

Service, 333 West 8th Street, Medford, OR, 97501.

Dated: February 4, 2004.

M.J. Harvie,

Fire and Aviation Staff Officer, Rogue River-Siskiyou National Forest.

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DEPARTMENT OF AGRICULTURE

Rural Utilities Service

Financing for Household Water Well Systems

AGENCY: Rural Utilities Service, USDA.

ACTION: Notice of inquiry.

SUMMARY: The Water and Environmental Program within the Rural Utilities Service (RUS) is developing regulations to implement section 306E of the Consolidated Farm and Rural Development Act (CONACT). The Agency seeks written comments about the prospective grant program to an entity that will establish a lending program for the construction, refurbishing, and servicing of individually-owned household water well systems in rural areas that are or will be owned by the eligible individuals. RUS believes it is beneficial to have the public's input before drafting regulations and this notice of inquiry will allow the public's opinion to be considered in the drafting of those regulations.

DATES: Interested parties must submit written comments on or before March 11, 2004.

ADDRESSES: You may submit comments by any of the following methods:

- *E-mail:* RUSComments@usda.gov. Include in the subject line of the message "Water Well Systems." The e-mail must identify, in the text of the message, the name of the individual (and name of the entity if applicable) who is submitting the comment.

- *Mail:* Addressed to Richard Annan, Acting Director, Program Development and Regulatory Analysis, Rural Utilities Service, United States Department of Agriculture, 1400 Independence Avenue, SW., STOP 1522, Washington, DC 20250-1522.

- *Hand Delivery/Courier:* Addressed to Richard Annan, Acting Director, Program Development and Regulatory Analysis, Rural Utilities Service, United States Department of Agriculture, 1400 Independence Avenue, SW., Room 5168-S, Washington, DC 20250-1522.

RUS requires, in hard copy, a signed original and 3 copies of all written comments (7 CFR 1700.4). Comments

will be available for public inspection during normal business hours (7 CFR part 1).

FOR FURTHER INFORMATION CONTACT: Gary Morgan, Assistant Administrator, Water and Environmental Programs, Rural Utilities Service, United States Department of Agriculture, 1400 Independence Avenue, SW., stop 1548 room 5145-S, Washington, DC 20250-1548. Phone: 202-690-2670. Fax: 202-720-0718. E-mail: gary.morgan@usda.gov.

SUPPLEMENTARY INFORMATION:

Background

On May 13, 2002, the Farm Security and Rural Investment Act of 2002 (Farm Bill) was signed into law as Public Law 107-171. The CONACT was amended by section 6012 of the Farm Bill, by adding a grant program to establish a lending program. For this program, the Secretary may make grants to private nonprofit organizations for the purpose of providing loans to eligible individuals for the construction, refurbishing, and servicing of individual household water well systems in rural areas that are or will be owned by the eligible individuals.

An "eligible individual" means an individual who is a member of a household the members of which have a combined income (for the most recent 12-month period for which the information is available) that is not more than 100 percent of the median nonmetropolitan household income for the State or territory in which the individual resides, according to the most recent decennial census of the United States.

The terms of a loan made with grant funds are as follows: (a) Shall have an interest rate of 1 percent; (b) shall have a term not to exceed 20 years; and (c) shall not exceed \$8,000 for each water well system.

A recipient of a grant made under this section may use grant funds to pay administrative expenses associated with providing the assistance described in the above paragraph.

The Secretary may give priority points to an applicant that has substantial expertise and experience in promoting the safe and productive use of individually-owned household water well systems and ground water.

This program is authorized to be appropriated \$10,000,000 for each of fiscal years (FY) 2003 through 2007.

There was no funding appropriated in FY 2003. However, the appropriations bill for FY 2004 includes \$500,000 for the grant program; therefore RUS is proceeding with the development of a

regulation in order to implement the program.

RUS encourages interested parties to review the Act in its entirety on the USDA Web site at <http://www.usda.gov/farmbill/>.

Request for Comment

RUS is requesting comment and discussion on the following topics:

1. RUS is interested in comments regarding grantees' experience with individual household water systems and the importance of having a staff with both technical and lending experience.

2. In similar RD programs, there is either a requirement that the grantee provide matching funds or that the applicant receives additional priority for providing larger matching funds. Should there be a requirement to leverage funds? Also, should RUS give priority points to those who do leverage funds?

3. What percentage of financing should be allowed and what percentage of the project costs should the borrower cover?

4. Should administrative and servicing fees be an eligible grant purpose? If so, what should be the limit on those fees?

5. RUS is considering the use of the Central Servicing Center for servicing the loans, including processing loan payments, reviewing financial statements, and other responsibilities involved in loan servicing.

6. Several RD lending programs are limited to applicants who cannot obtain financing from commercial sources at reasonable rates and terms. How should the homeowner show an inability to obtain financing from other sources?

7. What should be eligible and ineligible loan purposes?

RUS invites interested parties including, but not limited to, financial and lending institutions, well drillers, trade associations, consumer groups and individuals to provide RUS, any information or analyses they believe to be relevant to the issues discussed in this Notice and to the implementation of the grant program.

Dated: January 16, 2004.

Hilda Gay Legg,

Administrator, Rural Utilities Service.

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