

Tux Bay INT: INT Kenai, Alaska, 239°, Homer, Alaska, 316° radials.

(Sec. 307(a), Federal Aviation Act of 1958, 49 U.S.C. 1348; sec. 6(c), Department of Transportation Act 49 U.S.C. 1655(c))

Issued in Washington, D.C., on January 19, 1971.

T. McCORMACK,
Acting Chief, Airspace and
Air Traffic Rules Division.

[FR Doc.71-1093 Filed 1-26-71;8:47 am]

[Airspace Docket No. 70-WE-78]

PART 71—DESIGNATION OF FEDERAL AIRWAYS, AREA LOW ROUTES, CONTROLLED AIRSPACE, AND REPORTING POINTS

Alteration of Control Zone and Transition Area

On December 10, 1970, a notice of proposed rule making was published in the FEDERAL REGISTER (35 F.R. 18746) stating that the Federal Aviation Administration was considering amendments to Part 71 of the Federal Aviation Regulations that would alter the descriptions of the Twin Falls, Idaho, control zone and transition area.

Interested persons were given 30 days in which to submit written comments, suggestions, or objections. No objections have been received and the proposed amendment is hereby adopted subject to the following change:

In the description of the control zone, delete " * * * (latitude 42°29'00" N., longitude 114°29'00" W.) * * * " and substitute " * * * (latitude 42°28'54" N., longitude 114°29'11" W.) * * * " therefor.

Since this change is minor and imposes no additional burden on any person, notice and public procedure hereon is unnecessary.

Effective date. These amendments shall be effective 0901 G.m.t., April 1, 1971.

(Sec. 307(a), Federal Aviation Act of 1958, as amended; 49 U.S.C. 1348(a); sec. 6(c), Department of Transportation Act, 49 U.S.C. 1655(c))

Issued in Los Angeles, Calif., on January 18, 1971.

LEE E. WARREN,
Acting Director, Western Region.

In § 71.171 (36 F.R. 2055) the description of the Twin Falls, Idaho, control zone is amended to read as follows:

TWIN FALLS, IDAHO

Within a 5-mile radius of the Twin Falls City-County (Joslin Field), Idaho Airport (latitude 42°28'54" N., longitude 114°29'11" W.) within 5 miles each side of Twin Falls VORTAC 086° and 281° radials, extending from the 5-mile radius zone to 10.5 miles east and 10.5 miles west of the VORTAC. This control zone is effective during the specific dates and times established in advance by a Notice to Airmen. The effective date and time will thereafter be continuously published in the Airman's Information Manual.

In § 71.181 (35 F.R. 2134) the description of the Twin Falls, Idaho, transition area is amended by deleting all before " * * * "; and that airspace extending upward from 1,200 feet * * * " and substitute the following therefor:

TWIN FALLS, IDAHO

That airspace extending upward from 700 feet above the surface within 9.5 miles north and 5 miles south of the Twin Falls VORTAC 086° and 281° radials, extending from the VORTAC to 18.5 miles east and 18.5 miles west of the VORTAC, and within 5 miles each side of the Twin Falls 156° radial, extending from the VORTAC to 9.5 miles Southeast of the VORTAC; * * * .

[FR Doc.71-1094 Filed 1-26-71;8:47 am]

Title 16—COMMERCIAL PRACTICES

Chapter I—Federal Trade Commission

[Docket No. C-1088]

PART 13—PROHIBITED TRADE PRACTICES

Phillips Petroleum Co. et al.

Subpart—Acquiring corporate stock or assets: § 13.5 *Acquiring corporate stock or assets*; 13.5-20 Federal Trade Commission Act, Subpart—Combining or conspiring: § 13.395 *To control marketing practices and conditions*; § 13.452 *To limit production*; § 13.470 *To restrain and monopolize trade*.

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended; sec. 7, 38 Stat. 731, as amended; 15 U.S.C. 45, 18) [Modified order to cease and desist, Phillips Petroleum Co. et al., Bartlesville, Okla., Docket C-1088, Dec. 14, 1970]

In the Matter of Phillips Petroleum Co., a Corporation; National Distillers and Chemical Corp., a Corporation; Alamo Industries, Inc., a Corporation; and A-B Chemical Corp., a Corporation.

Order modifying the consent order issued August 2, 1966, 31 F.R. 11747, by granting respondent's application that the date for compliance with paragraph III of the order be extended to May 1, 1971, and denying any extension for paragraph IX.

The modified order to cease and desist is as follows:

It is ordered, That respondent's application be, and it hereby is, granted in part, by extending the date for compliance with paragraph III of said order issued August 2, 1966, to May 1, 1971.

It is further ordered, That in all other respects respondent's application be, and hereby is, denied.

Issued: December 14, 1970.

By the Commission.

[SEAL] CHARLES A. TOBIN,
Secretary.

[FR Doc.71-1077 Filed 1-26-71;8:46 am]

[Docket No. C-1835]

PART 13—PROHIBITED TRADE PRACTICES

S. A. Promotions, Inc., and Harry Wasser

Subpart—Advertising falsely or misleadingly: § 13.85 *Government approval, action, connection or standards*; 13.85-30 Federal Trade Commission orders or endorsements. Subpart—Claiming or using endorsements or testimonials falsely or misleadingly: § 13.330 *Claiming or using endorsements or testimonials falsely or misleadingly*; 13.330-90 U.S. Government; 13.330-90(h) Federal Trade Commission.

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended; 15 U.S.C. 45) [Cease and desist order, S. A. Promotions, Inc., et al., Schenectady, N.Y., Docket C-1835, Dec. 17, 1970]

In the Matter of S. A. Promotions, Inc., a Corporation, and Harry Wasser, Individually and as an Officer of S. A. Promotions, Inc.

Consent order requiring a New York City corporation dealing in sales promotional devices and games of chance to cease representing or implying that the Federal Trade Commission has endorsed any of its programs, or that any of its programs conform to a Government standard or regulation.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That respondents S. A. Promotions, Inc., a corporation, and its officers, and Harry Wasser, individually and as an officer of the aforesaid corporation, and respondents' agents, representatives, and employees, directly or through any corporate or other device, in connection with the preparation, promotion, sale, distribution or use of contests, chance promotions or any other promotional device, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing, directly or by implication, that:

1. The Federal Trade Commission or its staff has approved or endorsed any promotional program offered by either, or both, respondents;

2. Any promotional program conforms to a government standard or regulation unless such standard or regulation actually exists and applies to the promotion and the promotion conforms to such standard or regulation in all respects.

It is further ordered, That respondents distribute a copy of this order to all parties which were sent material making the misrepresentation charged in the complaint.

It is further ordered, That respondents notify the Commission at least 30 days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of a subsidiary or

any other change in the corporation, which may affect compliance obligations arising out of this order.

It is further ordered, That the respondents herein shall, within sixty (60) days after service upon it of this order file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with the order.

It is further ordered, That respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

Issued: December 17, 1970.

By direction of the Commission,

[SEAL] CHARLES A. TOBIN,
Secretary.

[FR Doc.71-1078 Filed 1-26-71; 8:46 a.m.]

Title 28—JUDICIAL ADMINISTRATION

Chapter I—Department of Justice

[Order No. 451-71]

PART 0—ORGANIZATION OF THE DEPARTMENT OF JUSTICE

Subpart L—Internal Security Division

ASSIGNING RESPONSIBILITY FOR HANDLING
MATTERS RELATING TO MILITARY SELEC-
TIVE SERVICE ACT OF 1967 AND CERTAIN
HABEAS CORPUS PROCEEDINGS

By virtue of the authority vested in me by 28 U.S.C. 509, 510 and 5 U.S.C. 301, § 0.61 of Subpart L of Part 0 of Chapter I of Title 28, Code of Federal Regulations, is amended by adding the following new paragraphs (l) and (m):

§ 0.61 General functions.

- (l) Criminal matters arising under the Military Selective Service Act of 1967.
- (m) Notwithstanding § 0.55(i), habeas corpus proceedings instituted by selective service inductees disputing the legality of their induction and by armed forces personnel seeking release from service on the ground that they have become conscientious objectors.

Dated: January 18, 1971.

JOHN N. MITCHELL,
Attorney General.

[FR Doc.71-1085 Filed 1-26-71; 8:46 am]

Title 32—NATIONAL DEFENSE

Chapter VII—Department of the Air Force

SUBCHAPTER W—AIR FORCE PROCUREMENT

PART 1001—GENERAL PROVISIONS

PART 1012—LABOR

Responsible Prospective Contractors and Equal Opportunity

Subchapter W of Title 32 of the Code of Federal Regulations is amended as follows:

1. Part 1001 is amended by adding Subparts H and I to read as follows:

Subpart H—[Reserved]

Subpart I—Responsible Prospective Contractors

§ 1001.905-50 Air Force Contractor Ex- perience List.

(a) General. The Directorate of Procurement Policy, Hq USAF/SPP, will maintain and publish an Air Force Contractor Experience List (AFCEL). The AFCEL and all correspondence disclosing the names of contractors on or proposed to be on the AFCEL will be marked "For Official Use Only" unless a security classification is required. The AFCEL will not be released outside the Government and information contained therein will not be made available for inspection by private individuals, firms or trade organizations. The AFCEL and other Contractor Experience Lists attached thereto are the only official listings of this type that are authorized within the United States.

(b) Purpose. The purpose of the AFCEL is to identify contractors who have not performed satisfactorily on Government contracts or who have encountered other difficulties that might endanger future performance. The AFCEL alerts contracting officers to secure preaward surveys prior to placing new business with these contractors. It also serves to identify conditions which the contractor must correct to satisfactorily improve performance and justify removal from the AFCEL.

(c) Limitation on use of the AFCEL. The listing of a contractor on the AFCEL, or on the other Contractor Experience Lists (CELs) attached thereto, will not be interpreted to mean that the listed contractor will not be given an opportunity to bid or quote on a proposed procurement, that negotiations cannot be carried on with the contractor, or that award cannot be made to such contractor. The CELs have no relationship to the Joint Consolidated List of Debarred, Ineligible, and Suspended Contractors, and the inclusion of any contractor on a CEL will not in any sense be regarded as a determination of debarment or ineligibility. These procedures do not apply to contractors performing only outside the United States.

(d) Reasons for listing contractors. Contractors with one or more of the following deficiencies will be considered for the AFCEL, identified by the letter coding shown.

- (1) D—Contractors who have a less than satisfactory record of delivery or schedule performance on one or more contracts.
- (2) Q—Contractors who fail to meet the product quality standards established by the contract.
- (3) T—Contractors who have had one or more contracts terminated for default. All defaulted contractors must be reported to Hq USAF for AFCEL listing.
- (4) F—Contractors who have a less than adequate financial capability for contract performance. All contractors who file for bankruptcy or are placed in

receivership must be reported to Hq USAF for AFCEL listing.

(5) M—Contractors whose performance is considered unsatisfactory or whose responsibility is questioned for other specific reasons.

(e) Procedures. (1) Both Procuring Contracting Officers (PCO) and Administrative Contracting Officers (ACO) may initiate recommendations for the AFCEL. The PCO will coordinate the intended AFCEL action with the ACO, or vice versa as applicable, and will obtain supporting information needed to substantiate the recommendation.

(2) The contracting officer will get the approval of the chief of his purchasing or contract administration office before proceeding further. The chief (or higher level authority as determined by the major command concerned) will then notify the contractor by letter of the proposed AFCEL recommendation. State the specific deficiencies in the contractor's performance, and request a reply within 15 days if the contractor wishes to present reasons why he should not be recommended for AFCEL listing.

(3) If the contractor does not respond within 15 days, or if the response is unsatisfactory, immediately advise the contractor that he has been recommended for the AFCEL. Simultaneously submit the recommendation to Hq USAF/SPP through command channels. The major command will forward the approved recommendation to arrive at Hq USAF within 15 days after receipt unless there are valid reasons for delay.

(4) Recommendations should be brief, but complete and factual. They should answer more questions than they generate. Copies of contracts and other lengthy documents are normally not required. All recommendations should include at least the following information:

(i) Contractor's full name, address, product line, and president's name. If only one part of the company is recommended, give necessary details of the relationship.

(ii) Purchasing and contract administration offices.

(iii) Codes for which the contractor is recommended.

(iv) Contract number, effective date, type of contract, dollar value, items covered, and unusual pertinent provisions.

(v) Brief narrative of contract requirements not met, and the contractor's actual performance, or other reasons for the recommended listing. If contractor's performance is considered less than satisfactory for only certain product lines or services, identify such qualification specifically in the recommendation, and any subsequent listing on the AFCEL will be annotated.

