Rules and Regulations

Federal Register
Vol. 64, No. 8
Wednesday, January 13, 1999

SMALL BUSINESS ADMINISTRATION

13 CFR Part 120

Business Loan Program

AGENCY: Small Business Administration (SBA).

ACTION: Final rule.

SUMMARY: This final rule implements Pub. L. 104–208, enacted on September 30, 1996, and Pub. L. 105–135, enacted on December 2, 1997, with respect to SBA financing in the 504 program, and clarifies existing regulations applicable to the 504 program and, in some cases, to the 7(a) program. In the 504 program, the final rule allows more than one business to qualify for SBA financing for a specific 504 Project; allows a 504 Borrower to lease long term up to 20 percent of the rentable space in a 504 Project; describes how much a Borrower must contribute to a 504 Project under certain circumstances; modifies allowable fees paid by the Borrower, Third Party Lender, and Certified Development Company (CDC); and allows certain fees incurred by a CDC in the closing of a 504 loan, up to $2,500 per closing, to be eligible administrative costs.

DATE: This rule is effective on January 13, 1999.

FOR FURTHER INFORMATION CONTACT: Michael J. Dowd, 202–205–6660.

SUPPLEMENTARY INFORMATION: On May 5, 1998, SBA published in the **Federal Register** (63 FR 24753), proposed regulations which would implement Public Law 105–135, the ''Small Business Reauthorization Act of 1997'' (1997 legislation), enacted on December 2, 1997, and Public Law 104–208 (1996 legislation), enacted on September 30, 1996, that amended the Small Business Investment Act of 1958 (15 U.S.C. § 601 *et seq.*) (Act). SBA received responses from three commenters and will address each one. SBA published in the **Federal Register** on August 13, 1998, (63 FR 43330) a notice to reopen the comment period, with respect to 7(a) loans, on the proposed rule's change to 13 CFR section 120.111 on Eligible Passive Companies. SBA received one comment from a trade association representing a large number of 7(a) lenders and we will respond to that comment. These final regulations implement the amendments required by the 1996 legislation and some of the amendments required under the 1997 legislation, and make other changes.

Change Affecting the 7(a) and 504 Programs.

The 1997 legislation authorizes SBA to provide financial assistance to more than one identifiable small business for a qualified 504 project.

- SBA is amending Section 120.10 to add the definition of Rentable Property previously included in the text of Section 120.131(a).
- SBA is amending Section 120.111 with respect to Eligible Passive Companies to make that rule consistent with the 1997 legislation. Current Section 120.111 allows SBA to assist an Eligible Passive Company to use loan proceeds to acquire property for lease to an Operating Company. SBA is amending Section 120.111 to authorize SBA to provide financing to an Eligible Passive Company that uses the loan proceeds to lease property to multiple unrelated Operating Companies. This change makes the Eligible Passive Company provision consistent with the change to Section 120.801 discussed in the next paragraph. SBA is also adding a parenthetical to make it clear that references to Operating Company throughout the subsections of section 120.111 mean each Operating Company if there are multiple Operating Companies. This change applies to loans under SBA's 7(a) and 504 programs.
- SBA is making a technical amendment to Section 121.131, which covers leasing a part of new construction or existing buildings to a third party. The amendment changes references to an Operating Company to multiple Operating Companies to conform Section 121.131 to the 1997 legislation and to the revised regulation Sections 120.111 and 120.801. SBA also revised the text of Section 120.131(a) and (b) by using the new defined term ''Rentable Property'' throughout the section and by making them more understandable and consistent. Two commenters interpreted the changes to Section 120.111 to allow multiple Operating Companies to join together to meet the occupancy requirements of Section 120.131(b), allowing them to lease up to 33 percent for new construction and 49 percent for an existing building. SBA agrees with the commenters' interpretation since the indented effect of this change is for the multiple operating companies to be in a position similar to that of a single operating company and, as such, each Operating Company must be a co-borrower or guarantor of the entire loan.

Changes Affecting the 504 Program

The 1996 and 1997 legislation require SBA to amend its regulations. In addition, SBA is announcing other program changes.

