Rules and Regulations

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DEPARTMENT OF AGRICULTURE

Rural Housing Service

Rural Business-Cooperative Service

Rural Utilities Service

Farm Service Agency

7 CFR Part 1951

RIN 0560–AF78

Farm Loan Programs Account Servicing Policies—Servicing Shared Appreciation Agreements

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

ACTION: Final rule.

SUMMARY: This action amends the terms and servicing of Shared Appreciation Agreements. This final rule allows the remaining contributory value of capital improvements made during the term of the Shared Appreciation Agreement to be deducted when calculating the recapture amount under the agreement, reduces the maturity period of such agreements executed after the effective date of this issuance from 10 years to 5 years, and reduces the interest rate on Shared Appreciation loans from the Non-program loan rate to the Farm Loan Program Homestead Protection rate. These changes will give borrowers an opportunity to repay a portion of the Farm Service Agency (FSA) debt that was written off, while ensuring that the Government promptly recaptures some appreciation of the collateral. This rule also will encourage improvement of Agency security during the term covered by the Shared Appreciation Agreement.

DATES: This regulation is effective on August 18, 2000.

FOR FURTHER INFORMATION CONTACT: Michael C. Cumpton, telephone (202) 690–4014; electronic mail: mike_cumpton@wdc.fsa.usda.gov.

SUPPLEMENTARY INFORMATION:

Executive Order 12866

This rule has been determined to be significant and was reviewed by the Office of Management and Budget under Executive Order 12866.

Regulatory Flexibility Act

In compliance with the Regulatory Flexibility Act (5 U.S.C. 601–602), the undersigned has determined and certified by signature of this document that this rule will not have a significant economic impact on a substantial number of small entities. New provisions included in this rule will not impact a substantial number of small entities to a greater extent than large entities. Therefore, a regulatory flexibility analysis was not performed.

Environmental Evaluation

It is the determination of FSA that this action is not a major Federal action significantly affecting the environment. Therefore, in accordance with the National Environmental Policy Act of 1969, and 7 CFR part 1940, subpart G, 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) except as specifically stated in this rule, no retroactive effect will be given to this rule; and (3) administrative proceedings in accordance with 7 CFR parts 11 and 780 must be exhausted before seeking judicial review.

Executive Order 12372

For reasons contained in the notice related to 7 CFR part 3015, subpart V (48 FR 29115) June 24, 1983, the programs within this rule are excluded from the scope of E.O. 12372, which requires intergovernmental consultation with State and local officials.

The Unfunded Mandates Reform Act of 1995

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA) requires Federal agencies to assess the effects of their regulatory actions on State, local, and tribal governments or the private sector of $100 million or more in any 1 year. When such a statement is needed for a rule, section 205 of the UMRA requires FSA to prepare a written statement, including a cost/benefit assessment, for proposed and final rules with ''Federal mandates'' that may result in such expenditures for State, local, or tribal governments, in the aggregate, or to the private sector. UMRA generally requires agencies to consider alternatives and adopt the more cost effective or least burdensome alternative that achieves the objectives of the rule.

This rule contains no Federal mandates, as defined under 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 UMRA.

Executive Order 13132

The policies contained in this rule do not have any substantial direct effect on States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government. Nor does this rule impose substantial direct compliance costs on State and local governments. Therefore, consultation with the States is not required.

Paperwork Reduction Act

The amendments to 7 CFR part 1951 contained in this rule require no revisions to the information collection requirements that were previously approved by OMB (0560–0161) under the provisions of 44 U.S.C. chapter 35. A statement to this effect was published in the proposed rule on November 10, 1999 (64 FR 61221–61223) . No comments on the burden estimate were received.

Federal Assistance Programs

These changes affect the following FSA programs as listed in the Catalog of Federal Domestic Assistance:
10.404—Emergency Loans
10.406—Farm Operating Loans
10.407—Farm Ownership Loans

Discussion of the Final Rule

In response to the proposed rule published November 10, 1999, 45

respondents from 23 States commented. Comments were received from individuals, farm interest groups, attorneys, university professors, agricultural businesses, and State government officials. Comments and suggestions varied widely but focused primarily on the deduction of certain capital improvements when calculating Shared Appreciation Agreement recapture. The public comments are summarized as follows:

Reduction in Interest Rate on Amortized Shared Appreciation Agreement Recapture

The proposal to reduce the interest rate charged on amortized Shared Appreciation Agreement recapture from the Non-Program rate (10.25% as of March 1, 2000) to the Homestead Protection rate (6.75% as of March 1, 2000) received 17 comments. Of these comments, 10 were favorable toward the change while seven disagreed and suggested modifications or additions to the proposed language.

