

Securities and Exchange Commission, Washington, DC 20549. Following this opportunity for hearing, the Commission will approve the applications if it finds, based upon all the information available to it, that the extensions of unlisted trading privileges pursuant to such applications are consistent with the maintenance of fair and orderly markets and the protection of investors.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.

Jonathan G. Katz,
Secretary.

[FR Doc. 88-6474 Filed 3-23-88; 8:45 am]

BILLING CODE 8010-01-M

Self-Regulatory Organizations; Applications for Unlisted Trading Privileges and of Opportunity for Hearing; Philadelphia Stock Exchange, Inc.

March 18, 1988.

The above named national securities exchange has filed applications with the Securities and Exchange Commission pursuant to section 12(f)(1)(B) of the Securities Exchange Act of 1934 and Rule 12f-1 thereunder, for unlisted trading privileges in the following securities:

Stride Rite Corporation

Common Stock, \$1.00 Par Value (File No. 7-3157)

Carteret Bancorp, Inc. (Holding Company)

Common Stock, \$0.01 Par Value (File No. 7-3158)

Solitron Devices, Inc.

Common Stock, \$0.01 Par Value (File No. 7-3159)

TPA of America, Inc.

Common Stock, \$0.01 Par Value (File No. 7-3160)

Wean Incorporated

Common Stock, \$0.01 Par Value (File No. 7-3161)

These securities are listed and registered on one or more other national securities exchange and are reported in the consolidated transaction reporting system.

Interested persons are invited to submit on or before April 7, 1988, written data, views and arguments concerning the above-referenced application. Persons desiring to make written comments should file three copies thereof with the Secretary of the Securities and Exchange Commission, Washington, DC 20549. Following this opportunity for hearing, the Commission will approve the application if it finds, based upon all the information available to it, that the extensions of unlisted trading privileges pursuant to such applications are consistent with the maintenance of fair and orderly markets and the protection of investors.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.

Jonathan G. Katz,
Secretary.

[FR Doc. 88-6475 Filed 3-23-88; 8:45 am]

BILLING CODE 8010-01-M

DEPARTMENT OF TRANSPORTATION

Urban Mass Transportation Administration

UMTA Sections 3 and 9 Grant Obligations

AGENCY: Urban Mass Transportation Administration (UMTA), DOT.

ACTION: Notice.

SUMMARY: The Department of Transportation and Related Agencies Appropriations Act, 1988, included in the Omnibus Appropriations Act, Pub. L. 100-202 signed into law by President Reagan on December 22, 1987, contained a provision requiring the Urban Mass Transportation Administration to publish an announcement in the **Federal Register** each time a grant is obligated pursuant to Sections 3 and 9 of the Urban Mass Transportation Act of 1964, as amended. The statute requires that the announcement include the grant number, the grant amount, and the transit property receiving each grant. This notice provides the information as required by statute.

FOR FURTHER INFORMATION CONTACT:

Edward R. Fleischman, Chief, Resource Management Division, Department of Transportation, Urban Mass Transportation Administration, Office of Grants Management, 400 Seventh Street, SW., Room 9305, Washington, DC 20590. (202) 366-2053.

SUPPLEMENTARY INFORMATION: The section 3 program was established by the Urban Mass Transportation Act of 1964 to provide capital assistance to eligible recipients in urban areas. Funding for this program is distributed on a discretionary basis. The section 9 formula program was established by the Surface Transportation Assistance Act of 1982. Funds appropriated to this program are allocated on a formula basis to provide capital and operating assistance in urbanized areas. Pursuant to the statute UMTA reports the following grant information:

Transit property	Grant number	Grant amount	Obligation date
Section 3 grants:			
Metropolitan Transit Authority, Houston, TX.....	TX-03-0119	\$15,604,265	Feb. 12, 1988.
City of Dallas, Dallas, TX.....	TX-03-0121	1,201,449	Feb. 24, 1988.
Metropolitan Transit Commission, Minneapolis, MN.....	MN-03-0037	8,397,000	Mar. 2, 1988.
Section 9 grants:			
Utica Transit Authority, Utica, NY.....	NY-90-X105-01	140,000	Feb. 16, 1988.
New Jersey Transit Corporation, Northeastern, NJ.....	NJ-90-X024	9,300,000	Mar. 4, 1988.

Issued on March 18, 1988.

Alfred A. DelliBovi,
Administrator.

[FR Doc. 88-6495 Filed 3-23-88; 8:45 am]

BILLING CODE 4910-57-M

Sunshine Act Meetings

Federal Register

Vol. 53, No. 57

Thursday, March 24, 1988

This section of the FEDERAL REGISTER contains notices of meetings published under the "Government in the Sunshine Act" (Pub. L. 94-409) 5 U.S.C. 552b(e)(3).

FEDERAL DEPOSIT INSURANCE CORPORATION

Pursuant to the provisions of the "Government in the Sunshine Act" (5 U.S.C. 552b), notice is hereby given that the Federal Deposit Insurance Corporation's Board of Directors will meet in open session at 2:00 p.m. on Tuesday, March 29, 1988, to consider the following matters:

Summary Agenda: No substantive discussion of the following items is anticipated. These matters will be resolved with a single vote unless a member of the Board of Directors requests that an item be moved to the discussion agenda.

Disposition of minutes of previous meetings.

