

In connection with implementation of the proposed rule the Government plans to begin using a printed form as a loan agreement rather than preparing a loan agreement for each loan based on an exhibit to the regulation. The taskforce recommended an additional step of having one loan agreement serve for multiple loans to the same intermediary. The pertinent language suggested was: "For subsequent loans with no substantial changes to the intermediary's work plan, an amendment to the existing loan agreement shall be executed at loan closing for each subsequent loan." Should subsequent IRP loans to the same intermediary be handled by amendments to the original loan agreement rather than with entirely new loan agreements?

14. Applications.

Should there be more specific requirements for the intermediary's workplan to address issues such as mission, goals, targeting criteria for recipients, and accompanying technical assistance to recipients to ensure that the IRP program achieves tangible outcomes for rural community and economic development and functions in keeping with the Government Performance and Results Act? The taskforce recommended application requirements be further revised, in § 1948.122(a)(2)(iii) of the proposed rule, to provide that the demonstration of need could be met through targeting criteria and supporting evidence that such prospective ultimate recipients exist in sufficient numbers to justify funding the intermediary's request. Would this approach be appropriate? The taskforce recommended further revising the application requirements by requiring the proposed intermediary to provide a set of goals, strategies, and anticipated outcomes for its program and a mechanism for evaluating the outcome of its IRP loan program. The taskforce also recommended requiring each proposed intermediary to provide specific information on how it will ensure that technical assistance will be made available to ultimate recipients. Are these reasonable and worthwhile requirements?

15. Community representation.

Should the 10 county service area limitation (for priority points, § 1948.123(c)(5)) be changed to 14 as recommended by the taskforce?

16. Targeting priorities.

Should the proposed scoring criteria be further modified to place greater emphasis on such factors as community and beneficiary targeting, conformance with regional or community development plans, and encouragement

of smaller-size loans, with proportionately less emphasis on the intermediary's own resources and its ability to leverage funds? Specifically, the taskforce recommended the following: Reduce the available points for other funds (§ 1948.123(c)(1)(i)) from 10, 20, or 30 to 5, 10, or 15; Reduce the available points for other intermediary funds (§ 1948.123(c)(1)(ii)) from 10, 20, or 30 to 5, 10, or 15; Reduce the available points for intermediary contribution (§ 1948.123(c)(3)) from 15, 30, or 50 to 5, 10, or 15; Add a new provision to award points based on the average size of loans expected to be made to ultimate recipients, with 5 points for loans over \$125,000, 10 points for loans of \$75,000 to \$125,000, 15 points for loans of \$25,000 to \$75,000, and 30 points for loans less than \$25,000; Add, to the guidelines for justifying administrator points (§ 1948.123 (c)(6)), reference to a workplan in accord with a strategic plan, particularly a plan prepared as part of a request for an Empowerment Zone/Enterprise Community designation. Comments are welcomed on each of these potential changes in the priority system.

17. Bad debt reserve.

Is 15 percent of the IRP portfolio an appropriate amount of bad debt reserve for most intermediaries (§ 1948.115(b)(2))? If not, what level of reserve should be suggested or required?

18. Hotels and motels.

The proposed rule removes a general prohibition on loans for recreation and tourism facilities, but retains a prohibition on loans for hotels, motels, bed and breakfast establishments, and convention centers. This prohibition was based on perceptions that loans on such facilities were high risk and the jobs created were low paying. Are these perceptions valid? Should these facilities be made eligible and considered on the merits of each case?

Lists of Subjects

7 CFR Part 1948

Business and industry, Credit, Economic Development, Rural areas.

7 CFR Part 1951

Loan programs—Agriculture, Rural areas.

Accordingly, Title 7, Chapter XVIII, of the Code of Federal Regulations is proposed to be amended as follows:

PART 1948—RURAL DEVELOPMENT

1. The authority citation for Part 1948 continues to read as follows:

Authority: 7 U.S.C. 1932 note; 5 U.S.C. 301; 7 CFR 2.23; 7 CFR 2.70.

2. Subpart C of part 1948 is revised to read as follows:

Subpart C—Intermediary Relending Program (IRP)

Sec.

- 1948.101 Introduction.
- 1948.102 Definitions and abbreviations.
- 1948.103 Eligibility requirements—intermediary.
- 1948.104 Eligibility requirements—Ultimate recipients.
- 1948.105–1948.108 [Reserved]
- 1948.109 Loan purposes.
- 1948.110 Ineligible loan purposes.
- 1948.111 Loan terms.
- 1948.112 Interest rates.
- 1948.113 Security.
- 1948.114 Loan limits.
- 1948.115 Post award requirements.
- 1948.116 [Reserved]
- 1948.117 Other regulatory requirements.
- 1948.118 Loan agreements between the Agency and the intermediary.
- 1948.119–1948.121 [Reserved]
- 1948.122 Application.
- 1948.123 Filing and processing applications for loans.
- 1948.124 [Reserved]
- 1948.125 Letter of conditions.
- 1948.126 Loan approval and obligating funds.
- 1948.127 Loan closing.
- 1948.128 Requests to make loans to ultimate recipients.
- 1948.129–1948.142 [Reserved]
- 1948.143 Appeals.
- 1948.144–1948.147 [Reserved]
- 1948.148 Exception authority.
- 1948.149 [Reserved]
- 1948.150 OMB control number.

Subpart C—Intermediary Relending Program (IRP)

§ 1948.101 Introduction.

(a) This subpart contains regulations for loans made by the Agency to eligible intermediaries and applies to borrowers and other parties involved in making such loans. The provisions of this subpart supersede conflicting provisions of any other subpart. The servicing and liquidation of such loans will be in accordance with subpart R of part 1951 of this chapter.

(b) The purpose of the program is to finance business facilities and community development projects in rural areas. This purpose is achieved through loans made to intermediaries that establish programs for the purpose of providing loans to ultimate recipients for business facilities and community developments in a rural area.

(c) Proposed intermediaries are required to identify any known relationship or association with an Agency employee. Such assistance is restricted by FmHA Instruction 2045–BB. Any processing or servicing activity conducted pursuant to this subpart involving authorized assistance to