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 Utah State Office, Wallace F. Bennett Federal Building, 125 S. State Street, Room 4311, Salt Lake City, UT 84138, (801) 524-4324, TDD (801) 524-3309, Robert L. Milianta  
 Vermont State Office, City Center, 3rd Floor, 89 Main Street, Montpelier, VT 05602, (802) 828-6028, TDD (802) 223-6365, Sandra Mercier  
 Virgin Islands: Served by Florida State Office  
 Virginia State Office, Culpeper Building, Suite 238, 1606 Santa Rosa Road, Richmond, VA 23229, (804) 287-1596, TDD (804) 287-1753, CJ Michels  
 Washington State Office, Puyallup Executive Park, 1011 E. Main, Suite 306, Puyallup, WA 98372-6771, (253) 845-9272 (ext. 118), TDD (360) 704-7760, Don Wagnoner  
 Western Pacific Territories: Served by Hawaii State Office  
 West Virginia State Office, Federal Building, 75 High Street, Room 320, Morgantown, WV 26505-7500, (304) 284-4889, TDD (304) 284-4836, Craig St. Clair  
 Wisconsin State Office, 4949 Kirschling Court, Stevens Point, WI 54481, (715) 345-7615 (ext. 151), TDD (715) 345-7614, Sherry Engel  
 Wyoming State Office, 100 East B, Federal Building, Room 1005, PO Box 820, Casper, WY 82602, (307) 261-6315, TDD (307) 261-6333, Jack Hyde

**FOR FURTHER INFORMATION CONTACT:** For general information, applicants may contact Mary Fox, Senior Loan Officer, Multi-Family Housing Processing Division, Rural Housing Service, United States Department of Agriculture, Stop 0781, 1400 Independence Avenue, SW., Washington, DC, 20250-0781, telephone (202) 720-1624 (voice) (this is not a toll free number) or (800) 877-8339 (TDD-Federal Information Relay Service).

**SUPPLEMENTARY INFORMATION:**

**Programs Affected**

This program is listed in the Catalog of Federal Domestic Assistance under Number 10.433, Rural Housing Preservation Grants. This program is subject to the provisions of Executive Order 12372 which requires intergovernmental consultation with State and local officials (7 CFR 3015, subpart V). Applicants are referred to 7 CFR 1944.674 and 1944.676(f) and (g) for specific guidance on these requirements relative to the HPG program.

**Application Requirements**

7 CFR part 1944, subpart N provides details on what information must be

contained in the preapplication package. Entities wishing to apply for assistance should contact the Rural Development State Office to receive further information, the State allocation of funds if and when a final appropriation act is enacted providing funding for the HPG Program, and copies of the preapplication package. Eligible entities for these competitively awarded grants include state and local governments, nonprofit corporations, Federally recognized Indian Tribes, and consortia of eligible entities.

**Funding Information**

The funding instrument for the HPG Program will be a grant agreement. The term of the grant can vary from 1 to 2 years, depending on available funds and demand. No maximum or minimum grant levels have been established at the National level. If and when a final appropriation act is enacted providing funding for the HPG Program, you should contact the Rural Development State Office to determine the allocation and the State maximum grant level, if any. From funds available for the HPG Program, there will be monies set aside for grants located in Empowerment Zones, Enterprise Communities, and Rural Economic Area Partnership Zones and other funds will be distributed under a formula allocation to States pursuant to 7 CFR part 1940, subpart L.

Dated: December 20, 2002.