(vi) Brief outline of previous corrective actions taken by the contracting officer, such as "show cause" or "cure" notices, including dates such actions were taken and results obtained.

(vii) For Code D give original contract delivery dates and changes thereto, including reasons therefor, action taken to assure that delivery schedules are current and realistic, and a brief summary of the frequency, duration, and

seriousness of late deliveries considered to be the fault of the contractor.

(viii) For Code Q provide a brief current evaluation of the contractor's quality control plan or inspection system.

(ix) For Code T include reasons for the default termination and results of any appeal or other disposition of the case, if available. No further justification is required unless you recommend that the defaulted contractor "Not" be listed.

(x) For Code F provide brief current financial data showing lack of financial capability. No further justification is required for a contractor in bankruptcy unless you recommend that he "Not" be listed.

(xi) AFCEL recommendations from purchasing activities will include a copy of a statement from the cognizant contract administration activity providing current performance evaluation on the specific contracts involved, pertinent overall performance, background information, and concurrence, or nonconcurrence with the recommendation.

(5) The Hq USAF/SPP AFCEL Review Board will review all recommendations. Recommendations of the Board are subject to the approval of the Director of Procurement Policy, Hq USAF/SPP, and the Deputy Chief of Staff/Systems and Logistics, Hq USAF/SDC.

(6) Normally within 30 days of receipt of the recommendation, Hq USAF/SPP will advise the contractor by letter of the decision on AFCEL listing, with copies to all offices involved in the recommendation.

(7) Hq USAF/SPP will publish an updated AFCEL quarterly and will distribute it to all major commands, DSA, and Navy for distribution to their procuring activities. Interim changes will be published as required.

(8) AFCEL Review:

(i) Each contractor on the current AFCEL will be reviewed by the recommending activity each quarter to keep the listing current and to determine if removal from or retention on the list is warranted. If the purchasing office is the recommending activity, contact the appropriate contract administration activity to obtain an evaluation of the contractor's current overall performance. Promptly recommend removal when the contractor has corrected the deficiency for which he was placed on the AFCEL and no other major deficiencies exist. Specifically substantiate recommendations. If retention is recommended, also validate the letter coding.

(ii) Forward results of quarterly reviews by letter through command channels to arrive at Hq USAF/SPP by the tenth of February, May, August, and November of each year. Hq USAF/SPP will advise the contractor by letter if removal is approved, with copies to all offices concerned.

(iii) Recommend removal of a contractor who no longer has Government contracts after a maximum of 1 year on the list.

(iv) Recommend removal of a contractor who is subsequently included in the Joint Consolidated List of Debarred,

Ineligible, and Suspended Contractors (AFR 70-23).

(v) Do not recommend removal of a contractor who has appealed any matter which caused AFCEL listing, other than Code T, until final resolution of the appeal with the contractor's position substantially upheld.

(vi) Do not recommend removal of a contractor who was listed for Code T until the termination for default is converted to a termination for convenience, the Armed Services Board of Contract Appeals substantially upholds the contractor's position, or the contractor has been listed for 1 year.

(vii) Do not recommend removal of a contractor who was listed under Code F for bankruptcy/receivership until such proceedings have been completed and the contractor has been listed for 1 year.

(viii) Whenever a listed contractor changes name or address, promptly notify Hq USAF/SPP. Identify whether the new name or address replaces or is in addition to the present listing. This includes contractors listed on the Navy or DSA CEL's.

(f) *Navy and Defense Supply Agency (DSA) Implementation.* Navy Procurement Directive NPD 1-950, Navy Contractor Experience List (NCEL); Defense Supply Procurement Regulation 1-950, DSA Contractor Experience List (DSACEL); and DSA Regulation No. 8335.1, Contractor Experience List for Contract Administration Services provide information on Air Force, Navy, and DSA Contractor Experience Lists. DSAR No. 8335.1 also provides instructions to DCAs organizations on their recommendation of contractors for the AFCEL. Hq USAF sends the AFCEL to Navy and DSA for distribution with the NCEL and DSACEL.

(g) *Letters to contractors.* The following are formats for letters to contractor top management.

(1) Format for initial notice to contractor:

Dear Mr. _____ (President) _____
The Air Force has established a list of contractors whose performance or financial condition has been determined to be unsatisfactory. This list is the Air Force Contractor Experience List (AFCEL). The procedure for listing contractors on the AFCEL is set forth in § 1001.905-50 of Air Force Procurement.

This is to notify you that the Air Force considers your performance (or financial condition) to be unsatisfactory. (State specific deficiencies.) Action is in process to recommend you for placement on the AFCEL. However, you are being afforded an opportunity to provide reasons why this action should not be taken and/or what corrective actions you propose to take to resolve the above cited deficiencies.

Please forward your response to this office on or before (15 days).

Sincerely

(2) Format for notice to contractor of recommendation to Hq USAF:

Dear Mr. _____ (President) _____
Your response of (date) has been carefully reviewed (or: No response has been received to my letter of (date) and the decision to recommend placing your company on the Air Force Contractor Experience List

(AFCEL) is still considered appropriate. Therefore I have recommended that your firm be placed on the AFCEL. If this recommendation is approved by Hq USAF your firm will be listed on the next AFCEL. Your listing will be carefully reviewed at least quarterly. At such time as there is assurance that you have taken effective action to correct the unsatisfactory condition, we will recommend that your company be removed from the AFCEL.

Your listing on the AFCEL will not in any way prevent you from bidding on or submitting proposals for future contracts. The list will, however, alert contracting officers to companies whose performance has been determined to be currently unsatisfactory, and a preaward survey will be required before any award to your firm.

Any further information which you feel is appropriate before final action is taken may be forwarded directly to Hq USAF/SPP, Washington, D.C. 20330, with a copy to this office.

We sincerely hope that you soon correct the conditions that prompted this recommendation.

Sincerely

(10 U.S.C. Ch. 137, 10 U.S.C. 8012)

2. Part 1012 is amended by adding Subparts G and H to read as follows:

Subpart G—[Reserved]

Subpart H—Equal Opportunity

§ 1012.308-2 Compliance reviews.

From time to time, the OFCC and other compliance agencies issue notices with respect to companies whose EEO compliance status is questionable. Such notices may require special reviews, inquiries, consultations, etc., prior to award to those companies of any contract, regardless of dollar amount. Upon receipt by Hq USAF/SPP, the notice shall be forwarded to appropriate major commands for dissemination to all buying activities. Before awarding a contract to any firm listed in such a notice, the PCO shall contact the Hq USAF/SPP Labor Relations Office for instructions. Hq USAF, after consultation with the appropriate agencies, shall advise the PCO as to whether award can be made to the firm in question.

(10 U.S.C. Ch. 137, 10 U.S.C. 8012)

By order of the Secretary of the Air Force.

ALEXANDER J. PALENSCAR, JR.,
Colonel, U.S. Air Force, Chief,
Special Activities Group, Office of The Judge Advocate General.

[FR Doc. 71-1074 Filed 1-26-71; 8:45 am]

Title 33—NAVIGATION AND NAVIGABLE WATERS

Chapter II—Corps of Engineers, Department of the Army

PART 207—NAVIGATION REGULATIONS

Fox River, Wis.

Pursuant to the provisions of section 7 of the River and Harbor Act of August 8,

1917 (40 Stat. 226; 33 U.S.C. 1), § 207.460 governing the use, administration of the locks and canals in the Fox River, Wis., is hereby amended by adding a new paragraph (a) (17) to govern the operation of the Neenah dam outlet works at Neenah, Wis., effective 30 days after publication in the FEDERAL REGISTER, as follows:

§ 207.460 Fox River, Wis.

(a) Use, administration, and navigation of the locks and canals. * * *

(17) Neenah dam outlet works. (i) During periods of high water, when determined to be necessary by the District Engineer, U.S. Army Engineer District, Chicago, to reduce the threat of flooding, it shall be the duty of the person owning, operating, or controlling the dam across the Neenah Channel of the Fox River at Neenah, Wis., acting as agent of the United States, to open or close, or cause to be opened or closed, pursuant to subdivision (ii) of this subparagraph, the outlet works of said dam to regulate the passage of water through said outlet works.

(ii) The outlet works of said dam shall be opened when and to the extent directed by the District Engineer or his authorized field representatives, and said outlet works shall thereafter be closed when and to the extent directed by the said District Engineer or his authorized field representative.

[Regs., Jan. 7, 1971, ENGOW-ON] (Sec. 7, 40 Stat. 266; 33 U.S.C. 1)

For the Adjutant General:

R. B. BELNAP,
Special Advisor to TAG.

[FR Doc.71-1081 Filed 1-26-71; 8:46 am]

Title 23—HIGHWAYS

Chapter I—Federal Highway Administration, Department of Transportation

PART 1—ADMINISTRATION OF FEDERAL AID FOR HIGHWAYS

Relocation Assistance and Payments; Interim Operating Procedures; Postponement of Effective Date

On October 30, 1970, the Federal Highway Administrator issued Instructional Memorandum 80-2-70 which was published in the FEDERAL REGISTER December 19, 1970, at 35 F.R. 19232, entitled "Relocation Assistance and Payments Interim Operating Procedures" which was to become effective 90 days after issuance or at the option of the State the memorandum could be effective at an earlier date.

The effective date of this memorandum is postponed until further notice because of the enactment of the "Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970", Public Law 91-646, January 2, 1971.

This postponement is issued under authority of 23 U.S.C. 315 and the delegation of authority in § 1.48(b) of the regulations of the Office of the Secretary (35 F.R. 4959 (1970)).

Issued on January 20, 1971.

F. C. TURNER,
Federal Highway Administrator.

[FR Doc.71-1131 Filed 1-26-71; 8:50 am]

Title 38—PENSIONS, BONUSES, AND VETERANS' RELIEF

Chapter I—Veterans' Administration

PART 2—DELEGATIONS OF AUTHORITY

Delegations Relating to Guaranty of Mobile Home Loans

In Part 2, §§ 2.95 and 2.96 are added to read as follows:

§ 2.95 Delegation of authority to certain employees to exercise the power of the Administrator to waive stated procedural (nonsubstantive) requirements of the mobile home guaranty regulations.

This delegation of authority is identical to § 36.4220 of this chapter.

§ 2.96 Delegation of authority to certain employees to exercise certain powers and functions of the Administrator with respect to the guaranty of mobile home loans. The authority hereby delegated to these employees may, with the approval of the Chief Benefits Director, be redelegated.

This delegation of authority is identical to § 36.4221 of this chapter.

By direction of the Administrator.

[SEAL] FRED B. RHODES,
Deputy Administrator.

[FR Doc.71-1137 Filed 1-26-71; 8:50 am]

PART 36—LOAN GUARANTY

Guaranty of Loans to Veterans To Purchase Mobile Homes and Lots, Including Site Preparation

§§ 36.4000-36.4251 [Revoked]

1. Sections 36.4000 through 36.4251 are revoked.

2. A new center title and §§ 36.4201 through 36.4222, §§ 36.4231 through 36.4235, §§ 36.4275 through 36.4277 and §§ 36.4279 through 36.4287 are added to read as follows:

GUARANTY OF LOANS TO VETERANS TO PURCHASE MOBILE HOMES AND LOTS, INCLUDING SITE PREPARATION GENERAL PROVISIONS.

- Sec.
- 36.4201 Applicability of the § 36.4200 series.
 - 36.4202 Definitions.
 - 36.4203 Eligibility of the veteran for the mobile home loan benefit under 38 U.S.C. 1819.
 - 36.4204 Maximum loan amounts and term.
 - 36.4205 Computation of guaranty.
 - 36.4206 Income, credit, and occupancy requirements.

- Sec.
- 36.4207 Mobile home standards.
 - 36.4208 Mobile home location standards.
 - 36.4209 Reporting requirements.
 - 36.4210 Joint loans.
 - 36.4211 Amortization—Prepayment.
 - 36.4212 Interest rates and late charges.
 - 36.4213 Capacity of parties.
 - 36.4214 Geographical limits.
 - 36.4215 Accounting records.
 - 36.4216 Disqualification of lenders.
 - 36.4217 Delivery of notice.
 - 36.4218 Payment in full; termination of guaranty.
 - 36.4219 Incorporation by reference.
 - 36.4220 Substantive and procedural requirements; waiver.
 - 36.4221 Delegation of authority.
 - 36.4222 Hazard insurance.

FINANCING MOBILE HOME UNITS

- 36.4231 Manufacturers warranty.
- 36.4232 Allowable fees and charges; mobile home unit.
- 36.4233 Suspension of manufacturers.
- 36.4234 Title and lien requirements.
- 36.4235 Suspension of dealers and mobile home park operators.

