

which ended September 15, 2004. No comments were received.

A small business guide on complying with fruit, vegetable, and specialty crop marketing agreements and orders may be viewed at: <http://www.ams.usda.gov/fv/moab.html>. Any questions about the compliance guide should be sent to Jay Guerber at the previously mentioned address in the **FOR FURTHER INFORMATION CONTACT** section.

After consideration of all relevant material presented, including the Committee's recommendation, and other information, it is found that finalizing the interim final rule, without change, as published in the **Federal Register**, (69 FR 50275, August 16, 2004) will tend to effectuate the declared policy of the Act.

#### List of Subjects in 7 CFR Part 905

Grapefruit, Marketing agreements, Oranges, Reporting and recordkeeping requirements, Tangelos, Tangerines.

#### PART 905—ORANGES, GRAPEFRUIT, TANGERINES, AND TANGELOS GROWN IN FLORIDA

■ Accordingly, the interim final rule amending 7 CFR part 905 which was published at 69 FR 50275 on August 16, 2004, is adopted as a final rule without change.

Dated: December 2, 2004.

A.J. Yates,

Administrator, Agricultural Marketing Service.

[FR Doc. 04-26861 Filed 12-7-04; 8:45 am]

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## DEPARTMENT OF AGRICULTURE

### Rural Utilities Service

#### 7 CFR Part 1775

RIN 0572-AB75

#### Technical Assistance Grants

**AGENCY:** Rural Utilities Service, USDA.

**ACTION:** Final rule.

**SUMMARY:** The Rural Utilities Service (RUS), an agency delivering the United States Department of Agriculture's Rural Development Utilities Programs, amends the regulation utilized to administer the technical assistance grant programs. This action is necessary to separate the technical assistance and training grant and solid waste management grant programs for clarification purposes, and to bring the regulation in line with revisions to OMB circulars. Additionally, it eliminates the requirement that applicants submit a pre-application when applying for grant

funds. This action also transfers grant processing and servicing from the National Office to Rural Development State Offices. The intended effect is to separate the technical assistance and solid waste management programs and to reduce regulatory burdens on applicants.

**DATES:** This rule is effective January 7, 2005.

**FOR FURTHER INFORMATION CONTACT:** Stephen Saulnier, Loan Specialist, Water Programs Division, Rural Utilities Service, U.S. Department of Agriculture, 1400 Independence Avenue, SW., Room 2235-S, Stop 1570, Washington, DC 20250-1570. Telephone (202) 690-2526. E-Mail: [ssaulnie@rus.usda.gov](mailto:ssaulnie@rus.usda.gov).

#### SUPPLEMENTARY INFORMATION:

##### Executive Order 12866

This rule has been determined to be not significant for the purposes of Executive Order 12866 and, therefore, has not been reviewed by the Office of Management and Budget (OMB).

##### Executive Order 12372

This rule is excluded from the scope of Executive Order 12372, Intergovernmental Consultation, which may require consultation with State and local officials. See the final rule related notice titled, "Technical Assistance and Training Grants Program; Proposal to Exclude Program and Activity From Executive Order 12372," (53 FR 44505) which determined that the RUS grants were not covered by Executive Order 12372.

##### Executive Order 12988

This rule has been reviewed under Executive Order 12988, Civil Justice Reform. RUS has determined that this proposed rule meets the applicable standards provided in section 3 of the Executive Order. In addition, all State and local laws and regulations that are in conflict with this rule will be preempted; no retroactive effect will be given to the rule; and, in accordance with Section 212(e) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C section 6912(e)), administrative appeal procedures, if any are required, must be exhausted prior to initiating any action against the Department or its agencies.

#### Regulatory Flexibility Act Certification

Under section 605(b) of the Regulatory Flexibility Act (5 U.S.C. 605(b)), RUS certifies that this rule will not have a significant economic impact on a substantial number of small entities. The amendments reflect only statutory changes that Congress has

mandated and over which RUS has no discretion.

#### Information Collection and Recordkeeping Requirements

The information collection and recordkeeping requirements contained in this rule have been cleared under OMB control number 0572-0112 in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35).

#### National Environmental Policy Act Certification

The Administrator of RUS has determined that this rule will not significantly affect the quality of the human environment as defined by the National Environmental Policy Act of 1969 (42 U.S.C. 4321 *et seq.*). Therefore, this action does not require an environmental impact statement or assessment.

#### Catalog of Federal Domestic Assistance

The programs described by this rule are listed in the Catalog of Federal Domestic Assistance Programs under numbers 10.761, Technical Assistance and Training Grants and 10.762, Solid Waste Management Grants. This catalog is available on a subscription basis from the Superintendent of Documents, the United States Government Printing Office, Washington, DC, 20402-9325, telephone number (202) 512-1800.

