COMMUTED TRAVELTIME ALLOWANCES

[In hours]

Location covered	Served from—	Metropolitan area	
		Within	Outside
Remove: * * * * *			
North Carolina:			
Pope AFB	Fayetteville	1	
* * * * *			
Texas:			
Aransas Pass	Corpus Christi		2
Corpus Christi		1	
Corpus Christi, NAS.	Corpus Christi		1
Gregory	Corpus Christi		1
Harbor Island	Corpus Christi		2
Point Comfort	Corpus Christi		5
Rockport	Corpus Christi		2
* * * * *			
Add: * * * * *			
Louisiana:			
Port of Tallulah	Baton Rouge		6
Port of Tallulah	West Monroe		3
* * * * *			
North Carolina:			
* * * * *			
Fort Bragg	Fayetteville	2	
Pope AFB	Fayetteville	2	
* * * * *			
Oregon: * * * * *			
Astoria	Longview, WA		3
Portland	Longview, WA		3
* * * * *			
Texas: * * * * *			
Aransas Pass	Corpus Christi		2½
Corpus Christi	Corpus Christi	2	
Corpus Christi, NAS.	Corpus Christi		2
Gregory	Corpus Christi		2
Ingleside and Harbor Island (Port Aransas).	Corpus Christi		3
Point Comfort	Corpus Christi		6
Rockport	Corpus Christi		3
* * * * *			
Washington:			
Kalama	Longview		2
Longview	Longview	2	
Vancouver	Longview		3
* * * * *			

Done in Washington, DC, this 28th day of October, 1987.

Donald Houston,

Administrator, Animal and Plant Health Inspection Service.

[FR Doc. 87-25328 Filed 10-30-87; 8:45 am]

BILLING CODE 3410-34-M

Agricultural Marketing Service

7 CFR Part 946

Irish Potatoes Grown in Washington; Relaxation of Inspection Requirements for Shipments of Potatoes to District 5 and Spokane County in District 1 in Washington

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Interim final rule with request for comments.

SUMMARY: This rule relaxes inspection requirements for certain shipments of potatoes grown in Washington. Currently uninspected potatoes can be shipped for grading or storing purposes to Morrow or Umatilla Counties in Oregon throughout the year, and during the period July 15 to August 31 to District 5 in Washington. This rule will extend the period for such shipments to District 5 for the entire year and will also allow such shipments to Spokane County in District 1. The purpose of this action is to facilitate the movement of potatoes from growers to packing facilities and reduce inspection costs. This rule is based on a recommendation of the State of Washington Potato Committee. The committee works with the Department in administering the marketing order.

DATES: Interim final rule effective November 2, 1987. Comments which are received by December 2, 1987, will be considered prior to issuance of the final rule.

ADDRESS: Written comments concerning this rule should be submitted in triplicate to the Docket Clerk, Fruit and Vegetable Division, AMS, USDA, P.O. Box 96456, Room 2085–S, Washington, DC 20090–6456. All comments submitted will be made available for public inspection in the above office during regular business hours. Comments should reference the date and page number of this issue of the **Federal Register.**

FOR FURTHER INFORMATION CONTACT: Ronald L. Cioffi, Chief, Marketing Order Administration Branch, Fruit & Vegetable Division, AMS, USDA, P.O. Box 96456, Room 2525–S, Washington, DC 20090–6456; telephone 202–447–5697.

SUPPLEMENTARY INFORMATION: This rule is issued under Marketing Order No. 946 (7 CFR Part 946), as amended, regulating the handling of Irish potatoes grown in Washington. This order is effective under the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601 through 674), hereinafter referred to as the "Act".

This rule has been reviewed under Executive Order 12291 and Departmental Regulation 1512–1 and has been determined to be a "non-major" rule under criteria contained therein.

Pursuant to requirements set forth in the Regulatory Flexibility Act (RFA), the Administrator of the Agricultural Marketing Service (AMS) has considered the economic impact of this proposal on small entities.

The purpose of the RFA is to fit regulatory actions to the scale of business subject to such actions in order that small businesses will not be unduly or disproportionately burdened. Marketing orders issued pursuant to the Act and rules issued thereunder are unique in that they are brought about through group action of essentially small entities acting on their own behalf. Thus, both statutes have small entity orientation and compatibility.

There are approximately 60 handlers of Washington potatoes subject to regulation under the Washington potato marketing order and approximately 361 producers in Washington. Small agricultural producers have been defined by the Small Business Administration (13 CFR 121.2) as those having annual gross revenues for the last three years of less than $100,000, and small agricultural service firms are defined as those whose gross annual receipts are less than $3,500,000. The great majority of the handlers and producers of Washington potatoes may be classified as small entities.

Section 946.54 of the order provides authority to modify, suspend, or terminate regulations in order to facilitate shipments of potatoes for grading or storing between the districts within the production area or to and within specified locations in the adjoining States of Idaho and Oregon. Section 946.55 authorizes regulations to prevent the transportation of such potatoes to points outside the production area. Currently, potatoes which are shipped for grading and storing purposes to District 5 for the period July 15 through August 31 each year and to Morrow and Umatilla Counties in Oregon throughout the year are exempted from inspection (§ 946.336 of the regulations). If they are subsequently reshipped for other than exempted purposes, the potatoes must be inspected and must meet the requirements of the regulations. This rule expands the inspection exemption by allowing uninspected potatoes to be shipped for grading or storing purposes to District 5 the entire year and by also allowing such shipments to Spokane County in District 1 the entire year.

Many growers outside of District 5 and Spokane County in District 1 prefer to deliver their potatoes to packing facilities in these areas because the facilities are closer to their farming operations. However, the current handling requirements in § 946.336 require such potatoes to be inspected and certified as meeting minimum grade, size, maturity, and pack requirements before they are moved within the production area. From the 1978–79 through the 1981–82 seasons (July 1–June 30), potatoes were allowed to be moved into District 5 and Spokane County in District 1 throughout the year for grading and storing without first having the potatoes inspected. Several years ago, when potatoes started to appear on the fresh market without the required inspection, this procedure was discontinued in order to improve compliance and prevent the marketing problems associated with such uninspected shipments.

However, the need to facilitate the movement of potatoes from growers to packing facilities without added cost still persists. In addition, handlers in District 5 and Spokane County in District 1 are near urban areas with sizable wholesale/retail markets, and many handlers repack bulk potatoes into consumer size containers. The regulation requires potatoes which are regraded, resorted, or repacked, or in any other way further prepared for market to be reinspected. As a result, with the exception of those shipments which are currently exempted, potatoes shipped from other districts within the area of production have had to be inspected twice, first within the district grown, and second after repacking.

To make it more convenient for producers to deliver their potatoes, and reduce inspection costs, the committee recommended that shipments of uninspected potatoes into District 5 throughout the year, and into Spokane County in District 1 for grading and storing purposes should again be allowed. The committee plans to monitor these shipments more closely than it did previously to prevent shipments of uninspected potatoes into the fresh market.

The impact of this action is expected to be positive and to benefit the Washington potato industry as a whole. By not having to obtain inspection twice on potatoes shipped to certain areas for grading, storing, or repacking, handlers' inspection costs will be lessened.

Based on the above, the Administrator of AMS has determined that this action will not have a significant economic impact on a substantial number of small entities.

After consideration of the information and recommendation submitted by the committee, and other available information, it is hereby found that this amendment will tend to effectuate the declared policy of the Act.

