of any Vessel covered by the Fleet Mortgage, indebtedness represented by the Note will be paid, unless MARAD otherwise determines that there remains adequate security for the Note, and the Vessel will be discharged from the mortgage lien.

(f) *Adequacy of collateral.* (1) A Mortgage on the Vessel(s) or Shipyard Project may be adequate security for the Note.

(2) If MARAD determines that the mortgage on the Vessel(s) or Shipyard Project is insufficient to provide adequate security or if MARAD finds that other security is adequate, as a condition to approving the Project, MARAD may require other or additional collateral, such as a mortgage(s) on other Vessels, security interests on other assets, special escrow funds, pledges of stock, charters, contracts, notes, letters of credit, accounts receivable assignments, and guarantees.

§ 298.37 Vessels of national interest.

MARAD may, in consultation with another agency, designate certain classes or types of Vessels to be eligible for priority processing and financing through the Program (Vessels of National Interest) as follows:

(a) When there is no specified funding for financing of Vessels designated as Vessels of National Interest, MARAD may give public notice of the designation, *e.g.* publication via the MARAD web page. Unless extended, earlier revoked, or an expiration is specified in the notice, such a designation will remain valid for four years from the date of publication.

(b) When funding is specified for Vessels designated as Vessels of National Interest, MARAD will publish notice of the designation in the **Federal Register**. The designation notice will include the amount of funding available for qualifying Vessels and other information necessary for interested parties to apply such as the timeline for applying and any expiration on funding.

§ 298.39 Default and liquidation.

Upon default under the terms of any Note, Financing Documents, Mortgage, Guarantee, or other security document, MARAD will take remedial actions including, but not limited to, where appropriate, seizure or arrest of collateral, foreclosure, restructuring, debarment, referral for debt collection, or liquidation to protect the interest of the United States.

By order of the Maritime Administrator.

T. Mitchell Hudson, Jr.

Secretary, Maritime Administration.

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DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

50 CFR Part 300

[RTID 0648–XF970; Docket No. 260611–0141]

Pacific Halibut Fisheries of the West Coast; Inseason Action for the 2026 Area 2A Pacific Halibut Directed Commercial Fishery

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Temporary rule; inseason adjustment.

SUMMARY: NMFS announces an inseason action for the 2026 Pacific halibut non-Tribal directed commercial fishery in the International Pacific Halibut Commission's (IPHC) regulatory Area 2A. This action adds a fishing period, September 1 through September 3, 2026, with a fishing period catch limit of 5,000 pounds (lb) (2.27 metric tons (mt)) per vessel, dressed weight. This action is intended to provide additional opportunity for the fleet to achieve the 2026 non-Tribal directed commercial fishery allocation.

DATES: This rule is effective September 1, 2026 at 8 a.m. Pacific daylight time (PDT), through September 3, 2026 at 6 p.m. PDT.

FOR FURTHER INFORMATION CONTACT: Louis Forristall, West Coast Region, NMFS, (503) 230–5410, *louis.forristall@noaa.gov.*

SUPPLEMENTARY INFORMATION:

Background

On June 16, 2026, NMFS published a final rule implementing fishing periods (*i.e.,* season dates) and fishing period limits (*i.e.,* vessel catch limits) for the IPHC Area 2A Pacific halibut non-Tribal directed commercial fishery that operates south of Point Chehalis, WA, lat. 46°53.30′ N (91 FR 36094). The Area 2A non-Tribal directed commercial fishery allocation for 2026 is 261,211 lb (118 mt), net weight (*i.e.,* the weight of Pacific halibut that is without gills and entrails, head off, washed, and without ice and slime) (91 FR 14464, March 25, 2026).

The initial fishing periods for the 2026 fishery occurred June 23–25 and July 7–9, 2026, with fishing period limits ranging from 2,000 to 5,000 lb (0.907 to 2.268 mt), varying by vessel size class. Third and fourth fishing periods were added through inseason