SERVICING, LIQUIDATION OF SECURITY AND CLAIM

- 36.4275 Events constituting default.
- 36.4276 Advances and other charges.
- 36.4277 Release of security.
- 36.4279 Extensions and reamortizations.
- 36.4280 Reporting of defaults.
- 36.4281 Refunding of loans in default.
- 36.4282 Legal proceedings (notice of repossession).
- 36.4283 Foreclosure or repossession.
- 36.4284 Computation of guaranty claims.
- 36.4285 Subrogation and indemnity.
- 36.4286 Partial or total loss of guaranty.
- 36.4287 Substitution of trustees.

AUTHORITY: Sections 36.4201 to 36.4287 issued under 72 Stat. 1114, 84 Stat. 1110; 38 U.S.C. 210, 1819.

GUARANTY OF LOANS TO VETERANS TO PURCHASE MOBILE HOMES AND LOTS INCLUDING SITE PREPARATION

NOTE: Those requirements, conditions, or limitations which are expressly set forth in 38 U.S.C. 1819 and are not restated herein must be taken into consideration in conjunction with the § 36.4200 series.

GENERAL PROVISIONS

§ 36.4201 Applicability of the § 36.4200 series.

The § 36.4200 series shall be applicable to each loan entitled to guaranty under 38 U.S.C. 1819 on or after the date of cation thereof in the FEDERAL REGISTER.

§ 36.4202 Definitions.

Wherever used in 38 U.S.C. 1819 or the § 36.4200 series, unless the context otherwise requires, the terms defined in this section shall have the meaning herein stated.

(a) "Administrator" means the Administrator of Veterans Affairs, or any employee of the Veterans Administration authorized by him to act in his stead.

(b) "Date of first uncured default" means the due date of the earliest payment not fully satisfied by the proper application or available credits or deposits.

(c) "Default" means failure of a borrower to comply with the terms of a loan agreement.

(d) "Guaranty" means the obligation of the United States, assumed by virtue

of 38 U.S.C. 1819, to repay a specified percentage of a loan upon default of the primary debtor, which guaranty payment shall be made after liquidation of the security for the loan and an accounting with the Administrator.

(e) "Holder" means the lender or any subsequent assignee or transferee of the guaranteed obligation.

(f) "Indebtedness" means the unpaid principal and interest plus any other amounts allowable under the terms of a loan including those authorized by statute and consistent with the § 36.4200 series, which have been paid and debited to the loan account. Unpaid late charges may not be included in the indebtedness.

(g) "Lender" means the payee or assignee or transferee of an obligation at the time it is guaranteed.

(h) "Lien" means any interest in, or power over, real or personal property, reserved by the vendor, or created by the parties or by operation of law, chiefly or solely for the purpose of assuring the payment of the purchase price, or a debt, and irrespective of the identity of the party in whom title to the property is vested, including but not limited to mortgages, deeds with a defeasance therein or collaterally, deeds of trust, security deeds, security instruments, mechanics' liens, lease-purchase contracts, conditional sales contracts, consignments.

(i) "Loan" means unpaid principal balance plus unpaid earned interest due under the terms of the obligation.

(j) "Lot" means a parcel of land acceptable to the Administrator as a mobile home site.

(k) "Manufacturer's invoice cost" means that figure shown on a document acceptable in form and content to the Administrator issued by the manufacturer which represents the wholesale price of a specifically identified mobile home including any furnishings, equipment and accessories installed by the manufacturer, which document is certified as the true manufacturer's invoice for that particular mobile home and which separately states the amount of freight or transportation costs charged to the dealer, if any.

(l) "Maximum home loan guaranty entitlement" means for the purposes of 38 U.S.C. 1819, evidence of the fact that a veteran has "maximum home loan guaranty entitlement" available for use shall be a Certificate of Eligibility showing he has \$12,500 available for real estate purposes in the column headed "1810".

(m) "Mobile home" means a moveable dwelling unit designed and constructed for year around occupancy on land by a single family, which dwelling unit contains permanent eating, cooking, sleeping and sanitary facilities.

(n) "Necessary site preparation" means those improvements essential to render a mobile home site acceptable to the Administrator including, but not limited to, the installation of utility connections, sanitary facilities and paving, and the construction of a suitable pad.

(o) "New mobile home" means a mobile home which, at the time of purchase

by the veteran-borrower, has not been previously occupied.

(p) "Reasonable value" means that figure which represents the amount a reputable and qualified appraiser, unaffected by personal interest, bias, or prejudice, would recommend to a prospective purchaser as a proper price or cost in the light of prevailing conditions.

(q) "Repossession—repossessed" means recovery or acquisition of such physical control of property (pursuant to the provisions of the security instrument or as otherwise provided by law) as to make further legal or other action unnecessary in order to obtain actual possession of the property or to dispose of the same by sale or otherwise.

(r) "Resale" means sale of the property by the holder to a third party for the purpose of liquidating the security for the loan after having acquired the property by repossession, public or private sale, or by any other means.

(s) "Used mobile home" means a mobile home which is the security for a prior loan guaranteed, insured or made by the Veterans' Administration or by another Federal agency.

§ 36.4203 Eligibility of the veteran for the mobile home loan benefit under 38 U.S.C. 1819.

(a) To be eligible for the mobile home loan benefit a veteran must have maximum home loan guaranty entitlement of \$12,500 available for use. Such maximum home loan guaranty entitlement may consist, in whole or in part, of restored entitlement. Entitlement used to obtain a mobile home loan may be restored a single time provided the first loan has been repaid in full.

(b) Use of the mobile home loan guaranty benefit shall preclude the use of any home loan guaranty entitlement under any other section of chapter 37, title 38, United States Code until the mobile home loan has been paid in full.

§ 36.4204 Maximum loan amounts and term.

(a) Maximum permissible loan amounts and term shall not exceed:

(1) \$10,000 for 12 years and 32 days in the case of a loan covering the purchase of a mobile home only.

(2) \$10,000 for 12 years and 32 days in the case of a loan covering the purchase of a mobile home plus such additional amount as determined by the Administrator to be appropriate to cover the cost necessary for site preparation where the veteran owns the lot.

(3) \$15,000 (but not to exceed \$10,000 for the mobile home and not to exceed \$5,000 for an undeveloped lot) for 15 years and 32 days in the case of a loan covering the purchase of a mobile home and an undeveloped lot on which to place such home plus such additional amount as determined by the Administrator to be appropriate to cover the cost of necessary site preparation.

(4) \$17,500 (but not to exceed \$10,000 for the mobile home and not to exceed \$7,500 for a suitably developed lot) for 15 years and 32 days in the case of a loan covering the purchase of a mobile

home and a suitably developed lot on which to place such home.

(b) Subject to the maximum loan amounts in paragraph (a) of this section the loan amount in an individual case shall not exceed the following:

(1) In the case of a loan to purchase a new mobile home unit only, the loan amount shall not exceed the sum of the following:

(i) 120 percent of the figure produced by the following computation: Subtract from the manufacturer's invoice cost the manufacturer's invoice cost of any components (furnishings, accessories, equipment) removed from the unit by the dealer. To the remainder add the dealer's cost for any components added by such dealer. The sum so obtained shall be the figure to be multiplied by the specified percentage.

(ii) 100 percent of the actual amount of fees and charges permitted in § 36.4232 but not in excess of the specified maximums.

(2) In the case of a loan to purchase a new mobile home unit plus the cost of necessary site preparation where the veteran owns the lot, the loan amount shall be limited to the amount determined in subparagraph (1) of this paragraph plus such costs of necessary site preparation as are approved by the Administrator.

(3) In the case of a loan to purchase a new mobile home unit plus the purchase of an undeveloped lot on which to place such home plus the cost of necessary site preparation, the loan amount shall be limited to the amount determined in subparagraph (1) of this paragraph plus the reasonable value of the undeveloped lot as determined by the Administrator plus such costs of necessary site preparation as are approved by the Administrator.

(4) In the case of a loan to purchase a new mobile home unit plus the cost of a suitably developed lot on which to place such home, the loan amount shall be limited to the amount determined in subparagraph (1) of this paragraph plus the reasonable value of the developed lot as determined by the Administrator.

(c) The cost of the transaction which will not be paid from the proceeds of the loan must be paid by the veteran in cash from his own resources. Closing costs and prepaid items incident to the real estate portion of any mobile home must be paid in cash and may not be included in the loan amount.

§ 36.4205 Computation of guaranty.

(a) The amount of the guaranty in respect to a loan guaranteed under 38 U.S.C. 1819 shall be thirty (30) percent of the loan. The amount of the guaranty is reduced or increased pro rata with any reduction or increase in the amount of the guaranteed loan.

(b) Any evidence of guaranty issued by the Administrator in respect to such loan shall be conclusive evidence of the eligibility of the loan for guaranty and of the amount of such guaranty: *Provided, however*, That the Administrator

may establish against the original lender, defenses based on fraud or material misrepresentation and that the Administrator may by regulations in force at the date of such issuance establish partial defenses to the amount payable on the guaranty.

§ 36.4206 Income, credit, and occupancy requirements.

No loan shall be guaranteed under 38 U.S.C. 1819 unless:

(a) The terms of repayment bear a proper relationship to the veteran's present and anticipated income and expenses, and the veteran is a satisfactory credit risk, taking into account the purpose of this program to make available lower cost housing to low and lower income veterans, especially those who have been recently discharged or released from active military, naval, or air service, who may not have previously established credit ratings.

(b) The veteran certifies, in such form as the Administrator shall prescribe, that he will personally occupy the property as his home. For the purposes of this section, the words "personally occupy the property as his home" mean that the veteran as of the date of his certification actually lives in the property personally as his residence or actually intends upon completion of the loan and acquisition of the mobile home to move into the home personally within a reasonable time and to utilize the home as his residence.

§ 36.4207 Mobile home standards.

To qualify for purchase with a guaranteed loan a mobile home must

(a) Be a minimum of forty (40) feet long and ten (10) feet wide having a minimum area of at least four hundred (400) square feet or be a module or modules having a minimum area of at least four hundred (400) square feet;

(b) Be so constructed as to be towed on its own chassis and undercarriage and/or independent undercarriage;

(c) Contain living facilities for year around occupancy by one family, including permanent provisions for heat, sleeping, cooking, and sanitation; and

(d) Comply with the specifications in effect at the time the loan is made that are prescribed in mobile home standard No. A 119.1, as approved by the American National Standards Institute (formerly the United States of America Institute, Inc.).

§ 36.4208 Mobile home location standards.

(a) Any rental site on which a mobile home to be purchased with a guaranteed loan will be placed must qualify as an acceptable rental site as follows:

(1) Be located within a mobile home park or subdivision which is acceptable to the Veterans Administration; or

(2) Be a site which is not within a mobile home park or subdivision provided that (i) the site is determined by the Veterans Administration to be an acceptable rental site, or (ii) in the absence of a determination by the Veterans Administration in respect to such site the

mobile home purchaser and the dealer certify to the Administrator as follows:

(a) Placement of the mobile home on the site or lot is not a violation of zoning laws or other local requirements applicable to mobile homes;

(b) The site or lot is served by water and sanitary facilities which are approved by the local public authority and which are acceptable to the Veterans Administration;

(c) The site or lot is served by an all-weather street or road;

(d) The site or lot is not known to be subject to conditions that may be hazardous to the health or safety of the mobile home occupants or that may endanger the mobile home; and

(e) The site is free from, and the location of the mobile home thereon will not substantially contribute to, adverse scenic or environmental conditions.

(b) No mobile home purchased with a guaranteed loan may be placed on a lot owned by an eligible veteran or on a lot to be purchased or improved with the proceeds of a guaranteed mobile home loan unless the lot owned or to be so purchased or improved is determined by the Veterans Administration to be an acceptable mobile home site.

(c) A mobile home park or subdivision which is not approved by the Federal Housing Administration will be acceptable to the Veterans Administration for the purpose of 38 U.S.C. 1819 if the Administrator determines that the park or subdivision, whether existing or proposed, (1) is designed to encourage the maintenance and development of mobile home sites which will be free from, and not substantially contribute to, adverse scenic and environmental conditions, and (2) complies otherwise with the applicable standards for planning, construction, and general acceptability prescribed by the Administrator.

§ 36.4209 Reporting requirements.

(a) Each loan proposed for guaranty under 38 U.S.C. 1819 shall, unless otherwise provided in the § 36.4200 series, be submitted to the Administrator for approval prior to closing. The Administrator upon determining any such proposed loan to be eligible for guaranty will issue a certificate of commitment.