Recommendation regarding the liquidation of a bank's assets acquired by the Corporation in its capacity as receiver, liquidator, or liquidating agent of those assets:

Case No. 47,186

Stockmen's Bank and Trust Company,
Gillette, Wyoming

Reports of actions approved by the standing committees of the Corporation and by officers of the Corporation pursuant to authority delegated by the Board of Directors.

Discussion Agenda:

Discussion re: Application of the Corporation's Guidelines for Real Estate Appraisal Policies and Review Procedures.

The meeting will be held in the Board Room on the sixth floor of the FDIC Building located at 550-17th Street, NW., Washington, DC.

Requests for further information concerning the meeting may be directed

to Mr. Hoyle L. Robinson, Executive Secretary of the Corporation, at (202) 898-3813.

Dated: March 22, 1988.

Federal Deposit Insurance Corporation.

Hoyle L. Robinson,

Executive Secretary.

[FR Doc. 88-6590 Filed 3-22-88; 8:45 am]

BILLING CODE 6714-01-M

FEDERAL DEPOSIT INSURANCE CORPORATION

Pursuant to the provisions of the "Government in the Sunshine Act" (5 U.S.C. 552b), notice is hereby given that at 2:30 p.m. on Tuesday, March 29, 1988, the Federal Deposit Insurance Corporation's Board of Directors will meet in closed session, by vote of the Board of Directors, pursuant to sections 552b (c)(2), (c)(4), (c)(6), (c)(8), (c)(9)(A)(ii), and (c)(9)(B) of Title 5, United States Code, to consider the following matters:

Summary Agenda: No substantive discussion of the following items is anticipated. These matters will be resolved with a single vote unless a member of the Board of Directors requests that an item be moved to the discussion agenda.

Recommendations with respect to the initiation, termination, or conduct of administrative enforcement proceedings (cease-and-desist proceedings, termination-of-insurance proceedings, suspension or removal proceedings, or assessment of civil money penalties) against certain insured banks or officers, directors, employees, agents or other persons participating in the conduct of the affairs thereof:

Names of persons and names and locations of banks authorized to be exempt from disclosure pursuant to the provisions of subsections (c)(6), (c)(8), and (c)(9)(A)(ii) of the "Government in the Sunshine Act" (5 U.S.C. 552b (c)(6), (c)(8), and (c)(9)(A)(ii)).

Note.—Some matters falling within this category may be placed on the discussion agenda without further public notice if it becomes likely that substantive discussion of those matters will occur at the meeting.

Recommendation regarding the Corporation's assistance agreement with an insured bank.

Discussion Agenda:

Application for Federal deposit insurance:

Seoul Bank of California, a proposed new bank to be located at 3000 West Olympic Boulevard, Los Angeles, California.

Personnel actions regarding appointments, promotions, administrative pay increases, reassignments, retirements, separations, removals, etc.:

Names of employees authorized to be exempt from disclosure pursuant to the provisions of subsections (c)(2) and (c)(6) of the "Government in the Sunshine Act" (5 U.S.C. 552b (c)(2) and (c)(6)).

Matters relating to the possible closing of certain insured banks:

Names and locations of banks authorized to be exempt from disclosure pursuant to the provisions of subsections (c)(8), (c)(9)(A)(ii), and (c)(9)(B) of the "Government in the Sunshine Act" (5 U.S.C. 552b (c)(8), (c)(9)(A)(ii), and (c)(9)(B)).

The meeting will be held in the Board Room on the sixth floor of the FDIC Building located at 550 17th Street, NW., Washington, DC.

Requests for further information concerning the meeting may be directed to Mr. Hoyle L. Robinson, Executive Secretary of the Corporation, at (202) 898-3813.

Dated: March 22, 1988.

Federal Deposit Insurance Corporation.

Hoyle L. Robinson,

Executive Secretary.

[FR Doc. 88-6591 Filed 3-22-88; 8:45 am]

BILLING CODE 6714-01-M

Corrections

Federal Register

Vol. 53, No. 57

Thursday, March 24, 1988

This section of the FEDERAL REGISTER contains editorial corrections of previously published Presidential, Rule, Proposed Rule, and Notice documents and volumes of the Code of Federal Regulations. These corrections are prepared by the Office of the Federal Register. Agency prepared corrections are issued as signed documents and appear in the appropriate document categories elsewhere in the issue.

DEPARTMENT OF COMMERCE

International Trade Administration

Applications for Duty-Free Entry of Scientific Instruments; University of Alaska, et al.

Correction

In notice document 88-5631 appearing on page 8483 in the issue of Tuesday, March 15, 1988, make the following corrections:

1. In the second column, under the entry for "Docket Number 88-075", in the ninth complete paragraph, in the first line, "Commission" should read "Commissioner".

2. In the same column, under "Docket Number 88-084", in the fifth line from the bottom, "Commission" should read "Commissioner".

BILLING CODE 1505-01-D

COMMITTEE FOR THE IMPLEMENTATION OF TEXTILE AGREEMENTS

Adjustment of Import Limits for Certain Cotton Textile Products Produced or Manufactured in Sri Lanka

Correction

In notice document 88-5724 beginning on page 8683 in the issue of Wednesday, March 16, 1988, make the following correction:

On page 8683, in the third column, in the first complete paragraph, in the

eighth line, "Category 343" should read "Category 342".

