

(i) The borrower has exhausted all other servicing provisions contained in this subpart;

(ii) The borrower is experiencing severe financial problems;

(iii) Any management deficiencies must have been corrected or the borrower must submit a plan acceptable to the State Office to correct any deficiencies before an interest rate adjustment may be considered;

(iv) Borrower user rates must be comparable to similar systems. In addition, the operating expenses reported by the borrower must appear reasonable in relation to similar system expenses;

(v) The borrower has cooperated with Rural Development in exploring alternative servicing options and has acted in good faith with regard to eliminating the delinquency and complying with its loan agreements and agency regulations; and

(vi) The borrower's account must be delinquent at least one annual debt payment for 180 days.

(2) *Conditions of approval.* All borrowers approved for an adjustment in the rate of interest by the Administrator shall agree to the following conditions:

(i) The borrower shall agree not to maintain cash or cash reserves beyond what is reasonable at the time of interest rate adjustment to meet debt service, operating, and reserve requirements.

(ii) A review of the borrower's management and business operations may be required at the discretion of the State Director. This review shall be performed by an independent expert who has been recommended by the State Director and approved by the National Office. The borrower must agree to implement all recommendations made by the State Director as a result of the review.

(iii) If requested, a copy of the latest audited financial statements or management report must be submitted to the Administrator.

(3) *Reamortization.* At the discretion of the Administrator, the interest rate charged on outstanding loans of eligible borrowers may be adjusted to no less than the poverty interest rate and the term of the loans may be extended up to a new 40 year term or the remaining useful life of the facility, whichever is less.

Dated: June 18, 1998.

Jill Long Thompson,

Under Secretary Rural Development.

[FR Doc. 98-20914 Filed 8-4-98; 8:45 am]

BILLING CODE 3410-XV-U

DEPARTMENT OF AGRICULTURE

Rural Housing Service

Rural Business-Cooperative Service

Rural Utilities Service

Farm Service Agency

7 CFR Part 1955

Property Management

AGENCIES: Rural Housing Service, Rural Business-Cooperative Service, Rural Utilities Service, and Farm Service Agency, USDA.

ACTION: Final rule.

SUMMARY: The Agencies are revising their Property Management regulations to clarify changes in definitions that only affect Real Estate Owned (REO) by the Agency, and not a customer's account. This action is being taken to update and correct the definitions of the terms "nonrecoverable" and "recoverable." The intended effect is to improve the Agencies' recordkeeping systems.

EFFECTIVE DATE: August 5, 1998.

FOR FURTHER INFORMATION CONTACT: Carl Muhlbauer, Program Support Staff, Rural Housing Service, U.S. Department of Agriculture, Stop 0761, South Agriculture Building, 1400 Independence Avenue SW., Washington, DC 20250-0761; telephone (202) 690-2141.

SUPPLEMENTARY INFORMATION:

Classification and Summary of Changes

This action is not subject to the provisions of Executive Order 12866 since it only involves a change in the way the Agencies perform their accounting. In pre-Credit Reform practice, taxes were paid out of the revolving funds, making it impossible to identify and credit later tax payment reimbursements to the properties affected. This change will allow the Agencies to more precisely charge and credit tax payments related to Real Estate Owned (REO) property by associating them with the specific properties on which taxes are invoiced. Property management regulation definitions of "nonrecoverable" and "recoverable" and policy and procedure for related Agency expenditures are being revised to conform to certain definitions and cost accounting developed under the Credit Reform Act as implemented through the Office of Management and Budget Circular A-34. Definitions developed under OMB guidance, intended to distinguish between administrative expenses

directly related to program operations (nonrecoverable), and expenses directly related to and chargeable to a borrower or REO account (recoverable), including the costs of foreclosing, managing, and selling collateral, have been in use under unpublished internal Agency policy (RD Instruction 2024-A). Property Management regulations were never revised to reflect the change in definitions. These revisions do not affect the legal or actual recoverability of a charge from a borrower. The replacement of the term "nonrecoverable costs" with "recoverable costs" in §§ 1955.67, 1955.68, and 1955.69 affects only REO property, not a borrower account. Since the public is not affected by this rulemaking change, publication for notice and comment is not necessary.

Programs Affected

These programs or activities are listed in the Catalog of Federal Domestic Assistance and are subject to the provisions of Executive Order 12372 which require intergovernmental consultation with State and local officials under the following numbers:

- 10.405—Farm Labor Housing Loans and Grants
- 10.407—Farm Ownership Loans
- 10.411—Rural Housing Site Loans
- 10.415—Rural Rental Housing Loans
- 10.416—Soil and Water Loans
- 10.421—Indian Tribes and Tribal Corporation Loans
- 10.760—Water and Waste Disposal Systems for Rural Communities
- 10.764—Resource Conservation and Development Loans
- 10.765—Watershed Protection and Flood Prevention Loans
- 10.766—Community Facilities Loans
- 10.767—Intermediary Relending Program
- 10.768—Business and Industrial Loans
- 10.770—Water and Waste Disposal Loans and Grants

The following programs or activities are excluded from the scope of Executive Order 12372 which requires intergovernmental consultation with State and local officials, under the following numbers:

- 10.404—Emergency Loans
- 10.406—Farm Operating Loans
- 10.443—Outreach and Assistance Grants for Socially Disadvantaged Farmers and Ranchers
- 10.850—Rural Electrification Loans and Loan Guarantees

Paperwork Reduction Act

The information collection requirements contained in this regulation have been approved by the

Office of Management and Budget (OMB) under the provisions of 44 U.S.C. chapter 35 and have been assigned OMB control numbers 0575-0109 and 0575-0110 in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3507). This rule does not revise or impose any new information collection or recordkeeping requirements.