Pursuant to 5 U.S.C. 553, it is also found and determined that it is impractical, unnecessary, and contrary to the public interest to give preliminary notice prior to putting this rule into effect, and that good cause exists for not postponing the effective date of this action until 30 days after publication in the **Federal Register** because: (1) This action relaxes the inspection requirements on certain shipments of Washington potatoes and relieves restrictions on handlers; (2) handlers of Washington potatoes are aware of this action which was recommended by the committee at a public meeting, and they need no additional time to take advantage of the relaxed requirements; (3) the shipment of 1987–88 crop potatoes has already started, and it is desirable that handlers be able to take advantage of the relaxed requirements on as many shipments as possible; and (4) this interim final rule provides a 30-day comment period, and any comments received will be considered prior to the issuance of a final rule.

List of Subjects in 7 CFR Part 946

Marketing agreements and orders, Potatoes, Washington.

For the reasons set forth in the preamble, 7 CFR Part 946 is amended as follows:

PART 946—IRISH POTATOES GROWN IN WASHINGTON

1. The authority citation for 7 CFR Part 946 continues to read as follows:

Authority: Secs. 1–19, 48 Stat. 31, as amended; 7 U.S.C. 601–674.

2. Sections 946.336(d)(6) and 946.336(e)(2) are amended to read as follows:

§ 946.336 Handling regulation.

* * * * *

(d) *Special purpose shipments.*

* * * * *

(6) Grading or storing at any specific location in Morrow or Umatilla Counties in the State of Oregon, in District No. 5, or in Spokane County in District 1;

(e) *Safeguards.*

* * * * *

(2) Handlers desiring to ship potatoes for grading or storing to any specified location in Morrow or Umatilla Counties in the State of Oregon, to District No. 5, or to Spokane County in District No. 1 shall:

* * * * *

Dated: October 27, 1987.

Robert C. Keeney,

Deputy Director, Fruit and Vegetable Division, Agricultural Marketing Service.

[FR Doc. 87-25279 Filed 10-30-87; 8:45 am]

BILLING CODE 3410-02-M

Farmers Home Administration

7 CFR Parts 1901 and 1942

Community Facility Loans and Grants

AGENCY: Farmers Home Administration, USDA.

ACTION: Final rule.

SUMMARY: The Farmers Home Administration (FmHA) amends its regulations regarding loans and grants for Community Facility projects. This action is being taken by FmHA to comply with Public Law (Pub. L.) 99–198. Title XIII of Pub. L. 99–198 changes certain criteria for determining the amount of grant and interest rate a community can receive under FmHA's water and waste disposal program and establishes a new purpose for which grant funds may be used. Also, this action removes the limitation on the use of grant funds to pay a portion of project cost when the annual reserve exceeds one-tenth of the average debt service. Also, this action is being taken to comply with the Office of Management and Budget (OMB) Circulars A–128 and A–110. Other editorial changes are proposed to remove ambiguity in the existing regulations. The intended effect of this action is to bring existing regulations into compliance with Pub. L. 99–198, develop a new regulation for the technical assistance and/or training grants authorized by the law, and to more effectively serve the needs of rural communities.

EFFECTIVE DATE: November 2, 1987.

FOR FURTHER INFORMATION CONTACT: Jerry W. Cooper, Loan Specialist, Water and Waste Disposal Division, Farmers Home Administration, USDA, South Agriculture Building, Room 6328, Washington, DC 20250, telephone: (202) 382–9589.

SUPPLEMENTARY INFORMATION: This action has been reviewed under USDA procedures established in Departmental Regulation 1512–1, which implements Executive Order 12291, and has been determined to be "nonmajor" since the annual effect on the economy is less than $100 million and there will be no significant increase in cost or prices for consumers; individual industries; Federal, State, or local Government agencies; or geographic regions. Futhermore, there will be no adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic or export markets. This action is not expected to substantially affect budget outlay, to affect more than one agency or to be controversial. Additional efforts to administer the changes are expected to be minimal. Increased program costs are, therefore, not anticipated. The net result is expected to provide better service to rural communities.

This program/activity is listed in the Catalog of Federal Domestic Assistance under No. 10.418, Water and Waste Disposal Systems for Rural Communities, and is subject to the provisions of Executive Order 12372 which requires intergovernmental consultation with State and local officials (7 CFR Part 3015, Subpart V, 48 FR 29112, June 24, 1983, and 7 CFR Part 1940, Subpart J, "Intergovernmental Review of Farmers Home Administration Programs and Activities").

This document has been reviewed in accordance with 7 CFR Part 1940, Subpart G, "Environmental Program." It is the determination of FmHA that this action does not constitute a major Federal action significantly affecting the quality of the human environment and in accordance with the National Environmental Policy Act of 1969, Pub. L. 91-190, an Environmental Impact Statement is not required.

In compliance with the Regulatory Flexibility Act (Pub. L. 96-354), Mr. Vance L. Clark, Administrator of the Farmers Home Administration, has determined that this action will not have a significant economic impact on a substantial number of small entities because, in terms of the total number of rural communities, less than 100 will be affected annually.

This action amends FmHA's policies for making development grants and loans. These loans and grants assist in financing the development costs of domestic water and waste disposal systems to rural communities and other associations of farmers, ranchers, rural residents, and other rural users.

These loans and grants will assist rural communities and other associations of farmers, ranchers, rural residents, and other rural users in developing projects and improving the management or operations of existing systems. This action also includes a new regulation and policies for making technical assistance and/or training grants to private nonprofit organizations.

Public Law 99-198 requires FmHA to: (1) Develop a graduated scale of grant rates that establishes a higher rate for projects in communities having lower population and income levels, (2) for water and waste disposal projects serving more than one separate community, use median population and income levels of all the separate communities in calculating grants and establishing interest rates, and (3) provide grants to private nonprofit organizations for the purpose of providing technical assistance and/or training to associations eligible for FmHA water and waste disposal grant funding.

This action removes a limitation on the use of grant funds when the annual reserve exceeds one-tenth of the annual debt service requirements. This reserve limitation affects projects involving other lenders.

The audit requirements of OMB Circulars A-128 and A-110 are being incorporated into FmHA's grant regulations by adding a new section.

FmHA amends Subparts A and H and adds a new Subpart J of Part 1942 to bring FmHA Community Facility regulations into compliance with Pub. L. 99-198.

On February 4, 1987, a proposed rule was published in the **Federal Register** (52 FR 3433) for a 30-day review and comment period. Six comments were received from the public review process.

1. *Sections 1942.17(f)(6) and 1942.363(d)*—Three comments were received regarding the income of a service area where more than one geographic area is being served by a water or waste project. The commenters stated that the use of a weighted median household income would be a disadvantage to some lower income areas served. After further review of the comments on this proposed change FmHA has determined that it should not be implemented. FmHA's current regulations provide enough flexibility to accomplish the intent of Pub. L. 99-198. The regulations now authorize the consideration of separate rural communities' median household income in determining interest rates and grant amounts for water and/or waste disposal projects when such communities are part of a larger project.

2. *Sections 1942.360(b) and 1942.363(c)(2)*—Two comments were received concerning the use of a percentage of median household income as one method of determining the amount of a grant. The commenters stated that this method should be removed from the regulations. FmHA has not adopted this suggested change. The regulations give priority for loan and/or grant funding to communities with low population and income. The grant regulations, as proposed, will allow communities with income below the poverty line or below 80 percent of the Statewide median household income to receive a larger grant.