#### Unfunded Mandates

This rule contains no Federal mandates (under the regulatory provision of Title II of the Unfunded Mandates Reform Act of 1995) for State, local, and tribal governments or the private sector. Thus this rule is not subject to the requirements of section 202 and 205 of the Unfunded Mandates Reform Act of 1995.

#### Background

On November 2, 1987, the Farmers Home Administration (FmHA) (predecessor of RUS) published 7 CFR part 1942, subpart J, Technical Assistance and Training Grants, as a final rule in the **Federal Register** (52 FR 41950) implementing a new grant program. On February 5, 1992, FmHA published 7 CFR part 1942, subpart J, Technical Assistance and Training Grants, as a final rule in the **Federal Register** (57 FR 4357) revising the regulation to implement another new grant program. In 1994, when RUS assumed the functions of the Water and Waste Disposal programs from the former FmHA and the Rural Development Administration (RDA), RUS changed the Technical Assistance

and Training (TAT) and Solid Waste Management (SWM) grants regulations from 7 CFR 1942, subpart J, to 7 CFR 1775. Based on changes in the OMB circulars affecting these programs and RUS's experience and review of its existing procedures, RUS has determined that several changes are necessary in order to operate the grant programs in a smooth, efficient, and effective manner.

The existing 7 CFR part 1775 was designed to provide policy and procedures for RUS's technical assistance and training grants and solid waste management grants, in addition to RUS's internal administrative actions. There has been some confusion as to the basic differences in the programs, especially pertaining to eligibility. To avoid confusion and clarify eligibility requirements, objectives, and purposes, separate sections have been developed for each grant program.

Unsuccessful applicants have often requested the basis upon which funding decisions were made. The existing regulation contains general statements describing the priority criteria used in making those decisions. The rule provides a more detailed description of the project priority criteria used in determining if an applicant is selected or not selected for funding.

Over the years, the number of proposals for projects to be operated within a single State, especially in the Solid Waste Management Grants program, have drastically increased. Due to the requirements of the existing regulations, these projects are processed and serviced from the National Office. Experience has shown that these projects should be processed and serviced from the Rural Development State Offices because of their proximity to the project and the familiarity of field personnel with grantee organizations. RUS delegates approval authority to the State Directors for projects to be operated only within their States. Funding for these projects will be determined by the National Office on a competitive basis.

The rule contains a variety of procedural changes from the provisions of the current regulation. Some of these revisions are minor or are merely intended to clarify existing RUS policy and procedure. Other revisions reflect fundamental changes to RUS' operation of the grant programs and are outlined below.

For clarification purposes, RUS is defining the term "technical assistance" as it relates to eligibility of projects under both grant programs.

The current regulation prohibits the use of grant funds for expenses incurred

prior to grant approval. This rule allows applicants to incur grant-related expenses, however, RUS would not be obligated to reimburse these expenses if the grant is not approved or is insufficient to do so.

To foster clarity, this rule includes an expanded explanation of the items needed to complete an application package and a more detailed description of the information required for priority consideration. The rule also expands the priority criteria to include the population of associations to be served, needs assessment, description of how the project will be implemented, hands-on assistance, evaluation methodology, and strategy for sustaining the project.

The existing regulation requires fidelity bond coverage. This rule removes the requirement because coverage is not needed when grant funds are reimbursed for actual expenses.

This rule requires grantees to obtain written permission from the approval official for changes in the project or changes of more than 10 percent of the total budget. Permission must be obtained before changes are put into effect or funds spent.

The rule allows grantees to submit financial statements in certain instances. The existing regulation does not offer any option other than submission of an audit.

#### Comments

RUS published a proposed rulemaking in the **Federal Register** on January 22, 2004, at 69 FR 3030. RUS received no comments from the public, nor did RUS receive any comments from outside federal agencies. There are three minor administrative changes in the final regulation. First, in the definition of "State" in § 1775.2 the words " \* \* \* the Western Pacific Territories, Marshall Islands, Federated States of Micronesia, Republic of Palau, \* \* \* " be replaced with " \* \* \* the Territory of Guam, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, the Republic of Palau, \* \* \* ".

The second change pertains to § 1775.12(a)(2), (3), and (4). The referenced paragraphs had the State Office notifying applicants not selected and the National Office notifying applicants selected for funding. In the final rule these provisions reflect that the National Office will inform the State Office of both selected and non-selected applicants and the State Office would then notify all applicants within their State of their status. Finally, RUS is

adding information to § 1775.10 to provide guidance to applicants on the availability of filing electronic applications for this program through Grants.gov. The RUS feels that this additional information is considered as Internal Agency Management and pursuant to 5 U.S.C. 553, notice of proposed rule making and opportunity for comment on this issue are not required.

