

Title XI and to improve program administration.

This rulemaking document has been reviewed by the Office of Management and Budget under Executive Order 12866, "Regulatory Planning and Review."

Federalism

MARAD has analyzed this rulemaking in accordance with the principles and criteria contained in Executive Order 12612 and has determined that these regulations do not have sufficient federalism implications to warrant the preparation of a Federalism Assessment.

Regulatory Flexibility Act

MARAD certifies that this regulation will not have a significant economic impact on a substantial number of small entities.

Environmental Assessment

MARAD has considered the environmental impact of this rulemaking and has concluded that an environmental impact statement is not required under the National Environmental Policy Act of 1969.

Paperwork Reduction Act

This rulemaking contains reporting requirements that have previously been approved by the Office of Management and Budget (Approval No. 2133-0018). Use of the present Maritime Administration Title XI Obligation Guarantees form will be continued pending revision and issuance of new forms, which must be approved by The Office of Management and Budget.

List of Subjects in 46 CFR Part 298

Loan programs—transportation, Maritime carriers, and Mortgages.

Accordingly, 46 CFR Part 298 is proposed to be amended as follows:

1. The authority citation for part 298 continues to read as follows:

Authority: 46 App. U.S.C. 1114 (b), 1271 et seq, 49 CFR 1.66.

§ 298.13, 298.35, 298.37 [Amended]

2. Remove all references in §§ 298.13 (a)(2)(iv), (b)(2)(i)(B) and (b)(3); 298.35 (b)(1)(ii), (b)(2)(ii), (c)(1)(ii), and (c)(2)(ii); and 298.37 to the terms "Affiliate(s)" and "affiliates", and substitute the term "Related Party".

3. Section 298.2 is amended as follows:

a. By removing paragraph (d), Affiliate or Affiliated.

b. By amending paragraph (n), Indenture Trustee, to add the following words, "which is located in and organized and doing business under the laws of the United States, any State or

territory thereof, the District of Columbia or the Commonwealth of Puerto Rico," after the amount "\$3,000,000."

c. By redesignating paragraphs (e) through (o) as paragraphs (d) through (n); redesignating paragraphs (y) through (bb) as paragraphs (z) through (cc); and by adding new paragraphs (o) and (y) to read as follows:

§ 298.2 Definitions.

\* \* \* \* \*

(o) Letter of Interest means a letter issued by the Secretary upon receipt of a request for Guarantees. A Letter of Interest is not a financial offer but rather an indication of what terms may be considered by the Secretary if a Letter Commitment is issued at a later date. Proposed terms set forth in Letters of Interest shall remain valid for six months.

\* \* \* \* \*

(y) Related Party means any Person directly or indirectly controlling, controlled by or under common control with another Person.

\* \* \* \* \*

4. Section 298.3 is amended as follows:

By revising paragraphs (b)(1) and (c), and adding a new paragraph (f), to read as follows:

§ 298.3 Applications.

\* \* \* \* \*

(b)(1) Time requirements for application. Each application shall be submitted to the Secretary at least four months prior to the anticipated date by which the applicant requires a Letter Commitment. The Secretary may consider applications with less notice prior to the anticipated date by which the applicant requires a Letter Commitment, upon written documentation that extenuating circumstances exist. During the first 15 calendar day period after submission, the Secretary will perform a preliminary review of the application for adequacy and completeness. If the application is found to be incomplete, or if additional data is required, the Secretary will notify the applicant promptly in writing and the applicant will have 15 calendar days to correct deficiencies from the date of each request for additional information. If the applicant has not corrected the deficiencies, or made substantial progress toward correcting them, within this 15 calendar day period, then the Secretary may terminate the processing of the application without prejudice. Once the Title XI application is considered complete by the Secretary, the Secretary will act on the application within a

period of 60 calendar days. If an application is not completed by the applicant and acted upon by the Secretary within four months from the submission date, unless such time period is extended by the Secretary, the Secretary will notify the applicant in writing that processing of the application is terminated and that the applicant may reapply at a later date.

\* \* \* \* \*

(c) Filing Fee. Each application must be accompanied by a filing fee in the amount of one quarter of the investigation fee amount calculated pursuant to the investigation fee formula outlined in § 298.15. In no event will the filing fee be less than \$1,000.

The filing fee will be non-refundable, irrespective of whether the Secretary subsequently issues a Letter Commitment or whether the applicant subsequently reduces the amount of the requested guarantee and will be used as a credit against the investigation fee.

\* \* \* \* \*

(f) Preliminary review. (1) Upon receipt of a request for a Letter of Interest, the Secretary may perform a preliminary review of the application. After preliminarily evaluating the technical, financial, and economic viability of the proposed Title XI project (e.g., the existence of a long term Vessel charter commitment or the technical ability of the yard to construct a Vessel), the Secretary may issue, within 10 days of receipt of that request, the Letter of Interest. A request for a Letter of Interest shall contain the following information:

- (i) Type of vessel or Advanced or Modern Shipbuilding Technology to be financed;
(ii) Approximate total cost of the vessel or Advanced or Modern Shipbuilding Technology and amount to be guaranteed;
(iii) Recent financial information on the prospective shipowner, bareboat charterer, and shipyard, if available;
(iv) Information bearing on the economic soundness of the proposed project; and
(v) Proposed term of financing.

(2) There shall be no filing fee payable in respect of a request for the issuance of such a Letter of Interest. Letters of Interest address the general eligibility of a project and are not binding commitments of the Government.

5. Section 298.10 is amended by revising paragraph (a) to read as follows:

§ 298.10 Citizenship.

(a) Applicability. Prior to acquiring a legal or beneficial interest in a Vessel financed under Title XI of the Act,