3. *Section 1942.454(a)*—One commenter stated that small towns be specifically identified as an association. FmHA has made this change.

4. *Section 1942.458(c)*—Two comments were received regarding the use of Technical Assistance and/or Training Grants to assist associations that have filed a preapplication with FmHA in the preparation of water and/or waste disposal grant applications. The intent of this provision is not to recruit new applicants for the water and waste disposal program, but rather to assist those communities that have already decided to make an application for the FmHA water and waste disposal program. The filing of a preapplication is an indication that a community has decided to make an application for the FmHA water and waste disposal program. We have included loan applications in this section. One commenter suggested not including this as an eligible grant purpose; however, this purpose was included in the law. Therefore, FmHA has not adopted this suggestion.

5. *Section 1942.463(a)*—Two commenters suggested that a provision be included for accepting preapplications in fiscal year 1987. FmHA has not included a provision for accepting preapplications in fiscal year 1987. Due to the date the regulations will be effective there will be no need for this provision.

6. *Section 1942.464*—Three comments were received regarding the priorities to be used in selecting applicants for available funds. Two commenters stated that points should be assigned to each priority criterion. FmHA has not incorporated this change. Each preapplication may be based on providing different type services and, therefore, it would not be practical to include numerical points to establish priority for funding.

One commenter stated that the cost effective priority implied that it favors service to utility systems serving a large number of users. FmHA has deleted the reference to cost per person and inserted the cost per association served.

Another commenter stated that § 1942.464(c) be expanded to include direct staffing of activities that are delivered to the associations. FmHA has included this suggestion.

One commenter stated that the word "project" in § 1942.464(g) be defined. FmHA has defined the project as the technical assistance and/or training grant project not a construction project.

List of Subjects

7 CFR Part 1901

Civil rights, Compliance reviews, Fair housing, Minority groups.

7 CFR Part 1942

Community development, Community facilities, Loan programs—housing and community development, Loan security, Rural areas, Waste treatment and disposal—domestic, Water supply—domestic.

Therefore, Chapter XVIII, Title 7, Code of Federal Regulations is amended as follows:

PART 1901—PROGRAM-RELATED INSTRUCTIONS

1. The authority citation for Part 1901 continues to read as follows:

Authority: 7 U.S.C. 1989; 42 U.S.C. 1480; 40 U.S.C. 442; 5 U.S.C. 301; 42 U.S.C. 2942; 7 CFR 2.23; 7 CFR 2.70.

Subpart E—Civil Rights Compliance Requirements *C*

2. In § 1901.204, paragraphs (a)(19), (a)(20) and (a)(21) are added; paragraphs (b)(2) and (d)(1) are revised; paragraph (d)(3)(iv) is added; and paragraphs (d)(5), (e)(2)(ii) and (f) are revised to read as follows:

§ 1901.204 Compliance reviews.

(a) * * *

(19) Technical Assistance and Training grants in accordance with Title XIII of Pub. L. 99–198.

(20) Industrial Development grants.

(21) Section 601 Energy Impacted Area Development Assistance grants.

(b) * * *

(2) Until the last advance of funds is made in the case of grants for Technical Assistance and Training (Pub. L. 99–198), or Technical Assistance for rural housing, or planning grants if no FmHA loan funds are involved; or

* * * * *

(d) * * *

(1) *Designation of Compliance Review Officer.* The State Director, except for Technical Assistance and Training grants (Pub. L. 99–198), will designate the Compliance Review Officer for recipient organization. County Supervisors may be designated only if they have received approved compliance review training. Otherwise, the Compliance Review Officer must be a member of the State staff. For Technical Assistance and Training grants the Assistant Administrator for Community and Business Programs will designate the Compliance Review Officer for recipient organizations.

* * * * *

(3) * * *

(iv) Technical Assistance and Training grants (Pub. L. 99–198). The Compliance Review Officer will record in the running record information obtained during the compliance review and the determination of recipient's compliance or noncompliance. A report will be prepared and sent to the Assistant Administrator, Community and Business Programs, for each recipient.

* * * * *

(5) *Forwarding noncompliance report.* The State Director will see that the reports are complete. If the recipient was found in noncompliance, the State Director will immediately send a copy of the report to the Administrator, Attention: Equal Opportunity Officer, with action proposed to bring the recipient into compliance. For Technical Assistance and Training grants, the Assistant Administrator, Community and Business Programs, will send a copy of the report to the Equal Opportunity Officer.

(e) * * *

(2) * * *

(ii) Technical assistance grant and Technical Assistance and Training grants (Pub. L. 99–198). The initial compliance review will be conducted before the grant is closed.

* * * * *

(f) *State Office summary reports.* The State Director will keep a list of all compliance reviews conducted during the reporting year so as to schedule each year's reviews. The State Director will submit a copy of this list to the Administrator, Attention: Equal Opportunity Officer, no later than July 31 of each year. Recipients found in noncompliance will also be listed on the summary report. Exhibit B is a sample report. For Technical Assistance and Training grants the Assistant Administrator, Community and Business Programs, will submit a summary report, using Exhibit B of this subpart as a guide, to the Equal Opportunity Officer by July 31 of each year.

PART 1942—ASSOCIATIONS

3. The authority citation for Part 1942 continues to read as follows:

Authority: 7 U.S.C. 1989; 7 CFR 2.23; 16 U.S.C. 1005; 7 CFR 2.70.

Subpart A—Community Facility Loans

4. In § 1942.17, paragraph (f)(6) is revised to read as follows:

§ 1942.17 Community Facilities.

* * * * *

(f) * * *

(6) *Income determination.* The income data used to determine median household income should be that which most accurately reflects the income of the service area. The service area is that area reasonably expected to be served by the facility being financed by FmHA. The median household income of the service area and the nonmetropolitan median household income of the State will be determined from income data from the most recent decennial census of the U.S. If there is reason to believe that the census data is not an accurate representation of the median household income within the area to be served, the reasons will be documented and the applicant may furnish, or FmHA may obtain, additional information regarding such median household income. Information will consist of reliable data from local, regional, State or Federal sources or from a survey conducted by a reliable impartial source. The nonmetropolitan median household income of the State may only be updated on a national basis by the FmHA National Office. This will be done only when median household income data for the same year for all Bureau of the Census areas is available from the Bureau of the Census or other reliable sources. Bureau of the Census areas would include areas such as: Counties, County Subdivisions, Cities, Towns, Townships, Boroughs, and other places.

* * * * *

Subpart H—Development Grants for Community Domestic Water and Waste Disposal Systems

5. Section 1942.358 is amended by revising paragraph (e) to read as follows:

§ 1942.358 Use of grant funds.

* * * * *

(e) To use FmHA grant funds on projects where other types of financial assistance are available on all or part of the projects, provided the other assistance is on reasonable rates and terms. In such cases the maximum percentages allowed under other agencies' authorities will apply to their participation in the project. However, the FmHA grant may not exceed applicable percentages in § 1942.360(b) of this subpart of the eligible project development cost. The need for FmHA grant funds must meet the requirements of § 1942.363 of this subpart after considering all project financing.

* * * * *

6. Section 1942.360 is amended by removing paragraph (a)(11); redesignating paragraphs (a)(12), (a)(13), and (a)(14) as (a)(11), (a)(12), and (a)(13) respectively; and by revising newly redesignated paragraph (a)(13) and paragraph (b) to read as follows:

§ 1942.360 Grant limitations.