#### List of Subjects in 7 CFR Part 1775

Business and industry, Community development, Community facilities, Grant programs—housing and community development, Reporting and recordkeeping requirements, Rural areas, Waste treatment and disposal, Water supply, Watersheds.

■ For reasons set forth in the preamble, RUS amends 7 CFR chapter XVII of title 7 of the Code of Federal Regulations by revising part 1775 to read as follows:

#### PART 1775—TECHNICAL ASSISTANCE GRANTS

##### Subpart A—General Provisions

###### Sec.

- 1775.1 General.
- 1775.2 Definitions.
- 1775.3 Availability of forms and regulations.
- 1775.4 Allocation of funds.
- 1775.5 Limitations.
- 1775.6 Equal opportunity requirements.
- 1775.7 Environmental requirements.
- 1775.8 Other Federal Statutes.
- 1775.9 OMB control number.

##### Subpart B—Grant Application Processing

- 1775.10 Applications.
- 1775.11 Priority.
- 1775.12 Grant processing.
- 1775.13 Grant agreement.
- 1775.14–1775.17 [Reserved]
- 1775.18 Fund disbursement.
- 1775.19 Grant cancellation or major changes.
- 1775.20 Reporting.
- 1775.21 Audit or financial statements.
- 1775.22 [Reserved]
- 1775.23 Grant servicing.
- 1775.24 Delegation of authority.
- 1775.25–1775.30 [Reserved]

##### Subpart C—Technical Assistance and Training Grants

- 1775.31 Authorization.
- 1775.32 [Reserved]
- 1775.33 Objectives.
- 1775.34 Source of funds.
- 1775.35 Eligibility.
- 1775.36 Purpose.
- 1775.37 Allocation of funds.
- 1775.38–1775.60 [Reserved]

##### Subpart D—Solid Waste Management Grants

- 1775.61 Authorization.
- 1775.62 [Reserved]
- 1775.63 Objectives.

1775.64 [Reserved]  
 1775.65 Eligibility.  
 1775.66 Purpose.  
 1775.67 Allocation of funds.  
 1775.68 Exception authority.  
 1775.69–1775.99 [Reserved]

**Authority:** 5 U.S.C. 301; 7 U.S.C. 1989; 16 U.S.C. 1005.

## Subpart A—General Provisions

### § 1775.1 General.

This subpart sets forth the general policies and procedures for the Technical Assistance and Training and the Solid Waste Management Grant Programs. Any processing or servicing activity conducted pursuant to this part involving authorized assistance to Rural Development employees with Water and Environmental Program responsibility, members of their families, known close relatives, or business or close personal associates, is subject to the provisions of subpart D of part 1900 of this title. Applicants for this assistance are required to identify any known relationship or association with an RUS employee.

### § 1775.2 Definitions.

The following definitions apply to subparts A through D of this part.

**Association.** An entity, including a small city or town, that is eligible for RUS Water and Waste Disposal financial assistance in accordance with 7 CFR 1780.7 (a).

**Approval official.** Any individual with administrative and legal responsibility for Rural Development programs.

**DUNS Number.** Data Universal Numbering System number obtained from Dun and Bradstreet and used when applying for Federal grants or cooperative agreements. A DUNS number may be obtained at no cost, by calling 1–866–705–5711.

**Grant agreement.** RUS Guide 1775–1. The agreement outlines the terms and conditions of the grant awards and establishes the guidelines for administering the grant awards.

**Grantee.** The entity or organization receiving financial assistance directly from the RUS to carry out the project or program under these programs.

**Low Income.** Median household income (MHI) below 100 percent of the statewide non-metropolitan median household income (SNMHI).

**Regional.** A multi-State area or any multi-jurisdictional area within a State.

**Rural area.** Any area not in a city or town with a population in excess of 10,000, according to the latest decennial census of the United States.

**RUS.** The Rural Utilities Service, an Agency of the United States Department of Agriculture.

**Solid Waste Management.** Refers to the operations, maintenance and the recycling of materials disposed of in landfills.

**State.** Any of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the Territory of Guam, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, the Republic of Palau, and the U.S. Virgin Islands.

**Technical Assistance.** Supervision, oversight, or training by an organization for the practical solution of a problem or need of an association as defined in this section.

### § 1775.3 Availability of forms and regulations.

Information about the forms, instructions, regulations, bulletins, OMB Circulars, Treasury Circulars, standards, documents and publications cited in this part is available from any USDA/Rural Development Office or the Rural Utilities Service, United States Department of Agriculture, Washington, DC 20250–1500.

### § 1775.4 Allocation of funds.

The National Office of the Rural Utilities Service will administer grant funds and will allocate them on a competitive basis.

