

proceedings of the National Appeals Division (7 CFR part 11) must be exhausted before litigation against the Department is instituted.

Paperwork Reduction Act

The information collection requirements contained in this rule have been approved by the Office of Management and Budget (OMB) under the provisions of 44 U.S.C. chapter 35 and were assigned OMB control number 0575-0184 in accordance with the Paperwork Reduction Act of 1995. No person is required to respond to a collection of information unless it displays a valid OMB control number. This rule does not impose any new information collection requirements from those approved by OMB.

Unfunded Mandates Reform Act

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA), Pub. L. 104-4, establishes requirements for Federal agencies to assess the effects of their regulatory actions on State, local, and tribal governments and the private sector. Under section 202 of the UMRA, the Agencies generally must prepare a written statement, including a cost-benefit analysis, for proposed and final rules with "Federal mandates" that may result in expenditures to State, local, or tribal governments, in the aggregate, or to the private sector, of \$100 million or more in any one year. When such a statement is needed for a rule, section 205 of the UMRA generally requires the agencies to identify and consider a reasonable number of regulatory alternatives and adopt the least costly, more cost-effective, or least burdensome alternative that achieves the objectives of the rule.

This rule contains no Federal mandates (under the regulatory provisions of title II of the UMRA) for State, local, and tribal governments or the private sector. Thus, the rule is not subject to the requirements of section 202 and 205 of the UMRA.

Environmental Impact Statement

This document has been reviewed in accordance with 7 CFR part 1940, subpart G, "Environmental Program." The Agencies have determined that this final action does not constitute a major Federal action significantly affecting the quality of human environment, and in accordance with the National Environmental Policy Act of 1969, 42 U.S.C. 4321 *et seq.*, an Environmental Impact Statement is not required.

Executive Order 13132, Federalism

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.

Discussion of Final Rule

In November 1997 Rural Development discontinued using the Concentration Banking System (CBS). CBS was a collection system in which Rural Development field offices would deposit loan payments and collections they received in Treasury Limited Accounts (TLA's) at local banks. Daily, the concentrator bank (Mercantile Bank in St. Louis, MO) would sweep all local bank TLA's and deposit the funds with Treasury. Rural Development field offices would send the detailed loan payment information to the Rural Development Finance Office (FO) in St. Louis, MO. The FO would reconcile the detailed loan payment data with the deposit information and credit the borrower accounts for the payment.

In September 1997, Rural Development implemented the Rural Housing Service wholesale lockbox system. The wholesale lockbox significantly reduced collections received in field offices and it was determined that CBS was no longer cost effective to continue operating. In addition, since 1997, Rural Development has expanded its use of electronic collection methods (*e.g.*, Preauthorized Debits, Customer Initiated Payments, FedWire, *etc.*).

The Farm Service Agency (FSA) payment collection policies are established in internal agency handbooks. While collections under some FSA programs were processed according to 7 CFR 1951, subpart B, prior to the USDA Reorganization Act, FSA no longer utilizes this subpart.

List of Subjects

7 CFR Part 1902

Accounting, Banks, banking, Grant programs—Housing and community development, Loan programs—Agriculture, Loan programs—Housing and community development.

7 CFR Part 1930

Accounting, Administrative practice and procedure, Grant programs—Housing and community development, Loan programs—Housing and community development, Low and moderate income housing, Reporting and recordkeeping requirements.

7 CFR Part 1942

Community development, Community facilities, Loan programs—Housing and community development, Loan security, Rural areas, Waste treatment and disposal—Domestic, Water supply—Domestic.

7 CFR Part 1944

Farm labor housing, Grant programs—Housing and community development, Loan programs—Housing and community development, Low and moderate income housing—Rental, Migrant labor, Mobile homes, Mortgages, Nonprofit organizations, Public housing, Rent subsidies, Rural housing, Subsidies.

7 CFR Part 1948

Business and industry, Coal, Community development, Community facilities, Energy, Grant programs—Housing and community development, Housing, Nuclear energy, Planning, Rural areas, Transportation

7 CFR Part 1951

Accounting, Account servicing, Credit, Financial institutions, Foreclosure, Government acquired property, Loan programs—Agriculture, Loan programs—Housing and community development, Low and moderate income housing loans—Servicing, Mortgages, Reporting requirements, Rural areas, Sale of government acquired property, Surplus government property.

7 CFR Part 1955

Government acquired property, Government property management, Sale of government acquired property, Surplus government property.

7 CFR Part 1956

Accounting, Loan programs—Agriculture, Rural areas.

7 CFR Part 1962

Crops, Government property, Livestock, Loan programs—Agriculture, Rural areas.

7 CFR Part 1965

Administrative practice and procedure.

7 CFR Part 1980

Loan programs—Business and industry—Rural development assistance, Rural areas.

7 CFR Part 2045

Personnel, volunteers.

■ For the reasons set forth in the preamble, chapter XVIII, title 7, Code of