- Section 502 of the Act authorizes SBA to provide financial assistance to a small business through a CDC to acquire, construct, convert, or expand its plant facility as a 504 Project under section 504 of the Act. SBA interpreted the statute to allow the Agency to assist only one identifiable business for any particular project. In response to the 1997 legislation, SBA is amending Section 120.801 of its regulations to allow CDCs to assist two ore more unrelated small businesses for any qualified 504 Project.
- The 1996 legislation amended the Act regarding the amount of the Borrower's contribution to a 504 Project financing. SBA is amending Section 120.910 of its regulations to comply with the legislation. The regulation requires the Borrower to contribute at least 15 percent of the total cost of the 504 Project if (i) the Borrower (or Operating Company or Companies if the Borrower is an Eligible Passive Company) has been in business for two years or less, (ii) or if the Project is the acquisition, construction, conversion or expansion of a limited or single purpose building. The Borrower must contribute at least 20 percent of the total cost of the Project if both conditions exist. The only comment received concerning this amendment agreed with the proposed rule.
- The 1996 legislation requires that a Third Party Lender finance at least 50 percent of a Project's cost if the Borrower's contribution is made under either condition described above for

Section 120.910. One commenter disagreed with the statute. Nevertheless, SBA must comply with the legislation and is amending Section 120.920 to implement this change.

- The 1997 legislation amended the Act to permit a 504 Borrower to lease long term no more than 20 percent of a new 504 Project if the Borrower immediately occupies at least 60 percent of the property. To comply with the 1997 legislation, SBA proposed to amend Section 120.870 of its regulations to authorize a Borrower to lease long term no more than 20 percent of the rentable space in a 504 Project to third parties if the Borrower occupies at least 60 percent of the rentable space with plans to occupy the remaining rentable space within three years. A commenter suggested that SBA apply the same schedule to the occupancy of the remainder of the space as Section 120.831(a) now applies to the occupancy of the portion of the space in a new building. SBA concurs with that suggestion and in the final rule allows the Borrower to lease long term no more than 20 percent of the rentable space in a 504 Project to one or more tenants if (i) the Borrower immediately occupies at least 60 percent of the rentable space, (ii) plans to occupy within 3 years some of the remaining space not immediately occupied or leased long term, and (iii) plans to occupy within 10 years all of the remaining space not leased long term. This change will allow a business to build in a good location without having to show that it will use all of the space immediately.
- Section 120.862(b) sets forth specific public policy goals a CDC may use to qualify a 504 Project or support an increased amount of 504 financing. Section 120.862(b)(3) lists expanding Minority Enterprise development as one of the public policy goals. SBA is amending Section 120.862(b)(3) to tell the reader the section in SBA's regulation designating the minority groups to which the subsection applies. Section 120.862(b)(7) lists as one of the public policy goals the assistance of businesses affected by Federal budget reductions. SBA is amending Section 120.862(b)(7) to clarify that the public policy goal is to assist any eligible small business in an area affected by such reductions, not only to assist those businesses that can show that budget reductions adversely affected them. Therefore, if Federal budget reductions adversely affected a geographic area, SBA can assist a business located in or moving to that area without showing that the reductions affected the particular business.
- The 1996 legislation requires SBA to charge the Borrower a fee of up to 0.9375 percent on the unpaid principal balance of the loan as determined at five-year anniversary intervals. SBA is amending Section 120.971 of its regulations to implement this change. In addition, Section 120.971(a)(3) raises the minimum servicing fee from .5 percent to .625 percent.
- SBA is inserting a new Section 120.972 in its regulations to implement the 1996 legislation that requires SBA to collect (i) a one-time fee, equal to 50 basis points, of a Third Party Lender's participation in a Project when the Third Party Lender holds a senior credit position to that of SBA, and (ii) an annual fee from each CDC equal to 0.125 percent of the outstanding principal balance of any Debenture guaranteed by SBA after September 30, 1996. The CDC must pay this fee from the servicing fees collected by the CDC and not from additional fees imposed on the Borrower.
- Currently, under Section 120.921(d), any future advance by a Third Party Lender greater than the outstanding balance and accrued interest must be subordinated to the CDC/SBA lien unless the future advance is to collect payments, maintain collateral or protect the Third Party Lender's lien position on the Third Party Loan. At times, SBA has been unable to realize the full benefit of its lien position, despite its regulations requiring that future advances be subordinate to the CDC/SBA lien. If a Third Party Lender wants to make additional capital available to a 504 Borrower, it easily can do so through another loan. SBA is revising subsection (d) to state that the Third Party Loan cannot be open-ended as to the amount, and after completion of the 504 Project, a Third Party Lender may only make a future advance under the Third Party Loan to collect amounts due on the Third Party Loan note, maintain collateral or protect its lien.
- SBA also has been unable to realize the full benefit of its lien position because of prepayment penalties, late fees, and escalated interest after default due under the Third Party Loan. Accordingly, SBA is adding a new subsection (e) to Section 120.921 that states that the Third Party Lender's lien is subordinate to the CDC/SBA lien regarding prepayment penalties, late fees and escalated interest after default due under the Third Party lien.
- When a small business defaults on a Third Party Loan, SBA may choose to assume the obligations of the Borrower. The 1996 legislation amended the Act to ensure that when SBA assumes such obligation for Projects approved after September 30, 1996, it only will pay the interest rate on the note in effect immediately before the date of the Borrower's default. SBA is renumbering present subsection (e) of Section 120.921 of its regulations as subsection (f) and SBA is revising it to state that SBA only will pay the interest rate in effect immediately before the date of the Borrower's default regarding a Project approved after September 30, 1996.
- SBA is amending Section 120.802 to clarify the definition of a Third Party Loan, and Section 120.801(c)(3) to reflect that definition.
- Currently, Section 120.870(c)(1) of SBA's regulations requires the term of a lease of the Project premises to be at least equal to the term of the Debenture. However, this may not be necessary if the Project is not a structure, but consists only of machinery and equipment. Therefore, SBA is deleting machinery and equipment from the definition to clarify that the length of a lease for machinery and equipment is a credit issue.