BILLING CODE 1505-01-D

DEPARTMENT OF DEFENSE

48 CFR Part 215

[DAR Case 87-305]

Department of Defense Federal Acquisition Regulation Supplement; Special Tooling and Special Test Equipment

Correction

In proposed rule document 88-4320 beginning on page 6015 in the issue of Monday, February 29, 1988, make the following correction:

On page 6015, in the first column, under **SUPPLEMENTARY INFORMATION**, in the sixth line from the bottom "2339" should read "2329".

BILLING CODE 1505-01-D

LEGAL SERVICES CORPORATION

45 CFR Part 1602

Procedures for Disclosure of Information Under the Freedom of Information Act

Correction

In rule document 88-4371 beginning on page 6151 in the issue of Tuesday, March 1, 1988, make the following corrections:

1. On page 6152, in the third column, in the fourth paragraph, in the second line, "institutions" should read "institution".

2. On page 6153, in the third column, in amendatory instruction 5, in the second line, remove the semicolon before "and".

§ 1602.13 [Corrected]

3. On page 6154, in the second column, in § 1602.13(e)(7), in the first line, insert a colon after "mail".

4. On the same page, in the third column, in § 1602.13(h)(1), in the seventh line, after "not" insert "be".

BILLING CODE 1505-01-D

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 150

[Docket No. 25117; Amdt. No. 150-1]

Expansion of Applicability of Part 150 to Heliports

Correction

In rule document 88-5677 beginning on page 8722 in the issue of Wednesday, March 16, 1988, make the following corrections:

1. On page 8723, in the first column, in the first complete paragraph, in the 25th line, "date" should read "data".

2. On page 8724, in the first column, in amendatory instruction 3, in the last line, "helicopters" should read "heliports".

BILLING CODE 1505-01-D

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[T.D. 8184]

Income Taxes; Special Rules Relating to Nuclear Decommissioning Costs

Correction

In rule document 88-4445 beginning on page 6800 in the issue of Thursday, March 3, 1988, make the following correction:

§ 1.468A-8 [Corrected]

On page 6819, in the third column, in § 1.468A-8(b)(6), in the seventh line, after "begins" insert "before".

BILLING CODE 1505-01-D

Federal Register

Thursday
March 24, 1988

Part II

Department of the Treasury

31 CFR Part 25

Prepayment of Foreign Military Sales
Loans Made by the Department of
Defense and the Federal Financing Bank
and Guaranteed by the Department of
Defense; Interim Rule With Request for
Comments

DEPARTMENT OF THE TREASURY

31 CFR Part 25

Interim Rule Governing Prepayment of Foreign Military Sales Loans Made by the Department of Defense and the Federal Financing Bank and Guaranteed by the Department of Defense

AGENCY: Department of the Treasury.

ACTION: Interim rule; request for comments.

SUMMARY: The regulations which follow implement the provisions relating to the prepayment of loans by foreign governments contained in paragraph (a), Refinancing, under the heading, Foreign Military Sales Debt Reform, of Title III, Military Assistance, of the Act entitled "Foreign Operations, Export Financing and Related Programs Appropriations Act, 1988" (Public Law No. 100-202), enacted December 22, 1987 (the "Act"). The Act specified that the President may, during fiscal years 1988 through 1991, transfer existing United States guarantees of outstanding Foreign Military Sales ("FMS") loans, or issue new guarantees, either of which may be attached to new loans made by United States financial institutions to finance the prepayment at par of the principal amounts maturing after September 30, 1989 of existing FMS loans. The proceeds of the new loans so obtained shall be used to prepay existing FMS loans with interest rates of ten percent or higher, interest accrued on the FMS loans prepaid, and arrearages on FMS loans. The guarantees that are authorized to be attached to such new loans shall cover no more and no less than 90 percent of the principal of the new loans, plus 90 percent of the interest thereon. Nothing in this regulation is intended to authorize any private United States financial institution to engage in any activity not otherwise authorized or permitted for such institution under any applicable laws of the United States, any territory or possession of the United States, any State or the District of Columbia.

DATE: This Interim Rule is effective on March 24, 1988. However, before issuing the Final Rule, the Department will consider comments submitted by the public. Comments must be received in writing on or before April 25, 1988. This Interim Rule is effective upon publication, thereby enabling Borrowers to proceed with the application procedure.

ADDRESS: Send comments to the Office of the Assistant Secretary for Domestic Finance, Room 3054, Main Treasury

Building, Washington, DC 20220.
Attention: Gene Holland.

FOR FURTHER INFORMATION CONTACT: Gene Holland, Office of the Assistant Secretary for Domestic Finance, Department of the Treasury. (202) 566-2468.

Interim Rule With Request for Public Comment

The Act requires that implementing regulations be issued within 90 days after the date of enactment, which was December 22, 1987. In order to meet the statutory deadline for issuing implementing regulations and at the same time provide the public an opportunity to comment on the regulations, the Treasury is issuing an Interim Rule with request for public comment. The Treasury finds that good cause exists to make the Interim Rule effective upon publication, thereby enabling those borrowers that wish to proceed with application to seek a guarantee for the refinancing loans to do so.