**James E. Selmon,**

*Associate Administrator, Rural Housing Service.*

[FR Doc. 02-32761 Filed 12-26-02; 8:45 am]

**BILLING CODE 3410-XV-P**

**DEPARTMENT OF AGRICULTURE**

**Rural Housing Service**

**Notice for Requests for Proposals for Guaranteed Loans Under the Section 538 Guaranteed Rural Rental Housing Program (GRRHP) for Fiscal Year 2003**

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

**SUMMARY:** This is a request for proposals for guaranteed loans under the section 538 Guaranteed Rural Rental Housing Program (GRRHP) pursuant to 7 CFR 3565.4 for Fiscal Year (FY) 2003 subject to the availability of funding. FY 2002 funding for the section 538 was \$99.7 million. This notice is being issued prior to passage of a final appropriations bill to allow applicants sufficient time to leverage financing and submit proposals in the form of "RESPONSES", and give the Agency maximum time to

process applications within the current fiscal year. A Notice of Funding Availability will be published announcing the funding level for GRRHP for FY 2003 once an appropriation act has been enacted. The commitment of program dollars will be made to applicants of selected responses that have fulfilled the necessary requirements for obligation, to the extent an appropriation act provides funding for GRRHP for FY 2003. Expenses incurred in developing applications will be at the applicant's risk. The following paragraphs outline the timeframes, eligibility requirements, lender responsibilities, and the overall response and application processes.

The GRRHP operates under 7 CFR part 3565. The GRRHP Origination and Servicing Handbook (HB-1-3565) is available to provide lenders and the general public with guidance on program administration. HB-1-3565, which contains a copy of Appendix 1, can be found at the Rural Development regulation web site address <http://rdinit.usda.gov/regs>.

Eligible lenders are invited to submit responses for the development of affordable rental housing to serve rural America. The Rural Housing Service (RHS) will review responses submitted by eligible lenders, on the lender's letterhead, and signed by both the prospective borrower and lender. Although a complete application is not required in response to this notice, eligible lenders may submit a complete application concurrently with the response. The submission of a complete application will not affect the scoring process.

**DATES:** Program dollars will be allocated through a continuous selection process to the extent and when an appropriation act provides funding for GRRHP for FY 2003. The RHS will review all responses through May 16, 2003. Reviews will take place on an on-going basis. Those responses that are selected that subsequently fulfill the necessary requirements for obligation and meet all federal environmental requirements will receive commitments to the extent an appropriation act provides funding for GRRHP for FY 2003 until all funds are expended. If any fiscal year 2003 funds have not been exhausted by May 16, 2003, the Agency will continue receiving and reviewing responses until all funds are expended. A notice will be placed in the **Federal Register** when all funds are committed for FY 2003.

Eligible lenders intending to mail a response or application must provide sufficient time to permit delivery to the NOTICE submission address on or

before the closing deadline date and time. Acceptance by a U.S. Post Office or private mailer does not constitute delivery. Postage due responses and applications will not be accepted.

**FOR FURTHER INFORMATION CONTACT:**

Arlene Nunes, Senior Loan Specialist, Guaranteed Loans, Multi-Family Housing Processing Division, U.S. Department of Agriculture, South Agriculture Building, Room 1271, STOP 0781, 1400 Independence Avenue, SW, Washington, DC 20250-0781. E-mail: [anunes@rdmail.rural.usda.gov](mailto:anunes@rdmail.rural.usda.gov). Telephone: (202) 401-2307. This number is not toll-free. Hearing or speech-impaired persons may access that number by calling the Federal Information Relay Service toll-free at (800) 877-8339.

*Eligibility of Prior Year Selected NOFA Responses:* NOFA RESPONSES selected, but not funded, in prior years are eligible for FY 2003 program dollars subject to the availability of funds. Prior year NOFA RESPONSES selected by RHS for submission of a complete application may submit an application for competition for FY 2003 funding without completing a FY 2003 response. All qualified applications will be funded on a first come basis until all program funds are exhausted. RHS will commit and obligate funds only to lenders that meet the requirements for obligation, which include all federal environmental documents required by 7 CFR 1940, subpart G, Form RD 3565-1, and the \$2,500 application fee.

**General Program Information**

*Program Purpose:* The section 538 Guaranteed Rural Rental Housing Program is designed to increase the supply of affordable multi-family housing through partnerships between the RHS and major lending sources, as well as state and local housing finance agencies and bond issuers.

*Required Responses From:* Eligible Lenders for Multi-Family Lending.