Changes to CDC Closing Fees

Section 120.883 sets forth administrative costs that may be paid with the proceeds of a loan funded by a 504 Debenture rather than out of the Borrower's own resources. Section 120.971 sets forth the fees that a CDC may charge the Borrower.

Throughout the history of the 504 program, most of the services required to prepare 504 loan documents and close a 504 loan have been performed for CDCs, at CDC cost, by legal counsel, paralegals, and CDC staff. The CDC has then charged its Borrower a fee at closing to reimburse the CDC for these expenses (''CDC Closing Fee''). Although this CDC Closing Fee reimburses the CDC for its own lawyers' expenses, the Borrower is not considered to be paying a legal fee, since CDC counsel does not represent the Borrower. The Borrower pays separately the legal fees of its legal counsel.

Under the 504 program, loan proceeds may be used to pay eligible Project costs and eligible administrative costs. Eligible Project costs are costs directly attributable to the Project including professional fees necessary for Project services such as architecture, engineering, and environmental studies. The Borrower's legal fees for Project-related matters such as zoning, title searches and recording fees, as well as interest and points on the interim construction loan, are eligible Project costs. The Borrower's legal fees

associated with the closing are not eligible Project costs.

Eligible administrative costs are amounts the Borrower pays for services connected with closing, but not directly attributable to the Project itself. These include SBA's guarantee fee, the CDC's processing fee, and 504 closing agent fees. The Borrower's legal fees associated with the closing are not eligible administrative costs. Until March 1, 1996, the CDC Closing Fee was an eligible administrative cost, and, by regulation, the Borrower could pay this fee out of 504 loan proceeds up to a maximum of $2,500. Since then SBA has not recognized the CDC Closing Fee as an eligible administrative cost, and the Borrower must reimburse the CDC out of its own resources.