(b) Except as provided in paragraph

(c) of this section, a certificate of commitment shall entitle the holder to the issuance of the evidence of guaranty upon the ultimate actual payment of the full proceeds of the loan for the purposes described in the original report and upon the submission within 30 days thereafter of a supplemental report showing such fact and:

(1) That the loan conforms to the terms of the certificate of commitment;

(2) The identity of all property purchased therewith;

(3) That all property purchased with the proceeds of the loan has been encumbered as required by the § 36.4200 series;

(4) In respect to any property purchased with the loan proceeds as to which the Administrator issued a certi-

ficate of reasonable value which was conditioned upon completion of any construction, repairs, alterations or improvements not inspected and approved subsequent to completion by a compliance inspector designated by the Administrator that such construction, repairs, alterations or improvements have been completed according to the plans and specifications upon which such reasonable value was based; and

(5) That the loan conforms otherwise to the applicable provisions of 38 U.S.C. 1819 and the § 36.4200 series.

(c) A deviation of more than five (5) percent between the estimates upon which the certificate of commitment was issued and the report of final payment of the proceeds of the loan, or a change in the identity of the property acquired by the veteran with the loan proceeds will invalidate the certificate of commitment, unless such deviation or change is approved by the Administrator.

(d) Upon the failure of the lender to report in accordance with paragraph (b) of this section, the certificate of commitment shall have no further effect; *Provided, nevertheless*, That if the loan otherwise meets the requirements of this section, said certificate of commitment may be given effect by the Administrator, notwithstanding the report is received after the date otherwise required.

(e) A Certificate of Guaranty will be issued on the basis of the loan stated in the certification of loan disbursement provided the loan is otherwise eligible.

(f) Any amount of the loan that is disbursed for an ineligible purpose shall be excluded in computing the amount of guaranty.

§ 36.4210 Joint loans.

The joinder of the spouse of a veteran-borrower in the ownership of the property purchased with the loan proceeds shall not preclude issuance of guaranty based upon the entire amount of the loan. The amount or percentage of guaranty may not, however, be increased beyond the 30 percent maximum by reason of such spouse's eligibility for the mobile home loan benefit or by the joinder in ownership of the property of more than one eligible veteran.

§ 36.4211 Amortization—prepayment.

(a) To be eligible for guaranty under 38 U.S.C. 1819 a loan shall be amortized fully within the term of the loan in accordance with any generally recognized plan of amortization requiring approximately equal monthly payments. The loan shall not be payable on demand or at sight or presentation, or at a time not specified or computable from the language in the evidence of indebtedness, or on a renewal basis at the option of the holder. The first payment may be deferred not longer than 2 months from the date the loan is closed.

(b) No guaranteed loan security instrument shall contain any provision giving the holder a right to declare the loan due or otherwise to declare a default if the holder "shall feel insecure" or upon the occurrence of any similar condition

at the holder's option, without regard to any act or omission by the debtor.

(c) The debtor shall have the right, without penalty or fee, to prepay all or not less than one installment of the indebtedness at any time. Credit for any partial prepayment made on other than an installment due date may be postponed to the next installment due date. The holder and the debtor may agree at any time that any prepayment not previously applied in satisfaction of matured installments shall be reapplied for the purpose of curing or preventing any subsequent default. Any prepayment in full of the indebtedness (unpaid principal balance plus earned interest) shall be credited on the date received. In determining the amount required to prepay the indebtedness in full the holder of the loan shall exclude all unearned interest or discount.

(d) Subject to paragraph (a) of this section any amounts which under the terms of a loan do not become due and payable on or before the last maturity date permissible for loans of its class under the limitations contained in § 36.4204 shall automatically fall due on such date.

§ 36.4212 Interest rates and late charges.

(a) The interest rate charged the borrower on a loan guaranteed pursuant to 38 U.S.C. 1819 may not exceed the following maxima:

(1) 10.75 percent simple interest per annum for that portion of the loan which finances the purchase of a mobile home unit.

(2) 7.50 percent simple interest per annum for that portion of the loan which finances the purchase of a lot and the cost of necessary site preparation, if any.

(3) 7.50 percent simple interest per annum on that portion of a loan which will finance the cost of the site preparation necessary to make a lot owned by the veteran acceptable as the site for the mobile home purchased with the proceeds of the loan except that a rate of not to exceed 10.75 percent may be charged if the portion of the loan to pay for the cost of such necessary site preparation does not exceed \$2,500.

(b) The rate of interest in instruments securing the indebtedness for all loans may be expressed in terms of add-on or discount provided the rate as so computed does not exceed the applicable maximum simple interest rate(s) specified in paragraph (a) of this section.

(c) A late charge not in excess of an amount equal to 4 percent of any installment paid more than 15 days after due date shall not be considered a violation of the interest rate limitations specified in paragraph (a) of this section. Late charges must be collected from the borrower as such and may not be deducted from regular installments.

§ 36.4213 Capacity of parties.

Nothing in the § 36.4200 series shall be construed to relieve any lender of responsibility for any loss caused by lack of legal capacity of any person to contract, sell, convey or encumber, or by the

existence of other legal disability or defects invalidating or rendering unenforceable in whole or in part either the loan obligation or the security therefor.

§ 36.4214 Geographical limits.

The site for any mobile home purchased with a guaranteed loan must be located within the United States of America, which for the purposes of 38 U.S.C. 1819 comprises the several States, the Territories and possessions of the United States, the District of Columbia and the Commonwealth of Puerto Rico.

§ 36.4215 Accounting records.

(a) The holder shall maintain a record of the amounts of payments received on the obligation and disbursements chargeable thereto and the dates thereof. This record shall be maintained until the Administrator ceases to be liable as guarantor of the loan. For the purpose of any accounting with the Administrator or computation of claim against him, any holder who fails to maintain such record shall be presumed to have received on the dates due all sums which by the terms of the contract are payable prior to date of claim, and the burden of going forward with evidence and of ultimate proof of the contrary shall be on such holder.

(b) The Administrator has the right to inspect, examine, or audit, at a reasonable time and place, the records or accounts of a holder pertaining to loans guaranteed by the Administrator.

§ 36.4216 Disqualification of lenders.

(a) A lender or holder may be suspended from obtaining guaranty of loans or from the right to the guaranty in respect to any loan made or purchased after the date of its suspension, except as provided in paragraph (h) of this section, whenever any of the employees designated in § 36.4221(b) finds that the lender or holder (hereinafter referred to as lender) has failed to maintain adequate loan accounting records, or to demonstrate proper ability to service loans adequately, or to exercise proper credit judgment, or has declined to make a guaranteed mobile home loan to an eligible veteran because of the applicant's race, color, religion, or national origin, or has willfully or negligently engaged in practices otherwise detrimental to the interests of veterans or of the Government, or has been refused the benefits of participation under the National Housing Act pursuant to a determination of the Federal Housing Commissioner under section 512 of that Act. Suspension of a lender shall be effected only when specifically authorized by the Administrator, the Deputy Administrator, or by the Chief Benefits Director, Department of Veterans Benefits. In any case in which suspension has been so authorized and (1) an indictment has been secured or a criminal information has been filed against the lender in connection with a transaction involving 38 U.S.C. 1819, or (2) is based upon action taken by the Federal Housing Commissioner, an immediate suspension may be effected. In

any other case in which the Director of a regional office has obtained Central Office authorization to initiate suspension proceedings, prior written notice of intention to apply the suspension sanction shall be furnished to the lender concerned.

(b) Where notice of intention to suspend is furnished a lender, the notice shall state the charges against the lender and the specifications on which the charges are based. Such notice shall also advise the lender that no later than 20 days from the date of the receipt of the notice it may file written answer to the charges with the Director and, if desired, may also file a written request that lender be permitted to appear before the Veterans Administration and state why suspension should not be effected. In the event the lender does not file written answer to the charges against it and does not make or request permission to make an appearance before the Veterans Administration within the time specified, suspension may be effected immediately, without further authorization, by the Director who will advise the Chief Benefits Director of the action taken.

(c) If an appearance before the Veterans Administration is requested by the lender, the Director will arrange for and notify the lender of the time and place thereof and will appoint a committee of three Veterans Administration employees to hear the lender's statement. The Chief Attorney or his designee will represent the Veterans Administration at such appearance. The proceedings of the committee will be informal. The lender will be informed of the charges and specifications which constitute the basis of the contemplated suspension and will be afforded an opportunity to state either orally or in writing why suspension should not be effected. Written or oral statements of the lender, or its officers, agents, or representatives other than counsel may be required by said Chief Attorney or his designee to be made under oath if in his discretion the nature of the statement is such as to make that procedure advisable. In the event an oral statement is made under oath, a verbatim transcript of such statement will be made. Authority is hereby delegated to the Chief Attorney or his designee to administer oaths to each party making the statement under oath.

(d) If within the specified time, written answer is filed with the Director or the lender makes an appearance, the Director will hold the suspension in abeyance and submit a full report to the Chief Benefits Director including recommendations as to the action to be taken in the case and will await instructions of the Chief Benefits Director before proceeding further.

(e) Where suspension is effected, the lender will be advised in writing of the effective date of the suspension and, unless such was previously furnished, will be given written notice of the charges against the lender and the specifications on which such charges are based. Any lender who is suspended shall have the

right to apply to the Chief Benefits Director for termination or modification of the suspension and, except when the suspension is based upon action taken by the Federal Housing Commissioner, shall also have the right to apply to the Chief Benefits Director for a formal hearing at which opportunity shall be afforded to show why suspension should be modified or terminated. The Chief Benefits Director may postpone the holding of a hearing for a reasonable period in any case in which the Department of Justice or U.S. attorney advises or requests postponement pending the trial of a criminal or civil case or the institution of criminal or civil proceedings against the lender. In the absence of such request, the Chief Benefits Director, as soon as he may deem it feasible to do so, shall designate such time and place as he may deem appropriate for such hearing, shall notify the lender thereof, and shall appoint not less than three persons, who shall constitute the board, to conduct the hearing. The Chief Attorney or his designee shall represent the Veterans' Administration. Authority is hereby delegated to the chairman of the board designated to conduct such hearing to administer oaths to witnesses. The Director may issue subpoenas for witnesses or records as provided in 38 U.S.C. 3311. The lender shall have the right to appear at such hearing in person or by attorney, or both, and to introduce evidence showing why such suspension should be modified or terminated. If the Veterans' Administration has knowledge of a pending or contemplated civil or criminal action by the United States against the lender, arising from the facts on which the suspension of the lender was based, the Chief Attorney of the regional office concerned will inform the responsible U.S. attorney of the date and place of hearing and keep him advised of all developments.

(f) As soon as is practicable after the conclusion of the hearing, the board will make findings of fact and recommendations in writing to the Chief Benefits Director. The lender will be furnished with a transcript of the hearing and with a statement of the board's findings of fact. The lender shall have the right within 14 days after receipt of such transcript and statement to file with the Chief Benefits Director a brief of either, or both, facts and law.

(g) Upon receipt of the transcript of the hearing, the findings and recommendations of the board, and the brief of the lender, if one is filed, the Chief Benefits Director shall make a determination in the case, basing his action on such record. Written notice of such determination shall be given to the lender. The lender shall have the right to appeal such decision to the Administrator by giving notice in writing to the Chief Benefits Director within 10 days after the receipt of notice of such determination. In the event of such appeal, the Administrator will decide the matter finally on the record and will notify the lender of his decision in writing. If the lender does not appeal to the Admin-

istrator within the period specified, the determination by the Chief Benefits Director shall be final.

(h) Except where acquisition is pursuant to a binding contract antedating the suspension, the purchase of a guaranteed loan by a lender after the date of its suspension shall cancel the guaranty on such loan: *Provided*, The notice to the lender of the suspension expressly bars such lender from acquiring by purchase loans guaranteed by the Administrator.

(i) If after determination by the Chief Benefits Director or the Administrator, as provided in paragraph (g) of this section, the suspension is terminated, all rights and interest of the lender shall be restored. However, any lender suspended by reason of action taken by the Federal Housing Commissioner is not afforded the rights under paragraph (g) of this section and the suspension in any such case will be terminated by the Chief Benefits Director only if the lender furnishes satisfactory evidence of his reinstatement by the Federal Housing Commissioner.

§ 36.4217 Delivery of notice.

Any notice required by the § 36.4200 series to be given the Administrator must be in writing, and delivered, by mail or otherwise, to the Veterans Administration office at which the guaranty was issued, or to any changed address of which the holder has been given notice. Such notice must plainly identify the case by the setting forth the name of the original veteran-obligor and the file number assigned to the case by the Administrator, if available, or otherwise the name and serial number of the veteran. If mailed, the notice shall be by certified mail when so provided by the § 36.4200 series. This section does not apply to legal process. (See § 36.4282.)

