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This section of the FEDERAL REGISTER contains regulatory documents having general applicability and legal effect, most of which are keyed to and codified in the Code of Federal Regulations, which is published under 50 titles pursuant to 44 U.S.C. 1510.

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DEPARTMENT OF AGRICULTURE

Rural Utilities Service

7 CFR Part 1710

RIN 0572-AB71

Treasury Rate Direct Loan Program

AGENCY: Rural Utilities Service, USDA.
ACTION: Direct final rule.

SUMMARY: In fiscal year 2001, Congress provided funding to establish a Treasury rate direct loan program to address the backlog of qualified loan applications for insured municipal rate electric loans from RUS. RUS administered the Treasury rate loan program in a manner substantially the same as it administered the municipal rate program under a Notice of Funding Availability (NOFA) published in the **Federal Register** at 65 FR 80830 on December 22, 2000. Title III of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2002 authorizes a direct Treasury rate electric loan program of \$750 million for FY 2002. RUS is amending its regulations to establish rules and regulations to administer the Treasury rate direct loan program.

DATES: This rule is effective February 11, 2002 unless we receive written adverse comments or written notice of intent to submit adverse comments on or before January 25, 2002. If we receive such comments or notice, we will publish a timely document in the **Federal Register** withdrawing the direct final rule. Comments received will be considered under the proposed rule published in this edition of the **Federal Register** in the proposed rule section. A second public comment period will not be held. Parties interested in commenting on this action should do so at this time.

ADDRESSES: Submit adverse comments or notice of intent to submit adverse comments to F. Lamont Heppe, Jr., Director, Program Development and Regulatory Analysis, Rural Utilities Service, U.S. Department of Agriculture, 1400 Independence Ave., SW., STOP 1522, Washington, DC 20250-1522. RUS suggests a signed original and three copies of all comments (7 CFR 1700.4). All comments received will be made available for public inspection at room 4030, South Building, Washington, DC, between 8 a.m. and 4 p.m. (7 CFR 1.27(b)).

FOR FURTHER INFORMATION CONTACT: Robert O. Ellinger, Chief, Policy Analysis and Loan Management Staff, U.S. Department of Agriculture, Rural Utilities Service, Electric Program, Room 4041 South Building, Stop 1560, 1400 Independence Ave., SW., Washington, DC 20250-1560, Telephone: (202) 720-0424, FAX (202) 690-0717, E-mail: rellinge@rus.usda.gov.

SUPPLEMENTARY INFORMATION:

Executive Order 12866

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

Executive Order 12988

This rule has been reviewed in accordance with Executive Order 12988, Civil Justice Reform. RUS has determined that this rule meets the applicable standards provided in section 3 of the Executive Order. In addition, all State and local laws and regulations that are in conflict with this rule will be preempted; no retroactive effect will be given to this rule; and, in accordance with section 212(e) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. sec. 6912(e)) administrative appeals procedures, if any are required, must be exhausted before an action against the Department or its agencies may be initiated.

Regulatory Flexibility Act Certification

The Administrator of RUS has determined that this rule will not have a significant economic impact on a substantial number of small entities as defined in the Regulatory Flexibility Act (5 U.S.C. 601 et seq.). The RUS electric

program provides loans and loan guarantees to borrowers at interest rates and on terms that are more favorable than those generally available from the private sector. RUS borrowers, as a result of obtaining federal financing, receive economic benefits that exceed any direct economic costs associated with complying with RUS regulations and requirements.

Information and Recordkeeping Requirements

The reporting and recordkeeping requirements contained in this rule are currently approved by the Office of Management and Budget (OMB) pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35) under control number 0572-0032.

Unfunded Mandates

This rule contains no Federal mandates (under the regulatory provisions of Title II of the Unfunded Mandates Reform Act of 1995) for State, local, and tribal governments or the private sector. Thus, this rule is not subject to the requirements of sections 202 and 205 of the Unfunded Mandates Reform Act of 1995.

National Environmental Policy Act Certification

The Administrator of RUS has determined that this rule will not significantly affect the quality of human environment as defined by the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.). Therefore, this action does not require an environmental impact statement or assessment.

Catalog of Federal Domestic Assistance

The program described by this rule is listed in the Catalog of Federal Domestic Assistance Programs under number 10.850, Rural Electrification Loans and Loan Guarantees. This catalog is available on a subscription basis from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402-9325, telephone number (202) 512-1800.

Executive Order 12372

This rule is excluded from the scope of Executive Order 12372, Intergovernmental Consultation, which may require consultation with State and local officials. See the final rule related notice entitled "Department Programs

and Activities Excluded From Executive Order 12372," (50 FR 47034) advising that RUS loans and loan guarantees are not covered by Executive Order 12372.

Background

Title III of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001 (Pub. L. 106-387) authorized a direct Treasury rate electric loan program of \$500 million for FY 2001. On December 22, 2000, a Notice of Funding Availability (NOFA) was published in the **Federal Register** at 65 FR 80830 announcing the availability of \$500 million in direct Treasury rate electric loans for fiscal year (FY) 2001. The document described the eligibility and submission requirements, the criteria to be used by the RUS to select applications for funding, and the expectation that the current backlog of qualifying applications for loans from RUS under the Rural Electrification Act would exhaust all of the available funding.

