

§ 205.11(c)(2)(i) of Regulation E, for any portion of the unpaid extension of credit.
iii. The creditor must credit the consumer's account under § 205.11(c) with any finance or other charges incurred as a result of the alleged error.
iv. The provisions of § 226.13(d) and (g) apply only to the credit portion of the transaction.

Subpart C—Closed-End Credit

Section 226.19—Certain Residential Mortgage and Variable-Rate Transactions

19(b) Certain variable-rate transactions.

5. Examples of variable-rate transactions.

i. The following transactions, if they have a term greater than one year and are secured by the consumer's principal dwelling, constitute variable-rate transactions subject to the disclosure requirements of § 226.19(b).

A. Renewable balloon-payment instruments where the creditor is both unconditionally obligated to renew the balloon-payment loan at the consumer's option (or is obligated to renew subject to conditions within the consumer's control) and has the option of increasing the interest rate at the time of renewal. (See comment 17(c)(1)–11 for a discussion of conditions within a consumer's control in connection with renewable balloon-payment loans.)

B. Preferred-rate loans where the terms of the legal obligation provide that the initial underlying rate is fixed but will increase upon the occurrence of some event, such as an employee leaving the employ of the creditor, and the note reflects the preferred rate. The disclosures under §§ 226.19(b)(1) and 226.19(b)(2)(v), (viii), (ix), and (xii) are not applicable to such loans.

C. "Price-level-adjusted mortgages" or other indexed mortgages that have a fixed rate of interest but provide for periodic adjustments to payments and the loan balance to reflect changes in an index measuring prices or inflation. The disclosures under § 226.19(b)(1) are not applicable to such loans, nor are the following provisions to the extent they relate to the determination of the interest rate by the addition of a margin, changes in the interest rate, or interest-rate discounts: Section 226.19(b)(2)(i), (iii), (iv), (v), (vi), (vii), (viii), and (ix). (See comments 20(c)–2 and 30–1 regarding the inapplicability of variable-rate adjustment notices and interest-rate limitations to price-level-adjusted or similar mortgages.)

ii. Graduated-payment mortgages and step-rate transactions without a variable-rate feature are not considered variable-rate transactions.

Subpart E—Special Rules for Certain Home Mortgage Transactions

Section 226.32—Requirements for Certain Closed-End Home Mortgages

32(a) Coverage

Paragraph 32(a)(1)(ii)

2. Annual adjustment of \$400 amount.
\*\*\* The \$400 figure is adjusted annually on January 1 by the annual percentage change in the CPI that was in effect on the preceding June 1.

v. For 2000, \$451, reflecting a 2.3 percent increase in the CPI-U from June 1998 to June 1999, rounded to the nearest whole dollar.

By order of the Board of Governors of the Federal Reserve System, acting through the Director of the Division of Consumer and Community Affairs and the Secretary of the Board under delegated authority, March 24, 2000.

Robert deV. Frierson, Associate Secretary of the Board.

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SMALL BUSINESS ADMINISTRATION

13 CFR Part 120

Liquidation of Collateral, Sale of Loans

AGENCY: Small Business Administration (SBA).

ACTION: Final rule.

SUMMARY: With this rule, SBA amends its regulation regarding the liquidation and sale of loans. As part of a government-wide initiative, federal credit agencies are being directed by the Office of Management and Budget (OMB) to sell their loan portfolios. Previously, SBA amended its regulations to permit the sale of direct and purchased loans made under the authorities of the 7(a) and 501, 502, 503, and 504 programs (64 FR 44109). This final rule will permit SBA to sell its physical disaster home loans, physical disaster business loans and economic injury disaster loans (collectively referred to as Disaster Assistance Loans) in addition to direct and purchased commercial loans. This will include sales of both secured and unsecured Disaster Assistance Loans in performing and non-performing status. The Disaster Assistance Loans will be sold to qualified bidders by means of competitive procedures at publicly advertised sales. Bidder qualifications will be set for each sale in accordance with the terms and conditions of each sale.

DATES: This rule is effective May 1, 2000.

FOR FURTHER INFORMATION CONTACT: Richard Blewett, 202-205-4202.

SUPPLEMENTARY INFORMATION: SBA promulgates without change, a rule which it proposed on January 10, 2000 (65 FR 1349). SBA received no comments on the proposed rule and thus, is publishing the final rule as proposed.

13 CFR 120.540 sets forth SBA's policy for the liquidation of collateral and the sale of commercial loans. SBA amends and expands this rule to include the sale of Disaster Assistance Loans in asset sales. Public Law 104-134, the "Debt Collection Improvement Act of 1996," enacted on April 26, 1996, provides that, "the head of an executive agency may sell, subject to section 504(b) of the Federal Credit Reform Act of 1990 and using competitive procedures, any non-tax debt owed to the United States that is delinquent for more than 90 days." 31 U.S.C. 3711(i)(1).

The Small Business Act, 15 U.S.C. 634(b)(2), provides that "[The Administrator] may sell at public or private sale . . . in [her] discretion . . . any evidence of debt . . . personal property, or security . . ." It further provides in 15 U.S.C. 634(b)(7) that the Administrator may "take any and all actions . . . when [she] determines such actions are necessary or desirable in . . . liquidating or otherwise dealing with or realizing on loans . . ." Pursuant to this statutory authority, SBA is establishing an Asset Sales Program to sell portions of its direct and participation loan portfolios.

Compliance With Executive Orders 13132, 12988, and 12866, the Regulatory Flexibility Act (5 U.S.C. 601-612), and the Paperwork Reduction Act (44 U.S.C. Ch. 35)

SBA has determined that this final rule is not a significant rule within the meaning of Executive Order 12866, since it is not likely to have an annual economic effect of \$100 million or more, result in a major increase in costs or prices, or have a significant adverse effect on competition or the U.S. economy.