CDCs, Borrowers, and SBA share a common interest in minimizing legal fees to reduce costs to the Borrower. During the period before March 1, 1996, some in the 504 industry felt that SBA's regulation influenced the market rate for legal fees and other miscellaneous expenses associated with 504 Closings. They argued that attorney fees charged to CDCs by CDC counsel were artificially high because the CDC Closing Fee was an eligible administrative cost financed out of the loan proceeds. They further argued that the reference in the regulation to a $2,500 limitation established a minimum base for the attorney fees.

SBA received 15 comments concerning these issues during the comment period following publication of proposed rule changes on December 15, 1995. Most of them supported keeping the CDC Closing Fee as an eligible administrative cost. SBA believed, however, that the marketplace should determine the legal expenses associated with the 504 Closing and that there was some merit in the argument that the eligibility of the CDC Closing Fee as an administrative cost resulted in higher attorney fees. Despite the opposition expressed in most of the comments, SBA decided to exclude the CDC Closing Fee from eligible administrative costs and eliminated the $2,500 reference in its final rule dated January 31, 1996.

SBA expected that these regulatory changes would reduce attorney fees. It also anticipated downward competitive pressure on such fees as more attorneys became designated to perform expedited 504 loan closings.

CDCs have been closing loans under the new rules for over two years. Approximately 140 attorneys are enrolled as designated closing attorneys and more than 50 percent of all 504 loans close under the expedited process. Yet fees associated with 504 closings charged to CDCs by CDC counsel do not appear to have decreased.

Legislation enacted since the rule became effective has imposed additional fees upon Borrowers. Industry representatives indicate that the combination of increased fees and the inability to pay CDC Closing Fees out of the Debenture proceeds has reduced small businesses access to the 504 program. Because the fees now are not eligible administrative costs, they must be paid by Borrowers from other resources. Not all Borrowers can afford to pay these costs without use of the Debenture proceeds.

To assist small businesses, SBA is amending Section 120.883 to make CDC Closing Fees eligible administrative costs up to a maximum of $2,500 per Closing. To conform Section 120.884, which lists ineligible costs for 504 loans, to the change in Section 120.883, SBA is deleting the reference to closing legal fees in Section 120.884.

SBA received one comment asking SBA to clarify that $2,500 is not the maximum CDC closing fee that a CDC may charge, but only the maximum amount that may be paid out of the debenture proceeds as an eligible administrative cost. SBA believes the text of Section 120.883 is clear, and declines to make any change in the proposed rule. Under Section 120.971(a)(2), a CDC may charge a borrower a reasonable CDC closing fee. Under Section 120.883, up to $2,500 is eligible to be paid out of the debenture proceeds.

Compliance With Executive Orders 12612, 12778, and 12866, the Regulatory Flexibility Act (5 U.S.C. 601, et seq.), and the Paperwork Reduction Act (44 U.S.C. Ch. 35).

SBA certifies that this final rule does not constitute a significant rule within the meaning of Executive Order 12866, since it is not likely to have an annual effect on the economy of $100 million or more, result in a major increase in costs or prices, or have a significant adverse effect on competition or the U.S. economy.

SBA certifies that this final rule will not have a significant economic impact on a substantial number of small entities within the meaning of the Regulatory Flexibility Act, 5 U.S.C. 601, *et seq.* Last year, SBA made approximately four thousand 504 loans. Currently there are approximately 300 CDCs, less than 15 of which are Premier CDCs. While the 1997 legislation removes the limit on the number of CDCs that can become Premier CDCs, SBA anticipates that, at most, this Rule will affect only half of the CDCs. Thus, the changes to the program in the final rule, including the changes to the Closing Fee provisions and the changes implementing P.L. 104–208 and P.L. 105–135 will not have a significant impact on a substantial number of small businesses.

SBA certifies that this final rule does not impose any additional reporting or recordkeeping requirements under the Paperwork Reduction Act, 44 U.S.C. chapter 35.

For purposes of Executive Order 12612, SBA certifies that this final rule has no federalism implications warranting preparation of a Federalism Assessment.

For purposes of Executive Order 12778, SBA certifies that this final rule is drafted, to the extent practicable, to follow with the standards set forth in section 2 of that Order.