Two comments were similar in that they wished for the Shared Appreciation Agreement recapture amount to either be added to the program note and, therefore, receive program rates, or, be given the Farm Ownership rate (7.25% as of March 1, 2000). As stated in the proposed rule, the Homestead Protection rate was chosen as it is near the Federal borrowing rate and is already used in the Agency's Homestead Protection program. Therefore, this rate should give producers the greatest possible chance of success while still allowing FSA to collect the recapture funds due and protect its interests.

One respondent approved of the Homestead Protection rate for future amortizations and stated that it should also be used if existing Shared Appreciation notes are to be reamortized. This comment was adopted. If restructure is required, the Homestead Protection rate will also be used when reamortizing Shared Appreciation loans.

The other four respondents suggested that the rate be retroactive to various time periods, ranging from the inception of the Shared Appreciation Agreement program to the announcement of the proposed rule by the Secretary. The Agency has determined that the Homestead Protection rate will apply only to future Shared Appreciation Agreement recapture amortizations because the previous rates are fixed by the existing promissory notes. The payments shown on these notes created a positive cash flow in the farm business plan at the inception of existing Shared Appreciation loans. Therefore, Shared Appreciation loans will not be modified unless for reamortization in cases of delinquency or financial distress under 7 CFR part 1951, subpart S procedures where program loans are also involved. Under 7 CFR § 1951.909, Shared Appreciation loans of eligible borrowers will be reamortized at the lesser of the original note interest rate, or the current Homestead Protection interest rate. The nonprogram loans will not be considered for any other servicing options under that section.

Reduction in Term of Future Shared Appreciation Agreements

The proposal to change the term of future Shared Appreciation Agreements from 10 years to 5 years received 13 comments. Of these comments, six were in favor of the change, two suggested the term remain at 10 years, and four suggested modifications or additions to the proposed language. One felt the term should be 7½ years and another stated the program should be abolished.

Abolishment of the program is not deemed reasonable given the success of the program. Since its inception over 10 years ago, the program has resulted in the recovery of over $58 million in debt written down. Approximately 6,300 Shared Appreciation Agreements remain outstanding, and approximately 5,000 borrowers have held to their terms under their Shared Appreciation Agreements. Shared appreciation is an important part of Agency writedown of borrower debt. After writedown, the Agency continues to provide assistance on the balance of the borrower debt for continued borrower operation of the farm.

Two respondents suggesting alternate language supporting the 5 year term but felt the change should be retroactive to the 1999 announcement of the proposal by the Secretary. Retroactivity of the proposal is discussed above.

Other comments, which were outside the scope of the proposed rule, centered around the requirements for recapture at the end of the term if the land is not sold and recapture of 75% of appreciation in the first 4 years and 50% thereafter. While these comments need not be addressed, the Agency notes that these requirements are dictated by statute (7 U.S.C. § 2001(e)) and cannot be changed by regulation.

One of the two respondents supporting the present 10-year Shared Appreciation Agreement term, stated that the 10-year term allowed the Government the greatest opportunity to recapture a large portion of the debt written off and also benefitted borrowers by giving them the maximum amount of time to recover from the financial hardship. The other proponent of the 10-year term felt the 5-year term could present some problems as many borrowers will be coming off a deferral at that time and could even be, based on the years of eligibility limitations currently in place, ineligible for further loans. The Agency has not adopted the comments to retain the 10-year term for Shared Appreciation Agreements. This term originally was adopted to allow borrowers a lengthy period during which to recover from the circumstances causing their delinquency and need for writedown. However, during this term, land appreciation exceeded expectations in many farming communities while farm income fell due to sustained low commodity and livestock prices. These factors have resulted in shared appreciation recapture amounts beyond the repayment abilities of many borrowers now at or near the end of the term of their agreements. Though these borrowers have successfully serviced their remaining debt after writedown, they now face liquidation because they cannot repay recapture due. The Agency has determined that future Shared Appreciation Agreements will be limited to 5 years to lower the risk of substantial appreciation in land values and increase the ability of borrowers to repay a portion of such appreciation to the Government. This proposed policy change was well supported by public comments. The Agency believes that 5 years is an adequate period of time for most borrowers to recover from the financial difficulties causing their delinquency. Furthermore, this term is adequate to protect the interests of the Government, and, in most cases, will allow more accurate planning by the borrower. The reduced term also will reduce the Agency's administrative burden in monitoring the agreements. Existing Shared Appreciation Agreements will continue under the 10-year term as agreed to by the borrower and the Government.