(a) * * *

(13) Pay any costs of a project when the median household income of the

service area is above the poverty line and more than 100 percent of the nonmetropolitan median household income of the State. The poverty line will be that income for a family of four as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)).

(b) An FmHA development grant may not be made in excess of the following percentages (*whichever is higher*) of the eligible project development costs. Facilities previously installed will not be considered in determining the development costs.

(1) Seventy-five percent (75%) when the median household income of the service area is below the poverty line or below 80 percent (whichever is higher) of the Statewide nonmetropolitan median household income.

(2) Fifty-five percent (55%) when the median household income of the service area exceeds the seventy-five percent requirements described in paragraph (b)(1) of this section but is not more than 100 percent of the Statewide nonmetropolitan median household income.

7. In § 1942.363, paragraph (b)(3) is added, and paragraphs (c)(1), (c)(2) and (d) are revised to read as follows:

§ 1942.363 Determining the need for development grants.

* * * * *

(b) * * *

(3) *User rate.* The initial user rate after the grant is made should produce enough revenue to provide for all costs of the facility. The planned revenue should be sufficient to provide for all debt service, reserve, operation and maintenance and if appropriate, additional revenue for facility replacement of short lived assets without building a substantial surplus. Ordinarily, the total reserve will be equal to one average annual loan installment which will accumulate at the rate of one-tenth of the total each year.

(c) * * *

(1) Grants may not exceed the percentages in § 1942.360(b) of this subpart of the eligible project development costs listed in § 1942.358 of this subpart.

(2) Applicants will be considered for grant assistance when the debt service portion of the average annual user cost, for users in the applicant's service area, exceeds the following percentages of median household income:

(i) *.5 percent* when the median household income of the service area is below the poverty line or below 80 percent (whichever is higher) of the Statewide nonmetropolitan median household income.

(ii) *1.0 percent* when the median household income of the service area exceeds the .5 percent requirement but is not more than 100 percent of the Statewide nonmetropolitan median household income.

* * * * *

(d) The income data used to determine median household income should be that which most accurately reflects the income of the service area. The service area is that area reasonably expected to be served by the facility being financed by FmHA. The median household income of the service area, communities described in paragraph (b)(2) of this section, communities used in Part II C of Form FmHA 1942-51, and the nonmetropolitan median household income for the State will be determined from income data from the most recent decennial census of the U.S. If there is reason to believe that the census data is not an accurate representation of the median household income within the area to be served, the reasons will be documented on Form FmHA 1942-51 and the applicant may furnish, or FmHA may obtain, additional information regarding such median household income. Information will consist of reliable data from local, regional, State or Federal sources or from a survey conducted by a reliable impartial source. The nonmetropolitan median household income of the State may only be updated on a national basis by the FmHA National Office. This will be done only when median household income data for the same year for all Bureau of the Census areas is available from the Bureau of the Census or other reliable sources. Bureau of the Census areas would include areas such as: Counties, County Subdivisions, Cities, Towns, Townships, Boroughs, and other places.

* * * * *

8. Section 1942.381 is added to read as follows:

§ 1942.381 Audits.

Audits will be handled in accordance with § 1942.17(q)(4) of Subpart A of Part 1942 of this chapter.

9. New Subpart J is added to Part 1942 to read as follows:

PART 1942—ASSOCIATIONS

Subpart J—Technical Assistance and Training Grants

Subpart J—Technical Assistance and Training Grants

§ 1942.451 General.

This subpart sets forth the policies and procedures for making technical assistance and training grants authorized under section 306 (a)(16)(A) of the Consolidated Farm and Rural Development Act, (7 U.S.C. 1926(a)), as amended.

§ 1942.452 [Reserved]

§ 1942.453 Objectives.

The objectives of the Technical Assistance and Training Grant Program are to:

(a) Identify and evaluate solutions to water and waste disposal problems in rural areas.

(b) Assist applicants in preparing applications for water and waste disposal grants made in accordance with Subpart H of Part 1942 of this chapter.

(c) Improve operation and maintenance of existing water and waste disposal facilities in rural areas.

§ 1942.454 Definitions.

(a) Association. An entity, including a small city or town, that is eligible for Farmers Home Administration (FmHA) water and waste disposal financial assistance in accordance with § 1942.17(b) of Subpart A and § 1942.355(a) of Subpart H of Part 1942 of this chapter.

(b) Grantee. An entity with whom FmHA has entered into a grant agreement under this program.

(c) Low Income. Median household income below the poverty line for a family of four as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), or below 80 percent of the Statewide nonmetropolitan median household income.

(d) Rural area. For water and waste disposal facilities the terms "rural" or "rural area" will not include any area in a city or town with a population in excess of 10,000 inhabitants according to the latest decennial census of the United States.

(e) State. Any of the fifty States, the Commonwealth of Puerto Rico, the Western Pacific Territories, Marshall Islands, Federated States of Micronesia, Republic of Palau, and the U.S. Virgin Islands.

§ 1942.455 Source of funds.

All grants awarded will be made from not less than one (1) percent or, at the discretion of the FmHA Administrator, not more than two (2) percent of any appropriations for grants under section 306(a)(2) of the Consolidated Farm and Rural Development Act, (7 U.S.C. 1926(a)). Funds not obligated by September 1 of each fiscal year under this subpart will be used for water and waste disposal grants made in accordance with Subpart H of Part 1942 of this chapter.

§ 1942.456 [Reserved]

§ 1942.457 Eligibility.

Organizations eligible for grants are private nonprofit organizations that have been granted tax exempt status by the Internal Revenue Service of the United States. Applicants must have the proven ability, background, experience, legal authority and actual capacity to provide technical assistance and/or training to associations as provided in § 1942.453 of this subpart.

§ 1942.458 Purpose.

Technical Assistance and/or Training Grants may be used to:

(a) Identify and evaluate solutions to water problems of associations in rural areas relating to:

(1) Source.

(2) Storage.

(3) Treatment.

(4) Distribution.

(b) Identify and evaluate solutions to waste problems of associations in rural areas relating to:

(1) Collection.

(2) Treatment.

(3) Disposal.

(c) Assist associations that have filed a preapplication with FmHA in the preparation of water and/or waste disposal loan and/or grant applications.

(d) Provide training to association personnel that will improve the management, operation and maintenance of water and waste disposal facilities.

(e) To pay the expenses associated with providing the technical assistance and/or training authorized in paragraphs (a), (b), (c), and (d) of this section.

§ 1942.459 [Reserved]

§ 1942.460 Limitations.

Grant funds may not be used to:

(a) Recruit applications for FmHA's water and waste disposal loan and/or grant program or any loan and/or grant program.

(b) Duplicate current services, replacement or substitution of support previously provided such as those performed by an association's consultant in developing a project.

(c) Fund political activities.

(d) Pay for capital assets, the purchase of real estate or vehicles, improve and renovate office space, or repair and maintain privately-owned property.

(e) Pay for construction or operation and maintenance costs.

(f) Pay costs incurred prior to the effective date of grants made under this subpart.

§ 1942.461 Equal opportunity requirements.

The policies and regulations contained in Subpart E of Part 1901 of this chapter apply to grants made under this subpart.

§ 1942.462 Environmental requirements.

The policies and regulations contained in Subpart G of Part 1940 of this chapter apply to grants made for the purposes in § 1942.458 of this subpart.