With the primary distinction between the established municipal rate electric loan program and the Treasury rate electric loan program merely one of interest setting methodologies, qualifying applications for municipal rate electric loans which were submitted to RUS in accordance with 7 CFR part 1710, subpart I, before October 28, 2000, were treated as pre-applications for Treasury rate electric loans. RUS contacted qualified applicants in the order which they were queued, and offered the applicant the opportunity to elect to receive its loan at the Treasury rate in lieu of the municipal rate. RUS administered the direct Treasury rate program during FY 2001 in a manner substantially the same as it administered the municipal rate program.

General, pre-loan, and post-loan policies and procedures for electric loans made by RUS may be found in 7 CFR parts 1710, 1714, and 1717. It is expected that the continued use of established and highly effective electric loan program procedures will enable RUS to continue to make prudent loans to qualified applicants. These procedures are familiar to both RUS staff and to the applicants and worked well for the Treasury rate loan program. Continuing this approach helps assure that the funds authorized by Congress are expended in a timely and efficient manner as Congress intended. RUS considered using another NOFA for FY 2002 but has decided that the continuation of this program for the second year makes rulemaking appropriate at this time.

Section 4 of the Rural Electrification Act of 1936 (RE Act) (7 U.S.C. 904), among other things, provides RUS with the authority to make loans for rural electrification and for the purpose of furnishing and improving electric service in rural areas. Title III of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2002 (Pub. L. 107-76) authorizes a direct Treasury rate electric loan program of \$750 million for FY 2002. Congress provided funding for continuation of the Treasury rate direct loan program in an effort to meet current and projected demand for capital to furnish and improve electric service in rural areas. RUS is amending its regulations to establish rules and regulations for use in administering the Treasury rate direct loan program.

List of Subjects in 7 CFR Part 1710

Electric power, Electric utilities, Loan programs-energy, Reporting and recordkeeping requirements, Rural areas.

For the reasons set forth in the preamble, RUS amends 7 CFR Chapter XVII as follows:

PART 1710—GENERAL AND PRE-LOAN POLICIES AND PROCEDURES COMMON TO ELECTRIC LOANS AND GUARANTEES

1. The authority citation for this part 1710 continues to read as follows:

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

2. The subject heading for part 1710 is revised to read as set out above.

Subpart B—Types of Loans and Loan Guarantees

3. Redesignate § 1710.51 as § 1710.52 and add a new § 1710.51 to read as follows:

§ 1710.51 Direct loans.

RUS makes direct loans under section 4 of the RE Act.

(a) *General.* Except as otherwise modified by this section, RUS will make loans under the direct Treasury rate loan program in the same manner that it makes loans under the municipal rate program. The general and pre-loan policies and procedures for municipal rate electric loans made by RUS may be found in this part and 7 CFR part 1714. Treasury rate electric loans are also governed by such municipal rate policies and procedures, except as follows:

(1) *Interest rates.* The standard interest rate on direct Treasury rate

loans will be established daily by the United States Treasury. The borrower will select interest rate terms for each advance of funds. The minimum interest rate term shall be one year. Interest rate terms will be limited to terms published by the Treasury (i.e. 1, 2, 3, 5, 7, 10, 20, and 30). Interest rate terms to final maturity date, if other than published by Treasury, will be determined by RUS. Interest rates for terms greater than 30 years will be at the 30-year rate. There will be no interest rate cap on Treasury rate loans.

(2) *Prepayment.* A Treasury rate direct electric loan may be repaid at par on its rollover maturity date if there is one. Such a loan, or portion thereof, may also be prepaid after it has been advanced for not less than two years, at any time prior to its rollover or final maturity date at its "net present value" (NPV) as determined by RUS.

(3) *Supplemental financing.* Supplemental financing will not be required in connection with Treasury rate direct electric loans.

(4) *Transitional assistance.* A Treasury rate direct loan is not available to provide transitional assistance to borrowers.

(b) *Loan documents.* Successful applicants will be required to execute and deliver to RUS a promissory note evidencing the borrower's obligation to repay the loan. The note must be in form and substance satisfactory to RUS. RUS will require a form of note substantially in the form that it currently accepts for direct municipal rate electric loans, with such revisions as may be necessary or appropriate to reflect the different interest setting provisions and the terms of paragraphs (a) (1) and (2) of this section. All notes will be secured in accordance with the terms of 7 CFR part 1718.

Subpart C—Loan Proposes and Basic Policies

4. In § 1710.102, redesignate paragraphs (b) and (c) as (c) and (d) and add a new paragraph (b) to read as follows:

§ 1710.102 Borrower eligibility for different types of loans.

* * * * *

(b) *Direct loans under section 4.* Direct loans are normally reserved for the financing of distribution and subtransmission facilities of both distribution and power supply borrowers, including, under certain circumstances, the implementation of demand side management, energy conservation programs, and on grid and off grid renewable energy systems.