§ 36.4218 Payment in full; termination of guaranty.

Upon full satisfaction of a guaranteed loan by payment or otherwise the instrument evidencing the guaranty shall be returned to the Veterans Administration office issuing the same with the holder's cancellation or endorsement of release thereon.

§ 36.4219 Incorporation by reference.

Veterans Administration regulations issued under 38 U.S.C. 1819, and in effect on the date of any loan which is submitted and accepted or approved for a guaranty thereunder, shall govern the rights, duties, and liabilities of the parties to such loan and any provisions of the loan instruments inconsistent with such regulations are hereby amended and supplemented to conform thereto.

§ 36.4220 Substantive and procedural requirements; waiver.

(a) Notwithstanding any requirement, condition, or limitation stated in or imposed by the regulations concerning the guaranty of mobile home loans to veterans, the Chief Benefits Director, or the Director, Loan Guaranty Service, within the limitations and conditions prescribed by the Administrator, is

hereby authorized, if he finds the interests of the Government are not adversely affected, to relieve undue prejudice to a debtor, holder, or other person, which might otherwise result, provided no such action may be taken which would impair the vested rights of any person affected thereby. If such requirement, condition, or limitation is of an administrative or procedural (not substantive) nature, any employee designated in § 36.4221 is hereby authorized to grant similar relief if he finds the failure or error of the lender was due to misunderstanding or mistake and that the interests of the Government are not adversely affected. Provisions of the regulations considered to be of an administrative or procedural (nonsubstantive) nature are limited to the following:

(1) The requirement in § 36.4209 that a lender originating a loan under a certificate of commitment report the loan for issuance of guaranty evidence within 30 days following actual payment of the full proceeds of the loan. In such cases it is not necessary that a finding be made that the loan is not in default.

(2) The requirement in § 36.4279 that a holder promptly forward an advice of the terms of any agreement effecting a reamortization or extension of a loan.

(3) The requirement in § 36.4280 concerning the giving of notice of default.

(4) The requirement in § 36.4280 that a holder give 30 days advance notice of its intention to foreclose or repossess the security.

(5) The requirement in § 36.4282 that a holder give notice of repossession of personal property within 10 days after such repossession has occurred.

(b) No waiver, consent, or approval required or authorized by the regulations concerning guaranty of loans to veterans shall be valid unless in writing signed by the Administrator or the employee designated in § 36.4221.

§ 36.4221 Delegation of authority.

(a) Except as hereinafter provided, each employee of the Veterans Administration heretofore or hereafter appointed to, or lawfully filling, any position designated in paragraph (b) of this section is hereby delegated authority, within the limitations and conditions prescribed by law, to exercise the powers and functions of the Administrator with respect to the guaranty of mobile home loans and the rights and liabilities arising therefrom, including but not limited to the adjudication and allowance, disallowance, and compromise of claims; the collection or compromise of amounts due, in money or other property; the extension, rearrangement, or acquisition of loans; the management and disposition of secured and unsecured notes and other property; and those functions expressly or impliedly embraced within paragraphs (2) to (6), inclusive, of 38 U.S.C. 1820(a). Incidental to the exercise and performance of the powers and functions hereby delegated, each such employee is authorized to execute and deliver (with or without acknowledgment) for, and on behalf of, the Administrator, evidence of

guaranty and such certificates, forms, conveyances, and other instruments as may be appropriate in connection with the acquisition, ownership, management, sale, transfer, assignment, encumbrance, rental, or other disposition of real or personal property, or of any right, title, or interest therein, including, but not limited to, contracts of sale, installment contracts, deeds, leases, bills of sale, assignments, and releases; and to approve disbursements to be made for any purpose authorized by 38 U.S.C. chapter 37.

(b) Designated positions:

Chief, Benefits Director.
Director, Loan Guaranty Service.
Director, Regional Office.
Director, Veterans Benefits Office (Washington, D.C.).
Loan Guaranty Officer.
Assistant Loan Guaranty Officer.

The authority hereby delegated to employees of the positions designated in this paragraph may, with the approval of the Chief Benefits Director, be redelegated.

(c) Nothing in this section shall be construed (1) to authorize any such employee to exercise the authority vested in the Administrator under 38 U.S.C. 210 (c) or 1815(b) or to sue, or enter appearance for and on behalf of the Administrator, or confess judgment against him in any court without his prior authorization; or (2) to include the authority to exercise those powers delegated to the Chief Benefits Director, or the Director, Loan Guaranty Service, under § 36.4220: *Provided*, That anything in the regulations concerning guaranty of loans to veterans to the contrary notwithstanding, any evidence of guaranty issued on or after the effective date of the § 36.4200 series by any of the employees designated in paragraph (b) of this section or by any employee designated an authorized agent or a loan guaranty agent shall be deemed to have been issued by the Administrator, subject to the defenses reserved in 38 U.S.C. 1821.

§ 36.4222 Hazard insurance.

The holder shall require insurance policies to be procured and maintained in an amount sufficient to protect the security against the risks or hazards to which it may be subjected to the extent customary in the locality. All moneys received under such policies covering payment of insured losses shall be applied to restoration of the security or to the loan balance.

FINANCING MOBILE HOME UNITS

§ 36.4231 Manufacturers warranty.

(a) When a new mobile home purchased with financing guaranteed under 38 U.S.C. 1819 is delivered to the veteran-borrower he will be supplied a written warranty by the manufacturer in the form and content prescribed by the Administrator. Such warranty shall be in addition to, and not in derogation of, all other rights and privileges which such purchaser or owner may have under any other law or instrument, and the warranty instrument will so provide. No evidence of guaranty shall be issued by the Administrator unless a copy of such war-

ranty duly receipted by the purchaser is submitted with the loan papers.

(b) The Administrator may from time to time conduct inspection of the manufacturing process of mobile homes constructed for sale to veterans and onsite inspections of mobile homes purchased with the assistance of loans guaranteed under 38 U.S.C. 1819.

§ 36.4232 Allowable fees and charges; mobile home unit.

(a) Incident to the origination of a guaranteed loan for the purchase of a mobile home unit only, no charge shall be made against, or paid by, the veteran-borrower without the express prior approval of the Administrator except as follows:

(1) Actual fees or charges for required recordation of documents.

(2) The amount of any documentary stamp taxes levied on the transaction.

(3) The amount of State and local taxes levied on the transaction.

(4) The premium for customary physical damage insurance and vendor's single interest coverage on the mobile home for an initial policy term of not to exceed five (5) years.

(5) The actual cost of transportation or freight not to exceed \$400.

(6) Set-up charges for installing the mobile home on site, not to exceed \$200.

(b) Any charge against the borrower properly made under paragraph (a) of this section may be included in the loan and paid out of the proceeds of the loan, if such inclusion does not increase the amount of the loan to more than the maximum amount allowable under § 36.4204.

(c) Costs of a credit report, such additional insurance as the veteran may desire, and any other expenses normally charged to a mobile home purchaser under local customs may be paid by the borrower other than from the loan proceeds.

§ 36.4233 Suspension of manufacturers.

(a) The Administrator may refuse to guarantee loans (1) in respect to any mobile homes constructed by any manufacturer who refuses to permit the inspections provided for in § 36.4231, or (2) in respect to any mobile homes constructed by a manufacturer as to whose mobile homes the Administrator has made a determination of nonconformity to the structural standards prescribed in § 36.4207, or (3) in respect to any mobile homes constructed by a manufacturer who fails or is unable to discharge his obligations under the warranty required by the regulations in the § 36.4200 series to be issued by such manufacturer.

(b) Any manufacturer affected by such refusal to guarantee loans shall have the right within 10 days after receipt of written notice of such refusal to file with the Administrator, by registered mail, a request for a hearing. Upon receipt of such request, the Chief Benefits Director shall, as promptly as he deems it feasible to do so, designate a time and place as he deems appropriate for such hearing and shall appoint one or more persons who shall constitute

a board to conduct the hearing. The person or persons requesting such hearing shall be afforded full opportunity to appear at the hearing in person, or by counsel, or both, and to introduce evidence showing why the sanction should be terminated or modified. Authority is hereby granted to the persons designated to conduct the hearing to administer oaths to witnesses.

(c) As soon as is practicable after conclusion of the hearing, the board will make findings of fact and recommendations in writing to the Chief Benefits Director. The person requesting the hearing will be furnished with a transcript of the hearing and with a statement of the board's findings of fact. Such person shall have the right within 14 days after receipt of such copy to file with the Chief Benefits Director a brief of either, or both, facts and law.

(d) Upon receipt of the findings and recommendations of the hearing board and the brief of the person requesting the hearing, if a brief is filed, the Chief Benefits Director shall make a determination in the case; i.e., whether the refusal to guarantee or make loans as originally imposed is continued, modified, or terminated, and what terms or conditions, if any, are imposed for termination or modification. Notice of such determination shall be given to the person requesting the hearing. Such person shall have the right to appeal such decision to the Administrator within 30 days after the date of receipt of such notice. In the event of an appeal, the Administrator will decide the matter finally and will notify the person who filed the appeal of his decision.

§ 36.4234 Title and lien requirements.

(a) The interest in the mobile home acquired by the veteran at the time of his purchase shall be either:

(1) Legal title evidenced by such document as is customarily issued to the purchaser of a mobile home in the jurisdiction in which the mobile home is initially sited, or

(2) A full possessory interest convertible into a legal title conforming to subparagraph (1) of this paragraph upon payment in full of the guaranteed loan.

(b) The loan must be secured by a properly recorded financing statement and security agreement or other security instrument that creates a first lien on or equivalent security interest in the mobile home and all of the furnishings, equipment, and accessories paid for in whole or in part out of the loan proceeds.

(c) It is the responsibility of the lender that the veteran initially obtains an interest in the mobile home meeting the requirements of paragraph (a) of this section and to obtain and retain a security interest meeting the requirements of paragraph (b) of this section.

§ 36.4235 Suspension of dealers and mobile home park operators.

(a) The Administrator may refuse to approve as acceptable any site in a mobile home park or subdivision owned or operated by any person whose rental or sale methods, procedures, requirements,

or practices are determined by the Administrator to be unfair or prejudicial to veterans renting or purchasing such sites. The Administrator may also refuse to guarantee loans for veterans to purchase mobile homes offered for sale by any dealer if substantial deficiencies have been discovered in such homes, or if he determines that there has been a failure or indicated inability of the dealer to discharge contractual liabilities to veterans, or that the type of contract of sale or methods, procedures, or practices pursued by the dealer in the marketing of such properties have been unfair or prejudicial to veteran purchasers.

(b) Any person or firm suspended pursuant to paragraph (a) of this section shall have the right within 10 days after receipt of written notice of such refusal to file with the Administrator, by registered mail, a request for a hearing. Upon receipt of such request, the Chief Benefits Director shall, as promptly as he deems it feasible to do so, designate a time and place as he deems appropriate for such hearing and shall appoint one or more persons who shall constitute a board to conduct the hearing. The person or persons requesting such hearing shall be afforded full opportunity to appear at the hearing in person, or by counsel, or both, and to introduce evidence showing why the sanction should be terminated or modified. Authority is hereby granted to the persons designated to conduct the hearing to administer oaths to witnesses.

(c) As soon as is practicable after conclusion of the hearing, the board will make findings of fact and recommendations in writing to the Chief Benefits Director. The person requesting the hearing will be furnished with a transcript of the hearing and with a statement of the board's findings of fact. Such person shall have the right within 14 days after receipt of such copy to file with the Chief Benefits Director a brief of either or both, facts and law.

(d) Upon receipt of the findings and recommendations of the hearing board and the brief of the person requesting the hearing, if a brief is filed, the Chief Benefits Director shall make a determination in the case; i.e., whether the refusal to accept a site or to guarantee loans as originally imposed is continued, modified, or terminated, and what terms or conditions, if any, are imposed for termination or modification. Notice of such determination shall be given to the person requesting the hearing. Such person shall have the right to appeal such decision to the Administrator within 30 days after the date of receipt of such notice. In the event of an appeal, the Administrator will decide the matter finally and will notify the person who filed the appeal of his decision.

SERVICING, LIQUIDATION OF SECURITY AND CLAIM

§ 36.4275 Events constituting default.

(a) The conveyance of or other transfer of title to property by operation of law or otherwise, after the creation of a

lien thereon to secure a loan which is guaranteed in whole or in part by the Administrator, shall not constitute an event of default, or acceleration of maturity, elective or otherwise, and shall not of itself terminate or otherwise affect the guaranty.

