(5) Jet skis and vessels without mechanical propulsion are prohibited from the parade route.

(6) Northbound vessels of length in excess of 80 feet and without mooring arrangements made prior to February 1, 1997 are prohibited from entering Seddon Channel, unless the vessel is officially entered in the Gasparilla Marine Parade. All northbound vessels, not officially entered in the Gasparilla Marine Parade, in excess of 80 feet without prior mooring arrangements must use the alternate route through Sparkman Channel.

(c) *Effective Date.* This regulation becomes effective at 9 a.m. EST and terminates at 2:30 p.m. EST on February 1, 1997.

Dated: January 2, 1997.

R.C. Olsen, Jr.,

Captain U.S. Coast Guard, Acting Commander, Seventh Coast Guard District.

[FR Doc. 97–1797 Filed 1–23–97; 8:45 am]

BILLING CODE 4910–14–M

33 CFR Parts 154 and 156

[CGD 93–056]

RIN 2115–AE59

Facilities Transferring Oil or Hazardous Materials in Bulk

AGENCY: Coast Guard, DOT.

ACTION: Correction to final rule.

SUMMARY: On August 8, 1996, the Coast Guard published a final rule revising the regulations covering facilities transferring oil or hazardous materials in bulk. Following issuance of the final rule, the Coast Guard received comments expressing confusion over the definition of ''marine transfer area'' in the final rule. Because the intent was to update and clarify the current regulations, and the public has concerns about the clarity of this definition, the Coast Guard is correcting the definition of ''marine transfer area''.

DATES: This regulation becomes effective on February 5, 1997.

FOR FURTHER INFORMATION CONTACT: Lieutenant Commander John W. Farthing, Office of Compliance, (202) 267–0505.

SUPPLEMENTARY INFORMATION: Accordingly, page 41458 of the final rule published on August 8, 1996 (61 FR 41452), first column, in the text of § 154.105, in the definition of ''Marine transfer area'' line 8, the words ''around the bulk storage tank'' are deleted and at line 9, the words ''or 49 CFR 195.264'' are added immediately following the words ''40 CFR 112.7'' and immediately before the word ''inland''.

Dated: January 15, 1997.

J.C. Card,

Rear Admiral, U.S. Coast Guard, Assistant Commandant for Marine Safety and Environmental Protection.

[FR Doc. 97–1750 Filed 1–23–97; 8:45 am]

BILLING CODE 4910–14–M

DEPARTMENT OF VETERANS AFFAIRS

38 CFR Part 36

RIN 2900–AH90

Loan Guaranty: Limitation on Discount Points Financed in Connection With Interest Rate Reduction Refinancing Loans

AGENCY: Veterans Benefits Administration, Department of Veterans Affairs.

ACTION: Final rule.

SUMMARY: This document adopts as a final rule, without change, an interim final rule that amends VA's loan guaranty regulations concerning points allowed to be included in Interest Rate Reduction Refinancing Loans. This rule limits to two the amount of discount points that may be included in the loan. This rule is necessary to help ensure that veterans are not overcharged with excessive points and to protect the Government against the danger of overinflated loans.

EFFECTIVE DATE: January 24, 1997.

FOR FURTHER INFORMATION CONTACT: Ms. Judith Caden, Assistant Director for Loan Policy (264), Loan Guaranty Service, Veterans Benefits Administration, Department of Veterans Affairs, 810 Vermont Avenue, Washington, DC 20420, (202) 273–7368.

SUPPLEMENTARY INFORMATION: On February 28, 1996, VA published in the **Federal Register** (61 FR 7414) an interim final rule with request for comments. The rule amended VA's loan guaranty regulations by limiting to two the amount of points that may be included in VA-guaranteed Interest Rate Reduction Refinancing Loans (IRRRLs). We requested that comments on the interim final rule be submitted on or before April 29, 1996. We received 5 comments: from lenders, lender employees, and associations representing both veterans and lenders.

The first commenter, a lender trade organization, observed that while VA had appropriately responded to an abusive practice, the establishment of a point ceiling still introduced an artificial limitation in the marketplace. This commenter asserted that lenders must be able to react quickly to swings in mortgage interest rates. The commenter further asserted that one mechanism used to accomplish this is the use of points, especially in a scenario where interest rates are changing rapidly. The commenter suggested that VA establish a mechanism to increase the two-point ceiling in times of significant changes in the mortgage marketplace.

The second commenter, also a lender trade organization, noted that the rule would prohibit certain transactions that are beneficial to veterans, i.e., the practice of permitting a veteran to ''buy down'' the interest rate. The commenter further asserted that often the number of points charged in these cases is more than two and that allowing the veteran to take advantage of this option affords the veteran the fullest flexibility in the trade-off between interest rate and points. The commenter suggested that instead of limiting the number of points that can be financed, VA adopt an approach that limits the loan-to-value ratio (LTV) of the loan, noting that lenders routinely determine and consider LTVs as part of the underwriting process. The commenter suggested VA combine an LTV limit with a prohibition on increasing the monthly payment, and thereby limit the Government's risk in a less restrictive fashion.

The third commenter also thought that the rule was too restrictive, and suggested that VA allow lenders who set points in a responsible and competitive manner be allowed to continue to finance more than two points. The commenter asserted that VA should stop doing business with lenders found to be charging excessive discount points. This commenter also argued that lenders and borrowers need the availability of several pricing options, and that otherwise, when rates begin rising, lenders could be forced to charge a rate that was unacceptably high to the veteran and higher than it needed to be.

The fourth commenter, a lender employee, argued that a case could be made for a limit of one point financed in the loan. The fifth comment was from an organization representing veterans. The commenter asserted that many veterans needing to refinance their mortgages lack the cash that would be needed to pay excess points, and, therefore, by limiting their ability to finance points, we are effectively forcing them to take a higher rate than they would otherwise be able to obtain if they were permitted to finance a greater amount of points.