§ 1942.463 Preapplications.

(a) Applicants will file an original and one copy of Form AD-621, "Preapplication for Federal Assistance," with the appropriate FmHA office between October 1 and December 31 each fiscal year. This form is available in all FmHA offices. Applicants proposing to provide technical assistance and/or training in only one State will apply through the appropriate FmHA State Office. The FmHA State Office will forward preapplications, with any written comments, within seven working days to the National Office, Attention: Water and Waste Disposal Division. Applicants providing technical assistance and/or training in more than one State will forward the preapplication to the Administrator, Farmers Home Administration, Washington, DC 20250.

(b) All preapplications shall be accompanied by:

(1) Evidence of applicant's legal existence and authority.

(2) Evidence tax exempt status from the Internal Revenue Service.

(3) Brief written narrative which includes items such as:

(i) The proposed service(s) to be provided, including the benefits of the technical assistance and/or training.

(ii) Area to be served.

(iii) Name of association(s) or type of association(s) that will be served.

(iv) Median household income of the population to be served by each association(s).

(v) Grantee's experience, including experience of key staff members and person(s) providing the technical assistance and/or training.

(vi) The number of months duration of the project or service and the estimated time it will take from grant approval to beginning of service.

(vii) Method used to select the association(s) that will receive the service.

(viii) Brief description of how the service will be provided. Such as through currently employed personnel or some other method.

(ix) Method to be used for delivery of the service, including personnel to be utilized and tasks to be contracted, if any.

(4) Latest financial information to show the organization's financial capacity to carry out the proposed work. As a minimum, the information should include a balance sheet and

(5) Estimated breakdown of costs including that to be funded by grantee as well as other sources.

(6) Budget and accounting system in place or proposed.

(7) Evaluation method to determine if objective(s) of the proposed activity is being accomplished.

(c) Upon receipt of a preapplication, the FmHA National Office will:

(1) Review and evaluate the preapplication and accompanying documents; and

(2) Request from the Office of General Counsel (OGC), a legal determination of applicant's legal existence and authority to provide technical assistance and/or training. The legal opinion will be obtained from the Regional Attorney serving the area where the applicant's headquarters is located; and

(3) Normally, respond to the applicant within 45 days after December 31 of each year using Form AD-622, "Notice

of Preapplication Review Action" indicating the action taken on the preapplication.

(d) Applicants whose preapplications are found to be ineligible will be given notice by use of Form AD-622 and advised of their appeal rights under Subpart B of Part 1900 of this chapter.

(e) Applicants who are eligible, but do not have the priority necessary for further consideration will be notified with Form FmHA AD-622 which includes the following statements:

"Your proposal cannot be funded within the available funds."

"You are advised against incurring obligations which cannot be fulfilled without FmHA funds."

(f) Applicants that are eligible for funding within the available funds will be provided forms and instructions for filing a complete application. Applicants should be advised against incurring obligations which cannot be fulfilled without FmHA funds.

§ 1942.464 Priority.

The preapplication and supporting information will be used to determine the applicant's priority for available funds. The following specific criteria will be considered in the competitive selection of grant recipients:

(a) Applicant's demonstrated capability and past performance in providing technical assistance and/or training to rural associations.

(b) The extent to which the population of the associations served have low income.

(c) Applicant's financial and if applicable, in-kind resources that will maximize use of technical assistance and/or training funds for direct staffing of activities that are delivered to the associations.

(d) The extent to which the project will be cost effective, including but not limited to; the ratio of proposed personnel to the cost of the project, the cost per associations served by the project, and the expected benefits from the project.

(e) How well the proposal coincides with the objectives of FmHA's Water and Waste Disposal program authorized in Subparts A and H of Part 1942 of this chapter.

(f) Applicants proposing to serve multi-state, regional, or nationwide areas.

(g) Applicants whose time frame for completion of the technical assistance and/or training grant project is twelve months or less.

§ 1942.465 [Reserved]

§ 1942.466 Application processing.

(a) Upon notification on Form AD-622 that the applicant is eligible for funding, the following will be submitted to the FmHA National Office by the applicant.

(1) Form AD-623, "Application for Federal Assistance (Nonconstruction Programs)."

(2) Proposed scope of work detailing the training and/or technical assistance to be accomplished and time frames for completion of each task.

(3) Proposed budget.

(4) Other requested information needed by FmHA to make a grant award determination.

(b) The following forms and documents will be part of the grant docket:

(1) Form FmHA 400-1, "Equal Opportunity Agreement."

(2) Form FmHA 400-4, "Assurance Agreement."

(3) Grant Agreement signed by the applicant.

(4) Scope of work prepared by the applicant.

(5) Form FmHA 1940-1, "Request for Obligation of Funds."

(c) If the applicant fails to submit the application and related material by the date shown on Form AD-622 (normally 30 days from the date of Form AD-622), FmHA may discontinue consideration of the application.

§ 1942.467 [Reserved]

§ 1942.468 Grant approval and obligation of funds.

(a) FmHA National Office will review the application and other documents to determine whether the proposal complies with these regulations.

(b) All grants made under these regulations will be approved and obligated by the FmHA Administrator, or designee.

(c) The obligation of funds will be handled in accordance with § 1942.5(d) of Subpart A of Part 1942 of this chapter.

(d) An executed copy of the Grant Agreement and scope of work will be sent to the applicant on the obligation date, along with a copy of Form FmHA 1940-1. FmHA will retain the executed original of the Grant Agreement. The grant will be considered closed on the obligation date.

(e) If the grant is not approved, the applicant will be notified in writing of the reason(s) for rejection. The notification to the applicant will state that a review of this decision by FmHA may be requested by the applicant under Subpart B of Part 1900 of this chapter.

§ 1942.469 Fidelity bond.

Prior to the advancing of funds, the grantee will provide fidelity bond coverage for the positions of persons entrusted with the receipt and disbursement of its funds and the custody of valuable property. The amount of the bond will be at least equal to the maximum amount of monies that the grantee will have on hand at any one time for technical assistance and/or training provided in accordance with the Grant Agreement. Unless prohibited by State law, the United States, acting through the Farmers Home Administration, will be named as co-obligee in the bond. The bond must be obtained from a company listed in Department of Treasury Circular 570, as amended. Form FmHA 440-24, "Position Fidelity Schedule Bond," may be used. A certified power-of-attorney with effective date will be attached to the bond.

§§ 1942.470—1942.471 [Reserved]

§ 1942.472 Fund disbursement.

Grantees will be reimbursed as follows:

(a) Standard Form (SF) 270, "Request for Advance or Reimbursement?" will be completed by the applicant and submitted to FmHA National Office not more frequently than monthly.

(b) Upon receipt of a properly completed SF-270, the funds will be requested through the field office terminal system. Ordinarily, payment will be made within 30 days after receipt of a proper request for reimbursement.

(c) Grantees are encouraged to use minority banks (a bank which is owned by at least 50 percent minority group members) for the deposit and disbursement of funds. A list of minority owned banks can be obtained from the Office of Minority Business Enterprise, Department of Commerce, Washington, DC 20230.

§ 1942.473 Grant cancellation or major changes.