* * * * *

Subpart I—Application Requirements and Procedures for Loans

5. The heading for Subpart I is revised to read as set out above.

6. Revise § 1710.401(a)(2)(i) to read as follows:

§ 1710.401 Loan application documents.

(a) * * *

(2) * * *

(i) The requested loan type, loan amount, loan term, final maturity and method of amortization (§ 1710.110(b));

* * * * *

Dated: December 18, 2001.

Hilda Gay Legg,

Administrator, Rural Utilities Service.

[FR Doc. 01-31574 Filed 12-21-01; 8:45 am]

BILLING CODE 3410-15-P

FEDERAL RESERVE SYSTEM**12 CFR Part 203**

[Regulation C; Docket No. R-1119]

Home Mortgage Disclosure

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final rule; staff commentary.

SUMMARY: The Board is publishing a final rule amending the staff commentary that interprets the requirements of Regulation C (Home Mortgage Disclosure). The Board is required to adjust annually the asset-size exemption threshold for depository institutions based on the annual percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers. The present adjustment reflects changes for the twelve-month period ending in November 2001. During this period, the index increased by 2.91 percent; as a result, the exemption threshold is increased to \$32 million. Thus, depository institutions with assets of \$32 million or less as of December 31, 2001, are exempt from data collection in 2002.

DATES: Effective January 1, 2002. This rule applies to all data collection in 2002.

FOR FURTHER INFORMATION CONTACT: Dan S. Sokolov, Attorney, Division of Consumer and Community Affairs, at (202) 452-3667; for users of Telecommunications Device for the Deaf (TDD) only, contact (202) 263-4869.

SUPPLEMENTARY INFORMATION: The Home Mortgage Disclosure Act (HMDA; 12 U.S.C. 2801 *et seq.*) requires most mortgage lenders located in metropolitan areas to collect data about

their housing-related lending activity. Annually, lenders must file reports with their federal supervisory agencies and make disclosures available to the public. The Board's Regulation C (12 CFR part 203) implements HMDA.

Provisions of the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (codified at 12 U.S.C. 2808(b)) amended HMDA to expand the exemption for small depository institutions. Prior to 1997, HMDA exempted depository institutions with assets totaling \$10 million or less, as of the preceding year end. The statutory amendment increased the asset-size exemption threshold by requiring a one time adjustment of the \$10 million figure based on the percentage by which the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPIW) for 1996 exceeded the CPIW for 1975, and provided for annual adjustments thereafter based on the annual percentage increase in the CPIW. The one-time adjustment increased the exemption threshold to \$28 million for 1997 data collection.

Section 203.3(a)(1)(ii) of Regulation C provides that the Board will adjust the threshold based on the year-to-year change in the average of the CPIW, not seasonally adjusted, for each twelve-month period ending in November, rounded to the nearest million. Pursuant to this section, the Board raised the threshold to \$29 million for 1998 data collection, raised it to \$30 million for 1999 data collection, and kept it at that level for data collection in 2000. The Board raised the threshold to \$31 million for data collection in 2001.

During the period ending November 2001, the CPIW increased by 2.91 percent. As a result, the exemption threshold is increased to \$32 million. Thus, depository institutions with assets of \$32 million or less as of December 31, 2001, are exempt from data collection in 2002. An institution's exemption from collecting data in 2002 does not affect its responsibility to report the data it was required to collect in 2001.

The Board is amending comment 3(a)-2 of the staff commentary to implement the increase in the exemption threshold. Under the Administrative Procedure Act, notice and opportunity for public comment are not required if the Board finds that notice and public comment are unnecessary or would be contrary to the public interest. 5 U.S.C. 553(b)(B). Regulation C establishes the formula for determining adjustments to the exemption threshold, if any, and the amendment to the staff commentary merely applies the formula. This amendment is technical and not subject

to interpretation. For these reasons, the Board has determined that publishing a notice of proposed rulemaking and providing opportunity for public comment are unnecessary and would be contrary to the public interest. Therefore, the amendment is adopted in final form.

List of Subjects in 12 CFR Part 203

Banks, Banking, Federal Reserve System, Mortgages, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, the Board amends 12 CFR part 203 as follows:

PART 203—HOME MORTGAGE DISCLOSURE (REGULATION C)

1. The authority citation for part 203 continues to read as follows:

Authority: 12 U.S.C. 2801-2810.

2. In Supplement I to part 203, under Section 203.3—Exempt Institutions, under 3(a) *Exemption based on location, asset size, or number of home-purchase loans*, paragraph 2 is revised to read as follows:

SUPPLEMENT I to PART 203—STAFF COMMENTARY

* * * * *

Section 203.3 Exempt Institutions

3(a) *Exemption based on location, asset size, or number of home-purchase loans.*

* * * * *

2. *Adjustment of exemption threshold for depository institutions.* For data collection in 2002, the asset-size exemption threshold is \$32 million. Depository institutions with assets at or below \$32 million are exempt from collecting data for 2002.

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By order of the Board of Governors of the Federal Reserve System, acting through the Director of the Division of Consumer and Community Affairs under delegated authority, December 18, 2001.

Jennifer J. Johnson,

Secretary of the Board.

[FR Doc. 01-31563 Filed 12-21-01; 8:45 am]

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