also maintained pursuant to the collective bargaining agreement between the Union and the participating employers. The Apprenticeship Plan is designed to provide funding for programs to recruit and train workers as iron workers and to provide continued and advanced training for existing iron workers. The Apprenticeship Plan had 554 participants and assets of \$324,262 as of July 31, 1992. The applicants represent that one employee of the Apprenticeship Plan is a participant in the Pension Plan. Therefore, the Apprenticeship Plan is a party in interest with respect to the Pension Plan.

3. On August 11, 1992, the Pension Plan made the Loan of \$141,601.36 to the Apprenticeship Plan. The Loan bears interest at a rate of 9.25%, and calls for equal monthly payments of \$1,457.35, consisting of both principal and interest, amortized over a 15 year period. A balloon payment is scheduled to be made by the Apprenticeship Plan at the end of the fifth year, at which time the Loan will be repaid in full. Spelman Baird & Warner, an independent mortgage banking firm located in Denver, Colorado, has reviewed the terms of the Loan and has represented that the terms of the Loan are reasonable and comparable to loans between unrelated parties being made at the time the Loan was entered into.

4. The Loan is secured by a first mortgage on the Property, which is real estate located at 3385 Walnut Street, Denver, Colorado. The Property is used by the Apprenticeship Plan to conduct the training and apprenticeship programs offered by the Apprenticeship Plan. The Property has been appraised by Curtis W. Wells, MAI, an independent appraiser in Denver, Colorado, as having a fair market value of \$233,000 as of June 25, 1992. Thus, the collateral-to-loan ratio for the Loan is approximately 165%.

5. The applicants represent that the Board of Trustees of each Plan determined that the Loan was in the best interest of its respective Plan. The applicants represent that there is one trustee who is common to both Plans, but that trustee has and will continue to abstain from all decisions involving the Loan. The applicants represent that none of the other members of either Board of Trustees will be representing any interests adverse to those of their respective Plans and will be acting for the exclusive benefit of their respective Plans.

6. RMI Capital Management Co. (RMI) is a registered investment adviser which is serving as an independent fiduciary for the Pension Plan with respect to this

transaction. RMI represents that at the request of the Pension Plan, RMI investigated the possibility of the Pension Plan making the Loan to the Apprenticeship Plan. RMI determined that the Loan was a good investment opportunity for the following reasons: (a) the Loan was adequately collateralized by the Property; (b) RMI negotiated the terms of the Loan with the Apprenticeship Plan and closed the transaction; (c) the rate of interest on the Loan is a market rate of interest which is consistent with current market rates being charged by other mortgage lenders; (d) RMI selected the appraiser independently and verified the appraisal as reasonable; and (e) RMI did an in-depth investigation of the Apprenticeship Plan's credit history and determined that the Apprenticeship Plan was a good credit risk and would have no difficulty meeting its obligations under the Loan.6

7. RMI represents that it is a partnership owned by JBGP Corporation and Strategic Property Advisors, Inc. RMI is not owned or controlled by either Plan, nor are any of RMI's employees participants or employees of the Plans. RMI represents that with respect to this transaction, it determined the facts surrounding the Loan, the valuation of the Property and the structure of the Loan. RMI has also monitored, and will continue to monitor the Loan on behalf of the Pension Plan and take whatever action is necessary to enforce the Pension Plan's rights under the Loan.

8. In summary, the applicants represent that the subject transaction meets the criteria of section 408(a) of the Act because: (a) the Loan represents approximately 0.39% of the assets of the Pension Plan; (b) the Loan is at fair market rate terms not less favorable to either Plan than those obtainable in an arm's-length transaction with unrelated parties; (c) the Property securing the Loan has been appraised by a qualified, independent appraiser as having a fair market value approximately 1.65 times the principal amount of the Loan; (d)

the trustees of both Plans have determined that the Loan is in the best interest of their respective Plans; (e) RMI, the Pension Plan's independent fiduciary, determined that the transaction is appropriate for, and in the best interest of, the Pension Plan, and (f) RMI has monitored, and will continue to monitor the Loan and take whatever action is necessary to enforce the Pension Plan's rights under the Loan. NOTICE TO INTERESTED PERSONS: Notice of the proposed exemption will be provided by first class mail to all interested persons within 30 days of the date of publication of the notice of pendency in the Federal Register. The notice will include a copy of the notice of proposed exemption and will inform interested persons of their right to comment with respect to the proposed exemption. Comments to the Department are due within 60 days of the date of publication of this notice of proposed exemption in the Federal Register.

FOR FURTHER INFORMATION CONTACT: Gary H. Lefkowitz of the Department, telephone (202) 219–8881. (This is not a toll-free number.)

## Employees' Savings Plan of Bassett-Walker, Inc. (the Plan) Located in Martinsville, Virginia; Proposed Exemption

[Application No. D-09894]

The Department is considering granting an exemption under the authority of section 408(a) of the Act and section 4975(c)(2) of the Code and in accordance with the procedures set forth in 29 CFR Part 2570, Subpart B (55 FR 32836, 32847, August 10, 1990). If the exemption is granted the restrictions of sections 406(a) and 406 (b)(1) and (b)(2) of the Act and the sanctions resulting from the application of section 4975 of the Code, by reason of section 4975(c)(1) (A) through (E) of the Code shall not apply to the proposed cash sale (the Sale) of the Guaranteed Investment Contract No. 62012 (the GIC) issued by Confederation Life Insurance Company of Atlanta, Georgia (Confederation) by the Plan to VF Corporation, a Pennsylvania corporation headquartered in Wyomissing, Pennsylvania, a party in interest with respect to the Plan; provided that (1) the Sale is a one-time transaction for cash; (2) the Plan experiences no loss nor incurs any expense from the Sale; and (3) the Plan receives as consideration from the Sale the greater of either the fair market value of the GIC as determined on the date of the Sale, or \$1.5 million, the principal amount of the GIC, plus simple interest accrued at

<sup>&</sup>lt;sup>6</sup>On November 1, 1991, Rocky Mountain Investors, Inc. (now known as RMI) entered into a Consent Order and Final Judgment (the CO) with the Department and the United States District for the District of Colorado in Martin v. Rocky Mountain Investors, Inc., et.al., Civil Action No. 91-S-1951 (D. Colo.). Pursuant to that CO, RMI agreed to comply with all terms of an attached "Rocky Mountain Investors, Inc. Investment Policy and Underwriting Criteria'' (the Guidelines) in carrying out its fiduciary responsibilities with respect to employee benefit plans under the Act. The Guidelines were incorporated by reference into the CO. RMI represents that it acted in compliance with the Guidelines in approving the Loan on behalf of the Pension Plan, and further that the Loan itself is in compliance with the Guidelines.