*Program Offers:* Loan Guarantees and Interest Credits for Rural Housing.

*Qualifying Properties:* Qualifying properties include new construction for multi-family housing units or acquisition of existing structures with rehabilitation of at least \$15,000 per unit.

*Eligible Financing Sources:* Any form of federal, state, and conventional sources of financing can be used in conjunction with the loan guarantee, including Home Investment Partnership Program (HOME) grant funds, tax exempt bonds, and low income housing tax credits.

*Maximum Guarantee:* The maximum guarantee for a permanent loan will be

90 percent of the unpaid balance and interest on the loan. The maximum guarantee on a construction loan will be 90 percent of the work in place, which have credit enhancements, or up to 90 percent of the amount actually advanced by the lender, whichever is less.

*Reimbursement of Losses:* Any losses will be split on a pro-rata basis between the lender and the RHS from the first dollar lost.

*Interest Rate:* RHS will accept the best rate negotiated between the lender and prospective borrower. Interest rates must be fixed over the term of the loan.

*Interest Credit:* RHS will award interest credit to at least 20 percent of the loans made under the program. If 20 percent of the loans have not received interest credit by May 16, 2003, then RHS will award interest credit to those loans that initially requested interest credit and have the highest interest credit priority score until at least 20% of the loans have received interest credit. Requests for interest credit must be made in the response. Lenders are not permitted to make requests for interest credit after the selection process has taken place.

Due to limited funding and in order to distribute Interest Credit assistance as broadly as possible, the Agency has decided to limit the interest credit to \$1.5 million per loan. For example, if an eligible request were made for interest credit on a loan of \$2.5 million, up to \$1.5 million of the loan would receive interest credit. Interest credit is not available for construction loans. Interest credit is only available for permanent loans. Lenders with projects that are viable with or without interest credit are encouraged to submit a response reflecting financial and market feasibility under both funding options. Responses requesting consideration under both options will not affect interest credit selection. However, once the interest credit funds are exhausted, only those responses requesting consideration under both funding options or the Non-Interest Credit option will be further considered.

Due to limited interest credit funds and the responsibility of RHS to target and give priority to rural areas most in need, responses requesting interest credit must score a minimum of 55 points under the criteria established in this notice. In the event of ties, selection between responses will be by lot.

*Surcharges for Guarantee of Construction Advances:* There is no surcharge for the guarantee of construction advances for FY 2003.

*Program Fees for FY 2003:* The following information stipulates the program fees.

(1) There is an initial guarantee fee of 1 percent of the total guarantee amount, which will be due when the loan guarantee is issued. In the case of a combination construction and permanent loan guarantee, the 1 percent initial fee will be paid when the construction loan note guarantee is issued. For purposes of calculating this fee, the guarantee amount is the product of the percentage of the guarantee times the initial principal amount of the guaranteed loan.

(2) There is an annual renewal fee of 0.5 percent of the outstanding principal and interest of the loan. This fee will be collected annually on January 1st of each calendar year.

(3) There is no fee for site assessment and market analysis or preliminary feasibility in FY 2003.

(4) There is a non-refundable application fee of \$2,500 when the application is submitted.

(5) There is a flat fee of \$500 when a lender requests RHS to extend the term of a guarantee commitment.

(6) There is a flat fee of \$500 when a lender requests RHS to extend a guarantee commitment after the period of the commitment lapses.

(7) There is a flat fee of \$1,250 when a lender requests RHS to approve the transfer of property and assumption of the loan to an eligible prospective borrower.

(8) There is no lender application fee for lender approval in FY 2003.

*Eligible Lenders:* An eligible lender for the section 538 Guaranteed Loan Housing Program as required by 7 CFR 3565.102 must be a licensed business entity or Housing Finance Agency (HFA) in good standing in the state or states where it conducts business. Lender eligibility requirements are contained in 7 CFR 3565.102. Below is a list of some of the eligible lender criteria under 7 CFR 3565.102:

(1) Licensed business entity that meets the qualifications and has the approval of the Secretary of Housing and Urban Development (HUD) to make multi-family housing loans that are insured under the National Housing Act. A complete list of HUD approved lenders can be found on the HUD web site at <http://www.hud.gov>.