If it is determined that a project will not be funded or if major changes in the scope of the project are made after release of the approval announcement, the Administrator will notify the Director of Legislative Affairs and Public Information Staff (LAPIS) giving the reasons for such action. In the case of a grant cancellation, Form FmHA 1940-10, "Cancellation of U.S. Treasury Check and/or Obligation," will not be submitted to the Finance Office until five working days after notifying the Director of LAPIS and grant obligation cancellations will not be submitted to the National Office until 5 work days after notifying the Director of LAPIS.

§ 1942.474 Reporting.

Standard Form (SF) 269, "Financial Status Report," SF 272, "Federal Cash Transactions Report," and a project performance activity report will be required of all Grantees on a quarterly basis. A final project performance report will be required with the last SF-269. The final report may serve as the last quarterly report. Grantees shall constantly monitor performance to ensure that time schedules are being met, projected work by time periods is being accomplished, and other performance objectives are being achieved. All multi-state, regional, and nationwide Grantees are to submit an original of each report to the FmHA National Office. Grantees serving only one State are to submit an original of each report to the FmHA State Director. The FmHA State Director will review and forward to the FmHA National Office the report with comments. The project performance reports shall include, but not be limited to, the following:

(a) A comparison of actual accomplishments to the objectives established for that period;

(b) Reasons why established objectives were not met;

(c) Problems, delays, or adverse conditions which will affect attainment of overall project objectives, prevent meeting time schedules or objectives, or preclude the attainment of particular project work elements during established time periods. This disclosure shall be accompanied by a statement of the action taken or planned to resolve the situation; and

(d) Objectives and timetable established for the next reporting period.

§ 1942.475 Audit.

The Grantee will provide an audit report prepared in accordance with OMB Circular A-110, Attachment F (available at any FmHA state or district office), within 90 days after project completion.

§ 1942.476 Grant agreement.

Exhibit A of this subpart is a Grant Agreement which sets forth the procedures for making and servicing grants made under this subpart.

§ 1942.477 Grant servicing.

Grants will be serviced in accordance with the grant agreement and Subpart E of Part 1951 of this chapter. Subpart B of Part 1900 of this chapter will be followed when grants are terminated for cause.

§ 1942.478 Delegation of authority.

The authority under this subpart is redelegated to the Assistant Administrator, Community and Business Programs, except for the discretionary authority contained in § 1942.455 of this subpart. The Assistant Administrator Community and Business Programs may redelegate the authority in this section.

§§ 1942.479—1942.499 [Reserved]

§ 1942.500 OMB control number.

The collection of information requirements in this regulation have been approved by the Office of Management and Budget and assigned OMB control number 0575-0123.

Exhibit A—Grant Agreement Technical Assistance and Training

This agreement is between ______________________

(name), ______________________

(address), (Grantee) and the United States of America acting through the Farmers Home Administration (Grantor or FmHA). Grantee has determined to undertake certain Technical Assistance and/or Training at an estimated cost of $________ and has duly authorized such activity. Grantee shall finance $________ of the costs through cash and in-kind contributions. The Grantor agrees to grant to Grantee a sum not to exceed $________ subject to the terms and conditions established by the Grantor; provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the conditions of the grant. In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 306(a)(16)(A) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) for the purpose of defraying technical assistance and/or training costs as permitted by applicable Farmers Home Administration regulations:

Part A

Grantor and Grantee agree

1. This agreement shall be effective when executed by both parties.

2. The scope of work described by the applicant in Exhibit 1 shall be completed within ________ days from the date of this agreement.

3. Use of grant funds for travel which is determined as being necessary to the program for which the grant is established may be subject to the travel policies of the Grantee institution if they are uniformly applied regardless of the source of funds in determining the amounts and types of reimbursable travel expenses of Grantee staff and consultants. Where the Grantee institution does not have such specific policies uniformly applied, the Federal Travel Regulations shall apply in determining the amount charged to the grant.

The information collected through the grant agreement is required to obtain a Technical Assistance and/or Training grant and is used to determine that the grant funds are used for authorized program purposes.

Grantee may purchase furniture and office equipment only if specifically approved in the scope of work. Approval will be given only when Grantee demonstrates that purchase is necessary. Commercial purchase under these circumstances will be approved only after consideration of Federal supply sources.

(a) Expenses and Purchases Excluded:

(i) In no event shall the Grantee expend or request reimbursement from Federal-share funds for obligations entered into or for costs incurred or accrued prior to the effective date of this grant.

(ii) Funds budgeted under this grant may not be used for entertainment expenses or to fund political activities.

(iii) Funds budgeted under this grant may not be used to pay for capital assets, the purchase of real estate or vehicles, improve or renovate office space, or repair and maintain privately-owned property.

(iv) Recruit applications for FmHA's water and waste disposal loan and/or grant program.

(v) Duplicate current services, replacement, or substitution of support previously provided.

(b) Grant funds shall not be used to replace any financial support previously provided for or assured from any other source. The Grantee agrees that the general level of expenditure by the Grantee for the benefit of program area and/or program covered by this agreement shall be maintained and not reduced as a result of the Federal share funds received under this grant.

4. Grant funds will be disbursed by FmHA on a reimbursement basis not to exceed one advance every 30 days. The financial management system of the recipient organization shall provide for effective control over and accountability for all funds, property and other assets.

(a) As needed, but not more frequently than once every 30 days, an original and one copy of Standard Form (SF) 270, "Request for Advance or Reimbursement" may be submitted to FmHA.

(b) Grantee shall provide satisfactory evidence to FmHA that all officers of Grantee organization authorized to receive and/or disburse Federal funds are covered by such bonding and/or insurance requirements as are normally required by the Grantee.

(c) Where the Grantee shall have claimed credit for contributions-in-kind to the total cost of allowable expenses, the evaluation of such contributions-in-kind shall be subject to reevaluation by the Grantor at any time, and any deficiency so determined by the Grantor shall be compensated by supplemental contributions by the Grantee as a condition for further disbursements by the Grantor. Specific procedures for establishing the value of in-kind contributions from third parties established in OMB Circular A-110 will govern such an evaluation. Principles for determining cost are set forth in OMB Circular A-122 and will be used in cost evaluation.

(d) If for any reason grant funds are invested, income earned on such investments shall be identified as interest income on grant funds and forwarded to the Finance Office, FmHA, St. Louis, Missouri.

5. The Grantee will submit Performance and Financial reports as indicated below:

(a) Quarterly, an original and one copy of SF 269, "Financial Status Report," SF 272, "Federal Cash Transactions Report," (due 15 working days after end of quarter) and a Project Performance report according to the schedule below:

Period and Date Due

(b) Final, an original and 1 copy of SF 269, and a Project Performance report according to the schedule below:

Due Date

Note: Final reports may serve as the last quarterly reports.

(c) The original and 1 copy of reports and forms are to be submitted to the Administrator, Farmers Home Administration, Washington, DC 20250.

6. The budget covered by this agreement is:

(a) Federal Contribution

$ ______

Grantee Contribution

—Cash ______

—in-kind ______

Total $______

(b) Budget.

Budget categories	Federal funds	Non-Federal share		Total
		Cash	In-kind	
Direct Charges:				
1. Personnel	$	$		$
2. Fringe benefits.				
3. Travel				
4. Equipment				
5. Supplies				
6. Contractual				
7. Other				
Total direct charges.	$			
Totals	$	$		$

(c) In accordance with OMB Circular A–122, compensation for employees will be considered reasonable to the extent that such compensation is consistent with that paid for similar work in order activities of the State or local government.