(b) The inclusion in the guaranteed obligation of a provision contrary to the provisions of this section or § 36.4211 shall not impair the right of the holder to payment of the guaranty provided that:

(1) Default was declared or maturity was accelerated under some other provision of the note, mortgage, or other loan instrument, or

(2) Activation or enforcement of such provision is warranted under § 36.4280, or

(3) The prior approval of the Administrator was obtained.

(c) If the title to real property or a leasehold interest therein which secures a mobile home loan guaranteed after December 22, 1970, is restricted against sale or occupancy on the ground of race, color, religion, or national origin, by restrictions created and filed of record by the borrower subsequent to that date, such action, at the election of the holder, shall constitute an event of default entitling the holder to declare the unpaid balance of the loan immediately due and payable.

(d) The holder of any guaranteed obligation shall have the right, notwithstanding the absence of express provision therefor in the instruments evidencing the indebtedness, to accelerate the maturity of such obligation at any time after the continuance of any default for the period specified in § 36.4280.

(e) If sufficient funds are tendered to bring a delinquency current at any time prior to repossession or foreclosure of the mobile home the holder shall be obligated to accept the funds in payment of the delinquency, unless the prior approval of the Administrator is obtained to do otherwise.

§ 36.4276 Advances and other charges.

(a) A holder may advance any reasonable amount necessary and proper for the maintenance or repair of the security, or for the payment of accrued taxes, special assessments or other charges which constitute prior liens, or premiums on fire or other hazard insurance against loss of or damage to such property and any such advance so made may be added to the guaranteed indebtedness.

(b) In addition to advances allowable under paragraph (a) of this section, the holder may charge (1) against the proceeds of the sale of the security, (2) against gross amounts collected, or (3) in the computation of a claim under the guaranty, if lawfully authorized by the loan agreement and subject to § 36.4284, any of the following items actually paid:

(i) Any expense which is reasonably necessary for preservation of the security,

(ii) Court costs in a foreclosure or other proper judicial proceeding involving the security,

(iii) Other expenses reasonably necessary for collecting the debt, or repossession or liquidation of the security, including a reasonable sales commission to the dealer or sales broker for resale of the security,

(iv) Reasonable trustee's fees or commissions paid incident to the sale of real property,

(v) Reasonable amount for legal services actually performed not to exceed 10 percent of the unpaid indebtedness as of the date of the first uncured default, or \$250, whichever is less,

(vi) Any other expense or fee that is approved in advance by the Administrator.

§ 36.4277 Release of security.

(a) Except upon full payment of the indebtedness the holder shall not release a lien or other right in or to property held as security for a guaranteed loan, or grant a fee or other interest in such property, without the prior approval of the Administrator, unless in the opinion of the holder such release does not involve a decrease in the value of the security in excess of \$500: *Provided*, That the aggregate of the reduction in the original value of the security resultant from such releases without the Administrator's prior approval does not exceed \$500.

(b) Except upon full payment of the indebtedness or upon the prior approval of the Administrator, the holder shall not release a lien under paragraph (a) of this section unless the consideration received for the release is commensurate with the fair market value of the property released and the entire consideration is applied to the indebtedness, or if encumbrance on other property is accepted in lieu of that released it shall be the holder's duty to acquire such lien on property of substantially equal value which is reasonably capable of serving the purpose for which the property released was utilized.

(c) Failure of the holder to comply with the provisions of this section shall not in itself affect the validity of the title of a purchaser to the property released.

(d) The holder shall notify the Administrator of any such release or substitution of security within 30 days after completion of such transaction.

(e) The release of the personal liability of any obligor on a guaranteed obligation resultant from the act or omission of any holder without the prior approval of the Administrator shall release the obligation of the Administrator as guarantor, except when such act or omission consists of

(1) Failure to establish the debt as a valid claim against the assets of the estate of any deceased obligor, provided no lien for the guaranteed debt is thereby impaired or destroyed; or

(2) An election and appropriate prosecution of legally available effective remedies with respect to the repossession or the liquidation of the security in any case, irrespective of the identity or the survival of the original or of any subsequent debtor, if holder shall have given such notice as required by § 36.4280 and if, after receiving such notice, the Administrator shall have failed to notify the holder within 15 days to proceed in

such manner as to effectively preserve the personal liability of the parties liable, or such of them as the Administrator indicates is such notice to the holder; or

(3) The release of an obligor, or obligors, from liability on an obligation secured by a lien on property, which release is an incident of and contemporaneous with the sale of such property to an eligible veteran who assumed such obligation, which assumed obligation is guaranteed on his account pursuant to 38 U.S.C. 1819; or

(4) The release of an obligor or obligors as provided in § 36.4279.

§ 36.4279 Extensions and reamortizations.

(a) The terms of repayment of any loan may, by written agreement between the holder and debtor, be extended in the event of default, to avoid imminent default, or in any other case where the prior approval of the Administrator is obtained. Except with the prior approval of the Administrator, no such extension shall set a rate of amortization less than that sufficient to fully amortize at least 80 percent of the loan balance so extended within the maximum maturity prescribed for loans of its class.

(b) In the event of a prepayment pursuant to § 36.4211, the balance of the indebtedness may, by written agreement between the holder and the debtor, be reamortized, provided the reamortization schedule will result in full repayment of the loan within the original maturity.

(c) Unless the prior approval of the Administrator has been obtained, any extension or reamortization agreed to by a holder which relieves any obligor from liability will release the liability of the Administrator under the guaranty on the entire loan. However, if such release of liability of an obligor results through operation of law by reason of an extension or other act of forbearance, the liability of the Administrator as guarantor will not be affected thereby. *Provided*, The required lien is maintained and the title holder is and will remain liable for the payment of the indebtedness: *And further provided*, That if such extension or act of forbearance will result in the release of the veteran, all delinquent installments, plus any foreclosure expenses which may have been incurred, shall have been fully paid.

(d) The holder shall promptly forward to the Administrator an advice of the terms of any agreement effecting a reamortization or extension of a guaranteed loan.

§ 36.4280 Reporting of defaults.

The holder of any guaranteed loan shall give notice to the Administrator within 15 days after any debtor:

(a) Is in default by reason of nonpayment of two full installments; or

(b) Is in default by failing to comply with any other covenant or obligation of such guaranteed loan which failure persists for a continuing period of 60 days after demand for compliance therewith has been made, except that if the default is due to nonpayment of real estate taxes, the notice shall not be re-

quired until the failure to pay when due has persisted for a continuing period of 120 days.

(c) In the event any failure of the debtor to discharge his obligations under the loan continues for a period of 2 months or for more than 1 month on an extended loan, the holder may then or thereafter give the notice in the manner described in paragraph (e) of this section.

(d) The notice prescribed in paragraph (e) of this section may be submitted prior to the time prescribed in paragraph (e) of this section in any case where any material prejudice to the rights of the holder or to the Administrator or hazard to the security warrants more prompt action.

(e) Except upon the express waiver of the Administrator, a holder shall not begin proceedings in court or give notice of sale under power of sale, repossess the security, or accelerate the loan, or otherwise take steps to terminate the debtor's rights in the security until the expiration of 30 days after delivery by certified mail to the Administrator of a notice of intention to take such action; *Provided*, That immediate action may be taken if the property to be affected thereby has been abandoned by the debtor, or has been or may be otherwise subjected to extraordinary waste or hazard.

§ 36.4281 Refunding of loans in default.

Upon receiving a notice of default the Administrator may at any time prior to the termination of the borrower's interest in the property require the holder upon penalty of otherwise losing the guaranty to transfer and assign the loan and the security therefor to the Administrator or to another designated by him upon receipt of payment of the balance of the indebtedness remaining unpaid to the date of such assignment. Such assignment may be made without recourse but the transferor shall not thereby be relieved from the provisions of § 36.4286.

§ 36.4282 Legal proceedings (notice of repossession).

(a) When the holder institutes suit or otherwise becomes a party in any legal or equitable proceeding brought on or in connection with the guaranteed indebtedness, or involving title to, or other lien on, the security, such holder, within the time that would be required if the Administrator were a party to the proceeding, shall deliver to the Administrator, by mail or otherwise, by making such delivery to the loan guaranty officer at the office which granted the guaranty, or other office to which the holder has been notified the file is transferred, a copy of every procedural paper filed on behalf of holder, and shall also so deliver, as promptly as possible, a copy of each similar pleading served on holder or filed in the cause by any other party thereto. Notice of, or motion for, continuance and orders thereon are excepted from the foregoing.

(b) A copy of a notice of sale under power by a holder or one acting at his

behest (e.g., trustee or public official) shall be similarly delivered to the Administrator at or before the date of first publication, posting, or other notice, but in any event, except in emergency or when waived by the Administrator, not less than 10 days prior to date of sale. Copy of any other notice of sale served on the holder or of which he has knowledge shall be similarly delivered to the Administrator, including any such notice of sale under tax or other superior lien or any judicial sale.

(c) The procedure prescribed in paragraphs (a) and (b) of this section shall not be applicable in any proceeding to which the Administrator is a party, after his appearance shall have been entered therein by a duly authorized attorney.

(d) In any legal or equitable proceeding (including probate and bankruptcy proceedings) to which the Administrator is a party, original process and any other process prior to appearance, proper to be served on the Administrator, shall be delivered to the loan guaranty officer of the office of the Veterans Administration having jurisdiction of the area in which the court is situated. Within the time required by applicable law, or rule of court, the Administrator will cause appropriate special or general appearance to be entered in the cause by his authorized attorney.

(e) After appearance of the Administrator by attorney, all process and notice otherwise proper to serve on the Administrator before or after judgment, if served on his attorney of record shall have the same effect as if the Administrator were personally served within the jurisdiction of the court.

(f) If following a default the holder does not begin appropriate action within 30 days after requested in writing by the Administrator to do so, or does not prosecute such action with reasonable diligence, the Administrator may at his option intervene in, or begin and prosecute to completion any action or proceeding, in his name or in the name of the holder, which the Administrator deems necessary or appropriate, and may fix a date beyond which no further charges may be included in the computation of the guaranty claim. The Administrator shall pay, in advance if necessary, any court costs or other expenses incurred by him, or properly taxed against him, in any such action to which he is a party, but may charge the same, and also a reasonable amount for legal services, against the guaranteed indebtedness, or the proceeds of the sale of the security to the same extent as the holder (see § 36.4276), or otherwise collect from the holder any such expenses incurred by the Administrator because of the neglect or failure of the holder to take or complete proper action. The rights and remedies herein reserved are without prejudice to any other rights, remedies, or defenses, in law or in equity, available to the Administrator.

(g) The holder, no later than 10 days after it has repossessed a property, must advise the Administrator of such repossession. The holder shall proceed thereafter, within a reasonable time after

repossession, to terminate the debtors' rights in the property. If it is a legal requirement or if the Administrator requires that the debtors' rights be terminated by public sale, the holder shall follow the procedures set forth in paragraph (b) of this section. Otherwise, the holder shall proceed in the manner set forth in § 36.4283(f).

§ 36.4283 Foreclosure or repossession.

(a) Upon receipt by the Administrator of notice of a judicial or statutory sale, or other public sale under power of sale contained in the loan instruments, to liquidate any security for a guaranteed loan, he may specify in advance of such sale the minimum amount which shall be credited to the indebtedness of the borrower on account of the value of the security to be sold, subject to the provisions of subparagraphs (1), (2), (3), and (4) of this paragraph:

(1) If a minimum amount has been specified in relation to a sale of the property and the holder is the successful bidder at the sale for an amount not in excess of such specified amount the holder shall dispose of the property in the manner set forth in paragraph (f) and the amount realized from the resale of the property shall govern in the final accounting for determining the rights and liabilities of the holder and the Administrator.

(2) If a minimum amount has been specified by the Administrator and:

(i) A third party is the successful bidder at the sale for an amount equal to or in excess of that specified, the holder shall credit to the indebtedness the net proceeds of the sale.

(ii) A third party is the successful bidder at the sale for an amount less than that specified, the holder shall credit to the indebtedness the amount specified less expenses allowable under § 36.4276.

(iii) The holder is the successful bidder at the sale for an amount in excess of the specified amount the indebtedness shall be credited with the net proceeds of the sale or an amount established in accordance with paragraph (f) of this section, whichever is the greater, unless the bid in excess of the specified amount was made pursuant to paragraph (d) of this section.

(3) If a minimum amount has not been specified by the Administrator under subparagraph (1) or (2) of this paragraph, and the Administrator advised the holder that it did not intend to specify an amount, and the property is purchased at the sale by a third party, the holder shall credit against the indebtedness the net proceeds of the sale except as provided in paragraph (d) of this section. However, if the property is purchased at the sale by the holder, the indebtedness will be credited with the net proceeds of the sale or an amount established in accordance with paragraph (f) of this section, whichever is greater.