The suggestion that VA base its decision on how many points may be

added into the loan on the Loan to Value Ratio (LTV) does address the question of risk. However, in order to determine LTV an appraisal must be performed. One of the cornerstones of the IRRRL program is that an appraisal is not needed. If appraisals were required on IRRRLs the cost to veterans would increase, on average, by more than $300 per transaction (added into the loan) and the time needed to close the loan would be increased by up to three weeks. In light of the fact that we believe IRRRLs were intended to ''streamline'' refinances, we do not believe that the requirement of an appraisal is desirable or appropriate.

When the legislation which authorized the IRRRL program was considered by the Congress in 1980, interest rates had recently been as high as 14 percent. Prior to April 1979, interest rates on VA home loans had never reached 10 percent. The purpose of the IRRRL was, and is, to allow veterans to make better use of their home loan benefit by taking advantage of reduced market interest rates. The program was not designed to allow veterans to artificially buy down the interest rate by including increased points in the loan. Instead it was to assist veterans who obtained VA loans during periods of high interest rates to lower those rates, and consequently their monthly mortgage payments, when market rates returned to more reasonable levels. It has also been suggested that VA allow lenders who set points in a ''responsible and competitive manner'' to continue financing more than two points and stop doing business with lenders found to be charging excessive discount points. We do not believe it is feasible to attempt to administer such an imprecise standard, both for individual loans and for determining which lenders would be permitted to continue participating in the VA program.

Obviously, the fullest flexibility would allow for veterans to include any amount of points in the loan. However, the provisions of 38 U.S.C. 3710(e)(1)(C)(i) which allow VA to limit the points included in a loan indicate that other factors may be more important. We believe that a limit of two points in the loan amount provides the appropriate balance needed to provide flexibility with respect to amounts of points, to protect veterans against overcharging with excessive points, and to protect the Government against overinflated loans.

We understand and have considered the concerns of the commenters. However, we are not persuaded that any of the alternate approaches would be a satisfactory solution to the problem. None of the proposed alternatives offers a simpler alternative which affords the same degree of protection to veterans and the Government. The suggested alternative approaches would introduce new complications in the form of adjustable point ceilings, LTV ceilings, and new prohibitions on the size of the monthly payment. We prefer to retain the streamlined approach for these loans that made them so popular in the first place.

We would also like to clarify a point of possible confusion. A number of lenders contacted VA by telephone in response to this action to inquire whether the two-point limit included the origination fee as one of the two allowable points. The answer is no. Under 38 CFR 36.4312, a lender making a VA guaranteed loan is authorized to collect an ''origination fee'' of up to one percent of the loan amount as compensation for the miscellaneous cost of originating a loan. This fee is separate and apart from the charging of discount points, and can be included in the loan amount on an IRRRL as an allowable charge.

VA appreciates the interest of the commenters and thanks them for their thoughtful remarks.

Because no notice of proposed rulemaking was required in connection with the adoption of this interim final rule, no regulatory flexibility analysis is required under the Regulatory Flexibility Act (5 U.S.C. 601–612).

Based on the rationale set forth in the interim rule document amending 38 CFR part 36 which was published at 61 FR 7414 on February 28, 1996, we are adopting the provisions of the interim rule as a final rule without change.

Approved: October 9, 1996.

Jesse Brown,

Secretary of Veterans Affairs.

[FR Doc. 97–1656 Filed 1–23–97; 8:45 am]

BILLING CODE 8320–01–P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 281

[FRL–5677–5]

Alabama; Final Approval of State Underground Storage Tank Program

AGENCY: Environmental Protection Agency.

ACTION: Notice of final determination on the State of Alabama's application for final approval.

SUMMARY: The State of Alabama has applied for approval of its underground storage tank program for petroleum and hazardous substances under subtitle I of the Resource Conservation and Recovery Act (RCRA). The Environmental Protection Agency (EPA) has reviewed Alabama's application and has reached a final determination that Alabama's underground storage tank program for petroleum and hazardous substances satisfies all of the requirements necessary to qualify for approval. Thus, EPA is granting final approval to the State of Alabama to operate its underground storage tank program for petroleum and hazardous substances.

EFFECTIVE DATE: Final approval for the State of Alabama shall be effective at 1:00 pm Eastern Standard Time on March 25, 1997.

FOR FURTHER INFORMATION CONTACT: Mr. John K. Mason, Chief, Underground Storage Tank Section, U.S. EPA, Region 4, Atlanta Federal Center, 100 Alabama Street S.W., Atlanta, Georgia 30303, phone number: (404) 562–9441.

SUPPLEMENTARY INFORMATION:

A. Background

Section 9004 of the Resource Conservation and Recovery Act (RCRA) authorizes the Environmental Protection Agency (EPA) to approve State underground storage tank programs to operate in the State in lieu of the federal underground storage tank (UST) program. To qualify for final authorization, a state's program must: (1) be ''no less stringent'' than the federal program for the seven elements set forth at RCRA Section 9004(a) (1) through (7); and (2) provide for adequate enforcement of compliance with UST standards of RCRA Section 9004(a).

On July 26, 1994, the State of Alabama submitted an official application to obtain final program approval to administer the underground storage tank program for petroleum and hazardous substances. On October 4, 1996, EPA published a tentative decision announcing its intent to grant Alabama final approval. Further background on the tentative decision to grant approval appears at 61 FR 51875, October 4, 1996.

Along with the tentative determination, EPA announced the availability of the application for public comment and the date of a public hearing on the application. EPA requested advance notice for testimony and reserved the right to cancel the public hearing for lack of public interest. Since there was no public request, the public hearing was