One respondent supported a 7½-year term for Shared Appreciation Agreements as a compromise. The Agency rejects this unsupported comment in favor of a 5-year term for the reasons discussed above.

Deduction of Capital Improvements From Shared Appreciation Agreement Recapture

The proposal to deduct the value of a dwelling, barn, grain storage bin or silo improved or added during the term of the Shared Appreciation Agreement from the value of the property at the maturity of the agreement received

multiple comments from most of the 44 respondents who commented on the capital improvement provision of the proposed rule. These comments were widely varied among respondents and over 27 different and often divergent suggestions were made on how capital improvements should be addressed in the regulation. Of these comments, 39 offered suggestions on ways to expand the number of capital improvement items, six suggestions were made on eliminating or curtailing deductions, three suggested additional criteria to be considered beyond the improvements themselves, 16 addressed retroactivity of the deduction, and four suggested other changes to the method of determining shared appreciation.

Thirty-one comments were made in support of the use of more generalized language and expanding the number and type of capital improvements which would be deducted from the value of the property at maturity. Of these, 17 suggested all capital improvements be included, 10 made reference to those improvements for farm or real estate improvements (sometimes citing specific examples) and four, while proposing broad expansion of the type of items which would be considered capital improvements, also offered methods of defining or identifying a capital improvement. One individual stated improvements should be ''normal and customary'' while another stated that all ''bonafide'' improvements should be included. Others respondents stated the item should be affixed to the real estate and have a useful life of over 1 year. Three of these respondents stated that a determination or definition of capital improvements could be based on those allowed by the Internal Revenue Service (IRS) when calculating basis or depreciation. It was proposed that this method or the use of actual costs could also be used to determine the value of the improvements to be deducted from the final appraised value. Some respondents felt the appraiser would be able to effectively identify and value a capital improvement while others stated this would be very difficult for the appraiser especially when existing facilities had been expanded. Some of the above individuals and the remaining respondents who wished to expand the list of capital improvements suggested many varied items be considered, including, labor, tiling, tobacco quota, terracing, fencing, orchards, shelter belts, vineyards, irrigation, leveling, underground pipe, rock removal, timber, ponds, hog buildings, dairy parlors, and improvements for wildlife or conservation. It was also suggested that the Agency only consider an item if it met the criteria of an authorized loan purpose but no Government loans funds were used in it's acquisition.

Six comments were made suggesting curtailment of capital items which could be included. Two respondents stated no capital improvements should be considered and it was suggested that, especially in light of the proposed 5-year Shared Appreciation Agreement term, capital improvements should be very rare for operations which were in need of debt forgiveness. Suggestions were also made that all improvements must have received prior approval from the FSA, dwellings should only be excluded when needed and modest, and that improvements to existing facilities not be considered. Consideration of other criteria in the deduction of capital improvements, including financial status, commodity prices, and debt exceeding market value of the security, was proposed by three respondents. Increasing the amount of shared appreciation recapture based on any capital items removed during the shared appreciation term was also proposed in conjunction with deduction of capital improvements added to insure an ''apples-to-apples'' comparison.

These comments on capital improvements revealed a wide diversity of opinion on what capital items, if any, should be deducted in the shared appreciation calculation. Some respondents supported a list of items, while the majority suggested broad categories. Comments indicate that not only is the complete identification of appropriate capital improvements extremely difficult, but the valuation of these items, once identified, is equally complex. Based on this complexity, it has been determined that instead of attempting to redefine a capital improvement, FSA will incorporate, as suggested, IRS documentation methods to identify post-Shared Appreciation Agreement capital improvement additions. The remaining contributory value of any improvements to the FSA real estate security covered by the Shared Appreciation Agreement which were capitalized (not taken as annual operating expenses) on the tax records may be deducted from the final appraisal which establishes the Shared Appreciation Agreement recapture amount. The borrower will be responsible for providing appropriate tax documentation to verify this consideration, and the improvement must be affixed to the Agency's Shared Appreciation Agreement real estate security. The only other contributory value allowed to be deducted from the final appraised value will be the contributory value of the borrower's primary residence to the security if it was built on the security property during the term of the Shared Appreciation Agreement and the contributory value of any improvements made to the residence which actually added living area square footage.