(4) The holder shall notify the Administrator of the results of the sale within 10 days after the sale is completed.

(b) In the event that any real property which is security for a guaranteed loan is to be acquired by a holder in a manner other than as provided in paragraph (a) or (c) of this section (e.g., by strict foreclosure or by the termination without a public sale of the purchaser's interest in a land sale contract), the holder shall notify the Administrator of the acquisition within 15 days thereafter and account to the Administrator for the proceeds of the liquidation of the security in accordance with paragraph (f) of this section.

(c) When a debtor proposes to convey or transfer any property to a holder to avoid foreclosure or other judicial, contractual, or statutory disposition of the obligation or of the security, the consent of the Administrator to the terms of such proposal shall be obtained in advance of such conveyance or transfer. If the Administrator consents thereto, the holder may acquire the property and account to the Administrator for the proceeds of the liquidation of the security in accordance with paragraph (f) of this section.

(d) If a minimum bid is required under applicable State law, or decree of foreclosure or order of sale, or other lawful order or decree, the holder may bid an amount not exceeding such amount legally required. If an amount has been specified by the Administrator and the holder is the successful bidder for an amount not exceeding the amount legally required, such specified amount shall govern for the purpose of this section.

(e) If the Administrator has specified an amount as provided in this section, and the holder learns of any material damage to the property occurring prior to the foreclosure sale or to the acceptance of a deed in lieu of foreclosure or prior to any other event to which such specified amount is applicable, the holder shall promptly advise the Administrator of such damage. Also, if the holder acquires or repossesses the property and the holder learns of any material damage to it, the holder shall promptly advise the Administrator of such damage.

(f) When the security for a guaranteed loan is acquired by the holder through foreclosure or otherwise, the holder shall resell the property within a reasonable time and may thereafter submit its claim under the guaranty. The holder shall submit to the Administrator a written advice setting forth the price, terms, conditions, and the expenses of the proposed sale at least 10 days in advance thereof, and the Administrator shall thereupon either (1) assent to such sale in which event the holder shall credit against the indebtedness the net proceeds of the sale, or (2) agree to indemnify the holder to the extent of any increased or resultant loss thereon, subject to the provisions of paragraph (h) (4) of this section, and may specify the minimum price for which the security may be sold. If the Administrator has agreed to indemnify the holder, the Administrator shall have the right to reject any offer of sale and require further exposure to the

market. The amount realized by the holder from the ultimate sale of the property shall be reported to the Administrator.

(g) If at the end of 6 months from the date of acquisition the holder has been unable to resell the property a claim may be submitted under the guaranty and the Administrator will pay to the holder upon submission of such claim:

(1) The difference between the appraised value of the property as determined by the Administrator and the indebtedness including those costs allowable under § 36.4276 and the costs of repossessing the mobile home not to exceed \$100, plus any accrued and unpaid interest to the applicable cut-off date as set forth in § 36.4284(a) at the maximum rate allowable plus accrued interest at a rate of 6 percent from such cut-off date to the date of claim but not to exceed 60 days or,

(2) The amount of the guaranty payable on the total outstanding indebtedness as of the applicable cutoff date set forth in § 36.4284(a), whichever is less.

(h) If the property securing the guaranteed loan is acquired by a holder pursuant to paragraph (a), (b), or (c) of this section, the following provisions shall apply:

(1) The holder's notice to the Administrator after acquisition shall state the amount of the successful bid at public sale.

(2) The holder's notice after acquisition shall also provide complete occupancy data. Except with the prior approval of the Administrator the holder shall not rent the property to a new tenant nor extend the terms of an existing tenancy on other than a month-to-month basis.

(3) Except with the prior approval of the Administrator, any taxes or special assessments which constitute prior liens due and payable after acquisition of the property by the holder shall be paid by the holder sufficiently in advance of the payment due dates to avoid penalties and to take advantage of any discounts. The holder also may include in its accounting with the Administrator any expenditures for repairs made that were reasonably necessary to properly maintain or refurbish the security property, not to exceed \$400. Expenditures in excess of \$400 shall not be made without the prior approval of the Administrator.

(4) As between the holder and the Administrator, the holder shall be responsible for any loss due to damage to or destruction of the property, ordinary wear and tear excepted, from the date of repossession or acquisition by the holder to the date the property has been liquidated.

(5) The holder shall include as credits in its accounting with the Administrator all rentals and other income collected from the property and insurance proceeds or refunds subsequent to the date of acquisition by the holder.

(i) Definitions: (1) The terms "date of sale" or "date of acquisition" as used in this section are defined as the date of the event (e.g., date of repossession,

date of sale confirmation when required under local practice, date of acceptance of deed in case of voluntary conveyance, etc.) which fixes the rights of the parties in the property.

(2) The term "property" or "real-property" as used in this section shall include:

(i) A leasehold estate therein which at the time of closing the loan was of not less duration than that prescribed by § 36.4253, and

(ii) The rights derived by the holder through a foreclosure sale of real estate whether or not such rights constitute an estate in real property under local law.

(j) The provisions of this section shall not be in derogation of any rights which the Administrator may have under § 36.4284. The Chief Benefits Director, or the Director, Loan Guaranty Service, may authorize any deviation from the provisions of this section, within the limitations prescribed in 38 U.S.C. chapter 37, which may be necessary or desirable to accomplish the objectives of this section if such deviation is made necessary by reason of any laws or practice in any State, Territory, or the District of Columbia: *Provided*, That no such deviation shall impair the rights of any holder not consenting thereto with respect to loans made or approved prior to the date the holder is notified of such action.

§ 36.4284 Computation of guaranty claims.

(a) Subject to the limitation that the maximum amount payable shall in no event exceed the amount originally guaranteed, the amount payable on a claim for the guaranty shall be the percentage of the loan originally guaranteed applied to the indebtedness computed as of the date of claim but not later than (1) the date of judgment or of decree of foreclosure; or (2) in nonjudicial foreclosures, the date of publication of the first notice of sale; or (3) in cases in which the security is repossessed without a judgment, decree, or foreclosure, the date the holder repossesses the security; or (4) if no security is available, the date of claim but not more than 6 months after the first uncured default. Deposits or other credits or setoffs including any escrowed or earmarked funds legally applicable to the indebtedness on the date of the claim computation shall be applied in reduction of the indebtedness upon which the claim is based.

(b) Credits accruing from the proceeds of a sale or other disposition of the security shall be reported to the Administrator incident to such submission, and the amount payable on the claim shall in no event exceed the remaining balance of the indebtedness.

(c) Any allowable expenditures or costs, paid by the holder, and any accrued and unpaid interest to the applicable cutoff date as set forth in paragraph (a) of this section at the maximum rate allowable, plus accrued interest at a rate of 6 percent from such cutoff date to the date of resale or other liquidation but not to exceed 60 days may be deducted from the proceeds of the sale of the property, or may be in-

cluded in the accounting to the Administrator on such loan.

(d) In computing the indebtedness for the purpose of filing a claim for payment of a guaranty, or in the event of a transfer of the loan under § 36.4281, or other accounting to the Administrator, the holder shall not be entitled to treat repayments theretofore made, as liquidated damages, or rentals, or otherwise than as payments on the indebtedness, notwithstanding any provision in the note, or mortgage, or otherwise, to the contrary.

§ 36.4285 Subrogation and indemnity.

(a) The Administrator shall be subrogated to the contract and the lien or other rights of the holder to the extent of any sum paid on a guaranty, which right shall be junior to the holder's rights as against the debtor or the encumbered property until the holder shall have received the full amount payable under his contract with the debtor. No partial or complete release by a creditor shall impair the rights of the Administrator with respect to the debtor's obligation.

(b) The holder, upon request, shall execute, acknowledge, and deliver an appropriate instrument tendered him for that purpose, evidencing any payment received from the Administrator and the Administrator's resulting right of subrogation.

(c) The Administrator may cause the instrument required by paragraph (b) of this section to be filed for record in the Office of the Recorder of Deeds, or other appropriate office of the proper county, town, or State, in accordance with the applicable State law.

(d) Any amounts paid by the Administrator on account of the liabilities of any veteran guaranteed under the provisions of 38 U.S.C. 1819 shall constitute a debt owing to the United States by such veteran.

(e) Whenever any veteran disposes of residential property securing a guaranteed loan obtained by him under 38 U.S.C. 1819, the Administrator, upon application made by such veteran, shall issue to the veteran a release relieving him of all further liability to the Administrator on account of such loan (including liability for any loss resulting from any default of the transferee or any subsequent purchaser of such property) if the Administrator has determined, after such investigation as he may deem appropriate, that there has been compliance with the conditions prescribed in 38 U.S.C. 1817. The assumption of full liability for repayment of the loan by the transferee of the property must be evidenced by an agreement in writing in such form as the Administrator may require. Release of the veteran from liability to the Administrator will not impair or otherwise affect the Administrator's guaranty on the loan, or the liability of the veteran to the holder. Any release of liability granted to a veteran by the Administrator shall inure to the spouse of such veteran. The release of the veteran from liability to the Administrator will constitute

the Administrator's prior approval to a release of the veteran from liability on the loan by the holder thereof. This release will not result in the veteran being entitled to further loan benefits unless the requirements of § 36.4203 are met.

§ 36.4286 Partial or total loss of guaranty.

(a) There shall be no guaranty liability on the part of the Administrator in respect to any loan as to which a signature to the note, the mortgage or other security instrument is a forgery. Except as to a holder who acquired the loan instrument before maturity, for value, and without notice, and who has not directly or by agent participated in the fraud, or in the misrepresentation hereinafter specified, any willful and material misrepresentation or fraud by the lender, or by a holder, or the agent of either, in procuring the guaranty shall relieve the Administrator of liability, or shall constitute a defense against liability on account of the guaranty of the loan in respect to which the willful misrepresentation, or the fraud, is practiced: *Provided*, That if a misrepresentation, although material, is not made willfully, or with fraudulent intent, it shall have only the consequences prescribed in paragraphs (b) and (c) of this section.

(b) In taking security required by 38 U.S.C. 1819 and the § 36.4200 series, a holder shall obtain the required lien on real property the title to which is such as to be acceptable to prudent lending institutions, informed buyers, title companies, and attorneys, generally in the community in which the property is situated: *Provided*, That a title will not be unacceptable by reason of any of the limitations on the quantum or quality of the property or title stated in § 36.4253. If such holder fails in this respect or fails to comply with any of the requirements of 38 U.S.C. 1819 and the § 36.4200 series with respect to:

(1) Obtaining and retaining a lien of the dignity prescribed on all property upon which a lien is required by 38 U.S.C. 1819 or the § 36.4200 series,

(2) Inclusion of power to substitute trustees,

(3) The procurement and maintenance of insurance coverage,

(4) Advice to Administrator as to default,

(5) Notice of intention to begin action,

(6) Notice to the Administrator in any suit or action, or notice of sale,

(7) The release, conveyance, substitution, or exchange of security,

(8) Lack of legal capacity of a party to the transaction incident to which the guaranty is granted,

(9) Failure of the lender to see that any escrowed or earmarked account is expended in accordance with the agreement,

(10) The taking into consideration of limitations upon the quantum or quality of the estate or property,

(11) Any other requirement of 38 U.S.C. 1819 or the § 36.4200 series which does not by the terms of said section or

regulations result in relieving the Administrator of all liability with respect to the loan,

no claim on the guaranty shall be paid on account of the loan with respect to which such failure occurred, or in respect to which an unwilling misrepresentation occurred, until the amount by which the ultimate liability of the Administrator would thereby be increased has been ascertained. The burden of proof shall be upon the holder to establish that no increase of ultimate liability is attributable to such failure or misrepresentation. The amount of increased liability of the Administrator shall be offset by deduction from the amount of the guaranty otherwise payable, or if consequent upon loss of security shall be offset by crediting to the indebtedness the amount of the impairment as proceeds of the sale of security in the final accounting to the Administrator. To the extent the loss resultant from the failure of misrepresentation prejudices the Administrator's right of subrogation acceptance by the holder of the guaranty payment shall subordinate the holder's right to those of the Administrator.

(c) If after the payment of a guaranty, or after a loan is transferred pursuant to § 36.4281, the fraud, misrepresentation, or failure to comply with the regulations concerning guaranty of loans to veterans as provided in this section is discovered and the Administrator determines that an increased loss to the Government resulted therefrom, the transferee or person to whom such payment was made shall be liable to the Administrator for the amount of the loss caused by such misrepresentation or failure.