(d) In accordance with OMB Circular A–110, Attachment J, transfers among direct cost budget categories of more than 5 percent of the total budget must have prior written approval by the Administrator, Farmers Home Administration.

7. Grantee responsibility.

(a) The scope of work is described in the attached Exhibit 1. The Grantee accepts responsibility for providing technical assistance and/or establishing and implementing a training program as set forth in scope of work. The Grantee shall:

(i) Identify and evaluate solutions to water and waste disposal problems in rural areas.

(ii) Provide technical assistance and/or training to improve operation and maintenance of water and waste disposal facilities in rural areas.

(iii) Assist rural communities that have decided to submit an application for the FmHA Water and Waste Disposal grant program in preparing such application.

(iv) Provide continuing information to FmHA on the status of Grantee programs, projects, related activities, and problems.

(b) The Grantee shall inform the Grantor as soon as the following types of conditions become known:

(i) Problems, delays, or adverse conditions which materially affect the ability to attain program objectives, prevent the meeting of time schedules or goals, or preclude the attainment of project work units by established time periods. This disclosure shall be accompanied by a statement of the action taken or contemplated, and any Grantor assistance needed to resolve the situation.

(ii) Favorable developments or events which enable meeting time schedules and goals sooner than anticipated or producing more work units than originally projected.

Part B

Grantee Agrees

1. To comply with property management standards established by Attachment N of OMB Circular A–110 for expendable and nonexpendable personal property. "Personal property" means property of any kind except real property. It may be tangible—having physical existence—or intangible—having no physical existence, such as patents, inventions, and copyrights. "Nonexpendable personal property" means tangible personal property having a useful life of more than one year and an acquisition cost of $300 or more per unit. A Grantee may use its own definition of nonexpendable personal property provided that such definition would at least include all tangible personal property as defined above. "Expendable personal property" refers to all tangible personal property other than nonexpendable property. When nonexpendable tangible property is acquired by a Grantee with project funds, title shall not be taken by the Federal Government but shall be vested in the Grantee subject to the following conditions:

(a) Right to transfer title. For items of nonexpendable personal property having a unit acquisition cost of $1,000 or more, FmHA may reserve the right to transfer the title to the Federal Government or to a third party named by the Federal Government when such third party is otherwise eligible under existing statutes. Such reservation shall be subject to the following standards:

(i) The property shall be appropriately identified in the grant or otherwise made known to the Grantee in writing.

(ii) FmHA shall issue disposition instructions within 120 calendar days after the end of the Federal support of the project for which it was acquired. If FmHA fails to issue disposition instructions within the 120 calendar day period, the Grantee shall apply the standards of Part B 1. (b) and (c) of this exhibit.

(iii) When FmHA exercises its right to take title, the personal property shall be subject to the provisions for federally owned nonexpendable property discussed in Part B 1. (b) and (c) of this exhibit.

(iv) When title is transferred either to the Federal Government or to a third party and the Grantee is instructed to ship the property elsewhere, the Grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the property, plus any reasonable shipping or interim storage costs incurred.

(b) Use of other tangible nonexpendable property for which the Grantee has title.

(i) The Grantee shall use the property in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds. When it is no longer needed for the original project or program, the Grantee shall use the property in connection with its other Federally sponsored activities, in the following order of priority:

(*1*) Activities sponsored by FmHA.

(*2*) Activities sponsored by other Federal agencies.

(ii) Shared use. During the time that nonexpendable personal property is held for use on the project or program for which it was acquired, the Grantee shall make it available for use on other projects or programs if such other use will not interfere with the work on the project or program for which the property was originally acquired. First preference for such other use shall be given to projects or programs sponsored by FmHA; second, preference shall be given to projects or programs sponsored by other Federal agencies. If the property is owned by the Federal Government, use on other activities not sponsored by the Federal Government shall be permissible if authorized by FmHA. User charges should be considered if appropriate.

(c) Disposition of other nonexpendable property. When the Grantee no longer needs the property as provided in Part B 1. (b) of this exhibit, the property may be used for other activities in accordance with the following standards:

(i) Nonexpendable property with a unit acquisition cost of less than $1,000. The Grantee may use the property for other activities without reimbursement to the Federal Government or sell the property and retain the proceeds.

(ii) Nonexpendable personal property with a unit acquisition cost of $1,000 or more. The Grantee may retain the property for other use provided that compensation is made to FmHA or its successor. The amounts of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to current fair market value of the property. If the Grantee has no need for the property and the property has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

(iii) FmHA shall determine whether the property can be used to meet the agency's requirements. If no need exists within FmHA, the General Services Administration's Federal Property Management Regulations (FPMR) will be used by FmHA to determine whether a need for the property exists in other Federal agencies. FmHA shall issue instructions to the Grantee no later than 120 days after the Grantee request and the following procedures shall govern:

(*1*) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the property and reimburse FmHA an amount computed by applying to the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share $100 or ten percent of the proceeds, whichever is greater, for the Grantee's selling and handling expenses.

(*2*) If the Grantee is instructed to dispose of the property other than as described in Part B 1. (b) and (c) of this exhibit, the Grantee shall be reimbursed by FmHA for such costs incurred in its disposition.

(*3*) Property management standards for nonexpendable property. The Grantee's property management standards for nonexpendable personal property shall include the following procedural requirements:

(*a*) Property records shall be maintained accurately and shall include:

(*i*) A description of the property.

(*ii*) Manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number.

(*iii*) Sources of the property including grant or other agreement number.

(*iv*) Whether title vests in the Grantee or the Federal Government.

(*v*) Acquisition date (or date received, if the property was furnished by the Federal Government) and cost.

(*vi*) Percentage (at the end of the budget year) of Federal participation in the cost of the project or program for which the property was acquired. (Not applicable to property furnished by the Federal Government.)

(*vii*) Location, use and condition of the property and the date the information was reported.

(*viii*) Unit acquisition cost.

(*ix*) Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a Grantee compensates the Federal agency for its share.

(*b*) Property owned by the Federal Government must be marked to indicate Federal ownership.

(*c*) A physical inventory of property shall be taken and the results reconciled with the property records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The Grantee shall, in connection with the inventory, verify the existence, current utilization, and continued need for the property.

(*d*) A control system shall be in effect to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss; damage, or the theft of nonexpendable property shall be investigated and fully documented: if the property was owned by the Federal Government, the Grantee shall promptly notify FmHA.

(*e*) Adequate maintenance procedures shall be implemented to keep the property in good condition.

(*f*) Where the Grantee is authorized or required to sell the property, proper sales procedures shall be established which would provide for competition to the extent practicable and result in the highest possible return.

(*g*) Expendable personal property shall vest in the Grantee upon acquisition. If there is a residual inventory of such property exceeding $1,000 in total aggregate fair market value, upon termination or completion of the grant and if the property is not needed for any other federally sponsored project or program, the Grantee shall retain the property for use on nonfederally sponsored activities, or sell it, but must in either case compensate the Federal Government for its share. The amount of compensation shall be computed in the same manner as nonexpendable personal property.

2. To provide Financial Management Systems which will include:

(a) Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.

(b) Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.

(c) Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used soley for authorized purposes.

(d) Accounting records supported by source documentation.

3. To retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee which are pertinent to the specific grant program for the purpose of making audit, examination, excerpts, and transcripts.

4. Provide an audit report prepared in accordance with OMB Circular A-110, Attachment F, within 90 days after project completion.