Procedural Requirements

Because the Interim Rule involves foreign and military affairs functions of the United States, it is not subject to Executive Order 12291 or the public notice and delayed effective date requirements of the Administrative Procedure Act (5 U.S.C. 553). Moreover, since the Act requires that these regulations be published and effective within ninety days of December 22, 1987, the Department finds that good cause exists to dispense with the public notice and delayed effective date requirements of 5 U.S.C. 553.

As no notice of proposed rulemaking is required, this Interim Rule is not subject to the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*).

Paperwork Reduction Act

The requirements to collect information contained in this Interim Rule have been reviewed and approved by the Office of Management and Budget pursuant to section 3507 of the Paperwork Reduction Act of 1980 (44 U.S.C. 3507). Comments on these requirements should be addressed to the Office of Information and Regulatory Affairs, Office of Management and Budget, Attention: Desk Officer for the Department of the Treasury, Departmental Offices, Washington, DC 20503, and to the Department of the Treasury at the address previously specified.

List of Subjects in 31 CFR Part 25

Banks and banking, Loan programs—national defense, Reporting and recordkeeping requirements.

Subtitle A of Title 31, Code of Federal Regulations, is amended by adding Part 25 to read as follows:

PART 25—PREPAYMENT OF FOREIGN MILITARY SALES LOANS MADE BY THE DEPARTMENT OF DEFENSE AND FOREIGN MILITARY SALES LOANS MADE BY THE FEDERAL FINANCING BANK AND GUARANTEED BY THE DEPARTMENT OF DEFENSE

Subpart A—General

- Sec.
25.100 Definitions.
25.101 OMB control number.

Subpart B—Qualifications for Prepayment

- 25.200 General rule.

Subpart C—Procedures

- 25.300 Application procedure.
25.301 Approval procedure.
25.302 Closing procedure.

Subpart D—Form of Private Loan

- 25.400 Loan provisions.
25.401 Fees.
25.402 Transferability.
25.403 Registration.
25.404 Non-separability.
25.405 Collateralization of unguaranteed portion.
25.406 Form of guarantee.
25.407 Savings clause.

Authority: Title III, Pub. L. 100-202; 31 U.S.C. 321.

Subpart A—General

§ 25.100 Definitions.

In this part, unless the context indicates otherwise:

(a) "Act" means paragraph (a), Refinancing, under the heading, Foreign Military Sales Debt Reform, of Title III, Military Assistance, of the Act entitled "Foreign Operations, Export Financing and Related Programs Appropriations Act, 1988" (Public Law No. 100-202), enacted December 22, 1987.

(b) "AECA" means the Arms Export Control Act, as amended (22 U.S.C. 2751 *et seq.*).

(c) "Borrower" means the obligor on an FMS Advance.

(d) "Closing Date" means (1) with respect to the prepayment of the amounts permitted by this part to be prepaid of FMS Loans held by DSAA, the date designated by the agreement of both the Borrower and DSAA on which the Guarantee will be attached to the Private Loan Note, the Private Loan will be funded, and the Total Permitted Prepayment Amount, or the portion

thereof which the Borrower has selected to prepay, will be prepaid; and (2) with respect to the prepayment of the amounts permitted by this part to be prepaid of FMS Loans held by the FFB and guaranteed by DSAA, the date designated by the unanimous agreement of the Borrower, the FFB, and DSAA on which the Guarantee will be attached to the Private Loan Note, the Private Loan will be funded, and the Total Permitted Prepayment Amount, or portion thereof which the Borrower has selected to prepay, will be prepaid.

(e) "DSAA" means the Defense Security Assistance Agency, an agency within the Department of Defense.

(f) "Eligible FMS Advance" means any FMS Advance which (1) was outstanding on December 22, 1987; (2) has principal amounts becoming due and payable after September 30, 1989; and (3) bears interest at a rate equal to or greater than ten percentum per annum. "Eligible FMS Advance" may include FMS Advances meeting the criteria of Eligible FMS Advance which are made on account of FMS Loans even when such FMS Loans do not, in themselves, meet the criteria of Eligible FMS Loan.

(g) "Eligible FMS Loan" means any FMS Loan which (1) was outstanding on December 22, 1987; (2) has principal amounts becoming due and payable after September 30, 1989; and (3) bears interest pursuant to the terms of the loan agreement relating thereto at a consolidated rate equal to or greater than ten percentum per annum. "Eligible FMS Loan" may include FMS Advances which are made on account of FMS Loans meeting the criteria of Eligible FMS Loan even when such FMS Advances do not, in themselves, meet the criteria of Eligible FMS Advance.

(h) "FFB" means the Federal Financing Bank, an instrumentality and wholly-owned corporation of the United States.

(i) "FMS" means Foreign Military Sales.

(j) "FMS Advance" means (1) a disbursement of funds made pursuant to a loan agreement between the Borrower and DSAA, which loan agreement provides for the making of an FMS Loan, or (2) a disbursement of funds made pursuant to a loan agreement between the Borrower and the FFB, which loan agreement provides for the making of an FMS Loan.

(k) "FMS Loan" means either (1) a loan made directly by the Secretary of Defense pursuant to Section 23 of AECA, or (2) a loan made by the FFB and guaranteed by the Secretary of Defense pursuant to Section 24 of AECA; and "FMS Loans" mean the

aggregate of such loans made to or for the account of a Borrower.

(l) "Guarantee" means either a new guarantee of the United States issued by DSAA or an existing guarantee of the United States transferred by DSAA, in the form of guarantee set forth in § 25.406 of this part, which guarantee will be attached to a Private Loan Note.