### § 1775.5 Limitations.

Grant funds may not be used to:

(a) Duplicate current services or replace or substitute support normally provided by other means, such as those performed by an association's consultant in developing a project, including feasibility, design, and cost estimates.

(b) Fund political or lobbying activities.

(c) Purchase real estate or vehicles, improve or renovate office space, or repair and maintain privately owned property.

(d) Pay the costs for construction, improvement, rehabilitation, modification, or operation and maintenance of water, wastewater, and solid waste disposal facilities.

(e) Construct or furnish a building.

(f) Intervene in the Federal regulatory or adjudicatory proceedings.

(g) Sue the Federal Government or any other government entities.

(h) Pay for any other costs that are not allowable under OMB Circular A–87, OMB Circular A–110, OMB Circular A–102 or OMB Circular A–122.

(i) Make contributions or donations to others.

(j) Fund projects that duplicate technical assistance given to implement action plans under the National Forest-Dependent Rural Communities Economic Diversification Act of 1990 (7 U.S.C. 6613). Applicants cannot receive both grants made under this part and grants that the Forest Service makes to implement the action plans for five continuous years from the date of grant approval by the Forest Service.

(1) The Forest Service helps rural communities that are dependent upon national forest resources diversify existing industries and economies. It establishes rural forestry and economic diversification action teams that prepare technical assistance plans for these rural communities to expand their local economies and reduce their dependence on national forest resources. The Forest Service provides assistance to implement the action plans through grants, loans, cooperative agreements, or contracts.

(2) To avoid duplicate assistance, applicants must contact the Forest Service to find out if any geographical areas or local areas in a State have received grants for technical assistance to an economically disadvantaged community. These areas are defined as national forest-dependent communities under 7 U.S.C. 6612. Applicants will provide documentation to the Forest Service and Rural Utilities Service that they have contacted each agency.

(k) To pay an outstanding judgment obtained by the United States in a Federal Court (other than in the United States Tax Court), which has been recorded. An applicant will be ineligible to receive a loan or grant until the judgment is paid in full or otherwise satisfied.

(l) Recruit applications for the RUS's water and waste loan or any other loan or grant program. Grant funds cannot be used to create new business; however, they can be used to assist with application preparation.

### § 1775.6 Equal opportunity requirements.

The policies and regulations contained in subpart E of part 1901 of this title apply to grants made under this part.

### § 1775.7 Environmental requirements.

The policies and regulations contained in part 1794 of this title apply to grants made for the purposes in §§ 1775.36 and 1775.66.

### § 1775.8 Other Federal statutes.

Other Federal statutes and regulations are applicable to grants awarded under

this part. These include but are not limited to:

(a) 7 CFR part 1, subpart A—USDA implementation of Freedom of Information Act.

(b) 7 CFR part 3—USDA implementation of OMB Circular No. A-129 regarding debt collection.

(c) 7 CFR part 15, subpart A—USDA implementation of Title VI of the Civil Rights Act of 1964, as amended.

(d) 7 CFR part 1794, RUS Implementation of the National Environmental Policy Act.

(e) 7 CFR part 1901, subpart E—Civil Rights Compliance Requirements.

(f) 7 CFR part 3015—Uniform Federal Assistance Regulations.

(g) 7 CFR part 3016—USDA Implementation of OMB Circular Nos. A-102 and A-97, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.

(h) 7 CFR part 3017, as amended—Government-wide Debarment and Suspension (Non-procurement); Government-wide Requirements for Drug-Free Workplace (Grants), implementing Executive Order 12549 on debarment and suspension and the Drug-Free Workplace Act of 1988 (41 U.S.C. 701).

(i) 7 CFR part 3018—Restrictions on Lobbying, prohibiting the use of appropriated funds to influence Congress or a Federal agency in connection with the making of any Federal grant and other Federal contracting and financial transactions.

(j) 7 CFR part 3019—USDA implementation of OMB Circular A-110, Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations.

(k) 7 CFR part 3052—USDA implementation of OMB Circular No. A-133 regarding audits of institutions of higher education and other nonprofit institutions.

(l) 29 U.S.C. 794, section 504—Rehabilitation Act of 1973, and 7 CFR part 15B (USDA implementation of statute), prohibiting discrimination based upon physical or mental handicap in Federally assisted programs.

#### § 1775.9 OMB control number.

The information collection requirements contained in this part have been approved by the Office of Management and Budget and have been assigned OMB control number 0572-0112.

### Subpart B—Grant Application Processing

#### § 1775.10 Applications.

(a) *Filing period.* Applications may be filed on or after October 1 and must be received by close of business or postmarked by midnight December 31. If an application is received either before October 1 or after December 31, the receiving office will return it to the applicant.