While some commentors questioned appraisers' abilities to identify and value capital improvements, the Agency believes that professionally certified and licensed appraisers are trained in this determination process and are, therefore, qualified to evaluate property values and property value breakdown. This position is consistent with the practices of other commercial and government lending institutions.

Retroactivity of capital improvement deductions was addressed in 22 responses. Sixteen responses suggested that any regulation that excluded capital improvements should be made retroactive to the beginning of the Shared Appreciation Agreement program; two preferred no retroactivity; two suggested retroactivity to the Secretary's 1999 announcement of the proposed rule; one suggested that the new regulation apply retroactively to all who have not paid the recapture due, and one felt retroactivity should extend only to those who have an outstanding suspension agreement or amortized recapture debt.

These responses clearly favor some degree of retroactivity with some respondents indicating a desire for complete retroactivity. This, of course, would require that the Government revisit over 5,000 Shared Appreciation Agreements which have been partially or fully triggered and review the circumstances surrounding the security at that time. This substantial administrative burden is not in the best interests of the Government and the taxpayers. However, the Agency has determined that retroactivity of this deduction should be and will be extended to any amount covered by a suspension agreement that has not yet been fully paid since the borrowers were not able to show repayment ability for this amount. Furthermore, this will involve significantly less of an administrative burden with only approximately 1,500 suspension agreements covered. Use of this deduction, however, may require another appraisal of the property to determine the contributory value of capital improvements if not identified prior to entering the suspension agreement. Section 1951.914(h)(8) has been amended accordingly.

Comments received on other portions of § 1951.914 included the use of amortized Shared Appreciation Agreement recapture in conservation contracts, the use of sale prices instead of appraised values to determine recapture amounts during the term of the Shared Appreciation Agreement, the use of acceleration as a trigger in Shared Appreciation Agreements, and negotiation of appraisals. These comments are beyond the scope of the proposed rule and will not be addressed. Modifications to the regulatory provisions covering these issues were not proposed and are not included in the final rule.

The Agency has clarified the § 1951.914 reference to ''current appraisal'' by referring to § 761.7. The latter section, in part, sets out the requirements for real estate appraisals.

Good cause is shown for making this rule effective upon publication because of the need to implement the Homestead Protection interest rate and the consideration of capital improvements in the calculation of shared appreciation recapture. During the last 18 months, both natural disasters and low commodity prices have adversely affected many producers with maturing Shared Appreciation Agreements as they have become unable to pay recapture amounts due. Many agreements now are coming due and need the benefits provided by this rule. Without the lower Homestead Protection interest rate (6.75% as of March 1, 2000), these borrowers must pay the substantially higher Non-Program interest rate (10.25% as of March 1, 2000) if their shared appreciation debts are amortized under current regulations. The borrowers also will not benefit from the capital improvement deduction unless their shared appreciation debt is suspended with additional interest accrual. Furthermore, payment on many shared appreciation agreements is currently suspended for one year in accordance with 7 CFR 1951.914(h), so implementation of this regulation is needed to resolve the accounts before or when suspension ends. Under this rule, the suspended debts may be reduced to account for capital improvements on the property only during the suspension period. After suspension, the borrower also may qualify for amortization at the lower Homestead Protection interest rate. Therefore, immediate implementation of this rule is necessary to help these borrowers with recapture debts coming due.

The Agency is also amending its regulations in this rule to remove from the Code of Federal Regulations administrative notices, response forms and formulas for calculations required to determine eligibility for its programs that are currently published as exhibits to 7 CFR. 1951, subpart S. Section 331D(c) of the Consolidated Farm and Rural Development Act (Con Act) requires that the notices mandated by that section be published in the Agency's regulations. Sections 331D(a) and (b) of the Con Act require the Agency to send borrowers at least 90 days past due a notice which contains:

> a summary of all primary loan service programs, preservation loan service programs, debt settlement programs, and appeal procedures, including the eligibility criteria and terms and conditions of such programs and procedures.