(2) A licensed business entity that meets the qualifications and has the approval of the Freddie Mac or Fannie Mae corporations to make multi-family housing loans that are sold to the same corporations. A complete list of Freddie Mac approved lenders can be found in Freddie Mac's web site at <http://>

[www.freddiemac.com](http://www.freddiemac.com). Fannie Mae approved lenders are found at <http://www.fanniemae.com>.

(3) A state or local HFA with a top-tier rating from Moody's or Standard & Poors, or member of the Federal Home Loan Bank system, and the demonstrated ability to underwrite, originate, process, close, service, manage, and dispose of multi-family housing loans in a prudent manner.

(4) Be a GRRHP approved lender, defined as an entity with an executed multi-family housing Lender's Agreement with RHS.

(5) Lenders that can demonstrate the capacity to underwrite, originate, process, close, service, manage, and dispose of multi-family housing loans in a prudent manner. In order to be approved the lender will have to have an acceptable level of financial soundness as determined by a lender rating service. The submission of materials demonstrating capacity will be required if the lender's response is selected.

Lenders who are otherwise ineligible may become eligible if they maintain a correspondent relationship with an eligible lender that does have the capacity to underwrite, originate, process, close, service, manage, and dispose of multi-family housing loans in a prudent manner. In this case, the eligible lender must submit the response and application. All contractual and legal documentation will be signed between RHS and the lender that submitted the response and application.

**RHS Lender Approval Application:** Lenders whose responses are selected will be notified by the RHS to submit a request for RHS lender approval application within 30 days of notification. Lenders that have received RHS lender approval in the past and are in good standing do not need to reapply for RHS lender approval.

**Submission of Documentation for RHS Lender Approval:** All lenders that have not yet received RHS lender approval must submit a complete application for RHS lender approval to the Director of Multi-Family Housing Processing Division and the address as provided in the NOTICE SUBMISSION ADDRESS section of this notice. As RHS does not have a formal application form, a complete application will consist of a cover letter requesting RHS lender approval and the following documentation:

- (1) Request for RHS lender approval on the lender's letterhead;
- (2) Lenders who are HUD, Freddie Mac or Fannie Mae multi-family approved lenders are required to show evidence of this status, such as a copy of a letter designating the distinction.
- (3) The lender's Loan Origination, Loan Servicing and Portfolio Management Handbooks. These handbooks should detail the lender's policies and procedures on loan origination through termination for multi-family loans;
- (4) Portfolio performance data;
- (5) Copies of standard documents that will be used in processing GRRHP loans;
- (6) Resumes and qualifications of key personnel that will be involved in the GRRHP;
- (7) Identification of standards and processes that deviate from those outlined in the GRRHP Origination and Servicing Handbook (HB-1-3565) found at <http://rdinit.usda.gov/regs>;
- (8) A copy of the most recent audited financial statements;
- (9) Lender specific information including: (a) Legal name and address, (b) list of principal officers and their responsibilities, (c) certification that the officers and principals of the lender have not been debarred or suspended from Federal programs, (d) Form AD 1047, (e) certification that the lender is not in default or delinquent on any

Federal debt or loan, or possess an outstanding finding of deficiency in a federal housing program, and (f) certification of the lender's credit rating; and

(10) Documentation on bonding and insurance.

**RHS Lender Approval Requirements:** Lenders who request RHS lender approval must meet the standards stipulated in the 7 CFR 3565.103.

**Lender Responsibilities:** Lenders will be responsible for the full range of loan origination, underwriting, management, servicing, compliance issues and property disposition activities associated with their projects. The lender will be expected to provide guidance to the prospective borrower on the RHS requirements during the application phase. Once the guarantee is issued, the lender is expected to service each loan it underwrites or contract these services to another capable entity.