(m) "Non-Registered Obligation" means a bearer obligation which does not comply with all of the registration requirements of the Internal Revenue Code.

(n) "Permitted P&I Prepayment Amount" means, with respect to each Eligible FMS Loan or Eligible FMS Advance, as the case may be, the sum of (1) all principal amounts which become due and payable after September 30, 1989, on the respective Eligible FMS Loan or Eligible FMS Advance; and (2) all unpaid interest, if any, on the respective Eligible FMS Loan or Eligible FMS Advance accrued as of the Closing Date.

(o) "Permitted Arrears Prepayment Amount" means the sum of all arrears, if any, on all FMS Loans, which arrears are outstanding on the Closing Date.

(p) "Private Lender" means either (1) any of the following entities: (i) Any banking, savings, or lending institution chartered or otherwise lawfully organized under the laws of any State, the District of Columbia, the United States or any territory or possession of the United States, including, but not limited to, any bank, trust company, industrial bank, savings association, savings and loan association, building and loan association, savings bank, credit union, or finance company, which is doing business in the United States; (ii) any broker or dealer registered with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934; (iii) any company lawfully organized as an insurance company, and which is subject to supervision by the insurance commissioner or a similar official or agency of a State; or (iv) any United States pension fund; or (2) any trust or other special purpose financing entity which is wholly owned initially by an entity or entities of the type described in clause (1) of this definition.

(q) "Private Loan" means, collectively, the loan or loans that is or are obtained by the Borrower from a Private Lender to prepay the Total Permitted Prepayment Amount, or the portion thereof which the Borrower has selected to prepay.

(r) "Private Loan Note" means, collectively, the note or notes executed

and delivered by the Borrower to evidence the Private Loan.

(s) "Total Permitted Prepayment Amount" means the sum of (1) the aggregate of the respective Permitted P&I Prepayment Amount for all Eligible FMS Loans and all Eligible FMS Advances on account of FMS Loans which FMS Loans do not, in themselves, meet the criteria of Eligible FMS Loans; and (2) the Permitted Arrears Prepayment Amount.

§ 25.101 OMB control number.

The reporting requirements in this part have been approved under OMB Control Number 1505-0109.

Subpart B—Qualifications for Prepayment

§ 25.200 General rule.

(a) To qualify for a loan prepayment at par pursuant to the Act, a Borrower must have Eligible FMS Loans or Eligible FMS Advances.

(b) A Borrower may prepay the Total Permitted Payment Amount in portions using more than one closing; however, all prepayments of the Total Permitted Prepayment Amount must have a Closing Date that is not later than September 30, 1991.

(c) A Borrower may prepay all or a portion of the Total Permitted Prepayment Amount; however, if a Borrower selects to prepay any Permitted P&I Prepayment Amount of an FMS Advance, the Borrower must prepay the entire Permitted P&I Prepayment Amount of such FMS Advance.

Subpart C—Procedures

§ 25.300 Application procedure.

(a) Each Borrower that wishes to prepay at par the Total Permitted Prepayment Amount, or any portion thereof, must submit a written application which shall contain the following information and materials:

(1) An identification of each Eligible FMS Loan or Eligible FMS Advance, as the case may be, with respect to which the Borrower has selected to prepay the amount thereof permitted by this part to be prepaid, setting forth with respect to each such Eligible FMS Loan or Eligible FMS Advance: (i) The date on which the Eligible FMS Loan or Eligible FMS Advance was made, (ii) the original amount of the Eligible FMS Loan or Eligible FMS Advance, (iii) the principal and interest payment schedule of the Eligible FMS Loan or Eligible FMS Advance, and (iv) the maturity of the Eligible FMS Loan or Eligible FMS Advance;

(2) A description of the Permitted Arrears Prepayment Amount calculated by the Borrower as of the date of the application;

(3) A description of each Private Loan, 90 percent of which the Borrower seeks to have guaranteed, setting forth with respect to each Private Loan: (i) The total amount of the Private Loan, (ii) the proposed principal and interest payment schedule of the Private Loan, (iii) the proposed maturity of the Private Loan, and (iv) the identity of each Eligible FMS Loan or Eligible FMS Advance with respect to which amount thereof permitted by this part to be prepaid is to be prepaid with the proceeds of the Private Loan;

(4) All material transaction documents, in substantially final form, relating to the prepayment of the Total Permitted Prepayment Amount, or the portion thereof which the Borrower has selected to prepay, with the proceeds of the Private Loan; and

(5) The name, address, and telephone number of a Borrower contact person with whom the FFB or DSAA will communicate to arrange for prepayment and closing.

(b) Each application shall be submitted to DSAA at the following address:

Defense Security Assistance Agency
Room 4B659
The Pentagon
Washington, DC 20301
Attention: Deputy Controller

§ 25.301 Approval procedure.

(a) *Review by the Defense Department.* (1) Each application will be reviewed by the Defense Department to ensure that the Private Loan complies with the requirements of this part, including without limitation the requirement that the payment schedule and maturity of each Private Loan are substantially the same as the payment schedules and maturities of the Eligible FMS Loans or Eligible FMS Advances, as the case may be, with respect to which the amounts thereof permitted by this part to be prepaid are to be prepaid with the proceeds of the Private Loan. Each application will also be reviewed by the Defense Department to ensure that the provisions of subsection (d) of the Act, Purposes and Reports, are considered.