(b) *Where to file.* (1) An applicant will apply to the appropriate State Office of Rural Development if the project will serve a single state.

(2) An applicant will apply to the National Office if the project will serve multiple states. The application must be submitted to the following address: Assistant Administrator, Water and Environmental Programs, Rural Utilities Service, Washington, DC 20250-1570.

(3) Electronic applications will be accepted prior to the filing deadline through the Federal Government's eGrants Web site (Grants.gov) at <http://www.grants.gov>. Applicants should refer to instructions found on the Grants.gov Web site to submit an electronic application. A DUNS number and a Central Contractor Registry (CCR) registration is required prior to electronic submission. The sign-up procedures, required by Grants.gov, may take several business days to complete.

(c) *Application requirements.* To file an application, an organization must provide their DUNS number. An organization may obtain a DUNS number from Dun and Bradstreet by calling (1-866-705-5711). To file a complete application, the following information should be submitted:

(1) Standard Form 424, "Application for Federal Assistance (For Non-Construction)."

(2) Standard Form 424A & B, "Budget Information—Non-Construction Programs."

(3) Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters—Primary Covered Transaction."

(4) Form AD 1049, "Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative I—For Grantees Other Than Individuals."

(5) Form AD 1048, "Certification Regarding Debarment."

(6) Attachment regarding assistance provided to Rural Development Employees as required by RD Instruction 1900-D.

(7) Form RD 400-4, "Assurance Agreement."

(8) Form RD 400-1, "Equal Opportunity Agreement."

(9) Indirect Cost Rate Agreement (if applicable, applicant must include approved cost agreement rate schedule).

(10) Statement of Compliance for Title VI of the Civil Rights Act of 1964.

(11) SF LLL, "Disclosure of Lobbying Activities" (include only if grant is over \$100,000).

(12) Certification regarding Forest Service grant.

(d) *Supporting information.* All applications shall be accompanied by:

(1) Evidence of applicant's legal existence and authority in the form of:

(i) Certified copies of current authorizing and organizational documents for new applicants or former grantees where changes were made since the last legal opinion was obtained in conjunction with receipt of an RUS grant, or, certification that no changes have been made in authorizing or organizing documents since receipt of last RUS grant by applicant.

(ii) Current annual corporation report, Certificate of Good Standing, or statement they are not required.

(iii) For public nonprofits, Certificate of Continued Status from local attorney (if applicable).

(iv) Certified list of directors/officers with their respective terms.

(2) Evidence of tax exempt status from the Internal Revenue Service (IRS), if applicable.

(3) Narrative of applicant's experience in providing services similar to those proposed. Provide brief description of successfully completed projects including the need that was identified and objectives accomplished.

(4) Latest financial information to show the applicant's financial capacity to carry out the proposed work. A current audit report is preferred, however applicants can submit a balance sheet and an income statement in lieu of an audit report.

(5) List of proposed services to be provided.

(6) Estimated breakdown of costs (direct and indirect) including those to be funded by grantee as well as other sources. Sufficient detail should be provided to permit the approval official to determine reasonableness, applicability, and allowability.

(7) Evidence that a Financial Management System is in place or proposed.

(8) Documentation on each of the priority ranking criteria listed in § 1775.11 as follows:

(i) List of the associations to be served and the State or States where assistance will be provided. Identify associations by name, or other characteristics such as size, income, location, and provide MHI and population.

(ii) Description of the type of technical assistance and/or training to be provided and the tasks to be contracted.

(iii) Description of how the project will be evaluated and provide clearly stated goals and the method proposed to measure the results that will be obtained.

(iv) Documentation of need for proposed service. Provide detailed explanation of how the proposed services differ from other similar services being provided in the same area.

(v) Personnel on staff or to be contracted to provide the service and their experience with similar projects.

(vi) Statement indicating the number of months it takes to complete the project or service.

(vii) Documentation on cost effectiveness of project. Provide the cost per association to be served or proposed cost of personnel to provide assistance.

(viii) Other factors for consideration, such as emergency situation, training need identified, health or safety problems, geographic distribution, Rural Development Office recommendations, etc.

#### § 1775.11 Priority.

The application and supporting information will be used to determine the applicant's priority for available funds. All applications will be reviewed and scored for funding priority in accordance with RUS Guide 1775-2. Points will be given only for factors that are well documented in the application package and, in the opinion of the RUS, meet the objective outlined under each factor. The following is a listing of the criteria that will be used to select the applications that meet the objectives of the technical assistance program.

(a) Projects proposing to give priority for available services to rural communities having a population less than 5,500 and/or below 2,500.

(b) Projects proposing to give priority for available services to low income communities.

(c) Projects that will provide assistance in a multi-State area.

