

agreements for the performance of experimental, developmental, or research work must provide for the rights of the Federal Government and the recipient in any resulting invention in accordance with 37 CFR part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.

6. *Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.)*, as amended—Contracts and subawards of amounts in excess of \$100,000 must contain a provision that requires the recipient to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251 et seq.). Violations must be reported to the DOS and the Regional Office of the Environmental Protection Agency (EPA).

7. *Byrd Anti-Lobbying Amendment (31 U.S.C. 1352)*—Contractors who apply or bid for an award of \$100,000 or more must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, officer or employee of Congress, or an employee of a Member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the recipient.

8. *Debarment and Suspension (Exec. Order No. 12549 and 12689)*—No contract shall be made to parties listed on the General Services Administration's List of Parties Excluded from Federal Procurement or Nonprocurement Programs in accordance with Exec. Order No. 12549 and 12689, "Debarment and Suspension." This list contains the names of parties debarred, suspended, or otherwise excluded by agencies, and contractors declared ineligible under statutory or regulatory authority other than Exec. Order No. 12549. Contractors with awards that exceed the small purchase threshold must provide the required certification regarding its exclusion status and that of its principal employees.

Dated: July 18, 1995.

Janet Reno,

Attorney General.

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DEPARTMENT OF VETERANS AFFAIRS

38 CFR Part 36

RIN 2900-AG14

Loan Guaranty: Implementation of Public Laws 102-547, 103-66, 103-78, 103-325, 103-353, and 103-446

AGENCY: Veterans Benefits Administration, Department of Veterans Affairs.

ACTION: Final rule.

SUMMARY: This document amends the Department of Veterans Affairs (VA) loan guaranty regulations to implement certain provisions of various public laws. VA is amending its regulations to provide for loans to Reservists and members of the National Guard, loans with negotiated interest rates, adjustable rate mortgages, restoration of entitlement in certain cases, energy efficient mortgages, and flood zone determination fees. VA is also amending its regulations in the areas of manufactured housing certifications, certain interest rate reduction refinancing loans, and conveyance of properties notwithstanding overbids. In addition, the regulations are amended to reflect a reduced funding fee for interest rate reduction refinancing loans and an increase in the maximum guaranty amount. These changes increase the types of loans available to veterans and the categories of veterans eligible for VA home loans.

EFFECTIVE DATE: This final rule is effective on August 25, 1995.

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

SUPPLEMENTARY INFORMATION: On February 24, 1994, VA published in the **Federal Register** (59 FR 8881) proposed regulatory amendments implementing Public Laws 102-547, 103-66, and 103-78. The proposed amendments were published to change: [1] 38 CFR 36.4312, to add a funding fee structure for loans to members of the Selected Reserves; [2] §§ 36.4212 and 36.4311, to allow VA guaranteed loans to bear interest at rates agreed upon by the veteran and the lender; [3] §§ 36.4212(b) and 36.4311(b), to provide that discount points cannot be financed, except for interest rate reduction refinancing loans; [4] §§ 36.4212 and 36.4311, to provide for VA guaranteed loans with adjustable interest rates; [5] §§ 36.4302 and

36.4336, to provide for energy efficient mortgages; [6] §§ 36.4232, 36.4254, and 36.4312, to reduce the funding fee for interest rate reduction refinancing loans to 0.50 percent of the total loan amount; [7] § 36.4312, to increase the funding fee on most guaranteed loans and for the second and subsequent use of the loan guaranty benefit, except for interest rate reduction refinancing loans; and [8] §§ 36.4223 and 36.4302, to revise the guaranty percentage for certain interest rate reduction refinancing loans. Please refer to the February 24, 1994, **Federal Register** for a complete discussion of the proposed amendments. This document adopts the regulatory amendments as originally proposed, except for a technical change discussed below, revisions of authority citations, amendments reflecting statutory changes made by Public Laws 103-325, 103-353, and 103-446, and non-substantive changes.

VA received three comments on the proposed amendments. Two commenters noted that the veteran is permitted to finance discount points on interest rate reduction refinancing loans, and suggested that the veteran be allowed to finance discount points on purchase loans as well. This suggestion cannot be adopted because the financing of discount points on purchase loans is prohibited by statute; see 38 U.S.C. 3703(c).

A third commenter supported the amendments which allow VA to guarantee a loan above the reasonable value of the property for the purpose of adding energy efficient improvements to the home. This commenter recommended that language be added to the regulations requiring "that financed energy improvements meet efficiency standards that exceed, by some pre-determined level, those otherwise applicable in the jurisdiction."

We do not believe it would be appropriate to require specific standards for energy efficient improvements. Local variations in climate, energy sources and energy efficiency requirements would make it difficult to implement and monitor the use of such standards. Furthermore, standards for energy efficient improvements could be perceived by program participants as unnecessarily complicating the lending process and have an adverse impact on this area of VA's home loan program.

This commenter also suggested that prior to the closing of a VA guaranteed loan the purchaser be required to obtain an energy audit which would provide an estimate of home energy consumption and information about potential cost-effective improvements to reduce that consumption. VA is