(2) After each application has been reviewed, by the Defense Department, the Defense Department will either (i) return the application to the Borrower, or (ii) forward the application to the State Department.

(b) *Review by the State Department.*

(1) Each application received by the State Department from the Defense

Department will be reviewed by the State Department to ensure that the provisions of subsection (d) of the Act, Purposes and Reports, are considered.

(2) After each application has been reviewed by the State Department, the State Department will either (i) return the application to the Defense Department for return to the Borrower, or (ii) forward the application to the Treasury Department.

(c) *Processing by the Treasury Department.* (1) FMS Loans held by DSAA.

(i) Each prepayment application regarding an Eligible FMS Loan made by DSAA or an Eligible FMS Advance on account of an FMS Loan made by DSAA, as the case may be, will be processed by the Treasury Department within 10 days after receipt by the Treasury Department of the application from the State Department.

(ii) After the application has been processed by the Treasury Department, the Treasury Department will return the application to the Defense Department and the Defense Department will commence the Closing Procedures described in § 25.302(a) of this part.

(2) FMS Loans held by the FFB.

(i) Each prepayment application regarding an Eligible FMS Loan made by the FFB and guaranteed by DSAA or an Eligible FMS Advance on account of an FMS Loan made by the FFB and guaranteed by DSAA, as the case may be, will be processed by the Treasury Department within 30 days after receipt by the Treasury Department of the application from the State Department.

(ii) After the application has been processed by the Treasury Department, the Treasury Department will commence the Closing Procedures described in § 25.302(b) of this part.

§ 25.302 Closing procedure.

(a) *FMS Loans held by DSAA.* (1) After the Treasury has processed a prepayment application regarding an Eligible FMS Loan made by DSAA or an Eligible FMS Advance on account of an FMS Loan made by DSAA, as the case may be, DSAA will communicate with the Borrower's contact person identified in the prepayment application to establish a Closing Date. DSAA will inform the Borrower of the final amount of the Total Permitted Prepayment Amount, or the portion thereof which the Borrower has selected to prepay, as of the Closing Date established. The determination by DSAA of the final amount of the Total Permitted Prepayment Amount, or the portion thereof which the Borrower has selected to prepay, shall be conclusive.

(2) On the Closing Date, the Guarantee will be attached to the Private Loan Note, the Private Loan shall be funded, and the Total Permitted Prepayment Amount, or the portion thereof which the Borrower has selected to prepay, will be prepaid.

(3) The attachment of the Guarantee to the Private Loan Note will take place at such location as may be determined by the unanimous agreement of the Borrower, the Private Lender, and DSAA.

(4) Prior to 1:00 p.m. prevailing local time in New York, New York, on the Closing Date, immediately available funds in amounts sufficient to prepay the Total Permitted Prepayment Amount, or the portion thereof which the Borrower has selected to prepay, shall be transferred by electronic funds transfer to DSAA at the Treasury Department account at the Federal Reserve Bank of New York. The funds transfer message must include the following credit information:

United States Treasury
New York, New York
021030004
TREAS NYC/ (5037)
For credit to the Defense Security Assistance Agency
Room 4B 659, The Pentagon
Washington, DC 20301-2800

This information must be *exactly* in this form (including spacing between words and numbers) to insure timely receipt by the DSAA. Checks, drafts, and other orders for payment will not be accepted.

(b) *FMS Loans held by the FFB.* (1) After the Treasury Department has processed a prepayment application regarding an Eligible FMS Loan made by the FFB and guaranteed by DSAA or an Eligible FMS Advance on account of an FMS Loan made by the FFB and guaranteed by DSAA, as the case may be, the FFB will communicate with the Borrower's contact person identified in the prepayment application to establish a Closing Date. The FFB will inform the Borrower of the final amount of the Total Permitted Prepayment Amount, or the portion thereof which the Borrower has selected to prepay, as of the Closing Date established. The determination by the FFB of the final amount of the Total Permitted Prepayment Amount, or the portion thereof which the Borrower has selected to prepay, shall be conclusive.

(2) On the Closing Date, the Guarantee will be attached to the Private Loan Note, the Private Loan will be funded, and the Total Permitted Prepayment Amount, or the portion

thereof which the Borrower has selected to prepay, will be prepaid.

(3) The attachment of the Guarantee to the Private Loan Note will take place at such location as may be designated by the unanimous agreement of the Borrower, the Private Lender, and DSAA.

(4) Prior to 1:00 p.m. prevailing local time in New York, New York, on the Closing Date, immediately available funds in amounts sufficient to prepay at par the Permitted Prepayment Amount, or the portion thereof which the Borrower has selected to prepay, shall be transferred by electronic funds transfer to the Treasury Department account at the Federal Reserve Bank of New York. The funds transfer message must include the following credit information:

United States Treasury
New York, New York
021030004
TREAS NYC/ (20180006)
For credit to the Federal Financing Bank
Room 143
Liberty Center Building
401 14th Street SW
Washington, D.C. 20227

This information must be *exactly* in this form (including spacing between words and numbers) to insure timely receipt by the FFB. Checks, drafts, and other orders for payment will not be accepted.

Subpart D—Form of Private Loan

§ 25.400 Loan provisions.