5. To account for and to return to Grantor interest earned on grant funds pending their disbursement for program purposes. See Part A4. (d) of this exhibit.

6. Not to encumber, transfer, or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in Part B1 of this exhibit.

7. To provide Grantor with such periodic reports as it may require of Grantee operations by designated representative of the Grantor.

8. To execute Form FmHA 400-1, "Equal Opportunity Agreement," Form FmHA 400-4, "Assurance Agreement," and to execute any other agreements required by Grantor to implement the civil rights requirements.

9. That, upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will to the extent legally permissible, repay to the Grantor forthwith the original principal amount of the grant stated herein above, with interest accruing thereon from the date of default at the market rate for water and waste disposal loan assistance in effect on the date hereof or at the time the default occurred. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by the Grantor, at its option and without regard to: (a) prior waivers by it of previous defaults of Grantee, (b) by judicial proceedings to require specific performance of the terms of this Grant Agreement, (c) by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and, (d) the laws and regulations under which this grant is made.

10. That no member of Congress shall be permitted any share or part of this grant or any benefit that may arise therefrom; but this provision shall not be construed to bar as a contractor under the Grant a private nonprofit organization whose membership might include a member of Congress.

11. That all nonconfidential information resulting from its activities shall be made available to the general public on an equal basis.

12. That the purpose and scope of work for which this grant is made shall not duplicate programs for which monies have been received, are committed, or are applied for from other sources, public and private.

13. That the Grantee shall relinquish any and all copyrights and/or privileges to the materials developed under this grant, such material being the sole property of the Federal Government. In the event anything developed under this grant is published in whole or in part, the material shall contain notice and be identified by language to the following effect: "The material is the result of tax-supported research and as such is not copyrightable. It may be freely reprinted with the customary crediting of the source."

14. That the Grantee shall abide by the policies promulgated in OMB Circular A-110, Attachment O, which provides standards for use by Grantees in establishing procedures

for the procurement of supplies, equipment, and other services with Federal grant funds.

15. To the following termination provisions:

(a) Termination for cause. The Grantor agency may terminate any grant in whole, or in part, at any time before the date of completion, wherever it is determined that the Grantee has failed to comply with the conditions of the grant. The Grantor agency shall promptly notify the Grantee in writing of the determination and the reasons for the termination, together with the effective date. Grants can be terminated for cause such as: failure to use funds for authorized purposes, poor progress, untimely reports, no progress, and failure to properly account for expenditures or property.

(b) Termination for convenience. The Grantor agency or Grantee may terminate grants in whole, or in part, when both parties agree that the continuation of the project would not produce beneficial results commensurate with the further expenditure of funds. The two parties shall agree upon the termination conditions, including the effective date and, in the case of partial terminations, the portion to be terminated. The Grantee shall not incur new obligations for the terminated portion after the effective date, and shall cancel as many outstanding obligations as possible. The Grantor agency shall allow full credit to the Grantee for the Federal share of the noncancelable obligations, properly incurred by the Grantee prior to termination. Disposition of expendable and nonexpendable personal property will be in accordance with the standards of Part B 1. of this exhibit.

16. As a condition of this grant or Cooperative Agreement, the recipient assures and certifies that it is in compliance with and will comply in the course of the Agreement with all applicable laws, regulations, Executive Orders and other generally applicable requirements, including those set out in 7 CFR 3015.205 b, which hereby are incorporated in this Agreement by reference, and such statutory provisions as are specifically set forth herein.

Part C

Grantor Agrees

1. That it will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project.

2. That at its sole discretion, Grantor may at any time give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (a) advisable to further the purposes of the grant or to protect Grantor's financial interest therein, and (b) consistent with both the statutory purposes of the grant and the limitations of the statutory authority which it is made.

This agreement is subject to current Grantor regulations and any future regulations not inconsistent with the express terms hereof.

Grantee on ______ 19___, has caused this agreement to be executed by its duly authorized ______ and attested and its corporate seal affixed by its duly authorized

______.

Attest:

Grantee

______

By ______

(Title)

Grantor

United States of America

Farmers Home Administration

By ______

______

(Title)

Date: July 29, 1987.

Vance L. Clark,

Administrator, Farmers Home Administration.

[FR Doc. 87-25234 Filed 10-30-87; 8:45 am]

BILLING CODE 34100-07-M

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7 CFR Part 1955

Property Management; Processing of Internal Agency Management Forms

AGENCY: Farmers Home Administration, USDA.

ACTION: Final rule.

SUMMARY: The Farmers Home Administration (FmHA) amends its property management regulations. This action is taken to prescribe a new internal agency management form regarding the disposition of acquired property. The intended effect of this action is to incorporate the new form into existing agency regulations so that our field offices will know when to process necessary paperwork.

EFFECTIVE DATE: November 2, 1987.

FOR FURTHER INFORMATION CONTACT: Mike Hill, Senior Realty Specialist, Property Management Branch, Single Family Housing Servicing and Property Management Division, Farmers Home Administration, USDA, Room 5309 South Agriculture Building, Washington, DC 20250, telephone (202) 382-1452.

SUPPLEMENTARY INFORMATION:

Classification

This final action has been reviewed under USDA procedures in Secretary's Memorandum 1512-1 which implements Executive Order 12291 and has been determined to be exempt from those requirements because it involves only internal agency management. It is the policy of this Department to publish for comment rules relating to public property, loans, grants, benefits, or contracts, notwithstanding the exemption in 5 U.S.C. 553 with respect to such rules. This action, however, is not published for proposed rulemaking since it involves only matters relating to internal agency management making publication for comment unnecessary and impractical.

Programs Affected

These programs/activities are listed in the Catalog of Federal Domestic Assistance under Nos:

10.404—Emergency Loans
10.405—Farm Labor Housing Loans and Grants
10.406—Farm Operating Loans
10.407—Farm Ownership Loans
10.410—Low Income Housing Loans
10.411—Rural Housing Site Loans
10.414—Resource Conservation and Development Loans
10.416—Soil and Water Loans
10.417—Very Low Income Housing Repair Loans and Grants
10.418—Water and Waste Disposal Systems for Rural Communities
10.419—Watershed Protection and Flood Prevention Loans
10.421—Indian Tribes and Tribal Corporation Loans
10.422—Business and Industrial Loans
10.423—Community Facility Loans

Intergovernmental Consultation

Catalog Nos. 10.405, 10.411, 10.414, 10.418, 10.419, 10.421, 10.422 and 10.423 are subject to the provisions of Executive Order 12372 which requires intergovernmental consultation with State and local officials. Catalog Nos. 10.404, 10.406, 10.407, 10.410, 10.416, 10.417 are excluded from Executive Order 12372.

Environmental Impact Statement

This document has been reviewed in accordance with 7 CFR Part 1940, Subpart G "Environmental Program." It is the determination of FmHA that the proposed action does not constitute a major Federal action significantly affecting the quality of the human environment and in accordance with the National Policy Act of 1949, Pub. L. 91-90, an Environmental Impact Statement is not required.

List of Subjects in 7 CFR Part 1955

Government acquired property, Sale of government property, Surplus government property.

Therefore, Chapter XVII of Title 7, Code of Federal Regulations, is amended as follows:

PART 1955—PROPERTY MANAGEMENT

1. The authority citation for Part 1955 continues to read as follows:

Authority: 7 U.S.C. 1989 42 U.S.C. 1480, 5 U.S.C. 301, 7 CFR 2.23, 7 CFR 2.70.