§ 36.4287 Substitution of trustees.

In jurisdictions in which valid, any deed of trust or mortgage securing a guaranteed loan, if it names trustees or confers a power of sale otherwise, shall contain a provision empowering any holder of the indebtedness to appoint substitute trustees or other person with such power to sell, who shall succeed to all the rights, powers, and duties of the trustees, or other person, originally designated.

These VA regulations are effective upon publication in the FEDERAL REGISTER (1-27-71).

Approved: January 18, 1971.

By direction of the Administrator.

[SEAL] FRED B. RHODES,
Deputy Administrator.

[FR Doc. 71-1136 Filed 1-26-71; 8:50 am]

PART 5A-6—FOREIGN PURCHASES

Subpart 5A-6.1 is added as follows:

Subpart 5A-6.1—Buy American Act—Supply and Service Contracts

Sec.

5A-6.100 Scope of subpart.

5A-6.104 Evaluating bids for hand and measuring tools.

AUTHORITY: The provisions of this Subpart 5A-6.1 are issued under sec. 205(c), 63 Stat. 390; 40 U.S.C.; 486(c); 41 CFR 5-1.101(c).

Subpart 5A-6.1—Buy American Act—Supply and Service Contracts

§ 5A-6.100 Scope of subpart.

(a) This subpart prescribes procedures for soliciting and evaluating offers involving hand or measuring tools not produced in the United States or its possessions. This subpart is based on sections 512 of Independent Offices and HUD Appropriations Act, 1971.

(b) Solicitations and offers involving the procurement of foreign source supplies other than hand and measuring tools shall be evaluated in accordance with policies and procedures in Subparts 1-6.1 and 5-6.1 of this title.

§ 5A-6.104 Evaluating bids for hand and measuring tools.

(a) Appropriation Act restriction. Section 512 of Public Law 91-556 provides as follows:

Sec. 512. No part of any appropriations contained in this Act shall be available for the procurement of or for the payment of the salary of any person engaged in the procurement of any hand or measuring tool(s) not produced in the United States or its possessions except to the extent that the Administrator of General Services or his designee shall determine that a satisfactory quality and sufficient quantity of hand or measuring tools produced in the United States or its possessions cannot be procured as and when needed from sources in the United States and its possessions or except in accordance with procedures prescribed by section 6-104.4(b) of Armed Services Procurement Regulation dated January 1, 1969, as such regulation existed on June 15, 1970. This section shall be applicable to all solicitations for bids opened after its enactment.

(b) Definition. "Hand and measuring tools" are those items listed in Groups 51 and 52, as contained in Cataloging Handbook H2-1, Federal Supply Classification, Part I, Groups and Classes, published by the Defense Supply Agency.

(c) Solicitation provision. All solicitations for hand and measuring tools shall include the following special provision:

BUY AMERICAN ACT—HAND AND MEASURING TOOLS

Article 14 of Standard Form 32 is amended by including the following at the end of that provision:

Public Law 91-556 dated December 17, 1970, requires that GSA purchases of hand and measuring tools must be from domestic sources except in accordance with procedures prescribed by 6-104.4(b) of Armed Services Procurement Regulation (as such regulation existed on June 15, 1970). Accordingly, bids under this solicitation offering domestic source end products normally will be evaluated against bids offering other end products by adding a factor of fifty

percent (50%) to the latter, exclusive of import duties. Details of the evaluation procedure are set forth in § 5A-6.104 of the General Services Administration Procurement Regulations.

Each bid offering a foreign source end product must state below or on an attachment to the bid the amount of duty included in each bid price. Failure to furnish duty information will result in use of the entire item bid price (inclusive of any unspecified duty) when adding the "Buy American" differential.

Item No.	Unit	Amount of Duty (in dollars and cents)
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[End Of Provision]

(d) Procedures. Bids and proposals for hand and measuring tools shall be evaluated in accordance with the following procedures.

(NOTE: Section 512 of Public Law 91-556 requires that the procedures in § 6-104.4(b) of Armed Services Procurement Regulation, as such regulation existed on June 15, 1970, shall govern. Accordingly, the following procedures are FSS adaptations to ASPR 6-104.4(b), the full text of which is shown in § 5A-76.302.)

Bids and proposals shall be evaluated so as to give preference to domestic bids, except that bids offering end products manufactured in Canada shall be evaluated on the same basis as bids offering domestic end products after any applicable duty (whether or not a duty free entry certificate is issued) is included for evaluation purposes. Each foreign bid shall be adjusted for purposes of evaluation either by excluding any duty from the foreign bid and adding 50 percent of the bid (exclusive of duty) to the remainder, or by adding to the foreign bid (inclusive of duty) a factor of 6 percent of that bid, whichever results in the greater evaluated price, except that a 12 percent factor shall be used instead of the 6 percent factor if (1) the firm submitting the low acceptable domestic bid is a small business concern, or a labor surplus area concern, or both, and (2) any contract award to a domestic concern which would result from applying the 12 percent factor, but which would not result from applying the 6 percent or 50 percent factor, would not exceed \$100,000. (If an award for more than \$100,000 would be made to a domestic concern if the 12 percent factor is applied, the matter shall be submitted to the Commissioner, FSS, for a decision as to whether the award to the small business or labor surplus area concern would involve unreasonable cost or inconsistency with the public interest.) If the foregoing procedure results in a tie between a foreign bid as evaluated and a domestic bid, award shall be made on the latter. When more than one line item is offered in response to an invitation for bids or request for proposals, the appropriate factor shall be applied on an item-by-item basis, except that the factor may be applied to any group of items as to which the invitation for bids or requests for proposals specifically provides that award may be made on a particular group of items.

(e) Supplemental instructions. The following examples illustrate how the procedure in paragraph (d) of this section should be applied. Throughout these examples, "foreign bid" means a bid or offered price for a foreign end product which is not a Canadian end product; "domestic bid—large" means a domestic bid which is not from a small business

Title 41—PUBLIC CONTRACTS AND PROPERTY MANAGEMENT

Chapter 5A—Federal Supply Service, General Services Administration

APPROPRIATION ACT RESTRICTIONS; HAND AND MEASURING TOOLS

Chapter 5A of Title 41 is amended as follows:

or labor surplus area concern, and "domestic bid—small" means a domestic bid which is from either a small business concern or a labor surplus area concern, or both. Bid prices are evaluated net prices including consideration of transportation costs and prompt payment discounts. The same differentials shall be applied when making small purchases under \$2,500.

EXAMPLE A

Foreign bid, including duty of \$4,500	\$14,500
Domestic bid—large	15,100
Domestic bid—small	15,110

Award on domestic bid—large. Domestic bid—small is out because it is not the low acceptable domestic bid. Foreign bid, if adjusted by the 50 percent factor, would be \$14,500 less \$4,500 duty (i.e., \$10,000), plus 50 percent of \$10,000 (i.e., \$5,000), or \$15,000; but if adjusted by the 6 percent factor it would be \$14,500 plus 6 percent of \$14,500 (i.e., \$870), or \$15,370; therefore, the 6 percent factor is added and domestic bid—large is the low evaluated bid.

EXAMPLE B

Foreign bid, including duty of \$2,000	\$12,000
Domestic bid—large	15,000

Award on domestic bid—large. Foreign bid adjusted by 50 percent factor is \$15,000; adjusted by 6 percent factor, it is \$12,720. Therefore, foreign bid is evaluated at \$15,000, resulting in a tie and consequent award on the domestic bid—large.

EXAMPLE C

Foreign bid, including duty of \$3,500	\$13,500
Domestic bid—large	17,000
Domestic bid—small	15,100

Award on domestic bid—small. Foreign bid adjusted by 50 percent factor is \$15,000; adjusted by 12 percent factor, it is \$15,120. Therefore, it is evaluated at \$15,120, resulting in award on the domestic bid—small.

EXAMPLE D

Foreign bid, including duty of \$70,000	\$270,000
Domestic bid—large	310,000
Domestic bid—small	302,000

Foreign bid adjusted by 50 percent factor is \$300,000, adjusted by 12 percent factor, it is \$302,400; adjusted by 6 percent factor, it is \$286,200. Therefore, domestic bid—small is in line for possible award only because of the bidder's small business or labor surplus area status. But since the contract award would exceed \$100,000, the matter requires submission for decision pursuant to § 5A-6.104(d).

PART 5A-76—EXHIBITS

The table of contents for Part 5A-76 is amended to read as follows:

Sec. 5A-76.302 ASPR 6-104.4(b) as of June 15, 1970.

Effective date. These regulations are effective December 18, 1970.

Dated: January 14, 1971.

L. E. SPANGLER,
Acting Commissioner, FSS.

[FR Doc. 71-1075 Filed 1-26-71; 8:45 am]

Title 50—WILDLIFE AND FISHERIES

Chapter I—Bureau of Sport Fisheries and Wildlife, Fish and Wildlife Service, Department of the Interior

SUBCHAPTER B—HUNTING AND POSSESSION OF WILDLIFE

PART 17—CONSERVATION OF ENDANGERED SPECIES AND OTHER FISH OR WILDLIFE

List of Endangered Foreign Fish and Wildlife

This amendment corrects the scientific name of the gray, fin and sei whales, and the spelling of the generic names of the bowhead and sperm whales in Appendix A of 50 CFR Part 17.

F.R. Doc. 70-16173 appearing on page 18320 in the issue of Wednesday, December 2, 1970, is amended as follows:

1. In the second column entitled "Mammals" the first eight lines common names, scientific names, and where found are amended to read:

Common name	Scientific name	Where found
Bowhead whale	<i>Balaena mysticetus</i>	Oceanic.
Right whale	<i>Eubalaena spp.</i>	Do.
Blue whale	<i>Balaenoptera musculus</i>	Do.
Sperm whale	<i>Physeter catodon</i>	Do.
Finback whale	<i>Balaenoptera physalus</i>	Do.
Sei whale	<i>Balaenoptera borealis</i>	Do.
Humpback whale	<i>Megaptera spp.</i>	Do.
Gray whale	<i>Eschrichtius gibbosus</i>	Do.

Since this amendment makes no substantive changes, but conforms to the scientific names for these species of whales previously published in the FEDERAL REGISTER of April 18, 1968 (33 F.R. 5953) and codified in the Code of Federal Regulations as 50 CFR 230.5, it is determined that notice and public procedure thereon are impracticable, unnecessary, and contrary to the public interest and that this amendment will become effective on February 1, 1971.

(16 U.S.C. 688cc et seq.)

Effective date: February 1, 1971.

SPENCER H. SMITH,
Acting Director, Bureau of
Sport Fisheries and Wildlife.

JANUARY 22, 1971.

[FR Doc. 71-1098 Filed 1-26-71; 8:47 am]

Title 47—TELECOMMUNICATION

Chapter I—Federal Communications Commission

[FCC 71-72]

PART 73—RADIO BROADCAST SERVICES

Further Period of Relaxation of Rules Governing Transmission of Coded Patterns for Electronic Program Identification

JANUARY 21, 1971.

On October 22, 1970, the Commission issued a Public Notice (FCC 70-1148) (35 F.R. 16682), notifying licensees of television broadcast stations that for a period of 90 days the requirements of § 73.682(a)(2) of its rules governing the placement of coded program identification material in the transmitted picture would be relaxed to permit such material to be located within the first and last 10 microseconds of lines 20 through 25, and 258 through 262. This limited waiver of the rule was granted because, as described in the notice, mechanical difficulties encountered in certain steps of the process involved in the coding and electrical reproduction of filmed program material resulted in television station transmission of coded commercials in some cases not meeting the requirements of § 73.682(a)(2). Within the 90-day period, we indicated that we expected International Digital Systems Corp. (IDC), the entity responsible for coding the program material, and other interested parties, to resolve the difficulties which had prompted the rule relaxation, or to propose some other permanent solution of the problem.

The 90-day period expires on January 20, 1971. On January 15, 1971, a letter was received from the attorneys for IDC requesting that the period during which television stations would be permitted to operate in limited compliance with § 73.682(a)(2) of the rules be extended for an additional 120 days. In support of this request, the letter relates in some detail the steps that IDC has taken to correct the conditions which have made expedient the rule relaxation, and the reasons why further time appears necessary in which to achieve a final solution to the problem. In particular, IDC states it has replaced commercials identified to it as having been improperly coded. It has distributed to optical houses new, more accurate masters for the application of code patterns to new commercial films. Its representatives have visited all large film laboratories and have supplied them 16-mm. film alignment clips to improve their procedures. An improved procedure has been instituted for checking the coded commercials which are supplied to stations, and IDC states that it urges its clients to replace the code on