The principal and interest payment schedule and maturity of the Private Loan must be substantially the same as the payment schedules and maturities of the Eligible FMS Loans or Eligible FMS Advances, as the case may be, with respect to which the amounts thereof permitted by this part to be prepaid are to be prepaid with the proceeds of the Private Loan. A Private Lender which proposes to make a Private Loan, the proceeds of which will be used to prepay the amounts permitted by this part to be prepaid of Eligible FMS Loans or Eligible FMS Advances, as the case may be, having differing payment structures and maturities, may consolidate those differing payment structures and maturities into a single payment structure having substantially equal semi-annual payments, one set of semi-annual payment dates, and a final maturity date the same as the approximate weighted average of the maturities of the Eligible FMS Loans or

Eligible FMS Advances with respect to which the Borrower has selected to prepay amounts thereof permitted by this part to be prepaid.

§ 25.401 Fees.

The interest rate on the Private Loan may include compensation for costs at prevailing market rates with the agreement of the Borrower and the Private Lender selected by the Borrower.

§ 25.402 Transferability.

Each Private Loan Note, with the Guarantee attached, shall be fully and freely transferable.

§ 25.403 Registration.

The Guarantee shall cease to be effective to the extent that the Private Loan, or any portion or derivative thereof, is to be used to provide significant support for a Non-Registered Obligation.

§ 25.404 Non-separability.

The Guarantee shall cease to be effective if the 90 percent guaranteed portion of the Private Loan (or any portion thereof) is at any time separated from the ten percent unguaranteed portion of the Private Loan (or any portion thereof) in any way, directly or through the issuance of participation shares or undivided ownership interests which have an exclusive or preferred claim to the guaranteed portion of the Private Loan (or any portion thereof) or through the issuance of notes, bonds or other obligations collateralized by an exclusive or prior security interest in the guaranteed portion of the Private Loan (or any portion thereof). The 90 percent guaranteed portion of the Private Loan (or any portion or derivative thereof) may not at any time be separated from the ten percent unguaranteed portion of the Private Loan (or any portion or derivative thereof) in any way, directly or indirectly, including without limitation through the issuance of participation shares or undivided ownership interests which have an exclusive or preferred claim to the guaranteed portion of the Private Loan (or any portion or derivative thereof) or through the issuance of notes, bonds or other obligations collateralized by an exclusive or prior security interest on the guaranteed portion of the Private Loan (or any portion or derivative thereof), such that any holder of the Private Loan Note, or any portion

thereof, or any derivative thereof representing a direct or indirect claim to payment made from payments on the Private Loan Note, would receive more than 90 percent of any payment due to such holder from payments made under the Guarantee at any time during the term of the Private Loan.

§ 25.405 Collateralization of unguaranteed portion.

The Guarantee shall cease to be effective if the ten percent unguaranteed portion of the Private Loan becomes collateralized or secured in any manner whatsoever, in whole or in part, directly or indirectly, by an obligation or obligations of the United States Government or any of its agencies.

§ 25.406 Form of guarantee.

(a) The Guarantee that will be attached to the Private Loan Note on the Closing Date shall be in the following form:

FOR VALUE RECEIVED, the Defense Security Assistance Agency of the Department of Defense ("DSAA"), hereby guarantees to (*Name of Lender*) ("*Lender*"), incorporated under the laws of (*U.S. State or other jurisdiction*) or if not so incorporated or organized, then the principal place of doing business is (*U.S. location, address, and zip code*), under the authority of Section 24 of the Arms Export Control Act, as amended ("*Act*"), the due and punctual payment of ninety percent (90%) of amounts due: (1) On the promissory note ("*Note*") in the principal amount of up to \$_____ dated _____ issued to the Lender by the Government of (*Name of Borrower*) ("*Borrower*") pursuant to the Loan Agreement between the Lender and the Borrower dated the ____th day of _____ ("*Agreement*"); and (2) the Lender from the Borrower pursuant to the Agreement.

This Guaranty is a guaranty of payment covering all political and credit risks of nonpayment, including any nonpayments arising out of any claim which the Borrower may now or hereafter have against any person, corporation, or other entity (including without limitation, the United States, the Lender, and any supplier of defense items) in connection with any transaction, for any reason whatsoever. This Guaranty shall inure to the benefit of and shall be enforceable by the Lender, its successors or assigns. This Guaranty shall not be impaired by any law, regulation or decree of the Borrower now or hereafter in effect which might in any manner change any of the terms of the Note or Agreement. The obligation of DSAA hereunder shall be binding irrespective of the irregularity, invalidity or unenforceability under any laws, regulations or decrees of the Borrower of the Note, the Agreement or other instruments related thereto.

DSAA hereby waives diligence, demand, protest, presentment and any requirement that the Lender exhaust any right or power to take any action against the Borrower and any

notice of any kind whatsoever other than the demand for payment required to be given to DSAA hereunder in the event of default on a payment due under the Note.

In the event of failure of the Borrower to make payment, when and as due, of any installment of principal or interest under the Note, the DSAA shall make payment immediately to the Lender upon demand to the DSAA after the Borrower's failure to pay has continued for 10 calendar days. The amount payable under this Guaranty shall be ninety percent (90%) of the amount of the overdue installment of principal and interest, plus ninety percent (90%) of any and all late charges and interest thereon as provided in the Agreement. Upon payment by DSAA to the Lender, the Lender will assign to DSAA, without recourse or warranty, ninety percent (90%) of all of its rights in the Note and the Agreement with respect to such payment.