(d) Points will be awarded for work plans that clearly describe the goals and objectives of the project, how they will be accomplished in targeted communities, and what measurement of accomplishment will be used.

(e) Projects containing needs assessment (*i.e.* actual issue or problem being addressed) clearly defined and supported by data.

(f) Projects containing evaluation methods that are specific to the activity, clearly defined, measurable, and with projected outcomes.

(g) Applicants proposing to use at least 75 percent of the total grant amount for their own staff, or the staff of an affiliated organization to provide services for a project instead of contracting with an outside organization for the services.

(h) Projects providing technical assistance/training that accomplish the objective within a 12-month or less timeframe.

(i) Projects primarily providing "hands on" technical assistance and training, *i.e.*, on-site assistance as opposed to preparation and distribution of printed material, to communities with existing water and waste systems which are experiencing operation and maintenance or management problems.

(j) Cash or in kind support of project from non-federal sources.

(k) Ability to demonstrate sustainability of project without Federal financial support.

#### § 1775.12 Grant processing.

(a) *Single State applications.* (1) Grant applications submitted at the State level will receive a letter acknowledging receipt and confirmation that all information required for a full application was included in the packet. The State will notify the applicant of missing information. The applicant will have 14 business days to respond.

(2) The State Office will review applications for eligibility. Those applicants that are deemed ineligible will be notified. Applicants deemed eligible will be forwarded to the National Office for funding consideration.

(3) The National Office will review all applications received from State Offices. Applications will compete on a priority basis and will be scored and ranked. The applications receiving the highest scores and subject to the availability of funds will be selected for final processing. The National Office will send these applications back to the State Office for processing. The State Office will notify the applicant(s) that they have been selected for funding.

(4) Applicants not selected for funding due to low priority rating shall be notified by the State Office.

(b) *National and multi-State applications.* (1) National and multi-State applications submitted to the National Office will receive a letter acknowledging receipt and confirmation that all information required for a full application was included in the packet. The National Office shall notify the applicant of missing information. The applicant will have 14 business days to respond.

(2) The National Office will review applications for eligibility. Those applications that are deemed ineligible will be notified. Applications deemed eligible will be reviewed and given a rating score. Applications receiving the highest scores will be grouped with those received from State Offices for funding consideration.

(3) The National Office will review all applications received. Applications will compete on a priority basis and will be scored and ranked. The applications receiving the highest scores and subject to the availability of funds will be notified by the National Office that they have been selected for funding. The National Office shall conduct final processing of multi-State and national applications.

(4) Multi-State and National applicants not selected for funding due to low priority rating will be notified by the National Office.

(c) *Low priority applications.* Applications that cannot be funded in the fiscal year received will not be retained for consideration in the following fiscal year and will be handled as outlined in paragraph (a)(4) or (b)(4) of this section.

#### § 1775.13 Grant agreement.

Applicants selected for funding will complete a grant agreement, RUS Guide 1775-1, which outlines the terms and conditions of the grant award.

#### §§ 1775.14-1775.17 [Reserved]

#### § 1775.18 Fund disbursement.

Grantees will be reimbursed as follows:

(a) SF-270, "Request for Advance or Reimbursement," will be completed by the grantee and submitted to either the State or National Office not more frequently than monthly.

(b) Upon receipt of a properly completed SF-270, the funds will be requested through the field office terminal system. Ordinarily, payment will be made within 30 days after receipt of a proper request for reimbursement.

(c) Grantees are encouraged to use women- and minority-owned banks (a bank which is owned at least 50 percent by women or minority group members) for the deposit and disbursement of funds.

#### § 1775.19 Grant cancellation or major changes.

Any change in the scope of the project, budget adjustments of more than 10 percent of the total budget, or any other significant change in the project must be reported to and approved by the approval official by

written amendment to RUS Guide 1775–1. Any change not approved may be cause for termination of the grant.

#### **§ 1775.20 Reporting.**

(a) Grantees shall constantly monitor performance to ensure that time schedules are being met, projected work by time periods is being accomplished, and other performance objectives are being achieved.

(b) SF–269, “Financial Status Report (short form),” and a project performance activity report will be required of all grantees on a quarterly basis, due 30 days after the end of each calendar quarter.

(c) A final project performance report will be required with the last SF–269 due 90 days after the end of the last quarter in which the project is completed. The final report may serve as the last quarterly report.