Accordingly, FSA will retain as exhibits in the Code of Federal Regulations Exhibit A of 7 CFR 1951, subpart S, which is the cover letter to the required notice sent to borrowers who are 90 days past due, and Exhibit A, Attachment 1, the required summary notice. Since § 331D(c) does not mandate that FSA publish all of its notices, FSA is removing from 7 CFR 1951, subpart S, Exhibit A–Attachments 2, 3, 4, 5, 5–A, 6, 6–A, 9, 9–A, 10, 10–A, Exhibit B, Exhibit B–Attachment 1, Exhibit C, Exhibit C–1, Exhibit E, Exhibit E, Attachments 1 and 2, Exhibit F, Exhibit F–Attachments 1 and 2, Exhibit I, Exhibit J, Exhibit J–Attachment 1, Exhibit J–1, Exhibit J–1, Attachment 1, Exhibit K, Exhibit K–Attachment–1, Exhibit L and Exhibit M. FSA will continue to use these Exhibits and Attachments for administrative purposes. They are available from any FSA office.

List of Subjects in 7 CFR Part 1951

Account servicing, Credit, Debt restructuring, Loan programs-Agriculture, Loan Programs—Housing and Community Development.

Accordingly, 7 CFR part 1951 is amended as follows:

PART 1951—SERVICING AND COLLECTIONS

1. The authority citation for part 1951 continues to read as follows:

Authority: 5 U.S.C. 301; 7 U.S.C. 1989; 31 U.S.C. 3716; 42 U.S.C. 1480.

Subpart S—Farm Loan Programs Account Servicing Policy

2. Revise the third sentence in § 1951.909 paragraph (e)(2)(viii)(A) to read as follows:

§ 1951.909 Processing primary loan service programs requests.

* * * * *

(e) * * *

(2) * * *

(viii) * * *

(A) * * * SA loans will be reamortized at the current Homestead Protection program interest rate in effect on the date of approval or the rate on the original amortized note, whichever is less.

3. In § 1951.914 the section heading, paragraphs (b) introductory text, (c)(1), (c)(2), (e)(6), (e)(11) and (h)(8) are revised, paragraphs (e)(10), (e)(11), (h)(9), (h)(10), and (h)(11) are added, and paragraphs (e)(9), (e)(10), (h)(9), and (h)(10) are reserved:

§ 1951.914 Servicing shared appreciation agreements.

* * * * *

(b) *When shared appreciation is due.* For agreements entered into on or after August 18, 2000, the term of the agreement is five years. Shared appreciation is due at the end of either a five or ten year term, as specified in the Shared Appreciation Agreement, or sooner, if one of the following events occur:

* * * * *

(c) * * *

(1) The value of the real estate security at the time of maturity of the Shared Appreciation agreement (current market value) shall be the appraised value of the security at the highest and best use less the increase in the value of the security resulting from capital improvements added during the term of the Shared Appreciation Agreement (contributory value) as set out herein. The current market value of the real estate security property will be determined based on a current appraisal in accordance with 7 CFR § 761.7 and subject to the following:

(i) Upon request, the borrower will identify any capital improvements that have been added to the property since the execution of the Shared Appreciation Agreement.

(ii) The appraisal must specifically identify the contributory value of capital improvements made to the Agency real estate security during the term of the Shared Appreciation Agreement in order to make deductions for that value under this subsection.

(iii) For calculation of Shared Appreciation recapture, the remaining contributory value of capital improvements added during the term of the Shared Appreciation Agreement will be deducted from the current market value of the property. Such capital improvements must also meet at least one of the following criteria:

(A) It is the borrower's primary residence. If the new residence is

affixed to the real estate security as a replacement for a home which existed on the security property when the Shared Appreciation Agreement was originally executed, or, the square footage of the original dwelling was expanded, only the value added to the real property by the new or expanded portion of the original dwelling (if it added value) will be deducted from the current market value.

(B) The item is an improvement to the real estate with a useful life of over 1 year and is affixed to the property. The item must have been capitalized and not taken as an annual operating expense on the borrower's Federal income tax records. The borrower must provide copies of appropriate tax documentation to verify that capital improvements claimed for shared appreciation recapture reduction are capitalized on borrower income taxes.

(2) In the event of a partial sale, an appraisal of the property being sold may be required to determine the market value at the time the Shared Appreciation Agreement was signed if such value cannot be obtained through another method.

* * * * *

(e) * * *

(6) The interest rate will be the Farm Loan Program Homestead Protection rate contained in RD Instruction 440.1 (available in any FSA office).