**Discussion of Notice**

**Content of Notice Responses:** All responses require lender information and project specific data. Incomplete responses will not be considered for funding. Lenders will be notified of incomplete responses. Complete responses are to include a signed cover letter from the lender on the lender's letterhead and the following information:

- (1) Lender certification—The lender must certify that the lender will make a loan to the prospective borrower for the proposed project, under specified terms and conditions subject to the issuance of the RHS guarantee. Lender certification must be on the lender's letterhead and signed by both the lender and the prospective borrower.
- (2) Project specific data—The lender must submit the project specific data below on the lender's letterhead, signed by both the lender and the prospective borrower.

Lender Name .....	Insert the lender's name.
Lender Tax ID # .....	Insert lender's tax ID #.
Lender Contact Name .....	Name of the lender contact for Loan.
Mailing Address .....	Lender's complete mailing address.
Phone # .....	Phone # for lender contact.
Fax # .....	Insert lender's fax #.
E-mail Address .....	Insert lender contact e-mail address.
Borrower Name and Organization Type .....	State whether borrower is a Limited Partnership, Corporation, Indian Tribe, etc.
Tax Classification Type .....	State whether borrower is for profit, not for profit, etc.
Borrower Tax ID # .....	Insert borrower's tax ID #.
Borrower Address, including County .....	Insert borrower's address and county.
Borrower Phone # .....	Insert borrower's phone #.
Principal or Key Member for the Borrower .....	Insert name and title.
Borrower Information and Statement of Housing Development Experience.	Attach relevant information.
New Construction or Acquisition or Repair or Rehabilitation of at Least \$15,000 Per Unit.	State whether the project is new construction or acquisition or repair or rehabilitation.
Project Location Town or City .....	Town or city in which the project is located.

Project County .....	County in which the project is located.
Project State .....	State in which state the project is located.
Project Zip Code .....	Insert zip code.
Project Congressional District .....	Congressional District for project location.
Project Name .....	Insert project name.
Project Type .....	Family, senior (all residents over 55), or mixed
Property Description and Proposed Development Schedule .....	Provide as an attachment.
Total Project Development Cost .....	Enter amount for total project.
# of Units .....	Insert the # of units in the project.
Cost Per Unit .....	Total development cost divided by # of units.
Bedroom Mix .....	# of units by # of bedrooms.
Rent .....	Proposed rent structure.
Median Income for Community .....	Provide median income for the community.
Evidence of Site Control .....	Attach relevant information.
Description of Any Environmental Issues .....	Attach relevant information.
Loan Amount .....	Insert the loan amount.
Interest Credit (IC) .....	Is interest credit requested for this loan? (Yes or No).
If Above Is Yes, Should Proposal Be Considered Under Non-IC Selection, If IC Funds Are Exhausted? .....	If Yes, proposal must show financial feasibility for NON-IC consideration.
Borrower's Proposed Equity .....	Insert amount.
Tax Credits .....	Will the project be allocated tax credits? How much? What is the estimated value of the tax credits awarded?
Other Sources of Funds .....	List all funding sources.
Loan to Value .....	Guaranteed loan divided by value of project.
Debt Coverage Ratio .....	Net Operating Income divided by debt service payments.
Percentage of Guarantee .....	Percentage guarantee requested.
Collateral .....	Attach relevant information.
Empowerment Zone (EZ) or Enterprise Community (EC) ....	Yes or No. Is the project in a recognized EZ or EC?
Colonia or Tribal Lands .....	Is the project in a Colonia or on an Indian Reservation? (Yes or No)
Population .....	Must be within the 20,000 population limit set for the program.
Is a Guarantee for Construction Being Requested? Are Advances Being Requested? .....	State yes or no. The Agency will guarantee construction for construction advances, only as part of a combination construction and permanent loan.
Loan Term .....	Up to a 40-year amortized loan Balloon mortgages with a minimum 25-year term are eligible.