(d) All multi-State grantees are to submit an original of each report to the National Office. Grantees serving only one State are to submit an original of each report to the State Office. The project performance reports should detail, preferably in a narrative format, activities that have transpired for the specific time period and shall include, but not be limited to, the following:

- (1) A comparison of actual accomplishments to the objectives established for that period (*i.e.* number of meetings held, number of people contacted, results of activity);
- (2) Analysis of challenges or setbacks that occurred during the grant period;
- (3) Copies of fliers, news releases, news articles, announcements and other information used to promote services or projects;
- (4) Problems, delays, or adverse conditions which will affect attainment of overall project objectives, prevent meeting time schedules or objectives, or preclude the attainment of particular project work elements during established time periods. This disclosure shall be accompanied by a statement of the action taken or planned to resolve the situation; and
- (5) Activities planned for the next reporting period.

#### **§ 1775.21 Audit or financial statements.**

The grantee will provide an audit report or financial statements as follows:

(a) Grantees expending \$500,000 or more Federal funds per fiscal year will submit an audit conducted in accordance with OMB Circular A–133. The audit will be submitted within 9 months after the grantee’s fiscal year. Additional audits may be required if the project period covers more than one fiscal year.

(b) Grantees expending less than \$500,000 will provide annual financial statements covering the grant period, consisting of the organization’s statement of income and expense and balance sheet signed by an appropriate official of the organization. Financial statements will be submitted within 90 days after the grantee’s fiscal year.

#### **§ 1775.22 [Reserved]**

#### **§ 1775.23 Grant servicing.**

Grants will be serviced in accordance with RUS Guide 1775–1 and subpart E of part 1951 of this title. When grants are terminated for cause, 7 CFR part 11 will be followed.

#### **§ 1775.24 Delegation of authority.**

The authority under this part is re-delegated to the Assistant Administrator, Water and Environmental Programs, except for the discretionary authority contained in § 1775.34 and § 1775.68. The Assistant Administrator, Water and Environmental Programs may re-delegate the authority in this part.

#### **§§ 1775.25–1775.30 [Reserved]**

### **Subpart C—Technical Assistance and Training Grants**

#### **§ 1775.31 Authorization.**

This subpart sets forth additional policies and procedures for making Technical Assistance and Training (TAT) grants authorized under Section 306(a)(14)(A) of the Consolidated Farm and Rural Development Act (CONACT) (7 U.S.C. 1921 *et seq.*, as amended).

#### **§ 1775.32 [Reserved]**

#### **§ 1775.33 Objectives.**

The objectives of the program are to:

- (a) Identify and evaluate solutions to water and waste problems in rural areas.
- (b) Assist applicants in preparing applications for water and waste disposal loans/grants.
- (c) Assist associations in improving operation and maintenance of existing water and waste facilities in rural areas.

#### **§ 1775.34 Source of funds.**

Grants will be made from not less than 1 percent or not more than 3 percent of any appropriations for grants under Section 306(a)(2) of the CONACT. Funds not obligated by September 1 of each fiscal year will be used for water and waste disposal grants made in accordance with part 1780 of this chapter.

#### **§ 1775.35 Eligibility.**

(a) Entities eligible for grants must be private nonprofit organizations with tax

exempt status, designated by the Internal Revenue Service. A nonprofit organization is defined as any corporation, trust, association, cooperative, or other organization that:

(1) Is operated primarily for scientific, education, service, charitable, or similar purposes in the public interest.

(2) Is not organized primarily for profit.

(3) Uses its net proceeds to maintain, improve, and/or expand its operations.

(b) Entities must be legally established and located within a state as defined in § 1775.2.

(c) Organizations must be incorporated by December 31 of the year the application period occurs to be eligible for funds.

(d) Private businesses, Federal agencies, public bodies, and individuals are ineligible for these grants.

(e) Applicants must also have the proven ability, background, experience (as evidenced by the organization’s satisfactory completion of project(s) similar to those proposed), legal authority, and actual capacity to provide technical assistance and/or training on a regional basis to associations as provided in § 1775.33. To meet the requirement of actual capacity, an applicant must either:

(1) Have the necessary resources to provide technical assistance and/or training to associations in rural areas through its staff, or

(2) Be assisted by an affiliate or member organization which has such background and experience and which agrees, in writing, that it will provide the assistance, or

(3) Contract with a nonaffiliated organization for not more than 49 percent of the grant to provide the proposed assistance.

#### **§ 1775.36 Purpose.**

Grants may be made to organizations as defined in § 1775.35 to enable such organizations to assist associations to:

(a) Identify and evaluate solutions to water problems of associations in rural areas relating to source, storage, treatment, and/or distribution.

(b) Identify and evaluate solutions to waste problems of associations in rural areas relating to collection, treatment, and/or disposal.

(c) Prepare water and/or waste disposal loan/grant applications.

(d) Provide technical assistance/training to association personnel that will improve the management, operation, and maintenance of water and waste facilities.

(e) Pay the expenses associated with providing the technical assistance and/or training authorized in paragraphs (a) through (d) of this section.