Unfunded Mandates Reform Act

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA), Pub. L. 104-4, establishes requirements for Federal agencies to assess the effects of their regulatory actions on State, local, and tribal governments and the private sector. Under section 202 of the UMRA, the Agencies generally must prepare a written statement, including a cost benefit analysis, for proposed and final rules with "Federal mandates" that may result in expenditures to State, local, or tribal governments, in the aggregate, or to the private sector, of \$100 million or more in any one year. When such a statement is needed for a rule, section 205 of the UMRA generally requires the Agencies to identify and consider a reasonable number of regulatory alternatives and adopt the least costly, more cost-effective or least burdensome alternative that achieves the objectives of the rule.

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

Regulatory Flexibility Act

The undersigned certify that this rule will not have a significant impact on a substantial number of small entities as defined under the Regulatory Flexibility Act. Pub. L. 96-534, as amended (5 U.S.C. 601). No actions are being taken under this rule that affect small entities. These changes only affect Agency recordkeeping. Therefore, a Regulatory Flexibility Analysis has not been prepared.

Environmental Impact Statement

It is the determination of the issuing Agencies that this action is not a major Federal action significantly affecting the environment and, in accordance with the National Environmental Policy Act of 1969, Pub. L. 91-190, an Environmental Impact Statement is not required.

Executive Order 12988

This rule has been reviewed in accordance with Executive Order 12988, Civil Justice Reform. In accordance with

this rule: (1) All State and local laws and regulations that are in conflict with this rule will be preempted; (2) no retroactive effect will be given to this rule; and (3) administrative proceedings in accordance with 7 CFR parts 11, and 1900, subpart B or 780, as applicable, must be exhausted before bringing suit in court challenging action taken under this rule unless those regulations specifically allow bringing suit at an earlier time.

List of Subjects in 7 CFR Part 1955

Foreclosure, Government acquired property, Government property management Chapter XVIII, 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: 5 U.S.C. 301; 7 U.S.C. 1989; 42 U.S.C. 1480.

Subpart A—Liquidation of Loans Secured by Real Estate and Acquisition of Real and Chattel Property

2. Section 1955.3 is amended by revising the definitions of "Nonrecoverable costs" and "Recoverable costs" to read as follows:

§ 1955.3 Definitions.

* * * * *

Nonrecoverable cost is a contractual or noncontractual program loan cost expense not chargeable to a borrower, property account, or part of the loan subsidy.

* * * * *

Recoverable cost is a contractual or noncontractual program loan cost expense chargeable to a borrower, property account, or part of the loan subsidy.

* * * * *

Subpart B—Management of Property

3. Section 1955.53 is amended by revising the definitions of "Nonrecoverable costs" and "Recoverable costs" to read as follows:

§ 1955.53 Definitions.

* * * * *

Nonrecoverable cost is a contractual or noncontractual program loan cost expense not chargeable to a borrower, property account, or part of the loan subsidy.

* * * * *

Recoverable cost is a contractual or noncontractual program loan expense

chargeable to a borrower, property account, or part of the loan subsidy.

* * * * *

§§ 1955.67—1955.71 [Removed and Reserved]

4. Sections 1955.67 through 1955.71 are removed and reserved.

Dated: May 19, 1998.

Jan E. Shadburn,

Administrator, Rural Housing Service.

Dated: May 21, 1998.

William P. Hagy,

Acting Administrator, Rural Business-Cooperative Service.

Dated: May 28, 1998.

Wally B. Beyer,

Administrator, Rural Utilities Service.

Dated: June 1, 1998.

Keith Kelly,

Administrator, Farm Service Agency.

[FR Doc. 98-20393 Filed 8-4-98; 8:45 am]

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 98-CE-54-AD; Amendment 39-10584; AD 98-12-31]

RIN 2120-AA64

Airworthiness Directives; British Aerospace Jetstream Model 3101 Airplanes

AGENCY: Federal Aviation Administration, DOT.

ACTION: Direct final rule; confirmation of effective date.

SUMMARY: This action confirms the effective date of Airworthiness Directive (AD) 98-12-31, which applies to certain British Aerospace Jetstream Model 3101 airplanes. AD 98-12-31 requires repositioning the fuel cross feed pipes in the lower center fuselage to give an overall clearance of 2 inches when measuring from the bottom of Frame Station 223. This AD was the result of mandatory continuing airworthiness information (MCAI) issued by the airworthiness authority for the United Kingdom. The actions specified in this AD are intended to prevent the fuel pipe from fracturing during a wheels up landing because of the positioning of the fuel cross feed pipes, which could result in an airplane fire.

EFFECTIVE DATE: September 10, 1998.

FOR FURTHER INFORMATION CONTACT: Mr. S.M. Nagarajan, Aerospace Engineer, FAA, Small Airplane Directorate,