

children, Maternal and child health, Public assistance programs, nutrition, women, aged.

■ Accordingly, 7 CFR part 247 is amended as follows:

#### **PART 247—COMMODITY SUPPLEMENTAL FOOD PROGRAM**

■ 1. The authority citation for part 247 is revised to read as follows:

**Authority:** Sec. 5, Pub. L. 93–86, 87 Stat. 249, as added by Sec. 1304(b)(2), Pub. L. 95–113, 91 Stat. 980 (7 U.S.C. 612c note); sec. 1335, Pub. L. 97–98, 95 Stat. 1293 (7 U.S.C. 612c note); sec. 209, Pub. L. 98–8, 97 Stat. 35 (7 U.S.C. 612c note); sec. 2(8), Pub. L. 98–92, 97 Stat. 611 (7 U.S.C. 612c note); sec. 1562, Pub. L. 99–198, 99 Stat. 1590 (7 U.S.C. 612c note); sec. 101(k), Pub. L. 100–202; sec. 1771(a), Pub. L. 101–624, 101 Stat. 3806 (7 U.S.C. 612c note); sec. 402(a), Pub. L. 104–127, 110 Stat. 1028 (7 U.S.C. 612c note), Sec. 4201(b), Pub. L. 107–171.

■ 2. In § 247.10, paragraphs (b)(1), (b)(2), and (b)(3) are revised to read as follows:

#### **§ 247.10 Caseload assignment and administrative funding.**

\* \* \* \* \*

(b) Administrative Funding. \* \* \*

(1) FNS allocates to each State agency an administrative grant per assigned caseload slot, adjusted each year for inflation.

(2) For fiscal year 2003, the amount of the grant per assigned caseload slot is equal to the per-caseload slot amount provided in fiscal year 2001, adjusted by the percentage change between:

(i) The value of the State and local government price index, as published by the Bureau of Economic Analysis of the Department of Commerce, for the 12-month period ending June 30, 2001; and

(ii) The value of that index for the 12-month period ending June 30, 2002.

(3) For subsequent fiscal years, the amount of the grant per assigned caseload slot is equal to the amount of the grant per assigned caseload slot for the preceding fiscal year, adjusted by the percentage change between:

(i) The value of the State and local government price index, as published by the Bureau of Economic Analysis of the Department of Commerce, for the 12-month period ending June 30 of the second preceding fiscal year; and

(ii) The value of that index for the 12-month period ending June 30 of the preceding fiscal year.

\* \* \* \* \*

Dated: August 21, 2003.

**Eric M. Bost,**

*Under Secretary for Food, Nutrition, and Consumer Services.*

[FR Doc. 03–22021 Filed 8–27–03; 8:45 am]

**BILLING CODE 3410–30–P**

## **SMALL BUSINESS ADMINISTRATION**

### **13 CFR Part 120**

**RIN 3245–AE68**

#### **Business Loans and Development Company Loans**

**AGENCY:** Small Business Administration (SBA).

**ACTION:** Direct final rule.

**SUMMARY:** Statutory amendments to the Small Business Act require changes to SBA rules concerning maximum loan guaranty and gross loan amounts, percentages of financing which can be guaranteed by SBA, guarantee fees paid by lenders, real estate occupancy rules, and borrower subsidy recoupment fees. This direct final rule implements the statutory provisions.

**DATES:** This rule is effective October 14, 2003 without further action, unless adverse comment is received by September 29, 2003. If an adverse comment is received, SBA will publish a timely withdrawal of the rule in the **Federal Register**.

**ADDRESSES:** Written comments should be sent to LeAnn Oliver, Deputy Associate Administrator for Financial Assistance, Office of Financial Assistance, Small Business Administration, 409 Third Street SW., Washington, DC 20416. Comments also may be sent by e-mail to [leann.oliver@sba.gov](mailto:leann.oliver@sba.gov) or submitted electronically at <http://www.regulations.gov>.

**FOR FURTHER INFORMATION CONTACT:** Charles W. Thomas, Acting Director, Office of Loan Programs, Office of Financial Assistance, (202) 205–6656, [charles.thomas@sba.gov](mailto:charles.thomas@sba.gov).

**SUPPLEMENTARY INFORMATION:** The Small Business Reauthorization Act of 2000, Pub. L. 106–554, Appendix I—H.R. 3667, Titles II–III, 114 Stat. 2763A–681 to 689 (2000 Act) became effective on December 21, 2000. The Veterans Entrepreneurship and Small Business Development Act of 1999, Public Law 106–50, 113 Stat. 236, became effective August 17, 1999 (Veterans' Act). This direct final rule is necessary to amend SBA regulations to incorporate certain legislative changes made by the 2000 Act and the Veterans' Act.

Previously, SBA was authorized to guarantee no more than 80 percent of a loan if the gross amount of the loan was \$100,000 or less, and no more than 75 percent of a loan over that amount. Section 202 of the 2000 Act amends the 7(a) business loan program by authorizing SBA to guarantee up to 85 percent of a loan if the gross amount of

the loan is no more than \$150,000.

Under the 2000 Act, the maximum SBA guaranty on a loan greater than \$150,000 is 75 percent except as otherwise authorized by law. To reflect these changes, SBA is amending § 120.210 of the regulations.

Section 203 of the 2000 Act increases the maximum amount that SBA may guarantee to a single borrower from \$750,000 to \$1 million. Section 203 provides that the gross amount of any one SBA guaranteed loan cannot exceed \$2 million. Previously, there was no limit on the maximum gross loan amount. SBA is amending § 120.151 of its regulations to implement these changes.

Section 205 of the 2000 Act imposes a subsidy recoupment fee on some borrowers with respect to certain SBA 7(a) guaranteed loans. A subsidy recoupment fee applies if a prepaid loan has a maturity of 15 years or more, the prepayment is voluntary, the amount of prepayment in the aggregate in any 12 month period is more than 25 percent of the outstanding balance of the loan in that period, and the prepayment is made within the first three years of the initial disbursement of the loan proceeds. The subsidy recoupment fee is paid to SBA and applies to the full amount of the prepayment, not just to the guaranteed portion of the prepayment, as follows: if a borrower prepays during the first year after initial disbursement, the prepayment charge is 5 percent of the amount of the prepayment; if a borrower prepays during the second year after initial disbursement, the prepayment charge is 3 percent of the amount of the prepayment; and if a borrower prepays during the third year after initial disbursement, the prepayment charge is 1 percent of the amount of the prepayment. SBA is adding a new § 120.223 to its regulations to reflect this statutory amendment.

Section 206 of the 2000 Act simplifies the calculation of the guaranty fee payable to SBA by a participating lender. This provision continues to allow a lender to pass this fee on to the borrower. Under the new simplified calculation for all loans with a maturity of over 12 months, if the total loan amount is \$150,000 or less, a lender must pay a guaranty fee equal to 2 percent of the SBA guaranteed portion, however, the lender may retain 25 percent of the fee. In addition, for all loans with a maturity of over 12 months, if the total loan amount is more than \$150,000, but not more than \$700,000, a lender must pay a guaranty fee of 3 percent of the SBA guaranteed portion, and if the total amount is more than \$700,000, a lender must pay a guaranty