*Scoring of Priority Criteria for Selection of Projects with Interest Credit Requests:* RHS will allocate points to projects with requests for interest credit. Projects with no interest credit request will be reviewed for eligibility and viability on a continuous basis and without any priority selection criteria.

The six priority criteria for projects with requests for interest credit are listed below.

*Priority 1*—Projects located in eligible rural communities with the lowest populations will receive the highest points.

Population size	Points
0–5,000 people .....	15
5,001–10,000 people .....	10
10,001–15,000 people .....	5
15,001–20,000 people .....	0

*Priority 2*—The RHS will award points for projects with 3–5 bedroom as follows:

# of 3–5 Bedroom Units	Points
More than 15 .....	20
10–15 .....	15
5–9 .....	10

# of 3–5 Bedroom Units	Points
1–4 .....	5

*Priority 3*—The most needy communities as determined by the median income from the most recent census data will receive points. The RHS will allocate points to projects located in communities having the lowest median income. Points for median income will be awarded as follows:

Median income (dollars)	Points
Less than \$35,000 .....	20
\$35,001–\$45,000 .....	15
\$45,001–\$55,000 .....	10
\$55,001–\$65,000 .....	5
More than \$65,000 .....	0

*Priority 4*—Projects that demonstrate partnering and leveraging in order to develop the maximum number of units and promote partnerships with state and local communities will also receive points. Points will be awarded as follows:

Loan to value ratio (percentage %)	Points
More than 75 .....	10
70–75 .....	15
Less than 70 .....	20

*Priority 5*—The development of projects on Tribal Lands, or in an Empowerment Zone or Enterprise Community will receive points. The RHS will attribute 20 points to projects that are developed in any of the locations described in this priority.

*Priority 6*—The development of projects in a Colonia or in a place identified in the State's Consolidated Plan or State Needs Assessment as a high need community for multi-family housing will receive points. The RHS will attribute 20 points to projects that are developed in any of the locations described in this priority.

*Notice Submission Address:* Eligible lenders will send responses to: Director, Multi-Family Housing Processing Division, Rural Housing Service, U.S. Department of Agriculture, Room 1263, STOP 0781, 1400 Independence Avenue, SW, Washington, DC 20250–0781. Responses for participation in the program must be identified as “Section 538 Guaranteed Rural Rental Housing Program” on the envelope.

*Notifications:* Responses will be reviewed for completeness and eligibility. The RHS will notify those lenders whose responses are selected via letter. The RHS will request lenders without RHS lender approval to apply for RHS lender approval within 30 days upon receipt of notification of selection. For information regarding RHS lender approval, please refer to section **SUBMISSION OF DOCUMENTATION FOR RHS**

**LENDER APPROVAL** in this notice. Requests for RHS lender approval should be sent to the person and address listed in the **NOTICE SUBMISSION ADDRESS** section in this notice.

Lenders will also be invited to submit a complete application and the required application fee of \$2,500 to the Rural Development State Office where the project is located.

*Submission of GRRHP Applications:* Notification letters will instruct lenders to contact the Rural Development State Office immediately following notification of selection to schedule required agency reviews. Rural Development State Office addresses can be found in the USDA Web site, <http://www.rurdev.usda.gov>, under the Rural Development program area.

Rural Development State Office staff will work with lenders in the development of an application package. Required documentation for a complete application package is stated in section 3 of HB-1-3565.

The deadline for the submission of a complete application and application fee is 90 days from the date of notification of response selection. If the application and fee are not submitted within 90 days from the date of notification, the selection is subject to cancellation, thereby allowing another response that is ready to proceed with processing to be selected.

*Obligation of Program Funds:* The RHS will only obligate funds to projects that meet the requirements for obligation, including undergoing a satisfactory environmental review in accordance with the National Environmental Protection Act (NEPA) and lenders who have submitted the \$2,500 application fee and completed Form RD 3565-1 for the selected project.