**§ 1775.37 Allocation of funds.**

At least 10 percent of available funds will be used for funding single State projects based on the priority criteria.

**§§ 1775.38–1775.60 [Reserved]****Subpart D—Solid Waste Management Grants****§ 1775.61 Authorization.**

This subpart sets forth the policies and procedures for making Solid Waste Management (SWM) grants authorized under section 310B of the CONACT.

**§ 1775.62 [Reserved]****§ 1775.63 Objectives.**

The objectives of the program are to:

- Reduce or eliminate pollution of water resources, and
- Improve planning and management of solid waste sites.

**§ 1775.64 [Reserved]****§ 1775.65 Eligibility.**

(a) Entities eligible for grants must be either:

(1) Private nonprofit organizations with tax exempt status designated by the Internal Revenue Service. A nonprofit organization is defined as any corporation, trust, association, cooperative, or other organization that:

(i) Is operated primarily for scientific, education, service, charitable, or similar purposes in the public interest.

(ii) Is not organized primarily for profit.

(iii) Uses its net proceeds to maintain, improve, and/or expand its operations.

(2) Public bodies.

(3) Federally acknowledged or State-recognized Native American tribe or group.

(4) Academic institutions.

(b) Entities must be legally established and located within a state as defined in § 1775.2.

(c) Organizations must be incorporated by December 31 of the year the application period occurs to be eligible for funds.

(d) Private businesses, Federal agencies, and individuals are ineligible for these grants.

(e) Applicants must also have the proven ability; background; experience, as evidenced by the organization's satisfactory completion of project(s) similar to those proposed; legal authority; and actual capacity to provide technical assistance and/or training on a regional basis to associations as provided in § 1775.63. To meet the requirement of actual capacity, an applicant must either:

(1) Have the necessary resources to provide technical assistance and/or

training to associations in rural areas through its staff, or

(2) Be assisted by an affiliate or member organization which has such background and experience and which agrees, in writing, that it will provide the assistance, or

(3) Contract with a nonaffiliated organization for not more than 49 percent of the grant to provide the proposed assistance.

**§ 1775.66 Purpose.**

Grants may be made to organizations as defined in § 1775.65 to enable such organizations to assist associations to:

(a) Provide technical assistance and/or training to reduce the solid waste stream through reduction, recycling, and reuse.

(b) Provide training to enhance operator skills in maintaining and operating active landfills.

(c) Provide technical assistance and/or training for operators of landfills which are closed or will be closed in the near future with the development/implementation of closure plans, future land use plans, safety and maintenance planning, and closure scheduling within permit requirements.

(d) Evaluate current landfill conditions to determine the threats to water resources.

(e) Pay the expenses associated with providing the technical assistance and/or training authorized in paragraphs (a) through (d) of this section.

**§ 1775.67 Allocation of funds.**

The maximum amount for a single applicant for a Solid Waste Management project will be 25 percent of available grant funds.

**§ 1775.68 Exception authority.**

The Administrator may, in individual cases, make an exception to any requirement or provision of this part which is not inconsistent with the authorizing statute or other applicable law and is determined to be in the Government's interest.

**§§ 1775.69–1775.99 [Reserved]**

Dated: November 24, 2004.

**Hilda Gay Legg,**

*Administrator, Rural Utilities Service.*

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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 0575–AC57**

**Servicing of Delinquent Community and Business Programs Loans—Workout Agreements**

**AGENCY:** Rural Housing Service, USDA.

**ACTION:** Final rule.

**SUMMARY:** The Rural Housing Service (RHS) hereby amends the regulation utilized to service the Community Facilities and Business Programs loan program by adding requirements for servicing delinquent Community Facilities in conformance with the Debt Collection Improvement Act of 1996. The intended effect of this action is to establish a workout agreement with delinquent borrowers to collect delinquent loans prior to referral for treasury offset.

**DATES:** This rule is effective January 7, 2005.

**FOR FURTHER INFORMATION CONTACT:** Dan Spieldenner, Community Programs Senior Loan Specialist, Rural Housing Service, U.S. Department of Agriculture, STOP 0787, 1400 Independence Ave. SW., Washington, DC 20250–0787, telephone: (202) 720–9700.

**SUPPLEMENTARY INFORMATION:****Classification**

This rule has been determined to be not significant for the purposes of Executive Order 12866 and, therefore, has not been reviewed by the Office of Management and Budget (OMB).

**Programs Affected**

The Catalog of Federal Domestic Assistance Program impacted by this action is 10.766, Community Facilities Loans and Grants.

**Intergovernmental Review**

This program is subject to the provisions of Executive Order 12372, which requires intergovernmental consultation with State and local officials. RHS conducts intergovernmental consultations for each loan in the manner delineated in 7 CFR part 3015, subpart V.