In the event of a default under the Agreement or the Note by the Borrower and so long as this Guaranty is in effect and the DSAA is not in default hereunder:

(i) The Lender or other holder of the Note shall not accelerate or reschedule payment of the principal or interest on the Note or any other note of the Borrower guaranteed by DSAA except with the written approval of DSAA; and

(ii) The Lender shall, if so directed by DSAA, invoke the default provisions of the Agreement.

Subject to the limitations set forth below, the Lender's rights under this Guaranty may be assigned to any individual, corporation, partnership, or other association doing business in the United States of America. In the event of such assignment DSAA shall be promptly notified. The Lender will not agree to any material amendment of the Agreement or Note or consent to any material deviation from the provisions thereof without the prior written consent of DSAA.

The successors and assigns of the Lender under this Guaranty ("Beneficiaries") shall be severally bound by, and shall be severally entitled to, the rights and obligations of the Lender under the Note, the Agreement, and this Guaranty. The Lender shall maintain a current, accurate written record of the names, addresses, amount of financial interest in the Note and Agreement, and date of acquisition of such interest of each Beneficiary, and shall

furnish DSAA a copy of such record on its demand without charge. No assignment by the Lender or by any Beneficiary shall be effective for purposes of this Guaranty unless and until so recorded by the Lender.

The total amount of this Guaranty shall not at any time exceed ninety percent (90%) of the outstanding principal, unpaid accrued interest and arrearages, if any, under the Note and Agreement, including any portion or derivative thereof.

This Guaranty shall cease to be effective if the ninety percent guaranteed portion of the total amount of the Note (or any portion thereof) is at any time separated from the ten percent unguaranteed portion of the total amount of the Note (or any portion thereof) in any way, directly or through the issuance of participation shares or undivided ownership interests which have an exclusive or preferred claim to the guaranteed portion of the total amount of the Note (or any portion thereof) or through the issuance of notes, bonds or other obligations collateralized by an exclusive or prior security interest in the guaranteed portion of the total amount of the Note (or any portion thereof). The ninety percent guaranteed portion of the total amount of the Note (or any portion or derivative thereof) may not at any time be separated from the ten percent unguaranteed portion of the total amount of the Note (or any portion or derivative thereof) in any way, directly or indirectly, including without limitation through the issuance of participation shares or undivided ownership interests which have an exclusive or preferred claim to the guaranteed portion of the total amount of the Note (or any portion or derivative thereof) or through the issuance of notes, bonds or other obligations collateralized by an exclusive or prior security interest in the guaranteed portion of the total amount of the Note (or any portion or derivative thereof), such that any holder of the Note, or any portion thereof, or any derivative thereof representing a direct or indirect claim to payment made from payments on the Note, would receive more than ninety percent of any payment due to such holder from payments made under this Guaranty at any time during the term of the Note or the Agreement.

This Guaranty is fully and freely transferable to the eligible assignees set forth

above, except that it shall cease to be effective to the extent that the Note or the Agreement or any portion or derivative thereof is used to provide significant support for any non-registered obligation.

This Guaranty shall cease to be effective if the ten percent unguaranteed portion of the total amount of the Note becomes collateralized or secured in any manner whatsoever, in whole or in part, directly or indirectly, by an obligation or obligations of the United States Government or any of its agencies.

The full faith and credit of the United States is pledged to the performance of this Guaranty. No claim which the United States may now or hereafter have against the Lender or any Beneficiary for any reason whatsoever shall affect in any way the right of the Lender or any Beneficiary to receive full and prompt payment of any amount otherwise due under this Guaranty. The United States represents and warrants that (a) it has full power, authority and legal right to execute, deliver and perform this Guaranty, (b) this Guaranty has been executed in accordance with and pursuant to the terms and provisions of Section 24 of the Act and the provisions of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1988, under the heading "Foreign Military Sales Debt Reform," (c) this Guaranty has been duly executed and delivered by a duly authorized representative of DSAA, and (d) this Guaranty constitutes the valid and legally binding obligations of the United States, enforceable in accordance with the terms hereof.

Any notice, demand, or other communication hereunder shall be deemed to have been given if in writing and actually delivered to the Comptroller, DSAA, the Pentagon, Washington, DC 20301, or the successor, or such other place as may be designated in writing by the Comptroller, DSAA or the successor thereof.

By acceptance of the Note, the Lender agrees to the terms and conditions of this Guaranty.

Dated: _____

By: _____

DIRECTOR, DSAA

(b) The obligations of DSAA under the Guarantee are expressly limited to those obligations contained in the form of Guarantee set forth in paragraph (a) of this section. Any provisions of any agreement relating to the Private Loan purporting to create obligations on the part of DSAA which are inconsistent with the terms of the Guarantee or any other provision of this part shall be unenforceable against DSAA.

§ 25.407 Savings clause.

Nothing in this regulation is intended to authorize any private United States financial institution to engage in any activity not otherwise authorized or permitted for such institution under any applicable laws of the United States, any territory or possession of the United States, any State, or the District of Columbia.

Date: March 18, 1988.

Charles O. Sethness,

Assistant Secretary for Domestic Finance

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