*Conditional Commitment:* Once required documents for obligation and the application fee are received and all NEPA requirements have been met, the Rural Development State Office will issue a conditional commitment, which stipulates the conditions that must be fulfilled before the issuance of a

guarantee, in accordance with 7 CFR 3565.303.

*Issuance of Guarantee:* The RHS will issue a guarantee to the lender for a project in accordance with 7 CFR 3565.303. No guarantee can be issued without a complete application, review of appropriate certifications, satisfactory assessment of the appropriate level of environmental review, and the completion of any conditional requirements.

Dated: December 20, 2002.

**James E. Selmon, III,**

*Associate Administrator, Rural Housing Service.*

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**BILLING CODE 3410-XV-P**

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## **COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE BLIND OR SEVERELY DISABLED**

### **Procurement List; Additions**

**AGENCY:** Committee for Purchase From People Who Are Blind or Severely Disabled.

**ACTION:** Additions to Procurement List.

**SUMMARY:** This action adds to the Procurement List products and services to be furnished by nonprofit agencies employing persons who are blind or have other severe disabilities.

**EFFECTIVE DATE:** January 26, 2003.

**ADDRESSES:** Committee for Purchase From People Who Are Blind or Severely Disabled, Jefferson Plaza 2, Suite 10800, 1421 Jefferson Davis Highway, Arlington, Virginia 22202-3259.

**FOR FURTHER INFORMATION CONTACT:** Sheryl D. Kennerly, (703) 603-7740.

**SUPPLEMENTARY INFORMATION:** On October 9, 2001, September 13, October 4, and October 25, 2002, the Committee for Purchase From People Who Are Blind or Severely Disabled published notice (66 FR 51372, 67 FR 58013, 62224, and 65531) of proposed additions to the Procurement List.

The following comments pertain to Gloves, Surgeon's Sterile Disposable.

Comments were received from three suppliers of surgical gloves to the Government, in response to a notice the Committee placed in the online information service FedBizOpps. One supplier claimed that the large majority of its sales were of surgical gloves for the Department of Veterans Affairs (VA). However, a review of these sales disclosed that a very small percentage of the supplier's sales were surgical gloves for the VA. Consequently, the addition should not constitute a severe adverse impact on this supplier.

The second supplier stated that it is a small business which has been unable to sell to hospitals and the Government previously, but hoped to do so through a recent contract under the Federal Supply Schedules. The supplier believes that this Procurement List addition will cut it off from the Schedules, thus reducing its sales to the point that it will no longer be able to offer surgical gloves because it will lose the needed economy of scale. This supplier objected to the anticipated VA decision to standardize on the surgical gloves being added to the Procurement List, noting possible physician objections to standardization as well as the curtailment of the market represented by standardization on one glove. The supplier noted that the nonprofit agency designated by the Committee to provide the surgical glove already provides to the VA the examination glove on which VA standardized, and that the earlier standardization decision cost it some VA sales. Finally, the supplier claimed that prices for the surgical glove will increase inappropriately, as allegedly happened for the examination glove.

This supplier failed to provide sales data, so the Committee cannot quantitatively assess the supplier's impact claims. The surgical glove requirement being added to the Procurement List is limited to the VA requirement, so the supplier should be able to sell surgical and examination gloves to other Government agencies through the Schedules. The Committee is not responsible for VA standardization decisions, so it cannot consider effects of those decisions in judging whether its Procurement List additions unfairly impact suppliers. The prices for both surgical and examination gloves were agreed to through negotiation between VA and the designated nonprofit agency, and thus represent fair market prices under the Committee's pricing policies.

The third supplier provided information which allowed the Committee to estimate the percentage of its sales that will be lost because of the addition of this surgical glove to the Procurement List. However, this percentage is below the level which the Committee normally considers to constitute severe adverse impact on a supplier. The supplier also claimed that the addition would negatively impact numerous small businesses providing gloves to the Government, would prevent domestically manufactured gloves from being sold to the Government, would unfairly restrict competition and pricing for a large-value health care item, and would