SBA has determined that this final rule will not have a significant economic impact on a substantial number of small entities within the meaning of the Regulatory Flexibility Act, 5 U.S.C. 601-612. This regulation concerns the ability of SBA to sell disaster loans as part of SBA's Asset Sales Program. There will be no economic impact upon the small businesses that received those loans because the loans that will be sold are merely changing ownership, so no new

funding is involved. The purchaser of the loans will be bound by the terms of the loan documents in the same manner as SBA. The Agency does not anticipate that any additional costs will be placed upon small entities. Therefore, SBA believes that there will be no economic impact on small businesses.

Nevertheless, even if it is assumed that there is an economic impact, this rule would still only have a minimal effect on an insubstantial number of small businesses. This is because SBA's total disaster business loan portfolio at the end of FY 1999 was 64,832 loans, as contrasted with an estimated total of 24 million small businesses in the United States (as estimated by SBA's Office of Advocacy).

SBA has determined that this final rule does not impose any additional reporting or recordkeeping requirements under the Paperwork Reduction Act, 44 U.S.C., chapter 35.

For purposes of Executive Order 13132, SBA has determined that this final rule has no federalism implications.

For purposes of Executive Order 12988, SBA has determined that this final rule is drafted, to the extent practicable, to accord with the standards set forth in section 3 of that Order.

#### List of Subjects in 13 CFR Part 120

Loan programs—business.

For the reasons stated in the preamble, SBA amends 13 CFR part 120 as follows:

#### PART 120—BUSINESS LOANS

1. The authority citation for part 120 continues to read as follows:

**Authority:** 15 U.S.C. 634 (b)(6) and 636(a) and (h).

2. In § 120.540, revise the section heading and amend the first sentence of paragraph (b)(4) as follows:

**§ 120.540 What are SBA's policies concerning the liquidation of collateral and the sale of business loans and physical disaster assistance loans, physical disaster business loans and economic injury disaster loans?**

\* \* \* \* \*

(b) \* \* \*

(4) Sell direct and purchased 7(a) and 501, 502, 503 and 504 loans and physical disaster home loans, physical disaster business loans and economic injury disaster loans in asset sales.

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Dated: March 21, 2000.

**Aida Alvarez,**

*Administrator.*

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**BILLING CODE 8025-01-P**

## DEPARTMENT OF TRANSPORTATION

### Federal Aviation Administration

#### 14 CFR Part 71

[Airspace Docket No. 00-ASO-4]

#### Establishment of Class E Airspace; Andrews—Murphy, NC

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

**ACTION:** Final rule.

**SUMMARY:** This action establishes Class E airspace at Andrews—Murphy, NC. A Global Positioning System (GPS) Standard Instrument Approach Procedure (SIAP), helicopter point in space approach, has been developed for Andrews—Murphy, NC. As a result, additional controlled airspace extending upward from 700 feet Above Ground Level (AGL) is needed to accommodate the SIAP.

**DATES:** Effective 0901 UTC, June 15, 2000.

**FOR FURTHER INFORMATION CONTACT:** Nancy B. Shelton, Manager, Airspace Branch, Air Traffic Division, Federal Aviation Administration, P.O. Box 20636, Atlanta, Georgia 30320; telephone (404) 305-5627.

#### SUPPLEMENTARY INFORMATION:

##### *History*

On February 14, 2000, the FAA proposed to amend part 71 of the Federal Aviation Regulations (14 CFR part 71) by establishing Class E airspace at Andrews—Murphy, NC (65 FR 7320). This action provides adequate Class E airspace for IFR operations at Andrews—Murphy, NC. Designations for Class E airspace extending upward from 700 feet or more above the surface are published in Paragraph 6005 of FAA Order 7400.9G, dated September 1, 1999, and effective September 16, 1999, which is incorporated by reference in 14 CFR part 71.1. The Class E designation listed in this document will be published subsequently in the Order.

Interested parties were invited to participate in this rulemaking proceeding by submitting written comments on the proposal to the FAA. No comments objecting to the proposal were received.

#### The Rule

This amendment to part 71 of the Federal Aviation Regulations (14 CFR part 71) establishes Class E airspace at Andrews—Murphy, NC.

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

#### List of Subjects in 14 CFR Part 71

Airspace, Incorporation by Reference, Navigation (air).

#### Adoption of the Amendment

In consideration of the foregoing, the Federal Aviation Administration amends 14 CFR part 71 as follows:

#### **PART 71—DESIGNATION OF CLASS A, CLASS B, CLASS C, CLASS D AND CLASS E AIRSPACE AREAS; AIRWAYS; ROUTES; AND REPORTING POINTS**

1. The authority citation for 14 CFR part 71 continues to read as follows:

**Authority:** 49 U.S.C. 106(g), 40103, 40113, 40120; EO 10854, 24 FR 9565, 3 CFR, 1959-1963 Comp., p. 389.

#### **§ 71.1 [Amended]**

2. the incorporation by reference in 14 CFR 71.1 of Federal Aviation Administration Order 7400.9G, Airspace Designations and Reporting Points, dated September 1, 1999, and effective September 16, 1999, is amended as follows:

*Paragraph 6005 Class E Airspace Areas Extending Upward from 700 feet or More above the Surface of the Earth.*

\* \* \* \* \*

#### **ASO NC E5 Andrews—Murphy, NC [New]**

Andrews—Murphy, NC

Point in Space Coordinates

(Lat. 34°11'10"N, long. 83°52'57"W)

That airspace extending upward from 700 feet or more above the surface within a 6-mile radius of the point in space (lat.