List of Subjects in 13 CFR Part 120

Loan programs—business, Small businesses.

For the reasons set forth in the preamble, SBA amends 13 CFR part 120 as follows:

PART 120—BUSINESS LOANS

1. The authority citation for Part 120 continues to read as follows:

Authority: 15 U.S.C. 634 (b)(6) and 636(a) and (h).

2. In § 120.10, add a new definition as follows:

§ 120.10 Definitions.

* * * * *

Rentable Property is the total square footage of all buildings or facilities used for business operations.

* * * * *

3. Amend § 120.111 by revising the first sentence to read as follows:

§ 120.111 What conditions must an Eligible Passive Company satisfy?

An Eligible Passive Company must use loan proceeds to acquire or lease, and/or improve or renovate, real or personal property (including eligible refinancing), that it leases to one or more Operating Companies for conducting the Operating Company's business (references to Operating Company in paragraphs (a) and (b) of this section mean each Operating Company).

* * * * *

4. Revise § 120.131 to read as follows:

§ 120.131 Leasing part of new construction or existing building to another business.

(a) If the SBA business loan involves the construction of a new building, a

Borrower may lease up to 33 percent of the Rentable Property for a short term to any third party if reasonable growth projections show that the Borrower will need additional space within three years. If the Borrower is an Eligible Passive Company leasing 100 percent of the Project space to one or more Operating Company, the Operating Company, or Operating Companies together, may sublease up to 33 percent of the Rentable Property to a third party under the same conditions. (See § 120.870(c) for an exception with respect to 504 Projects.)

(b) If the SBA business loan involves the acquisition, renovation, or reconstruction of an existing building, the Borrower may lease up to 49 percent of the Rentable Property long term. If the Borrower is an Eligible Passive Company leasing 100 percent of the Project space to one or more Operating Companies, the Operating Company, or Operating Companies together may sublease up to 49 percent of its Rentable Property to a third party under the same conditions. (For 504 loans, see § 120.871).

5. Amend section 120.801 to revise the first sentence of paragraph (a) and paragraph (c)(3) to read as follows:

§ 120.801 How is a 504 Project financed?

(a) One or more small businesses may apply for 504 financing through a CDC serving the area where the 504 Project is located.* * *

* * * * *

(c)* * *

(3) A *Third Party Loan* comprising the balance of the financing, collateralized by a first lien on the Project property (see § 120.920).

* * * * *

6. Amend § 120.802 to revise the definition of Third Party Loan to read as follows:

§ 120.802 Definitions.

* * * * *

Third Party Loan is a loan from a commercial or private lender, investor, or Federal (non-SBA), State or local government source that is part of the Project financing.

* * * * *

7. Amend § 120.862 to revise the parenthetical clause in paragraph (b)(3), and to revise paragraph (b)(7), to read as follows:

§ 120.862 Other economic development objectives.

* * * * *

(b) Public Policy goals: * * *

(3) * * * (See § 124.105(b) for minority groups who qualify for this description.)

* * * * *

(7) Assisting businesses in or moving to areas affected by Federal budget reductions, including base closings, either because of the loss of Federal contracts or the reduction in revenues in the area due to a decreased Federal presence.

8. Amend § 120.870 to revise paragraph (a)(1), and add a new paragraph (c), to read as follows:

§ 120.870 Leasing Project Property.

(a) * * *

(1) The remaining term of the lease, including options to renew, exercisable only by the lessee, equals or exceeds the term of the Debenture;

* * * * *

(c) If the Project is for new construction, the Borrower may lease long term up to 20 percent of the Rentable Property in the Project to one or more tenants if the Borrower immediately occupies at least 60 percent of the Rentable Property, plans to occupy within three years some of the remaining space not immediately occupied and not leased long term, and plans to occupy all of the remaining space not leased long term within ten years.

9. Revise § 120.883 to read as follows:

§ 120.883 Eligible administrative costs for 504 loans.