* * * * *

(11) If the borrower has no outstanding Farm Loan Program loans and becomes delinquent on the Shared Appreciation loan, the Shared Appreciation loan will be serviced in accordance with subpart J of this part. If the borrower has outstanding Farm Loan Programs loans, and becomes delinquent or financially distressed in accordance with § 1951.906, the Shared Appreciation loan will be considered for reamortization in accordance with § 1951.909(e).

* * * * *

(h) * * *

(8) If the real estate that is the subject of the Shared Appreciation Agreement during the suspension period is conveyed, the suspended amount, plus any accrued interest shall be come immediately due and payable by the borrower in accordance with paragraph (c) of this section.

* * * * *

(11) Capital improvement deductions are available to a borrower on any unpaid recapture amount under an existing Suspension Agreement in accordance with 1951.914(c).

* * * * *

4. Exhibit A—Attachments 2, 3, 4, 5, 5–A, 6, 6–A, 9, 9–A, 10, 10–A, Exhibit B, Exhibit B—Attachment 1, Exhibit C, Exhibit C–1, Exhibit E, Exhibit E, Attachments 1 and 2, Exhibit F, Exhibit F—Attachments 1 and 2, Exhibit I, Exhibit J, Exhibit J—Attachment 1, Exhibit J–1, Exhibit J–1, Attachment 1, Exhibit K, Exhibit K—Attachment 1, Exhibit L and Exhibit M of 7 CFR part 1951, subpart S are removed.

Signed in Washington, D.C., on August 8, 2000.

August Schumacher, Jr.,

Under Secretary for Farm and Foreign Agricultural Service.

[FR Doc. 00–20679 Filed 8–17–00; 8:45 am]

BILLING CODE 3410–05–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 71

[Airspace Docket No. 00–ASO–12]

Establishment of Class D Airspace; Stuart, FL; Correction

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule correction.

SUMMARY: This action corrects an error in the preamble of a final rule that was published in the **Federal Register** on June 30, 2000, (65 FR 40492), Airspace Docket No. 00–ASO–12. The final rule establishes Class D airspace at Stuart, FL.

EFFECTIVE DATE: 0901 utc, October 5, 2000.

FOR FURTHER INFORMATION CONTACT: Nancy B. Shelton, Manager, Airspace Branch, Air Traffic Division, Federal Administration, P.O. Box 20636, Atlanta, GA 30320; telephone (404) 305–5627.

SUPPLEMENTARY INFORMATION:

History

Federal Register Document 00–16660, Airspace Docket No. 00–ASO–12, published on June 30, 2000 (65 FR 40492), established Class D airspace at Stuart, FL. In the preamble, the first paragraph under the heading ''The Rule'' inadvertently referred to Key West NAS instead of Stuart, FL. This action corrects the error.

Correction to Final Rule

Accordingly, pursuant to the authority delegated to me, the location of the Class D airspace in the preamble under the heading ''The Rule'' published in the **Federal Register** on June 30, 2000 (65 FR 40492), is corrected as follows:

1. On page 40492, column 2, in the preamble under the heading ''The Rule'', in line 4 of the first paragraph, correct the location ''Key West NAS'' to read ''Stuart, FL''.

Issued in College Park, GA, on August 7, 2000.

Wade T. Carpenter,

Acting Manager, Air Traffic Division, Southern Region.

[FR Doc. 00–20944 Filed 8–17–00; 8:45 am]

BILLING CODE 4910–13–M

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Parts 1, 31, and 301

[TD 8895]

RIN 1545–AX31

Extension of Due Date for Electronically Filed Information Returns; Limitation of Failure To Pay Penalty for Individuals During Period of Installment Agreement

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulation.

SUMMARY: This document contains final regulations implementing section 6071(b) relating to the extension of the due date for certain electronically filed information returns. The final regulations also provide rules under section 6651(h) relating to a penalty reduction for certain individuals who have agreed with the IRS to make installment payments in satisfaction of their tax liability. The regulations relating to extension of filing dates affect payors required to file information returns after December 31, 1999. The regulations relating to penalty reduction affect individual taxpayers with installment agreements in effect during months beginning after December 31, 1999.

DATES: *Effective Date:* These regulations are effective August 18, 2000.

Applicability Date: The provisions of these regulations under section 6071(b) apply for returns required to be filed after December 31, 1999. The provisions of these regulations under section 6651(h) apply for determining the addition to tax for months beginning after December 31, 1999.

FOR FURTHER INFORMATION CONTACT: Marilyn E. Brookens, (202) 622–4920 (for information relating to the