The following administrative costs are not part of Project costs, but may be paid with the proceeds of the 504 loan and the Debenture (see § 120.971):

(a) SBA guarantee fee;

(b) Funding fee (to cover the cost of a public issuance of securities and the Trustee);

(c) CDC processing fee;

(d) Borrower's out-of-pocket costs associated with the closing of the 504 loan (other than legal fees);

(e) CDC Closing Fee (see § 120.971(a)(2)) up to a maximum of $2,500; and

(f) Underwriters' fee.

§ 120.884 [Amended]

10. Amend § 120.884 to remove paragraph (e).

11. Revise § 120.910 to read as follows:

§ 120.910 How much must the Borrower contribute?

(a) The Borrower must contribute to the Project cash (or property acceptable to SBA obtained with the cash) or land (that is part of the Project Property), in an amount equal to the following percentage of the Project cost, excluding administrative costs:

(1) At least 15 percent, if the Borrower (or Operating Company if the Borrower is an Eligible Passive Company) has operated for two years or less;

(2) At least 15 percent, if the Project involves the acquisition, construction, conversion, or expansion of a limited or single purpose building or structure;

(3) At least 20 percent, if the Project involves conditions described in paragraphs (a)(1) and (2) of this section; or

(4) At least 10 percent, in all other circumstances.

(b) The source of the contribution may be a CDC or any other source except an SBA business loan program (see § 120.913 for SBIC exception).

12. Revise § 120.920 to read as follows:

§ 120.920 Required participation by the Third Party Lender.

(a) *Amount of Third Party Loans.* A Project financing must include one or more Third Party Loans totaling at least as much as the 504 loan. However, the Third Party Loans must total at least 50 percent of the total cost of the Project if:

(1) The Borrower (or Operating Company, if the Borrower is an Eligible Passive Company) has operated for two years or less, or

(2) The Project is for the acquisition, construction, conversion or expansion of a limited or single purpose asset.

(b) *Third Party Loan collateral.* Third Party Loans usually are collateralized by a first lien on the Project property. The SBA cannot guarantee these loans.

13. Amend § 120.921 to revise paragraphs (d) and (e) and redesignate them as (e) and (f), respectively, and add a new paragraph (d), to read as follows:

§ 120.921 Terms of Third Party loans.

* * * * *

(d) *Future advances.* The Third Party Loan must not be open-ended. After completion of the Project, the Third Party Lender may not make future advances under the Third Party Loan except expenditures to collect amounts due the Third Party Loan notes, maintain collateral and protect the Third Party Lender's lien position on the Third Party Loan.

(e) *Subordination.* The Third Party Lender's lien will be subordinate to the CDC/SBA lien regarding any prepayment penalties, late fees, other default charges, and escalated interest after default due under the Third Party Loan.

(f) *Escalation upon default.* A Third-Party Lender may not escalate the rate of interest upon default to a rate greater

than the maximum rate set forth in paragraph (b) of this section. Regarding any Project that SBA approved after September 30, 1996, SBA will only pay the interest rate on the note in effect before the date of the Borrower's default.

14. Amend § 120.971 by revising the first sentence and removing the second sentence of paragraph (a)(2), and by revising paragraphs (a)(3) and (d)(2) to read as follows:

§ 120.971 Allowable Fees paid by Borrower.

(a) * * *

(2) *Closing fee.* The CDC may charge a reasonable closing fee sufficient to reimburse it for the expenses of its in-house or outside legal counsel, and other miscellaneous closing costs (CDC Closing Fee). * * *

(3) *Servicing fee.* The CDC will charge a monthly servicing fee of at least 0.625 percent per annum and no more than 2 percent per annum on the unpaid balance of the loan as determined at five-year anniversary intervals. A servicing fee greater than 1.5 percent in a rural area and 1 percent everywhere else requires SBA's prior written approval, based on evidence of substantial need. The servicing fee may be paid only from loan payments received. The fees may be accrued without interest and collected from the CSA when the payments are made.

* * * * *

(d) * * *

(2) For loans approved by SBA after September 30, 1996, SBA charges a fee of not more than 0.9375 percent annually on the unpaid principal balance of the loan as determined at five-year anniversary intervals.

* * * * *

15. Redesignate § 120.972 as § 120.973, and add a new § 120.972 to read as follows:

§ 120.972 Third Party Lender participation fee and Development Company fee.

(a) *Participation fee.* For loans approved by SBA after September 30, 1996, SBA must collect a one-time fee from the Third Party Lender equal to 50 basis points on its total participation in a Project when the Third Party Lender occupies a senior credit position to SBA in the project.

(b) *Development company fee.* For loans approved by SBA after September 30, 1996, SBA must collect an annual fee from the CDC equal to 0.125 percent of the outstanding principal balance of the debenture. The fee must be paid from the servicing fees collected by the CDC and cannot be paid from any additional fees imposed on the Borrowers.

Dated: December 23, 1998.

Aida Alvarez,

Administrator.

[FR Doc. 99–559 Filed 1–12–99; 8:45 am]

BILLING CODE 8025–01–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 71

[Airspace Docket No. 98–ASO–18]

Amendment of Class E Airspace; Carrollton, GA

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: This notice amends Class E airspace at Carrollton, GA. The Non-Directional Beacon (NDB) or Global Positioning System (GPS) Runway (RWY) 34 and the Localizer (LOC) RWY 34 Standard Instrument Approach Procedures (SIAP's) have been amended to the West Georgia Regional Airport. The outbound course from the Carrollton NDB for the NDB or GPS RWY 34 SIAP has changed from the 168 degree bearing to the 167 degree bearing and the inbound course has changed from the 348 degree bearing to the 347 degree bearing. The outbound course from the Carrollton NDB for the LOC RWY 34 SIAP has changed from the 165 degree bearing to the 166 degree bearing and the inbound course has changed from the 345 degree bearing to the 346 degree bearing. As a result, the length of the Class E airspace extension south of the NDB will be reduced from 9 to 7 miles and the width of the airspace extension will be increased from 6 to 7 miles.

EFFECTIVE DATE: 0901 UTC, March 25, 1999.

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

SUPPLEMENTARY INFORMATION:

History

On November 27, 1998, the FAA proposed to amend part 71 of the Federal Aviation Regulations (14 CFR part 71) by establishing Class E airspace at Carrollton, GA, (63 FR 65565). This action provides adequate Class E airspace for IFR operations at West Georgia Regional Airport. Designations for Class E airspace extending upward from 700 feet or more above the surface are published in FAA Order 7400.9F, dated September 10, 1998, and effective September 16, 1998, which is incorporated by reference in 14 CFR part 71.1. The Class E designation listed in this document will be published subsequently in the Order.

Interested parties were invited to participate in this rulemaking proceeding by submitting written comments on the proposal to the FAA. No comments objecting to the proposal was received.

The Rule

This amendment to part 71 of the Federal Aviation Regulations (14 CFR part 71) amends Class E Airspace at Carrollton, GA for the West Georgia Regional Airport.

The FAA has determined that this regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. It, therefore, (1) is not a ''significant regulatory action'' under Executive Order 12866; (2) is not a ''significant rule'' under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979); and (3) does not warrant preparation of a Regulatory Evaluation, as the anticipated impact is so minimal. Since this is a routine matter that will only affect air traffic procedures and air navigation, it is certified that this rule will not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

List of Subjects in 14 CFR Part 71

Airspace, Incorporation by reference, Navigation (air).

Adoption of the Amendment

In consideration of the foregoing, the Federal Aviation Administration amends 14 CFR part 71 as follows:

PART 71—DESIGNATION OF CLASS A, CLASS B, CLASS C, CLASS D AND CLASS E AIRSPACE AREAS; AIRWAYS; ROUTES; AND REPORTING POINTS

1. The authority citation for 14 CFR part 71 continues to read as follows:

Authority; 49 U.S.C. 106(g), 40103, 40113, 40120; EO 10854, 24 FR 9565, 3 CFR, 1959–1963 Comp., p. 389.

§ 71.1 [Amended]

2. The incorporation by reference in 14 CFR 71.1 of Federal Aviation Administration Order 7400.9F, Airspace Designations and Reporting Points,